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| Description of document: | Four (4) Pension Benefit Guaranty Corporation's (PBGC) operational Manuals, 2005-2017 |
| Requested date: | 01-January-2017 |
| Released date: | 03-March-2017 |
| Posted date: | 22-May-2017 |
| Manuals enclosed: | Online Insurance Operations Department (IOD) Procedures Manual, 2005 (1219 pages) starts PDF page 4<br>Premium Compliance Evaluation Program Manual, 2015 (17 pages) starts PDF page 1223<br>Office of Benefit Administration (OBA) Operations Manual, 2017 (1532 pages) starts PDF page 1240<br>PBGC Securities Lending Program Procedures Manual, 2009 (21 pages) start page 2772 |
| Source of document: | Disclosure Officer<br>Pension Benefit Guaranty Corporation<br>1200 K Street, N.W., Suite 11101<br>Washington, D.C. 20005<br>Fax: (202) 326-4042<br>Email: disclosure@pbgc.gov |

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PBGC
Protecting America's Pensions
Pension Benefit Guaranty Corporation
1200 K Street, N.W., Washington, D.C. 20005-4026

**PBGC 2017-000458**

March 3, 2017

Re: Request for copies of PBGC Documents

I am responding to your request submitted to the Pension Benefit Guaranty Corporation's (PBGC) Disclosure Division via email on January 1, 2017. You requested digital/electronic copies of the following:

1. Insurance Operations Department (IOD) Manual;
2. Premium Compliance Review Procedures Manual;
3. BAPD Operations Manual; and,
4. PBGC Securities Lending Procedures Manual.

We processed your request in accordance with the Freedom of Information Act (FOIA) and the PBGC's implementing regulation. Pursuant to your request, the Corporate Controls and Reviews Department (CCRD), Financial Operation Department (FOD), Office of Benefits Administration (OBA), and Corporate Investments Department (CID) conducted searches of their records and located the following documents enclosed CD:

Item 1: IOD Manual (1,219 pages) [1];
Item 2: Premium Compliance Review Procedures Manual (17 pages);
Item 3: OBA (formerly BAPD) Operations Manual (1,532 pages); and,
Item 4: PBGC Securities Lending Procedures Manual (21 pages).

Unfortunately, a small amount of information contained in Item 4 is commercial and financial in nature and must be withheld from release. I have relied upon one FOIA exemption to withhold this information.

The applicable exemption, 5 U.S.C. §552(b)(4), permits the exemption from disclosure of matters that are "trade secrets and commercial or financial information obtained from a person and privileged or confidential." The records you have requested contain "commercial or financial information" within the meaning of the above-cited statutory language and the Pension

[1] The Insurance Operations Department no longer exists. IOD was subsumed by the Office of Benefits Administration. Per OBA, the record provided is the most recent version of the record requested – May 13, 2005.

Benefit Guaranty Corporation's (PBGC) regulation 29 C.F.R. §4901.21(b)(2) and, therefore, I have determined that these records are exempt from disclosure.

As this response constitutes a partial denial of your records request, I am providing you with your administrative appeal rights in the event you wish to avail yourself of this process. The FOIA provides at 5 U.S.C. § 552(a)(6)(A)(i) (2014) amended by FOIA Improvement Act of 2016, Pub. L. No. 114-185, 130 Stat. 538 that if a disclosure request is denied in whole or in part by the Disclosure Officer, the requester may file a written appeal within 90 days from the date of the denial or, if later (in the case of a partial denial), 90 days from the date the requester receives the disclosed material. The PBGC's FOIA regulation provides at 29 C.F.R. § 4901.15 (2015) that the appeal shall state the grounds for appeal and any supporting statements or arguments, and shall be addressed to the General Counsel, Attention: Disclosure Division, Pension Benefit Guaranty Corporation, 1200 K Street, N.W., Washington, D.C. 20005. To expedite processing, the words "FOIA Appeal" should appear on the letter and prominently on the envelope.

In the alternative, you may contact the Disclosure Division's Public Liaison at 202-326-4040 for further assistance and to discuss any aspect of your request. You also have the option to contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services they offer. The contact information for OGIS is as follows: Office of Government Information Services, National Archives and Records Administration, 8601 Adelphi Road-OGIS, College Park, Maryland 20740-6001; e-mail at ogis@nara.gov; telephone at 202-741-5770; toll free at 1-877-684-6448; or facsimile at 202-741-5769.

This request has been categorized as an "all other request." These requests are assessed search and duplication fees.[2] There are no fees associated with the processing of your request.[3] This completes the processing of your request. You may submit future requests for PBGC records by accessing FOIAonline, our electronic FOIA processing system, at https://foiaonline.regulations.gov, or by email to Disclosure@pbgc.gov.

Sincerely,

D. Camilla Perry
DISCLOSURE OFFICER

Enclosure (CD)

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[2] See 5 U.S.C. §552(a)(4)(A) (ii)(1).

[3] The OPEN Government Act precludes an agency from charging search fees to a FOIA requester if the agency does not meet the FOIA's twenty-day time limit. As such, all search fees associated with this request have been waived. The FOIA Improvement Act of 2016 precludes an agency from charging review fees to a FOIA requester if the agency does not meet the FOIA's twenty-day time limit.

# Online IOD Procedures Manual

05/13/2005

Processes | Technical Procedures | Appendices | Quick Tips

Introduction

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Historical Content Updates

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Browse Workflow Diagrams

Browse Forms, Letters, Memos, etc.

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## Background: ERISA and PBGC

**12/07/2001**

The function of the Pension Benefit Guaranty Corporation (PBGC) is to protect the retirement incomes of nearly 41 million American workers — one of every three workers — in about 66,000 defined benefit pension plans.

PBGC was established by Title IV of the Employee Retirement Income Security Act (ERISA) in 1974 to encourage the growth of defined benefit pension plans, provide timely and uninterrupted payment of pension benefits when a plan sponsor developed problems, and maintain pension insurance premiums at the lowest level possible to carry out the Corporation's obligations. IOD is the operations arm of the Corporation, with the functions of identifying and investigating plans that present a potential risk to PBGC, recommending plans that should be terminated, and administering the pension benefits in those plans which are terminated and trusteed.

The Corporation and its programs are financed through premiums collected from companies that sponsor defined benefit plans, investment returns on PBGC assets, plan assets from terminated plans, and recoveries from employers responsible for underfunded terminated plans.

Under the single-employer insurance program, a company can voluntarily seek to terminate its plan using either a standard termination or a distress termination procedure. Additionally, the Corporation can seek a PBGC-initiated termination of a plan without the employer's consent when necessary to protect the interests of the plan participants, of the plan, or of PBGC. PBGC must seek termination if a plan cannot pay current benefits. If a PBGC-insured multiemployer plan is unable to pay benefits when due, PBGC will provide the plan with financial assistance to continue paying participants their guaranteed benefits, generally in the form of a loan.

## Overview of Core Processing (IOD) 11/16/99

For a visual representation of the IOD case processing model, see the high-level **PPD Flow** and **TPD Flow** diagrams. They illustrate how a case moves through IOD.

The following is a very simplified version of the process. For more detail, see the process group overviews and specific procedures for each process.

A case comes into PPD. This could be through a reportable event notice, a distress termination application, or some other action which highlights a potential problem with a plan. The case is assigned to an auditor or financial analyst. If so, the person working the case will begin to collect information to determine if the plan should be terminated and trusteed. To obtain all of the needed information on the plan, the sponsor, and the controlled group could take a significant amount of time. Once enough information is available to make a recommendation, three choices are available--close the case, continue monitoring the case, or recommend termination and trusteeship (either by PBGC or a third party). If the recommendation is to terminate the plan, a Termination Decision Record (TDR) will go to the Trusteeship Working Group (TWG). Depending on the size of the plan, whether the sponsor is ongoing, or any unique issues, the recommendation may only go to the TWG Chair for a decision. When the decision to terminate and trustee a plan is final, PPD notifies the plan administrator and the sponsor. Responsibility for the terminated plan is then passed to a TPD.

If during the time the case is in PPD, payees are not receiving benefits (and it is certain that the plan will be recommended for termination), a TPD will be brought into the process to initiate action to begin paying participants through the prior paying agent or State Street Corporation (SSC), PBGC's contracted paying agent. The TPD will also work with PPD to assist in gathering information which will be needed later.

If the plan meets the large case criteria, the Large Case Coordinator will be notified and a Large Case Working Group will be convened.

When the terminated plan is transferred to a TPD, a case team is assigned. PBGC assumes payment responsibility and adjusts benefit levels to an estimated guaranteed level commensurate with PBGC maximums and plan provisions. At the same time, an account is set up at SSC and assets are transferred to SSC from the prior paying agent and the case team auditor begins developing the audit program for the plan.

Once the audit program is complete, or at any time that records appear to be in danger of being lost or destroyed, the auditor, assisted by others as required, visits any sites where records are stored. This visit is to collect available plan and participant information which will be needed for the audits. In some cases, much or all of the data may be obtained without an actual visit. Data is also collected from third parties, such as the Internal Revenue Service (IRS), Social Security Administration (SSA), unions, and other sources. The information collected, along with the information obtained by PPD, serves as the basis for building the participant database, determining the controlled group, writing the plan abstract, and doing the participant audit, plan asset audit, and net worth audit. When the audits are complete, the auditor prepares an audit report into which the individual audit outcomes are combined.

The next step in the process is to value any recoveries that have been made or agreed to, and allocate the money recovered. This allocation includes Due and Unpaid Employer Contributions (DUEC), unpaid premiums, Unfunded Benefit Liabilities (UBL), and funds to be allocated for participant benefits from actual recoveries. For plans with unfunded nonguaranteed benefits (UNB) of $20 million or less, IOD calculates allocation according to the small plan average recovery ratio (SPARR) in accordance with ERISA 4022(c). The actual recovery for each of these SPARR plans is factored into SPARR figures for subsequent years.

The case team actuary, and the contract actuary, if one is involved, prepare the final valuation. This is the present value of each participant's benefit and the total present value for the entire plan. The

valuation processes also provide the information necessary for developing benefit statements and for sending Benefit Determination Letters (BDLs).

At the same time, the case team PLS is preparing to send BDLs explaining the final benefit level to the individual participants. Once the participants have had the chance to review and appeal the determination, the final adjustments are made to benefits, if required. For participants who have received a net underpayment while being paid an estimated amount, PBGC sends a check for the amount of accumulated difference plus interest. For those who received net overpayments, IOD applies recoupment procedures against payees with a continuing stream of payments or takes recovery action against those who are not eligible to receive future benefits from PBGC.

Operating day-to-day throughout the entire cycle of case processing involves interaction with participants. Participants retire and apply for benefits, others die, some move and many have questions. Many types of other activities occur that require investigation and responsive action. Most of this is accomplished by the Customer Service Center and/or the PLS or Field Benefit Administrator (FBA). In many cases the FBA handles most aspects of the plan for larger cases.

After the BDLs have been sent and all that remains is ongoing administration of the benefits, the case is transferred to a contractor. The TPD or FBA closes the case and a close-out group from TSD does a statistical sample review to ensure that all actions have been completed. The records are passed to the ongoing administration contractor who then manages the plan under PBGC direction.

## The Team Processing Model

05/31/96

The TPD Case Team is the core group for IOD processing. The team is composed of at least one actuary, one auditor, and one PLS. Other members might include the attorney assigned to the case, a contract actuarial firm, one or more contract auditors, a Field Benefit Administrator (FBA), and/or a Pension Benefit Administrator (PBA, also known as Pension Benefit Examiners). The Case Team works together to accomplish the tasks required to take a plan from trusteeship to case closure. Good communication between the team members is an important part of successful team processing.

The integration of the three primary disciplines (actuary, auditor, and PLS) into a team ensures better sharing of information which makes for faster and more accurate case processing. Team members are able to back each other up and support one another in the their duties. Each has specific tasks to complete, but some tasks can be done by anyone on the team or any combination of disciplines.

## Overviews of Process Groups

05/31/96



Pre-Termination Processes

Initial TPD Processes

Audit Processes

Valuation Processes

Notification of Benefits Processes

Case Closure Processes

Technical Procedures

Appendices

## High-Level Flow Diagram

05/31/96

The high-level flow diagram is a graphic representation of the PPD or TPD processes.

## Overview Topic

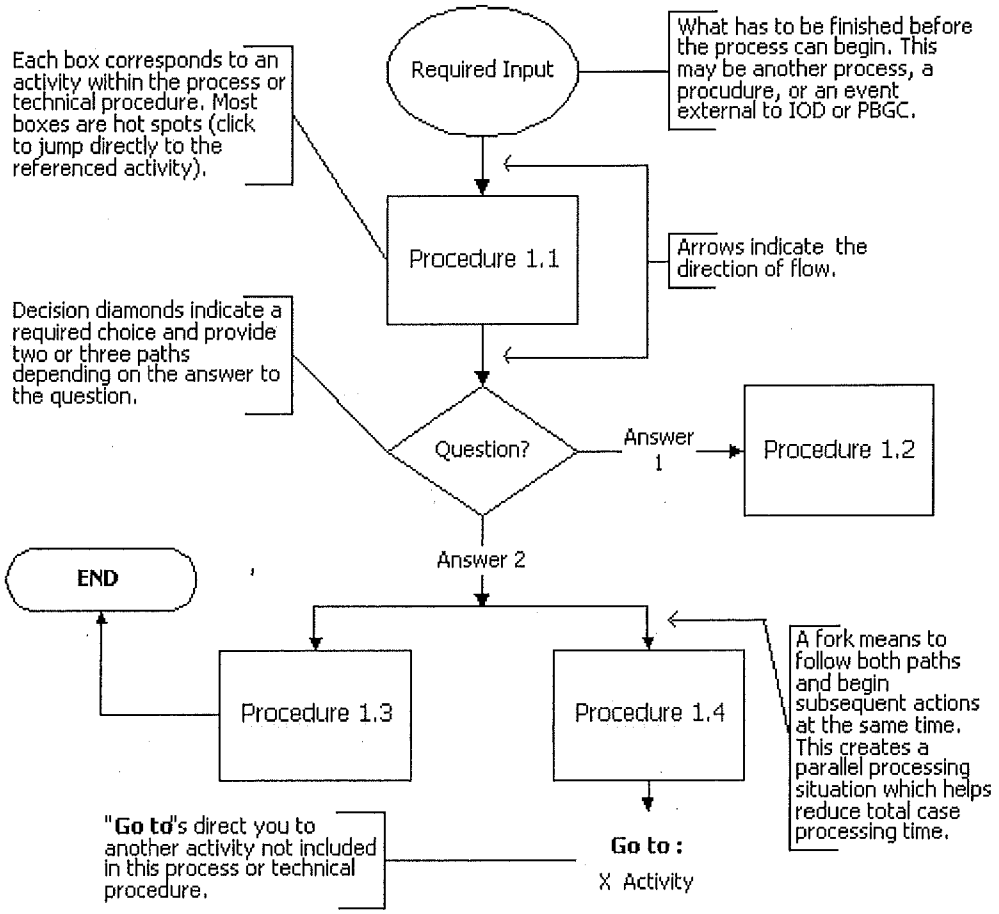
**05/31/96**

This general overview, often less than one page, provides a context for the process, explains its purpose and relation to other processes. The overview also explains major changes reflected in the process compared to previous ways of doing it. When applicable, there may be a discussion of the theory or history behind PBGC's reason for doing the process. Definitions of terms are drawn from the glossary for the entire manual.

Each section of the manual covers one process or technical procedure. Activities that are handled in order as part of all cases are considered processes. Activities that happen because of an event that is independent of case processing (either periodic such as balancing, or one-time events such as a participant death) are considered technical procedures as are activities that can be performed by more than one division such as controlled group analysis. Processes and technical procedures look the same except that some technical procedures do not have workflow diagrams.

# Workflow Diagram

05/31/96



## Sub-Processes & Sub-Technical Procedures 08/31/2001

The Sub-Processes and Sub-Technical Procedures should provide everything needed to perform an activity in the shortest time possible with no errors (or within a defined range of acceptable accuracy). More specifically, the new Sub-Processes and Sub-Technical Procedures are intended to:

- be complete;
- provide information users need to correctly perform the required tasks;
  provide sufficient guidance to ensure uniform application throughout the divisions;
- support efficient and consistent application of PBGC policy and regulations across all cases and as they affect participants; and
- leave flexibility for TPD managers to implement the procedures according to their own priorities and management styles.

Each Sub-Process and its number (10.1, 10.2, for example) correspond to the numbered boxes in the related workflow diagram. (Some Technical Procedures also have workflows with numbered boxes that correspond to Sub-Technical Procedure numbers.)

Just as each Process and Technical Procedure has an *overview*, each Sub-Process and Sub-Technical Procedure has an *outline*. The outline is on the first "page" of the Sub-Process or Sub-Technical Procedure. The second "page" contains a list of *action steps* while the outline on the first page is a table containing the following headings and explanations:

# Outline:

| | |
|---|---|
| **Purpose** | Why IOD does this. |
| **Time Reporting (BMPRS)** | The applicable category(ies) for time reporting. |
| **Required Input and Source** | Information and materials required to perform the procedure and where to get them.<br>✶ **CAS Activity:** Actions or requests (e.g. task referrals, milestones) received through CAS. |
| **Output and Recipient** | The product resulting from the procedure activities and what to do with it.<br>✶ **CAS Activity:** Actions taken through CAS, esp. completion of milestones. |
| **Control Issues** | Things that have to be done a certain way in order for the output to be acceptable to PBGC for purposes or quality, customer service, auditing and internal controls. |
| **Important Concepts** | Things to keep in mind about how we do this and why it's important in relation to the big picture of IOD processing and PBGC goals.<br>✶ **Timing:** Deadlines, timeframes, or schedules are highlighted here. |
| **Guidance** | Law, regulations, and policy that dictate how we do it and give us the required authority. |
| **Procedure Owner** | Who is responsible for doing it. For many activities, the owner is identified as the "TPD Case Team" to emphasize group ownership of the procedure. For others, the owner is identified as the Actuary, Auditor, PLS, or other specific position. **("N/A" means "not applicable".)**<br>✶ These items appear on an outline when appropriate. |

## Click here for more information...

Action Steps

**Sub-Processes & Sub-Technical Procedures**

## Action Steps

**05/31/96**

1 Step one.

2 Step two.

3 etc.

The action steps provide information that a relative novice would need to perform the sub-process or sub-technical procedure. Details on entering data into systems or forms are included by reference to the appropriate system documentation or form instructions. The same is true for references to other procedure manuals, such as the Actuarial Technical Manual. Most of these references are hot spots: click on the underlined reference to jump directly to the referenced part of the appropriate manual.

Some action step modules contain examples which usually appear in table format as well.

## Major Changes in Case Processing Incorporated in the Procedures 05/31/96

As a result of the IOD reorganization and the reengineering project, there have been a number of significant changes to the way that IOD processes cases as compared to the way thing were done prior to 1995. These changes range from the very large and visible, such as team processing, to the small and unnoticed, such as a general reduction in the number of required concurrence and approval levels. In all instances, the changes were instituted to make processing faster, better, cheaper, or easier. Customer service was a primary concern. In some areas, the changes were limited by law or policy. The following is a list of some of the most important and the primary location in the manual where they can be found. The list is not all-inclusive, nor in order of priority. There are a large number of smaller changes throughout out the manual which are not listed here.

## Click here for more information...

List of Major Changes

# List of Major Changes in Case Processing 02/07/97

| Primary Change | Location |
|---|---|
| Team processing | Throughout |
| Concurrent processing (multiple steps in a case occurring at the same time) | Throughout |
| More emphasis on using the work done by other divisions or departments | Throughout |
| More emphasis on communication (within the team and across divisions/departments) | Throughout |
| Reduced approval levels; peer approvals for many actions | Throughout |
| Reduced numbers of concurrences (normally a maximum of two) | Throughout |
| On-line repository on the i:\ drive for standard letters, memos, forms and checklists | Throughout |
| No approvals required for "standard" letters or memos | Throughout |
| Incorporated PRISM ALGS procedures and de-emphasized SSB ALGS | Throughout |
| Encourage of the use of administrative subpoenas | Process 2, 12, Technical Procedures 1 & 2 |
| Codified the procedures for Large Cases | Process 4, Technical Procedure 23 |
| Simplified routing of recommended terminations to reflect the approval authority of the TWG Chair | Process 5 |
| Monitoring of selected plans with long-term potential risk to PBGC in PPD | Process 6 |
| Set up a meeting or memo for transfer of a case and all information from PPD to TPD | Process 7 |
| TPDs can be brought into the process prior to termination/trusteeship | Process 7 |
| After DOPT, all new payees will be put in pay status through SSB. Also the conversion from the PPA to SSB should be made as quickly as possible. | Process 9 |
| Allow for multiple adjustments (previously called cutbacks ) in benefits. These adjustments are also processed earlier with the first adjustment taking place as close to assumption of payment responsibility as possible. | Process 10 |
| Requiring a written audit program for all cases | Process 11 |

| | |
|---|---|
| **Incorporated procedures for auditing and using third party electronic files (such as actuarial databases) as primary source documents for participant data** | Processes 11, 12 |
| **Combined, simplified, and formalized the format for audit reports** | Processes 11-15 |
| **Formalized audit procedures to more closely conform to AICPA and government standards** | Processes 11-15 |
| **Emphasize obtaining participant data from existing databases** | Process 12 |
| **Combined net worth and controlled group audits** | Process 14 |
| **Simplified controlled group procedures for TPDs in some cases** | Process 14, Technical Procedure 1 |
| **Incorporation of 4022(c) policy and allocation procedures, including the use of the SPARR** | Process 16 |
| **Early reconciliation of PLUS and actuarial databases for valuation** | Process 16 |
| **Identify "types" of IDLs needed for a plan upon completion of plan abstract** | Process 18 |
| **Early IDLs in all cases, if applicable** | Process 19 |
| **No "mini-vals" with early IDLs** | Process 19 |
| **More of the close-out procedures done by the TPDs** | Process 21 |
| **All responsibility for benefit administration remains with the TPD during plan closing** | Process 21 |
| **Procedures for plan termination expenses** | Technical Procedure 3 |
| **Deletion of the requirement for a "wet" (actual) signature for payee address changes** | Technical Procedure 4 |
| **Shifted responsibility for many day-to-day interactions with participants from TPDs to the CSC** | Technical Procedures 4, 5, 10 |
| **Identified procedures for a Recovery Coordinator to monitor recoveries from participants** | Technical Procedure 6 |
| **Documented procedures for returned or received checks** | Technical Procedure 8 |
| **Five business day response time for all correspondence** | Technical Procedure 10 |
| **Procedures for providing financial assistance to multiemployer plans** | Technical Procedure 11 |
| **Multiemployer plans will all be handled in one division** | Technical Procedure 11 |
| **Procedures for handling fraud/forgeries, in coordination with OIG** | Technical Procedure 12 |
| **Simplified and codified QDRO processing; standardized QDRO letters** | Technical Procedure 13 |

| | |
|---|---|
| **Procedures for holding a participant meeting** | Technical Procedure 14 |
| **Codified plan & participant file indexing to meet IPS requirements** | Technical Procedure 16 |
| **Initiated a methodology for answering policy/case processing questions** | Technical Procedure 17 |
| **Procedures for securing records in danger of being lost or damaged** | Technical Procedure 22 |
| **Provided a master list of documents which might be needed for any case** | Appendix A |
| **Provided a list of some alternate sources for information** | Appendix B |
| **Codified the PBGC-preferred sources for participant related data** | Appendix F |

**Manual Updates** Historical Recent

**Recent Content Updates** **05/13/2005**

| Section | Date | Description |
|---|---|---|
| **Process 19:** Overview | 05/13/2005 | **Added** paragraph about Limited-Scope BDLs. |
| **Process 19:** Workflow | 05/13/2005 | **Added** steps for issuing Limited-Scope BDLs, and revised in entirety. |
| **Process 19.3:** Determine Net Overpayment/Underpayment Status for Annuities | 05/13/2005 | **Removed** reference to letter 402LBR. |
| **Process 19.6:** Issue Limited-Scope BDLs | 05/13/2005 | **Added** new process for issuing Limited-Scope BDLs. |
| **Process 19.7:** Forms Letters Memos (renumbered) | 05/13/2005 | **Renumbered** – previously Process 19.6.<br>**Revised** list of documents. |
| **Process 20.3:** Respond to Notice of Referral from PEAD | 05/13/2005 | **Added** steps for handling RFA correspondence concerning a Limited-Scope BDL.<br>**Modified** for general edits. |
| **TP 05.3:** Use Deathmatch Program to Verify Deaths | 05/13/2005 | **Updated** timeframes for taking first action and added deathmatch reporting. |
| **TP 28:** Authorize Financial & Non-Financial Transactions through PRISM, Overview | 05/13/2005 | **Updated** with minor edits (TSD to RSD). |
| **TP 28:** Overview: Authorization Levels Table | 05/13/2005 | **Revised** to:<br>• Update level 5 dollar amounts.<br>• Update criteria for temporary authorizers.<br>• Clarify exceptions to criteria which must be approved by RSD Manager. |
| **TP 28.2:** TP 28.2 Authorize or Reject Electronic Transaction | 05/13/2005 | **Updated** with minor edits (TSD to RSD). |
| **TP 28.3:** Request Temporary PRISM Authorizer | 05/13/2005 | **Updated** references to temporary authorizer criteria and exceptions to criteria. Also included minor edits (TSD to RSD). |
| **TP 28.4:** Request Targeted PRISM Authorizer (Inclusions) | 05/13/2005 | **Updated** with minor edits. |
| **TP 28.5:** Confirm PRISM Authorizers/Levels | 05/13/2005 | **Updated** with minor edits. |
| **TP 45.1B:** Routine Assertions of Non-Receipt | 05/13/2005 | **Corrected** typographical error. |
| **TP 45.1C:** Non-Routine Assertions of Non-Receipt | 05/13/2005 | **Revised** to clarify when to pay interest. |

| | | |
|---|---|---|
| **Appendix M:** IRS Disclosure Offices | 05/13/2005 | **Updated** to correct IRS office address and other edits. |
| **Appendix O:** Acceptable Proof of Marriage | 05/13/2005 | **Clarified** and other minor edits. |
| **Appendix R:** Tax Withholding | 05/13/2005 | **Added** new appendix which provides detailed background information and guidance regarding federal income tax withholding rules. |
| **Glossary** | 05/13/2005 | **Added**<br>• Limited-Scope BDL<br>• Tax Treaty<br><br>**Revised**<br>Benefit Determination Letter |

**Manual Updates** Historical Recent

**Historical Content Updates to Processes & Technical Procedures**

**Section Updated** **02/18/2005**

Processes 01 - 07: Pre-Termination Processes

Processes 08 - 10: Initial TPD Processes

Processes 11 - 15: Audit Processes

Processes 16 - 17: Valuation Processes

Processes 18 - 20: Notification of Benefits Processes

Processes 21 - 23: Case Closure Processes

Technical Procedures 01 - 10

Technical Procedures 11 - 20

Technical Procedures 21 - 30

Technical Procedures 31 - 40

Technical Procedures 41 - 50

Other Updates

Appendices and Glossary

## Historical Updates

Historical | Recent

**Processes 01 - 07**

**02/18/2005**

| Pre-Termination Process | Date | Change |
|---|---|---|
| **Pre-Termination Processes (01-07)** | 10/22/97 | **Revised** path\filename throughout to reflect new subdirectory structure for exclusive PPD forms, letters, and memos (i:\wp\standard\ppd\...) |
| | 07/11/97 | **Revised** references throughout to show that Termination Decision Record (TDR) is no longer generated through CAS |
| | 10/10/97 | **Added** detail about preparing trip plan and supervisor concurrence. |
| | 02/07/97 | **Revised** to reflect PBGC reg 29 CFR 4043, published 12/02/96. |
| **Process 01.1:** Determine Type of Filing and Assign Case | 06/29/01 | **Revised** instructions for new documents and other clarifications. (Reportable Events Information List, Reportable Event Requirement Letter, Reportable Event Acknowledgment Letter, and Third Party Reportable Event Acknowledgment Letter.) |
| | 08/15/97 | **Modified** text to reflect new and revised letters. |
| | 10/11/96 | **Revised** PBGC Directive number to "IM 10-2" |
| | 10/11/96 | **Expanded** reference to PBGC 4071 policy and deleted reference to Appendix E (which was deleted) |
| **Process 01.02:** Determine Type of Case, Assign - Definitions - Distress Filing | 09/28/01 | **Updated** involuntary termination references to PBGC-initiated. |
| | 03/23/01 | **Added** new address to request tax returns for tax-exempt entities. |
| | 02/16/01 | **Updated** L.A. office address. |
| **Process 01.03:** Determine Type of Case, Assign...- Definitions - Statutory Reportable Event | 09/28/01 | **Updated** involuntary termination references to PBGC-initiated. |
| **Process 01.1:** Determine Type of Filing and Assign Case... | 09/28/01 | **Updated** involuntary termination references to PBGC-initiated. |
| **Process 01.2:** Begin Collecting Data | 11/08/02 | **Modified** to reflect that requests for non-exempt tax information are sent to a new centralized IRS location.<br>**Deleted** separate listings of IRS Regional Offices by State and IRS Disclosure Offices.<br>**Added** link to new Appendix M: IRS Disclosure Offices. |
| | 09/28/01 | **Corrected** PBGC office names only. |
| | 03/23/01 | **Added** instructions for requesting tax returns for tax exempt entities. |

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| | 12/03/99 | **Clarified** the use of Form 333 when making IRS Tax Return Requests.<br>**Revised** IRS Regional Offices by State (added note).<br>**Revised** IRS Disclosure Offices address and telephone numbers. |
| | 12/06/96 | **Added** clarifying language about coverage task referrals from PPD to STCD |
| | 10/11/96 | **Replaced** reference to Appendix E with reference to PBGC Directive on Safeguarding of Tax Returns and/or Tax Return Info Disclosed by IRS (IM 10-2) |
| | 09/13/96 | **Replaced** address for Southeast Region disclosure office (now Baltimore),& phone number for Midstates Region disclosure office in Dallas. |
| | 07/19/96 | **Added** new lists of IRS regions & disclosure offices |
| **Process 01.3:** Perform Preliminary Analysis and Contact Plan Administrator | 06/29/01 | **Modfied** to reflect new name of subsection 2.1. |
| | 08/10/99 | **Revised** to reflect updated name of Form 1109 Request for Underfunding and Minimum Funding Calculations |
| | 09/27/96 | **Revised:** If > than 5000 (previously 00) participants, forward case thru PPD Mgr to CFND Director |
| **Process 01.4:** Determine Status of Pension Related Records | 07/11/97 | **Added** text about retaining source documents to support audits |
| **Process 01.5:** Determine Probability of Trusteeship | 09/28/01 | **Updated** involuntary termination reference to PBGC-initiated and corrected missing text. |
| | 05/18/01 | **Modified** solely to incorporate use of new glossary terms. |
| | 11/16/99 | **Clarified** notification of Large Case Coordinator.<br>**Corrected** typo. |
| | 08/10/99 | **Updated** Large Case criteria |
| | 05/25/99 | **Clarified** outline, guidance section. |
| | 10/11/96 | **Replaced** reference to Appendix E with reference to PBGC Directive on Safeguarding of Tax Returns and/or Tax Return Info Disclosed by IRS |
| **Process 01.5:** Action Steps: Determine Probability of Trusteeship | 09/28/01 | **Revised** for editorial clarifications. |
| **Process 01.6:** Determine Type of Case, Assign... | 03/23/01 | **Corrected** policy reference typo. |
| | 02/13/98 | **Revised** to properly identify the Authorization to Place Participants in |

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| | | Pay Memos |
| **Process 01.7:** Request Attorney | 02/13/98 | **Deleted** reference to notifying OGC through CAS |
| **Process 01.8:** Forms, Letters, Memos | 02/12/04 | **Revised** Pay Request Memo (M:\Helpfile\IODManual_ppd\payreq.wpd) |
| | 11/08/02 | **Revised** IRS Request Letter (i\:wp\standard\irsreq.wpd) to insert centralized address, and to change PBGC location for IRS to send requested information. **Corrected** address on IRS Returns Request – Tax Exempt Entities (i\:wp\standard\irsexmpt.wpd) **Revised** IRS Document Request - <26 (i\:wp\standard\ppd\irs25rq.wpd) to insert centralized address, and to change PBGC location for IRS to send requested information. |
| | 06/29/01 | **Added:**Reportable Event Acknowledgment Letter (i:\wp\standard\ppd\reackinf.wpd), Reportable Event Requirement Letter (i:\wp\standard\ppd\rereqinf.wpd), Reportable Events Information List (i:\wp\standard\ppd\re-list.wpd), and Third Party Reportable Event Acknowledgment Letter (i:\wp\standard\ppd\3rdptyre.wpd).**Deleted:**Reportable Event Information Request Letter (i:\wp\standard\ppdrepevinf.wpd), and Request for Information from Third Parties (i:\wp\standard\ppd\3rdparty.wpd). |
| | 03/23/01 | **Added**: IRS Tax Returns Request - Tax Exempt Entities (i:\wp\standard\irsexmpt.wpd) |
| | 12/03/99 | **Added** link to Form 333 - Request for Access to Tax Return Info... (i:\wp\standard\form333.wpd) |
| | 11/19/99 | **Revised** Form 333 - Request for Access to Tax Return Info... (i:\wp\standard\form333.wpd |
| | 11/08/99 | **Revised** Request for Large Case Coordinator Memo (i:\wp\standard\ppd\lcwgreq.wpd) |
| | 08/11/99 | **Revised** invalid NOIT (Form 600) Letter i:\wp\standard\ppd\inval600.wpd |
| | 08/10/99 | **Revised** Form 1109 (version date: 6/30/99). **Updated** name: Form 1109 Request for Underfunding and Minimum Funding Calculations (i:\wp\standard\ppd\form1109.wpd) |
| | 11/12/98 | **Revised** Non-covered Plan Letter (i\: wp\standard\ppd\noncvred.wpd) |
| Forms, Letters, Memos | 11/12/98 | **Revised** Attorney Assignment Memo |

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| Forms, Letters, Memos | 09/29/98 | **Revised** IRS Document Request - less than 26 participants (i\: wp\standard\ppd\irs25rq.wpd) |
| Forms, Letters, Memos | 09/29/98 | **Revised** Request for Large Case Working Group Memo (i\: wp\standard\ppd\lcwgreq.wpd) |
| Forms, Letters, Memos | 09/29/98 | **Revised** Invalid NOIT (Form 600) Letter (i:\wp\standard\ppd\inval600.wpd) |
| Forms, Letters, Memos | 09/29/98 | **Revised** Attorney Request Memo (i:\wp\standard\ppd\attrnyrq.wpd) |
| Forms, Letters, Memos | 07/27/98 | **Revised** Trusteeship Agreement - Voluntary Termination (i:\wp\standard\ppd\tamod_vo.wpd) |
| Forms, Letters, Memos | 07/10/98 | **Revised** Valid NOIT (Form 600) Letter (i:\wp\standard\ppd\val600.wpd) |
| Forms, Letters, Memos | 06/22/98 | **Revised** Authorization to place participants in pay status (<10,000/month) (i:\wp\standard\paysta.wpd) and Authorization to place participants in pay status (>10,000 a month) (i:\wp\standard\paysta2.wpd) |
| Forms, Letters, Memos | 02/13/98 | **Added** link to Pay Request Memo (i:\wp\standard\ppd\payreq.wpd) |
| Forms, Letters, Memos | 01/22/98 | **Revised** Pay Request Memo (i:\wp\standard\ppd\payreq.wpd) |
| Forms, Letters, Memos | 01/16/98 | **Revised** Authorization to Place Participants in Pay Status Memo (>$10,000 per month) (i:\wp\standard\paysta2.wpd ) |
| Forms, Letters, Memos | 01/16/98 | **Revised** Authorization to Place Participant in Pay Status Memo (<$10,000 per month) (i:\wp\standard\paysta.wpd ) |
| | 01/09/98 | **Revised** Attorney Assignment Memo (i:\wp\standard\ppd\attrnyrq.wpd) |
| | 10/10/97 | **Added** IRS Document Request - 26 or more participants - (i:\wp\standard\irsdocrq.wpd) |
| | 08/19/97 | **Replaced** WordPerfect Form 1109 (i:\wp\standard\Form1109.wpd) |
| | 08/09/97 | **Added** new document (replaces CAS Form 1140) - Valid NOIT letter (i:\wp\standard\val600.wpd) |
| | 08/09/97 | **Added** new document (replaces CAS letter) - Reportable Event Information Letter (i:\wp\standard\repevinf.wpd) |
| | 08/09/97 | **Revised** Invalid NOIT (Form 600) Letter - (i:\wp\standard\inval600.wpd) |

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| | 08/09/97 | **Added** new document - Administrative Review Procedures (Noncompliant) (i:\wp\standard\adrevnon.wpd) |
| | 07/27/97 | **Revised** Trusteeship Agreement - Involuntary Termination (i:\wp\standard\ppd\tamod_in.wpd) |
| | 07/27/97 | **Revised** Attorney Request Memo (i:\wp\standard\ppd\attrnyrq.wpd) |
| | 03/19/97 | **Revised** IRS Request Letter (i:\wp\standard\irsreq.wpd) |
| | 10/18/96 | **Revised** signature to be Division Manager as required by IRS - (i:\wp\standard\irsreq.wpd) |
| **Process 02: Gather Plan and Sponsor Information** | 06/29/01 | **Modified** workflow to reflect new subsection name, only. |
| | 02/13/98 | **Revised** Overview to reference PPDs collection of Basic Participant Data |
| **Process 02.1:** Send Reportable Event/Distress Filing Letters (formerly: Send 30-day Acknowledgment Letter with Attachments & 14-day....) | 06/29/01 | **Renamed Subsection. Revised** instructions for four new documents and other clarifications. (Reportable Events Information List, Reportable Event Requirement Letter, Reportable Event Acknowledgment Letter, and Third Party Reportable Event Acknowledgment Letter.) |
| | 05/25/99 | **Revised** obsolete reference to CAS letter. |
| | 08/15/97 | **Modified** text to clarify various 30-day letters available. |
| **Process 02.2:** Issue Administrative Subpoena | 06/06/97 | **Revised** to include reference to new letter |
| **Process 02.3:** Request DUEC and UBL from ASD | 03/19/04 | **Added** details that reference the Contingency Working Group (CWG) Procedures. |
| | 08/10/99 | **Revised** to reflect updated name of Form 1109 Request for Underfunding and Minimum Funding Calculations, and that Form 1109E is obsolete |
| **Process 02.4:** Forms, Letters, Memos | 06/29/01 | **Added:**Reportable Event Acknowledgment Letter (i:\wp\standard\ppd\reackinf.wpd), Reportable Event Requirement Letter (i:\wp\standard\ppd\rereqinf.wpd), Reportable Events Information List (i:\wp\standard\ppd\re-list.wpd), and Third Party Reportable Event Acknowledgment Letter (i:\wp\standard\ppd\3rdptyre.wpd). **Deleted:** Reportable Event Information Request Letter |

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| | | (i:\wp\standard\ppdrepevinf.wpd), and Request for Information from Third Parties (i:\wp\standard\ppd\3rdparty.wpd). |
| | 12/03/99 | **Added** link to Form 333 - Request for Access to Tax Return Info... (i:\wp\standard\form333.wpd) |
| | 11/19/99 | **Revised** Form 333 - Request for Access to Tax Return Info... (i:\wp\standard\form333.wpd |
| | 09/01/99 | **Added** link to Invalid NOIT (Form 600) Letter i:\wp\standard\ppd\inval600.wpd |
| | 08/10/99 | **Revised** Form 1109 (version date: 6/30/99). **Updated** name: Form 1109 Request for Underfunding and Minimum Funding Calculations (i:\wp\standard\ppd\form1109.wpd) |
| | 08/10/99 | **Deleted** Form 1109E (obsolete) |
| | 09/29/98 | **Revised** IRS Document Request - less than 26 participants (i\: wp\standard\ppd\irs25rq.wpd) |
| | 04/29/98 | **Revised** Administrative Subpoena - reformatted only (i:\wp\standard\modeliod.wpd) |
| | 10/10/97 | **Added** IRS Document Request - less than 26 participants - (i:\wp\standard\irs25rq.wpd) |
| | 08/19/97 | **Replaced** WordPerfect Form 1109 (i:\wp\standard\Form1109.wpd) |
| | 07/30/97 | **Revised** Administrative Subpoena (i:\wp\standard\modeliod.wpd) |
| | 05/30/97 | **New** letter **Added:** Administrative Subpoena Cover Letter (i:\wp\standard\subcovlt.wpd) |
| **Process 03.1:** Identify Controlled Group | 09/22/99 | **Clarified** procedure with PBGC Operating Policy 7.2-1 |
| **Process 03.2:** Determine Impact of Proposed Reorganization | 09/28/01 | **Updated** involuntary termination reference to PBGC-initiated. |
| **Process 04: Make Recommendation** | 07/23/02 | **Revised** overview to more fully reflect all of Process 4's subprocesses, including new 4.8 |
| | 02/13/98 | **Revised** Overview to reference PPD's collection of Basic Participant Data and Insurance Information |
| | 10/10/97 | **Updated** to include current procedures with TAs, and coordination with TWG office.<br>**Replaced** instructions about preparing documents through CAS. |
| | 06/06/97 | **Revised** to provide instructions for preparation of new wp documents |

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| **Process 04:** Workflow | 07/23/02 | **Revised** to include all new subprocesses. |
| | 02/11/00 | **Revised** workflow for earlier additions to **Process 04**. |
| **Process 04.1:** Determine Recommendation | 09/28/01 | **Updated** involuntary termination references to PBGC-initiated. |
| | 03/07/97 | Involuntary Terminations: **Added** item 6 to provide further direction in this process. |
| | 09/27/96 | **Added** PBGC Operating Policy Manual 3.2-1 to Guidance |
| | 09/27/96 | Third Party Trusteeship - **clarified** and **expanded** procedures for abandoned sufficient plans |
| **Process 04.2:** Close Case | 09/04/98 | **Revised** to reflect new name of TP 18 |
| | 02/13/98 | **Modified** Outline and Action Steps |
| **Process 04.3:** Action Steps, Prepare TWG Memo, TDR, NOD.... | 09/28/01 | **Updated** involuntary termination references to PBGC-initiated. |
| | 06/29/01 | **Revised** instructions to reflect new names of trusteeship agreement cover letters. |
| | 11/16/99 | **Deleted** provision of draft TWG Memo and TDR to IOD Deputy Director. **Updated** FBA plan criteria. |
| | 06/04/99 | **Revised** Trusteeship Agreement - Involuntary Terminations (i:\wp\standard\ppd\tamod_in.wpd) |
| | 06/04/99 | **Revised** Trusteeship Agreement - Voluntary Terminations (i:\wp\standard\ppd\tamod_vo.wpd) |
| | 02/13/98 | **Revised** instructions regarding content of TWG Memo and Distress Determination Letter. (Separate Funding Determination Letters eliminated.) |
| **Process 04.4:** Form Large Case Working Group | 10/20/00 | **Added** link to new subsection 04.7: Request FBA Procurement. |
| | 11/16/99 | **Clarified** preparation of the Large Case Working Group Memo |
| | 08/10/99 | **Updated** Large Case criteria |
| **Process 04.5**Request Insurance Information | 03/07/97 | **Added** a new sub-process that covers PPD's request of insurance contract valuation data. (streamlining project) |
| **Process 04.6:** Initiate Request for Participant Data (formerly: Request Basic Participant Data) | 10/14/98 | **Re-named subprocess (now: Initiate Request for Participant Data), and text revised** to incorporate PPDs request of payee data |
| | 09/04/98 | **Revised** to correct typographical errors only |
| | 02/13/98 | **Added** new PPD subprocess |

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| **Process 04.7:** Request FBA Procurement | 04/05/02 | **Modified** to reflect preparation of FBA Procurement Request (one document). |
| | 02/16/01 | **Modified** to clarify the approval process w/in PPD. |
| | 10/20/00 | **Added** new subsection about preparing the FBA Package to procure FBA services. |
| **Process 04.8:** Refer Fiduciary Breaches to DOL | 03/28/03 | **Modified** throughout for name change - PWBA/ EBSA |
| | 08/09/02 | **Corrected** typo (document name) |
| | 07/23/02 | **Added** new subprocess. |
| **Process 4.9**: Forms, Letters, Memos | 08/25/04 | **Modified** Termination Decision Record Distress Termination (...\ppd\tdr_dis.wpd) and Termination Decision Record PBGC-Initiated Terminations (...\ppd\tdr_dis.wpd) |
| | 03/28/03 | **Modified** DOL/ EBSA Investigation Coordination Letter (I:\wp\standard\ppd\dolebsa.wpd) - name change PWBA/ EBSA |
| | 07/23/02 | **Added**: DOL/PWBA Investigation Coordination Letter (i:\wp\standard\ppd\dolpwba.wpd) |
| | 04/05/02 | **Added** FBA Procurement Request (i:\wp\standard\fbaprreq.wpd) |
| | | **Deleted** FBA Package |
| | | (i:\wp\standard\fbapack.wpd) and FBA Package Cover Memo (i:\wp\standard\fbapkmem.wpd) |
| | 12/19/01 | **Modified** the Termination and Trusteeship Decision Record PBGC-Initiated Termination (i:\wp\standard\ppd\tdr_inv.wpd) |
| | 09/28/01 | **Revised** document name: Termination Decision Record (TDR) PBGC-initiated (was "Involuntary"). |
| | 08/13/01 | **Modified** Close Case (Reportable Event) Letter (i:\wp\standard\ppd\close_re.wpd) |
| | 06/29/01 | **Revised:** Trusteeship Agreement (PBGC-initiated) Cover Letter (i:\wp\standard\ppd\tacov_in.wpd). **Revised Trusteeship Agreement and Cover Letter Names:** PBGC-initiated Termination (from "Involuntary"), Distress Termination (from "Voluntary"). |
| | 06/20/01 | **Revised:** Notice of Determination (NOD) (i:\wp\standard\ppd\nod.wpd). |
| | 04/06/01 | **Modified** FBA Package Cover Memo (i : \wp\standard\fbapkmem.wpd). |
| | 01/17/01 | **Modified:** |

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| | Trusteeship Agreement - Distress Terminations (i:\wp\standard\ppd\tamod_vo.wpd), and Trusteeship Agreement - PBGC-initiated Terminations (i:\wp\standard\ppd\tamod_in.wpd) |
| 01/04/01 | **Modified** FBA Package (i:\wp\standard\fbapack.wpd), and FBA Package Cover Memo (i:\wp\standard\fbapkmem.wpd). |
| 10/20/00 | **Added** new documents: FBA Package (i:\wp\standard\fbapack.wpd), and FBA Package Cover Memo (i:\wp\standard\fbapkmem.wpd) |
| 11/16/99 | **Revised** Request for Large Case Coordinator Memo (i:\wp\standard\ppd\lcwgreq.wpd), corrected document name and path/filename |
| 10/15/98 | **Revised** Administrative Subpoena Cover Letter (i:\wp\standard\subcovlt.wpd) |
| 09/29/98 | **Revised** Attorney Request Memo (i:\wp\standard\ppd\attrnyrq.wpd) |
| 09/04/98 | **Added** link to Controlled Group Notice (i:\wp\standard\ppd\cntgrnot.wpd) |
| 07/23/98 | **Added** new letter: Initial Participant Data Request (i:\wp\standard\ppd\inpdareq.wpd) |
| 04/27/98 | **Revised** Termination Decision Record (TDR) Involuntary Termination (i:\wp\standard\ppd\tdr_inv.wpd) |
| 04/27/98 | **Revised** Termination Decision Record (TDR) Distress Termination (i:\wp\standard\ppd\tdr_dis.wpd) |
| 04/16/98 | **Revised** Termination Decision Record (TDR) Involuntary Termination (i:\wp\standard\ppd\tdr_inv.wpd) |
| 04/16/98 | **Revised** Termination Decision Record (TDR) Distress Termination (i:\wp\standard\ppd\tdr_dis.wpd) |
| 02/13/98 | **Deleted** references to obsolete Funding Determination Letters |
| 01/16/98 | **Revised** TWG Memo (i:\wp\standard\ppd\twg.wpd) |
| 01/09/98 | **Revised** Large Case Working Group Memo (i:\wp\standard\lcwgmemo.wpd) |
| 12/18/97 | **Revised** Notice of Determination (i:\wp\standard\ppd\nod.wpd) |
| 10/10/97 | **Revised** filename of Notice of Determination (NOD) -- |

(i:\wp\standard\nod.wpd)

10/10/97 **Added** Administrative Review Procedures (Distress Criteria) (i:\wp\standard\adrev_dc.wpd)

10/10/97 **Added** three new Funding Determination Letter(s) - (replaced CAS letters)
Funding Determination (Insufficient for GBs)
(i:\wp\standard\pbgctrst.wpd)
Funding Determination (Sufficient for BLs)
(i:\wp\standard\sufasset.wpd)
Funding Determination (Insufficient for BLs)
(i:\wp\standard\insufase.wpd)

08/09/97 **Added** new document - Controlled Group Notice (i:\wp\standard\cntgrnot.wpd)

07/22/97 **Revised TDRs**
Termination and Trusteeship Decision Record (TDR) - Involuntary Termination (i:\wp\standard\trd_inv.wpd)
Termination and Trusteeship Decision Record (TDR) - Distress Termination (i:\wp\standard\tdr_dis.wpd)

07/27/97 **Revised** Attorney Request Memo (i:\wp\standard\ppd\attrnyrq.wpd)

07/27/97 **Revised** Trusteeship Agreement - Involuntary Termination (i:\wp\standard\ppd\tamod_in.wpd)

07/27/97 **Revised** Trusteeship Agreement - Voluntary Termination (i:\wp\standard\ppd\tamod_vo.wpd

06/18/97 **Added access to new TDR documents:**
Termination and Trusteeship Decision Record - Involuntary Termination (i:\wp\standard\tdr_inv.wpd)
Termination and Trusteeship Decision Record - Distress Termination (i:\wp\standard\tdr_dis.wpd)

06/06/97 **Updated** Trusteeship Agreement - Involuntary Terminations (i:\wp\standard\tamod_in.wpd)

06/06/97 **Added new** forms and letters:

05/17/97 Trusteeship Agreement (Involuntary) Cover Letter
(i:\wp\standard\tacov_in.wpd)

05/17/97 Trusteeship Agreement -Involuntary Terminations
(i:\wp\standard\tamod_in.wpd)

05/17/97 Trusteeship Agreement (Voluntary) Cover Letter
(i:\wp\standard\tacov_vo.wpd)

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| | 05/17/97 | Trusteeship Agreement -Voluntary Terminations (i:\wp\standard\tamod_vo.wpd) |
| | 05/16/97 | Close Case (Reportable Event) Letter (i:\wp\standard\close_re.wpd) |
| | 03/07/97 | **Added** a new standard letter--Insurance Contract Valuation Letter (PPD) i: \wp\standard\ppd_ins.wpd). (streamlining project) |
| **Process 05: Route Recommended Termination** | 12/07/01 | **Modified** overview to reflect 5,000 as participant limit for exempt cases (TWG) |
| | 10/10/97 | **Updated** to include current procedures with TAs, and coordination with TWG office. Replaced instructions about preparing documents through CAS. |
| | 08/15/97 | **Revised** text to refer to new document |
| | 02/07/97 | **Added** text to emphasize importance of reviewing TWG minutes to ensure correct DoPT is used. |
| **Process 05:** Route Recommended Termination, Workflow | 02/11/00 | **Corrected** typo. |
| **Process 05.0:** Cases which are exempt from presentation to the full TWG. Cases which must be presented to the full TWG. | 09/28/01 | **Updated** involuntary termination references to PBGC-initiated. |
| **Process 05.1:** Prepare Recommendation for Routing | 06/18/04 | **Revised** to clarify the NOIT/NOD dates entered in CAS. |
| **Process 05.1:** Prepare Recommendation | 05/25/99 | **Updated** action steps for exempt & non-exempt cases to provide greater details and clarify interaction with OGC |
| | 07/11/97 | **Added** latest delegation of authority memo for reference. |
| **Process 05.1A:** Prepare Recommendation for Routing - Exempt Cases | 09/28/01 | **Updated** involuntary termination references to PBGC-initiated. |
| **Process 05.1B:** Prepare Recommendation for Routing - Non-Exempt Cases (Full TWG Review) | 09/28/01 | **Updated** voluntary termination references to distress. |
| **Process 05.2:** Initiate Termination and Trusteeship | 12/07/01 | **Modified** subsection title. Added steps for PBGC to notify participants of DOPT when applicable. |
| **Process 5.3**: Forms, Letters, Memos | 08/25/04 | **Modified** Termination Decision Record Distress Termination (...\ppd\tdr_dis.wpd) and Termination Decision Record PBGC-Initiated Terminations (...\ppd\tdr_dis.wpd) |
| **Process 05.3:** Forms, Letters, Memos | 05/07/02 | **Modified** the Case Contact Sheet |

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| | (i:\wp\standard\contacts.wpd) |
| 12/19/01 | **Modified** the Termination and Trusteeship Decision Record PBGC-Initiated Termination (i:\wp\standard\ppd\tdr_inv.wpd) |
| 12/07/01 | **Added** new letter: Participant DOPT Notice (i:\wp\standard\pnotdopt.wpd) |
| 09/28/01 | **Revised** Termination Decision Record (TDR) PBGC-initiated (name only from "Involuntary"). |
| 06/29/01 | **Revised:** Trusteeship Agreement (PBGC-initiated) Cover Letter (i:\wp\standard\ppd\tacov_in.wpd). **Revised Trusteeship Agreement and Cover Letter Names:** PBGC-initiated Termination (from "Involuntary"), Distress Termination (from "Voluntary"). |
| 06/20/01 | **Revised:** Notice of Determination (NOD) (i:\wp\standard\ppd\nod.wpd). |
| 01/17/01 | **Modified:** Trusteeship Agreement - Distress Terminations (i:\wp\standard\ppd\tamod_vo.wpd), and Trusteeship Agreement - PBGC-initiated Terminations (i:\wp\standard\ppd\tamod_in.wpd) |
| 10/13/00 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd). |
| 06/04/99 | **Revised** Trusteeship Agreement - Involuntary Terminations (i:\wp\standard\ppd\tamod_in.wpd) |
| 06/04/99 | **Revised** Trusteeship Agreement - Voluntary Terminations (i:\wp\standard\ppd\tamod_vo.wpd) |
| 05/25/99 | **Added** link to Case Contact Sheet (i:\wp\standard\contacts.wpd) |
| 05/25/99 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd) |
| 05/25/99 | **Added** link to **new** OGC Draft Transmittal (version date: 04/27/99) (i:\wp\standard\ppd\ogcdrtr.wpd) |
| 07/10/98 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd) |
| 04/27/98 | **Revised** Termination Decision Record (TDR) Involuntary Termination (i:\wp\standard\ppd\tdr_inv.wpd) |
| 04/27/98 | **Revised** Termination Decision Record (TDR) Distress Termination (i:\wp\standard\ppd\tdr_dis.wpd) |
| 04/22/98 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd) |
| 04/16/98 | **Revised** Termination Decision Record |

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| | | (TDR) Involuntary Termination (i:\wp\standard\ppd\tdr_inv.wpd) |
| | 04/16/98 | **Revised** Termination Decision Record (TDR) Distress Termination (i:\wp\standard\ppd\tdr_dis.wpd) |
| | 02/13/98 | **Deleted** references to obsolete Funding Determination Letters |
| | 01/22/98 | **Revised** Document Transfer List Memo, **Added** case contact list (i:\wp\standard\ppd\tpdtrf.wpd) |
| | 01/16/98 | **Revised** TWG Memo (i:\wp\standard\ppd\twg.wpd) |
| | 10/10/97 | **Added** new Distress Determination Letter(s) - (replaced CAS letters) Distress Determination Letter (Criteria Met) (i:\wp\standard\discrmet.wpd) |
| | 10/10/97 | **Revised** filename-Notice of Determination (NOD) --- (i:\wp\standard\nod.wpd) |
| | 08/09/97 | **Added** new document, Termination and Trusteeship Recommendation - Transmittal Form (i:\wp\standard\tran2twg) |
| **Process 07: Initiate PPD/TPD Coordination** | 08/31/01 | **Revised** overview to reflect the more routine assignment of a TPD case team while the case is with PPD. |
| **Process 07.1:** Initiate TPD Involvement | 08/31/01 | **Revised** in its entirety to describe the process of establishing a TPD case team while case is with PPD. |
| | 05/25/99 | **Clarified** details regarding the transfer of case information and documents. |
| | 02/13/98 | **Added** reference to include Transfer Checklist and Case Contact Sheet |
| **Process 07.2:** Forms, Letters, Memos | 05/07/02 | **Modified** the Case Contact Sheet (i:\wp\standard\contacts.wpd) |
| | 10/20/00 | **Deleted** FBA Procurement Package (i:\wp\standard\fbapack.wpd) |
| | 10/13/00 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd). |
| | 05/25/99 | **Added** link to Case Contact Sheet (i:\wp\standard\contacts.wpd) |
| | 05/25/99 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd) |
| | 07/10/98 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd) |
| | 04/22/98 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd) |
| | 02/02/98 | **Added** FBA Procurement Package |

(i:\wp\standard\fbapack.wpd)

01/22/98 **Revised** Document Transfer List Memo, **Added** case contact list (i:\wp\standard\ppd\tpdtrf.wpd)

## Historical Updates

Historical | Recent

## Processes 08 - 10

04/15/2005

| Initial TPD Process | Date | Change |
|---|---|---|
| **Process 08:** Assign TPD Case Team and Initiate Processing | 08/31/01 | **Revised** overview to reflect the more routine assignment of a TPD case team while the case is with PPD. |
| | 05/25/99 | **Clarified** overview regarding payment of optional forms. |
| | 09/04/98 | **Revised** instructions regarding preparation of Executed Trusteeship Cover Letters. New WP document replaces Forms 1160 and 1159, formerly prepared through CAS. |
| **Process 08.1:** Transfer Information From PPD to TPD | 08/31/01 | **Modified** to add details including required input and imaging. |
| | 05/25/99 | **Clarified** details regarding the transfer of case information and documents. |
| **Process 08.2:** Assign TPD Case Team | 08/31/01 | **Revised** throughout, now reflects the more routine assignment of a TPD case team while the case is with PPD, and clarifies instructions for non-FBA plan workplans. |
| | 10/20/00 | **Revised** to describe the initial preparation of an FBA Workplan. |
| | 11/16/99 | **Clarified** Large Case Coordinator involvement.<br>**Deleted** references to FBA procurement. |
| **Process 8.3:** Effect Trusteeship | 02/18/05 | **Revised** to remove step to send an Accounts Adds & Changes form to SSC to update DOTR. |
| | 05/18/01 | **Modified** to clarify provision of 4042(d) notice to interested parties. |
| | 11/16/99 | **Clarified** distribution list of final TAs. |
| | 10/10/97 | **Revised** instructions for preparation of Premium Information Request Memo<br>**Revised** Premium Information Request Memo (i:\wp\standard\preminfo.wpd) |
| | 07/11/97 | **Revised** TA prepared by PPD (not TPD) |
| | 06/06/97 | **Added** detail about premium information requested from FOD |
| | 03/07/97 | **Inserted** new action step 11 requesting premium information from FOD. (streamlining project) |
| | 02/07/97 | **Added** text that DOPT may differ from date in original recommendation. |
| | 09/13/96 | **Revised** instructions with new cover ltr (cotruscl.wpd) for Court Ordered |

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| | | Trusteeship. Clarified use of Form 1159 and Form 1160 Trusteeship Agreement Cover Letters<br>FBA no longer in list of recipients<br>Reorganized numbering of steps |
| | 05/31/96 | **Added** controlled group members to list of interested parties for 4042(d) notification #10 |
| **Process 8.4:** Forms, Letters, Memos | 02/18/05 | **Revised** list. |
| | 05/07/02 | **Modified** the Case Contact Sheet (i:\wp\standard\contacts.wpd) |
| | 10/20/00 | **Replaced** FBA Workplan (I:\MSWord\xls\FBAWorkplan.xls). |
| | 10/13/00 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd). |
| | 05/25/99 | **Added** Case Contact Sheet (i:\wp\standard\contacts.wpd) |
| | 05/25/99 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd) |
| | 05/28/98 | **Revised** Court Ordered Trusteeship Agreement Cover Letter (i:\wp\standard\cotruscl.wpd) |
| | 05/28/98 | **Added** new document (replaces CAS 1159, and CAS 1160) - Executed Trusteeship Agreement Cover Letter (i:\wp\standard\extacvlt.wpd) |
| | 04/22/98 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd) |
| | 01/16/98 | **Revised** Document Transfer List Memo, **Added** case contact list (i:\wp\standard\ppd\tpdtrf.wpd) |
| | 10/10/97 | **Revised** Premium Information Request Memo (i:\wp\standard\preminfo.wpd) |
| | 03/07/97 | **Added** a jump to the Premium Information Request Memo (i:\wp\standard\preminfo.wpd). (streamlining project) |
| | 10/24/96 | **Revised** (i:\wp\standard\cotruscl\wpd), including replacement of "plan asset insufficiency" with "unfunded benefit liabilities" |
| | 09/13/96 | **Added** New letter: Court Ordered Trusteeship Agreement Cover Letter (i:\wp\standard\cotruscl.wpd) |
| | 07/19/96 | **Added** New document: Workplan.wpd |
| **Process 9:** Plan Assumption | 02/18/05 | **Replaced** entirely with new content including a new workflow. Also, renamed Process from *Assume Payment/Set Up Account* to *Plan* |

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| | | *Assumption.* |
| **Process 09:** Assume Payment/ Set Up Account | 03/08/02 | **Replaced** reference to RARE with PACS in overview |
| | 09/28/01 | **Modified** to revise Datahub loading timeframes, and added description of 9A loading process. |
| | 09/01/99 | **Revised** Overview to incorporate details about PRISM online assumptions |
| | 05/25/99 | **Modified** throughout for clarification of payment of optional forms, imaging of documents and other details. |
| | 03/05/99 | **Added** detail regarding check cycle, and cut-off date. |
| | 10/14/98 | **Revised** Overview to describe Datahub Procedures |
| | 02/13/98 | **Revised** Overview to incorporate references to Operating Policy 5.4-4, and PBGCs policy with respect to interest payments (97-7). |
| | 01/10/97 | **Inserted** the third paragraph which describes processing for woodwork persons |
| **Process 09:** Assume Payment/Set Up Account, Workflow | 03/10/00 | **Replaced** workflow for additions to Process 09. |
| **Process 09.01:** Request Plan Administrator to Continue Payment Processing | 05/25/99 | **Revised** outline regarding payment of optional forms, and addition of policy manual reference. |
| | 10/14/98 | **Added** details about payment information needed |
| | 11/25/98 | **Added** details about requests for payee data. |
| **Process 09.2:** Prepare and Transmit Funding Memo | 05/25/99 | **Revised**, editorial changes only. |
| **Process 09.3:** Obtain Participant Payment Data | 09/28/01 | **Edited** text. |
| | 08/31/01 | **Added** reference to finalizing Plan Assumption Milestone (CAS) and Process 10.4. |
| | 09/01/99 | **Revised** to incorporate details about PRISM online assumptions |
| | 05/25/99 | **New** subprocess details collection of participant payment data needed for plan assumption |
| **Processes 09.4 through 09.8** | 10/14/98 | **Renumbered** to be 09.8 through 09.12 |
| **Process 09.4:** Prepare & Submit Plan Assumption Package | 09/28/01 | **Modified** to revise the Datahub timeframes for submission of plan assumption package. |

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| | 09/01/99 | **Revised** to incorporate details about PRISM online assumptions |
| | 05/25/99 | **Clarified** instructions in action step 1. |
| | 10/14/98 | **Renamed** subprocess, and revised to describe initiation of Datahub Procedures by TPD |
| **Process 09.4:** Review Participant Payment Information, Map Data | 10/14/98 | **Added** Subprocess |
| **Process 09.5:** Review Participant Payment Information, Map Data | 09/28/01 | **Modified** to revise Datahub timeframes for submission of plan assumption package and data mapping. |
| | 09/01/99 | **Revised** to incorporate details about PRISM online assumptions |
| | 05/25/99 | **Clarified** outline and action steps, esp. about imaging documents. |
| **Process 09.5:** Enter Participant Payment Data | 10/14/98 | **Added** new subprocess |
| **Process 09.6:** Enter Participant Payment Data | 09/28/01 | **Modified** to revise Datahub timeframes for completion of data loading (by DMC or OASD). |
| | 09/01/99 | **Revised** to incorporate details about PRISM online assumptions |
| | 05/25/99 | **Renumbered** subprocess |
| | 10/14/98 | **Added** new subprocess |
| **Process 09.07:** Evaluate and Reconcile Initial Payee Information Load.(formerly 09.06) | 05/25/99 | **Clarified** action steps, esp. about imaging documents. |
| | 03/05/99 | **Added** detail regarding check cycle, and cut-off date. |
| | 10/14/98 | **Added** new subprocess |
| **Process 09.8** Authorize Plan Assumption | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| | 08/31/01 | **Added** specifics about updating and finalizing Plan Assumption Milestone (CAS) to outline and action steps. |
| | 09/01/99 | **Revised** to incorporate details about PRISM online assumptions |
| | 05/25/99 | **Deleted** subprocess (obsolete, see new 09.03) |
| | 05/25/99 | **Renumbered** subprocess |
| **Process 09.8:** Transfer Data to SSB for Payments to Retirees -- Less than 200 Current Payees (Formerly 9.4) | 01/10/97 | **Revised** text to establish that **All** account adds and the loading of retirees must be done at SSB for internal control purposes. |
| **Process 09.9:** Notify Current Payees | 05/18/01 | **Deleted** reference to filepathame of obsolete Plan Abstract version. |
| | 08/25/00 | **Added** instructions regarding the new Preliminary Plan Summary |

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| | | (CSWG recommendation) |
| | 03/10/00 | **Added** information about *new* Trusteeship Notification Packages (REACH Team project) |
| | 09/22/99 | **Revised** to refer to new participant forms. |
| | 05/25/99 | **Modified** outline. |
| | 10/30/98 | **Added** details about EDD. |
| | 10/10/97 | **Revised** outline and actions steps to refer to new participant letter (PRISM ALGS), which merges Trusteeship Notice and Notice of Change in Paying Agent into a single letter for retirees. (streamlining project) |
| **Process 09.10:** Prepare and Submit 9A Participant Data | 09/28/01 | **Modified** to revise Datahub timeframes for completion of data loading (by DMC or OASD). |
| | 03/10/00 | **Renamed** subprocess, and revised to describe initiation of Datahub procedures by TPD. |
| | 05/25/99 | **Revised, renumbered & renamed** subprocess |
| **Process 09.10:** Reconcile Trial Check Run & Pay Participants | 05/25/99 | **Deleted** subprocess (obsolete) |
| | 04/07/99 | **Replaced** reference to PSDADJ with RARE |
| **Process 09.11:** Review 9A Participant Package | 03/10/00 | **Added** new subprocess. |
| **Process 09.12:** Enter 9A Data. | 09/28/01 | **Modified** to revise Datahub timeframes for completion of data loading (by DMC or OASD). |
| | 03/10/00 | **Added** new subprocess. |
| **Process 09.13:** Evaluate, Reconcile & Authorize 9A Data | 03/10/00 | **Added** new subprocess. |
| **Process 9.14:** Forms Letters Memos | 02/18/05 | **Added**:<br>*PIF Tracking Spreadsheet*<br>*(PIFtracking.xls)*<br>*Plan Assumption Reconciliation Report (planasmprec.doc)*<br><br>**Deleted:** Data Entry Request Form<br>Transfer Control Sheet<br>**Revised:**<br>*Benefit Funding Memo (Funding.doc)*<br>*Concurrence Form (Concurr.doc)*<br>*Datahub - Data Mapping Instructions for Data Entry(Dhmapin.doc)*<br>*Notification Letter to Prior Paying* |

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| | | *Agent (Notifppa.doc)*<br>*Notification of Authorization to Make Payments Letter (Authpay.doc)*<br>*PA Request Follow-Up Letter (Pareqfol.doc)*<br>*PPA Information Letter (ppainfo.doc)* |
| **Process 09.14:** Forms, Letters, Memos | 01/07/03 | **Modified** Notification of Authorization to Make Payments Letter - reflecting change in SSC personnel (I:\wp\standard\authpay.wpd) |
| | 04/05/02 | **Modified** the Data Entry Form (i:\wp\standard\derf.wpd) |
| | 08/01/01 | **Corrected** typo in Plan Assumption Authorization Verification (i:\wp\standard\assverif.wpd) |
| | 06/28/01 | **Modified** Benefit Funding Memo (FOD names only). |
| | 05/18/01 | **Deleted** obsolete Plan Abstract. |
| | 03/14/01 | **Updated** Benefit Funding Memo (i:\wp\standard\funding.wpd) for FOD personnel changes. |
| | 08/25/00 | **Added**: new document - Preliminary Plan Summary (i:\wp\standard\prelimps.wpd); and new link to Plan Abstract (i:\wp\standard\abstract.wpd) |
| | 02/28/00 | **Revised** Data Entry Request Form (i:\wp\standard\derf.wpd) |
| | 09/22/99 | **Revised** to refer to new participant forms |
| | 09/01/99 | **Added** new Plan Assumption Authorization Verification (i:\wp\standard\assverif.wpd) |
| | 08/20/99 | **Revised** Data Entry Request Form (i:\wp\standard\derf.wpd) |
| | 08/20/99 | **Revised** Datahub - Data Mapping Instructions for Data Entry (i:\wp\standard\dhdmapin.wpd) |
| | 05/25/99 | **Deleted** reference to Monthly Adds and Updates, Form 487 |
| | 05/13/99 | **Modified** Plan Administrator/Paying Agent Request Follow Up Letter (i:\wp\standard\pareqfol.wpd) |
| | 04/27/99 | **Revised** Notification of Authorization to Make Payment Letter (i:\wp\standard\authpay.wpd) |
| | 10/30/98 | **Added** references to additional participant forms and letters (PRISM ALG). |
| | 10/14/98 | **Deleted** Proposed Schedule of SSB Activities (i:\wp\standard\ssbsched.wpd) |

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| | 10/14/98 | **Added** link to WordPerfect version of Account Adds and Changes Form (i:\wp\standard\acaddchg.wpd) |
| | 03/23/98 | **Revised** Benefit Funding Memo to include number of payees (i:\wp\standard\funding.wpd) |
| | 10/14/98 | **Added** new document, Datahub - Data Mapping Instructions (i:\wp\standard\dhdmapin.wpd) |
| | 10/14/98 | **Added** new document, Data Entry Request Form (i:\wp\standard\derf.wpd) |
| | 09/30/98 | **Revised** Notification of Authorization to Make Payments Letter (i:\wp\standard\authpay.wpd) |
| | 08/06/98 | **Revised** Notification Letter to Prior Paying Agent (i:\wp\standard\notifppa.wpd) |
| | 08/05/98 | **Revised** Notification of Authorization to Make Payments Letter (i:\wp\standard\authpay.wpd) |
| | 09/17/96 | **Added** "Financial Analyst, Treasury Division" as a "cc" in the Notification Letter to Prior Paying Agent -- (i:\wp\standard\notifppa.wpd) |
| **Process 10: Adjust Benefits** | 09/22/99 | **Revised** to add benefit adjustment details. |
| **Process 10 Workflow** | 08/31/01 | **Revised** to reflect re-named subprocess 10.4 |
| | 05/02/97 | **Clarified** 4022(c) amount not payable as estimated benefit |
| | 02/07/97 | **Added** text to emphasize importance of documenting analysis for benefit adjustments (cutbacks). |
| **Process 10.1:** Analyze Plan Documents | 08/31/01 | **Reformatted** output section of outline. |
| | 05/18/01 | **Deleted** reference to filepathame of obsolete Plan Abstract version. |
| | 08/25/00 | **Added** instructions about new Preliminary Plan Summary, and updating CAS milestone. (CSWG recommendation) |
| **Process 10.02:** Obtain Data | 10/20/00 | **Added** late retirement details about adjusting the maximum guaranteeable benefit. |
| | | **Added** links to the ATM and Policy Bulletin regarding late retirement. |
| **Process 10.3:** Analyze Data and Funding for PC3 | 12/13/02 | **Edited** for clarification. |
| | 12/07/01 | **Added** clarification in allocating to PC3 to control issues and action steps and |

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| | | added reference to IOD PB 00-08 in guidance. |
| **Process 10.4:** Identify Current Payees for Benefit Adjustments | 02/18/05 | **Added** requirements for notifying payees of benefit adjustments; other general edits. |
| **Process 10.4:** Identify Current Payees for Benefit Adjustments | 12/13/02 | **Edited** for clarification. |
| | 08/31/01 | **Re-named** subprocess.<br>Added specifics about finalizing Estimated Cutbacks/ Adjustments Milestone (CAS) to outline and action steps. |
| | 10/20/00 | **Added** late retirement details about adjusting the maximum guaranteeable benefit. |
| **Process 10.7**: Forms, Letters, Memos | 05/18/01 | **Deleted** obsolete Plan Abstract. |
| | 08/25/00 | **Added**: new document - Preliminary Plan Summary (i:\wp\standard\prelimps.wpd), and new link to Plan Abstract (i:\wp\standard\abstract.wpd) (CSWG recommendation) |

## Historical Updates

Historical | Recent

## Processes 11 - 15

04/15/2005

| Audit Processes | Date | Change |
|---|---|---|
| **Process 11**: Develop Audit Program | 02/16/01 | **Revised** Internal Controls "Assessment" to "Determination" |
| | 08/25/00 | **Clarified** correct document name (Plan Document Audit) only. |
| | 07/11/97 | **Clarified** throughout to provide strengthened instructions regarding retention of source documents as appropriate and other documentation issues |
| | 04/04/97 | **Added** clarification to preparation of Audit Working Paper Cover Sheet. |
| **Process 11.02:** Determine Scope of Audits and Prepare Audit Program | 03/28/03 | **Modified** to reflect name change - Pension and Welfare Benefits Administration/Employee Benefits Security Administration |
| | 05/18/01 | **Deleted** reference to filepathame of obsolete Plan Abstract version. |
| | 02/16/01 | **Modified** to clarify references to Internal Controls Determination and add use of new document: Internal Controls Questionnaire |
| | 08/25/00 | **Clarified** correct document name (Plan Document Audit) only. |
| | 04/07/99 | **Revised** text to reflect new path\filename of Plan Abstract (i:\wp\standard\abstract.wpd) |
| | 09/13/96 | **Clarification** that the TPD may hold participant meeting for any case, not just large cases. |
| **Process 11.3:** Conduct Field Audit | 04/05/02 | **Revised** to clarify necessity of collecting certain benefit related documents. |
| | 02/16/01 | **Modified** to incorporate the use of new document: Internal Controls Questionnaire |
| | 05/25/99 | **Clarified** output and recipient. |
| **Process 11.04**: Forms, Letters, Memos | 05/18/01 | **Deleted** obsolete Plan Abstract. |
| Forms, Letters, Memos | 02/16/01 | **Added** Internal Controls Questionnaire (i:\wp\standard\intonqu.wpd) |
| Forms, Letters, Memos | 01/08/01 | **Modified** Internal Controls Determination (i:\wp\standard\intcont.wpd) |
| Forms, Letters, Memos | 08/28/00 | **Revised** Data Elements Source List (i:\wp\standard\datasrcs.wpd) |
| Forms, Letters, Memos | 08/25/00 | **Clarified** documents' names - Plan Document Audit |

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| | | (i:\wp\standard\plandocs.wpd), and Information Request Letter (i:\wp\standard\inforeq.wpd) |
| Forms, Letters, Memos | 05/26/99 | **Revised** Plan Documents List, typographical only (i:\wp\standard\plandocs.wpd) |
| | 04/07/99 | **Revised** text to reflect new path \ filename of Plan Abstract (i:\wp\standard\abstract.wpd) |
| **Process 12:** Obtain & Evaluate Participant & Plan Document Data, Workflow | 04/16/04 | **Modified** workflow to show that Early BDL process is initiated after completion of source document audit. |
| | 09/22/99 | **Updated** workflow for earlier revisions to Process 09 |
| | 07/11/97 | **Clarified** throughout to provide strengthened instructions regarding thorough documentation. |
| **Process 12:** Obtain & Evaluate Participant and Plan Data, Workflow | 02/11/00 | **Revised** workflow for earlier addition to Process 12, and corrected typo. |
| **Process 12.1**: Finalize Plan Document Audit | 05/18/01 | **Deleted** reference to filepathame of obsolete Plan Abstract version. |
| | 08/25/00 | **Clarified** correct document name (Plan Document Audit).<br>**Added** new instruction to finalize CAS milestone.<br>(CSWG recommendation) |
| **Process 12.2** Prepare Plan Abstract | 02/07/03 | **Added** processing guidelines on crediting military service (PB 00-4). |
| | 05/18/01 | **Deleted** reference to filepathame of obsolete Plan Abstract version. |
| | 08/25/00 | **Added** reference to the Preliminary Plan Summary.<br>(CSWG recommendation)<br>**Clarified** correct document name (Plan Document Audit), and added WP file pathnames. |
| | 04/07/99 | **Revised** text to reflect new path\filename of Plan Abstract (i:\wp\standard\abstract.wpd) |
| **Process 12.5:** Perform Source Document Audit | 05/25/99 | **Deleted** action step 7. |
| | 11/25/98 | **Added** details to the outline about identification of participant data elements in the process, and scanning of source documents to IPS. |
| | 07/19/96 | **Added** report file name to item 6 |
| **Process 12.06**: Build Participant Database | 05/18/01 | **Clarified** that data elements are all traceable to a source. |
| | 05/25/99 | **Modified** controls section, and clarified identification of action steps (now |

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| | | 12.6.A & 12.6.B). |
| | 11/25/98 | **Added** details to the outline and actions steps about establishing and updating the data shell. |
| | 01/10/97 | **Revised** to state that FBAs should get a hard copy of the TPD's controlled group determination (or no controlled group determination) |
| **Process 12.6A:** Build Participant Database | 09/22/99 | **Corrected** typo |
| **Process 12.6B:** Build Participant Database | 09/22/99 | **Corrected** typo |
| **Process 12.7:** Audit Participant Database | 03/28/03 | **Added** details of necessity to retain and archive sampling database and supporting documentation. |
| | 05/25/99 | **Deleted** completion of Participant Data Audit Report from output and recipient. **Deleted** action steps 7-10. |
| | 08/15/97 | **Added** statement of purpose and other clarifications. |
| | 12/06/96 | **Clarified** use of random number generator program. |
| | 07/19/96 | **Added** Output and Recipient item |
| | 07/19/96 | **Revised** items 7 & 8 in action steps |
| **Process 12.8:** Prepare Participant Data Audit Report | 05/25/99 | **New** subprocess providing details about preparation of report. |
| **Process 12.9:** Forms, Letters, Memos | 01/16/05 | **Revised:** Participant Database Archiving Guidelines (PDA). |
| | 03/04/04 | **Revised** Participant Database Archiving Guidelines |
| | 03/28/03 | **Added** Participant Database Archiving Guidelines (i:\wp\standard\pdaarchiveinstructionsv1.doc) |
| | 05/18/01 | **Deleted** obsolete Plan Abstract. |
| | 08/28/00 | **Revised** Data Elements Source List (i:\wp\standard\datasrcs.wpd) |
| | 08/25/00 | **Added** new document - Preliminary Plan Summary (i:\wp\standard\prelimps.wpd). **Clarified** documents' names - Plan Document Audit (i:\wp\standard\plandocs.wpd), and Information Request Letter (i:\wp\standard\inforeq.wpd). **Added** new link to Information Request Letter (i:\wp\standard\inforeq.wpd). (CSWG recommendation) |
| | 06/14/99 | **Revised** Locator Project Facts (i:\wp\standard\loc_fact.wpd) **Revised** Locator Project Request |

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| | | (i:\wp\standard\locproc.wpp) |
| | 05/26/99 | **Revised** Plan Documents List, typographical only (i:\wp\standard\plandocs.wpd) |
| | 05/25/99 | **Revised** Participant Data Audit Report (i:\wp\standard\pdarept.wpd) |
| | 04/07/99 | **Revised** text to reflect new path\filename of Plan Abstract (i:\wp\standard\abstract.wpd) |
| Forms, Letters, Memos | 07/19/96 | **Added** Participant Data Audit Report |
| **Process 13:** Verify Data for Participant Database | 02/18/05 | **Revised** Overview to remove references to mailing 4042(d) letters; other general edits.<br>**Revised** Workflow.<br>**Removed** Process 13.1 and included instructions for issuing 4042(d) letters in new *9.13 Notify Participants*.<br>**Renumbered** *Process 13.2 Verify Data from Returned Forms* to 13.1; other general edits.<br>**Renumbered** *Process 13.3 Forms, Letters, Memos, etc.* to 13.2; revised list. |
| **Process 13:** Verify Data for Participant Database | 04/05/02 | **Clarified** timing to send 4042(d) packages. |
| | 03/10/00 | **Added** information to overview about *new* Trusteeship Notification Packages (REACH Team project) |
| | 09/22/99 | **Revised** Overview to refer to new participant forms. Revised proof document requirements. (streamlining) |
| | 10/10/97 | **Added** detail to Process Overview, and Process 13.1 about combined letter which merges Trusteeship Notice and Change of Paying Agent into a single letter for retirees. (streamlining project) |
| | 07/11/97 | **Added** guidance (deadlines) for 4042(d) notifications to participants and follow up letters. Miscellaneous revisions to reflect Process 17 new name. Clarifications throughout to provide strengthened instructions regarding thorough documentation |
| **Process 13.1:** Send 4042(d) Letter and Data Verification Forms | 04/05/02 | **Clarified** timing to send 4042(d) packages. |
| | 08/31/01 | **Added** specifics about updating and finalizing **new** Participant Trusteeship Letters Milestone (CAS). |
| | 03/10/00 | **Modified** to add information about *new* Trusteeship Notification Packages |

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| | | (REACH Team project) |
| | 09/22/99 | **Revised** to refer to new participant forms. |
| | 05/25/99 | **Changed** only to reflect renumbered subprocess. |
| | 10/30/98 | **Added** details about EDD. |
| **Process 13.2:** Verify Data from Returned Forms | 08/31/01 | **Added** references to Operating Policy 8.5-1 Signature by Mark and Appendix J. |
| | 08/11/00 | **Replaced** references to obsolete Locator Project with references to new TP 33: Locate Customer Address. |
| | 12/03/99 | **Added** details about preparation of Acknowledgment Letter (ALGS 530). |
| | 09/22/99 | **Revised** to refer to new participant forms. Revised proof document requirements. (streamlining) |
| | 11/25/98 | **Added** to outline additional output item of updates to PRISM. Added to action steps (PLS & auditor) details about reconciliation or addition of participant data elements from data verification forms to PRISM, and to the participant database. Added specific listing of appropriate data elements. |
| | 10/30/98 | **Added** details to action steps about EDD. |
| | 10/30/98 | **Clarified** in outline and action steps that PBGC no longer requires original source documents, copies are acceptable. (streamlining project) |
| | 07/11/97 | **Added** information about Locator Project |
| **Process 13.3:** Forms, Letters, Memos | 08/11/00 | **Deleted** Locator Project Facts (i\wp\standard\loc_fact.wpd), and Locator Project Request (i\wp\standard\locproj.wpd) |
| | 12/03/99 | **Replaced** reference to Response Card, PBGC Form 1690a with Acknowledgment Letter (ALGS 530). |
| | 09/22/99 | **Added** references to new participant forms, deleted obsolete forms |
| | 02/23/99 | **Revised** Locator Project Facts - (i:\wp\standard\loc_fac.wpd) |
| | 02/23/99 | **Revised** Locator Project Request - (i:\wp\standard\locproj.wpd) |
| | 10/30/98 | **Added** reference to Application for EDD. |
| | 07/11/97 | **Added** two **new** documents: Locator Project Facts (i:\wp\standard\loc_fact.wpd), and |

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| **Process 14:** Determine Controlled Group and Net Worth | 09/04/98 | **Added** new BMPRS code to Time Reporting section to outlines of subprocesses (topics not redated) |
| | 09/04/98 | **Revised** overview to identify PPD Manager as IOD's point of contact for settlements. |
| **Process 14.1:** Review PPD Controlled Group Findings | 06/29/01 | **Modified** to replace IPS for paper file references. |
| | 09/22/99 | **Clarified** procedure with PBGC Operating Policy 7.2-1, and added reference in guidance |
| | 01/10/97 | **Revised** to state that FBAs should get a hard copy of the TPD's controlled group determination (or no controlled group determination) |
| **Process 14.2:** Perform TPD Controlled Group Analysis (IRS Disclosure Offices) | 11/08/02 | **Deleted** section. Information in new **Appendix M.** |
| | 03/23/01 | **Added** new adddress to request tax returns for tax-exempt entities. |
| **Process 14.2**: Perform TPD Controlled Group Analysis | 11/08/02 | **Modified** to reflect that requests for non-exempt tax information are sent to a new centralized IRS location.<br>**Deleted** separate listings of IRS Regional Offices by State and IRS Disclosure Offices.<br>**Added** link to new Appendix M: IRS Disclosure Offices. |
| | 06/29/01 | **Modified** to replace IPS for paper file references. |
| | 03/23/01 | **Added** instructions for requesting tax returns for tax exempt entities. |
| | 02/16/01 | **Updated** L.A. office address. |
| | 12/03/99 | **Revised** IRS Regional Offices by State (added note).<br>**Revised** IRS Disclosure Offices address and telephone numbers. |
| | 12/03/99 | **Clarified** the use of Form 333 when making IRS Tax Return Requests. |
| | 09/22/99 | **Clarified** procedure with PBGC Operating Policy 7.2-1, and added reference in guidance |
| | 04/04/97 | **Added** new feature - pop-up list of IRS Regional Offices and list of addresses and telephone numbers for IRS Disclosure Offices. |
| **Process 14.3:** Draft Request for Payment/Assist in Filing Liens | 06/29/01 | **Modified** to replace IPS for paper file references. |
| **Process 14.3:** Draft Request for | 09/04/98 | **Revised** to include guidance about |

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| Payment/Assist in Filing Liens | | compromise and settlement authority. |
| **Process 14:** Forms, Letters, Memos | 11/08/02 | **Revised** IRS Request Letter (i\:wp\standard\irsreq.wpd) to insert centralized address, and to change PBGC location for IRS to send requested information.<br>**Corrected** address on IRS Returns Request – Tax Exempt Entities (i\:wp\standard\irsexmpt.wpd)<br>**Revised** IRS Document Request - <26 (i\:wp\standard\ppd\irs25rq.wpd) to insert centralized address, and to change PBGC location for IRS to send requested information |
| | 06/19/02 | **Modified** Request for Payment letter (i:\wp\standard\reqpay.wpd) |
| | 03/23/01 | **Added**: IRS Tax Returns Request - Tax Exempt Entities (i:\wp\standard\irsexmpt.wpd) |
| | 12/03/99 | **Added** link to Form 333 - Request for Access to Tax Return Info... (i:\wp\standard\form333.wpd) |
| | 11/19/99 | **Revised** Form 333 - Request for Access to Tax Return Info... (i:\wp\standard\form333.wpd) |
| Forms, Letters, Memos | 04/21/98 | **Added** new document - Administrative Review Procedures (i:\wp\standard\adrev_el.wpd) |
| Forms, Letters, Memos | 03/11/98 | **Revised** Request for Payment Letter (i:\wp\standard\reqpay.wpd) |
| Forms, Letters, Memos | 01/22/98 | **Revised** No Controlled Group Memo (i:\wp\standard\tpdnocg.wpd) |
| Forms, Letters, Memos | 10/10/97 | **Deleted** No Recovery Memo (i:\wp\standard\norecov.wpd) |
| Forms, Letters, Memos | 04/04/97 | **Added** a jump to the revised IRS Request Letter (i:\wp\standard\irsreq.wpd) |
| **Process 15:** Audit Plan Assets | 12/06/96 | **Clarified** with minor changes throughout. |
| **Process 15.1:** Perform Initial Analysis | 02/16/01 | **Modified** to incorporate the use of new document: Request for PPD Financial Analysis Assistance. |
| | 09/04/98 | **Added** detail about Form 1108 |
| | 10/10/97 | **Revised** instructions for preparation of Premium Information Request Memo |
| | 06/06/97 | **Added** detail about premium information requested from FOD (action step 3). |
| | 06/06/97 | **Added** details regarding preparation of administrative subpoena (action step 11). |

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| | 03/07/97 | **Edited** step 3 to include a reference to possible earlier request for premium information from FOD. (streamlining project) |
| **Process 15.2:** Value Plan Assets (Investment Accounts and Securities....) | 09/28/01 | **Clarified** instructions with respect to mutual funds. |
| **Process 15.2:** Value Insurance Contracts | 03/10/00 | **Deleted** links to now obsolete glossary term. |
| **Process 15.2** -Value Plan Assets | 06/06/97 | **Added** detail about valuing insurance contracts |
| **Process 15.2**Action Steps: Value Investment Accounts & Securities. Item #3 | 10/11/96 | **Clarified** valuing stock dividends when DOPT is between record date and date dividend is recorded. |
| **Process 15.3:** Value Hard-To-Value Assets | 02/16/01 | **Modified** to incorporate the use of new document: Request for PPD Financial Analysis Assistance. |
| **Process 15.4:** Value Plan Liabilities | 03/10/00 | **Deleted** links to now obsolete glossary term. |
| **Process 15.4:** Action Steps: Value Plan Liabilities | 03/07/97 | **Edited** step 1 to include a reference to possible earlier request for premium information from FOD. (streamlining project) |
| **Process 15.5:** Action Steps: Compute Accrued Dividends Receivable on Corporate Stocks | 10/11/96 | **Changed** "dividend date" to "ex-dividend date" |
| **Process 15.5:** Action Steps: Compute Proportional Interest | 01/10/97 | **Added** new section |
| **Process 15.5:** Action Steps: Chart To Determine Method of Computing Accrued Interest | 12/06/96 | **Clarified** with minor changes throughout. |
| | 12/06/96 | **Added** chart to determine method of computing accrued interest. |
| **Process 15.6:** Complete Plan Asset Audit Report | 03/10/00 | **Added** CAS details to output and processing steps. |
| | 08/10/99 | **Added** detail about imaging of Plan Asset Audit Report. |
| | 06/14/99 | **Revised** Locator Project Facts (i:\wp\standard\loc_fact.wpd) |
| | 06/14/99 | **Revised** Locator Project Request (i:\wp\standard\locproc.wpp) |
| | 06/14/99 | **Revised** Locator Project Facts (i:\wp\standard\loc_fact.wpd) |
| | 06/14/99 | **Revised** Locator Project Request (i:\wp\standard\locproc.wpp) |
| | 09/04/98 | **Added** detail about Form 1108 |
| **Process 15.7:** Forms, Letters, Memos | 02/16/01 | **Added:** Request for PPD Financial Analysis Assistance (i:\wp\standard\ppdanal.wpd) |
| Forms, Letters, Memos | 10/15/98 | **Revised** Administrative Subpoena |

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| | | Cover Letter (i:\wp\standard\subcovlt.wpd) |
| Forms, Letters, Memos | 05/04/98 | **Added** new WordPerfect document - Form 1108, Plan Asset Reconciliation (i:\wp\standard\form1108.wpd) |
| Forms, Letters, Memos | 04/28/98 | **Revised** Administrative Subpoena - reformatted only (i:\wp\standard\modeliod.wpd) |
| Forms, Letters, Memos | 07/30/97 | **Revised** Administrative Subpoena (i:\wp\standard\modeliod.wpd) |
| | 07/30/97 | **Revised** Premium Information Request Memo (i:\wp\standard\preminfo.wpd) |
| | 06/06/97 | **Added** jumps to Administrative Subpoena and Administrative Subpoena Cover Letter |
| | 04/07/97 | **Revised** the Plan Asset Audit document (i:\wp\standard\planaset.wpd) |
| Forms, Letters, Memos | 08/26/96 | **Revised** the Insurance Contract Valuation Letter (i:\wp\standard\insurval.wpd) |
| Forms, Letters, Memos | | |

## Historical Updates

Historical | Recent

## Processes 16 - 17

04/15/2005

| Valuation Processes | Date | Change |
|---|---|---|
| **Process 16:** Value Recoveries and Allocate to Claims | 10/10/97 | **Added** instruction to use new Allocation Recovery Tool (ART) Clarified zero Recovery Determinations are documented in Recovery Determination Memo |
| | 12/06/96 | **Clarified** with minor changes throughout |
| **Process 16.2**: Value Recoveries and Allocate to Claims | 01/10/03 | **Deleted** requirement to provide Recovery Determination Memo to PPD |
| | 02/16/01 | **Specified** the type of CAS task referral sent. |
| **Process 16.3:** Allocate Combined Recoveries... | 02/16/01 | **Modified** to specify how to request PPD Assistance, including references to two new documents: PPD Recovery Allocation Data Form and Request for PPD Financial Analysis Assistance |
| | 11/25/98 | **Updated** details about Actuarial Recovery Tool (ART) |
| **Process 16.4:** Document Recovery Values | 01/10/03 | **Modified** to reflect that the SPARR Coordinator is in MCU (from PPD). |
| | 06/06/97 | **Added** text regarding importance of updating CAS Plan Assets Milestone |
| **Process 16.9:** Forms Letters Memos | 2/10/05 | **Updated** *Recovery Determination Memo (Recdeter.doc).* |
| **Process 16** Forms, Letters, Memos | 12/05/02 | **Modified** Reovery Determination Memo (i:\wp\standard\recdeter.wpd) |
| Forms, Letters, Memos | 02/16/01 | **Added** two new documents:<br>PPD Recovery Allocation Data Form (i:\wp\standard\ppdrecal.wpd), and<br>Request for PPD Financial Analysis Assistance (i:\wp\standard\ppdanal.wpd) |
| Forms, Letters, Memos | 11/22/99 | **Revised** Recovery Determination Memo (i:\wp\standard\recdeter.wpd) |
| | 06/06/97 | **Revised** Recovery Determination Memo (additional cc to FOD) |
| | 04/13/97 | **Revised** the Recovery Determination Memo (i:\wp\standard\recdeter.wpd) |
| **Process 17** Prepare Actuarial Case Report & Software | 03/28/03 | **Updated** Workflow |
| | 06/06/97 | **Revised** throughout in response to new PBGC Operating Policy Manual 6.7-1. |
| | 08/30/96 | **Changed** the order of the sub-processes in the workflow diagram |

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| **Process 17.1** Reconcile Participant Database | 03/28/03 | **Revised** to clarify required data elements & format of database |
| **Process 17.2** Convert Participant Database to an ACT Database | 03/28/03 | **Added** new sub-section with link to ACT manual. |
| | 12/07/01 | Added clarification in allocating to PC3 to control issues and action steps and added reference to IOD PB 00-08 in guidance. |
| **Process 17.3** Determine Title IV Benefits, including Asset Allocation per 4044 | 03/28/03 | **Renumbered** |
| | 06/20/96 | **Revised** Control Issues re recovery ratio for multiple terminated plans |
| **Process 17.4** Determine Plan 4022(c) Benefits Payable | 03/28/03 | **Renumbered** |
| | 01/11/99 | **Revised** cash out limit to $5,000 in action steps |
| **Process 17.5** Determine 4022(c) Benefits Payable | 03/28/03 | **Renumbered** |
| **Process 17.6** Program BSRS | 03/28/03 | **Renumbered** |
| | 08/10/99 | **Modified** reference to ACR checklist. |
| **Process 17.7** Produce Actuarial Case Report Package | 03/28/03 | **Renumbered** and **Revised** to delete obsolete processing step |
| **Process 17.7** Action Steps: Finalize Actuarial Case Report Package & Review | 08/10/99 | **Modified** reference to ACR checklist. |
| **Process 17.8** Finalize Actuarial Case Report Package & Review | 03/28/03 | **Renumbered** and **Added** reference in Guidance to ACT manual. |
| **Process 17.9** Perform Software/ADT Review | 03/28/03 | **Renumbered** and **Revised** to strengthen controls and add link to ACT manual. |
| **Process 17.10** Finalize IPV-Ready Data | 03/28/03 | **Renumbered** and **Modified** to reflect correct names of reports and processing steps. |
| | 11/25/98 | **Added** details to outline about ADT load of participant data elements to PRISM. |
| **Process 17.11** Close Out Software (OASD) | 03/28/03 | **Renumbered** and **Modified** to reflect correct processing steps |
| **Process 17.12** Present Case to Team | 03/28/03 | **Renumbered** |
| **Process 17.13** Reconcile PRISM & Archive Databases | 03/28/03 | **Renumbered** and **Corrected** name of sub-section |
| **Process 17.14** Forms, Letters, Memos | 03/28/03 | **Renumbered** and **Modified** to delete link to TPD Software Review Checklist and to add Incoming Case Review Checklist |
| | 04/28/98 | **Updated** TPD Software Review Checklist to support ADT utilities version 3.0A (i:\wp\standard\sc_cklst.wpd) |

06/06/97 **Added new** wp documents:
Automated Data Load (ADL) Checklist
(i:\wp\standard\adlcklst.wpd) &
TPD Software Review Checklist
(i:\wp\standard\sc_cklst.wpd)

**Historical Updates** Historical | Recent

**Processes 18 - 20** **04/15/2005**

| Notification of Benefits Processes | Date | Change |
|---|---|---|
| **Process 18:** Identify Types of IDLs for Case | 09/22/99 | **Edited** and added details to guidance. |
| **Process 18.3:** Forms, Letters, Memos | 09/22/99 | **Added** reference to PRISM ALG letters |
| | 12/06/96 | **Added** access to a WordPerfect memo containing Types of Required IDLs -- i: \wp\standard\idltypes.wpd |
| | 05/02/03 | **Deleted** Customized BDL Cover Memo and Benefit Determination Letter (samples).. |
| **Process 19**: Issue BDLs & Make Adjustments to Payments - Overview | 1/19/05 | **Added** that BDLs are issued to alternate payees with certain restrictions. |
| **Process 19:** Issue BDLs & Make Adjustments to Payments, Workflow | 04/16/04 | **Modified** workflow for revised Process 19.1 changes. |
| | 10/18/02 | **Added** details to Overview about establishing final pay sources for final benefit amounts. |
| | 02/08/02 | **Added** language about rule that interest is calculated at PBGC (not SSB). |
| | 07/27/01 | **Modified** to include residual benefit amount processing, applicable withholding rules and other clarifications. (IOD PB 00-6: Residual Lump-Sum Distributions.) |
| | 05/18/01 | **Modified** for editorial changes, including IDL/BDL and to add details about notice to an alternate payee. **Added** details about resending BDLs, including use of new ALG 540. |
| | 09/22/99 | **Revised** for IDL/ benefit payment details:<br>• Early IDLs to non-vesteds guidance (streamlining)<br>• Large back payments<br>• IOD PB 99-6, very small payments<br>• IOD PB 99-4, small changes in Final Monthly Benefits<br>• Issuance of IDLs to deceased person(s) or beneficiary(ies)<br>• Clarification of timing to move estimated benefits to final in PRISM<br>• Issuance of notice to alternate payees when IDL is issued |
| | 02/13/98 | **Revised** Overview to reference PBGC's policy with respect to upward |

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| | | adjustments to estimated benefits. |
| **Process 19.1:** Create Early BDL Database and Issue Early BDLs (re-named) | 04/16/04 | **Revised** the early BDL Process to include database building, auditing, and preparation of the Early BDL Audit Report. |
| **Process 19.1**: Review List of Participants Eligible for Early BDLs | 10/18/02 | **Revised** to add details including revising the look back for early BDL participants (from 5 years to 1 year prior to DOPT) and deleting reference to obsolete CAS milestone. |
| | 05/18/01 | **Modified** for editorial changes, including IDL/BDL. Renamed subprocess. |
| | 09/22/99 | **Revised** to provide guidance on Early IDLs to non-vesteds.(streamlining) |
| | 05/02/97 | **Clarified** participants eligible for possible 4022(c) amount not eligible for early IDLs |
| **Process 19.2:** Review Final Valuation Close-Out Package & Classify Participants | 05/18/01 | **Modified** for editorial changes, including IDL/BDL. |
| | 08/11/00 | **Replaced** references to obsolete Locator Project with references to new TP 33: Locate Customer Address. |
| | 09/22/99 | **Revised** for IOD PB on IDLs and Back Payments for Deceased Participants (99-9) |
| | 07/11/97 | **Added** information about Locator Project |
| **Process 19.3:** Determine Net Overpayment/Underpayment Status for Annuities | 03/19/04 | **Revised** to clarify processing of lump sums under $200. |
| | 03/28/03 | **Added** CAS details to output and processing steps. |
| | 01/10/03 | **Added** processing guidelines on de minimis overpayments, when an appeal is filed (IOD PB 03-2) . |
| | 10/18/02 | **Revised** to add "Timing", specifying that various payment activities should be completed by 90 days after the later of expiration of appeals period or Appeals Board Decision date. |
| | 03/08/02 | **Clarified** language about rule on interest calculation at PBGC<br>**Added** reference to PACS and the PACS Helpfile<br>**Replaced** details on using RARE with PACS including requirement to scan both PACS Summaries in IPS |
| | 02/08/02 | **Added** language about rule that interest is calculated at PBGC (not SSB). |

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| | 06/29/01 | **Added** details about researching payment history for all situations that may require interest to be paid. |
| | 05/18/01 | **Modified** for editorial changes, including IDL/BDL. Clarified small benefits may be paid prior to expiration of appeals period. Renamed subprocess. |
| | 09/22/99 | **Revised** for Large back payments, IOD PB 99-4, small changes in Final Monthly Benefits, and clarification of timing to move estimated benefits to final in PRISM |
| | 02/13/98 | **Revised** Important Concepts and Guidance to reflect IOD Policy Bulletin 97-7. |
| **Process 19.4:** Determine Overpayment/ Underpayment for Lump-Sum | 03/19/04 | **Revised** to clarify processing of lump sums under $200. |
| | 01/10/03 | **Added** processing guidelines on de minimis overpayments, when an appeal is filed (IOD PB 03-2) . |
| | 10/18/02 | **Revised** to add "Timing", specifying that various payment activities should be completed by 90 days after the later of expiration of appeals period or Appeals Board Decision date.<br>**Added** PBGC Operating Policy 5.4-6 to Guidance<br>**Deleted** reference to obsolete IOD Policy Bulletin 95-5 in Guidance |
| | 03/08/02 | **Clarified** language about rule on interest calculation at PBGC<br>**Added** reference to PACS and the PACS Helpfile<br>**Replaced** details on using RARE with PACS including requirement to scan both PACS Summaries in IPS |
| | 02/08/02 | **Added** language about rule that interest is calculated at PBGC (not SSB). |
| | 07/27/01 | **Added** references to guidance, including applicable Treas. reg cite (withholding).<br>**Modified** processing for:<br>• residual benefit amounts, including when a new lump-sum application is required,<br>• tax withholding rules, and<br>• other clarifications.<br>(IOD PB 00-6: Residual Lump-Sum Distributions.) |
| | 05/18/01 | **Modified** for editorial changes, |

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| | | including IDL/BDL. Renamed subprocess. |
| | 09/22/99 | **Revised** for IOD PB 99-6, very small payments |
| | 01/11/99 | **Revised** cash out limit to 5,000, and add details about cash out limit to outline |
| | 02/13/98 | **Revised** Important Concepts and **Added** Guidance to reflect IOD Policy Bulletin 97-7. |
| **Process 19.5:** Issue Corrected or Revised Benefit Determination Letter | 03/19/04 | **Added** new subsection describes how and when to issue a revised **or** corrected BDL |
| **Process 19.6:** Forms, Letters, Memos | 04/16/04 | **Added** Early BDL Audit Report. |
| **Process 19:** Forms, Letters, Memos | 07/27/01 | **Added** reference to Form 720 - Application for Lump-Sum Payment. |
| | 08/11/00 | **Deleted** Locator Project Facts (i\wp\standard\loc_fact.wpd), and Locator Project Request (i\wp\standard\locproj.wpd) |
| | 09/22/99 | **Added** reference to new PRISM ALG Letter.<br>**Deleted** obsolete PSDADJ report reference. |
| Forms, Letters, Memos | 02/23/99 | **Revised** Locator Project Facts - (i:\wp\standard\loc_fac.wpd) |
| Forms, Letters, Memos | 02/23/99 | **Revised** Locator Project Request - (i:\wp\standard\locproj.wpd) |
| Forms, Letters, Memos | 07/11/97 | **Added** two **new** documents: Locator Project Facts (i:\wp\standard\loc_fact.wpd), and Locator Project Requests (i:\wp\standard\locproj.wpd |
| **Process 20:** Overview | 1/19/05 | **Modified** to indicate that BDLs of related QDRO parties are also stayed if one party appeals. |
| | 02/17/04 | **Added** that some appeals correspondence may be referred outside of IOD. |
| **Process 20:** Respond to Appeal Notice/Make 45-Day Changes | 08/31/01 | **Added** reference to Appendix J. |
| **Process 20:** Workflow | 05/18/01 | **Modified** for editorial changes, including IDL/BDL and renamed subprocesses. |
| | 12/06/96 | **Clarified** throughout Process including new Overview, revised workflow diagram, discussions of PEAD Acknowledgement Memo and PEAD Closing Memo |
| **Process 20:** Respond to Appeal | 05/18/01 | **Modified** for editorial changes, |

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| Notice/Make 45-Day Changes, workflow | | including IDL/BDL and renamed subprocesses. |
| **Process 20:** Respond to Appeal Notice/Make 45-Day Changes, overview | 05/18/01 | **Modified** for editorial changes, including IDL/BDL. |
| **Process 20:** Respond to Appeals Notice and PEAD Referrals (renamed) | 05/02/03 | **Revised** in its entirety, includes two new subsections. |
| **Process 20.1**: Respond to PEAD Acknowledgment Memo | 1/19/05 | **Added** step to stay BDL of all QDRO parties if one party appeals, and to notify them via ALGS. |
| **Process 20.1:** Respond to PEAD Acknowledgment of Appeal or Extension Request | 2/17/04 | **Added** language on notifying Recovery Coordinator when an appeal concerns a Recovery BDL. |
| **Process 20.1:** Respond to PEAD Acknowledgment Memo | 5/18/01 | **Modified** name of time reporting categories. |
| | 5/02/03 | **Revised** to reflect updated IOD/PEAD processing including clarification of actions that may/may not be taken when an appeal is filed. |
| **Process 20.2**: Respond to PEAD Closing Memo | 01/19/05 | **Added** new steps on making any necessary changes to BDLs of parties who did not appeal and notifying them via ALGS. |
| **Process 20.2:** Respond to Appeal Closing Memo | 2/17/04 | **Added** language on sending new BDLs; that timely correspondence may appear in IPS days after the appeal period ends; and on notifying Recovery Coordinator as needed. |
| | 1/10/03 | **Added** processing guidelines on de minimis overpayments, when an appeal is filed (IOD PB 03-2) . |
| | 05/18/01 | **Modified** for minor editorial changes. |
| | 05/02/03 | **Revised** to reflect updated IOD/PEAD processing and otherwise clarify processing. |
| **Process 20.3:** Action Steps: Respond to Notice of Referral from PEAD | 02/18/05 | **Added** statements to be included in the emails to PEAD. |
| **Process 20.3**: Respond to Participant Inquiry Referred by PEAD | 01/19/05 | **Added** new steps on making any necessary changes to BDLs of parties who did not appeal and notifying them via ALGS. |
| **Process 20.3:** Respond to Notice of Referral from PEAD | 02/17/04 | **Added** instructions on referrals concerning Recovery BDLs, including hardship cases; and when appeals correspondence is referred outside of IOD. |
| | 05/02/03 | **New** subsection describes processing of correspondence referred from PEAD. |
| **Process 20.3:** Forms, Letters, Memos | 12/06/96 | **Added** access to two new WordPerfect memos - acknowlm.wpd and closingm.wpd (in I:\\wp\standard) |
| **Process 20.4:** RFA Guidelines and | 05/02/03 | New subsection lists: |

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| Appeal Criteria | | New subsection lists:<br>• Examples of RFA correspondence<br>• Appeal criteria |
| **Process 20.5:** Forms, Letters, Memos | 01/19/05 | **Added** new ALGS letters 615 QDRO-Stay of BDL (Appeals) and 616 QDRO – No Benefit Change (Appeals). |
| | 05/02/03 | **Added** references to ALGS Letters.<br>**Deleted** references/links to sample PEAD correspondence. |

## Historical Updates

Historical | Recent

## Processes 21 - 23

06/18/2004

| Case Closure Processes | Date | Change |
|---|---|---|
| **Processes 21 & 22** | 04/28/97 | **Replaced** Case Closure Processes (Process 21 and 22) with **New** Case Closure Processes 21, 22, 23 |
| **Processes 21 - 23** | 09/04/98 | **Revised** throughout, clarify procedures applicable to closing of FBA plans |
| **Process 21:** Close Plan | 02/17/04 | **Replaced** in its entirety to incorporate use of online Plan Closing Report and IPVFB Critical Pay Source Errors Report. |
| | 08/11/00 | **Revised Overview** to refer to new TP 33: Locate Customer Address |
| **Process 21:** Close Plan, Workflow | 02/11/00 | **Replaced** workflow for earlier revisions to Process 21. |
| **Process 21.1:** Prepare Plan History (Formerly: Close Plan) | 07/11/97 | **Added** clarifications about imaging additions to files which are being closed at an FBA |
| **Process 21.3:** Reconcile Participant Files/Records on IPS & PRISM (Formerly: Check and Inventory Participant Files) | 07/11/97 | **Revised** about PFI Report |
| **Process 21.6:** Check Completeness of Participant Files (IPS) | 06/29/01 | **Added** references to Process 19 for payment of interest situations. |
| **Process 21.10** Forms, Letters, Memos | 08/11/00 | **Deleted** Locator Project Facts (i\wp\standard\loc_fact.wpd) |
| Forms, Letters, Memos | 04/30/99 | **Revised** Plan Completion Memo (i:\wp\standard\plcompme.wpd) |
| | 02/23/99 | **Revised** Locator Project Facts - (i:\wp\standard\loc_fac.wpd) |
| | 09/04/98 | **Added** link to Locator Project Facts (i:\wp\standard\locproj.wpd) |
| | 09/04/98 | **Deleted** TSD/TPD Plan Completion Checklist (i:\wp\standard\plcmpckl.wpd) |
| | 05/01/98 | **Added** new (optional) TPD/FBA Case Team - Plan Completion Checklist (i:\wp\standard\tpd-tsd.wpd) |
| | 05/01/98 | **Added** new Plan Completion Memo (i:\wp\standard\plancompme.wpd) |
| | 06/06/97 | **Replaced** IPS Plan Re-Index Request with **new** IPS Plan and Participant File Correction Form (i:\wp\standard\ips_chg.wpd) |
| **Process 21.13:** Forms, Letters, Memos | 03/25/04 | **Revised to put on letterhead:** TPD/FBA Case Team - Plan Completion Checklist and Plan Completion Memo. |
| | 03/19/04 | **Replaced** TPD/FBA Case Team – Plan Completion Checklist |

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| | 02/17/04 | **Renumbered** and **Revised** to replace TPD/FBA Case Team - **Plan Completion Checklist** (M:\Helpfile\IOD Manual_std\tpdfbacl.doc) and **Plan Completion Memo** (M:\Helpfile\IOD Manual_std\plcomplme.doc) with current versions<br>**Added Quality Review Check Sheet** (M:\Helpfile\IOD Manual_std\qurecksh.doc) |
| **Process 22:** Review Closed Plan | 02/17/04 | **Revised** in its entirety to reflect new plan closing processes. |
| **Process 22:** Review Closed Plan, Workflow | 02/11/00 | **Replaced** workflow for earlier revisions to Process 22. |
| **Process 22.2:** Review Closed Plan | 06/29/01 | **Added** references to Process 19 for payment of interest situations. |
| **Process 22.4:** Forms, Letters, Memos | 02/17/04 | **Added** Quality Review Checksheet (M:\Helpfile\IOD Manual\std\qurecksh.doc). |
| | 09/04/98 | **Added** Closed Plan Review Memo (i:\wp\standard\clplrmem.wpd) |
| **Process 23:** Transfer Plan to Ongoing Administrator | 02/17/04 | **Updated** link to renumbered Process 21.12 |
| **Process 23.1:** Transfer Administrative Responsibility for Plan | 07/11/97 | **Added** note clarifying that imaged participant files may be more complete than paper participant files |
| **Process 24:** Perform Ongoing Administration | 02/11/00 | **Deleted** section. |

## Historical Updates

Historical | Recent

## Technical Procedures 01 - 10

04/15/2005

01-10 | 11-20 | 21-30 | 31-40 | 41-50

| | Date | Change |
|---|---|---|
| **Technical Procedures** - Introduction to | 10/10/97 | **Added** more detail |
| **TP 01**: Identify Controlled Group | 09/22/99 | **Clarified** procedure with PBGC Operating Policy 7.2-1 |
| **TP 01**: Identify Controlled Group, Workflow | 05/18/01 | **Corrected** typo. |
| | 05/18/01 | **Modified Definitions:**<br>**Reformatted** into a single topic.<br>**Added or corrected reg cites for:**<br>Effective Control, Substantial Condition, and Attribution. |
| | 10/11/96 | **Revised** Code section number - Employee<br>**Added** reg. citation - Principal owner<br>**Added** reg. citation - Officer |
| | 08/30/96 | **Updated** the quote from 4001(a)(14)(B) |
| **TP 01.1:** Gather Documents and Identify Owners | 09/22/99 | **Added** guidance reference to PBGC Operating Policy 7.2-1 |
| **TP 01.2:** Apply Exclusion Rules to Eliminate Excluded Interests | 05/18/01 | **Added** reg cites. |
| | 10/11/96 | **Clarified** examples 1 & 2 |
| **TP 01.3:** Apply Attribution Rules and Determine Percentages of Ownership | 05/18/01 | **Corrected** reg cite in action step 3. |
| | 10/11/96 | **Changed** reg citation on substantial restriction of spouse's interest - Step 5.(4)<br>**Changed** reg citation - Step 6, paragraph 4 |
| **TP 01.5:** Definition of Brother-Sister Corporations | 05/18/01 | **Corrected** reg cites. |
| | 08/15/97 | **Revised** examples to highlight conclusions. |
| | 10/11/96 | Definitions:<br>**Revised** Brother-Sister Corporations<br>**Revised** Combined Group<br>Procedure & Examples -<br>**Revised** the way ownership percentages are expressed throughout text<br>Example 4 - **Revised** content of chart |
| **TP 03:** Manage Plan Related Termination Expenses | 12/06/96 | **Changed** references to who maintains PBGC's Termination Expense Account for pre-trusteeship expenses (from PPD to the front Office for IOD) |
| | 07/19/96 | **Revised** completely |

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| **TP 04**: Make Address Changes | 06/29/01 | **Modified** to add details in C. SSB Notifications. |
| **TP 04:** Process Address Changes | 08/25/00 | **Replaced** entire tech proc.<br>Revisions include:<br>• clearer outline of home address changes vs. EDD related changes<br>• streamlined processing of phone call notifications - CCN to PRISM, with ALG notification<br>• description of duties of DMC, CSC, TPDs & FBAs |
| **TP 04.1:** Make Address Changes | 08/31/01 | **Added** details regarding processing of documents signed with a mark (OPM 8.5-1). |
| | 01/14/00 | **Added** link and reference to Operating Policy Manual 8.4-1 (POA). |
| | 03/07/97 | **Added** a reference to IOD Customer Service Standards in the Guidance section. |
| | 10/11/96 | **Clarified** CSC handling of telephone notification of address changes |
| **TP 04.2:** Make or Change EDD Election | 08/31/01 | **Added** details regarding processing of documents signed with a mark (OPM 8.5-1). |
| **TP 04.2:** Forms, Letters, Memos | 09/22/99 | **Added** reference to new participant form |

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| **TP 05:** Process Deaths | 8/19/04 | **Modified** throughout to remove all references to the use of DARTS, including deleting **TP 5.4: Track Processing with DARTS**. |
| | 05/30/03 | **Deleted** subprocess 5.2, renumbered remaining subprocesses and revised workflow and overview to reflect these changes. |
| | 09/26/00 | **Modified** to clarify source of PRISM data compared with Deathmatch (GENESIS) |
| | 09/30/99 | **Replaced** entire technical procedure.<br>Revisions include new policy issuances:<br>• IOD PB 99-8: Payments with respect to deceased participants<br>• IOD PB 99-9: IDLs and Back Payments for Deceased Participants<br>Also includes details about new IOD systems:<br>• Deathmatch Deceased and Recovery Tracking System (DARTS) |

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| **TP 05.1** Process Death Notification by Telephone or Mail | 08/23/02 | **Revised** instructions about when and how CARFs are provided to SSC for "late deaths". |
| | 05/12/00 | **Revised** to reflect that CARF original and one copy are sent to SSB |
| | 12/03/99 | **Added** details about preparation of Acknowledgment Letter (ALGS 530). |
| | 10/30/98 | **Clarified** to provide that PBGC does not require original death certificates, copies are acceptable. (streamlining project) |
| **TP 05.2** Determine Action on Outstanding Check Report | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| | 05/12/00 | **Modified** to show that PSB distributes entire report to the TPDs/FBAs, rather than sorting the report before distributing. |
| **TP 05.2:** Determine Action on Returned Checks | 05/30/03 | **Modified** to revise reference (to new TP 42) |
| **TP 05.3:** Use Deathmatch Program To Verify Deaths | 03/19/04 | **Updated** to specify SSA corrections are loaded weekly |
| | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| | 10/30/98 | **Clarified** to provide that PBGC does not require original death certificates, copies are acceptable. (streamlining project) |
| | 07/03/96 | **Revised** Important Concepts – pay status by eom – return/recoup/recover overpayments |
| **TP 05.04:** Track Processing with DARTS | 03/28/03 | **Modified** for revised Deathmatch report, including processing of non-payees. |
| | 09/13/02 | **Revised** outline to delete reference to Check Schedule Key Dates |
| | 09/26/00 | **Modified** to clarify source of PRISM data compared with Deathmatch (GENESIS), and update the data refresh timing (daily) |
| **TP 05.6** Determine Benefits Due Survivor, Beneficiary or Estate | 09/13/02 | **Revised** to specify how to calculate the single sum balance of future C & C payments, if elected by an estate. |
| | 08/31/01 | **Added** references to new Operating Policy Manual 8.5-1. |
| | 07/27/01 | **Modified** to incorporate IOD Policy Bulletin 01-02. |
| | 03/23/01 | **Clarified** the payment of C & C benefits. |

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| | 01/14/00 | **Added** link and reference to Operating Policy Manual 8.4-1 (POA). |
| | 12/03/99 | **Corrected** typos. |
| **TP 05.7** Fix Record After Incorrect Death Entry | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| | 12/03/99 | **Corrected** typo. |
| **TP 05.8:** Determine Post-Death Payments Designee | 01/10/03 | **Revised** and reformatted subsection for new OPM 8.6-1. Revisions include a new outline and two subparts (A & B) to distinguish processing for payments based on DOD (on or after 6/1/2002 **or** prior to that date). |
| | 12/03/99 | **Corrected** typos. |
| **TP 05.09:** Forms, Letters, Memos | 03/28/03 | **Added** reference to new 555NP ALG (Deathmatch Letter to Non-Payees). |
| | 02/11/00 | **Clarified** reference to CARF, including form number. |
| | 01/14/00 | **Deleted** reference to Deceased Processing Form (DPF) |
| | 12/03/99 | **Added** reference to Acknowledgment Letter (ALGS 530). |
| **TP 06**: Recover Overpayments | 12/13/02 | **Revised** in its entirety for OPM 6.4-2, including:<br>• added new hardship provision<br>• clarified only two demand letters<br>• eliminated quarterly payment option for debtors<br>• eliminated that first payment be provided with Installment Payment Agreement<br>• clarified processing when debtor is an estate |
| | 10/20/00 | **Revised** Overview to delete references to Recovery Coordinator providing quarterly report to FOD. |
| **TP 06:** Recover Overpayments | 09/29/00 | **Revised** to reflect:<br>• write-off amount now $500 (per policy change)<br>• new Tracking Request and Write off Memo<br>• first demand letter issued only for amounts over $500 |
| **TP 06:** Recover Overpayments | 06/09/00 | **Replaced** in its entirey, in response to PBGC Operating Policy 6.4-2: Recovery of Post-DoPT Benefit Overpayments, and other operational changes. As revised, the Overview describes responsibilities of various departments, TSD's Recovery |

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| | | Coordinator and the new Benefit Overpayment Collection Working Group. Added three new documents. |
| **TP 06:** Recover Overpayments | 01/14/00 | **Rewritten** to incorporate Interim Policy Bulletin 00-1. |
| **TP 06:** Recover Overpayments - Workflow | 01/14/00 | **Modified** Workflow. |
| **TP 6.1:** Determine Overpayment Amount and Debtor | 09/29/00 | **Revised** to reflect new write-off amount ($500).<br>**Added** references to new Tracking Number Request and Write off Memo. |
| **TP 06:** Recover Overpayments | 10/20/00 | **Revised** Overview to delete references to Recovery Coordinator providing quarterly report to FOD. |
| **TP 06.1**: Review Participant File | 01/14/00 | **Added** links in Guidance to relevant Policy references, and modified action steps. |
| **TP 06.2:** Initiate the Recovery Process | 1/19/205 | **Added** instructions to notify the Recovery Coordinator to stay the recovery process when either a QDRO participant or alternate payee files an appeal. |
| | 01/10/03 | **Added** processing guidelines on de minimis overpayments, when an appeal is filed (IOD PB 03-2) . |
| | 09/29/00 | **Modified** to add details on dealing with appeals. |
| **TP 06.2:** Notify OIG and Suspend Payment<br>(subprocess re-named) | 01/14/00 | **Renamed** subprocess and made other minor modifications. |
| **TP 06.3:** Continue the Recovery Process | 10/20/00 | **Revised** to delete provision of quarterly report to FOD. |
| **TP 06.3:** Continue the Recovery Process | 09/29/00 | **Added** references to the (new) Tracking Number Request and Write off Memo, and the (modified) Write off Memo. |
| **TP 06.3:** Send Letter(s) | 01/14/00 | **Modified** to clarify demand letters.<br>**Added** details to important concepts and link to Operating Policy Manual 6.4-1. |
| | 09/22/99 | **Clarified** write off amount |
| | 08/30/96 | **Revised** Action Step 2 |
| **TP 06.4** Forms, Letters, Memos, etc. | 12/13/02 | **Added** Estate Referral Memo (i:wp/standard/estref.wpd) |
| | 12/13/02 | **Added** reference to new PRISM ALGS letters |
| | 12/13/02 | **Modified** Tracking Number Request Memo (i:\wp\standard\rectrack.wpd) |
| | 11/14/02 | **Revised** Tracking Number Request and Write-off Memo.<br>**Changed** name of document to |

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| | | Write-off Memo(i:wp/standard/trkwroff.wpd) |
| | 11/06/00 | **Modified** Tracking Number Request and Write-Off Memo (i:\ wp\ standard\ trkwroff.wpd). |
| | 09/29/00 | **Added** new Tracking Number Request and Write off Memo (i: \wp\standard\trkwroff.wpd) **Modified** Write off Memo (i:\wp\standard\dbtwroff.wpd) |
| | 06/09/00 | **Added:**<br>• Deceased Debtor Memo (i:\wp\standard\decdbtor.wpd)<br>• Recovery Tracking Number Request Memo (i:\wp\standard\rectrack.wpd)<br>• Write-Off Memo (i:\wp\standard\dbtwroff.wpd) |
| **TP 06.4**: Determine & Take Appropriate Action | 01/14/00 | **Revised** and reformatted to combine several topics. |
| **TP 06.4:** Debtor submits full payment | 09/22/99 | **Deleted** reference to process made obsolete by PRISM. |
| **TP 06.5** Determine Payment Schedule (deleted) | 01/14/00 | **Deleted** - made obsolete by Interim Policy Bulletin 00-1. |
| **TP 06.5:** Determine Payment Schedule | 09/22/99 | **Added** reference to new participant form |
| **TP 06.6:** Forms, Letters, Memos, etc. (Re-numbered to **06.5**) | 01/14/00 | **Added** reference to ALGS 404R as first demand letter.<br>**Changed** second and third demand letters to ALGS 504 and 505 respectively.<br>**Updated** name of Form 718. |
| **TP 06.6:** Forms, Letters, Memos | 09/22/99 | **Added** reference to new participant form |
| **TP 07**: Recoup Overpayments - Overview | 1/19/05 | **Added** link to TP 13.3 -Make QDRO Payments |
| **TP 07:** Recoup Overpayments | 03/08/02 | **Replaced** references to:<br>• RARE with PACS and<br>• IDL with BDL |
| | 09/29/00 | **Updated** to reflect overpayments of $500 or less are waived (per policy change). |
| | 03/10/00 | **Revised** throughout in response to PBGC Operating Policy 6.4-1 & IOD Policy Bulletins 99-2, 99-4, and other operational changes. New subprocesses added regarding processing in QDRO and 4022(c) situations. |
| | 10/10/97 | **Clarified** procedure with PBGC |

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| | | Operating Policy 6.4-1 |
| **TP 07.1:** Determine Net Overpayment | 03/08/02 | **Modified** to replace RARE with PACS<br>**Replaced** details on using RARE with PACS including requirement to scan both PACS Summaries in IPS |
| | 09/29/00 | **Updated** to reflect overpayments of $500 or less are waived (per policy change). |
| **TP 07.2:** Identify Exceptions to 10% Reduction | 03/08/02 | **Replaced** references to:<br>• RARE with PACS and<br>• IDL with BDL |
| **TP 07.2** Action Steps: Identify Exceptions to 10% Reduction | 10/20/00 | **Modified** title of Appendix D |
| **TP 7.3**: Process QDRO Related Recoupments | 1/19/05 | **Corrected** name of TP 13. |
| **TP 07.3:** Send Determination Letters (if necessary) | 09/22/99 | **Revised** outline and action steps to delete references to obsolete form |
| **TP 7.4:** Effect Recoupment and Notify Payee, as necessary | 02/17/04 | **Clarified** instructions about setting up recoupments in PRISM to ensure they stop timely. |
| | 01/10/03 | **Added** processing guidelines on de minimis overpayments, when an appeal is filed (IOD PB 03-2) . |
| | 03/08/02 | **Modified** to delete redundant processing step<br>**Replaced** references to:<br>• RARE with PACS and<br>• IDL with BDL |
| | 02/11/00 | **Clarified** reference to CARF, including form number. |
| **TP 7.5:** Process 4022(c) Benefit where Title IV benefits are being recouped | 02/17/04 | **Clarified** instructions about setting up recoupments in PRISM to ensure they stop timely. |
| | 03/08/02 | **Replaced** references to RARE with PACS |
| **TP 07.7:** Forms Letters Memos | 09/29/00 | **Added** new Recoupment Waiver Memo (i: \wp\standard\recoupwv.wpd) |
| | 02/11/00 | **Clarified** reference to CARF, including form number. |
| | 09/22/99 | **Revised** to delete reference to obsolete form |
| **TP 08:** Process Received / Returned Check | 09/01/99 | **Revised** throughout to provide processing details including use of NEW offsite Lockbox |
| **TP 8.1:** Process Check | 05/12/00 | **Revised** for changes:<br>• in check processing for checks that need to be returned for correction |

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| | | • the CARF original and one copy are sent to SSB.<br>• SSB returns copy of CARF to DMC with annotation of action they took.<br>• PSB review PLUS ledgers after 7 business days (instead of PRISM after 10 business days). |
| | 12/03/99 | **Revised** for control details about checks and CARFs between SSB and TSD. |
| **TP 8.2:** Process Bounced Check | 05/12/00 | **Revised** to reflect that CARF original and one copy are sent to SSB |
| **TP 8.3:** Forms Letters Memos | 05/12/00 | **Added** reference to Acknowledgment Letter (ALGS 530). |
| | 02/11/00 | **Clarified** reference to CARF, including form number. |
| | 12/03/99 | **Deleted** reference to Deceased Processing Form (DPF). |
| **TP 09**: Balance/Reconcile Payment, Overview | 02/18/05 | **Revised** overview to clarify that off-cycles are not included in the Balancer reconciliation and to update TSD to RSD. |
| **TP 09**: Balance / Reconcile Payments | 06/29/01 | **Corrected** overview text. |
| **TP 09:** Balance / Reconcile Payments | 03/23/01 | **Modified** overview to clarify that reconciliation may include certain off-cycle payments. |
| **TP 09:** Balance/ Reconcile Payments | 09/30/99 | **Replaced** entire technical procedure, now describes the use of PRISM Balancer by the Balancer System Administrator (TSD). |
| **TP 09:** Distribute PPR & Batch/Entry Sheets | 07/19/96 | **Added** new Control Issue re SSB & hardcopies of PPR |
| **TP 09.1** Resolve Payment Variances | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| **TP09.1:** Resolve Payment Variances | 05/12/00 | **Revised** to reflect that CARF original and one copy are sent to SSB |
| | 08/30/96 | **Revised** Control Issues, Important Concepts, Procedure Owner, & Action Steps |
| **TP 09.2** Forms, Letters, Memos | 02/17/04 | **Modified** names of manual data entry forms |
| | 02/11/00 | **Added** reference to CARF, including form number. |
| **TP 10:** Respond to Correspondence, Overview | 02/17/04 | **Added** reference to Directive IM-10-1: Control of Congressional and other Sensitive Correspondence |
| | 12/03/99 | **Updated** references to preparation of letters through ALGS. |
| | 12/06/96 | **Deleted** and **revised** references to |

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| | | correspondence routing through Customer Service Center. Changed response time from 7 days to 5 days. Clarified acknowledging versus responding. Documented sources of guidance. |
| **TP 10.1:** Sort and Set Suspense (DMC or CPAD) | 2/17/04 | **Added** details about Correspondence Control Person (CCP) and PBGC Correspondence Control Slip (PBGC 117). |
| | 12/03/99 | **Added** detail regarding DMC processing of illegible proof documents and preparation of Acknowledgment Letter (ALGS 530). |
| **TP 10.2:** Route to Appropriate Person in Division | 2/17/04 | **Added** details about Correspondence Control Person (CCP) and PBGC Correspondence Control Slip (PBGC 117). |
| | 12/03/99 | **Updated** for revised DMC mail operations including illegible proof documents and preparation of Acknowledgment Letter (ALGS 530). |
| **TP 10.3**: Review Information and Take Action | 1/19/05 | **Modified** to instruct DMC to send domestic relations orders not identified with a plan participant to the IOD QDRO Coordinator |
| **TP 10.3:** Review Information and Take Action | 2/17/04 | **Added** details about Correspondence Control Person (CCP), PBGC Correspondence Control Slip (PBGC 117) and the Sample Interim Response letter model, all from Directive IM-10-1: Control of Congressional and other Sensitive Correspondence. |
| | 2/07/03 | **Revised** terminology to refer to all benefit application forms. |
| | 05/12/00 | **Revised** to reflect that CARF original and one copy are sent to SSB |
| | 09/22/99 | **Revised** to refer to new participant forms, and other editorial changes. |
| **TP 10.5:** Mail or Route to CPAD or OIG for Review, if Required | 02/17/04 | Misc. edits for clarifications. |
| **TP 10.6:** Forms Letter Memos | 04/16/04 | **Clarified** that the Sample Interim Response Letter is in PBGC Directive IM-10-1 |
| | 02/17/04 | **Added** references to:<br>PBGC-117 PBGC Correspondence Control Slip ; and<br>Sample Interim Response Letter |
| | 02/07/03 | **Added** details of application for benefits forms. |
| | 02/11/00 | **Clarified** reference to CARF, including form number. |
| | 09/22/99 | **Added** reference to new participant form |

**Historical Updates**

Historical | Recent

**Technical Procedures 11 - 20**

**04/15/2005**



| | Date | Change |
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| **TP 11:** Perform Trial Balance | 11/07/00 | New Technical Procedure describes the trial balance process (pre-payment reconciliation), including duties of Reconciliation Administrator (TSD) and TPD/FBA benefit processing staff.<br>Includes 2 new WP documents:<br>• Trial Balance Fax Cover Sheet - Paying Agent (i:\wp\standard\tbcover.wpd), and<br>• Trial Balance Fax Cover Sheet - Reconciliation Administrator, TSD (i:\wp\standard\tbfaxra.wpd).<br>Includes electronic versions of 3 data entry forms that may be printed and viewed:<br>• PBGC Monthly Benefit Adds and Updates, PBGC Form 487,<br>• PLUS Lump-Sums, PBGC Form 491, and<br>• Special Check Form, PBGC Form 490. |
| **TP 11:** Manage Financial Assistance to Multiemployer Plans | 06/09/00 | **Deleted** in its entirety. Multiemployer plan processing is detailed in STCD's operating procedures. |
| **TP 11:** Manage Financial Assistance – Multiemployer | 04/04/97 | **Revised** to reflect required authorization of All funds by DED or Chair of MWG |
| **TP 11.1** Identify and Distribute Variances | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates and delete duplicate text (error) |
| | 08/23/02 | **Added** that completed Trial Balance Variance Reports and variances in PRISM Trial Balance are reviewed by last business day of month. |
| **TP 11.2** Resolve Variances | 02/17/04 | **Revised** to indicate that BPAB compares data entered into NBX with approved data entry forms<br>**Modified** instructions for routing of manual data entry forms<br>**Modified** names of manual data entry forms<br>**Added** instructions for BPAB on handling of manual data entry forms |
| | 09/13/02 | **Revised** outline to delete reference to intranet address only |
| | 02/16/01 | **Modified** FBA routing of documents. **Added** instructions on completing Data Entry forms for recoupment variances. |

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| **TP 11.3** Forms, Letter, Memos, Etc. | 02/17/04 | **Modified** names of manual data entry forms and **corrected** file path |
| | | **Deleted** obsolete Trial Balance Fax Cover Sheet |
| | 12/18/00 | **Modified** Trial Balance Fax Cover Sheet - Reconciliation Administrator (i:\wp\standard\tbfaxra.wpd) |
| **TP 11.5:** Perform On-site Audit | 10/10/97 | **Revised** important concepts section |
| | 06/06/97 | **Changed** date for required on-site audit to within 120 days of initial payment of financial assistance |
| | 07/03/96 | **Changed** "funding memo" to "multiemployer ..." |
| | 06/20/96 | **Revised** item 7 on funding memos for wire transfers |
| | 06/20/96 | **Revised** Important Concepts on funding memos for wire transfers |
| **TP 11.9:** Determine Repayment Capability | 06/13/96 | **Revised** text of summary & action steps |
| **TP 11.10:** Forms, Letters | 07/04/96 | **Changed** "Funding Memo" to "Multiemployer ..." |
| **TP 12:** Deal with Fraud and Forgery | 09/04/98 | **Revised** to add details, including specifics of processing single missed monthly checks. |
| | 12/06/96 | **Replaced** the reference to two different letters (authlump.wpd and authmon.wpd) with a single reference to 537cov.wpd (standard cover letter) |
| **TP 12.1:** Initiate Check Action Request Form | 05/12/00 | **Revised** to reflect that CARF original and one copy are sent to SSB |
| | 02/11/00 | **Added** reference(s) to CARF with correct form number. |
| | | **Deleted** reference to obsolete CARF in wp format. |
| **TP 12.2:** Take Action to Determine Fraud/Forgery | 12/13/02 | **Revised** to clarify instructions and streamline process to prepare documents associated with missing check(s), including interactions with OIG. Implements (OIG/IOD Forms Review) a ***new*** interoffice mailbox to route documents for review and concurrence. |
| | 03/08/02 | **Replaced** references to RARE with PACS |
| | 05/12/00 | **Revised** to reflect that CARF original and one copy are sent to SSB |
| | 02/11/00 | **Added** reference to CARF with correct form number. |
| | | **Deleted** reference to obsolete CARF in wp format. |

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| | 04/07/99 | **Replaced** reference to PSDADJ with RARE **Corrected** typographical errors |
| | 09/04/98 | **Replaced** 12.2 with 12.2.A, 12.2.B, 12.2.C - revised to add details with respect to processing single missed monthly checks. |
| **TP 12.3:** Stop Payment | 05/12/00 | **Revised** to reflect that CARF original and one copy are sent to SSB |
| | 02/11/00 | **Added** reference to CARF with correct form number. |
| | | **Deleted** reference to obsolete CARF in wp format. |
| **TP 12.4:** Forms Letters Memos | 12/02/02 | **Revised**:<br>Authorization to Disclose Financial Records<br>(i:\wp\standard\form2002.wpd)<br>Affidavit for Non-Receipt of Benefit Check<br>(i:\wp\standard\forms537.wpd)<br>Cover Letter for Form 537<br>(i:\wp\standard\537covl.w pd) |
| | 02/11/00 | **Added** reference to CARF with correct form number. |
| | | **Deleted** obsolete CARF in wp format (i:\wp\standard\form476.wpd). |
| | 02/05/98 | **Added** new letter - Affidavit Transmittal Letter<br>(i:\wp\standard\tranaffid.wpd) |
| **TP 13**: Qualify Domestic Relations Order | 1/19/05 | **Renamed** Domestic Relations Order Handbook |
| | | **Revised** in its entirety |
| | | **Added** new sub-section: QDRO Intake Program |
| **TP 13:** Qualify Domestic Relations Order | 10/30/98 | **Added** detail about PBGC QDRO Publication. |
| | 02/07/97 | **Revised** in text to reflect changes in QDRO Procedure's forms, letters, and memos. |
| **TP 13:** Qualify Domestic Relations Order | 11/20/96 | **Revised** checklist in i:\wp\standard\ qdrodet.wpd to coincide more with text of new publication "Divorce Orders & PBGC" |
| **TP 13.1**: Acknowledge Received DRO | 1/19/05 | **Renamed** Review Domestic Relations Order. |
| **TP 13.1:** Completion of DRO | 05/18/01 | **Modified** for editorial changes. |
| **TP 13.1:** Acknowledge Received DRO | 12/03/99 | **Reformatted** to combine several topics (action steps unchanged) |
| | 12/06/96 | **Added** reference to new publication "Divorce Orders & PBGC" in guidance section |
| | 06/06/96 | **Revised** Guidance Section |

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| **TP 13.2:** Review DRO and Determine if Qualified | 1/19/05 | **Renamed** Implement Qualified Domestic Relations Order (QDRO) |
| | 05/18/01 | **Modified** for editorial changes. |
| | 12/03/99 | **Revised** to reflect new name of checklist and instructions to prepare QDRO Benefits Worksheet (i:\wp\standard\QDRObnwk.wpd) when applicable. |
| | 1/11/99 | **Corrected** for typographical errors |
| | 12/06/96 | **Added** reference to new publication "Divorce Orders & PBGC" in guidance section |
| | 12/03/99 | **Revised** to reflect new name of checklist and clarify when a participants benefit is reduced.<br>**Reformatted** to combine several topics. |
| | 12/06/96 | **Added** reference to new publication "Divorce Orders & PBGC" in guidance section |
| | 9/27/96 | **Revised** Action steps 5 & 4 specify payee types.<br>Payee type = 1 for participant<br>Payee type = 3 for alternate payee |
| **TP 13.3**: Take Appropriate Action & Inform Interested Parties | 1/19/05 | **Renamed** Make QDRO Payments |
| **TP 13.3B:** Unqualified Draft DRO | 9/22/99 | **Corrected** typo in title |
| **TP 13.3C** Take Appropriate Action & Inform Interested Parties, Qualified DRO: Participant in Pay Status | 2/07/03 | **Revised** to include instructions on use of new beneficiary application forms. |
| | 9/22/99 | **Revised** for new participant form |
| | 10/30/98 | **Added** detail about necessary participant forms. |
| **TP 13.3D:** Qualified DRO: Participant in Pay Status | 09/22/99 | **Revised** for new participant form |
| **TP 13.3E:** Unqualified DRO: Participant in Pay Status | 09/22/99 | **Corrected** typo in title |
| **TP 13.3F:** Unqualified DRO: Participant Not in Pay Status | 09/22/99 | **Corrected** typo in title |
| **TP 13.4** Forms, Letters, Memos | 1/19/05 | **Changed to** new sub-section Administer QDRO Intake Program |
| | 2/07/03 | **Deleted** obsolete form references and DRO, Qualified Alternate Payee Letter (obsolete).<br>**Added** details of application for benefits forms |
| | 12/03/99 | **Revised** name of checklist.<br>**Added** QDRO Benefits Worksheet (i:\wp\standard\QDRObnwk.wpd) |
| | 11/22/99 | **Replaced** checklist with Checklist for Reviewing a Domestic Relations Order |

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| | | (i:\wp\standard\qdrodet.wpd) |
| | 10/30/98 | **Added** reference to Application for EDD. |
| | 9/22/99 | **Added** reference to new participant form |
| | 6/16/98 | **Revised** DRO, Alternate Payee Letter (i:\wp\standard\altpayee.wpd) |
| | 9/20/97 | **Revised** letter DRO, Draft Qualified (i:\wp\standard\draftnq.wpd) |
| | 9/20/97 | **Revised** letter DRO, Qualified, Participant in Pay Status (i:\wp\standard\qalpips.wpd) |
| | 9/20/97 | **Revised** letter DRO, Qualified, Participant Due Lump Sum (i:\wp\standard\qAllmpsm.wpd) |
| | 9/20/97 | **Revised** letter DRO, Qualified, Participant Not in Pay Status (i:\wp\standard\qalpnips.wpd) |
| | 9/20/97 | **Revised** letter DRO, Qualified, Straight Life (i:\wp\standard\qalstrlf.wpd) |
| | 2/02/97 | **Revised** WordPerfect letters - deleted 2 letters, removed SSN (privacy act concerns) and revised text in remaining 19 letters. |
| **TP 13.5**: Forms, Letters, Memos | 1/19/05 | **Renumbered** - previously TP 13.4<br>**Added** new letter templates and **converted** most templates for use in e-ALG (600 series) |
| **TP 13:** Qualify Domestic Relations Order | 11/20/96 | **Revised** checklist in i:\wp\standard\ qdrodet.wpd to coincide more with text of new publication "Divorce Orders & PBGC" |
| **TP 14:** Hold Participant Meeting | 8/10/99 | **Revised** throughout to provide greater detail, added the Participant Meeting Assistant (PMA) and duties, incorporated new documents. Added new subprocess and new documents. |
| | 9/13/96 | **Clarified** that participant meetings may be indicated for cases not considered large cases. |
| **TP 14:** Hold Participant Meeting - Overview | 7/03/96 | **Added** numerous updates |
| **TP 14:** Hold Participant Meeting, Workflow | 2/11/00 | **Updated** workflow for earlier addition to TP 14. |
| **TP 14.1** Gather Information and Determine if a Meeting is Needed | 5/25/99 | **Clarified** the preparation of Case Contact Sheet (formerly Large Case Contact Sheet). |
| | 9/13/96 | **Clarified** that participant meetings may be indicated for cases not considered large cases. |
| **TP14.2B** Plan Participant Meeting | 5/18/01 | **Deleted** reference to filepathame of |

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| | | obsolete Plan Abstract version. |
| **TP 14.4** Analyze Participant Meeting | 8/10/99 | **New** subprocess. |
| **TP 14.5** Forms, Letters, Memos | 5/07/02 | **Modified** the Case Contact Sheet (I:\wp\standard\contacts.wpd) |
| Forms, Letters, Memos | 10/22/99 | **Revised** Memorandum to the Executive Director (i:\wp\standard\pmedmem.wpd) |
| Forms, Letters, Memos | 08/10/99 | **Added** Frequently Asked Questions - Participant Meetings (i:\wp\standard\faq-pm.wpd) |
| Forms, Letters, Memos | 8/10/99 | **Added** Meeting letter - PRISM ALGS 522 |
| Forms, Letters, Memos | 8/10/99 | **Added** Memorandum to the Executive Director (i:\wp\standard\pmedmem.wpd) |
| Forms, Letters, Memos | 8/10/99 | **Added** Participant Meeting Summary Memo(i:\wp\standard\pmtsum.wpd) |
| Forms, Letters, Memos | 8/10/99 | **Added** Summary Plan Description(i:\wp\standard\spd.wpd) |
| Forms, Letters, Memos | 8/10/99 | **Deleted** Plan Background Information Sheet |
| Forms, Letters, Memos | 8/10/99 | **Deleted** Plan Fact Sheet |
| Forms, Letters, Memos | 5/25/99 | **Changed** name of Large Case Contact Sheet to Case Contact Sheet. |
| **TP 15:** Prepare and Mail Letter(s) to Participant(s) | 5/18/01 | **Added** details about resending BDLs, including use of new ALG 540. |
| | | **Modified** throughout for editorial changes (IDL/BDL). |
| | 10/20/00 | **Replaced** entire tech proc. Revisions include various ALG details:<br>• users ability to delete local Letter Requests<br>• images available in IPS one day after mail date |
| | 9/22/99 | **Clarified** details regarding preparation of ALG Letters |
| | 5/25/99 | **Revised** obsolete reference to preparation of CAS letters. |
| | 2/13/98 | **Added** detail about PRISM ALG guidance and different printing location options |
| | 2/07/97 | **Added** text to emphasize importance of proper IDL dating. |
| **TP 15.1:** Prepare and Mail Letter(s) | 9/22/99 | **Clarified** details regarding preparation of ALG Letters |
| **TP 16:** Establish & Maintain Plan & Participant Files | 3/23/01 | **Modified** to specify that files document facts and circumstances when established procedures are not followed. |

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| | 9/04/98 | **Revised** to incorporate references to PICS Employee files |
| | 8/15/97 | **Added** detail about Core participant file documentation |
| **TP 16.1:** Create and Maintain Files | 3/23/01 | **Added** language regarding cross-referencing of participant files |
| | 1/10/97 | **Incorporated** new procedures on using barcodes. |
| **TP16.2** Maintain Plan File | 02/18/05 | **Added** *Plan Assumption Reconciliation Report* to list. |
| **TP 16.2:** Maintain Plan File | 3/23/01 | **Modified** to specify that files document facts and circumstances when established procedures are not followed. |
| | 5/25/99 | **Added** detail to item 9. |
| **TP 16.3:** Maintain Participant Files | 01/19/05 | **Modified** information under QDRO Documents<br>**Reconstructed** cross-referencing sentence to include alternate payee(s) |
| | 02/07/03 | **Modified** to list all participant forms for application of benefits. |
| | 03/23/01 | **Modified** to specify that files document facts and circumstances when established procedures are not followed. |
| | 02/11/00 | **Updated** to add references to PRISM reports. |
| | 09/22/99 | **Revised** core participant documentation details to reflect new participant forms, and to reflect revisions in proof document requirements. (streamlining) |
| **TP 16.4** Forms Letters Memos | 05/21/02 | **Modified** the Cross-Reference Sheet (I:\wp\standard\crossref.wpd) |
| | 06/06/97 | **Added** jump to the IPS Plan and Participant File Correction Form (i:\wp\standard\ips_chg.wpd) |
| | 01/10/97 | **Added** access to two WordPerfect documents: i:\wp\standard\replist.wpd (list of TPD reps for DMC) and i:\wp\standard\crossref.wpd (a reference of All beneficiaries for a participant) |
| **TP 17**: Refer Policy or Processing Questions | 7/11/97 | **Added** detail about conducting research, including resources and tools available. |
| **TP 17.1:** Answer Policy and Processing Questions (Individuals) | 9/04/98 | **Added** detail about Directives, delegations and redelegations of authority. |
| **TP 17:2:** Forms, Letters, Memos, etc. | 6/22/98 | **Updated** Pension and Benefit Expert information document (i:\wp\standard\penbenex.wpd) |
| | 7/11/97 | **Added** jump to new document: Pension and Benefit Expert information |

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| **TP 18:** Prepare Files for Shipment | 06/29/01 | **Revised** overview to reflect IOD's Records Management Policy. |
| | 09/04/98 | **Revised** to delete shipping records to Ongoing Administrator, including subprocess 18.3 in its entirety Renamed TP to reflect change. |
| **TP 18.1:** Ship to FRC from DMC | 04/28/97 | **Revised** procedures for shipping files to FRC from DMC and to Ongoing Administrator |
| **TP 18.2:** Ship to FRC from STCD | 02/07/97 | **Replaced** references to shipment of files from PPD with shipment of files from STCD. Included references to DMC as appropriate. |
| **TP 19:** Process Woodwork Person | 05/18/01 | **Modified** for editorial changes, including IDL/BDL. |
| | 04/07/99 | **Modified** by replacing instructions to prepare SSA requests with reference to NEW TP 26: Request Earnings Data from SSA |
| | 02/07/97 | **Added** text which describes approach to determining salary history when supporting documentation not available (participant claims earnings in excess of Social Security Taxable Wage Base). |
| | 01/10/97 | **Added** language regarding sufficient plans' woodwork participants |
| | 07/19/96 | **Changed** "Woodwork Participant" to "Woodwork Person" |
| **TP 19.1:** Research Participant Entitlement Eligibility | 11/08/02 | **Modified** action steps to describe when to create a PRISM record, send appropriate BDL, correct information and add PV in PRISM for estimated or final plans. |
| | 03/23/01 | **Updated** SSA Form Number. |
| | 09/26/00 | **Modified** reference to reflect revised TP 26 |
| | 12/03/99 | **Added** details about preparation of Acknowledgment Letter (ALGS 530). |
| | 09/22/99 | **Revised** to refer to new participant forms, and other editorial changes. |
| | 03/07/97 | **Added** a reference to IOD Customer Service Standards in the Guidance section. |
| **TP 19:** Forms, Letters & Memos | 11/08/02 | **Added** ALG letter number 421, non-member BDL<br>**Deleted** obsolete non-member letter (i:\wp\standard\nonmem.wpd) |
| | 09/26/00 | **Modified** to reflect new SSA request from (Form SSA-581) |

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| | 12/03/99 | **Added** reference to Acknowledgment Letter (ALGS 530). |
| | 09/22/99 | **Added** reference to new participant form |
| **TP 20**: Put New Payee in Pay Status | 1/19/05 | **Modified** to redirect staff to the Domestic Relations Order Handbook |
| | 05/30/03 | **Revised** by transferring instructions about incomplete application processing to (new) TP 20.2 |
| | 02/07/03 | **Added** numbers of beneficiary applications. |
| | 03/08/02 | **Clarified** language about rule on interest calculation at PBGC<br>**Replaced** reference to RARE with PACS |
| | 02/08/02 | **Added** language about rule that interest is calculated at PBGC (not SSB). |
| | 08/31/01 | **Added** references to new Operating Policy Manual 8.5-1. |
| | 07/27/01 | **Revised** throughout with clarifications and new details including:<br>• residual benefit processing,<br>• specifics on processing of large back payments (Lump Sum Applications),<br>• clarification of "60 day" goal to put customer in pay,<br>• follow up customer calls on annuity applications, and<br>• acknowledging complete applications with **new** letter: ALG 531-Complete Application Acknow. |
| | 05/18/01 | **Reorganized** overview text. |
| | 03/23/01 | **Added** details regarding benefit confirmation process. |
| | 10/20/00 | **Added** information to Overview about adjusting the maximum guaranteeable benefit for late retirement. |
| | 09/22/99 | **Revised** overview for new participant forms |
| | 03/05/99 | **Added** detail about new TP 28: Authorize Financial & Non-Financial Transactions through PRISM |
| | 01/11/99 | **Revised throughout** to provide greater detail, including guidance on PRISM use, $5,000 cash out limit, and annual payments. As revised, TP has two subprocesses. |
| | 10/30/98 | **Added** detail about necessary participant forms. |
| | 02/07/97 | **Added** clarification to text about when a participant is **entitled** to a benefit vs. |

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| | | **eligible** for a benefit. |
| **TP 20:** Put New Payee into Pay Status – Overview | 03/19/04 | **Revised** to clarify processing lump sums under $200 and other payment issues. |
| | 01/10/97 | **Added** language regarding sufficient plans' woodwork participants |
| **TP 20.1:** Receipt and Review of Benefit Application Package (BAP) | 03/19/04 | **Revised** to clarify processing of lump sums under $200 and other payment issues. |
| | 02/07/03 | **Added** numbers of all application for benefit forms. |
| | 10/18/02 | **Added** PBGC Operating Policy 5.4-6 to Guidance. |
| | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| | 12/03/99 | **Added** details about preparation of Acknowledgment Letter (ALGS 530). **Corrected** typo. |
| | 09/22/99 | **Revised** for benefit payment details:<br>• New participant forms<br>• Large back payments<br>• IOD PB on small payments (99-6) |
| | 03/05/99 | **Corrected** for typographical errors |
| | 01/11/99 | **New** subprocess |
| | 10/30/98 | **Added** details to outline and action steps about EDD, and other participant forms. |
| | 10/30/98 | **Clarified** in action steps that PBGC no longer requires original source documents, copies are acceptable. (streamlining project) |
| | 02/13/98 | **Revised** to incorporate IOD Policy Bulletin 97-7 |
| | 03/07/97 | **Added** a reference to IOD Customer Service Standards in the Guidance section. |
| | 09/27/96 | **Added** text to specify payee types |
| | 05/31/96 | **Added** new Important Concepts & revised item 6 |
| **TP 20.2:** Request Information Missing from Benefit Application Package (BAP) | 05/30/03 | **New** subtechnical procedure, includes instructions about spousal consent issues for an unlocatable spouse. |
| **TP 20.2:** Put in Pay Status | 10/18/02 | **Deleted** reference to obsolete IOD Policy Bulletin 95-5 in Guidance |
| | 02/08/02 | **Added** language about rule that interest is calculated at PBGC (not SSB). |
| | 06/29/01 | **Added** references to Process 19 for payment of interest situations. |

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| | 03/23/01 | **Clarified** appeals period must expire before payment of final lump sum. **Added** phone call option and other details to benefit confirmation process. |
| | 10/20/00 | **Added** details to the outline about adjusting the maximum guaranteeable benefit upward for late retirements. |
| | | **Added** links to the ATM and Policy Bulletin regarding late retirement. |
| | 09/30/99 | **Revised** solely to refer to revised TP 05. |
| | 03/05/99 | **Added** detail about new TP 28: Authorize Financial & Non-Financial Transactions through PRISM, and corrected for typographical errors |
| | 01/11/99 | **New** subprocess |
| **TP 20.2** Action Steps: Put in Pay Status | 10/20/00 | **Modified** first action step to reflect late retirements. |
| **TP 20.3**: Put in Pay Status | 1/19/05 | **Replaced** text under Domestic Relations Order section with instructions to refer to TP 13 Domestic Relations Order Handbook |
| **TP 20.3:** Put in Pay Status (formerly 20.2) | 03/19/04 | **Revised** to clarify processing of lump sums under $200. |
| | 05/30/03 | **Renumbered** |
| **TP 20.3:** Forms Letters Memos | 02/07/03 | **Modified** to reflect correct form numbers and description. **Deleted** reference to obsolete letter template. |
| | 12/03/99 | **Replaced** reference to Incomplete Information Letter (i:\wp\standard\reqinfo.wpd) with Acknowledgment Letter (ALGS 530). |
| | 09/22/99 | **Added** reference to new participant forms |
| | 01/11/99 | **Changed** section number to accommodate new TP 20.2: |
| | 10/30/98 | **Added** references to additional participant forms and letters (PRISM ALG). |
| **TP 20.4:** Forms Letters Memos(formerly 20.3) | 05/30/03 | **Renumbered** and added new ALGS 529 reference |

**Historical Updates** Historical Recent

**Technical Procedures 21 - 30** **04/15/2005**

01-10 11-20 21-30 31-40 41-50

| | Date | Change |
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| **TP 21**: Change Benefit/Payment Amount Overview | 1/19/05 | **Modified** to change name of TP 13 |
| **TP 21:** Change Benefit Payment Amount | 5/18/01 | **Modified** for editorial changes throughout (IDL/BDL). |
| **TP 21:** Overview: Changes In Total Benefit (Gross Amount ) | 7/27/01 | **Revised** to include residual benefit amount processing (IOD PB 00-6: Residual Lump-Sum Distributions). |
| **TP 21:** Change Benefit /Payment Amt | 3/05/99 | **Revised** throughout to provide greater detail, including guidance on PRISM use. Authorization level details transferred to new TP 28: Authorize Transactions. |
| | 11/25/98 | **Added** clarification about determination of the dollar amount for authorization. |
| | 7/11/97 | **Clarified** that OGC concurrence is not needed to process an IRS levy |
| **TP 21:** Change Benefit/ Payment Amt - Overview | 6/06/97 | **Clarified** IRS Levy processing, added **new** document IRS Levy Transmittal to SSB (i:\wp\standard\IRSLEVY.WPD) |
| | 5/02/97 | **Added** that benefits amounts may change if participant determined due 4022(c) amount. |
| | 12/06/96 | **Clarified** exceptions when payees must be notified of a change in payment amount |
| | 7/19/96 | **Added** new text in item 2, bullet 3 on tax levies |
| **TP 21.1** Identify Changes to Pay System | 1/19/05 | **Edited** to correct reference to QDRO Benefits & to TP 13 |
| | 3/08/02 | **Replaced** reference to RARE with PACS |
| | 5/02/97 | **Added** reference to Operating Policy Manual to Guidance Section. |
| | 7/19/96 | **Added** new Control Issue re tax levies |
| | 5/31/96 | **Revised** Control Issues & item 2 |
| **TP 21.2:** Implement Changes | 1/19/05 | **Deleted** QDRO instructions. Now refers staff TP 13 |
| | 5/18/01 | **Deleted** obsolete guidance. |
| | 12/03/99 | **Corrected** typo. |
| | 9/22/99 | **Revised** for new participant forms |
| | 7/19/96 | **Added** new Control Issue re tax levies |
| | 7/19/96 | **Revised** step 2 re tax levies |
| **TP 21.3:** Forms Letters Memos | 9/22/99 | **Added** reference to new participant forms |

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| **TP 23:** Coordinate Large Cases | 11/16/99 | **Clarified** Large Case Coordinator involvement in Overview. |
| | 8/10/99 | **Updated** overview regarding Large Case criteria |
| | 7/03/96 | **Performed** numerous updates to these sections |
| **TP 23.1**: Coordinate and Process Large Cases | 2/11/00 | **Deleted** reference to Process 24. |
| | 11/16/99 | **Clarified** Large Case Coordinator involvement. |
| | 8/10/99 | **Updated** Large Case criteria |
| | 5/25/99 | **Changed** name of Large Case Contact Sheet to Case Contact Sheet, and other modifications. |
| **TP 23.2**: Forms Letters Memos | 5/07/02 | **Modified** the Case Contact Sheet (I:\wp\standard\contacts.wpd) |
| | 11/16/99 | **Revised** Request for Large Case Coordinator Memo (i:\wp\standard\ppd\lcwgreq.wpd), corrected document name and path/filename |
| **TP 23.2:** Forms, Letters, Memos, etc | 5/25/99 | **Changed** name of Large Case Contact Sheet to Case Contact Sheet. |
| | 1/09/98 | **Revised** Request for Large Case Working Group Memo<br>**Revised** Large Case Working Group Memo (i:\wp\standard\lcwgmemo.wpd |
| **TP 24:** Determine Net Worth | 9/13/96 | **Added** new technical procedure (includes new letter: i:\wp\standard\zeronw.wpd) |
| **TP 24.1:** Determine Net Worth | 9/22/99 | **Clarified** procedure with PBGC Operating Policy 7.2-1, and guidance reference |
| **TP 24.7:** Determine Final Value | 9/22/99 | **Added** guidance reference to PBGC Operating Policy 7.2-1 |
| **TP 25:** Determine & Announce the SPARR | 12/07/01 | **Updated** involuntary termination reference(s) to PBGC-initiated. |
| | 3/05/99 | **Revised** time period for calculation of the SPARR |
| | 6/06/97 | **New** Technical Procedure |
| **TP 25.1:** Determine the SPARR | 8/23/02 | **Modified** to reflect that the SPARR Coordinator is in MCU (from PPD) and other edits. |
| | 10/30/98 | **Clarified** Important Concepts section. |
| | 09/04/98 | **Revised** for changes in the operating policy 8.2.1 |

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| **TP 25.2:** Announce the SPARR | 08/23/02 | **Modified** to reflect that the SPARR Coordinator is in MCU (from PPD) and other edits. |
| **TP 25.3:** Forms Letters Memos | 08/15/02 | **Modified** SPARR Notification Memo (I:\wp\standard\sparrnot.wpd) |
| | 08/09/97 | **Revised** SPARR Notification Memo (i:\wp\standard\sparrnot.wpd) |
| **TP 26:** Request SSA Data | 08/31/01 | **Updated** to reference OPM 8.5-1 Signature by Mark. |
| | 09/26/00 | **Replaced and renamed** entire technical procedure. Revised instructions include:<br>• SSA data requests w/o participant signature<br>• Safeguarding of certain SSA Data<br>• New SSA Safeguard Room<br>• PBGC's access to SSA Online (TSD only)<br>• Target response dates |
| **TP 26:** Request Earnings Data from SSA | 04/07/99 | **New** technical procedure describing how to provide and process requests to SSA for earnings and employment history |
| **TP 26.1** Initiate Request for SSA Data | 08/31/01 | **Added** references to OPM 8.5-1 Signature by Mark and Appendix J. |
| | 09/04/98 | **Deleted** this procedure. (Has been incorporated into revised Case Closure Processes.) This TP is reserved for future use. |
| | 07/11/97 | **Deleted** print options instructions throughout. **Added** detail about PFI report. |
| | 04/28/97 | **New** Technical Procedure describing how to run and use the plan closing reports referenced in Case Closure Processes |
| **TP 27:** Personal Interest Conflict Systems (PICS) | 04/05/02 | **Modified** overview to specify that PICS applies to additional contract staff:<br>• in-house benefit administrators,<br>• auditors,<br>• actuaries, and<br>• PRISM systems support staff. |
| | 06/09/00 | **Modified** references in Overview to reflect transfer of operation in TSB from PSB to BPAB. |
| | 09/04/98 | **Added** new technical procedure |
| | 01/11/99 | **Corrected** for typographical errors |
| **TP 27.2**: Report Federal Employee PICS Cross Match Results and Secure | 08/23/02 | **Modified** to specify that PICS Coordinator requests papers files w/in 3 |

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| Records | | business days. |
| | 04/05/02 | **Modified** to specify that PICS Coordinator can close IPS records and that the PICS findings are issued directly by Coordinator. |
| | 06/09/00 | **Modified** to reflect transfer of operation in TSB from PSB to BPAB. |
| **TP 27.3:** Prepare Contract Employee PICS Memo (formerly "Prepare FBA.....") | 04/05/02 | **Renamed** subsection.<br>**Modified** to specify that PICS applies to various contract staff.<br>**Added**:<br>• Contract Principals notify the PICS Coordinator if a PICS contract employee terminates.<br>• PICS Coordinator can close IPS records.<br>• PICS findings are issued directly by Coordinator. |
| | 06/09/00 | **Modified** to reflect transfer of operation in TSB from PSB to BPAB. |
| | 04/05/02 | **Modified** to reflect that PICS Coordinator can close IPS records. |
| | 06/09/00 | **Modified** to reflect transfer of operation in TSB from PSB to BPAB. |
| **TP 28:** Authorize Financial & Non-Financial Transactions through PRISM | 08/31/01 | **Added** details that provide relevant links from the authorizable transactions to the underlying process or tech procedure and specifics of processing name and SSN changes to PRISM. |
| **TP 28:** Authorize Financial & Non Financial Transactions through PRISM | 08/25/00 | **Added** information about requesting temporary authorizers to Overview. |
| **TP 28:** Authorize Financial & Non-Financial Transactions through PRISM<br>**Overview:** Authorization Levels Table | 03/28/03 | **Modified** dollar amounts for annuity authorization levels. |
| | 08/09/02 | **Added** FBA Team Leader to Authorization Level 1 |
| | 05/12/00 | **Modified** the Level 2 authorizer description to add one FBA backup manager. |
| **TP 28:** Authorize Financial & Non-Financial Transactions through PRISM | 09/01/99 | **Revised** authorization levels for annuity payments |
| | 04/07/99 | **Added** additional detail in Overview: Authorizable Electronic Transactions |
| | 03/05/99 | **New** Technical Procedure. Provides guidance on authorization of transactions through PRISM, including details of authorization levels within IOD. Includes new document, Level 5 Authorization Memo |

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| | | (i:\wp\standard\Lev5auth.wpd) |
| **TP 28.1** Initiate Authorizable Electronic Transactions | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| **TP 28.2** Authorize or Reject Electronic Transaction | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| | 08/25/00 | **Edited** text to reflect addition of new subsection. |
| **TP 28.3** Request Temporary PRISM Authorizer | 02/17/04 | **Revised** to specify that temporary authorizers must meet established authorizer criteria. |
| | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| | 08/25/00 | **Added** new subsection. |
| **TP 28.4** Request Targeted PRISM Authorizer (Inclusions) | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| | 03/08/02 | **Added** new subsection. |
| **TP 28.5:** Confirm PRISM Authorizers/Levels | 03/19/04 | **New** subsection. Provides quarterly process of verifying PRISM Authorizers meet the established criteria. |
| **TP 29:** Request Off-Cycle Payment | 11/07/00 | **Modified** the overview to emphasize the importance of ensuring the customer record has been established in PRISM before requesting an off-cycle payment. |
| | 11/16/99 | **Revised** to clarify off-cycles are requested to ensure commitment to customer. |
| | 09/01/99 | **New** Technical Procedure provides guidance on requests for off-cycle payments. Includes new Request Off-Cycle Payment Memo (i:\wp\standard\offcy.wpd) |
| **TP 29.1** Determine Need for Off-Cycle Payment Request | 02/17/04 | **Revised** to indicate that BPAB compares data entered into NBX with approved data entry forms<br>**Modified** instructions for routing of manual data entry forms<br>**Modified** to:<br>• ensure the customer record has been established in PRISM, **and** future annuity payments authorized **before** requesting an off-cycle payment,<br>• clarify preparation of the Form 487 only for the missed annuity payment(s),<br>• more clearly describe required supporting documentation to off-cycle request. |

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| | 11/16/99 | **Revised** to clarify off-cycles are requested to ensure commitment to customer. |
| **TP 29.2** Review and Approve/Disapprove Request For Off-Cycle Payment | 02/17/04 | **Modified** instructions for routing of Off-Cycle Payment Request Memoranda and manual data entry forms<br>**Added** instructions for BPAB on handling of manual data entry forms |
| | 05/18/01 | **Added** details about benefit confirmation process. |
| | 11/07/00 | **Modified** to ensure the customer record has been established in PRISM before approving an off-cycle payment. |
| **TP 29.2:** Review Approve/Disapprove Request for Off-Cycle Payment | 11/16/99 | **Revised** to clarify off-cycles are requested to ensure commitment to customer. |
| **TP 29.3:** Track Off-Cycle Payments and Requests | 02/18/05 | **Revised** text to clarify that off-cycles are not included in the Balancer reconciliation and to update TSD to RSD. |
| **TP 29.3:** Track Off-Cycle Payments and Requests | 11/07/00 | **Revised** throughout to include TSDs use of new application- PRISM Off-Cycle Check |
| **TP 29.4** Forms, Letters, Memos | 03/18/04 | **Revised** Off-Cycle Payment Request Memo |
| | 02/17/04 | **Modified** names of manual data entry forms and **corrected** file path |
| | 11/07/00 | **Added** electronic versions of 3 data entry forms that may be printed and viewed:<br>• PBGC Monthly Benefit Adds and Updates, PBGC Form 487,<br>• PLUS Lump-Sums, PBGC Form 491, and<br>• Special Check Form, PBGC Form 490. |
| Forms, Letters, Memos | 01/19/00 | **Revised** Off-Cycle Payment Request (i:\wp\standard\offcyreq.wpd). |
| Forms, Letters, Memos | 11/05/99 | **Revised** Off-Cycle Payment Request Memo (i:\wp\standard\offcyreq.wpd) |
| **TP 30:** Reconcile Funding | 06/18/04 | **Revised** to include the reconciliation of Non-Benefit Payments funding requests. |
| | 08/23/02 | **Added** a deadline for completion of monthly reconciliation. |
| | 02/08/02 | **Updated** throughout to reflect "as needed" funding and reconciliation. |
| | 11/16/99 | **Clarified** wire transfer request name in overview. |

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| | 09/30/99 | **New** Technical Procedures describes reconciliation of funding requested by SSB with requested payments. Includes 2 new documents: IOD Wire Transfer Request - SSB Benefit Funding Memo (i:\wp\standard\reqfund.wpd), and TSD Funding Reconciliation Memo (i:\wp\standard\fundrec.wpd) |
| **TP 30.1** Reconcile Funding to SSC with Actual Payments | 02/17/04 | **Modified** to clarify routing of TSD Funding Reconciliation Memo |
| | 11/16/99 | **Clarified** location of Funding Reconciliation Administrator. |
| **TP 30.2** Forms, Letters, Memos | 01/23/04 | **Revised** TSD Funding Reconciliation Memo (M:\Helpfile\IODManual_std\fundrec.wpd) |
| | 11/05/99 | **Revised** IOD Wire Transfer Request - SSB Benefit Funding Memo (i:\wp\standard\reqfund.wpd) **Revised** TSD Funding Reconciliation Memo (i:\wp\standard\fundrec.wpd) |

**Historical Updates** Historical | Recent

**Technical Procedures 31 - 40** **02/18/2005**

01-10 | 11-20 | 21-30 | 31-40 | 41-50

| | Date | Change |
|---|---|---|
| **TP 31:** Document Telephone Calls | 03/10/00 | **New** Technical Procedure provides guidance on participant phone calls, emphasizing the importance of using CCN to thoroughly document the call. |
| **TP 31.1:** Document Incoming Telephone Calls | 05/18/01 | **Added** emphasis to the importance of accurate disposition codes in CCN. |
| **TP 31.2:** Document Outgoing Telephone Calls | 05/18/01 | **Added** emphasis to the importance of accurate disposition codes in CCN. |
| **TP 31.3:** CCN Call Records Guidelines | 07/27/01 | **Added** details about annuity follow up calls. |
| | 5/18/01 | **Added** new call types- details about benefit confirmation process, and responding to non receipt of BDL. |
| | 6/09/00 | **Rearranged** the call types. |
| | | **Added** guidelines about documenting calls relating to estimated benefits |
| | | (REACH Team project) |
| | 5/12/00 | **Modified** to reflect changes to check processing, and to refer to new TP 32: Provide Estimated Benefit Calculations (REACH team project) |
| **TP 32:** Provide Estimated Benefit Calculations - Overview | 1/19/05 | **Modified** to change name of TP 13 |
| **TP 32:** Provide Estimated Benefit Calculations | 5/18/01 | **Modified** throughout for editorial changes (benefit determination/ letter, IDL/DBL.) |
| | 5/12/00 | **New** Technical Procedure provides guidance on processing estimated benefit requests. Includes new document: PBGC Estimated Benefit Calculation Sheet (i:\wp\standard\estbenst.wpd) (REACH Team project) |
| **TP 32.1:** Provide Estimated Benefit Calculations | 9/26/00 | **Modified** references to reflect revised TP 26 |
| | 8/25/00 | **Updated** time reporting categories |
| **TP 32.2:** Determine and Provide Estimated Calculation | 2/07/03 | **Revised** terminology to refer to all benefit application forms. **Corrected** typographical errors. |
| | 7/27/01 | **Revised** to add follow up customer calls when an annuity application is sent. |
| | 5/18/01 | **Modified** to specify provision of Form 720 (lump sums) when applicable. |
| | 2/16/01 | **Clarified** 15 **business** days |

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| | 8/25/00 | **Updated** time reporting categories |
| **TP 32.3** Forms, Letters, Memos | 2/07/03 | **Corrected** description of application form and letter template<br>**Added** details of beneficiary application forms. |
| | 5/18/01 | **Added** references to Form 700 and 720. |
| | 9/26/00 | **Modified** to reflect new SSA request from (Form SSA-581) |
| **TP 33:** Locate Customer Address | 8/31/01 | **Added** to overview, reference to new TP 36: Provide Annual Update Letter. (REACH Team Project) |
| | 8/11/00 | **New** Technical Procedure outlines steps to locate missing or out-of-date customer addresses, including the use of Participant Locator. Includes new document Participant Address Search Summary Memo (i:\wp\standard\padsrch.wpd). |
| **TP 33:** Locate Customer Address, Overview | 2/07/03 | **Corrected** reference from unlocatable participants to missing participants |
| **TP 33.2:** Search for Updated Customer Address | 2/07/03 | **Corrected** reference from unlocatable participants to missing participants |
| **TP 33.3:** Locate Address Resource Guidelines | 2/07/03 | **Corrected** reference from unlocatable participants to missing participants |
| **TP 34:** Request DMC Services | 6/29/01 | Edited text to reflect addition of new subsection. |
| | 9/29/00 | **New** Technical Procedure provides guidance on interacting with DMC. Includes new electronic version of Technical Services Division Supply Request Form (i: \wp\standard\suplyreq.wpd) |
| **TP 34.2:** Submit Documents for Imaging | 6/29/01 | **Added** new subsection. |
| **TP 34.4:** Forms, Letters, Memos | 10/03/02 | **Revised** Technical Services Division Supply Request Form (i:\wp\standard\suplyreq.wpd). |
| Forms, Letters, Memos | 4/05/02 | **Updated** Technical Services Division Supply Request (i:\wp\standard\suplyreq.wpd) |
| Forms, Letters, Memos | 6/29/01 | **Added** two new documents, IPS Scanning Request - Participant (i:\wp\standard\ips-part.wpd), and IPS Scanning Request - Plan (i:\wp\standard\ips-plan.wpd). |
| | 6/14/01 | **Modified:** TSD Supply Request Form (i:\wp\standard\suplyreq/wpd). |
| **TP 35:** Update FBA Workplans | 8/31/01 | **Revised** overview to reflect the more routine assignment of a TPD case team |

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| | | while case is with PPD |
| | 10/20/00 | **New** Tech Proc provides guidance on the quarterly updates to FBA Workplans. Includes new electronic version of FBA Workplan (i:\MSWord\xls\FBAWorkplan.xls). |
| **TP 36:** Prepare Annual Update Letter | 8/31/01 | **New** Technical Procedure describes:<br>• what cases receive annual update letter;<br>• case team; responsibilities to develop and mail letter;<br>• new ALG 545: Annual Update Letter. (REACH Team Project) |
| **TP 36:** Prepare Annual Update Letter, Overview | 2/07/03 | **Corrected** reference from unlocatable participants to missing participants. |
| **TP 36.1:** Prepare Annual Update Letter | 2/07/03 | **Corrected** references from unlocatable participants to missing participants. |
| **TP 37:** Develop and Implement Customer Recovery Action Plan | 9/28/01 | **New** Tech Proc provides guidance about preventing and recovering from customer service challenges. (REACH Team) |
| **TP 38** Administer PRISM Integrator Application<br>**(Hard copy only, see TSD)** | 2/17/04 | **Deleted** details about processing Wheeling Pitt health deductions and made minor modifications throughout |
| | 11/02/01 | **New** Technical Procedure (hard copy only, see TSD) describes:<br>• Need for this PRISM application and its function in benefit payment processing;<br>• How to generate transactions and create file for the Paying Agent;<br>• How to coordinate error correction with the Data Correction Team (TSD); and<br>• How to report activities and final transaction disposition. |
| **TP38.2** Coordinate with Error Correction Group for Error Correction<br>**(Hard copy only, see TSD)** | 2/17/04 | • **Modified** to reflect that corrections are made on manual data entry forms and sent to the Paying Agent via NBX<br>• **Revised** routing of manual data entry forms |
| **TP 39:** Prepare Early Estimated Benefits for a Case | 3/19/04 | **Revised** to clarify processing of lump sums under $200. |
| | 3/08/02 | **Deleted** incorrect references to using DRS. |
| | 12/19/01 | **New** Technical Procedure describes provision of estimated benefits to **all** |

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| | | non-payees, including:<br>• BET prepared after final participant data audit;<br>• EBLs & BOYLE attachment sent to all non-payees;<br>• Form 720 sent for eligible estimated lump sums;<br>• Estimated lump sum paid if elected by customer; and<br>• Process applies to cases trusteed on or after 10/01/2001. |
| **TP 40:** Change Customer Data | 7/23/02 | **New** Technical Procedure describes:<br>• weekly schedule for these requests;<br>• requestors' responsibilities to verify changes and maintain hard copies; and<br>• time frames for verification and record retention. |
| **TP 40.3:** Data Change Request Guidelines | 4/16/04 | **Added** how to resolve an incorrect plan number in PLUS. |

**Historical Updates** Historical | Recent

**Technical Procedures 41 - 50** **01/19/2005**

01-10 | 11-20 | 21-30 | 31-40 | 41-50

| | Date | Change |
|---|---|---|
| **TP 41:** Follow-up on FBA Performance Reviews | 12/13/02 | **New** Technical Procedure describes required actions following completion of FBA Performance Reviews. |
| **TP 42:** Follow Up on Outstanding Checks | 05/30/03 | **New** tech procedure describes staff processing steps in response to uncashed checks, including: preparation and distribution of report by PSB/TSD and OASD; TPD and FBA processing guidelines;timeframes for completing actions and reporting to PSB. |
| **TP 43:** Change Status for Inactive Participants | 02/17/04 | **New** Technical Procedure provides guidance on using the new Lump Sum eReport, and making status changes in PRISM |
| **TP 44:** Foreign Language Services | 06/18/04 | **New** Technical Procedure describes translation and interpretation services. Includes:<br>• Turnaround times<br>• New functional e-mail box to use for service requests.<br>• Specifics for requests and how to fully document to IPS. |
| **TP 45:** Non-Receipt of Benefit Payment | 8/19/04 | **New** Technical Procedure describes:<br>• How to process assertions of non-receipt from our customers.<br>• Whether an assertion is routine or non-routine.<br>• Use of new Facts and Circumstances Determination (FactsCircDet.doc)<br>• New ALG 569 Letter |
| **TP 46:** Health Coverage Tax Credit (HCTC) | 8/19/04 | **New** Technical Procedures describes:<br>• How to respond to customer inquiries.<br>• When to request guidance from OPSS.<br>• Use of ALGS 526, 527 and 538.<br>• The monthly listing transferred to IRS of PBGC benefit recipients who may be eligible for the HCTC.<br>• Relevant timeframes for this transfer process. |

## Historical Updates

Historical | Recent

## Other Updates

05/13/2005

| Other Updates | Date | Change |
|---|---|---|
| **IOD Process and Procedures Development** | 1/10/05 | **Added** workflow to beginning of guidelines and updated process owner names. |
| **All Processes & Technical Procedures** | 04/15/05 | Modified throughout to implement new Word version of linked documents and standardized referencing of documents. (Topics were not re-dated to reflect changes.) |
| **PPD Workflow** | 3/19/04 | **Edited** for clarity |
| **All Processes, Technical Procedures** | 02/18/05 | **Modified** references to Process 9 and subprocesses to reflect new names. Topics redated. |
| **All Processes, Technical Procedures, Appendices & IOD Glossary** | 8/09/02* | **Modified** throughout for terminology changes: IDL/BDL, State Street Bank (SSB)/State Street Corporation (SSC) (*topics were NOT re-dated to reflect these changes) |
| **All Processes & Technical Procedures** | 8/10/99 | **Modified** select processes and technical procedures throughout by adding direct links to the Actuarial Technical Manual (ATM) and Actuarial Case Report Checklist (topics were re-dated to reflect change). |
| | 4/07/99 | **Modified** select processes and technical procedures by adding direct links to the PBGC Operating Policy Manual and IOD Policy Bulletins |
| **All Processes and Technical Procedures & IOD Glossary** | 02/07/97 | PBGC regulation citations **revised** to reflect PBGC's July, 1996 re-codification (with other minor clarifications to text). |
| **All Processes and Technical Procedures** | 10/31/97 | **Modified** select processes and technical procedures to reflect new PRISM-Online applications. Deleted references to data input sheets made obsolete by PRISM-Online applications. |
| | 5/02/97 * | **Added** the Time Reporting category(ies) to the outline of each sub-process and sub-technical procedure . (*topics were not re-dated to reflect this addition) |
| **Background: ERISA and PBGC** | 12/07/01 | **Updated** involuntary termination reference(s) to PBGC-initiated. |
| **Introduction: Audit Processes** | 7/11/97 | **Edited** text that introduces audit processes |
| **Introduction + Manual Arrangement and Overview** | 8/31/01 | **Revised** Sub-Processes & Sub-Technical Procedures description to include reference to: CAS Activity |

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| | | and Timing. |
| **Introduction - Overview of Core Processing (IOD)** | 11/16/99 | **Clarified** Large Case Coordinator involvement. |
| **IOD Process and Procedures Development** | 8/19/04 | **New** guidelines for IOD Process and Procedures development. Describes responsibilities of process owners, process developers and the OPSS Procedures Manual Team (PMT). |
| **Pre-Termination Processes (01-07)** | 10/22/97 | **Revised** path \ filename throughout to reflect new subdirectory structure for exclusive PPD forms, letters, and memos(i:\wp\standard\ppd\...) |
| **All WordPerfect documents** accessible through the manual | 12/06/96 | **New Feature** - Browse button through each section's final list of documents and related forms (forms \ letters \ memos) |
| | 11/01/96 | **Changed** WordPerfect letters not addressed to participants or other payees to reflect the 1200 K Street address rather than the P.O. Box. |
| **Multiple topics** | 6/20/96 | **Changed** "Manager" to "Management Team" |
| **Table of Contents:** Quick Tips button | 2/07/97 | **Added** new Feature - access IOD Procedures Manual Inquiry/Change Request Form as jump to WordPerfect (i:\wp\standard\pm_form.wpd). |
| **Table of Contents:** What's New | 7/03/96 | **Added** info re user should remove "draft" on docs --(This topic is now "QuickTips") |

## Historical Updates

Historical | Recent

## Appendices and Glossary

04/15/2005

| Appendices & Glossary | Date | Change |
|---|---|---|
| **Appendices** | | |
| **Appendix B: Preferred Source Documents for Participant Data Elements** | 04/05/02 | **Revised** in "Active Participants", "Retirees", and "Terminated Vested Participants" to clarify when certain benefit documents should be collected versus sampled. |
| | 09/26/00 | **Clarified** name of select data elements |
| | 08/11/00 | **Replaced** references to obsolete Locator Project with references to new TP 33: Locate Customer Address. |
| | 09/22/99 | **Revised** to refer to new participant forms. Revised proof document requirements. (streamlining) |
| | 10/30/98 | **Clarified** to provide that PBGC no longer requires original source documents, copies are acceptable. (streamlining project) |
| | 11/01/96 | **Clarified** the description of "terminated non-vested participants" |
| | 09/13/96 | **Reordered** the list of sources to have W2s as the primary source for obtaining SSNs |
| **Appendix C: Bankruptcy Overview** | 12/07/01 | **Updated** involuntary termination reference(s) to PBGC-initiated. |
| **Appendix D: Maximum Guaranteeable Benefits for DOPT Years** | 02/18/05 | **Added** maximum guaranteed benefit for DOPT year 2005. |
| **Appendix D: Maximum Guaranteeable Benefits for DOPT Years** | 2/17/04 | **Added** maximum guaranteed benefit for DOPT years 2002, 2003, 2004 |
| | 02/16/01 | **Added** maximum guaranteed benefit for DOPT year 2001. |
| | 10/20/00 | **Modified** title<br>**Added** details to NOTE about adjusting the maximum guaranteeable benefit upward for late retirements. |
| | 12/03/99 | **Added** maximum guaranteed benefit for DOPT year 00. |
| | 11/25/98 | **Added** maximum guaranteed benefit for DOPT year 1999 |
| | 02/13/98 | **Added** maximum guaranteed benefit for DOPT year 1998 |
| | 02/13/98 | **Added** maximum guaranteed benefit for DOPT year 1998 |
| | 12/06/96 | **Added** maximum guaranteed benefit |

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| | | for DOPT year 1997 |
| **Appendix E: IOD Time Reporting (BMPRS)** | 08/25/00 | **Added** minor updates: new BMPRS codes etc. |
| **Appendix E - Referenced Directive on Safeguarding IRS Documents** | 10/11/96 | **Deleted** text of existing PBGC directive (available elsewhere). This appendix is reserved for future use. |
| | 07/11/97 | **Clarified** time reporting for holidays and special project names |
| | 06/06/97 | **Updated** IOD Time Reporting (BMPRS) |
| | 05/02/97 | **Added** this appendix describing the Budget, Management, Planning and Reporting System |
| **Appendix F: Alternate Sources for Plan Information** | 08/11/00 | **Replaced** references to obsolete Locator Project with references to new TP 33.3: Locate Address Resource Guidelines |
| **Appendix G: Acceptable Proof of Age** | 10/18/02 | **Added** details about acceptable alternate proofs of age. |
| | 08/09/02 | **Corrected** typos. |
| | 07/23/02 | **Modified** to clarify that proofs of age must include the customer's date of birth. |
| | 05/18/01 | **Revised** to add more proofs of age to the the list of single documents permissable. Also re-written into Q & A format. |
| | 09/22/99 | **Revised** to refer to new participant forms. Revised proof document requirements. (streamlining) |
| | 10/30/98 | **Clarified** to provide that PBGC no longer requires original source documents, copies are acceptable. (streamlining project) |
| **Appendix H: Historical SPARR Information** | 02/18/05 | **Updated** to include FY2003 SPARR. |
| **Appendix H: Historical SPARR Information** | 2/17/04 | **Updated** to include FY2002 SPARR |
| | 11/08/02 | **Updated** to include FY2001 SPARR |
| | 3/08/02 | **Updated** to include FY2000 SPARR |
| | 02/16/01 | **Updated** to include FY99 SPARR |
| | 1/14/00 | **Updated** to include FY98 SPARR |
| | 8/10/99 | **Updated** to include FY97 SPARR |
| | 10/30/98 | **Updated** to include FY96 SPARR |

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| | 10/31/97 | **Updated** to include FY 1994 and FY 1995 SPARRs |
| | 8/15/97 | **Updated** to include FY93 SPARR |
| | 6/06/97 | **New** Appendix H: Historical SPARR Information |
| **Appendix I: Maintaining Participant Data Records** | 6/29/01 | **Modified** to clarify IPS is official location of participant records. |
| | 2/11/00 | **Deleted** reference to Process 24. |
| | 11/25/98 | **Added** new Appendix I: Maintaining Participant Data Records, includes detailed list of data elements loaded to PRISM through ADT |
| **Appendix J: Participant Forms Summary** | 9/26/00 | **Modified** to reflect new SSA request from (Form SSA-581) |
| **Appendix J: Participant Forms Information** | 2/07/03 | **Modified** to include complete list of Participant Forms with brief description of their use. |
| | 10/18/02 | **Deleted** reference to obsolete Form 704: Annuity Election Form |
| | 7/23/02 | **Added** information that DMC stocks hard copies. |
| | 8/31/01 | **Added** two new Q & A's about acceptable signatures on participant documents, including the use of Power of Attorney's and signatures by mark. |
| | 1/14/00 | **New** Appendix provides information about all participant forms with usage comments. |
| **Appendix K: IOD's Records Management** | 8/23/02 | **New** Appendix adds detailed information about Records Management, including:<br>• Description of IOD Records;<br>• Records Creation and Filing;<br>• Records Disposition<br>• Storing and Retrieving Records;<br>• Records Security and Privacy; **and**<br>• Records Management Guidance. |
| **Appendix L: Field Benefit Administrators** | 08/23/02 | **New** Appendix adds FBA information in Q & A format |
| **Appendix M: IRS Disclosure Offices** | 11/08/02 | **New** Appendix provides IRS addresses to use to request tax return information for tax exempt and non-exempt |

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| | | entities. |
| **Appendix N: Our Service Pledge** | 5/02/03 | **New** appendix describes IOD's service pledge |
| **Appendix O: Acceptable Proof of Marriage** | 5/30/03 | **New** Appendix describes acceptable marriage proofs in Q & A format. |
| **Appendix P: eReports Information** | 4/16/04 | **New** Appendix describes the availability and usage of PRISM based reports. |
| **Appendix Q**: BAPD Systems | 02/18/05 | **New** Appendix provides overview of systems used by Benefit Administration & Payment Department (BAPD). |
| **Glossary** | | |
| **Glossary** | 02/18/05 | **Added**<br>• BAPD<br>• BPB<br>• DAS<br>• DISC<br>• eDERF<br>• Status A<br>• TSD<br>**Revised**<br>• 9A<br>• BPAB<br>• CFND<br>• IOD<br>• PPD<br>• RSD |
| | 1/19/05 | **Added:**<br>• IOD QDRO Coordinator<br>• Shared Payment Order<br>• Separate Interest QDRO<br>• DRO<br>**Deleted**<br>• QDRO Coordinator<br>**Modified**<br>• **Domestic** Relations Order |

- Qualified Domestic Relations Order
- Alternate **Payee**

8/19/04 **Added:**

- RSD

**Revised**

- TSD

2/17/04 **Added** NBX

2/17/04 **Added**:

- Corrected BDL
- Revised BDL

1/10/03 **Added**: De Minimis Overpayment

12/13/02 **Added**:
DOPT-3
DOPT-5
FBA Performance Review Report

10/18/02 **Added:**

- DOR

**Revised:**

- Cash Out
- De Minimis

8/09/02 **Added:**

- SSC

**Revised:**

- Benefit Determination Letter
- BDL
- IDL
- Initial Determination Letter
- SSB

**Deleted**:

- Paying Agent

7/23/02 **Added:**

- DCT
- Proof of Age
- PWBA

**Revised:**

- PRISM Refresh Process
- Status Code

3/08/02 **Added** PACS

2/08/02 **Revised** PPR

12/19/01 **Added** new terms:

- BOYLE
- DRS
- EBL

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| 12/07/01 | **Modified** the following terms:<br>• small plan average recovery ratio<br>• termination<br>• termination initiation date<br>• trusteeship working group<br>• benefit overpayment<br>• standard termination<br>• distress termination<br>• distress termination process |
| 9/28/01 | **Modified:**<br>• Involuntary Termination<br>• Termination Initiation Date<br>• Trusteeship Working Group<br>**Added:**<br>• PBGC-initiated Termination |
| 8/31/01 | **Added:** Milestone<br>**Revised:** PBGC Benefit |
| 7/27/01 | **Added:**<br>• Residual Benefit Amount |
| 5/18/01 | **Added:**<br>• BDL<br>• Benefit Application Package<br>• Benefit Determination Letter<br>• FBA Plan<br>• Large Case<br>• Large Back Payments<br>• STARS<br>**Revised:**<br>• Benefit Determination<br>• Initial Determination Letter<br>• Pension Search Directory |
| 3/23/01 | **Added**:NRA<br>**Corrected**:GIF |
| 9/26/00 | **Added:** Safeguarding |
| 8/11/00 | **Added** new terms:<br>• Participant Locator<br>• Pension Search Directory |
| 5/12/00 | **Revised** terms:<br>• Benefit Determination<br>• Initial Determination Letter<br>**Added** new terms:<br>• BET<br>• Benefit Estimation Tool<br>• FOIA |

| | |
|---|---|
| | • SMM<br>• Summary of Material Modifications |
| 3/10/00 | **Deleted term:**<br>• Benefit payable<br>**Revised terms:**<br>• 9A,<br>• Benefit Overpayment,<br>• Datahub,<br>• RARE,<br>• Recoupment,<br>• Recovery,<br>• Title IV Benefit,<br>• Write Off<br>**Added new terms:**<br>• Asset Allocation,<br>• Benefit Payable with respect to the Participant,<br>• Compuserve,<br>• OASD<br>• all priority categories (1–6),<br>• PRISM refresh process,<br>• Recoupment End Date |
| 2/11/00 | **Updated** Dummy SSN definition. |
| 11/16/99 | **Added** new acronym: BPAB |
| 9/30/99 | **Added** new terms (DARTS, status code) |
| 9/22/99 | **Added** new participant forms terms (PIF, GIF). **Modified** controlled group (per OPM 7.2-1) |
| 5/25/99 | **Added** new term. |
| 3/05/99 | **Added and revised** glossary terms. |
| 1/11/99 | **Revised** glossary terms associated with $5,000 cash out limit |
| 1/11/99 | **Added** new terms |
| 10/30/98 | **Added** miscellaneous terms |
| 10/30/98 | **Revised** definition of SPARR Calculation Date in response to Operating Policy Manual 8.2-1 Valuing Recoveries. |
| 9/04/98 | **Added** new terms.<br>**Revised** terms to reflect 29 CFR 4041 |
| 7/11/97 | **Added** definitions |
| 6/06/97 | **Revised** several glossary definitions |
| 5/02/97 | **Revised** several glossary definitions (in response to Operating Policy |

| | | |
|---|---|---|
| | | Manual 6.7-1 [4022(c)] ) |
| | 4/04/97 | **Added** "Date of Trusteeship" to the Glossary |
| | 9/27/96 | **Clarified** several glossary definitions |
| | 8/30/96 | **Clarified** several glossary definitions |
| **Miscellaneous** | | |
| **Miscellaneous** | 2/11/00 | **Deleted** reference to Process 24 in Table of Contents, High Level TPD workflow and other areas. |

**Overview of Process Groups**

## Pre-Termination Processes

**05/31/96**

Pre-termination processes describe IOD's investigation of pension plans covered by Title IV of ERISA with the goal of making a recommendation as to whether or not PBGC should terminate a pension plan and become trustee of the plan. PPD investigates plans which are identified as a potential risk to PBGC. This identification normally would come through a notice of a Reportable Event defined in ERISA or an application for Distress Termination. PPD investigative activities include obtaining information on identified pension plans, the status of their funding, the sponsoring employer, and other members of any controlled group. Pre-termination processes include monitoring of pension plans that may pose a potential long-term risk to PBGC. Once a plan has been terminated and prepared for trusteeship, PPD initiates a shift of responsibility to the appropriate TPD. PPD performs other tasks as well, some of which can occur after termination and trusteeship of a plan, such as valuing hard-to-value assets and other financial analysis services. In addition, some TPD activities, such as assuming payment of benefits responsibility, can occur before termination.

## Pre-Termination Processes include:

01 Determine Type of Case, Assign, & Begin Collecting Initial Case Information

02 Gather Plan & Sponsor Information

03 Determine Financial Condition of Plan & Analyze Controlled Group

04 Make Recommendation

05 Route Recommended Termination

06 Monitor Plan

07 Initiate PPD/TPD Coordination

## PR 01. Determine Type of Case, Assign, & Begin Collecting Initial Case Information


1. Overview
1. Workflow for Process
1. Definitions for Process 1
1.1 Determine Type of Filing & Assign
1.2 Begin Collecting Data
1.3 Perform Preliminary Analysis & Contact Plan Administrator
1.4 Determine Status of Pension-Related Records
1.5 Determine Probability of Trusteeship
1.6 Resolve Participants Out of Pay Status
1.7 Request Attorney
Forms, Letters, Memos, etc.

**Determine Type of Case, Assign, & Begin Collecting Initial Case Information**

## 1. Overview

**02/07/97**

The Pre-Termination Processing Division's (PPD) goal in processing Reportable Events and Distress Terminations is to develop a complete administrative record to support the recommendation to close a case or terminate a pension plan and seek PBGC's appointment as trustee, if applicable.

Once PPD opens a case as a reportable event or distress termination, the case is assigned to an auditor or financial analyst who takes ownership of the case until a recommendation can be made to close, monitor, or terminate and trustee the plan. Ownership responsibilities include, for cases where termination is likely, requesting through CAS or a memo to the office of the Deputy Director of IOD that a TPD be assigned, and requesting that OGC assign an attorney. The request for TPD involvement may happen at any point during PPD's processing of the case. The specific TPD is selected on a rotating basis, with consideration given to current workload. Reportable events can enter PPD from filings by the plan administrator, OGC, directly to PPD as a participant phone call, or from other sources such as Dun and Bradstreet bankruptcy matches against the Premium Administration System (PAS).

While the process at the highest level is the same for Reportable Events and Distress Terminations, at the more detailed level, there are different processing steps required. Reportable Events can even be divided into statutory and non-statutory. Non-statutory would be those situations which need to be investigated, but do not fall under the Reportable Events listed in ERISA and at 29 CFR 4043.

Collecting of initial data is limited, in PPD, to obtaining data necessary to assess coverage, size of plan, complexity, and important issues, including the identification of "probable plans" for financial statement reporting. However, collection and analysis of information to make a recommendation of the disposition of a plan is detailed and complex. It should be noted that information collected in the pre-termination processing is financial in nature and is not necessarily what the TPDs will use in the participant services function of IOD. The TPD performs data collecting and analysis later for the annuity (participant benefits) function when a plan is terminated and trusteed. The value of collecting information early is that it saves time later on. The earlier that PBGC requests information, the more likely IOD is to get it, especially in liquidation cases. Documents collected must be kept secured in order to protect the plan sponsor, because of Privacy Act considerations, IRS document safeguarding requirements, and as a matter of customer service. Keep in mind that much of the information collected may be sensitive.

Document all contacts, attempted contacts, and requests in the case activity log. This log is important because it provides a history of the case, supports the PBGC's administrative record, and justifies making a request for an administrative subpoena, if necessary. Also, if PBGC ever has to go to court over a case, the activity log may be subject to disclosure.

ERISA 4003(a) states: *"The corporation may make such investigations as it deems necessary to enforce any provision of this title or any rule or regulation thereunder, and may require or permit any person to file with it a statement in writing. . . as to all of the facts and circumstances concerning the matter to be investigated."* Prior to trusteeship PBGC has the authority to make copies of documents, but normally does not take original documents. By taking original employee or personnel records prior to trusteeship, PBGC could be drawn into future lawsuits related to employee records, even if the records do not involve a pension plan. With plan records, PBGC can take originals if the plan administrator provides them, or if the records are in danger of being lost. Examples of records being potentially lost would include foreclosure on the building with the records being thrown away, an auction of the office furniture and equipment (including all file cabinets with the files), or word from someone that the files are being destroyed. Original plan records will be obtained after DOPT, if available.

Coordinate data collecting efforts with OGC, FOD, and the TPD to avoid multiple requests for the

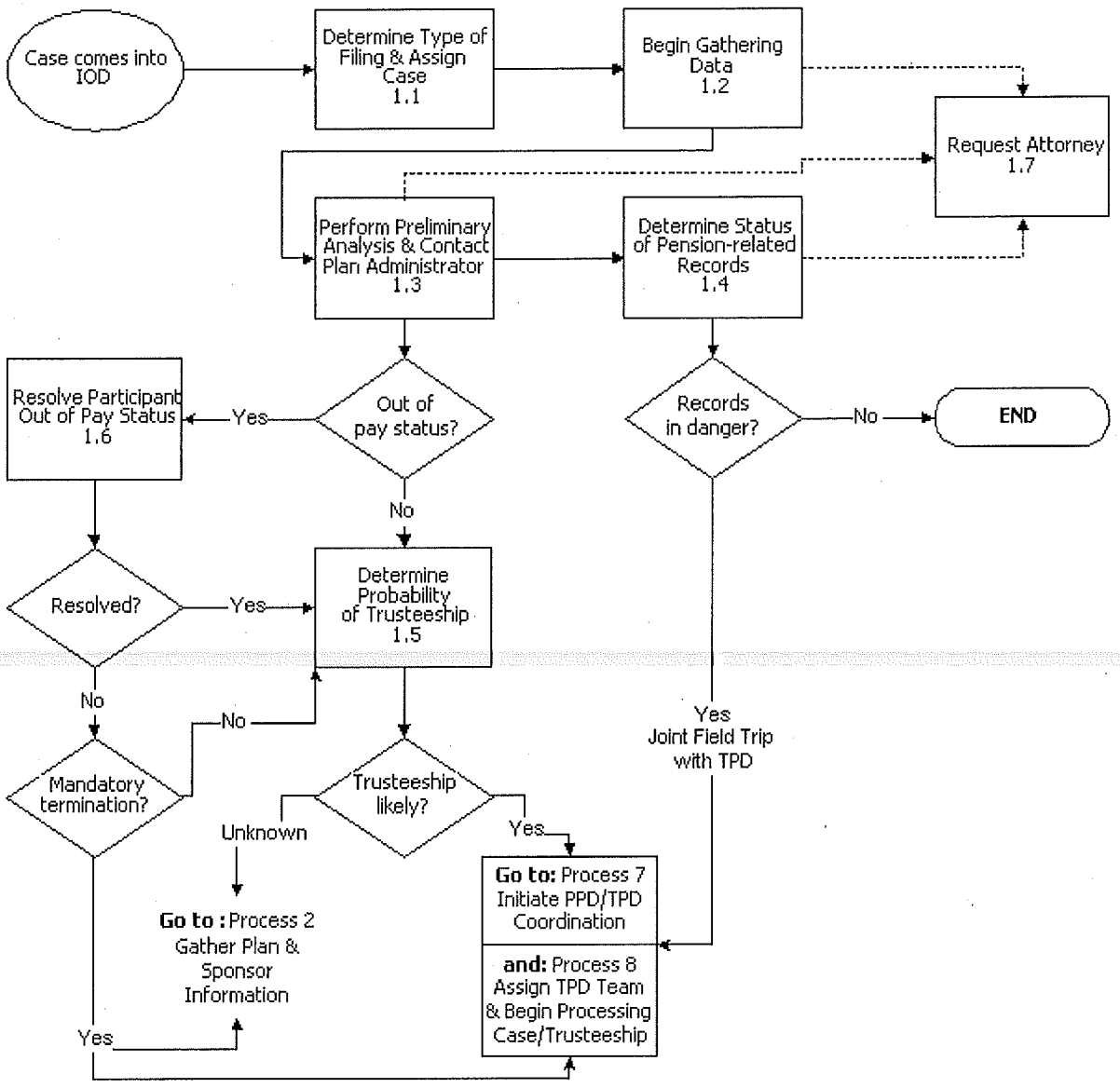
same information.

**Pre-Termination Processes** **Browse Workflows:** 

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1. Workflow for Process 1

**05/31/96**



**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.01 Definitions for Process 1

Distress Filing

Statutory Reportable Event

Non-Statutory Reportable Events

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.02 Definitions - Distress Filing

**09/28/2001**

**A distress filing is a voluntary application made by a plan administrator on behalf of the plan's sponsor to terminate a pension plan.** Sometimes PBGC will recommend that a plan administrator submit a distress filing rather than process a reportable event as a PBGC-initiated termination. PPD processes distress filings and approves or denies the application. Approvals are final agency determinations, but denials are subject to reconsideration rights. As part of a distress filing, the plan administrator must:

- Issue Notices of Intent to Terminate (NOIT) to all interested parties at least 60 days in advance of the proposed DOPT,
- File with PBGC a complete Distress Termination Application, including Enrolled Actuary (EA) Certification (note that on a case-by case basis, the PBGC may forego the submission of certain information required to be submitted to the PBGC under the distress termination rules, including the EA's certification), and
- The plan sponsor and, if applicable, each controlled group member must meet at least one of the **distress criteria, or "tests":**

  **1** Liquidation in bankruptcy or insolvency proceedings

  **2** Reorganization in bankruptcy or insolvency proceedings, with the approval of the court and a specific finding by the court that unless the plan is terminated the debtor will be unable to pay all its debts under the plan or reorganization and will be unable to continue in business outside reorganization.

  **3** Unable to pay debts and continue in business unless the plan is terminated.

  **4** unreasonably burdensome pension costs caused solely by a decline in work force.

Per ERISA and PBGC policy, distress terminations will only be pursued in certain situations, for example, when the plan sponsor is ongoing, or the plan is sufficient for guaranteed benefits. If PBGC-initiated (mandatory) termination is required (plan assets are not available to provide benefits currently due) or circumstances dictate PBGC-initiated (discretionary) termination, do not proceed with the distress filing. Other circumstances to consider would include:

- **Potential loss to PBGC.** During the time required to obtain a distress termination, it is reasonable to expect, based on the facts, that PBGC's potential liability with respect to the plan will increase unreasonably. This increase may result from shutdown benefits, change in the identity of the controlled group, phase-in, payments in excess of guaranteed benefits, etc.
- **Imminent date.** Plan termination and PBGC trusteeship must be effected and expedited to collect money due to the plan, collect PBGC employer liability, or avert abandonment of the plan or possible unfavorable court action.

Review and become familiar with section 4041(c) of ERISA, 29 CFR 4041, Subpart C, and the Distress Termination Filing Instructions booklet, available in PPD or from the Government Printing Office.

## 1.03 Definitions - Statutory Reportable Event 09/28/2001

Reportable events specified in ERISA 4043 and PBGC regulations at 29 CFR 4043: Reportable Events and certain other notification requirements, are "statutory reportable events". These are events which are spelled out either in the statute or regulations. The reporting requirements to PBGC by the plan administrators and/or contributing sponsors are also detailed.

Reportable event reporting requirements are intended to protect pension plan participants and the PBGC. Section 4043 of ERISA was most recently expanded by the Retirement Protection Act of 1994 (RPA). In addition to adding several new reportable events to Section 4043, this Act expanded reporting requirements to apply to the contributing sponsor as well as the plan administrator, and also provided for **advance notice** of certain reportable events to PBGC. Other reportable events require **post-event notice** to PBGC.

Processing of reportable events consists largely of conducting investigations necessary to identify any potential risk to the PBGC and participants. The exact nature and scope of the investigation depends on the type of reportable events; Chapter 7 bankruptcies (liquidations) are handled differently from Chapter 11 bankruptcies (reorganizations), and withdrawals from multiple employer plans are also handled differently. The differences in processing reflect the difference in types of information required, responses available to the PBGC, and case-specific factors. The flow of pre-trusteeship processing is the same regardless of the type of reportable event. Based on the level of risk the investigation identifies, if any, PBGC may close the case, advise the plan administrator to submit a distress or standard termination filing, select the employer for monitoring, or proceed with a mandatory or discretionary PBGC-initiated termination of the plan.

PBGC has the authority to modify and waive reporting requirements for certain events in 29 CFR 4043. Certain events have had their notification requirements waived completely or waived under specified circumstances as detailed in the regulations.

Statutory Reportable Events include the following:

**Advance Notice Events**

- Change in contributing sponsor or controlled group
  (notice waived for specified circumstances [29 CFR 4043.62(b)])
- Liquidation
  (notice waived for specified circumstance [29 CFR 4043.63(b)])
- Extraordinary dividend or stock redemption
  (notice waived for specified circumstance [29 CFR 4043.64(b)])
- Transfer of benefit liabilities
  (notice waived for specified circumstances [29 CFR 4043.65(b)])
- Application for minimum funding waiver
  (notice extended until 10 days after the event has occurred [29 CFR 4043.66(b)])
- Loan Default
  (notice waived for specified circumstances [29 CFR 4043.67(b)])
- Bankruptcy or similar settlement
  (notice extended until 10 days after the event has occurred [29 CFR 4043.68(b)])

**Post Event Notices**

- Tax disqualification and Title I noncompliance
  (notice waived)

- Amendment decreasing benefits payable
  (notice waived)
- Active participant reduction
  (notice waived for specified circumstances [29 CFR 4043.23(c)])
- Termination or partial termination
  (notice waived)
- Failure to make required minimum funding payment
  (notice waived for specified circumstances [29 CFR 4043.25(c)])
- Inability to pay benefits when due
  (notice waived for specified circumstances [29 CFR 4043.26(c)])
- Distribution to a substantial owner
  (notice waived for specified circumstances [29 CFR 4043.27(c)])
- Plan merger, consolidation or transfer
  (notice waived for specified circumstances [29 CFR 4043.28(b)])
- Change in contributing sponsor or controlled group
  (notice waived for specified circumstances [29 CFR 4043.29(c)])
- Liquidation
  (notice waived for specified circumstances [29 CFR 4043.30(c)])
- Extraordinary dividend or stock redemption
  (notice waived for specified circumstances [29 CFR 4043.31(c)])
- Transfer of benefit liabilities
  (notice waived for specified circumstances [29 CFR 4043.32(c)])
- Application for minimum funding waiver
- Loan Default
  (notice waived for specified circumstances [29 CFR 4043.34(c)])
- Bankruptcy or similar settlement
  (notice waived for specified circumstances [29 CFR 4043.35(c)])

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.04 Definitions - Non-Statutory Reportable Events 05/31/96

When PBGC becomes aware of what appears to be a reportable event or events that suggest one may have occurred, that notice is a *non-statutory reportable event* because it is not defined in the law or regulations. Calls or letters from participants, news items in the media, and informal notices from other sources fall in this category. The first action when a non-statutory reportable event has been received is to determine whether a reportable event for that situation has actually been received, or should be submitted, and to follow up accordingly. Any event that merits investigation due to the possibility of risk to the PBGC and participants, but is not defined in the law or regulations, is a non-statutory reportable event.

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.1 Determine Type of Filing and Assign Case

**06/29/2001**

**Action Steps**

| | |
|---|---|
| **Purpose** | Identify the case as either a distress termination or a reportable event (standard terminations go to STCD). Allocate PPD human resources to the case based on case priority, complexity, PPD workload, and individual expertise. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Documents or event that triggered PPD investigation. These could be a phone call, letter, bankruptcy notification, Department of Labor (DOL) notification, Reportable Event Filing, Distress Filing, NOIT, etc. |
| **Process Output and Recipient** | Identified type of case for assignment and data collecting according to type.<br>Assignment of case to financial analyst or auditor. |
| **Control Issues** | Abide by all Confidentiality Agreements between PBGC and plan sponsors, employers, etc. |
| **Important Concepts** | Note that there are separate procedures for distress filings, and reportable events.<br>Modify the Reportable Events Information List to fit each unique case, and to ensure that only the information needed to process the case is requested.<br>In rare cases, a plan will be sufficient for guaranteed benefits, but not for benefit liabilities. In those cases, PBGC will not terminate the plan, except in a distress filing.<br>Assign appropriate personnel. |
| **Guidance** | ERISA 4041-4043 and 4048<br>29 CFR 4003, 4043, and 4041<br>RPA Section 771<br>PBGC Technical Updates 95-1 & 95-3<br>PBGC Directive on Safeguarding of Tax Returns and/or Tax Return Information Disclosed by the IRS (IM 10-2)<br>Memo "Exempting Cases from Review by the Trusteeship Working Group and Establishing Dates of Termination of April 15, 1996." |
| **Procedure Owner** | PPD Manager, supervisors, auditor or financial analyst in charge of case |

## Click Here for More Information...

1.1 Action Steps: A. Distress Filings (Determine Type of Filing and Assign Case)

1.1 Action Steps: B. Statutory Reportable Events (Determine Type of Filing and Assign Case)

1.1 Action Steps: C. Non-Statutory Reportable Events (Determine Type of Filing and Assign Case)

1.1 Action Steps: D. Assign Case (Determine Type of Filing and Assign Case)

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.1 Action Steps: A. Distress Filings 09/28/2001

## Determine Type of Filing and Assign Case

1 **Review the submitted documents.** Distress filers must submit using Form 600, the Distress Termination Notice of Intent to Terminate (NOIT), Enrolled Actuary Certification ( Schedule EA-D), and Form 601, the Distress Termination Application, which contains information demonstrating satisfaction of the distress criteria and providing various plan, sponsor, and participant data.

2 **Ensure that the NOIT issued to participants and other interested parties meets the three conditions required to be valid:** (1) it must state that a termination is intended and give the proposed termination date; (2) it must be issued to all affected parties (including PBGC) at least 60 days prior to the proposed termination date; and (3) it must be hand-delivered or mailed to each affected party. Obtain some documentation that delivery actually occurred.

- **If the NOIT (Form 600) is valid -**
  Within 15 days of receipt of the NOIT send the plan administrator or other filer the *Valid NOIT (Form 600) Letter (VAL600.doc)*. See Process 2.1 Send Reportable Event/Distress Filing Letters. If the filer is not the plan administrator/ plan sponsor, ensure that the letter and all enclosures are copied to the plan administrator/ plan sponsor.

- **If the NOIT (Form 600) is not valid (noncompliant) -**
  Within 15 days of receipt of the NOIT, send the plan administrator or other filer the *Invalid NOIT (Form 600) Letter (INVAL600.doc)*, informing them that the NOIT was noncompliant. See Process 2.1 Send Reportable Event/Distress Filing Letters. If the filer is not the plan administrator/ plan sponsor, ensure that the letter and all enclosures are copied to the plan administrator/ plan sponsor. This letter is an initial determination from PBGC which is subject to reconsideration under PBGC's regulations: Administrative Review of Agency Decisions (29 CFR 4003). Ensure the *Administrative Review Procedures (Noncompliant) (ADREVNON.doc)* attachment is included. This describes the parties' rights to request reconsideration of this initial determination.

  If a request for reconsideration is filed in response to this initial determination, consult with the PPD Supervisor.

  If no response is received, follow up by telephone, and then confirm in writing that no response was received by PBGC and that a final determination of noncompliance has been made. Make no further attempts to pursue a distress termination and assess whether to pursue a PBGC-initiated termination.

3 **Contact the plan administrator by telephone within ten (10) days of receiving the NOIT.** See Process 1.3: Perform Preliminary Analysis and Contact Plan Administrator, step 3, for a list of topics to discuss.

- The validity of the NOIT, including whether all affected parties have been notified as required. If affected parties have been notified, record the date and method of delivery in the log.
- Whether any participants are out of pay status.
- Estimated levels of plan liabilities (including guaranteed benefits and benefit liabilities).
- Estimated levels of plan assets. The plan administrator cannot distribute plan assets or

take other actions in relation to the proposed termination. Note in the file the names, addresses, telephone numbers, and account numbers of entities holding plan assets.

- The reduction of monthly benefits being paid to retirees. The plan administrator is required to reduce benefits to the greater of what can be supported by the plan's funding level or to the PBGC guaranteed level (Title IV). See CFR 4022.21 for further information.
- That the plan administrator may not purchase any irrevocable commitments from an insurer to provide benefits.
- Status of the plan sponsorongoing, bankrupt, liquidating, not in bankruptcy, etc., note for the plan file and forward the information to OGC.
- Imminent bar dates (notify OGC of any established bar dates).
- Whether there is a controlled group and the status of each member.
- The distress test that each member of the controlled group will attempt to establish.

4 **Ensure that the Distress Termination Application (PBGC Form 601) is valid.** Determine if any immediate action should be taken by PBGC. Offer to provide assistance to the plan administrator and the enrolled actuary in adjusting benefits to the guaranteed levels and in completing the Form 601, if such assistance is deemed necessary and appropriate in the judgment of the PPD person processing the case.

- Form 601 should be complete and all information necessary to support the distress claim should be submitted with the form. The form must be certified by the plan administrator.
- Schedule EA-D must be included and show the degree of funding and be certified by the enrolled actuary. This can be waived with the concurrence of the PPD Management Team.
- Participant data schedules may be submitted after PBGC issues a determination letter regarding the distress criteria, and need not be submitted if the enrolled actuary certifies that the plan is sufficient for at least all guaranteed benefits.
- If the Form 600 (NOIT) was filed, but the Form 601 has not been submitted, contact the plan administrator to find out the status of the application. Follow-up as necessary. If the Form 601 is not filed within 120 days, reevaluate the plan using PBGC-initiated termination criteria. Discuss with a supervisor.
- Notify the plan administrator of the acceptability of the Distress Termination Application:
  - If it is valid, send the plan administrator an acknowledgment letter using the *Valid 601 Letter (VAL601.doc)* within fifteen (15) days. See Process 2.1 Send Reportable Event/Distress Filing Letters.
  - If it is *not* valid (noncompliant), write a letter to the plan administrator within fifteen (15) days of receiving the application. Describe the reason(s) the application is not complete or acceptable using the *Invalid 601 Letter (INVAL601.doc)*. Ensure that the filer receives the attachment ( *Administrative Review Procedures (Noncompliant) (ADREVNON.doc)*) which describes the filer's right to request reconsideration of PBGC's initial determination. Obtain supervisor concurrence on the letter and send it to the plan administrator. Take no further action unless evidence suggests there may be a risk to PBGC and a PBGC-initiated termination may be necessary. Refer to the guidelines in Section 4048.

5 **Determine the Date of Termination (4048 termination date).** This can be the date proposed by the plan administrator and agreed to by the PBGC; the date proposed by the PBGC and agreed to by the plan administrator; or the date set by the court. For distress

filings where the date of the NOIT is determined by PPD not to be in the best interest of the PBGC, set a new date and obtain concurrence from OGC. Review the guidelines in section 4048.

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.1 Action Steps: B. Statutory Reportable Events 06/29/2001

## Determine Type of Filing and Assign Case

Reportable events are those defined under ERISA 4043 and CFR 4043. They are required to be reported by the plan administrator or plan sponsor.

1 **Based on the type of event, determine whether the organization was required to submit the reportable event notice.**

- If notice requirements for the event in question have been waived (see definition of reportable events and reporting criteria in ERISA 4043 and CFR 4043), review the file for potential problems. Verify that the plan is being properly administered and that there is no expected long-run loss to PBGC. Consult with supervisor to determine if case may be closed, see Process 4.2: Close Case.
- If there is an expected or probable long-term loss, do not close the case. If the reportable event came to PBGC's attention through a third party and no report from the plan administrator was received, contact the plan administrator and send him a *Reportable Event Requirement Letter (REREQINF.doc)*. Prepare and enclose a *Reportable Events Information List (RE-LIST.doc)* with the letter.
- Also, send the third party a *Third Party Reportable Event Acknowledgment Letter (3RDPTYRE.doc)* to advise them that PBGC has opened a case. Prepare and enclose a *Reportable Events Information List (RE-LIST.doc)*, requesting additional information from the third party if it appears they have relevant information needed to process the case. Review the information received with the reportable event and modify your request to third party so that you only request information needed to process the reportable event. See Process 2.1 Send Reportable Event/ Distress Filing Letters.

2 **Determine whether the filing of the notice was timely or not:**

- If a responsible person (any person with a duty to provide material information) provided PBGC with a timely Notice of a Reportable Event with the required documentation and other information as required by ERISA and PBGC regulations, make a comment in the case activity log to that effect. Send the plan administrator a *Reportable Events Acknowledgment Letter (REACKINF.doc)*. Prepare and enclose a *Reportable Events Information List (RE-LIST.doc)*, modified so that it only requests information needed to process the reportable event that has not already been provided. See Process 2.1 Send Reportable Event/ Distress Filing Letters.
- If a responsible person failed to file, within the 30-day time limit, a required Notice of a Reportable Event and/or the required documentation or any other information as required by ERISA and CFR 4043 evaluate whether or not to assess a penalty under ERISA 4071. This section says that PBGC may assess a penalty not to exceed $1,100 per day against anyone who fails to provide any notice or other material information within the time limits specified under ERISA or federal regulations. However, if PBGC does assess a penalty, it will follow the current notice or regulation. **Discuss with the PPD Manager prior to making a decision to implement.**

3 **Verify that all basic information relevant to the event is included.**

**For reportable events filed with PBGC through Form 10, or Form 10-Advance.**

- These optional forms list the information that must be provided to PBGC for each type of reportable event that may be filed using these forms. The required information for the

specified reportable events may be less than what would be required to be provided to PBGC under the regulation. (However, PBGC may request additional information upon receipt of these forms.) Be familiar with these forms and their filing requirements.

**For all other reportable events:**

- The name of the plan.
- Name, address, and telephone and fax numbers of the plan sponsor.
- Name, address, and telephone and fax numbers of the plan administrator (if a corporate body, the name of an individual that should be contacted).
- The nine-digit EIN and three-digit plan number (EIN/PN).
- A brief statement of the pertinent facts relating to the reportable event.
- A copy of the plan document, including all amendments.
- A copy of the most recent AVR relating to the plan and the latest Form 5500, including Schedule B as filed with the IRS/DOL.
- A statement explaining any material change in the assets or liabilities of the plan occurring after the date of the most recent actuarial valuation report.
- A copy of the most recent IRS determination letter (if any) relating to the plan.
- Any other information required by the type of event.

**For bankruptcies:**

- The Plan of Reorganization (POR) (for Chapter 11)
- The Statement of Affairs (SOA) and supporting schedules for all companies in bankruptcy.
- Copies of all claims filed on behalf of the plan.

**For all cases:**

- Copies of appraisals of major fixed assets and properties to be liquidated
- Other information, to include:
  - Location of employer and plan records.
  - Location of plan assets.
  - Whether other government agencies are involved.
  - Whether participants are out pay status. If so, whether there are assets available to pay benefits.
  - The bankruptcy filing number (bankruptcies only).
  - Date of last plan contribution and for what plan year.
  - Minimum funding requirements for current plan year and due date of next plan contribution.
  - Status of all related companies.
  - Whether or not claims have been filed by the plan trustee.
  - Whether phase-ins, shut-down benefits, creep provisions, or subsidized benefits are involved.

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.1 Action Steps: C. Non-Statutory Reportable Events 06/29/2001

## Determine Type of Filing and Assign Case

1 Obtain contact information (name, address, phone number, etc.) from the source providing notice.

2 Determine if a reportable event is required to have been filed.

3 If yes, and the contact was the plan administrator, prepare and send a *Reportable Events Acknowledgment Letter (REACKINF.doc)* to the plan administrator along with a case-specific *Reportable Events Information List (RE-LIST.doc)*.

4 If the contact was a third party, inform the source of information (if a person) that a reportable event has occurred and that PBGC is taking appropriate actions by sending the contact a *Third Party Reportable Event Acknowledgment Letter (3RDPTYRE.doc)*, and include a case-specific *Reportable Events Information List (RE-LIST.doc)*. At the same time, send to the plan administrator a *Reportable Event Requirement Letter (REREQINF.doc)* which informs him of the requirement to file a reportable event notice with the PBGC, along with a case-specific *Reportable Events Information List (RE-LIST.doc)*.

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.1 Action Steps: D. Assign Case

**06/29/2001**

## Determine Type of Filing and Assign Case

**PPD Manager/Supervisor**

Note that the actual assigning of a case to an auditor or financial analyst could happen at whatever point that the PPD Manager or the supervisor feels that it is appropriate. Most of the actions (telephone calls, letters, etc.) in the above steps will be done by the auditor or financial analyst and not by the supervisor.

1 If a case has not been opened, determine whether a reportable event case should be opened. Base decision on investigative information obtained from initial analysis. All cases should be logged for tracking purposes. Coordinate with STCD if a case should be opened.

2 Set case priority and assign the case to the financial analyst supervisor or auditor supervisor. Provide any special directions or requirements.

**Supervisor**

1 Assign the case to a financial analyst or auditor based on case criteria and work load.

2 Assume ownership of the case and assign all default and other appropriate PPD milestones in CAS.

3 Monitor actions of the person assigned the case.

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.2 Begin Collecting Data

**10/11/96**

**Action Steps**

**Purpose**

To obtain the following basic, readily available information to identify PBGC's risk:

Dun & Bradstreet/CBD Infotek: Identify potential controlled group members, and get history on the company and information on financial status, including bankruptcy filings, liens, judgments, etc.

Actuarial Valuation Report (AVR), Form 5500 (Schedule B) from the plan administrator or DOL: Estimate plan asset and liability amounts.

Plan documents from the plan administrator or DOL: Determine plan coverage, etc.

Premium history and funding status (PAS): Determine unpaid premiums and accrued interest.

Tax Returns for plan sponsor (Form 1120, 1120S, 1065, etc., and supporting schedules) from IRS: Determine controlled group members. Request a Schedule K-1 from the sponsor in partnership cases, since it is not always required to be filed with the return.

Tax Returns for individuals (Form 1040 and supporting schedules) from IRS: Determine controlled group members.

Company, plan administrator and/or actuary: Plan information.

**Time Reporting (BMPRS)**

PPD Processing

[See Appendix E: IOD Time Reporting (BMPRS)]

**Required Input and Source**

Phone call, letter, bankruptcy notification, DOL notification, Reportable Event, Distress Filing, etc.

Name and address of company, and EIN/PN, if available. These can be found in tax documents, the Distress Filing and other documents, or can be requested from the plan administrator.

**Output and Recipient**

Readily available information for use in the initial assessment of PBGC's risk and exposure.

**Control Issues**

Follow PBGC Directive on Safeguarding of Tax Returns and/or Tax Return Information Disclosed by the IRS (IM 10-2). Comply with ERISA on acquiring documents. Place source documents in the plan file.

**Important Concepts**

Start with correct company name, address, and DUNS number (if available). User must have access privileges to use D&B On-line/CBD Infotek.

If D&B sends a fax copy of the report, file the hard copy report in the case file when it arrives.

Always request IRS tax returns as soon as possible, even if chances of obtaining copies from the filers are good. It is better to end up with two copies than none.

If any information indicates the need for additional information, make arrangements to obtain it.

| | |
|---|---|
| | The Case Activity Log should be used to keep a running history of the case. Enter all contacts and actions in the log. The Log may become proof of PBGC actions if the case is litigated or appealed. It also shows what has been done should the case have to be taken over by someone else.<br><br>In order to trustee a plan, PBGC previously had to do a full controlled group audit before recommending trusteeship. The Small Plan Simplification Procedures allow plans to be trusteed more quickly which, in turn, speeds up subsequent processing. |
| **Guidance** | Covered plans are defined under ERISA 4(a) and 4021.<br><br>ERISA 4043.<br><br>Small Plan Simplification Procedures for doing abbreviated controlled group analysis apply. See IOD Policy Bulletin 95-2.<br><br>IRC 6103(1)(2) authorizes PBGC to request tax returns from the IRS.<br><br>PBGC Directive on Safeguarding of Tax Returns and/or Tax Return Information Disclosed by the IRS (IM 10-2). |
| **Procedure Owner** | PPD Manager, supervisors, auditor or financial analyst in charge of case |

## Click Here for More Information...

1.2 Action Steps: Begin Collecting Data

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.2 Action Steps: 11/08/2002
## Begin Collecting Data

Reportable events, especially bankruptcies, are frequently the first indication received by the PBGC that a plan sponsor may be experiencing difficulties. The end result of a reportable event may be a plan termination. When a sponsor experiences financial hardship and the plan is sufficiently funded for full benefit liabilities, the plan should be terminated under the standard termination procedures. If the plan is not funded for benefit liabilities, PBGC needs to determine the severity of the problem and take appropriate steps to protect the participants and the PBGC. These data collecting activities begin the decision process which may result in termination and trusteeship.

1 Set up the plan file (See Technical Procedure 16: Establish and Maintain Plan an Participant Files), activity log, and a reminder or "tickler" system for highlighting prompt and timely actions that need to be done on certain dates or within certain time frames.

2 Verify that the pension plan is covered by the PBGC insurance program (ERISA 4021). For reportable events that come directly from STCD/PTAB, the plan should have already been verified as a covered plan. For reportable events coming directly to PPD, make follow up calls to the reportable event initiator, the plan sponsor, and other parties (DOL, etc.), as necessary, in order to determine what kind of plan is involved. Non-covered plans are defined in ERISA 4021(b).

- If the plan may not be covered, request a determination from STCD/PTAB, Non-*Covered Plan Memo (NONCVRED.doc)*. Send the appropriate task referral ("Coverage Question") on CAS to PTAB. Include copies of any appropriate information or documents.
- If the plan is not covered, STCD/PTAB will send a letter via first class mail to the initiator of the reportable event (plan sponsor, plan administrator, or participant) explaining that the plan is not covered and send a copy to PPD. PTAB will enter the appropriate coverage determination on CAS, and return the task referral.
- Close the case and stop processing. See the CAS IOD/PPD User Manual, pages 7-11 for instructions on administratively closing a case. Document the reason for stopping case processing in the activity log and CAS, file a copy of the letter in the plan file (or attach it to the activity log), and notify the supervisor.
- If the plan is covered, STCD/PTAB will provide a written determination for the case file and will update the CAS task referral to indicate the plan is covered. The filer (plan sponsor or other) may not receive a written determination about coverage because the request for a determination was generated internally.

3 Access D&B through on-line service or by telephone (800) DNB-DIAL (362-3425) and identify information to be obtained from reports (use account number and password) for the companies needed. Always request reports for the plan sponsor and any identified controlled group members.

4 Contact DOL (phone call or in person), provide the EIN/ to the Disclosure Office and request 5500s for relevant years (normally the last three years or the most recent three years on file).

5 Determine the plan's payment and contribution (funding) history. Investigate through whatever sources available such as the IRS, plan administrator, or reportable event

initiator. The plan administrator is the best resource, if available and cooperative. Record the information in the activity log, CAS, and/or the plan file, as appropriate. Needed information includes:

- The date of the last contribution to the plan and for what plan year.
- Copies of any minimum funding waiver ruling letters granted or denied by the IRS.
- Copies of any pending applications for minimum funding waivers. (When obtained from the IRS, safeguarding procedures apply.)
- Date the next minimum funding contribution is due and information on the sponsor's plans to make the contribution.

6 **Request the premium history and calculations from PAS and FOD.** Review the premium history to identify when premiums were paid. Request that FOD/Collections & Compliance Division/Review & Collections Branch (FOD/CCD/RCB) determine unpaid premiums, and interest due. Forward a copy of the information from PAS to the OGC attorney to make claims in court, if applicable. Keep a record of the information for entry on the TDR Form.

7 Request plan sponsor tax returns for relevant years (for all except tax exempt employers – Form 990) using the *IRS Request Letter (Irsreq.doc). Form 333 - Request for Access to Tax Return Information Disclosed by the Internal Revenue Service (Form333.doc)*, must be attached to this letter and printed on green paper.

Request plan sponsor tax returns for relevant years for tax exempt employers using the *IRS Returns Request – Tax Exempt Entities (Irsexmpt.doc)*, see Appendix M: IRS Disclosure Offices.

8 Analyze D & B report. Look for bankruptcy filings and identity of potential controlled group members.

- If the information is not available or insufficient, request a report from Infotek on-line.
- If information is still inadequate to make a recommendation, consult with a supervisor. Make a determination if a call to D&B to request additional information is needed.
- If the company has been out of business for several years, determine with a supervisor if there is a need to request archived D&B reports.
- If they cannot locate the organization, request a world-wide search by a person's name, company address, or telephone number. When D&B receives two requests for the same company, they will often do an investigation which results in up-to-date information at no extra cost.

9 **Analyze 5500s (Schedule B) and actuarial valuation reports for contribution and asset information to use as inputs for DUEC calculation and to estimate the UBL, which is PBGC's potential exposure.**

10 **Identify the custodian of the plan assets. This may have to wait until contact with the plan administrator (Process 1.3: Perform Preliminary Analysis and Contact Plan Administrator).** Get updated plan asset amounts from the custodian. Request a current asset statement and quarterly statements for the past three years.

11 **For ongoing companies, do an affordability analysis (see also TP 2: Determine Ability to Fund Plan).** Analyze the company's business or management plan or operating budget, as well as the financial history, to identify:

- major products or services

- the markets served by each product or service and the customers
- methods of selling and distribution
- major competitors, market share, relative strengths and weaknesses among competitors
- historical information on the total market for each product or service
- changes in market share and pricing data
- cost components and factors affecting cost
- capital spending plans and objectives
- for reorganizations, determine whether, and to what extent, financial history is relevant

12 **Analyze plan sponsor tax returns (Form 1120, 1120S, or 1065) for potential controlled group members and for pension fund contributions (Form 1120 Line 24, Schedule M1, etc.).** Also look at partnership tax returns and non-profit tax returns, if appropriate and available.

13 **Analyze the 10k filing to the SEC for potential controlled group information.**

14 **If additional information is necessary, use known or suggested contacts and follow up as necessary.** Further investigation is necessary if information indicates a possible controlled group member for any plan.

15 **Get additional information from third parties including paying agent, attorneys, actuarial firms, accountants, participants, etc.** Make an official *Request for Information from Third Party (3RDPARTY.doc).* See Appendix F: Alternate Sources for Plan Information for details on where to seek different types of information.

16 Summarize and record the results of data gathering, identifying information requested and not received, contacts, and other relevant facts.

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.3 Perform Preliminary Analysis and Contact Plan Administrator 05/31/96

Action Steps

| | |
|---|---|
| **Purpose.** | Determine if an insurable event exists.<br>Determine size of plan and risk to PBGC.<br>Determine if the case warrants early involvement of TPD and initiate working relationship with plan administrator. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Readily available documents |
| **Process Output and Recipient** | Working relationship with plan administrator |
| **Control Issues** | N/A |
| **Important Concepts** | If the preliminary analysis indicates the case should have been assigned to CFND, forward the case as soon as possible. |
| **Guidance** | N/A |
| **Procedure Owner** | PPD auditor or financial analyst in charge of case |

## Click Here for More Information...

1.3 Action Steps: Perform Preliminary Analysis and Contact Plan Administrator

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.3 Action Steps: 06/29/2001

## Perform Preliminary Analysis and Contact Plan Administrator

1 Determine the plan sponsor, EIN/PN, and information on premiums paid to PBGC:

- For distress filings and filed reportable event notices, obtain the EIN/PN information from the submitted documents. For non-statutory reportable events, it may be necessary to work with the source or query CAS in order to find a match for the plan.
- Obtain premium information from PAS, i.e., underfunding, etc.

2 Identify and call the plan administrator. Among the things to discuss should be:

- Who you are and why you are calling
- The reportable event that is being investigated
- The upcoming written request for information
- How to contact PBGC and person working on the case (phone and fax numbers, address)
- A request to notify PBGC of changes in status, records or assets in danger, and/or other important information
- The validity of the NOIT, including whether all affected parties have been notified as required.
- Whether any participants are out of pay status.
- Estimated levels of plan assets, plan liabilities (including guaranteed benefits and benefit liabilities). The plan administrator cannot distribute plan assets or take other actions in relation to the proposed termination.
- The reduction of monthly benefits being paid to retirees. The plan administrator is required to reduce benefits to the greater of what can be supported by the plan's funding level or to the PBGC guaranteed level (Title IV). (See 29 CFR 4022: Benefits Payable in Terminated Single-Employer Plans for further information.) All benefits, except for death benefits, must be paid in the form of an annuity.
- That the plan administrator may not purchase any irrevocable commitments from an insurer to provide benefits.
- Status of the plan sponsor--ongoing, bankrupt, liquidating, not in bankruptcy, etc., note for the plan file and forward the information to OGC.
- Imminent bar dates (notify OGC of any established bar dates).
- Whether there is a controlled group and the status of each member.
- The distress test that each member of the controlled group will attempt to establish.
- Find out the name, address, and telephone number of the custodian of the plan assets.
- Determine the status of the records (is there any danger of them being lost or destroyed).
- Request other information that might be relevant to the case.

3 Review Process 2.1 Send Reportable Event/Distress Filing Letters.

4 Determine the size of the plan and approximate amount of underfunding. Except for

distress terminations, this determination of size and funding will require additional information, such as the Actuarial Valuation Report (AVR) and/or Form 5500 Schedule B. If the plan or family of plans has more than $25 million of UBLs, OR more than 5000 participants, forward the case through the PPD Manager to the CFND Director for processing.

5 Consider circumstances which may pose a risk or exposure from increased unfunded liabilities/loss to PBGC: Analyze for circumstances such as the following examples:

- The plan contains shut-down benefits which would create additional liabilities in the event that a facility is closed, and there is good reason to believe that a facility may be closed in the near future.
- There has been a history of withdrawals from the plan, and there is a risk that continued withdrawals will further deplete the plan's assets. (A history of withdrawals from the plan and a risk of continued withdrawals presents a risk to PBGC regardless of the purpose.)
- Monthly payments to participants include substantial amounts of nonguaranteed benefits, and there is a reasonable probability that the sponsor will be unable to continue funding.
- There is a pending change in the controlled group which would affect the collection of employer liability should the plan terminate.

6 Determine if there is an event defined as any event which might create a liability to PBGC, that is, a termination of an underfunded pension plan covered under Title IV.

7 Prepare a *Form 1109 (FORM1109.doc)* to request DUEC/UBL from ASD. See Process 2.3: Request DUEC and UBL from ASD. Forward the form and appropriate supporting information to ASD. Submit as early as possible. Refine as more/better information becomes available.

8 Document all of the above in the case activity log and/or the plan file. Include a summary of the preliminary analysis and facts which led to the decision.

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.4 Determine Status of Pension-Related Records 05/31/96

Action Steps

| | |
|---|---|
| **Purpose** | Ensure that any records needed for making a termination recommendation, managing overall benefits administration, and performing actuarial valuations are being maintained by the plan administrator, and will be available when needed. Copies of many of these may have already been requested and be in the possession of PPD. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Information from the custodian of the records as to whereabouts and status of records. |
| **Process Output and Recipient** | CAS task referral to a TPD, if required |
| **Control Issues** | N/A |
| **Important Concepts** | The PPD auditor or financial analyst in charge of the case makes the decision, in consultation with the supervisor, as to whether the records are in danger.<br><br>When records are in danger, a joint field trip by PPD and TPD representatives ensures that all the appropriate pension-related records are sought. When records are not in danger, the trip may be postponed until TPD does it as part of normal processing and TPD personnel may handle all of the records collecting at that point.<br><br>Occasionally in the past, records were not adequately secured, causing delays in getting participants into pay status or processing the case because of a lack of information. Failure to get good records as early as possible delays case processing. |
| **Guidance** | ERISA Section 4003 gives PBGC the authority to obtain any information deemed necessary in making a determination for termination and trusteeship of a plan. |
| **Procedure Owner** | PPD auditor or financial analyst in charge of case |

## Click Here for More Information...

1.4 Action Steps: Determine Status of Pension-Related Records

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.4 Action Steps: 10/10/97
## Determine Status of Pension-Related Records

1 Call plan administrator, plan sponsor, or custodian of assets, actuarial firms, etc., as necessary, to determine the status of the records.

2 Verify and document the location of the records, the types of records maintained, and what plans they have for the records (for example: maintain, destroy, transfer to another storage location, etc.)

3 Decide if a field trip is warranted.

- If the status of the records is unknown or the records are in danger, continue this procedure.
- If not, simply request the needed records and consider taking a trip later, if it should be required. When postponing the field trip, always be prepared for the possibility of taking the trip at any time.

4 Coordinate with the TPD to schedule a joint trip, if required. See Process 7.1: Initiate TPD Involvement.

5 Request an inventory listing of records from the plan administrator, and inquire about what might be in other storage locations and where those locations are. For records in storage, request an inventory of boxes. If plan records are stored at multiple locations, plan to cover all locations on a single trip.

6 Prepare for the trip:

- Prepare a detailed action plan for the trip. This should include the purpose of the trip, what will be accomplished during the visit, and the responsibilities of each person making the trip. Submit the action plan to PPD supervisor in advance for review and approval. The plan should also include travel details: departure, arrival, address and phone number of lodgings, and name and phone number of contact(s) at the plan administrator or other field trip site.
- Coordinate with the OGC staff attorney on what information is appropriate.
- Review Appendix A - Master Checklist of Documents to Obtain and identify those required for the case. Remember that it is acceptable to enter some data directly into a database on a PBGC-owned computer in the field (provided sample source documents are retained to support the relevant audit report), negating the need for bringing or shipping some documents back to PBGC .
- Arrange for photocopying services, if necessary.
- Arrange for returning information to PBGC (e.g., Federal Express—take PBGC labels and air bills with PBGC account number).
- Arrange for boxes to be sent to the site or ensure that they can be acquired there.
- Arrange with plan administrator for working space.
- If the case will be handled by an FBA, also coordinate with the COTR and have FBA personnel accompany PPD and TPD on the trip.

7 Document all actions and contacts in the activity log and/or plan file.

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.5 Determine Probability of Trusteeship

**09/28/2001**

**Action Steps**

| | |
|---|---|
| **Purpose** | Estimate extent of PBGC's liability.<br><br>Notify the Large Case Coordinator in order to establish LCWG, if necessary, and/or if there is a need for an FBA, and TPD to begin processing.<br><br>Identify cases that should be routed to CFND. |
| **Time Reporting (BMPRS)** | PPD Processing<br><br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Reportable event documentation, plan documentation, Schedule B (5500)/AVR, D&B/Prentice Hall, relevant tax returns, and DUECG/UBL estimates (or as much of this information as is available). |
| **Process Output and Recipient** | Decision on likelihood of trusteeship. |
| **Control Issues** | Any plan that PBGC might terminate with UBLs of $5 million or more has to be identified for the quarterly Probables Report for FOD. |
| **Important Concepts** | Getting other divisions within IOD and the Large Case Coordinator (if required) involved at this point helps speed up the process later. Identifying the probability of trusteeship helps IOD manage workload better. |
| **Guidance** | Follow safeguarding procedures for tax returns received from IRS and stored in COCD. See PBGC Directive on Safeguarding of Tax Returns and/or Tax Return Information Disclosed by the IRS (IM 10-2).<br><br>ERISA 4041 and CFR 4041, Subpart C for distress terminations ERISA 4042 for PBGC-initiated terminations.<br><br>For distress filings that meet certain criteria (insufficient to cover guaranteed benefits, and plan sponsor and all controlled group members are not ongoing businesses), do not pursue completion of the distress filing. Go straight to PBGC-initiated termination in order to save plan assets.<br><br>IOD Policy Bulletin 95-1 |
| **Procedure Owner** | PPD auditor or financial analyst in charge of case. |

## Click Here for More Information...

1.5 Action Steps: Determine Probability of Trusteeship

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.5 Action Steps: 09/28/2001
## Determine Probability of Trusteeship

1 Identify whether the case is a Large Case, and if so, notify the Large Case Coordinator as early in the review as possible. Prepare a *Request for Large Case Working Group Memo (LCWGREQ.doc)*. Identify whether the case will become a FBA Plan (preparation of FBA procurement is addressed in Process 4.7: Request FBA Procurement).

2 Review all information readily available. Determine the extent of PBGC liability. If the plan does not have available assets to pay benefits currently due under 4042(a), termination and PBGC trusteeship of the plan is required. When a controlled group analysis has been accomplished with no viable controlled group member(s) found, the probability of termination is high.

3 Meet with OGC attorney to discuss the case. OGC may have identified legal issues requiring additional factual information or may have additional factual information

4 Follow PBGC policy for determining DOPT. Propose DOPT for the plan based on when participants' expectations for benefits were extinguished and on what date thereafter best serves PBGC's financial interest.

- In a distress termination and assets are sufficient to cover guaranteed benefits, the date in the NOIT may be appropriate.
- The earliest date which may be established as the date of termination for distress and PBGC-initiated terminations is the date participants' expectations were extinguished with respect to continuation of the plan. Expectations may be extinguished by actual notice, i.e., the issuance of a Notice of Intent to Terminate (NOIT), or by constructive notice, i.e., the date which the sponsor goes out of business or goes into receivership, and participants' employment is terminated. The PBGC may establish a later date of termination when, based on facts and circumstances, it determines the later date is in the best interests of the PBGC. The employer's concerns will have no effect on PBGC's decision making.

5 Document assumptions and justification for DOPT chosen. The DOPT can also be the date that is most beneficial to the PBGC.

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.6 Resolve Participants Out of Pay Status

**03/23/2001**

**Action Steps**

| | |
|---|---|
| **Purpose** | Meet PBGC mission of providing for the continued and uninterrupted payment of benefits to eligible payees in covered plans. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Notification or determination that participants are out of pay status from reportable event or other source. |
| **Process Output and Recipient** | Authorization to Place Participants in Pay Status Memo for non-trusteed plans and payments to participants. Director of IOD or DED/COO depending on criteria (Delegation of Authority Memo from DED/COO to IOD Director, Dec. 1, 1994). |
| **Control Issues** | Log all cases in which benefits are being paid prior to PBGC trusteeship. The PPD Program Assistant assigns each case an authorization number in the log. This information is subject to review and needed for reconciling SSC report of payees against the log. The log is also used for quarterly reporting to OED on aging of non-trusteed cases and to FOD for financial statement purposes. |
| **Important Concepts** | If PBGC puts people in pay status prior to trusteeship by working with a third party paying agent (for example, assisting in calculating benefits, etc.), there is an implied intent that PBGC will become trustee of the plan. Avoid the appearance of implied intent. Plan administration is the responsibility of the plan administrator until PBGC trusteeship is effected.<br><br>When PBGC puts participants into pay status prior to trusteeship using PBGC funds pursuant to policy (See Guidance below), PPD generally has 60 days to recommend the plan for termination and trusteeship.<br><br>In some cases, participants are out of pay status simply because the plan administrator became nervous at the time of bankruptcy. Often, a call from PBGC is sufficient to put participants back into pay status. In these cases the TPD will normally use the prior paying agent in the beginning and then transition to SSC.<br><br>Also, participants being out pay status can be the result of an abandoned plan, insufficient funds, no plan administrator, etc. |
| **Guidance** | PBGC Operating Policy Manual 6.7-1 |
| **Procedure Owner** | PPD auditor or financial analyst in charge of case. |

## Click Here for More Information...

1.6 Action Steps: Resolve Participants Out of Pay Status

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.6 Action Steps: 02/13/98

## Resolve Participants Out of Pay Status

Putting participants in pay status using PBGC funds prior to trusteeship requires the initiator to make a determination that the plan "will" be trusteed by PBGC (see Process 1.5: Determine Probability of Trusteeship). All uncertainties should have been resolved by this point. Before taking this step, the auditor or financial analyst should make every effort to have the plan administrator take responsibility for the plan.

1 The plan administrator is either an entity named in the plan document, designated as specified by the plan document, or the company. See 29 U.S.C 1102(a)(18).. Call the plan administrator to determine why people are out of pay status. If there is no plan administrator, treat it as an abandoned plan.

2 Find out where assets are being held (ask plan trustee). If there are assets, request that the plan administrator put participants in pay status.

3 If there are no assets or the plan administrator will not assist, attempt to get enough information about participants for TPDs to be able to calculate benefits and place participants in pay status (normally through the prior paying agent, but it can be through SSC). The plan administrator or the prior paying agent can be the best sources for the needed information.

4 Determine the approximate monthly amount of all benefits to be paid. The authorization must be approved by the Deputy Executive Director/Chief Operating Officer (DED/COO) for amounts greater than $10,000 per month. The IOD Director may authorize the payment of benefits for amounts up to $10,000 per month. Prepare the appropriate memo: *Authorization to Place Participants in Pay Status Memo (< $10,000 a month) (Paysta.doc)* or *Authorization to Place Participants in Pay Status Memo (≥ $10,000 a month) (Paysta2.doc)*.

5 The PPD Audit Supervisor will identify, using the CAS automatic assignment capability or in coordination with the Deputy Director, IOD for Large Cases, which TPD will be assigned case responsibility.

6 Provide the TPD with copies of plan documents, and any information on participants that has been received, such as:

- recent check registers (to include participant names, check mailing addresses, SSNs, and amount of check with withholding
- census data from the actuarial firm
- plan provisions (with applicable factors)
- forms of benefit elections made by participants
- copies of personnel records to include information required by plan provisions for calculating benefits

7 Send the *Pay Request Memo (PAYREQ.doc)* from the Manager, PPD, to the TPD Division Manager. Include actions required to be accomplished by the TPD case team. Attach the authorization memo signed by the IOD Director or the DED/COO granting authority to use PBGC funds.

8 Send a Task Referral on CAS to the TPD Manager requesting payment assistance.

9 Document all actions and contacts in the activity log and/or plan file.

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.7 Request Attorney

**05/31/96**

**Action Steps**

| | |
|---|---|
| **Purpose** | Get an OGC attorney involved in the case early in order to enable the attorney to file claims in court for DUEC, UBL, and unpaid premiums. The attorney will also assist PPD in getting the case recommended for trusteeship. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Case for which OGC involvement is necessary or desirable. |
| **Process Output and Recipient** | Request memo to the General Counsel with preliminary information and point of contact in PPD. |
| **Control Issues** | Request an attorney immediately for all cases involving a legal or judicial proceeding, such as a bankruptcy. |
| **Important Concepts** | While not all cases require that the attorney be assigned up front, in many cases it is a very good idea. All bankruptcies require that an attorney be assigned upon receipt. The attorney needs to be assigned quickly in order to act in time to meet bar dates, confirmation hearings, coordinate getting information from the plan sponsor (especially in bankruptcy cases), etc. If we miss bar dates, PBGC may lose its standing in bankruptcy court which may reduce the likelihood of recovery.<br>This step may be postponed until later, if it is determined that the attorney is not needed immediately. However, the involvement of an attorney will be necessary before recommending a plan for termination and trusteeship. |
| **Guidance** | N/A |
| **Procedure Owner** | PPD auditor or financial analyst in charge of case. |

## Click Here for More Information...

1.7 Procedure: Request Attorney

**Determine Type of Case, Assign, and Begin Collecting Initial Case Information**

## 1.7 Action Steps: 02/13/98

## Request Attorney

**Note** This step should generally be taken early in the process when deemed appropriate.

Manual

1. Check with the OGC file room to see if an attorney has already been assigned to the case. If they are unable to provide an answer, call the OGC Administrative Officer.
2. If no attorney has been assigned, send *Attorney Assignment Memo (ATTRNYRQ.doc)* to OGC (address the request to the General Counsel). Include the reportable event description, any other preliminary information, and the point of contact(s) in PPD (and TPD, if involved at this point).

## 1.8 Forms, Letters, Memos, etc.

06/29/2001

**Note** After opening a file listed below, use **File / Save As** to give appropriate name and save with other case related files. To switch between the file and the online IOD Procedures Manual, press **ALT+TAB**.

***Administrative Review Procedures (Noncompliant)***
ADREVNON.doc

***Attorney Assignment Memo***
ATTRNYRQ.doc

***Authorization to Place Participant in Pay Status Memo ( < $10,000 )***
Paysta.doc

***Authorization to Place Participant in Pay Status Memo ( ≥ $10,000 )***
Paysta2.doc

***Form 333 – Request for Access to Tax Return Information Disclosed by the Internal Revenue Service***
Form333.doc

***Form 1109 – Request for Underfunding and Minimum Funding Calculations***
FORM1109.doc

***Invalid 601 Letter***
INVAL601.doc

***Invalid NOIT (Form 600) Letter***
INVAL600.doc

***IRS Document Request – 26 or more participants***
IRSDOCRQ.doc

***IRS Document Request – less than 26 participants***
IRS25RQ.doc

***IRS Request Letter***
Irsreq.doc

***IRS Returns Request - Tax Exempt Entities***
Irsexmpt.doc

***Non-Covered Plan Memo***
NONCVRED.doc

***Pay Request Memo***
PAYREQ.doc

***Reportable Events Acknowledgment Letter***
REACKINF.doc

***Reportable Event Requirement Letter***
REREQINF.doc

***Reportable Events Information List***
RE-LIST.doc

***Request for Large Case Working Group Memo***
LCWGREQ.doc

***Third Party Reportable Event Acknowledgement Letter***

3RDPTYRE.doc

***Valid 601 Letter***
VAL601.doc

***Valid NOIT Letter (Form 600)***
VAL600.doc

## PR 02. Gather Plan & Sponsor Information


2. Overview

2. Workflow for Process

2.1 Send Reportable Event/ Distress Filing Lettersr

2.2 Issue Administrative Subpoena

2.3 Request DUEC & UBL from ASD

Forms, Letters, Memos, etc.

## 2. Overview

**02/13/98**

Plan and sponsor information serve the dual purposes of enabling PPD to make a determination and providing the TPD with some of the information necessary to calculate benefits and value the plan.

Other goals of this process are to:

- further develop a good relationship with the plan sponsor and plan administrator, and
- to begin sharing information with the TPD if it is already involved.

**Recognize that early, efficient data collecting does more to shorten total case processing than any other PPD activity**, while serving PPD's immediate goal of obtaining information necessary to make a recommendation regarding termination. Use this process to start obtaining information PBGC will need to process the case from start to finish. This will minimize delays and eliminate multiple requests for the same information. In addition to collecting plan and plan sponsor information needed to determine whether termination and trusteeship of a plan will be recommended, PPD also initiates the collection of basic participant data (names, SSN, and addresses) for plans that are expected to be trusteed. This early collection of basic participant data enables the TPDs to begin early processing of cases. Assuming that the records are not in danger, though, PPD normally will only collect enough participant data to determine whether a plan will be recommended for termination and trusteeship. When participant data is received during pre-trusteeship before a TPD has been assigned, it is passed to the TPD team during the initial PPD/TPD meeting or with the Document Transfer List Memo as part of the transfer of information. (See Process 8.1: Transfer Information From PPD to TPD.)

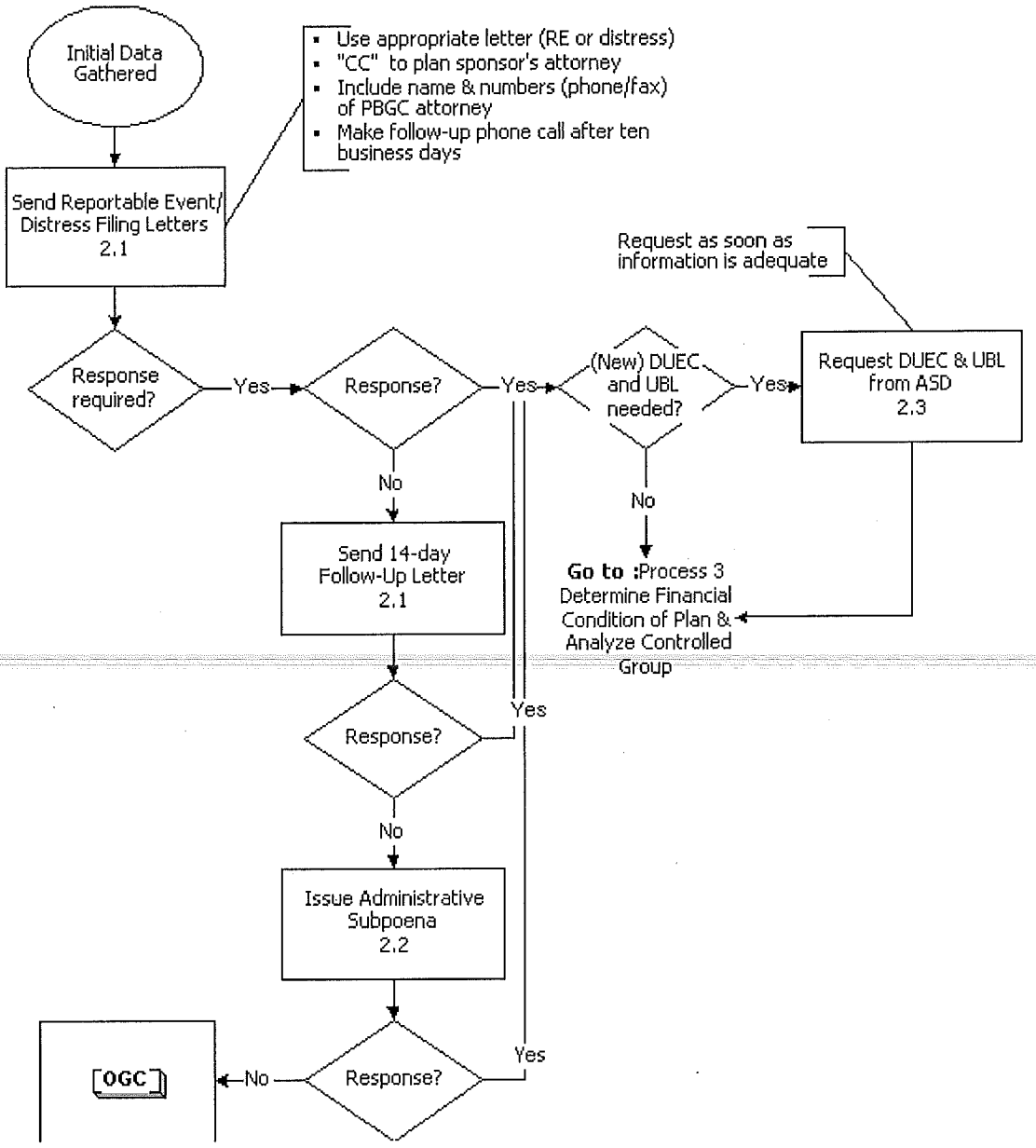
Pre-Termination Processes

Browse Workflows:

Gather Plan and Sponsor Information

## 2. Workflow for Process 2

06/29/2001



**Gather Plan and Sponsor Information**

## 2.1 Send Reportable Event/ Distress Filing Letters

**06/29/2001**

**Action Steps**

| | |
|---|---|
| **Purpose** | **Reportable Events** - Acknowledge receipt of the reportable event by sending the appropriate acknowledgment letter requesting the necessary information.<br><br>**Distress Filings** - Acknowledge receipt of distress filing, NOIT, Form 600, etc., and initiate official contact with plan administrator/sponsor.<br><br>**Either case type** - Initiate the paper trail necessary to issue an administrative subpoena. |
| **Time Reporting (BMPRS)** | PPD Processing<br><br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Identification of information needed and addressee. |
| **Output and Recipient** | PPD receipt of required information. |
| **Control Issues** | Consult with OGC, if appropriate.<br><br>Ensure that the letter is dated and that the file copy has the date. The completeness of data collected at this point has a large effect on the success of recovery efforts, timing and accuracy of valuations, and other timely processing of the case. The success of this effort, along with additional data gathering by TPD, has a greater effect on the efficiency of IOD operations than any other PPD activity. When encountering resistance from company officials or the plan administrator, use PBGC's authority to subpoena documents. Consult OGC before issuing a subpoena to any entity that is in bankruptcy proceedings. |
| **Important Concepts** | Modify the *Reportable Events Information List (RE-LIST.doc)* so that it reflects only information needed to process the case that has not already been provided to PBGC. Refer to Appendix A: Master List of Documents to Obtain. Confirm telephone requests for information by letter as soon as possible. |
| **Guidance** | ERISA 4003: PBGC authority to obtain information necessary to process a case. |
| **Procedure Owner** | Financial Analyst or Auditor in charge of case. |

## Click Here for More Information...

2.1 Action Steps: Send Reportable Event/Distress Filing Letters

**Gather Plan and Sponsor Information**

## 2.1 Action Steps: 06/29/2001

## Send Reportable Event/ Distress Filing Letters

1 Determine additional information needed from plan sponsor/administrator. Review the information already received and use Appendix A: Master List of Documents to Obtain to determine what else to request. The documents to request will be determined by the type of case, circumstances, and what information is already held by PBGC. This is primarily a judgment call by the auditor or financial analyst handling the case. Consider including the administrative subpoena with the 14 day letter to shorten the time frame and increase the level of responsiveness. Determine additional information needed from plan sponsor/administrator. Review the information already received and use Appendix A: Master List of Documents to Obtain to determine what else to request. Consider including the administrative subpoena with the 14 day letter to shorten the time frame and increase the level of responsiveness. This provides a method of shortening the process if there is no reply to the *Reportable Events Acknowledgment Letter (REACKINF.doc)* or *Reportable Event Requirement Letter (REREQINF.doc)* and telephone contact has demonstrated that the plan administrator is uncooperative. See Process 2.2: Issue Administrative Subpoena.

- For Example, request from the company, or the trustee in bankruptcy cases (Chapter 7 or 11, when trusteed), the company's business or management plans and latest financial statements, audited or unaudited. If no business plan is available, request an operating budget that has income statements projected for a year or more. Frequently, little or none of this information will be available, but it is best to request it in case it is available. Analyzing this information, if it is available, helps PPD to determine the capability of the sponsor to survive and support the plan, as well as providing financial background on the sponsor.

2 Call the plan sponsor/administrator and notify them to expect a letter requesting documents. Send a copy to the sponsor's attorney or representative, if known.

3 Prepare the appropriate letter(s) and ensure a copy is placed in the file. With each letter, prepare and enclose a *Reportable Events Information List (RE-LIST.doc)*, modified to request only information needed to process the case.

a. **If the Plan Administrator notified the PBGC of the reportable event,** prepare a *Reportable Events Acknowledgment Letter (REACKINF.doc)*. This letter and the attached *Reportable Events Information List (RE-LIST.doc)*:

- remind the administrator of his duties as administrator, and
- request information necessary to process the case that has not already been received by PBGC.

b. **If the Plan Administrator has not filed a reportable event notice**, and PBGC discovers that a reportable event has occurred, prepare a *Reportable Event Requirement Letter (REREQINF.doc)*. This letter and the attached *Reportable Events Information List (RE-LIST.doc)*:

- advise the Plan Administrator of his/her obligations as administrator;
- advise the Plan Administrator that 4071 penalties can be assessed;
- request information necessary to process the case that has not already been received by PBGC; and
- are always sent when a *Third Party Reportable Event Acknowledgment Letter*

*(3RDPTYRE.doc)* is sent to a third party.

**c.** When someone other than the Plan Administrator (service provider [bank, actuarial firm, insurance company, etc.] or participant who was not required to file notice of the reportable event) notifies PBGC, prepare a *Third Party Reportable Event Acknowledgment Letter (3RDPTYRE.doc)*. This letter and the attached *Reportable Events Information List (RE-LIST.doc)*:

- acknowledge notice of this event;
- request information necessary to process the case that has not already been received by PBGC that is reasonably expected to be in the possession of the addressee;
- and are sent in addition to a *Reportable Event Requirement Letter (REREQINF.doc)* to the Plan Administrator.

**d.** For a NOIT (Form 600), prepare either a Valid NOIT (Form 600) Letter (VAL600.doc), or an Invalid NOIT (Form 600) Letter (INVAL600.doc).

**4** Call addressee after ten days to verify receipt. Document the call in the activity log.

**5** If response has not been received by the 14th day, prepare a case-specific 14-day letter:

- Attach copy of previously mailed Reportable Event Requirement Letter or Reportable Event Acknowledgment Letter, Third Party Reportable Event Acknowledgement Letter, and the Reportable Event Information List.
- Send letter (verify date stamp) and place copy in file.

**6** Call addressee after ten days to verify receipt of 14 day letter. Document the call in the case activity log.

**7** If a response has not been received within 14 days, continue to Process 2.2: Issue Administrative Subpoena and notify the OGC attorney assigned to the case. If the person to whom the subpoena is to be issued is in bankruptcy, consult OGC before issuing the subpoena.

**Gather Plan and Sponsor Information**

## 2.2 Issue Administrative Subpoena

**06/06/97**

Action Steps

| | |
|---|---|
| **Purpose** | Empower PBGC to require recipient to provide requested records that are needed to process a case. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | An unanswered 30-day letter and/or 14-day follow-up letter.<br>Clearly uncooperative sources. Uncooperative could be defined as anyone who will not voluntarily furnish information or documents when requested to do so by PBGC. This is demonstrated by non-response to letters; refusing to take telephone calls; taking calls, but refusing to act on request for information; or non-responsiveness such as agreeing to provide information, but never carrying out the action. |
| **Output and Recipient** | Subpoena to a source of needed information. |
| **Control Issues** | Administrative subpoenas must be signed by a PBGC official at the GS-15 level or higher. The PPD Manager will review and sign all administrative subpoenas issued from PPD. Other IOD division managers will review all administrative subpoenas from their respective divisions. |
| **Important Concepts** | Coordinate the use of administrative subpoenas with the PPD Manager and OGC. IOD may issue administrative subpoenas only to obtain documents which are needed for case processing. PBGC must use procedures for issuing administrative subpoenas which will ensure that they are legally enforceable.<br>The subpoena must be specific as to requested documents. Recognize the extent and cost to the person of complying with the terms of the subpoena and consider a field trip with a subpoena instead.<br>Once a subpoena is issued, cooperation may be limited to the extent required by the subpoena. In cases where the plan administrator /sponsor demonstrates an uncooperative stance, consider using the administrative subpoena sooner. Recognize that someone who does not respond to a written request for information should be considered uncooperative.<br>Previously handled only by OGC, the administrative subpoena gives more investigative authority to IOD with certain enforcement capability. |
| **Guidance** | ERISA 4003 |
| **Procedure Owner** | PPD financial analyst or auditor in charge of case, TPD case team, and division manager. |

## Click Here for More Information...

2.2 Action Steps: Issue Administrative Subpoena

**Gather Plan and Sponsor Information**

## 2.2 Action Steps: 06/06/97
## Issue Administrative Subpoena

1 Consult with the OGC attorney assigned to the case. There may be situations when OGC will issue the subpoena, such as when the case is in litigation or the plan sponsor is in bankruptcy. Consult the OGC attorney in the following situations:

- The investigation requires information beyond that requested by the model subpoena.
- The language of the model subpoena does not fit the circumstances.
- The contributing sponsor is a partnership.
- The contributing sponsor is in bankruptcy.

2 Verify that all information to be requested in the subpoena has been requested before in writing or that the written request accompanies the subpoena. Note that when requesting information by telephone; always send a letter confirming the conversation as soon as possible.

3 Use the sample *Administrative Subpoena (Modeliod.doc)* to create the subpoena. Since an administrative subpoena is a legal document, carefully follow the language in the model document. The model document contains phrases in **bold type** that indicate where particular words should be inserted or omitted and to provide general guidance. The model administrative subpoena contains a schedule requesting documents relating to plan information and corporate information. These phrases and sentences in **bold type** should not appear on the final administrative subpoenas. Keep in mind that the requests for corporate information focus on collecting controlled group material. Limit requests to information actually needed for the investigation.

4 Prepare the *Administrative Subpoena Cover Letter (Subcovlt.doc)* to accompany the subpoena.

5 The Administrative Subpoena will be reviewed and signed by the Manager, PPD (or other division manager for subpoenas not issued by PPD).

6 Send the subpoena by certified mail or Federal Express to ensure a proof of delivery. Send a copy of the subpoena to the OGC attorney assigned to the case.

7 Document all actions and calls in the activity log and/or plan file.

**Gather Plan and Sponsor Information**

## 2.3 Request DUEC and UBL from ASD

**03/19/2004**

Action Steps

| | |
|---|---|
| **Purpose** | Estimate DUEC and UBL amounts needed to file in bankruptcy, PBGC's exposure, claims for the DUEC and UBL, and Premiums owed to PBGC. This identifies the funding status of the plan, and the priority status of claims. Identify probable terminations for financial statement purposes. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Most recent AVR and/or 5500 Schedule B (as many and as recent as possible). Two or more years of financial statements which contain asset and benefit information or any other additional information would be helpful. Use Form 1109, Request for Underfunding and Minimum Funding Calculations.<br>Proposed DOPT. |
| **Output and Recipient** | DUEC and UBL for:<br>OGC to use in filing liquidated claims.<br>IOD for estimating amounts of plan assets, benefits, and employer liability.<br>FOD for financial statements. |
| **Control Issues** | Maintain documents used to support calculations. |
| **Important Concepts** | DOPT should be firm. |
| **Guidance** | ATM IX: DUEC's and UGB.<br>Procedures Manual for the Contingency Working Group Single-Employer Contingencies |
| **Procedure Owner** | Auditor or financial analyst assigned to case |

## Click Here for More Information...

2.3 Action Steps: Request DUEC and UBL from ASD

**Gather Plan and Sponsor Information**

## 2.3 Action Steps: 03/19/2004
## Request DUEC and UBL from ASD

1 If not previously requested, prepare *Form 1109 (FORM1109.doc)*

2 Attach supporting documents.

3 Hand deliver to ASD.

4 ASD has 30 days to respond to request. Make a follow up call when it is due if it has not been received.

5 Contact the PPD Manager, who will coordinate with ASD, if the request needs to be expedited. For special or urgent requests, specify the required completion date on the Form 1109.

- Requests from OGC for expedited DUEC/UBL require the concurrence of the appropriate Assistant General Counsel. These requests will be routed through the PPD Audit Supervisor for PPD supervisory concurrence.

6 Form 1109 Request for Underfunding and Minimum Funding Calculations is the only form in use for these calculations. (Form 1109E is obsolete). For a revised calculation, indicate on Form 1109 that a prior request was made, and the date of the earlier request. Ensure that updated information is attached. The prior calculation sheet should be attached to the form. Otherwise the procedures are the same.

7 Document all actions and calls in the activity log and/or plan file. When ASD returns the DUEC/UBL, update the DUEC and Estimated Plan Liabilities and Assets milestones on CAS.

8 If the Case has been classified as Probable for the Contingency Working Group (CWG), then while the case is classified as Probable, request quarterly plan financial statements and update CAS (Custodian Data & Custodian Asset Data) per the CWG Procedures.

9 After CAS has been updated, forward the plan asset statements to FOD/FRAAB.

## 2.4 Forms, Letters, Memos, etc.

06/29/2001

**Note** After opening a file listed below, use **File / Save As** to give appropriate name and save with other case related files. To switch between the file and the online IOD Procedures Manual, press **ALT+TAB**.

***14-Day Letter***
14DAY.doc

***Administrative Subpoena***
Modeliod.doc

***Administrative Subpoena Cover Letter***
Subcovlt.doc

***Form 333 - Request for Access to Tax Return Information Disclosed by the Internal Revenue Service***
Form333.doc

***Form 1109 – Request for Underfunding and Minimum Funding Calculations***
FORM1109.doc

***Invalid NOIT (Form 600) Letter***
INVAL600.doc

***IRS Document Request – 26 or more participants***
IRSDOCRQ.doc

***IRS Document Request – less than 26 participants***
IRS25RQ.doc

***Reportable Events Acknowledgment Letter***
REACKINF.doc

***Reportable Event Requirement Letter***
REREQINF.doc

***Reportable Events Information List***
RE-LIST.doc

***Third Party Reportable Event Acknowledgement Letter***
3RDPTYRE.doc

## PR 03. Determine Financial Condition of Plan & Analyze Controlled Group


3. Overview

3. Workflow for Process 3

3.1 Identify Controlled Group

3.2 Determine Impact of Proposed Reorganization

Forms, Letters, Memos, etc.

Determine Financial Condition of Plan & Analyze Controlled Group

## 3. Overview

05/31/96

**The goal of analyzing a plan sponsor's membership in a controlled group is to determine whether or not a viable entity or group of entities within the controlled group (including the plan sponsor) can afford to fund the plan, thus avoiding the need to terminate and trustee the plan.** Even if no member can afford to fund the plan, once the plan is terminated PBGC can still take recovery action against a controlled group member because they are all "jointly and severally liable".

**Prior to 1986 and the passage of the Single Employer Pension Plan Amendments Act (SEPPAA), a plan sponsor could arbitrarily exercise the decision to terminate a plan regardless of the plan's funding condition.** In most cases, when this happened, PBGC had no choice but to assume responsibility for those plans which terminated with insufficient assets to provide guaranteed benefits. This was true regardless of the sponsor's ability to continue the plan. Thanks to SEPPAA and the Pension Protection Act of 1987, employers can no longer arbitrarily transfer their unfunded pension liabilities to the plan termination insurance system (PBGC) and avoid paying promised pension benefits. These Acts were enacted, among other things:

- to increase the likelihood that participants and beneficiaries in covered single-employer defined benefit pension plans will receive their full benefits;
- to provide for the transfer of unfunded pension liabilities onto the single-employer pension plan termination insurance system only in cases of severe hardship;
- to improve the treatment of pensions in Chapter 11 bankruptcy procedures; and
- to increase employer liability to participants when pension plans terminate, thereby providing participants with better protection against the loss of benefits.

**Under ERISA, PBGC protects itself and participants if one (or more) of the members of the controlled group agrees to fund the plan.** If that is not possible and PBGC terminates and trustees the plan, PBGC can try to recover assets from controlled group members to offset PBGC liabilities. Either to terminate or pursue collection fully, PBGC should determine the controlled group members and their viability.

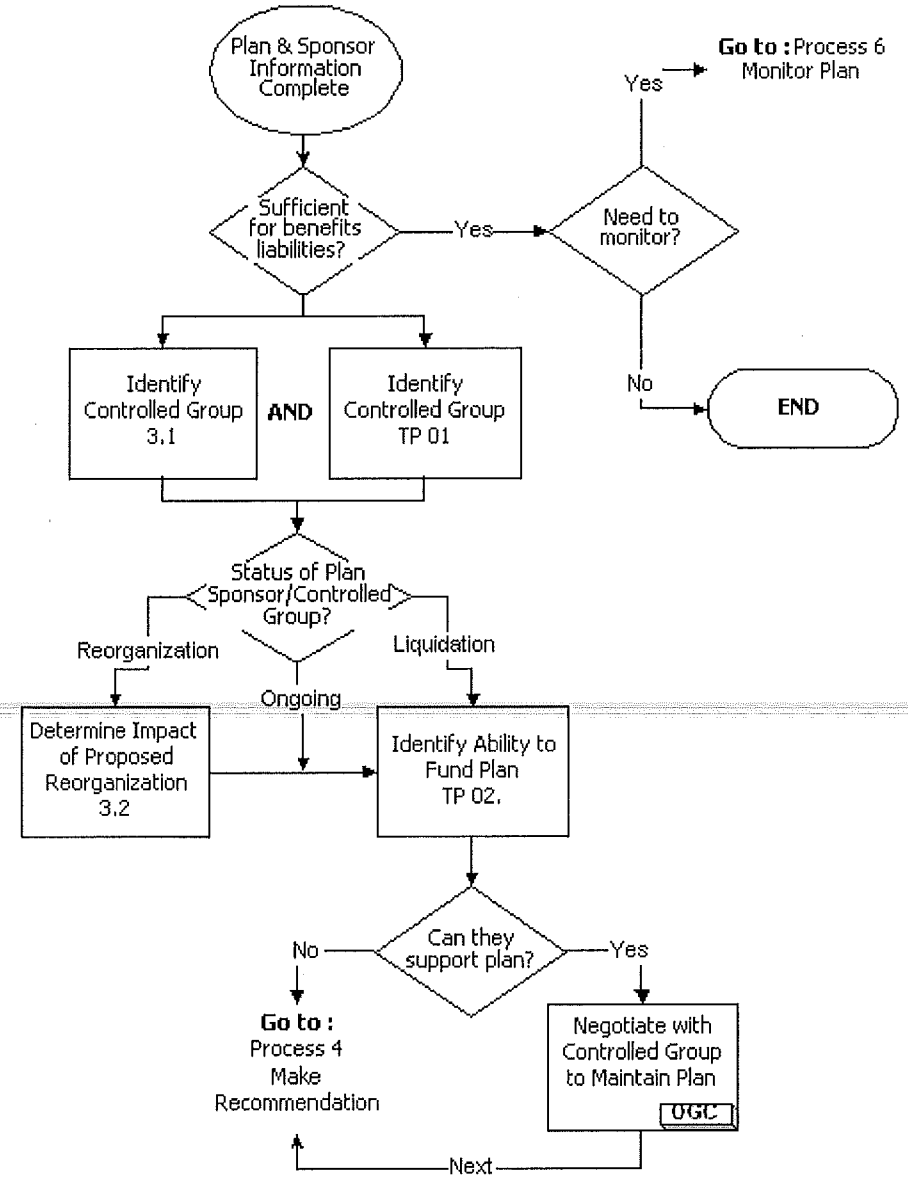
**PPD starts the initial controlled group analysis with readily obtainable information, and investigating further when the collected information suggests more analysis is necessary (such as when a potentially viable controlled group member is found).** Controlled group considerations may affect the application of termination criteria to a case, and may help determine the appropriate DOPT. Once a case is referred to a TPD, the TPD develops the findings of the initial analysis, if necessary, to complete and issue a final controlled group determination. This final determination, which may add to the initial findings, constitutes PBGC's Agency determination on which recovery actions are based.

For specific and general information on bankruptcies, see Bankruptcy Overview in Appendix C.

**Determine Financial Condition of Plan & Analyze Controlled Group**

## 3. Workflow for Process 3

05/31/96



**Determine Financial Condition of Plan & Analyze Controlled Group**

## 3.1 Identify Controlled Group

**09/22/99**

Action Steps

| | |
|---|---|
| **Purpose** | Identify potential financially liable party or parties which could continue to fund and administer the plan. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Readily obtainable plan and sponsor information, such as D&B reports, CDB Infotek reports, bankruptcy filings, public filings (10Ks, etc.), and tax returns. |
| **Output and Recipient** | Controlled group analysis for PPD use and, later, for TPD use. |
| **Control Issues** | N/A |
| **Important Concepts** | The goal is to identify parent/subsidiary and brother/sister relationships and controlled group members.<br>Prior to issuance of IOD Policy Bulletin 95-1, a full controlled group audit generally was performed in order to get the plan trusteed. Since 95-1, PPD does the initial controlled group analysis. The TPDs prepare the final determination, but may rely on the PPD analysis, based on facts and circumstances. Changes, if any, in the controlled group members may be relevant in setting the date of plan termination (DOPT). |
| **Guidance** | ERISA 4061-4064, CFR 4001.3, and IRC 414 describe controlled groups, make members liable for plan funding, and authorize PBGC to investigate them.<br>Treasury Regulations 1.414 (b) & (c)<br>IOD Policy Bulletin 95-1<br>PBGC Operating Policy Manual 7.2-1 |
| **Procedure Owner** | PPD financial analyst or auditor in charge of case. |

## Click Here for More Information...

3.1 Action Steps: Identify Controlled Group

**Determine Financial Condition of Plan & Analyze Controlled Group**

## 3.1 Action Steps: 09/22/99

## Identify Controlled Group

Note that IOD Policy Bulletin 95-1 states that IOD will conduct a preliminary controlled group analysis for the purpose of determining whether the PBGC should seek termination and/or trusteeship of a plan or group of related plans when (1) the estimated total unfunded guaranteed benefits are $5 million or less and (2) the plans are exempt from review by the TWG. For all other cases, a full controlled group analysis is necessary. A preliminary controlled group analysis will be done by PPD based on a review of Dun & Bradstreet and Infotek reports, tax returns (if available), Infotek on-line service, and filings made by the debtor in bankruptcy court, if applicable. If this analysis does not identify the existence of a viable controlled group member and the plan is insufficient to cover guaranteed benefits, the plan(s) should be recommended for trusteeship as soon as possible. See TP 1: Identify Controlled Group for detailed procedures on controlled group analysis.

1. Gather source documents, including Dun & Bradstreet reports, CBD Infotek reports, plan sponsor's tax returns, bankruptcy filings, etc., as listed above. These should have been requested earlier (Process 1.2: Begin Collecting Data).
2. Determine ownership of plan sponsor (mostly from D&B and corporate tax return).
3. Identify whether or not there are any parent or subsidiary corporations.
4. Determine if identified owners also own other entities (brother-sister corporations). This may require requesting individual tax returns.
5. Determine whether any controlled group members claim business expense deductions and/or depreciation for rental property on their Federal tax returns. (Rental property may be considered a trade or business by PBGC for purposes of determining a controlled group. If it is, the value or a portion of the value of the property will be added to the net worth of the controlled group, per PBGC Operating Policy Manual 7.2-1.)
6. Document the finding as a preliminary analysis and enter information in the Controlled Group Milestone in CAS.

**Determine Financial Condition of Plan and Analyze Controlled Group**

## 3.2 Determine Impact of Proposed Reorganization 05/31/96

**Action Steps**

| | |
|---|---|
| **Purpose** | Determine whether a company's Plan of Reorganization (POR) is feasible and whether the post-reorganization company will be able to fund the pension plan along with other obligations. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | POR with accompanying Disclosure Statement, Statement of Affairs ( SOA) with all schedules, Business Plan, financial projections, DUEC/UBL , and proposed minimum funding (if plan is ongoing). |
| **Output and Recipient** | Determination of feasibility of reorganization and the impact on the pension plan. |
| **Control Issues** | N/A |
| **Important Concepts** | The purpose of a Chapter 11 reorganization is to give a company a "second chance". It permits the company to restructure its debts, usually paying off only a portion over a period of time. One of these obligations is to the pension plan. If the PBGC receives adequate advance notification of the bankruptcy's bar date, the PBGC will file claims on behalf of the pension plan for DUEC and UBL. Until the pension plan is actually terminated, these claims are contingent (upon the termination of the plan).<br>Determining whether or not a company is likely to survive a reorganization is a complex process requiring experience and judgment.<br>See the Bankruptcy OverviewApdx_C_Bankruptcy_Overview in Appendix C |
| **Guidance** | ERISA 4041 |
| **Procedure Owner** | PPD financial analyst or auditor in charge of case. |

## Click Here for More Information...

3.2 Action Steps: Determine Impact of Proposed Reorganization

**Determine Financial Condition of Plan & Analyze Controlled Group**

## 3.2 Action Steps: 09/28/2001

## Determine Impact of Proposed Reorganization

1 **As part of the reorganization process, a company generally prepares a POR and Disclosure Statement which are distributed to creditors.** Review the POR when it becomes available. The timeframe for that availability could vary significantly among cases. The basic question is "are PBGC and the pension plan being treated equitably in respect to other like creditors?" Review the proposed POR to see if it adequately treats the pension obligation (both existing and going forward, if the plan is continued) and to determine if the financial projections contained in the POR are reasonably achievable. As part of the reorganization process, a company generally prepares a POR and Disclosure Statement which are distributed to creditors. Review the POR when it becomes available. The time frame for that availability could vary significantly among cases. The basic question is **"is the pension plan being treated equitably in respect to other like creditors?"** Review the proposed POR to see if it adequately treats the pension obligation (both existing and going forward, if the plan is continued) and to determine if the financial projections contained in the POR are reasonably achievable.

- **The existing pension obligation is obtained from the DUEC/UBL calculation prepared by ASD (see Process 2.3 Request DUEC and UBL From ASD).** This will generally show the DUEC broken into three categories, which reflect the way the claims are treated in the bankruptcy: (1) post-petition (a)(1), (2) accrued during the 180 days prior to the filing of the bankruptcy (a)(4), and (3) general unsecured. In rare cases, there may be an additional category for DUEC accrued during a portion of the time after the filing: post-petition (a)(2)). Also, in some cases there may be a lien for a portion of the DUEC, which is treated as a secured claim, if the lien was perfected prior to the filing of the bankruptcy. OGC also files claims for the UBL, and, in some instances, a portion of the UBL will be filed as a priority claim. UBL priority in bankruptcy generally depends on whether the contributing sponsor and its controlled group have net worth. If it appears that there is positive net worth, notify OGC.
- **To review the POR/Disclosure Statement the reviewer will usually need a projection of minimum funding from ASD, assuming the pension plan is to be ongoing after the reorganization.** Determine how the existing pension obligation (obtained from the DUEC/UBL calculations) is treated in the POR. Is the pension obligation being treated equitably relative to other creditors of like standing? For example, if the 180-day DUEC claim (which is priority [a][4]) is to be paid 25 cents on the dollar while another (a)(4) claim is to be paid 75 cents on the dollar, this should immediately be brought to the attention of OGC so that they can object.
- **After considering how the existing pension obligation is to be treated in the proposed POR, determine (assuming the pension plan is going to be continued) whether the company's financial projections (as contained in the POR) are reasonable and provide sufficient earnings to pay the ongoing minimum funding of the plan.**

2 **Review the SOA and all schedules, including:**

- **The "summary of debts and property" near the end of the SOA**, which provides a standardized balance sheet with cross-references to supporting schedules.
- **Schedule A-1**, the itemization of all debts scheduled by the debtor that are entitled to priority.

- **Schedule A-2**, the itemization of secured debts including the amount of the debt, the name of the creditor, a description of the collateral, and an estimate of the value of the collateral. When collateral includes real property, it should be described in Schedule B-1.
- **Schedule A-3**, the itemization of all general unsecured claims acknowledged by the debtor, to identify major unsecured creditors, disputed claims, and any pension claims included by the debtor.
- **Schedule B-2**, the itemization of all assets other than real property.

3 **Determine whether or not the company can successfully reorganize and emerge from bankruptcy.** This is a complex task. Consider the following and give a best judgment opinion based on experience and professional judgment:

- **If the business is to be continued in essentially the same form after the reorganization, it may be relevant to look at historical financials and extend them into the future.** In other cases, however, the reorganized company will be substantially different than the company in the past (the number of product offerings may be cut, certain manufacturing processes eliminated, administrative overhead costs cut, etc.). When the reorganized company is expected to be significantly different from the historical company, it may not be useful to extrapolate from historical financials.
- **Ask general business questions about the company: who is the competition, what market share does the company have, etc.** If the financial projections contained in the POR look extremely optimistic and not achievable, it may be necessary to get more information from the company's management, possibly including a plant visit. Before representing to OGC that the projections are unreasonable, have a thorough and well-thought-out analysis prepared. The reason is that a bankruptcy judge will normally accept the projections of the company, which are considered to have been prepared by "operating experts." For PBGC to challenge this view, its case should be strong.
- **If the financial projections of the POR, while optimistic, are still achievable, determine if the projected earnings are adequate to cover ongoing minimum funding.** This involves comparing projected earnings before taxes and pension expense ("EBTP") with the minimum funding projection. If EBTP is inadequate to cover minimum funding, this should be documented and immediately brought to the attention of the OGC attorney handling the bankruptcy.
- **In some cases the POR will propose a termination of the pension plan. If so, the POR should include adequate detail about how the plan is to be terminated.** Generally this will be by way of a distress filing. If the debtor proceeds under the second distress test, the bankruptcy must not have been dismissed as of the proposed termination date and that the bankruptcy court must approve the termination. PBGC must be given advance notice of the debtor's request for approval of the distress termination. The court, in approving the termination, must determine that, unless the plan is terminated, the debtor will be unable to pay all its debts pursuant to a POR and will be unable to continue in business outside the reorganization process. Other controlled group members, if any, will each have to meet one of the distress criteria also, but unless they themselves are in bankruptcy, the court cannot make a determination regarding them. (See Process 1.1: Determine Type of Filing and Assign Case).
- **Under certain circumstances the PBGC may determine that a pension plan whose plan sponsor is in bankruptcy must be terminated involuntarily in order to protect the pension plan and/or the PBGC.** For example, the POR may propose that certain controlled group members be sold off, with the proceeds used to fund a settlement with certain creditors while containing no provision to either terminate the

pension plan or provide adequately for its maintenance on an ongoing basis. Since all members of the controlled group are liable for the plan's minimum funding under the joint-and-several liability concept, removing some entities from the controlled group weakens the collective earning power that may be used to support the ongoing pension plan. If the PBGC's potential liability with respect to the plan may increase unreasonably as a result of the controlled group's breakup, this may constitute grounds for a discretionary PBGC-initiated termination of the plan. Any such finding should be documented and also coordinated with OGC (see Process 1.1: Determine Type of Filing and Assign Case).

4 **Document findings and judgment in the activities log and/or the plan file.**

## 3.3 Forms, Letters, Memos, etc.

05/31/96

**Note** After opening a file listed below, use **File / Save As** to give appropriate name and save with other case related files. To switch between the file and the online IOD Procedures Manual, press **ALT+TAB**.

**None**

## PR 04. Make Recommendation


4. Overview

4. Workflow for Process 4

4.1 Determine Recommendation

4.2 Close Case

4.3 Prepare TWG Memo, TDR, NOD or Distress Determination Letter, Draft TA (if applicable)

4.4 Form Large Case Working Group (If Required)

4.5 Request Insurance Information

4.6 Initiate Request for Participant Data

4.7 Request FBA Procurement

4.8 Refer Fiduciary Breach Issues to DOL

 Forms, Letters, Memos, etc.

## 4. Overview

**03/28/2003**

Use the collected plan and sponsor information, documentation of all actions, DUEC and UBL calculations, controlled group analysis, and DOPT justification to determine whether or not to recommend that PBGC close the case, monitor it, or terminate and become trustee of the plan. In certain cases there may be a long run liability potential for PBGC. If the plan poses little or no current liability, but will pose a long term loss potential, consider recommending termination as soon as possible.

Analysis of this information may indicate to PBGC that there may be a breach of fiduciary responsibility (see Title I of ERISA). Notification of same is provided to the Employee Benefits Security Administration/ DOL, regardless of whether PBGC determines to close, monitor or terminate and trustee a case. (See Process 4.8: Refer Fiduciary Breach issues to DOL.)

Support the recommendation in the Trusteeship Determination Record (TDR ). Remember that one of PBGC's goals is to apply consistency to like-type events or circumstances across all cases to preserve the integrity of PBGC's decision-making. The financial analyst or auditor in charge of the reportable event or distress termination case is responsible for making the recommendation and obtaining supervisor and PPD Management Team approval. The TDR will be routed through OGC for concurrence. (See Process 5: Route Recommended Termination.)

In addition to developing the termination and trusteeship documents (TWG Memo, Notice of Determination or Distress Determination Letter, and Trusteeship Agreement), PPD may take several actions to process the case, including:

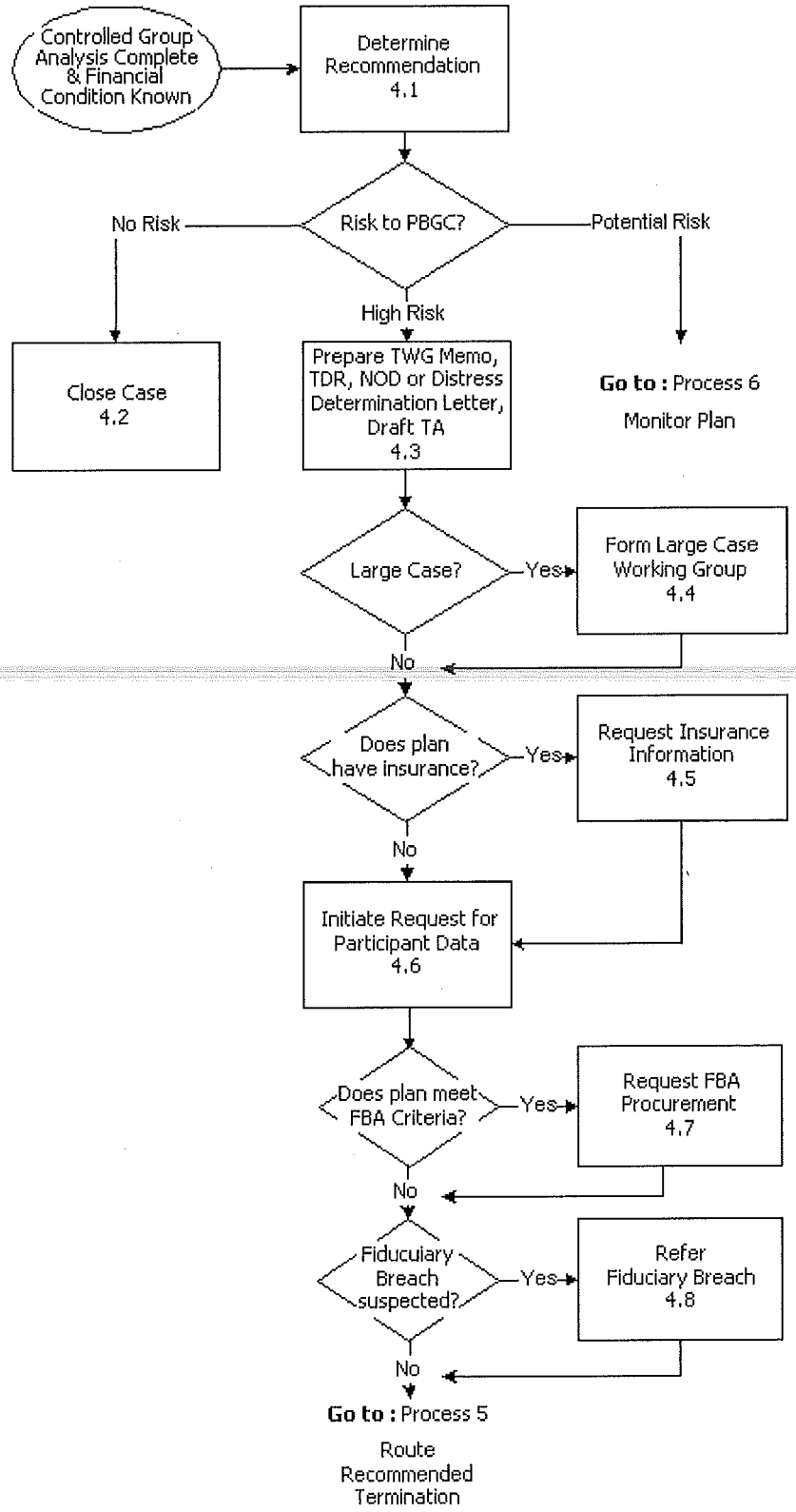
- Notice to Large Case Coordinator (for large cases );
- Request for Insurance Contract information for cases funded partially or wholly through an insurer;
- Request for Participant and Payee information; and
- Request for procurement of an FBA (for FBA Plans ).

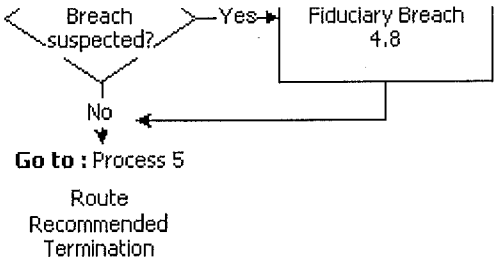
**Pre-Termination Processes** **Browse Workflows:**

**Make Recommendation**

## 4. Workflow for Process 4

**07/23/2002**




Breach suspected?
Yes
Fiduciary Breach 4.8
No
Go to : Process 5
Route Recommended Termination

**Make Recommendation**

## 4.1 Determine Recommendation

**09/28/2001**

**Action Steps**

| | |
|---|---|
| **Purpose** | To determine what action PBGC should take in regard to a plan. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Analysis of plan and sponsor information. |
| **Output and Recipient** | Recommendation to close the case, close the case on CAS and monitor the plan, or terminate the plan. |
| **Control Issues** | N/A |
| **Important Concepts** | PBGC should terminate and trustee only in those cases which meet the criteria.<br>Monitoring may be short term or long term, depending on the type of case, changes in the status of the plan and the amount of potential liability to PBGC. Once a determination can be made to recommend closing the case or terminating the plan, do it as soon as possible. |
| **Guidance** | ERISA 4041-4043 and other applicable regulations referenced in these sections.<br>IOD Policy Bulletin 95-1<br>PBGC Directive TR-00-2, TWG Guidelines.<br>PBGC Operating Policy Manual 3.2-1 |
| **Procedure Owner** | PPD financial analyst or auditor in charge of the case. |

## Click Here for More Information...

4.1 Action Steps: Determine Recommendation: Distress Filings [4041(c)]

4.1 Action Steps: Determine Recommendation: PBGC-initiated Terminations [4042(a)]

4.1 Action Steps: Determine Recommendation: Third Party Trusteeship

**Make Recommendation**

## 4.1 Action Steps: Distress Filings [4041(c)] Determine Recommendation

**09/28/2001**

For distress filings, determine if all of the filing requirements are met. See the Distress Termination section of Process 1.1: Determine Type of Filing. PBGC has the authority to waive certain requirements in appropriate cases.

Ensure that the plan sponsor and each controlled group member meets at least one of the distress test criteria (see CFR 4041.3(e) for further explanations of the criteria):

**Criterion 1**

They are undergoing liquidation in bankruptcy (Chapter 7 or 11) or insolvency (state equivalent to bankruptcy) proceedings as of the proposed termination date. As of the proposed termination date, the proceeding has not been dismissed. This also includes foreclosure by secured creditors and receivership.

**Criterion 2**

They are undergoing reorganization in bankruptcy or insolvency proceedings as of the proposed termination date, with court approval of termination and a specific finding by the court stating that unless the plan is terminated the debtor(s) will be unable to pay debts under the plan of reorganization and will be unable to continue in business outside reorganization. As of the proposed termination date, the proceeding has not been dismissed.

**Criterion 3**

PBGC determines that the contributing sponsor or applicable member of the controlled group will be unable to pay debts when due and continue in business unless the plan is terminated.

**Criterion 4**

The contributing sponsor or applicable member of the controlled group will incur unreasonably burdensome pension costs caused solely by a decline in work force covered as participants in all of the contributing sponsor's single-employer plans.

For determination under **Criteria 1** or **2**, work with OGC to obtain a copy of the bankruptcy petition or other proof that the bankruptcy was filed as of the proposed termination date. Determine whether the proceeding has not been dismissed as of the proposed termination date. Note that under the bankruptcy code, the term "dismissed" has specific meaning. When a case is dismissed, the bankruptcy is disallowed because of technical errors, insufficiency of detail, or other reasons. If the proceeding has been dismissed, the Bankruptcy Court will enter an order as such.

For **Criterion 2**, obtain a copy of the court order approving plan termination and any document showing whether PBGC had notice of the request for such an order.

For **Criteria 3** or **4**, prepare a written analysis of whether or not the sponsor and all controlled group members meet the above criteria. Criteria 3 and 4 require more financial analysis of the company concerning whether the plan sponsor and controlled group can fund the plan going forward.

Also for **Criteria 2** or **3**, see Technical Procedure 2: Identify Ability to Fund Plan. Determine if the sponsor or any controlled group member(s), either individually or as a whole, have the wherewithal to continue the plan. The PBGC may wish to oppose a bankruptcy application requesting termination if there is sufficient evidence that the plan could continue or insufficient

evidence supporting a need to terminate. Such opposition may need to be filed very quickly.

**If it appears that one or more of the controlled group members of the sponsor's controlled group would not meet the distress criteria** (one or more members of the controlled group members, individually or collectively, could meet the minimum funding requirements of the plan or fund the plan for a standard termination), in conjunction with OGC, contact those members to seek voluntary assumption of responsibility for the plan. If they are unwilling to voluntarily assume responsibility for the plan, PBGC may take actions to require the controlled group administer the plan and make all required contributions. That will normally be handled by OGC, in coordination with IRS and DOL. If the contributing sponsor or a member of the sponsor's controlled group does not meet the distress criteria, PBGC will issue a written determination. Prepare a *Distress Denial Letter (DISDEN.doc)* for signature of PPD supervisor. Note that this is an initial agency determination that is subject to reconsideration under PBGC's regulations: Administrative Review of Agency Decisions (29 CFR 4003). Ensure the *Administrative Review Procedures (Distress Criteria) (ADREV_DC.doc)* is included as an attachment. This describes the party's rights to request reconsideration of this initial determination, and advises them that requests for reconsideration should be filed to the attention of the Executive Director of the agency.

**If voluntary compliance with distress termination filing requirements would result in expenses which will unreasonably increase PBGC's liability** (for example, plan termination expenses will be paid from plan assets), consider seeking PBGC-initiated termination. First, attempt to have the plan administrator file the distress termination with an agreement that the enrolled actuary will work with PBGC actuaries to prepare participant benefit calculations and other products which PBGC will use to administer the plan. If no agreement can be reached and the cost of a distress termination (including actuarial fees) will unreasonably increase plan asset insufficiency, PBGC-initiated termination may be appropriate and cost beneficial, if applicable criteria are met.

Note that in cases where the contributing sponsor is in bankruptcy and a bankruptcy trustee has been appointed, the distress filing may need to be made by the trustee. Consult the OGC attorney assigned to the case for this or any other questions regarding the termination and/or the filing of claims.

If the plan is subject to a collective bargaining agreement, determine if a challenge from the union has been raised and whether the challenge has been resolved. Consult with OGC if there are any questions.

- The PBGC must suspend processing of a distress termination if allegations that the distress termination violates a collective bargaining agreement are made and the following conditions exist:
    - The union has initiated a formal challenge contesting the legality of the plan termination under its bargaining agreement by commencement of whatever procedure is specified in the bargaining agreement; the filing of a charge with the National Labor Relations Board (NLRB) under section 8 of the NLRB Act; or the commencement of action in court under section 301 of the NLRB Act.
    - The PBGC is notified in writing that a formal challenge was initiated prior to an issuance of the notice under section 4041(c)(3)(A) of ERISA.
- If the union's position is upheld, PBGC will dismiss the termination proceeding.
- If the PBGC is advised of such a challenge, after the issuance of such notice but before the termination is concluded, the PBGC may suspend the termination proceeding and, if it does, it must notify the plan administrator in writing.

Determine the sufficiency of plan assets.

- If the plan is sufficient for guaranteed benefits, once the termination is approved, the plan administrator may be told to distribute the assets in accordance with section 4044 of

ERISA. In such cases, the plan administrator shall purchase irrevocable commitments from an insurer to provide funded benefits under the plan or, in accordance with plan provisions and applicable regulations, otherwise fully provide all guaranteed benefits due under the plan.

- If the plan is sufficient for benefit liabilities, the plan may terminate under the procedures for a standard termination.
- If the plan is insufficient for guaranteed benefits or if sufficiency is unknown, commence PBGC-initiated termination proceedings.

If the requirements for a distress termination are met for steps 1-4, recommend termination and, if applicable, trusteeship. If not, see the PBGC-initiated termination section of this process. Make an effort to obtain compliance with a standard or distress termination before seeking PBGC-initiated termination, except in cases where:

**a.** mandatory PBGC-initiated termination is required or

**b.** where circumstances exist which make PBGC-initiated (discretionary) termination appropriate.

**Make Recommendation**

## 4.1 Action Steps: PBGC-initiated Terminations [4042(a)] 09/28/2001
## Determine Recommendation

I. For PBGC-initiated termination to occur, the PBGC must determine that the plan meets at least one section 4042(a) PBGC-initiated termination criteria (listed below):

- The plan has not met the minimum funding standard under IRC Section 412.
- The plan will be unable to pay benefits when due.
- There is a distribution of $10,000 or more (not because of death) to a participant who is a substantial owner and immediately after the distribution, the plan has nonforfeitable benefits which are not funded.
- The possible long-term loss to PBGC may reasonably be expected to increase unreasonably if the plan is not terminated.

Determine if the plan meets criteria for PBGC-initiated termination.

**Mandatory –** Plan assets are insufficient to provide benefits currently due. When it is determined that it will be a mandatory termination, review all plans of the controlled group to determine the need for further PBGC-initiated terminations.

**Discretionary –** Factors to consider when recommending a case in which a distress filing has been made and is now being considered for PBGC-initiated termination:

- The plan has not met minimum funding standards required under section 412 of the IRC.
- Whether PBGC's potential liability with respect to the plan will increase unreasonably (for example, due to shutdown benefits, changes in the identity of the controlled group, payments in excess of guaranteed maximum, etc.).
- Plan termination and PBGC trusteeship must be effected and expedited to collect funds due to the plan, collect PBGC employer liability, or avoid abandonment of the plan or possible unfavorable court action.
- The plan will be unable to pay benefits when due.
- Other extraordinary circumstances that pose risk to the PBGC or participants.

**Discretionary PBGC-initiated termination may be appropriate only if:**

1 the plan meets one or more of the section 4042 discretionary tests,

— and —

2 the PBGC has established that severe economic hardship exists on the part of the plan sponsor and the applicable members of the sponsor's controlled group or that termination is necessary to terminate the plan. Unless there are special factors requiring immediate action by the PBGC, make a preliminary assessment of whether the sponsor and each applicable controlled group member would meet the distress criteria before making a recommendation for PBGC-initiated termination of the plan.

Before recommending PBGC-initiated discretionary termination, confer with PPD management and, in bankruptcy cases, the OGC attorney assigned. Determine whether to send a letter to the plan administrator informing him or her of the requirements of a distress termination and recommending consideration of a Distress Termination Filing. State in the letter that, until a plan is terminated, it is still ongoing; under PPA, all members

of the controlled group are responsible for meeting the plan's minimum funding requirements, and the plan administrator has continuing duties to the plan. Also include a copy of the Distress Termination Filing Instructions.

**3** If there is potential for imminent or long-term loss to the PBGC, determine and document the potential loss. Quantifying the potential loss provides justification for a recommendation for PBGC-initiated termination.

- Determine the cost to PBGC in lost revenues, decreased recoverable assets, and/or increased costs (for example, money due the plan which would be lost to PBGC, recoverable assets from a controlled group member which might not be available later, phase-ins, shut-down benefits, continued payments of greater than guaranteed benefits, etc.).
- Analyze other relevant issues to PBGC (for example, the possibility of unfavorable court action, plan abandonment, costs of distress versus PBGC-initiated termination, etc.).
- Prepare a memo to the supervisor and the PPD Manager outlining the known and potential costs and any unquantifiable or intangible costs (for example, bad publicity, lost time, etc.).

**4** If the plan has sufficient assets to cover guaranteed benefits, but not for all benefit liabilities, and the cost of closing out the plan by a third party trustee will not require PBGC funds, recommend third party trusteeship. (See Third Party Trusteeship.) If assets are not sufficient to cover guaranteed benefits, and one or more of the 4042(c) criteria are met, recommend termination and PBGC trusteeship. The three 4042(c) criteria are:

- Protecting the interests of participants
- Avoiding any unreasonable deterioration of the financial condition of the plan
- Protecting against unreasonable increases in the liability of the fund, that is, PBGC.

**5** Determine if the case can be closed completely or if it should be monitored. If the case should be monitored see Process 6.0: Monitor Case, or if it should be closed see Process 4.2: Close Case.

**6** If the case will not be closed or monitored, but termination will be recommended, see Process 4.3: Prepare TWG Memo, TDR, NOD or Distress Determination Letter, Draft TA (if applicable).

**Make Recommendation**

## 4.1 Action Steps: Third Party Trusteeship Determine Recommendation

**09/27/96**

PBGC will generally seek appointment as trustee of abandoned sufficient plans. PBGC has the discretion to appoint a qualified third party as trustee. PBGC will consider whether the third party is able to perform the necessary trustee duties at a reasonable cost, and whether, after allowance for reasonable administrative costs, the plan will be sufficient for guaranteed benefits as of the date of distribution.

Consult with PPD management and PBGC Operating Policy Manual 3.2-1 on the handling of abandoned sufficient plans.

## 4.2 Close Case

02/13/98

Action Steps

| | |
|---|---|
| **Purpose** | Document that PBGC's investigation and analysis do not warrant monitoring or termination and trusteeship. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Varies, depending on the point in PPD processing where the decision is made to close the case. |
| **Process Output/ Customer** | Notify Filer of case closure. Document case closing internally. |
| **Control Issues** | When closing the case on CAS, include an explanation in the COMMENTS field in addition to selecting the administrative close criteria.<br>If an OGC attorney has been assigned to the case, notify the attorney by e-mail that the case has been closed and why. |
| **Important Concepts** | Use proper Close Case (Reportable Event) Letter. |
| **Guidance** | N/A |
| **Procedure Owner** | PPD financial analyst or auditor in charge of the case and PPD supervisor |

## Click Here for More Information...

4.2 Action Steps: Close Case

## 4.2 Action Steps: Close Case

**09/04/98**

1. Determine the reason for closing the case.
2. Contact OGC and get informal concurrence on determination to close case. Document with e-mail notification to the OGC attorney(ies) that the case will be closed. Print the e-mail message and include in the case file.
3. Discuss the details of the case with PPD Supervisor and obtain Supervisor's concurrence for the determination to close the case. Inform them of OGC's concurrence.
4. Prepare a *Close Case (Reportable Event) Letter (CLOSE_RE.doc)* for the filer and any other interested parties informing them that PBGC has closed the case, for signature of the PPD Supervisor. Include the staff attorney as a cc to the letter.
5. Provide brief explanation in CAS COMMENTS field of the case closing. Print the COMMENTs from CAS and include in the case file. Close case on CAS.
6. Submit Close Case (Reportable Event) Letter to supervisor for signature and mailing, with the case file.
7. Supervisor signs letter.
8. Case file is closed and delivered to STCD for shipping to the Federal Records Center (FRC). See Technical Procedure 18: Prepare Files for Shipment.

**Make Recommendation**

## 4.3 Prepare TWG Memo, TDR, NOD or Distress Determination Letter, Draft TA (if applicable)

**11/16/99**

**Action Steps**

| | |
|---|---|
| **Purpose** | Formally document the financial analyst or auditor's analysis and conclusions as to whether or not PBGC should terminate and trustee a plan. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Complete plan and sponsor information, documentation of all actions, DUEC and UBL, controlled group analysis, and DOPT justification. |
| **Process Output/ Customer** | TWG/TDR, NOD or Distress Determination Letter, and draft Trusteeship Agreement. |
| **Control Issues** | The background information must support the recommendation. When the auditor or financial analyst receives drafts directly from OGC, notify the program assistant immediately to prevent unnecessary follow-up. |
| **Important Concepts** | One of PBGC's goals is to apply consistency to like-type events or circumstances across all cases. This is particularly important in cases when the PBGC's termination actions may be challenged.<br>The TWG Memo and TDR are functionally one document and, once prepared, are always transmitted or reviewed together.<br>PPD prepares model TAs except for court ordered trusteeships.<br>The TWG Memo should be almost finished by this point because the summary information it contains has been prepared throughout PPD processing. |
| **Guidance** | TR-00-2, TWG Processing Guidelines |
| **Procedure Owner** | PPD financial analyst or auditor in charge of the case, the supervisor, and PPD Manager.<br>The PPD Program Assistant is responsible for tracking the routing of drafts through OGC and following up on outstanding drafts. |

## Click Here for More Information...

4.3 Action Steps: Prepare TWG Memo, TDR, NOD or Distress Determination Letter, Draft TA (if applicable)

**Make Recommendation**

## 4.3 Action Steps: 09/28/2001

## Prepare TWG Memo, TDR, NOD or Distress Determination Letter, Draft TA (if applicable)

1 **Prepare TWG Memo.**
The termination recommendation summarizes PPD's investigation, analysis, and conclusions. The *TWG Memo (TWG.doc)* will include the following sections: Request, Background Information, Pension Plan Information, Controlled Group Information and Analysis (if appropriate), Justification for DOPT, and Recommendation. In cases involving two or more plans, prepare one TWG Memo and a TDR for each plan. If the criteria for termination of the plans are different, the memo must address what criterion each plan meets for the PBGC-initiated termination.

**General guidelines for the content of each section of the TWG memo include:**

I. **Request:** Description of desired action (for example, presentation to the TWG, termination of the plan, and PBGC appointment as trustee).

II. **Background Information:** Describe plan sponsor. This includes a short history of the company, type of business, events leading up to the termination, and current status.

- **Controlled Group Information and Analysis:** Provide a list of controlled group members (if any), how the controlled group was determined, and any other pertinent information. If there is a controlled group, provide a description of the controlled group, types of relationships (for example, brother-sister), percentages of ownership, assets, and any other applicable analyses/results.
- **Plan administrator:** Identify the plan administrator and cite relevant sections of the plan and any other document that designates the administrator.
- **Pension Plan Information:** Describe plan. This includes a short history of the plan, coverage, and current status. Provide funding level of plan, including ASD-provided estimates of plan assets, DUEC, guaranteed benefit liabilities, total benefit liabilities, unfunded benefit liabilities, and unfunded guaranteed benefit liabilities. Also include information such as number of participants, number currently in pay status, monthly benefit total, status of participants, substantial owners, etc.

III. **Recommendation:** Write the desired result of the memo and a summary of why it should happen.

- **Justification for DOPT:** Provide the recommended DOPT, an explanation of how the recommended date was determined, and justification for using that date.

2 **Prepare a Notice of Determination (NOD) or Distress Determination Letter.**
For all PBGC-initiated terminations prepare a draft of the *Notice of Determination (NOD.doc)* . For all distress terminations when it has been determined that the contributing sponsor(s) of the plan and all members of the controlled group meet at least one of the distress criteria, prepare a draft of the *Distress Determination Letter (Criteria Met) (DISCRMET.doc)* When completed, the Distress Determination Letter will include the appropriate funding determination for the plan. The plan may be determined to be: Insufficient for Guaranteed Benefits; Insufficient for Benefit Liabilities; or Sufficient for Benefit Liabilities.

3 **Prepare Trusteeship Agreement and Cover Letter, as appropriate.**

- Where it is known that PBGC will need to initiate court proceedings in order to terminate and trustee the plan (e.g., because the administrator cannot be found or is not agreeable), a TA need not be prepared.
- For non-court ordered trusteeships, first contact the company or bankruptcy trustee by phone to determine who the outside signer should be and notify him or her to expect the trusteeship agreement.
- Prepare a draft of the Trusteeship Agreement and Cover Letter. Use either the *Trusteeship Agreement – PBGC Initiated Terminations (TAMOD_IN.doc)* or the *Trusteeship Agreement - Distress Terminations (TAMOD_VO.doc)*, as appropriate. Attach to the transmittal sheet.
- Prepare the appropriate cover letter, using either *Trusteeship Agreement (PBGC-Initiated) Cover Letter (TACOV_IN.doc)* or *Trusteeship Agreement (Voluntary) Cover Letter (TACOV_VO.doc)*.

4 **Addresses.**
Where the administrator of the plan is an inactive company that is not in bankruptcy or other insolvency proceedings (e.g., state or federal liquidation, reorganization, or receivership proceedings), the NOD or determination letter generally will be addressed to the last known address of the company. If an appropriate company official is willing to execute a TA, a cc of the NOD also should be sent to that official, and the TA should generally be addressed to that official.

5 **Meet with the OGC attorney to discuss the issues that need to be addressed in the documents.**

6 **Complete a Termination Decision Record (TDR) for the plan.**
As appropriate, use either the *Termination and Trusteeship Decision Record – PBGC Initiated Termination (TDR_INV.doc)* or the *Termination and Trusteeship Decision Record - Distress Termination (TDR_DIS.doc)*. (Note these documents **replace** the TDR that was formerly prepared through CAS.)

7 Route the documents to the supervisor and PPD Manager for review.

8 Make revisions as necessary.

9 Have the PPD Program Assistant hand deliver the draft documents to the OGC file room for OGC tracking, distribution, and for review and input the delivery date to the tracking system. Also provide a copy to the Large Case Coordinator if a Large case and/or an FBA plan.

10 Go to Process 4.4: Form Large Case Working Group (if necessary), Process 4.5: Request Insurance Information, Process 4.6: Initiate Request for Participant Data, and Process 5: Route Recommended Termination.

**Make Recommendation**

## 4.4 Form Large Case Working Group (if required) 11/16/99

**Action Steps**

| | |
|---|---|
| **Purpose** | Initiate formation of a Large Case Working Group. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Determination that a recommendation for termination and trusteeship is probable.<br>Case meets the criteria for definition of a large case (over 1000 participants or $5 million or more in UBL). |
| **Output and Recipient** | A Large Case Working Group to coordinate actions on the case. |
| **Control Issues** | N/A |
| **Important Concepts** | Formation of a Large Case Working Group gives the case higher visibility and a higher priority for some actions, such as gathering information, determining financial responsibility, and attempting to recover assets, and processing activities. The notification of the Large Case Coordinator needs to be made as early in the process as possible.<br>Early identification of policy and legal issues associated with a large case prevents potential delays in case processing. |
| **Guidance** | N/A |
| **Procedure Owner** | Large Case Coordinator |

The PPD Manager will notify the Large Case Coordinator as soon as it becomes certain that it will be recommended for termination/trusteeship. Provide the Large Group Coordinator with a copy of the draft TDR at the same time that it goes to OGC, and prepare a *Request for Large Case Working Group Memo (LCWGREQ.doc)* from the PPD Manager through the Large Case Coordinator to the IOD Director recommending establishment of a Large Case Working Group (LCWG).

## Click Here for More Information...

4.4 Action Steps: Form Large Case Working Group (If Required)

**Make Recommendation**

## 4.4 Action Steps: 10/20/2000

## Form Large Case Working Group (if required)

I. Request representatives for the LCWG from the appropriate divisions and departments.

II. Convene the LCWG as necessary to coordinate activities, including contracting for an FBA, (see Process 04.7 Request FBA Procurement) gathering the necessary data and documents to continue processing the case, identifying and resolving policy and legal issues, and any other required actions.

III. Case processing will continue in accordance with normal IOD procedures (see Process 8: Assign TPD Case Team and Initiate Processing).

**Make Recommendation**

## 4.5 Request Insurance Information

**03/07/97**

**Action Steps**

| | |
|---|---|
| **Purpose** | Request insurance contract valuation data for plans which are intended to be terminated and trusteed by PBGC. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Determination that termination and trusteeship will be recommended. |
| **Output and Recipient** | Insurance Contract Data |
| **Control Issues** | N/A |
| **Important Concepts** | Receipt of this information early in the process will improve timely processing of the plan through trusteeship. PPD's role is to collect the information (if possible) which will be valued by the TPD auditor in the Plan Asset Audit. Insurance information which cannot be secured at this time will be requested by the TPD during the audit processes (see Process 15.2: Value Plan Assets). |
| **Guidance** | N/A |
| **Procedure Owner** | PPD financial analyst or auditor in charge of the case, the supervisor, and PPD manager. |

## Click Here for More Information...

4.5 Action Steps: Request Insurance Information

**Make Recommendation**

## 4.5 Action Steps: Request Insurance Information

**10/22/97**

1 For plans funded partially or fully through an insurance company contract, prepare and send a letter requesting insurance contract valuation information. Use the *Insurance Contract Valuation Letter (PPD_INS.doc)* provided with provided attachment. Request that the information be provided as of the recommended date of plan termination (referred to in the letter as the proposed date of plan termination). Note that the TPD will request this data in Process 15.2: Value Plan Assets if PPD cannot secure it, and that the TPD auditor is responsible for determining the value of the contract(s).

- Send letter (verify date stamp) and place copy in file.
- Call insurance company after ten days to verify receipt. Attempt to get a firm response date. Document the call in the activity log.
- If insurance company is reluctant to provide information when PBGC is not trustee, advise them of the importance of the information and attempt to persuade them. If they cannot be persuaded, advise them that the information will be requested again following PBGC's appointment as trustee. Document the call in the activity log.

2 When (if) insurance information is provided by insurer, place in file for use by TPD. (See Process 15.2: Value Plan Assets.)

**Make Recommendation**

## 4.6 Initiate Request for Participant Data

**10/14/98**

Action Steps

| | |
|---|---|
| **Purpose** | Initiate request for Participant and Payment Data for plans which are intended to be terminated and trusteed by PBGC. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Determination that termination and trusteeship will be recommended. |
| **Output and Recipient** | Participant Data (names, SSNs and addresses).<br>Payment Data - most recent check register, and electronic payment information. |
| **Control Issues** | N/A |
| **Important Concepts** | Request of this information early in the termination process improves the timely processing of the plan through trusteeship. The information will be used by the TPDs in their processing, and will facilitate the plan assumption process and timely notification of trusteeship (4042(d) letters) to the participants. Request the information by telephone and follow up with written confirmation. It is preferable to get a copy of the payment information in electronic format (ASCII delimited text file) with a hard (paper) copy of the data. |
| **Guidance** | N/A |
| **Procedure Owner** | PPD financial analyst or auditor in charge of the case, PPD Supervisor, PPD manager. |

## Click Here for More Information...

4.6 Action Steps: Initiate Request for Participant Data

**Make Recommendation**

## 4.6 Action Steps: 10/14/98
## Initiate Request for Participant Data

This subprocess should be initiated soon after termination and trusteeship are determined likely, but no later than concurrent with Process 5.1: Prepare Recommendation.

1 Review material provided by plan administrators and others (plan sponsor, plan actuary, etc.) to determine whether basic participant data has already been provided -- a list of names, SSNs, and addresses. Also review to determine whether payment information - most recent check register and electronic payment information has previously been received.

2 If basic participant data **and** payment information have been provided, go to Process 5: Route Recommended Termination

3 If not already provided, request that this basic participant data be provided. Determine the best likely resource(s) for the most accurate and current listing of participants, and request the needed information. (The plan administrator may need to request the payment information from the prior paying agent.) Request by phone (documented to case file) and confirm in writing. Prepare *Initial Participant Data. Request (INPDAREQ.doc)*, and send within 5 days of telephone request.

4 Allow a reasonable period of time to respond (14 days), and follow up as necessary, including the use of an Administrative Subpoena (See Process 2.2:Issue Administrative Subpoena for the administrative subpoena process.) The basic participant and payment information is provided to the TPD as an attachment to the Document Transfer Memo.

5 If some or all information is not available, document the circumstances to case file, and advise PPD supervisor.

**Make Recommendation**

## 4.7 Request FBA Procurement

**04/05/2002**

**Action Steps**

| | |
|---|---|
| **Purpose** | Request procurement of FBA services for plan. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Determination that termination and trusteeship will be recommended for a plan that meets the FBA criteria (generally, a case with 250 or more participants). |
| **Process Output and Recipient** | FBA Procurement Request to Management Coordination Unit (MCU). |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | N/A |
| **Procedure Owner** | PPD financial analyst or auditor in charge of the case and the PPD Manager. |

## Click here for more information

4.7 Action Steps: Request FBA Procurement

**Make Recommendation**

## 4.7 Action Steps: 04/05/2002
## Request FBA Procurement

1 Prepare the *FBA Procurement Request (Fbaprreq.doc)*.This package requires somewhat detailed information about the plan, including:

- Participant Information - number of payees, deferred vesteds, and non-vested participants.
- Plan and Plan Sponsor Information - background, status, union information, identification. of related plans if plan is part of a family of plans trusteed by PBGC.
- Plan Administration Information.
- Identification of any special or unique circumstances.
- The assigned TPD (available from PPD Audit Supervisor).

2 Submit the completed *FBA Procurement Request (Fbaprreq.doc)* to PPD Supervisor for review.

3 The PPD Supervisor reviews request, then PPD Manager signs the request and forwards it to MCU.

**Make Recommendation**

## 4.8 Refer Fiduciary Breach Issues to DOL

**03/28/2003**

Action Steps

| | |
|---|---|
| **Purpose** | To provide a referral to the Employee Benefits Security Administration (EBSA)/ DOL of a potential breach of fiduciary responsibility. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Sufficient plan administrative and/or asset information to determine that there may be a fiduciary breach under Title I of ERISA. |
| **Process Output and Recipient** | Referral to EBSA/DOL indicating there may be a fiduciary breach. |
| **Control Issues** | N/A |
| **Important Concepts** | Provide referral to EBSA **as soon as** a determination is made that there may be fiduciary breach. It is not necessary to wait for the case to be recommended for termination and trusteeship. The Division Manager makes final decision to refer to DOL. Provide a copy of the notice to OGC (case attorney). |
| **Guidance** | Title I of ERISA |
| **Procedure Owner** | PPD financial analyst or auditor in charge of the case, PPD Supervisor, PPD Manager |

## Click here for more information

4.8 Action Steps: Refer Fiduciary Breach Issues to DOL

**Make Recommendation**

## 4.8 Action Steps: 03/28/2003

## Refer Fiduciary Breach Issues to DOL

This subprocess may be initiated as soon as a determination is made (in coordination with OGC) that there may be a fiduciary breach with respect to a case.

1. Prepare the *DOL/EBSA Investigation Coordination Letter (DOLEBSA.doc)*. The letter includes a description of the probable violation and provide contact point at PBGC.
2. Submit the *DOL/EBSA Investigation Coordination Letter (DOLEBSA.doc)* to PPD Supervisor for review.
3. The PPD Supervisor reviews letter, and once approved submits to the PPD Manager for signature.
4. Send letter and ensure that a copy is filed in case file (imaged).

**Note**: If a TPD receives information (after the case has left PPD) indicating that a case may have a fiduciary breach, they may notify DOL/EBSA, after coordinating with OGC. Follow the above subprocess, substituting TPD supervisor and Division Manager as appropriate.

## 4.9 Forms, Letters, Memos, etc.

03/28/2003

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Administrative Review Procedures (Distress Criteria)***
ADREV_DC.doc

***Close Case (Reportable Event) Letter***
CLOSE_RE.doc

***Controlled Group Notice***
CNTGRNOT.doc

***Distress Denial Letter***
DISDEN.doc

***Distress Determination Letter (Criteria Met)***
DISCRMET.doc

***DOL/EBSA Investigation Coordination Letter***
DOLEBSA.doc

***FBA Procurement Request***
Fbaprreq.doc

***Initial Participant Data Request***
INPDAREQ.doc

***Insurance Contract Valuation Letter (PPD)***
PPD_INS.doc

***Notice of Determination***
NOD.doc

***Request for Large Case Working Group Memo***
LCWGREQ.doc

***Termination and Trusteeship Decision Record - Distress Termination***
TDR_DIS.doc

***Termination and Trusteeship Decision Record – PBGC Initiated Termination***
TDR_INV.doc

***Trusteeship Agreement (Voluntary) Cover Letter***
TACOV_VO.doc

***Trusteeship Agreement (PBGC-Initiated) Cover Letter***
TACOV_IN.doc

***Trusteeship Agreement - Distress Terminations***
TAMOD_VO.doc

***Trusteeship Agreement – PBGC Initiated Terminations***
TAMOD_IN.doc

***TWG Memo***
TWG.doc

## PR 05. Route Recommended Termination

5. Overview

5. Workflow for Process

5.1 Prepare Recommendation for Routing

5.2 Initiate Termination and Trusteeship (if applicable)

Forms, Letters, Memos, etc

## 5. Overview

**12/07/2001**

Once PPD has recommended that a plan be terminated and trusteed, and supported the recommendation, its role is primarily overseeing the routing of the plan through the PBGC approval process, including presentation to the TWG, when required. Once the Notice of Determination (NOD ) is signed or the distress determination is accepted and the Distress Determination Letter is sent, PPD routes the case to a TPD and transfers ownership. If, in the course of the OGC, TWG/TWG Chair/COO concurrence and approval processes, the PPD recommendation is changed, the plan will come back to PPD for revision or for closing and/or monitoring. The PPD program assistant manages and documents the flow of recommendations through the approval chain. This tracking requires maintaining chronological file copies of the complete package with all signatures from any division or department when they have been obtained.

The Delegation of Authority Memos dated April 25, 1995, April 21, 1995, and August 12, 1994, and the Exempting Cases from Review by the TWG and Establishing Dates of Termination Memo dated July 28, 1993, established procedures for administrative review and trusteeship processing by the TWG. Certain plans are exempt from presentation to the full TWG, and can be reviewed and approved by the Chairperson of the TWG. Others are exempt from presentation to the full TWG, but actions must be approved by Deputy Executive Director/Chief Operations Officer (DED/COO).

Those cases which are exempt from presentation to the full TWG and which may have termination and trusteeship initiated and effected by the Chairperson are those in which:

(a) the aggregate amount of PBGC's claims is less than $5 million and

(b) the number of participants and beneficiaries is less than 5,000 and

(c) no novel or significant policy issues are involved and

(d) meet the requirements for being exempt from presentation to the full TWG (discussed below).

**Click Here for More Information...**

Cases which are exempt from presentation to the full TWG

Cases which must be presented to the full TWG, even if one of the above exemptions is met

## 5.0 Cases which are exempt from presentation to the full TWG 09/28/2001

**When the following situations are determined to exist,** a recommendation for termination and the appointment of PBGC as trustee of a plan will not be presented to the full TWG, but to its Chairperson to concur on the recommendation:

1 **Mandatory PBGC-initiated terminations under** section 4042, that is, PBGC has determined that a plan does not have assets available to pay benefits that are currently due.

2 **PBGC-initiated terminations under** section 4042(a)(2) where either

- PBGC has determined that, within the next six months, a plan will not have assets available to pay benefits when due, or
- after the applicable case processing procedures have been followed, no currently ongoing plan sponsor or controlled group member has been identified.

3 **PBGC-initiated terminations where** PBGC determines that a plan meets one or more of the following 4042(a) tests for termination:

- (1) - failure to meet the minimum funding standard
- (3) - there has been a reportable event described in section 4043(b)(7) (distribution to a substantial owner); and

after the applicable case processing procedures have been followed, no currently ongoing plan sponsor or controlled group member has been identified.

4 **Distress terminations where** PBGC determines that the plan sponsor and, if applicable, each controlled group member meets the liquidation distress test under section 4041(c)(2)(B)(i).

5 **Distress terminations where** the applicable court has made a final determination that the reorganization distress test under section 4041(c)(2)(B)(ii) is met and approves the termination. Prior to the Court hearing regarding the reorganization distress test, IOD, CFND, or OGC may bring a case to the full TWG for review.

**Route Recommended Termination – Overview**

## 5.0 Cases which must be presented to the full TWG, even if one of the above exemptions is met, include:

**12/07/2001**

1 **PBGC-initiated terminations where** PBGC determines that the plan meets the 4042(a)(4) test for termination, that is, PBGC's possible long run loss is reasonably expected to increase unreasonably if the plan is not terminated.

2 **PBGC-initiated terminations where** the 4042(a)(1) and/or (a)(3) tests are met and there is an ongoing sponsor and/or controlled group member(s) (other than those cases in which PBGC has also determined that the 4042(a)(2) test is met and, within the next six months, a plan will not have assets available to pay benefits when due).

3 **PBGC-initiated terminations where** the 4042(a)(2) test is met and there is an ongoing sponsor and/or controlled group member (other than those cases in which PBGC has also determined that the 4042(a)(2) test is met and, within the next six months, a plan will not have assets available to pay benefits when due).

4 **Distress terminations where** is recommended that the sponsor and/or controlled group member(s) meets the business continuation test, 4041(c) (2)(B)(iii)(I) or the pension costs test, 4041(c) (2)(B)(iii)(II).

5 **Cases where** it is recommended that an application for a distress termination be denied, resulting in the plan remaining ongoing.

6 **Cases where** OGC advises the Chairperson, TWG (at any time prior to the issuance of the Notice of Determination) that review by the full TWG is appropriate (for example, because a termination action may be litigated).

7 **Cases where** the aggregate amount of PBGC's claims for unfunded benefit liabilities equals or exceeds $25 million.

8 **Cases where** there are 5,000 or more participants and beneficiaries in the plans at issue.

9 **Cases where** there is a novel or significant policy issue.

All recommendations for termination of a plan, whether a distress termination under section 4041(c) or a PBGC-initiated termination under section 4042, must include a recommendation for setting an appropriate date of plan termination. The recommendation must include sufficient facts to support the date recommended. The actual date of plan termination may be different from the date recommended. It is important to carefully review TWG minutes in addition to recommendation to ensure the correct date of plan termination is used.

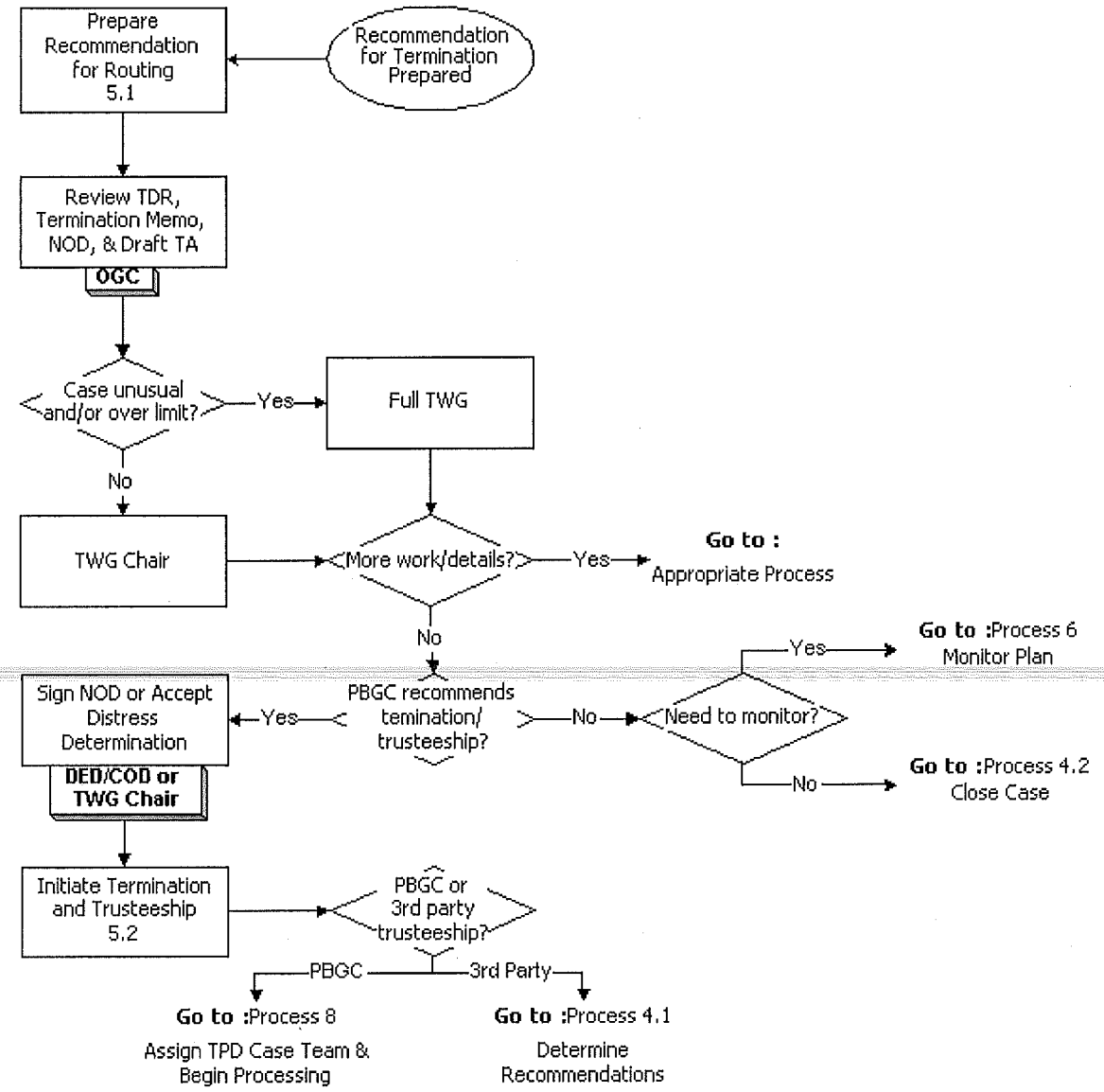
To ensure adequate internal controls and administrative reporting, all recommendations must be presented to the full TWG or be presented to and concurred upon by the TWG Chairperson. All presentations must be coordinated between PPD and OGC.

**Pre-Termination Processes** **Browse Workflows:**

**Route Recommended Termination**

## 5. Workflow for Process 5

**12/07/2001**



**Route Recommended Termination**

## 5.1 Prepare Recommendation for Routing

**06/18/2004**

Action Steps Exempt Cases  Action Steps Non-Exempt Cases

| | |
|---|---|
| **Purpose** | Obtain all required concurrence signatures on the TDR. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | TWG Memo/TDR, NOD, Draft TA, and transmittal sheet. |
| **Output and Recipient** | TWG Memo/TDR signed by OGC, TWG or TWG Chair, and DED/COO (when required) |
| **Control Issues** | Ensure that the correct dates are entered in CAS fields<br>• NOIT date – from line 6b of Form 601<br>• Form 601 receipt date – receipt date at PBGC<br>• NOD Date – enter the date the NOD was issued (for PBGC-Initiated Terminations) |
| **Important Concepts** | N/A |
| **Guidance** | • Delegation of Authority Memos (April 14, 1997, April 25, 1995, April 21, 1995, and August 12, 1994)<br>• Exempting Cases from Review by the TWG and Establishing Dates of Termination (April 15, 1996)<br>• ERISA 4041 and 4042<br>• TR-00-2, TWG Guidelines |
| **Procedure Owner** | PPD financial analyst or auditor in charge of case, PPD Program Assistant, TWG |

## Click Here for More Information...

5.1.A Action Steps: Prepare Recommendation for Routing (Exempt Cases-TWG Chairperson Review)

5.1.B Action Steps: Prepare Recommendation for Routing (Non-Exempt Cases-Full TWG Review)

**Route Recommended Termination**

## 5.1.A Action Steps: Exempt Cases
## Prepare Recommendation for Routing

**06/18/2004**

### TWG Chairperson Review

1 Prepare the TWG Memo/TDR, NOD or Determination Letter, and Trusteeship Agreement (if applicable) with the appropriate Trusteeship Agreement Cover Letter and the *OGC Draft Transmittal (OGCDRTR.doc)*. (See 4.3: Prepare TWG Memo, TDR, NOD or Distress Determination Letter, Draft TA). Forward the draft package to PPD Supervisor for review. (PPD Manager does not review draft packages at this stage for exempt cases.)

2 After review, forward to the PPD Program Assistant.

### PPD Program Assistant

3 Enter data into tracking system: case name, case number, financial analyst/ auditor's name, attorney's name, date sent out of PPD and type of termination (distress, PBGC-initiated discretionary or mandatory).

4 Deliver original draft package to OGC file room, keep a file copy in PPD.

### Financial Auditor/Analyst

5 Ordinarily, OGC has 14 calendar days for review. The review is by the staff attorney assigned to the case, the Assistant General Counsel and, under some circumstances, the Deputy General Counsel. If not returned within the 14 days, call OGC to find out the status of the draft package. The 14 day deadline may be extended by PPD and OGC.

6 When the draft package with comments is returned by OGC, it is returned to PPD's OGC inbox (outside room 8729). Notify the PPD program assistant so that the return date can be entered into the tracking system.

7 PPD incorporates OGC comments and submits revised draft package (including OGC's mark-ups) to PPD Supervisor. Following review by PPD Supervisor, revised draft package is sent to OGC file room.

### PPD Program Assistant

8 Deliver the revised draft package to the OGC file room.

9 OGC has up to 5 calendar days to review the revised draft package. The review is by the staff attorney assigned to the case, the Assistant General Counsel and, under some circumstances, the Deputy General Counsel.

### Financial Auditor/Analyst

10 When the revised draft package with comments is returned by OGC it is returned to PPD's OGC inbox (outside room 8729).

11 Make the final changes from OGC. Prepare the package in final form. The final package will include:

- *Termination and Trusteeship Recommendation - Transmittal Form (TRAN2TWG.doc)*
- The TWG Memo to the approving official (i.e., the TWG Chairperson or DED through the TWG Chairperson);
- The TDR with PPD's staff signature;

- An unsigned NOD (in a PBGC-initiated termination case), a signed but undated Distress Determination Letter (in a distress termination case), with addressed envelopes for all who will receive the NOD or Distress Determination Letter;
- Three originals of the Trusteeship Agreement and a signed but undated cover letter to accompany the TA. Include original TAs only, and make sure they are clean, wrinkle free, and stapled. (The TWG office will prepare the mailing and return envelopes for the TAs.)

**12** Forward the final package to the PPD Supervisor and PPD Manager for review.

**PPD Program Assistant**

**13** Prepare the appropriate envelopes for certified return receipt. Assign a TDR number (for control purposes). File a copy of the TWG memo/TDR in the chronological file.

**14** Forward the TWG Memo/TDR, TA, and NOD or Distress Determination Letter to IOD Deputy Director for review and concurrence.

**15** The Deputy Director's office will forward the TWG Memo/TDR to OGC for concurrence. If OGC requests further changes, OGC will notify the PPD Supervisor or PPD Manager. The involved financial analyst or auditor may then make the changes.

**16** OGC has five calendar days to forward the TWG Memo/TDR to the TWG Chair. The PPD supervisor will contact the TWG Secretary to ensure the package has arrived. The TWG Chair will either review and approve, request further information, or direct changes.

OED has delegated authority to the TWG Chair to initiate and effect termination for certain cases exempt from review by the full TWG. (See Process 5: Overview - Cases which are exempt from presentation to the full TWG.) When returned, file a copy of the final paperwork.

**17** The Secretary of the TWG Chairman will forward the TWG Memo/TDR to DED/COO for review and approval when required. DED/COO returns the original to TWG for distribution.

**18** When the documents are returned to PPD, enter the date of TWG Chair or DED/COO approval in the tracking system.

**19** File the copy with all concurrences and the NOD (if applicable) in the chronological file.

**Financial Analyst/ Auditor**

**20** Enter the appropriate data into the TDR Milestone and the NOD date in CAS as appropriate. For a distress termination, complete the Distress Termination Screen. Ensure that correct dates are used:

- NOIT date – from line 6b of Form 601
- Form 601 receipt date – receipt date at PBGC
- NOD Date – enter the date the NOD was issued (for PBGC-Initiated Terminations)

If a Form 601 has not been filed or the NOIT date is not provided therein, contact the Plan Administrator to find out the last date a Notice to Intent to Terminate was provided to Participants and other Interested Parties (other than PBGC) and use that date.

**21** Document all actions in the activity log and/or the plan file and prepare the file for transfer to the TPD. Prepare the *Document Transfer List Memo (TPDTRF.doc)* and gather all of the appropriate documents and information. In most cases, a transfer of all the information is all that is required and a meeting may not be needed. In complex cases, schedule a meeting with the TPD case team (see Process 8.1: Transfer Information from PPD to TPD).

**Route Recommended Termination**

## 5.1.B Action Steps: Non-Exempt Cases (Full TWG Review) 06/18/2004
## Prepare Recommendation for Routing

1 Prepare the TWG Memo/TDR, and the *OGC Draft Transmittal (OGCDRTR.doc)*. (See 4.3: Prepare TWG Memo, TDR, NOD or Distress Determination Letter, Draft TA). Forward the draft package to PPD Supervisor and PPD Manager for review.

2 After review, forward to the PPD Program Assistant.

**PPD Program Assistant**

3 Enter data into tracking system: case name, case number, financial analyst/ auditor's name, attorney's name, date sent out of PPD and type of termination (distress, PBGC-initiated discretionary or mandatory).

4 Deliver original draft package to OGC file room, keep a file copy in PPD.

**Financial Auditor/Analyst**

5 Ordinarily, OGC has 14 calendar days for review. The review is by the staff attorney assigned to the case, the Assistant General Counsel and, under some circumstances, the Deputy General Counsel. If not returned within the 14 days, call OGC to find out the status of the draft package. The 14 day deadline may be extended by PPD and OGC.

6 When the draft package with comments is returned by OGC, it is returned to PPD's OGC inbox (outside room 8729). Notify the PPD program assistant so that the return date can be entered into the tracking system.

7 PPD incorporates OGC comments and submits revised draft package (including OGC's mark-ups) to PPD Supervisor. Following review by PPD Supervisor, revised draft package is sent to OGC file room.

**PPD Program Assistant**

8 Deliver the revised draft package to the OGC file room.

9 OGC has up to 5 calendar days to review the revised draft package. The review is by the staff attorney assigned to the case, the Assistant General Counsel and, under some circumstances, the Deputy General Counsel.

**Financial Auditor/Analyst**

10 When the revised draft package with comments is returned by OGC it is returned to PPD's OGC inbox (outside room 8729).

11 Make the final changes from OGC. Prepare the TWG Memo and TDR package.

12 Forward the package to the PPD Supervisor and PPD Manager for review.

13 PPD Manager signs and dates TWG Memo (not TDR) and forwards both to the TWG Chair to establish a TWG meeting.

**PPD Program Assistant**

14 File a copy of the package in the chronological file.

**Financial Analyst/ Auditor**

15 Present case at TWG meeting. After meeting, prepare NOD (for Deputy Directory/ COO

signature), or Distress Determination Letter for a distress termination, Trusteeship Agreement and Trusteeship Agreement Cover Letter. (See 4.3: Prepare TWG Memo, TDR, NOD or Distress Determination Letter, Draft TA).

**16** Forward to OGC File Room for review.

**17** Hold on to prepared documents until final TWG meeting minutes are completed. Upon receipt of minutes, see the TWG office to get original TWG memo back.

**18** Prepare package to be routed for final concurrences and approvals:

- *Termination and Trusteeship Recommendation - Transmittal Form (TRAN2TWG.doc)*
- TWG meeting minutes
- The TWG Memo to the approving official (i.e., the TWG Chairperson or DED through the TWG Chairperson);
- The TDR with PPD's staff signature;
- An unsigned NOD (in a PBGC-initiated termination case), a signed but undated Distress Determination Letter (in a distress termination case), with addressed envelopes for all who will receive the NOD or Distress Determination Letter;
- Three originals of the Trusteeship Agreement and a signed but undated cover letter to accompany the TA. Include original TAs only, and make sure they are clean, wrinkle free, and stapled. (The TWG office will prepare the mailing and return envelopes for the TAs.)

**19** Submit to PPD Supervisor for review and signature, then submit to PPD Division Manager.

**20** PPD Division Manager signs TDR.

**PPD Program Assistant**

**21** Prepare the appropriate envelopes for certified return receipt. Assign a TDR number (for control purposes). File a copy of the TWG memo/TDR in the chronological file.

**22** Forward the TWG Memo/TDR, TA, and NOD or Distress Determination Letter to IOD Deputy Director for review and concurrence.

**23** The Deputy Director's office will forward the TWG Memo/TDR to OGC for concurrence. If OGC requests further changes, OGC will notify the PPD Supervisor or PPD Manager. The involved financial analyst or auditor may then make the changes.

**24** OGC has five calendar days to forward the TWG Memo/TDR to the TWG Chair. The PPD supervisor will contact the TWG Secretary to ensure the package has arrived. The TWG Chair will either review and approve, request further information, or direct changes.

**25** The Secretary of the TWG Chairman will forward the TWG Memo/TDR to DED/COO for review and approval when required. DED/COO returns the original to TWG for distribution.

**26** When the documents are returned to PPD, enter the date of TWG Chair or DED/COO approval in the tracking system.

**27** File the copy with all concurrences and the NOD (if applicable) in the chronological file.

**Financial Analyst/ Auditor**

**28** Enter the appropriate data into the TDR Milestone and the NOD date in CAS as appropriate. For a distress termination, complete the Distress Termination Screen. Ensure that correct dates are used:

- NOIT date – from line 6b of Form 601
- Form 601 receipt date – receipt date at PBGC

- NOD Date – enter the date the NOD was issued (for PBGC-Initiated Terminations)

If a Form 601 has not been filed or the NOIT date is not provided therein, contact the Plan Administrator to find out the last date a Notice to Intent to Terminate was provided to Participants and other Interested Parties (other than PBGC) and use that date.

**29** Document all actions in the activity log and/or the plan file and prepare the file for transfer to the TPD. Prepare the *Document Transfer List Memo (TPDTRF.doc)* and gather all of the appropriate documents and information. In most cases, a transfer of all the information is all that is required and a meeting may not be needed. In complex cases, schedule a meeting with the TPD case team (see Process 8.1: Transfer Information from PPD to TPD).

**Route Recommended Termination**

## 5.2 Initiate Termination and Trusteeship (if applicable) 12/07/2001

**Action Steps**

| | |
|---|---|
| **Purpose** | Notify participants of plan termination to extinguish reasonable expectations of the plan's continuance.<br>Initiate actions to trustee terminated plan. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Prepare and execute trusteeship agreements; or work with OGC to initiate court ordered trusteeship. |
| **Output and Recipient** | Notice to participants of plan termination, specifically DOPT.<br>Notice to the plan sponsor, plan administrator and/or bankruptcy trustee, etc. |
| **Control Issues** | Use correct trusteeship documents. |
| **Important Concepts** | TWG office is control point for TAs. |
| **Guidance** | • ERISA 4041, 4042<br>• CFR 4041: Termination of Single-Employer Plans<br>• CFR 4003: Rules for Administrative Review of Agency Decisions |
| **Procedure Owner** | PPD financial analyst or auditor in charge of case, TWG. |

## Click Here for More Information...

5.2 Action Steps: Initiate Termination and Trusteeship (if applicable)

**Route Recommended Termination**

## 5.2 Action Steps: 12/07/2001

## Initiate Termination and Trusteeship (if applicable)

A. Notify Participants of DOPT | B. Initiate Trusteeship of Terminated Plan

### A. Notify Participants of DOPT

If a DOPT was not established (notice was not provided to participants), written notice of the plan's termination is given to the participants to extinguish their reasonable expectations of the plan's continuance. There are two methods of doing this. Follow the guidance provided by PPD Management.

1 For a larger plan (does not have to meet large case definition) make arrangements to publish a notice in one or more local newspapers. Coordinate this activity with OGC, CPAD and IOD's Customer Service Center (TSD).

2 For a smaller plan prepare and send a *Participant DOPT Notice (PNOTDOPT.doc)* to each participant in the plan, including a copy of the Notice of Determination (NOD) and the appropriate version of "Your Guaranteed Pension".

3 Keep a file copy of each letter in the case file.

**Note:** This letter is not available in ALGS. The brochures are available through DMC, see TP 34.1 Order Supplies from DMC.

### B. Initiate Trusteeship of Terminated Plan

**TWG Office**

1 The TWG office normally will send the TA with the NOD or distress determination letter. The TA will be sent FedEx unless some other method of delivery is requested. If two plans are involved, and the administrator is the same for both plans, one cover letter and one package may be used. (Each plan has a separate TA prepared.)

2 A copy of the TA will be kept in a pending file. If it has not been returned after 15 days, the TWG office will notify the TPD Division Manager, PPD Supervisor and Attorney assigned to the case. If the plan has been transferred to TPD, TPD will follow up with the plan administrator; if the case has not been transferred, PPD will follow up. OGC will assist as appropriate.

3 The signed TA will be returned to the TWG office, and will be date/timed in (on back of document) when received.

4 The TWG office will route the signed TA to the TPD. TPD will sign the TA and distribute a signed original to the plan administrator, OGC and the case file, and a copy to FOD/COD/IAB and to Treasurer FOD.

5 If the signed TA has not been received within 30 days of mailing, the assigned TPD normally will request OGC to commence court proceedings, and will copy the TWG office on the request.

**Court Action**

6 In general, OGC will initiate court proceedings within 60 days after receiving a request from the TPD or after the NOD is issued in cases where it is known that PBGC will need to initiate court proceedings in order to terminate and trustee the plan (e.g., because the administrator cannot be found).

7 OGC will notify the assigned TPD and the TWG office when it files court papers seeking termination and trusteeship.

8 OGC will provide a copy of the court order terminating the plan and appointing PBGC trustee to the assigned TPD, to FOD/COD/GAB, and to FOD/COD/FRAAB.

## 5.3 Forms, Letters, Memos, etc.

12/07/2001

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Case Contact Sheet***
Contacts.doc

***Distress Determination Letter (Criteria Met)***
DISCRMET.doc

***Document Transfer List Memo***

TPDTRF.doc

***Notice of Determination***

NOD.doc

***OGC Draft Transmittal***

OGCDRTR.doc

***Participant DOPT Notice***
PNOTDOPT.doc

***Termination and Trusteeship Recommendation - Transmittal Form***
TRAN2TWG.doc

***Termination and Trusteeship Decision Record – Distress Termination***
TDR_DIS.doc

***Termination and Trusteeship Decision Record – PBGC Initiated Termination***
TDR_INV.doc

***Trusteeship Agreement (Voluntary) Cover Letter***
TACOV_VO.doc

***Trusteeship Agreement (PBGC-Initiated) Cover Letter***
TACOV_IN.doc

***Trusteeship Agreement - Distress Terminations***
TAMOD_VO.doc

***Trusteeship Agreement – PBGC Initiated Terminations***
TAMOD_IN.doc

***TWG Memo***
TWG.doc

## PR 06. Monitor Plan

6. Overview

6. Workflow for Process

6.1 Determine Monitoring Criteria

6.2 Obtain Current Information & Update File

Forms, Letters, Memos, etc

## 6. Overview

**05/31/96**

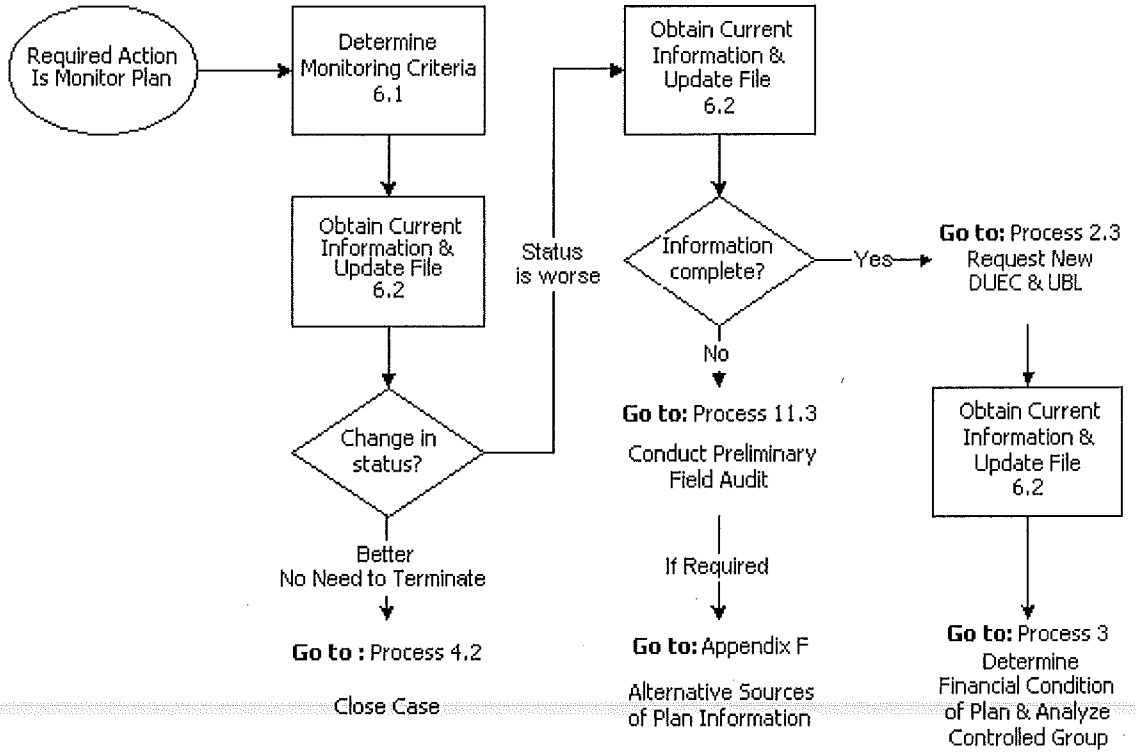
This procedure answers PBGC's need to apply a mechanism for watching plans that have been identified as potentially at risk and, if they terminate, would represent a liability to PBGC. The determination to monitor a plan should come mostly from analysis of the unfunded benefit liability ( UBL) and the sponsor's ability to reduce it. The decision to monitor a plan should not be made in lieu of making a recommendation - after a certain amount of monitoring, the reportable event should either be closed completely or the plan recommended for termination. PPD monitors two things, the financial condition of the plan, and the financial condition of the controlled group, while looking for negative developments that warrant termination. Always consider the possibility of long run loss to PBGC. Recommendations and decisions will be based on the facts and circumstances of each case as analyzed by the person monitoring the case and his or her supervisor.

**Pre-Termination Processes** **Browse Workflows:**

**Monitor Plan**

## 6. Workflow for Process 6

**05/31/96**



**Monitor Plan**

## 6.1 Determine Monitoring Criteria

**05/31/96**

**Action Steps**

| | |
|---|---|
| **Purpose** | Identify required information.<br><br>Assign a frequency, such as monthly, quarterly or annually, at which to review current information about a plan. |
| **Time Reporting (BMPRS)** | Small Plan Early Warning Program<br><br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Periodic information about the company and plan.<br><br>Company information: Dun & Bradstreet, financial statements, other information.<br><br>Plan information: Premium payment information from FOD Collection and Compliance Division (FOD/CCD), information from bankruptcy trustee (when in reorganization), and other information from the plan sponsor. |
| **Output and Recipient** | Current information necessary for PPD to completely close a case, recommend a termination, or continue monitoring. |
| **Control Issues** | Determine which plans to monitor based on UBL ($5 million or more in UBL and some potential risk to PBGC), companies in reorganization and/or requests from OGC or OED.<br><br>Determine frequency at which to monitor information on the plan.<br><br>Monitor a plan long enough to be confident that the plan can be closed or needs to be terminated. However, make the decision as soon as possible. |
| **Important Concepts** | N/A |
| **Guidance** | N/A |
| **Procedure Owner** | PPD management and financial analyst or auditor in charge of case. |

## Click Here for More Information...

6.1 Action Steps: Determine Monitoring Criteria

**Monitor Plan**

## 6.1 Action Steps: 05/31/96
## Determine Monitoring Criteria

1 **Determine an action plan with the supervisor.** Plans that require monitoring are those that are ongoing, pose no immediate risk at this time, but have a potential for risk, and currently do not meet the criteria for termination. Normally they will have $5 million or more in UBL, be in reorganization, or have been identified by OGC or OED for monitoring. Determine an action plan with the supervisor. Plans that require monitoring are those that are ongoing, pose no significant risk at this time, but have a potential for risk, and currently do not meet the criteria for termination. Normally they will have $5 million or more in UBL, be in reorganization or have been identified by OGC or OED for monitoring.

2 **Close the case in CAS.** Continue to use the comments section in CAS, as needed. Do not ship the records to storage. Send a letter to the sponsor or trustee explaining that PBGC will be monitoring the case and that request information (see step 4 and *Monitor Letter (MONITOR.doc)*) will be provided on a continuing basis.

3 **Assign a frequency to review current information.** This will normally be quarterly, but is based on personal experience, supervisor's recommendations and the availability of information. Set up a calendar or "tickler file" for reminders of when to review information or when information should be received. Assign a frequency to review current information. This will normally be quarterly, but is based on personal experience, supervisor's recommendations and the availability of information. Set up a calendar or "tickler file" for reminders of when to review information or when information should be received.

4 **Identify company information necessary for monitoring.**
Get the information for each identified controlled group member, also.

Use the following sources:

- D&B (company can be flagged for special events)
- Financial statements (quarterly and annually)
- Most recent tax returns
- 5500s and Avers
- Proof of payments/contributions (quarterly)
- Bloomburg (for publicly traded companies)
- LEXIS (through OGC)
- Standard and Poor (CD ROM in CFND)

5 Identify plan information necessary for monitoring.

- Status of premium payments (from FOD/CCD)
  - Information from bankruptcy trustee (when in reorganization)
  - Any other information, as required

**Monitor Plan**

## 6.2 Obtain Current Information and Update File 05/31/96

Action Steps

| | |
|---|---|
| **Purpose** | Maintain current information in plan file and justify completely closing case or recommending termination. |
| **Time Reporting (BMPRS)** | Small Plan Early Warning Program<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Current information on company and plan. |
| **Output and Recipient** | Up to date information. |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | N/A |
| **Procedure Owner** | Auditor or financial analyst assigned to case and Supervisor. |

## Click Here for More Information...

6.2 Action Steps: Obtain Current Information and Update File

**Monitor Plan**

## 6.2 Action Steps: 05/31/96
## Obtain Current Information and Update File

1 Maintain contact with the plan administrator or bankruptcy trustee to discuss the status of the plan from their perspective. Review information received from plan sponsor, D&B, etc.

2 Provide to supervisor on a periodic basis for review.

3 Take appropriate action based on any change in status.

- If the situation has changed for the better and there is no need to consider termination, go to Process 4.2: Close Case. Note that for companies undergoing reorganization, continue monitoring until the terms of the POR have been met. If monitoring at the request of OGC or OED, discuss with the requester prior to taking action to cease monitoring. Send a letter notifying the plan sponsor when monitoring is no longer required.
- If the situation has changed for the worse, document the finding in the file and get additional information.
  (See Process 11.3 Conduct Preliminary Field Audit and/or
  Appendix F: Alternative Sources of Plan Information, if required).
  Follow Process 2.3: Request new DUEC and UBL, if necessary, and go to
  Process 3: Determine Financial Condition of the Plan and Analyze Controlled Group
  to restart the process toward termination.
- If the situation is unchanged, continue monitoring the plan.

4 Document all actions and contacts in the activity log and/or plan file and notify OGC of changes in status. Use the Comments section of CAS, as required. File copies of all documents received.

Browse Documents: <— —>

## 6.3 Forms, Letters, Memos, etc.

10/22/97

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Monitoring Letter***
MONITOR.doc

## PR 07. Initiate PPD/TPD Coordination

7. Overview

7. Workflow for Process 7

7.1 Initiate TPD Involvement

 Forms, Letters, Memos, etc.

## 7. Overview

**08/31/2001**

Early in IOD's reorganization, "dual" assignment of cases only occurred when: payees were out of pay status, the plan was abandoned, or records or assets were in danger. Dual assignment of a case with PPD and a TPD case team, is now the rule rather than the exception, where plan termination criteria have been established and the PBGC is moving to terminate the plan and be appointed trustee.

Once it is known that a TPD needs to be assigned, the PPD Audit Supervisor contacts the TPD's Division Manager and Associate Division Manager and requests the TPD case team member information.

The PPD Manager and Audit Supervisor are notified of the case team members, and the PPD Manager makes the assignments on CAS. PPD still has ownership of the case and will continue to process it toward termination until the Notice of Determination (NOD) is signed or the distress termination is approved.

Good communication and coordination of activities between PPD and the TPD ensures smooth processing and eliminates redundant data collection efforts with the plan sponsor and other sources of information. While the case is owned by PPD, the PPD analyst or auditor is the team's point for coordination of data collection efforts. The PPD analyst or auditor assigned to the case briefs the TPD case team and reviews the documents requested and received.

After PPD completes their processing, ownership of the case moves fully to the TPD, see Process 8.2 Assign TPD Case Team.

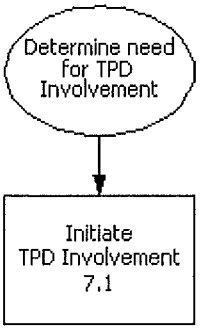
Pre-Termination Processes

Initiate PPD/TPD Coordination

Browse Workflows: 

## 7. Workflow for Process 7

08/31/2001



**Initiate PPD/TPD Coordination**

## 7.1 Initiate TPD Involvement

**08/31/2001**

**Action Steps**

| | |
|---|---|
| **Purpose** | Assign TPD case team while case is still owned by PPD. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Determination that a recommendation for termination and trusteeship is probable. |
| **Process Output and Recipient** | **CAS Activity:** TPD case team, including FBA if applicable, assigned on CAS by PPD. |
| **Control Issues** | While ownership of a case is in PPD, the TPD case team must be established on CAS by the PPD Manager. The PPD analyst or auditor is the mail and phone point of contact (POC). After the case is transferred by PPD, the TPD Manager re-assigns the POC duties. The case team member data stored in CAS is used by other IOD systems to identify responsible parties. These IOD systems include: PRISM, SCoRe, CCN and STaRS. |
| **Important Concepts** | Getting an earlier start on participant and plan processing is another IOD streamlining initiative to reduce the overall case cycle time. Efficient case processing facilitates improved customer service, as IOD is able to deliver participants better information earlier about their plan and its termination, as well as their benefits.<br><br>Timing: For cases where trusteeship is certain, it is best to involve a TPD as early as possible - typically within 90 days of receipt of a case. |
| **Guidance** | N/A |
| **Procedure Owner** | Auditor or financial analyst in charge of case, PPD Manager and PPD Audit Supervisor. |

## Click Here for More Information...

7.1 Action Steps: Initiate TPD Involvement

**Initiate PPD/TPD Coordination**

## 7.1 Action Steps: 08/31/2001
## Initiate TPD Involvement

**Auditor or Financial Analyst**

1 Determine whether immediate TPD (and Large Case Working Group if a large case) involvement is appropriate. For most plans, if PPD is reasonably confident that the plan will be terminated and trusteed by PBGC, and that an early start to TPD processing may reduce the overall time needed to complete case processing, a TPD case team will be established relatively early while a case is still being processed by PPD.

2 Notify PPD Audit Supervisor that a TPD should be assigned. If the size of the plan indicates it will be an FBA plan, take appropriate action for FBA procurement, see Process 4.7: Request FBA Procurement.

**PPD Audit Supervisor**

3 Determine TPD assignment. Cases are assigned among the TPDs on a rotating basis, with the exception of large cases. For a large case, see IOD Deputy Director for TPD assignment.

4 Send e-mail message to assigned TPD Manager (DM) and Associate Division Manager (ADM) including the following information:
Case No.
Plan Name
Name of Sponsor
Number of Participants
PPD Lead
OGC Attorney

**TPD Management**

5 Upon receipt of the e-mail from PPD, the DM or ADM assigns a Team Leader to the case.

6 The Team Leader (in consultation with the DM or ADM) assigns the TPD Case team: auditor, actuary, PLS, PBA, and FBA if an FBA plan.

7 Team Leader e-mails the PPD Manager and Audit Supervisor the names of the following:
Team Leader
Actuary
Auditor
PLS
PBA
FBA

**PPD Manager**

8 Make team member assignments on CAS based on e-mailed information. Designate PPD financial analyst or auditor as mail and phone point of contact (POC) for case.

9 Pass on all relevant information and copies of documents to the TPD case team.

Browse Documents: 

## 7.2 Forms, Letters, Memos, etc.

10/20/2000

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Case Contact Sheet***
Contacts.doc

***Document Transfer List Memo***
TPDTRF.doc

## Introduction to Initial TPD Processes

The Initial TPD Processes describe how a TPD takes ownership of a case and begins acting as trustee of the plan. In addition to the administrative procedure of assigning responsibilities among TPD staff, initial TPD processes include assuming benefit payment responsibility and making adjustments to benefits so that benefits being paid are in accordance with Title IV ERISA guarantees. Assuming benefit payments may take place prior to the termination and trusteeship of a plan. In those cases, it is relatively certain that the plan will be terminated soon.

## Initial TPD Processes include:


08 Assign TPD Case Team & Initiate Processing

09 Plan Assumption

10 Adjust Benefits

## PR 08. Assign TPD Case Team & Initiate Processing


8. Overview

8. Workflow for Process 8

8.1 Transfer Information From PPD to TPD

8.2 Assign TPD Case Team

8.3 Effect Trusteeship

Forms, Letters, Memos, etc.

## 8. Overview

**08/31/2001**

Refers cases to a TPD when it is apparent that termination and PBGC trusteeship is likely. Often, this create a dual processing situation. PPD still has ownership of the case until the Notice of Determination (NOD) is signed or the distress termination is approved and the case is transferred on CAS.

Ongoing communication between the divisions eliminates duplication of effort, particularly multiple requests to the plan administrator, plan sponsor and other sources of the same information.

Communication regarding the final case transfer to the TPD always includes Document Transfer List Memo (includes Transfer Checklist) and the Case Contact Sheet. The team should carefully review all collected data and ensure that necessary information is imaged to IPS. Depending on the size and complexity of the case, an initial meeting between PPD and the TPD may be held. Note that the transfer of information from PPD to the TPD may have begun earlier, as dual processing becomes more routine with most cases (see Process 7.1: Initiate TPD Involvement.)

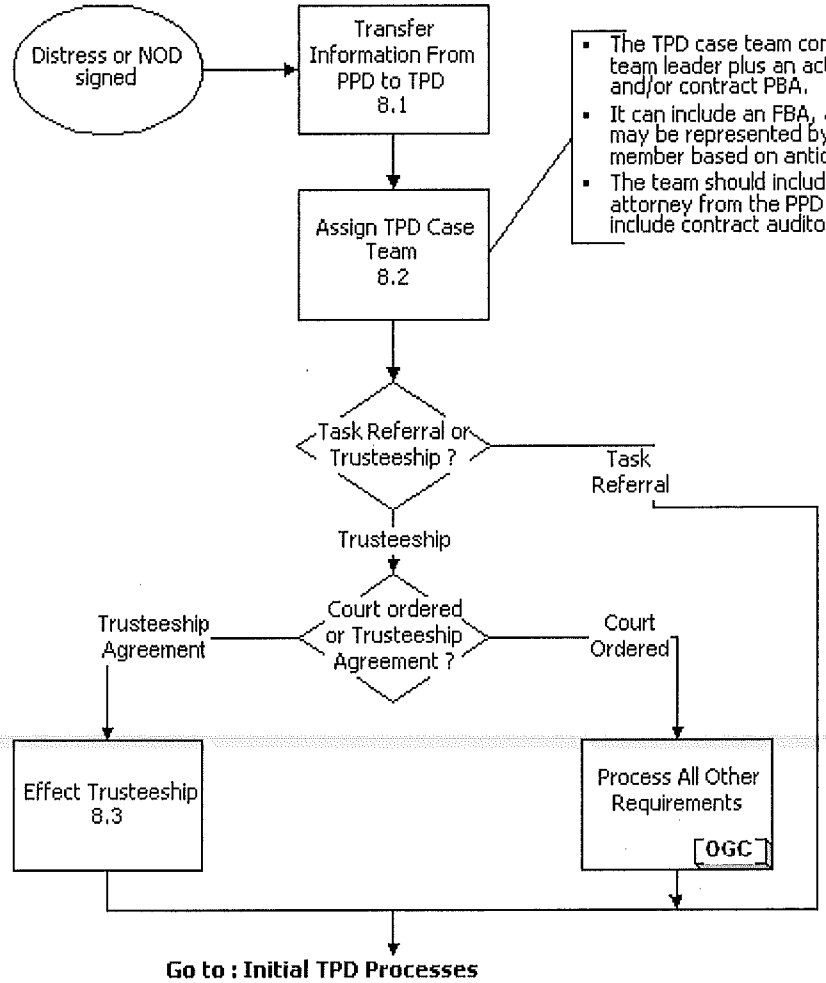
Some processes are different when obtaining plan information prior to trusteeship. One large difference is that PBGC normally obtains only copies of plan documents prior to trusteeship. Taking originals of documents that are strictly plan related is acceptable, but copies are preferred. (As clarification, PBGC obtains only copies of personnel records, even post-trusteeship, except when the records are in danger. However, since there may be some ambiguity regarding records that can be both personnel records and participant-related pension records, choose copies over originals whenever possible.) This is to prevent PBGC from becoming the de facto custodian of the records, which could lead to involvement in lawsuits. Another difference is that, prior to trusteeship, PBGC cannot direct a plan administrator to adjust benefits; however, we can request that the plan administrator make adjustments. After issuance of an NOIT in distress filings, the reduction of monthly benefits to Title IV levels is a requirement. Also, plans may not pay out any lump sums after issuing the NOIT for a distress termination. One area that is not different between pre- and post-trusteeship is PBGC's authority to request or subpoena information.

**Initial TPD Processes** **Browse Workflows:**

**Assign TPD Case Team and Initiate Processing**

## 8. Workflow for Process 8

**05/31/96**




**Go to : Initial TPD Processes**

9: Assume Payment /Set Up Account
10: Adjust Benefits

**Go to : Audit Processes**

11: Develop Audit Program
12: Evaluate Plan Documents & Participant Data
13: Verify Data for Participant Database
14: Determine Controlled Group & Net Worth
15: Audit Plan Assets

**Assign TPD Case Team and Initiate Processing**

## 8.1 Transfer Information From PPD to TPD

**08/31/2001**

**Action Steps**

| | |
|---|---|
| **Purpose** | Ensure complete transfer of case records and learn about the complexities of the case. |
| **Time Reporting (BMPRS)** | FTE Initiate Trusteeship Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Assignment of case to TPD. Document Transfer Checklist prepared by PPD. Copies of any documents received by PPD. Invited parties (when a meeting is required). |
| **Process Output and Recipient** | Plan of action for completing processing. Case information (plan and participant) imaged to IPS. |
| **Control Issues** | Review and inventory the plan file for completeness and ensure it is imaged to IPS. |
| **Important Concepts** | This meeting may mark the shift in case ownership from PPD to TPD. In other cases, both will continue to process the case. |
| **Guidance** | N\A |
| **Procedure Owner** | TPD Manager, Team Leader |

## Click Here for More Information...

8.1 Action Steps: Transfer Information from PPD to TPD

**Assign TPD Case Team and Initiate Processing**

## 8.1 Action Steps: 08/31/2001

## Transfer Information from PPD to TPD

1 Use the *Document Transfer List Memo (TPDTRF.doc)* to review the plan file and for the hand-off meeting, if one is held. Whether a meeting is held, or just a transfer of the written material occurs, the idea is to obtain a complete understanding of the plan status and transfer of all information available at the time. Then, as more information comes in, whatever is relevant should be shared between the two divisions. In some cases, PPD will not have much information or many documents. If the meeting takes place late in the process or after determination of trusteeship, the transfer of information and materials will be greater, but should still cover all information and materials available. Identify as many of the following as possible:

- Inventory of documents already obtained (and access to or copies of documents, as needed); copies of all plan documents are especially critical
- Identity of plan administrator or bankruptcy trustee and contact information
- Status and location of plan assets
- Location of pension records, personnel files, check registers
- History of actions taken by PPD and results
- PPD proposed schedule for any remaining PPD processing
- Identity of OGC attorney for case
- Status of bankruptcy filings, if applicable
- List of points of contact, addresses, and telephone/fax numbers for paying agent, plan sponsor, plan administrator, bankruptcy trustee, attorneys, actuaries, union representatives, etc. Include sources for electronic records. Most of this information should be included in the *Case Contact Sheet (Contacts.doc).*
- List of any legal or policy issues (working retirement issues, shut-down determination, etc.).
- Task(s) to be performed by the TPD and timing
- Plan of Action (normally developed in the meeting or by phone or e-mail)

2 Review all case information, determine what will be retained in file (IPS). Index and submit to DMC for imaging to IPS. See TP 34.2 Submit Documents for Imaging.

3 Refer to the Workflow diagram at the beginning of this process to determine the next action.

**Assign TPD Case Team and Initiate Processing**

## 8.2 Assign TPD Case Team

**08/31/2001**

Action Steps

| | |
|---|---|
| **Purpose** | Establish assignment of all TPD disciplines and an FBA if necessary, in CAS. Ensure equitable distribution of workload among TPD staff. Prepare a work plan for each case based on the expected processing cycle. |
| **Time Reporting (BMPRS)** | FTE Initiate Trusteeship Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required input and Source** | Notice from PPD that termination and trusteeship of the plan is imminent. Notice of assigned FBA if applicable. |
| **Process Output and Recipient** | Case team assignments established in CAS.<br>Workplan for case processing developed.<br>**CAS Activity:** All CAS milestones assigned to case team members. Mail and phone POC duties assigned. |
| **Control Issues** | N/A |
| **Important Concepts** | Generally, a TPD case team was established while the case ownership (per CAS) was still with PPD, see Process 7.1: Initiate TPD Involvement . Transfer of the case from the PPD to the TPD happens quickly so point of contacts (POCs) can quickly be assigned re-assigned on CAS. This reduces the possibility of delayed customer service. The case team member data stored in CAS is used by other IOD systems to identify responsible parties. These IOD systems include: PRISM, SCoRe, CCN and STaRS. |
| **Guidance** | N/A |
| **Procedure Owner** | TPD Division Manager or Team Leader, Deputy Director, IOD and Large Case Coordinator, TPD Case Team. |

## Click Here for More Information...

8.2 Action Steps: Assign TPD Case Team

**Assign TPD Case Team and Initiate Processing**

## 8.2 Action Steps: 08/31/2001

## Assign TPD Case Team

Often a TPD case team will have been assigned while the case was still in PPD, see Process 7.1 Initiate TPD Involvement. At this stage, the case is in the process of being terminated and trusteed and is being transferred fully to the TPD to continue processing the plan and participants through closing (see Introduction to Case Closure Processes.)

**Division Manager**

1 Review CAS information (to ensure that all milestone dates have been entered) and the plan file to determine the complexity and size of case.

**Note** If a Large Case Working Group (LCWG) is necessary, PPD should have already contacted the Large Case Coordinator to establish this. See Process 4.4: Form Large Case Working Group (If Required).

2 Review the team assignments on CAS, notify team leader.

**Team Leader**

3 Review CAS team assignments, ensure all required disciplines are assigned: auditor, actuary, PLS, PBA, and FBA if an FBA plan. Designate the mail POC and phone POC.

4 Assign all default TPD milestones on CAS within the disciplines (auditor, actuary, and PLS).

**TPD Case Team - for FBA Plans**

(Once developed, the FBA Workplan is updated quarterly.)

5 Hold a case team meeting, including the TPD Management and FBA Management to determine a reasonable cycle for case processing. Use video conferencing if available, if not, use telephone conferencing for FBA staff.

6 Prepare an *FBA Workplan (FBAWorkplan.xls)* for the plan, for submission to MCU as soon as possible. Observe the guidance regarding dates and routing for approval and submission to MCU provided in TP 35: Update FBA Workplan.

7 Refer to the Workflow diagram at the beginning of this process to determine the next action.

**Note** For non-FBA plans, the TPD case team follows steps 5 & 6 above, except that an FBA is not included, **and** the workplan is only for the TPD use, and is not filed with MCU. Updates to the case workplan are done periodically as determined by TPD Management.

**Assign TPD Case Team and Initiate Processing**

## 8.3 Effect Trusteeship

**10/10/97**

**Action Steps**

| | |
|---|---|
| **Purpose** | Effect trusteeship of the plan. |
| **Time Reporting (BMPRS)** | FTE Initiate Trusteeship Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Signed NOD or approved Distress Termination<br>OGC-reviewed trusteeship agreement prepared by PPD |
| **Output and Recipient** | Executed trusteeship agreement. Recipients include: outside signer, prior paying agent, any relevant union (when required), outside counsel, insurance companies, FOD, Large Case Coordinator (if applicable) and OGC. |
| **Control Issues** | Review documents for authenticity and completeness.<br>If the outside signer modifies the agreement, refer it to OGC to determine if PBGC should execute the agreement as modified or start again.<br>Verify that the correct outside signer signed the agreement. |
| **Important Concepts** | The TA is prepared by PPD and/or OGC and mailed to outside signatories by the TWG office. All three originals of the trusteeship agreement must be signed.<br>The second signature (PBGC's--usually the TPD auditor) actually executes the agreement and determines the date of trusteeship (DOTR ). |
| **Guidance** | ERISA 4041 and 4042 |
| **Procedure Owner** | TPD Auditor, TPD Manager, Team Leader |

## Click Here for More Information...

8.3 Action Steps: Effect Trusteeship

**Assign TPD Case Team and Initiate Processing**

## 8.3 Action Steps: 02/18/2005

## Effect Trusteeship

1 Upon receipt of the executed trusteeship agreements from the outside signer, sign and date the Trusteeship Agreements. Notify the Team Leader so that the signing date can be entered on CAS (finalize the Trusteeship Agreement Milestone). If the outside signer invalidates or nullifies the Trusteeship Agreement, return the original to OGC and file a copy in the plan file.

2 Prepare and send an *Executed Trusteeship Agreement Cover Letter (Extacvlt.doc)* forwarding an original of the executed trusteeship agreement to the outside signer. Prepare and send a C*ourt Ordered Trusteeship Cover Letter (Cotruscl.doc)* forwarding the order, for court ordered trusteeships.

3 Send an e-mail message to Treasurer, FOD Treasury Division (FOD/TD) and FOD Controller Operations Division/Investment Accounting Branch (FOD/COD/IAB) to notify them of the PBGC date of trusteeship. Follow up with a memo (see next step).

4 Distribute the signed Trusteeship Agreements with a *Trusteeship Agreement Transmittal Memo (Tragtran.doc)* for internal distribution as follows:

| | | |
|---|---|---|
| • | original | OGC (attorney assigned) |
| • | original | plan file |
| • | copy | Deputy Director, IOD |
| • | copy | Large Case Coordinator (when applicable) |
| • | copy | FOD Treasury Division (FOD/TD) |
| • | copy | FOD Investment Accounting Branch (FOD/IAB) |

In the case of court ordered trusteeships, OGC will already have the original. Address the *Court Ordered Trusteeship Agreement Transmittal Memo (Tragtrco.doc)* to FOD/COD/IAB.

5 Send the *4042(d) Notification of Trusteeship Letter to Interested Parties (4042DIP.doc)* letter to all interested parties, as described in 4042(d). Interested parties on a case may include:

- Plan sponsor,
- Controlled group members,
- Bankruptcy trustee,
- Actuary,
- Auditor,
- Union(s),
- Bank,
- Accountant,
- Insurance company, and
- Prior paying agent.

This letter provides the statutorily required notice that PBGC is terminating and trusteeing the plan.

**Note** Providing 4042(d) notice to participants is handled separately (see Process 9.13: Notify Participants).

6 Prepare a *Premium Information Request Memo (Preminfo.doc)* and send it to Financial Operations Department, Collection and Compliance Division, Review and Collection Branch. This memo requests that FOD calculate the amount of unpaid PBGC premiums, interest, and penalty due as of DOPT (needed for Plan Asset Audit--see Process 15: Audit Plan Assets) **and** DOTR (needed for recovery valuation--see Process 16: Value Recoveries & Allocate to Claims).

7 Notify all TPD case team members that trusteeship has been effected. Provide DOPT and date of trusteeship. Ensure correct DOPT is used. (May differ from date contained in original recommendation.)

8 Refer to the Workflow diagram at the beginning of this process to determine the next action.

**Court Ordered Trusteeship**

9 Work with the OGC attorney assigned to the case.

10 When trusteeship has been effected, proceed with steps 6-8.

## 8.4 Forms, Letters, Memos, etc.

**02/18/2005**

**Note** After opening a file listed below, use **File / Save As** to give appropriate name and save with other case-related files. To switch between the file and the *online IOD Procedures Manual*, press **ALT+TAB**.

***4042(d) Notification of Trusteeship Letter to Interested Parties*** (not participants)
4042DIP.doc

***Case Contact Sheet***
Contacts.doc

***Court Ordered Trusteeship Agreement Cover Letter***
Cotruscl.doc

***Court Ordered Trusteeship Agreement Transmittal Memo***
Tragtrco.doc

***Document Transfer List Memo***
TPDTRF.doc

***Executed Trusteeship Agreement Cover Letter***
Extacvlt.doc

***FBA Workplan***
FBAWorkplan.xls

***Premium Information Request Memo***
Preminfo.doc

***Trusteeship Agreement Transmittal Memo***
Tragtran.doc

## PR 09. Plan Assumption


9. Overview

9. Workflow for Process 9

9.1 Request Plan Administrator to Continue Payment Processing

9.2 Prepare and Transmit Funding Memo

9.3 Obtain Participant Payment Data

9.4 Initiate First Pay Load

9.5 Review and Map Data for Datahub Load

9.6 Prepare First Pay Data for TPD Review

9.7 Review and Reconcile First Pay Pre-Load Database

9.8 Review and Authorize First Pay Datahub Load

9.9 Initiate Status A Participant Load

9.10 Prepare Status A Data for TPD Review

9.11 Review Status A Datahub Pre-Load Database

9.12 Review and Authorize Status A Datahub Load

9.13 Notify Participants

 Forms, Letters, Memos, etc.

**Plan Assumption**

## 9.0 Overview

**02/18/2005**

When assuming a new plan, a primary objective of PBGC is to ensure participants continue to receive their benefit payments without interruption. The Trusteeship Processing Divisions (TPDs) must work closely with the plan administrator and the plan's paying agent to ensure a smooth transition of the benefit administration functions to PBGC. A brief description of the process follows.

The TPD occasionally must remind the plan administrator of his or her responsibility to administer the plan during its transition to PBGC, and sometimes to request a transfer of funds to the interim paying agent to continue payments. These processes are covered in Process 9.1: Request Plan Administrator to Continue Payment Processing and Process 9.2: Prepare and Transmit Funding Memo , respectively.

For most plans, the TPD begins by obtaining from the plan administrator and/or paying agent the data needed for PBGC to assume payments (see Process 9.3: Obtain Participant Payment Data). The TPD usually routes this data to OASD to load into PRISM through Datahub, but the TPD may load plans manually (Process 9.4: Initiate First Pay Load). With Datahub loads, OASD initially converts the data to the standard pre-load format (see Process 9.6: Prepare First Pay Data for TPD Review, which also covers OASD's role in the following Datahub load). The TPD reviews and edits this pre-load data on the intranet using DAS, reconciles it to the data source (usually the check register), and then requests that OASD load the data into Datahub (Process 9.7: Review and Reconcile First Pay Datahub Pre-Load Database). The TPD then reviews the data and authorizes the final load into PRISM Genesis with their first PBGC payment date (Process 9.8: Review and Authorize First Pay Datahub Load).

The TPD loads the Status A participants (non-payees) in a similar manner. Occasionally, payees also may be loaded as Status A's initially in order to mail letters earlier using eALG. The TPD's role in Status A loads is covered in Processes 9.9: Initiate Status A Participant Load, Process 9.11: Review Status A Datahub Pre-Load Database, and Process 9.12: Review and Authorize Status A Datahub Load. OASD's role is covered in Process 9.10: Prepare Status A Data for TPD Review.

When electronic data is not available for a Datahub load, the TPD submits the participant data on paper through the Datahub Coordinator in RSD. The Datahub Coordinator maps and forwards the data (Process 9.5: Review and Map Data for Datahub Load) to the Document Management Center to begin the manual data entry. OASD coordinates the remaining steps with the TPD.

Once participants are loaded into PRISM, the TPD notifies them of PBGC's trusteeship of their plan and requests data from them. Payees are also notified of the change in paying agent and any changes to their payments. These initial letters are covered in Process 9.13: Notify Participants.

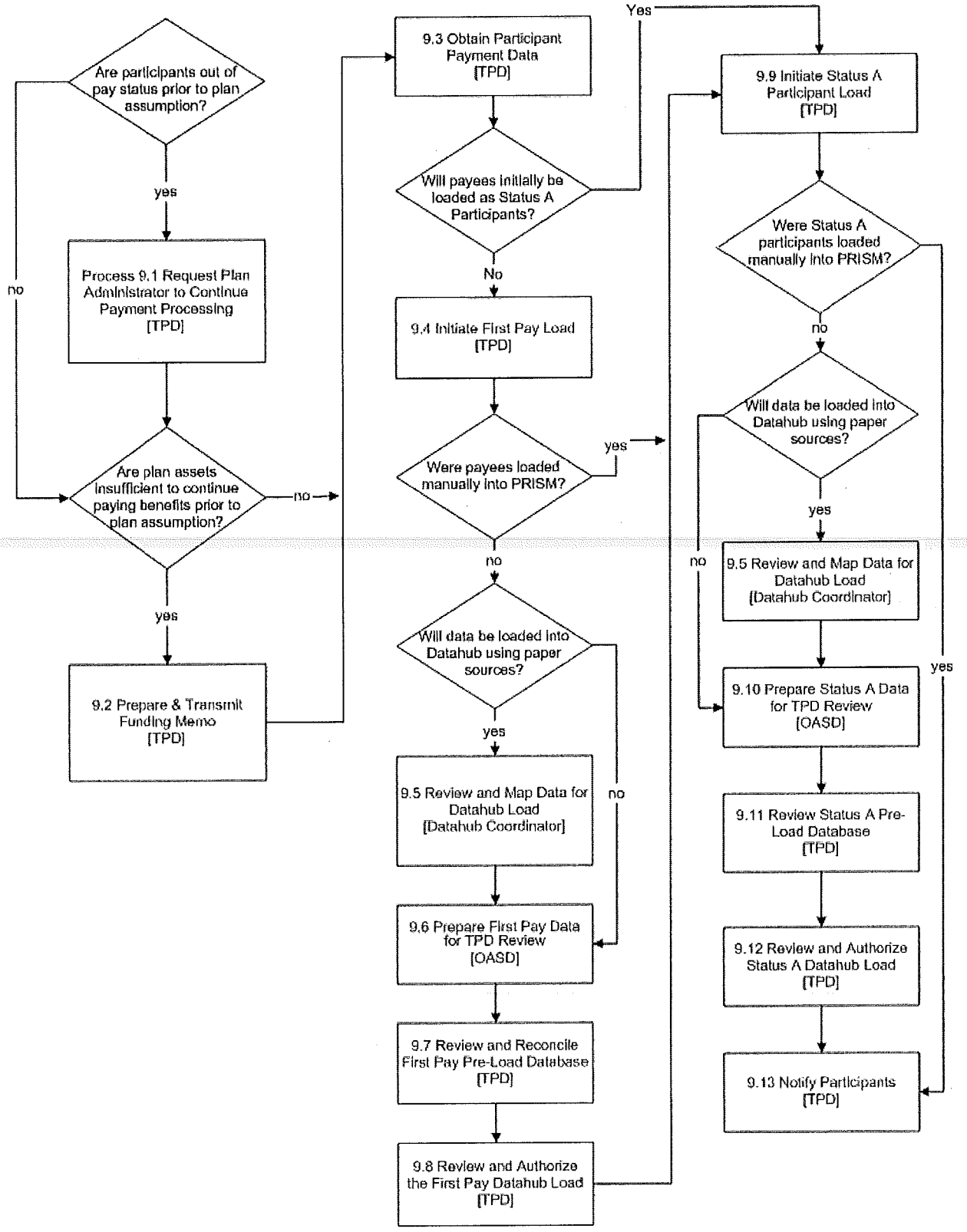
Initial TPD Processes

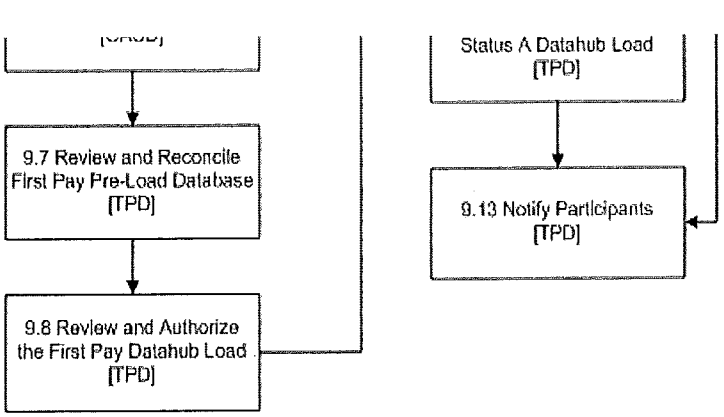
Browse Workflows:

## Plan Assumption

# 9.0 Workflow for Process 9

02/18/2005




[GAUD]
9.7 Review and Reconcile First Pay Pre-Load Database [TPD]
9.8 Review and Authorize the First Pay Datahub Load [TPD]
Status A Datahub Load [TPD]
9.13 Notify Participants [TPD]

**Plan Assumption**

## 9.1 Action Steps: 02/18/2005

## Request Plan Administrator to Continue Payment Processing

| | |
|---|---|
| **Purpose** | To ensure continued payments to retirees prior to PBGC's assumption of payment responsibility by informing the plan administrator of his or her fiduciary duty. |
| **Procedure Owner** | PLS, Auditor |
| **Guidance** | PBGC Operating Policy Manual 5.4-7 Annuity Benefit Forms |

This procedure is used when participants are out of pay status or if there is reason to doubt whether a plan will be administered effectively up to the date PBGC assumes payments.

1 Determine the plan administrator from Division of Insurance Supervision & Compliance (DISC), the case auditor, or a review of the pension plan documents.

2 Call the plan administrator to verify the following:

- The plan administrator (or designated representative) is still performing day-to-day duties and willing to continue paying retirees. In certain bankruptcy cases, a Trustee may assume responsibility for plan administration or designate another person.
- Plan assets are sufficient and available to continue paying retirees until PBGC assumes payments.

3 If the plan administrator is willing to continue paying retirees and perform the day-to-day duties, request that the plan administrator/plan sponsor:

- Continue paying retirees.
- Pay no lump sums (applies only after DOTR).
- Place new retirees into pay status as they become eligible until trusteeship occurs. After trusteeship, direct the plan administrator to refer all new retirees to PBGC so that BAPD can put them into pay status through PBGC's paying agent.
- Forward a copy of the most current monthly check register, including information about electronic payments, and a check register for each subsequent month until PBGC assumes payments.
- Keep PBGC advised of any payment changes (new payees, deaths, etc.).
- Await further instructions from PBGC.

4 Send the *Plan Administrator Request Follow-up Letter (Pareqfol.doc)* to document the call and restate all the points discussed. Image a copy to the IPS plan file (see TP 16: Establish & Maintain Plan & Participant Files).

5 If the plan administrator indicates plan assets are insufficient to continue payments, initiate PBGC funding of the plan. See Process 9.2: Prepare & Transmit Funding Memo.

6 Monitor the monthly check registers as received through the date PBGC assumes payments to verify that payees continue to receive their benefits. Identify any changes to the check register totals due to new payees entering pay status, deaths, etc. Note that participants who apply for benefits after DOTR should apply to PBGC to be placed into pay status (see TP 20: Put a New Payee into Pay Status).

7 If there is no longer a functional plan administrator (the plan is abandoned) or he/she is uncooperative:

- Expedite assumption of payment responsibility by PBGC. Go to Process 9.4: Initiate First Pay Load. If the plan is not yet trusteed, the concurrence of the Director, BAPD is required.
- Ensure that retirees continue to receive uninterrupted benefit payments prior to payment assumption. Coordinate with the paying agent if possible. If the paying agent is cooperative but plan assets are insufficient, go to Process 9.2: Prepare & Transmit Funding Memo.
- If the paying agent is also not functional or is uncooperative, initiate off-cycle payments to retirees (see TP 29: Request Off-Cycle Payment). Note that payees must be loaded into PRISM and the plan account opened at SSC before off-cycle payments can be made. Notify the payees via eALG of the change in paying agent (see Process 9.13: Notify Participants).

**Plan Assumption**

## 9.2 Action Steps: 02/18/2005

## Prepare and Transmit Funding Memo

| | |
|---|---|
| **Purpose** | To wire funds to the interim paying agent of a plan with insufficient assets to continue paying retirees until PBGC assumes payment responsibility. |
| **Producer Owner** | PLS |
| **Timing** | Funds must be transferred according to the paying agent's deadline. |

This procedure is used only if the plan has insufficient assets to continue to pay retirees before PBGC can assume payments.

1 Receive notification that participants are already out of pay status or will be if funds are not provided. This may come from one of several sources:

- The case team receives a CAS task referral from Division of Insurance Supervision & Compliance, with the name, address, and phone number of the paying agent; and authorization for PBGC to provide funds. This normally occurs prior to trusteeship.
- Receive notice from another source (interim paying agent, plan administrator, etc.) that the plan has insufficient assets to continue payments prior to PBGC assuming payment responsibility. This may also be prompted by a call from a participant who did not receive a payment.

2 Call the interim paying agent (IPA) to coordinate the transfer of funds from PBGC so that the IPA may continue to make uninterrupted payments to retirees. Explain that a letter is needed from the IPA to PBGC requesting the exact amount of funds needed and providing relevant information:

- The number of payees, payment due date, and the date by which funds must arrive to meet the deadline for the paying agent's check cycle.
- Wire transfer information, including: bank name and address, ABA routing number; account number; name and phone number of contact; and the name of the plan administrator, bankruptcy custodian, or other person in charge of the plan.
- Request that the IPA fax the letter to expedite the process, and follow up with the original.

3 Issue the *Prior Paying Agent Information Letter (Ppainfo.doc)* to follow up the conversation and document the phone call. Fax the letter to expedite the process, and follow up with the original. Also image a copy to the IPS plan file (see TP 16: Establish & Maintain Plan & Participant Files).

4 Upon receipt of the request for funds, ensure that the IPA has provided adequate documentation to verify the information in the letter. Follow up for any missing information.

5 Create the *Benefit Funding Memo (Funding.doc)* to initiate the transfer of funds:

- Attach a *Concurrence Form (Concurr.doc)* and a copy of the IPA's request letter.
- Prepare the funding memo for the TPD Manager and Deputy Executive Director/Chief Operations Officer's (DED/COO) signatures if over $10,000 and the plan is not yet trusteed.
- For all other situations, prepare the funding memo for the TPD Manager and BAPD

Director's signatures.

6 Walk the memo through the approvals to expedite the process. Image a copy of each approved document to the IPS plan file (see TP 16: Establish & Maintain Plan & Participant Files). The BAPD Deputy Director keeps a log and copies of all signed funding memos for internal control purposes.

7 Call the Branch Chief, Financial Operations Department, Controller Operations Division, General Accounting Branch (FOD/COD/GAB) to determine which staff member will act on the funding memo.

8 Hand deliver the approved funding memo to the assigned staff member in FOD/COD/GAB. Request confirmation of expected date of the wire transfer, and either a copy of the funding memo or an e-mail confirmation when it is sent.

9 Call the IPA and give the expected date of receipt of the funds. Request a courtesy return call when they receive the funds.

10 If no confirmation of the wire transfer is received, call the contact in FOD/COD/GAB to confirm the date the funds were wired. If there is a change in the due date, notify the IPA immediately.

11 Reconcile the amount of money transferred to the IPA to the total amount of benefits to be paid. Prepare a memo to file documenting the reconciliation and place in the IPS plan file.

12 For post-trusteeship cases, accelerate the transfer of payment responsibility to PBGC.

**Plan Assumption**

## 9.3 Action Steps: 02/18/2005

## Obtain Participant Payment Data

| | |
|---|---|
| **Purpose** | To obtain the data necessary for PBGC to assume payment responsibility for a plan. |
| **Procedure Owner** | PLS |
| **Guidance** | PBGC Operating Policy Manual 5.4-3 Frequency of Benefit Payments |

1 Determine whether there are currently payees in pay status in the plan. If so, continue with this procedure. If there are no payees, proceed as follows:

- Note on the *Plan Assumption Reconciliation Report (planasmprec.doc)* that there are no payees and obtain TPD management concurrence. Image the report to the case file in IPS (see TP 16: Establish & Maintain Plan & Participant Files).
- Update the Plan Assumption Milestone in CAS.
- Proceed to load non-payees in the plan (see Process 9.9: Initiate Status A Participant Load).

2 Call a case team meeting to determine the date of PBGC's first payment. Use the following considerations as general guidelines, as applicable:

- How soon the interim paying agent can provide the payee data.
- The timing requirements for submitting the data for Datahub loads or payment cutoff date for PRISM loads (see Process 9.4: Initiate First Pay Load).
- The Date of Trusteeship (DOTR). PBGC's goal is to assume payments within 90 days of DOTR.
- The sooner payments are assumed, the sooner participants will be notified of their eligibility for the Health Coverage Tax Credit (see TP 46: Health Coverage Tax Credit (HCTC)).

3 Call the interim paying agent and state that PBGC will transfer payment responsibility to its paying agent (SSC), and provide the date of PBGC's first payment. Inform the paying agent that a letter will be sent to follow up the phone conversation, and briefly describe the items requested in both paper and electronic format ("raw" data in ASCII delimited text format) in the *Notification Letter to Prior Paying Agent (Notifppa.doc)*:

- Current payee data, including plan assumption data elements needed. (This is sometimes referred to as the "successor extract" which includes a "data dictionary".)
- Copies of check registers from the month prior to the date of plan termination (DOPT) through the date of the interim paying agent's last payment.
- A list of payees who have gone into pay status since DOPT, and of payees whose benefits have ceased since DOPT (due to death, C&C annuities which have expired, etc.).
- A list of payees whose benefits are subject to QDRO provisions, tax levies, or court attachments.
- A list of participants with purchased annuities. If a separate list is not available, they

should be clearly identified in the check register to distinguish them from the payees whose benefits PBGC will assume.

4 Customize and issue the *Notification Letter to Prior Paying Agent (Notifppa.doc)* on the day of the telephone conversation. To expedite, send by fax and follow up with the original. Image a copy of the letter to the plan file (see TP 16: Establish & Maintain Plan & Participant Files), and send a copy to the following:

- TPD Manager
- TPD Case Auditor
- Branch Chief, FOD/COD/IAB
- Trust Accountant, FOD/COD/IAB
- Asset Transfer Group, FOD, Treasury Division

**Important:** Notify FOD of any change in the date of PBGC's first payment.

5 Send an e-mail to the case team confirming the date of PBGC's first payment.

6 Upon receipt of the payee data:

- Review the data and ensure that all the information requested is included. Follow up for any missing or incomplete data.
- Provide the list of payees to the case actuary to review for benefit adjustments (see Process 10: Adjust Benefits).
- Each month, notify **all** case team members who will be involved in loading or reviewing the First Pay load of any changes in the payment data. This will help to ensure that new payees receive their payments, and to prevent payments to payees who die before payment assumption.

7 Prepare to load the payees through Datahub or PRISM online applications. Proceed to Process 9.4: Initiate First Pay Load.

**Plan Assumptions**

## 9.4 Initiate First Pay Load

**02/18/2005**

| | |
|---|---|
| **Purpose** | To initiate the load of First Pay data through either Datahub or PRISM online applications. |
| **Procedure Owner** | PLS, Team Leader |
| **Guidance** | Datahub User Manual<br>Datahub Administration System help page<br>Benefit Payment Schedule on intranet<br>Operating Policy 5.4-3 Frequency of Benefit Payments |
| **Timing** | Loading participants early allows eligible participants earlier access to their benefits under the Health Coverage Tax Credit. See TP 46: The Health Coverage Tax Credit (HCTC) for more information.<br>**Datahub Loads:**<br>• If 500 or fewer retirees, submit the payee data to OASD at least 45 days prior to the month of PBGC's first payment.<br>• If more than 500 retirees, submit the payee data to OASD at least 60 days prior to the month of PBGC's first payment.<br>**PRISM Online Loads:**<br>Transactions must be submitted and authorized according to the check schedule for the month of PBGC's first payment (see Benefit Payment Schedule on intranet). |

Most plans are loaded through Datahub. However, plans with 25 or fewer payees may be loaded directly through PRISM online applications. Click the appropriate link for the type of load to be initiated.

- Process 9.4A: Submit Payee Data for Datahub Load
- Process 9.4B: Load Payees Manually into PRISM

**Plan Assumptions**

## 9.4A Action Steps: 02/18/2005

## Submit Payee Data for Datahub Load

This section applies when payees are to be loaded separately from non-payees, or when updating the records of payees initially loaded as Status A participants (see Process 9.9: Initiate Status A Participant Load).

1 Verify that an account for the plan has been opened with PBGC's paying agent, SSC. Do not proceed with the payee load until certain the account is open.

- Most plans have accounts opened at SSC automatically when the case team assigned in CAS includes a PLS. CAS automatically generates an e-mail requesting that SSC open the account, and SSC e-mails a confirmation. Both are imaged to the IPS plan file by the Customer Communication Branch, RSD. No further notification to SSC is needed. However, if the case team loaded into CAS does not include a PLS, the account does not open automatically at SSC and must be opened manually.
- If uncertain about the status of the account, contact SSC. If SSC indicates it is open, document the call in a memo to the IPS plan file and proceed to step 3. If SSC indicates the account is **not** open, go to step 2.

2 If the account did not open automatically at SSC, submit the following package to Chief, BPB:

- *Notification of Authorization to Make Payments Letter (Authpay.doc)* letter with the TPD Manager's signature. BPB Chief also signs and then forwards the letter to SSC. SSC will not act without both signatures. Do not forward the letter directly to SSC or provide advance copies.
- *Account Adds and Changes Form (Acaddchg.doc).*

BPB Chief forwards the letter and form to SSC and images a copy of each to the IPS plan file. The PLS images copies of any attachments. See TP 16: Establish & Maintain Plan & Participant Files.

3 Submit the electronic Data Entry Request Form (eDERF). For instructions, see the Datahub Administration System help page on the intranet.

**Important:** PBGC's first pay date must be the month following the interim plan administrator's final pay date, as stated in the *Notification Letter to Prior Paying Agent (Notifppa.doc).* Coordinate any change in the date with the interim paying agent.

4 When doing both the First Pay and the Status A loads for a case within the same time frame, complete the first load through authorization in Reconciler before running Evaluator for the second load..

5 Submit the payee data according to the Timing specifications. Also indicate whether the payees were initially loaded as Status A participants, and include all data elements required for the Datahub load.

**Electronic Data:** Prepare and submit the payee data to OASD by e-mail using the Datahub mailbox. If a physical copy (printout) is also available, deliver it to OASD.

**Paper Data:** Print a copy of the eDERF and attach to the data document (check register, extract, etc.), and submit the package to the Datahub Coordinator in BPB/RSD. Do not include handwritten data - all data must be in a typewritten format.

6 Once OASD sends the e-mail indicating that the data is ready for TPD review, proceed to Process 9.7: Review and Reconcile First Pay Pre-Load Database.

**Plan Assumptions**

## 9.4B Action Steps: 02/18/2005

## Load Payees Manually into PRISM

Use the following steps only for very small plans with 25 or fewer payees at the time PBGC assumes payments. Use Datahub to load larger plans. If more than 25 payees will be loaded directly into PRISM , the TPD Manager must document the circumstances by memo to the IPS plan file.

1 Confirm the account is open for the plan at SSC (see Process 9.4A, steps 1 and 2).

2 Load the payees using PRISM online applications, and note the following:

- Transactions must be submitted and authorized according to the check schedule for the month of PBGC's first payment (see Benefit Payment Schedule on intranet). If these dates cannot be met, the payments may be issued off-cycle (see TP 29: Request Off-Cycle Payment).
- PBGC's first pay date must be the month following the interim paying agent's last pay date, as confirmed in the *Notification Letter to Prior Paying Agent (Notifppa.doc)* previously issued. Coordinate any change in the date with the interim paying agent and notify FOD.
- Adjust the benefit amounts of participants who are subject to benefit adjustments, and notify them at least 30 days before the effective date. See Process 10.4: Identify Current Payees for Benefit Adjustments.
- Convert monthly benefit payments under $50 to annual payments (see PBGC Operating Policy 5.4-3 Frequency of Benefit Payments).
- Combine the payments of participants receiving more than one monthly payment (for example, as participant and beneficiary) into a single payment.
- **Important:** When loading participants with Electronic Direct Deposits (EDD) manually into PRISM, bank addresses are **required**. If not available, consider using available internet services to locate them. **Do not use the PBGC address as a default**.

3 Prepare and submit the *Plan Assumption Reconciliation Report (planasmprec.doc)* to reconcile the PRISM load. This step must be completed for all plans trusteed on and after 10/01/2004.

- Attach the check register (or similar document) used to verify the total dollar amounts and number of participants to the data entered into PRISM.
- Request the Participant Payment Report (PPR) from SSC and attach. This report is available around the middle of the month prior to PBGC's first payment.
- Attach a spreadsheet listing any payments that were annualized.
- Attach a spreadsheet to reconcile other discrepancies between PBGC and plan administrator payment amounts.
- Submit the report and attachments to the TPD Manager or designee for concurrence.

4 Upon management concurrence, image the report with all attachments to the IPS plan file (see TP 16: Establish & Maintain Plan & Participant Files). Within five working days of concurrence, TPD management shall review the plan file to ensure that the reconciliation report and all attachments are imaged.

5 Update the Plan Assumption Milestone in CAS with the date of first payment by SSC.

6 Proceed to Procedure 9.9: Initiate Status A Participant Load to begin loading non-payees. If non-payees will not be loaded immediately, first notify payees of the plan assumption, change in paying agent, and any changes to their benefits (see Procedure 9.13: Notify Participants).

**Team Leader**

7 Finalize the Plan Assumption Milestone in CAS.

**Plan Assumptions**

## 9.5 Action Steps: 02/18/2005

## Review and Map Data

| | |
|---|---|
| **Purpose** | To review the plan assumption package submitted by the TPD and map for data entry by the Document Management Center. |
| **Procedure Owner** | Datahub Coordinator |
| **Guidance** | Datahub Administration System help page |
| **Timing** | Map data as soon as possible following receipt of the plan assumption package, but target for completion within three business days. |

The following actions are required when a TPD submits paper sources of participant data for the First Pay or Status A Datahub load.

- 9.5A Review and Map First Pay Data
- 9.5B Review and Map Status A Participant Data

**Plan Assumptions**

## 9.5A Action Steps: 02/18/2005

## Review and Map First Pay Data

1 Upon receipt, review the electronic Data Entry Request Form (eDERF) and payee documentation (for example, the check register) and ensure that all necessary items have been submitted. Immediately notify the PLS by e-mail (with a cc to the plan's Team Leader) if the package is not complete.

2 Review the participant payment data to determine proper data mapping to Datahub Plan Assumption application screens.

3 Complete the *Datahub - Data Mapping Instructions for Data Entry (Dhdmapin.doc)* as soon as possible, but target for completion within three business days. The data elements necessary for plan assumption are as follows:

***Basic Identification***

- 8-digit Case Number
- SSN
- Name Fields: First, Last, Middle (optional), Suffix (optional)
- Participant Type: Participant, Beneficiary, QDRO

***Address***

- Street
- City
- State
- Postal Code
- Country (use only if not USA. Note that not all Datahub loads can handle foreign addresses)

***Basic Payment Information***

- Frequency (Monthly, Quarterly, Annual)
- 1st Estimated Pay Source: Gross Amount, Start Date, End Date
- 2nd Estimated Pay Source: Gross Amount, Start Date, End Date

***Payment Destination***

- Destination (EDD, Check to Home, Check to Bank)
- If EDD or Check to Bank: Bank Name*, Street, City, State, Postal Code, Account Type (Savings or Checking), Account Number, 9-Digit Bank Routing Number (EDD only)

  * Bank Name and Address are optional if destination is EDD. They are good to have, but do not delay a load if missing.

***Federal Tax Withholding***

- Election (F = Fixed amount; C = Calculated amount based on marital status and allowances. If a payee has both a calculated and a fixed amount for additional withholding, indicate both.)

- Amount (if Election is F)
- Marital Status and Number of Exemptions (if Election is C)

4 Update the BPB Plan Assumption Tracking System.

5 Update the eDERF and deliver completed *Datahub - Data Mapping Instructions for Data Entry (Dhdmapin.doc)* form with the payee data to the DMC.

**Plan Assumptions**

## 9.5B Action Steps: 02/18/2005

## Review and Map Status A Participant Data

1 Upon receipt, review the electronic Data Entry Request Form (eDERF) and participant documentation and ensure that all necessary items have been submitted. Immediately notify the PLS by e-mail (and cc the plan's Team Leader) if the package is not complete.

2 Review the participant data to determine the proper data mapping to Datahub Plan Assumption screens.

3 Complete the *Datahub - Data Mapping Instructions for Data Entry (dhdmapin.doc)* as soon as possible, but target for completion within three business days. The data elements necessary for plan assumption are as follows:

***Basic Identification***

- 8-digit Case Number
- SSN (in text format)
- Name Fields: First, Last, Middle (optional), Suffix (optional)
- Participant Type: Load all as Participants

***Address***

- Street
- City
- State
- Postal Code (in text format)
- Country (Use only if not USA. Not all Datahub loads can handle foreign addresses.)

4 Update the BPB Plan Assumption Tracking System.

5 Update the eDERF and deliver completed the *Datahub - Data Mapping Instructions for Data Entry (Dhdmapin.doc)* with the Status A participant data to the DMC.

**Plan Assumption**

## 9.6 Action Steps: 02/18/2005

## Prepare First Pay Data for TPD Review

| | |
|---|---|
| **Purpose** | To prepare payment data for TPD review. |
| **Procedure Owner** | DMC, OASD |
| **Guidance** | NA |
| **Timing** | If fewer than 500 records, target completion for no later than 14 days from the receipt of the eDERF and complete data.<br><br>If 500 or more records, target completion for no later than 30 days from receipt of the eDERF and complete data. |

OASD completes Datahub loads in two steps. The first is to create a pre-load database and copy it to the Datahub Administration System (DAS) for the TPD to review and edit. Once the TPD completes its review, OASD then loads the data into Datahub.

This procedure covers two scenarios:

- Process 9.6A Prepare First Pay Data from Electronic Source provides instructions for OASD to convert data from electronic sources.
- Process 9.6B Prepare First Pay Data from Paper Source provides instructions first for the DMC to enter data from paper sources, and for OASD then to copy that data to the review area.

Initial TPD Processes

**Plan Assumption**

## 9.6A Action Steps: 02/18/2005

## Prepare First Pay Data from Electronic Source

### OASD Software Closeout Team

1 Upon receipt, review the electronic Data Entry Request Form (eDERF) and participant data submitted. Contact the TPD with any questions.

2 Log the case into the job tracking system in DAS.

### OASD Data Expert Team

3 If the case folder is not already represented in the OASD File Storage Server, create a directory for it using the 8-digit case number and abbreviated plan name (for example, 12345678_LTV) and copy everything from the \00_Template\00_Datahub_Newplan\ directory into it.

4 Copy the input files to the RawData\FirstPay\ directory on the OASD File Storage Server.

5 Review the file layout from the paying agent. Store any documentation files in DOCS directory on the OASD File Storage Server.

6 Update the job status on the eDERF when data conversion begins.

7 Extract the raw data to a readable format (for example, from a fixed width text file to a spreadsheet or database format) in accordance with the documentation.

8 Run a database integrity check in the pre-load database. Correct any errors or address the issue(s) in the Conversion Summary report to provide guidance to the PLS.

9 Create the data mapping and convert the raw data into the pre-load database. Write a brief summary in FIRSTPAY\TOTPD\ConversionSummary.doc including errors, comments, guidance for the TPD with included reference files and documents that have details about the conversion.

10 Consider the following issues when doing this conversion:

a. Is the raw data on a 16-track tape, 3480 cartridge, zip disk or other media?
b. Are there packed fields?
c. Is the Outside Data Expert available?
d. On a given record (row), are there multiple pay sources making up the gross payment?
e. On a given record, are there multiple deductions?
f. Are there customers with more than one record of raw data?
g. For families of plans (for example, TWA), how are customers mapped to PBGC plans?
h. Data formatting issues

- Are address and name fields parsed as needed?
- Do numeric-string fields (SSN, account number, etc.) have leading zeroes?
- Do numeric strings have unwanted embedded characters (for example, $, N/A)?
- Do numeric strings have a decimal point in the right place?
- Are alphabetic fields (for example, name, address) all in upper-case?
- Do date-strings convert to valid dates?

i. For multiple addresses (for example, legal vs. mailing address), which one should be loaded?

**11** Inform the Software Closeout Team that the data conversion is complete and ready for TPD review.

**OASD Software Closeout Team**

**12** Verify that the case number, summary totals and payment start date in the pre-load data agree with the eDERF. If any of these items do not agree, notify the Data Expert Team and return any documents for corrections.

**13** Run a database integrity check in the pre-load database. If there are any errors, request that the Data Expert Team correct them.

**14** Copy the pre-load data to the review area in DAS.

**15** Prepare and send the e-mail message to the PLS that the data is ready for TPD review (the "Ready for Review" message).

**16** Update the job status in the job tracking system.

**17** Upon receipt of the e-mail from the TPD requesting that OASD proceed with the Datahub load, load the pre-load data into Datahub:

- Copy the pre-load database from the review area in DAS and archive it to the archive folder (i:/datahub/DB for Archiving/).
- Run a database integrity check in the pre-load database. Contact the PLS to correct any errors.
- Run the Datahub component to load the pre-load data into Datahub's client/server database.

**18** Send an e-mail to the PLS indicating the load is ready for Datahub Evaluator (the "Ready for Evaluator" message), and cc to TPD Manager, BPB, and Datahub mailbox.

**19** Electronically sign and date the eDERF.

**Plan Assumption**

## 9.6B Action Steps: 02/18/2005

## Prepare First Pay Data from Paper Source

### DMC

1 Review the electronic Data Entry Request Form (eDERF) and documentation package. Contact the TPD with any questions.

2 Manually enter the data from the printed documentation into the Plan Assumption application.

3 Verify that the data has been entered correctly using the Quality Control Report. If the actual number of records or gross payment amount differs from the eDERF, make a notation on the eDERF and return the package to the Datahub Coordinator to resolve the discrepancy and resubmit the package.

4 Upon completion of the data entry, DMC Team Leader electronically signs and dates the eDERF. This generates an e-mail to OASD notifying that the eDERF has been forwarded.

5 Return the documentation package to the TPD with a printout of the eDERF.

### OASD Software Closeout Team

6 Run a database integrity check of the pre-load database. If there are any errors, request that the PLS correct them.

7 Register the case and copy the pre-load data to the review area in DAS.

8 Send an e-mail message to the TPD that the data is ready for review.

9 Upon receipt of the e-mail from the TPD indicating that the review is complete and requesting that OASD proceed with the Datahub load, load the pre-load data into Datahub:

- Copy the pre-load database from the review area in DAS and archive it to the archive folder (i:/datahub/DB for Archiving/).
- Run a database integrity check in the pre-load database. Contact the PLS to correct any errors.
- Run the Datahub component to load the pre-load data into Datahub's client/server database.

10 Send an e-mail to the PLS indicating the load is ready for Datahub Evaluator (the "Ready for Evaluator" message), and cc to TPD Manager, BPB, and Datahub mailbox.

11 Electronically sign and date the eDERF.

**Plan Assumption**

## 9.7 Action Steps: 02/18/2005

## Review and Reconcile First Pay Pre-Load Database

| | |
|---|---|
| **Purpose** | To review and make necessary corrections to the Datahub pre-load data, complete the Plan Assumption Reconciliation Report, and request that OASD proceed with the Datahub load. |
| **Procedure Ownder** | PLS/PBA/FBA |
| **Guidance** | Datahub Administration System (DAS) user guide (intranet) |

1 Upon receipt of the e-mail message from OASD indicating the First Pay pre-load data is ready for review (the "ready for review" message), access the data in the Datahub Administration System (DAS).

2 Compare the case data on the Quality Control Report to the check register (or other source used). Be sure to use the check register for the same payment date, since a later version may not agree.

- Verify the case number and plan name
- Verify the summary data (total participant count, total dollar amount, payment start date, annual payments, etc.)

3 Contact the interim paying agent to determine if any payee deaths or other changes have occurred since the date of the last check register. Record any changes in a phone log and place in the IPS plan file (see TP 16: Establish & Maintain Plan & Participant Files).

4 Verify participant data and make necessary changes in DAS:

- Ensure that all case team members involved in reviewing the data have access to the most current payment information. Advise of any day-to-day changes (new payees, deaths, etc.).
- Refer discrepancies that affect a large number of customers to OASD to resolve. Once they are corrected, OASD will issue a new "ready for review" e-mail.
- If there are any new payees who were not included with the First Pay data submitted to OASD, load them manually using PRISM online applications rather than through Datahub.
- Delete the records of any payees who have died. Add these participants as deceased using PRISM on-line applications instead of through Datahub.

5 Reconcile the pre-load data to the check register (or other source provided), and prepare the *Plan Assumption Reconciliation Report (planasmprec.doc)*. This step must be completed for all plans trusteed on and after 10/01/2004.

- Print and attach the First Pay Quality Control Summary report from DAS.
- If any payments were annualized, print and attach the First Pay Quality Control Detail Report for annualized payments from DAS.
- Copy and attach the page(s) of the check register showing the total number of participants and total payments.

- If the data source is electronic, note in the report that the raw data and pre-load data are located in the archive. To verify, load the Archive Access application, select the case number, then select Plan Assumption Data group. The raw data is in the file named rawdata_firstpay.zip. The pre-load data is in the file named (8-digit case number)_fp.mdb (for example, 12345678_fp.mdb). Contact OASD with any questions.
- Submit the Plan Assumption Reconciliation Report and attachments to the Division Manager or designee for concurrence. If the check register is in electronic form, the report should indicate that it is archived and how it may be accessed.

**6** Upon management concurrence on the Plan Assumption Reconciliation Report, reply to the "ready for review" e-mail from OASD with "Please proceed with the Datahub load." OASD will reply by e-mail when the load is complete.

**7** Image the Plan Assumption Reconciliation Report and attachments to the IPS plan file. If the load was based on paper documents instead of electronic data, also image all pages of the paper source document to the IPS plan file. See TP 16: Establish & Maintain Plan & Participant Files.

Within five working days of concurrence, TPD management shall review the plan file to ensure that the reconciliation report and all attachments are imaged.

**8** Once OASD replies that the data is ready for review in Datahub Evaluator, go to Process 9.8: Review and Authorize First Pay Datahub Load.

**Plan Assumption**

## 9.8 Action Steps: 02/18/2005

## Review and Authorize First Pay Datahub Load

| | |
|---|---|
| **Purpose** | To review and authorize the First Pay load in Datahub to begin monthly payments by PBGC. |
| **Procedure Owner** | PLS/PBA/FBA, Team Leader |
| **Guidance** | Datahub User Manual<br>Benefit Payment Schedule on intranet |
| **Timing** | When performing the First Pay and Status A participant Datahub loads within the same time frame, complete the first load through authorization in Datahub Reconciler before running Datahub Evaluator for the second load.<br>Reconciler must be authorized in accordance with the monthly Benefit Payment Schedule on the intranet. |

**PLS/PBA/FBA**

1 Ensure that all case team members involved in reviewing the data have access to the most current payment information. Advise of any day-to-day changes (new payees, deaths, etc.).

2 Upon receipt of OASD's "Ready for Evaluator" e-mail indicating that the First Pay load is ready for review, run Datahub Evaluator and generate the error report. Correct as many errors as possible using the Datahub online applications. Drop any customers from the load whose errors cannot be corrected and load them manually through PRISM on-line applications instead of through Datahub.

If there are a large number of customer errors attributable to the load itself, coordinate with OASD to have the case reloaded.

3 Prepare to run Datahub Reconciler:

- Ensure that all errors have been corrected in Evaluator and that problem customer records have been dropped. Do not allow a few problem records to delay the Datahub load.
- Notify the case team not to load any new customers or make any pay status, customer type or SSN changes to anyone in the plan until further notice. This restriction may be lifted after Reconciler has been authorized.

4 Run Datahub Reconciler.

- Do not begin the Confirm Match process if it cannot be completed and authorized within a day or two in order to reduce the risk of creating duplicate records.
- When performing the First Pay and Status A participant Datahub loads within the same time frame, complete the first load through authorization in Reconciler before running Evaluator for the second load.
- For Datahub records with matches in the Genesis database, select the one with the most current information.
- See the Datahub User Manual for specific instructions on confirming matches.

5 Notify the Team Leader by e-mail when the load is complete and ready to be authorized, and deliver the following to the Team Leader:

- Check register, spreadsheet, or other source used to verify the data
- Printout of the eDERF
- Reconciler First Pay Load Summary Report
- Reconciler First Pay Exceptions Report

**Team Leader**

6 Upon successful review, authorize the load in Datahub Reconciler.

- **Important:** Authorize the load as soon as possible. If someone else on the case team changes the status, type or SSN of any customer whose match was confirmed before authorization, Datahub may create a duplicate record.
- The load must be authorized in accordance with the monthly Benefit Payment Schedule on the intranet.

7 Notify the TPD and FBA team by e-mail (with a cc to the Datahub Coordinator) that the Datahub load is complete and the data entry restriction is lifted.

8 Return the plan assumption documents to the PLS.

9 Finalize the Plan Assumption Milestone in CAS once updated by the PLS.

**PLS/PBA/FBA**

10 Image the items submitted to the Team Leader (in step 4) to the IPS plan file (see TP 16: Establish & Maintain Plan & Participant Files).

11 Update the Plan Assumption Milestone in CAS with the date of first payment by SSC.

12 Proceed to Procedure 9.9: Initiate Status A Participant Load to begin loading non-payees. If non-payees will not be loaded immediately, first notify payees of the plan assumption, change in paying agent, and any changes to their benefits (see Procedure 9.13: Notify Participants).

**Plan Assumption**

## 9.9 Action Steps: 02/18/2005

## Initiate Status A Participant Load

| | |
|---|---|
| **Purpose** | To provide a list of Status A participants to OASD or the Datahub Coordinator to prepare for the Datahub load. |
| **Procedure Owner** | PLS/PBA/FBA |
| **Guidance** | Datahub User Manual<br>Datahub Administration System help page<br>PRISM User Manuals |
| **Timing** | Datahub Loads:<br>If fewer than 500 participants, submit the data at least 14 days before letters are to be issued.<br>If 500 or more participants, submit at least 30 days before letters are to be issued. |

Normally, the Status A load occurs after the First Pay load and includes only non-payees. However, occasionally it is necessary to include all participants – including payees – in the Status A load; for example, in order to mail participant meeting notices as early as possible via eALG, or to provide HCTC data sooner (see TP 46: The Health Coverage Tax Credit (HCTC)). A Status A load which includes payees is known as an Enhanced Status A Load.

1 Verify an account has been opened for the plan at SSC (if not already done). For instructions to verify or open an account, see Process 9.4: Initiate First Pay Load.

2 If there is a small number of participants to be loaded, consider loading them through PRISM online applications instead of Datahub, and then proceed to Procedure 9.13 Notify Participants. For Datahub loads, continue with this procedure.

3 Assemble the list of participants to be loaded. Include the following data elements:

***Basic Identification***

- 8-digit Case Number
- SSN (in text format)
- Name Fields: First, Last, Middle (optional), Suffix (optional)
- Participant Type: Load all as Participants
- Pay status: If payees are included in the Status A load, indicate which participants are payees

***Address***

- Street Name and Number
- City
- State
- Postal Code (in text format)

- Country (Use only if not USA. Not all Datahub loads can handle foreign addresses; contact Datahub Coordinator for details.)

4 Submit the electronic Data Entry Request Form (eDERF).

5 Submit the Status A participant data according to the Timing specifications above.

**Electronic Data:** E-mail the data to OASD using the Datahub mailbox. Note that if an OASD Data Expert is already involved in the collection of electronic data, a separate list may not be necessary. Contact OASD to confirm.

**Paper Data:** Print a copy of the eDERF and attach to the document containing the data (spreadsheet, etc.). Submit the package to the Datahub Coordinator in RSD. Do not include any handwritten data - all data must be in a typewritten format.

6 Once OASD sends the e-mail that the Datahub pre-load database is ready for TPD review, proceed to 9.11 Review Status A Datahub Pre-Load Database.

**Plan Assumption**

## 9.10 Action Steps: 02/18/2005

## Prepare Status A Data for TPD Review

| | |
|---|---|
| **Purpose** | To prepare Status A participant data for review by TPD. |
| **Procedure Owner** | DMC, OASD |
| **Guidance** | NA |
| **Timing** | If fewer than 500 records, target completion for no later than 14 days from the receipt of the eDERF and complete data.<br>If 500 or more records, target completion for no later than 30 days from receipt of the eDERF and complete data. |

OASD completes Datahub loads in two steps. The first is to create a pre-load database and copy it to the Datahub Administration System (DAS) for the TPD to review and edit. Once the TPD completes its review, OASD then loads the data into Datahub.

This procedure covers two scenarios:

- Process 9.10A Prepare Status A from Electronic Source provides instructions for OASD to convert data from electronic sources.
- Process 9.10B Prepare Status A from Paper Source provides instructions first for the DMC to enter data from paper sources, and for OASD to then copy that data to the review area.

**Plan Assumption**

## 9.10A Action Steps: 02/18/2005

## Prepare Status A Data from Electronic Source

**OASD Software Closeout Team**

1 Upon receipt, review the electronic Data Entry Request Form (eDERF) and Status A participant data submitted. Contact the TPD with any questions.

2 Log the case into the job tracking system in DAS.

**OASD Data Expert Team**

3 If the case folder is not already represented in the OASD file storage server, create a directory for it using the 8-digit case number and abbreviated plan name (for example, 12345678_LTV) and copy everything from the \00_Template\00_Datahub_Newplan\ directory into it.

4 Copy the input files to the RAW\Status A directory on the OASD file storage server.

5 Review the file layout of the data submitted. Store any documentation files in the Status A\DOCS directory on the OASD file storage server.

6 Update the job status on the eDERF when data conversion begins.

7 Extract the raw data to a readable format (for example, from a fixed-width text file to a spreadsheet or database format) in accordance with the documentation.

8 Create the data mapping and convert the raw data into the pre-load database. Write a brief summary in Status A\DOCS\ConversionSummary.doc including errors, comments, guidance for the TPD with included reference files and documents that have details about the conversion.

9 Consider the following issues to consider when doing this conversion:

a. Is the raw data on a 16-track tape, 3480 cartridge, zip disk or other media?
b. Are there packed fields?
c. Is the outside Data Expert available?
d. Are there customers with more than one record of raw data?
e. For families of plans (for example, TWA), how are customers mapped to PBGC plans?
f. Data formatting issues
   - Are address and name fields parsed as needed?
   - Do numeric-string fields (for example, SSN, Zip code) have leading zeroes?
   - Are alphabetic fields (for example, name, address) all in upper-case?
g. For multiple addresses (for example, legal vs. mailing address), which one should be loaded?

10 Run a database integrity check in the pre-load database. Correct any errors or address the issue(s) in the Conversion Summary report to provide guidance to the PLS.

11 Inform the Software Closeout Team that the data conversion is complete and ready for TPD review.

**OASD Software Closeout Team**

12 Verify that the case number and summary totals in the pre-load data agree with the eDERF. If

any items do not agree, notify the Data Expert Team for corrections.

13 Run a database integrity check in the pre-load database. If there are any errors, request that the Data Expert Team correct them.

14 Copy the pre-load data to the review area in DAS.

15 Prepare and send the e-mail message to the PLS that the data is ready for TPD review (the "Ready for Review" message).

16 Update the job status in the job tracking system.

17 Upon receipt of the e-mail from the TPD requesting that OASD proceed with the Datahub load, load the pre-load data into Datahub:

- Copy the pre-load database from the review area in DAS and archive it to the archive folder (i:/datahub/DB for Archiving/).
- Run a database integrity check in the pre-load database. Contact the PLS to correct any errors.
- Run the Datahub component to load the pre-load data into Datahub's client/server database.

18 Send an e-mail to the PLS indicating the load is ready for Datahub Evaluator (the "Ready for Evaluator" message) and cc to TPD Manager, BPB, and Datahub mailbox.

19 Electronically sign and date the eDERF.

**Plan Assumption**

## 9.10B Action Steps: 02/18/2005

## Prepare Status A Data from Paper Source

**DMC**

1. Review the electronic Data Entry Request Form (eDERF) and Status A participant documentation package. Contact the TPD with any questions.
2. Manually enter the data from the printed documentation into the Plan Assumption application.
3. Use the Quality Control Report to verify that the data has been entered correctly. If the actual number of records differs from the eDERF, note the discrepancy on the printout of the eDERF and return the package to the TPD to resolve and resubmit.
4. Upon completion of the data entry, DMC Team Leader electronically signs the eDERF. This generates an automatic e-mail to OASD notifying that the eDERF has been forwarded.
5. Return the documentation package to the TPD with a printout of the eDERF.

**OASD Software Closeout Team**

6. Run a database integrity check in the pre-load database. Correct any errors or address the issue(s) in the Conversion Summary report to provide guidance to the PLS.
7. Register the case and copy the pre-load data to the review area in DAS.
8. Send an e-mail message to the TPD that the data is ready for review (the "Ready for Review" message).
9. Upon receipt of the e-mail from the TPD indicating the review is complete and requesting that OASD proceed with the Datahub load, load the pre-load data into Datahub:
    - Copy the pre-load database from the review area in DAS and archive it to the archive folder (i:/datahub/DB for Archiving/).
    - Run a database integrity check in the pre-load database. Contact the PLS to correct any errors.
    - Run the Datahub component to load the pre-load data into Datahub's client/server database .
10. Send an e-mail to the PLS indicating the load is ready for Datahub Evaluator (the "Ready for Evaluator" message), and cc to TPD Manager, BPB, and Datahub mailbox.
11. Electronically sign and date the eDERF.

**Plan Assumption**

## 9.11 Action Steps: 02/18/2005

## Review Status A Datahub Pre-Load Database

| | |
|---|---|
| **Purpose** | To review and make necessary corrections to the pre-load database, and request that OASD proceed with the Datahub load. |
| **Procedure Owner** | PLS/PBA/FBA |
| **Guidance** | Datahub Administration System help page |

1 Upon receipt of the e-mail message from OASD indicating the Status A participant pre-load database is ready for review (the "ready for review" message), access the data in the Datahub Administration System (DAS).

2 Compare the pre-load case data to the participant list submitted to OASD using the Quality Control Report:

- Verify the case number and plan name
- Verify the summary data (for example, total participant count)

3 Verify the pre-load participant data to the participant documentation submitted using the Quality Control Report. Make necessary changes through DAS.

- Refer discrepancies that affect a large number of customers (for example, many SSN s are out of sequence) to OASD to resolve. Once they are corrected, OASD will issue another e-mail.
- If there are any participants who were not included with the Status A data submitted to OASD, load them manually using PRISM online applications rather than through Datahub.

4 Upon completion of the review, reply to the "ready for review" message from OASD with "Please proceed with the Datahub load." OASD will reply by e-mail when the load is complete.

5 Once OASD replies that the data is ready for review in Datahub Evaluator, go to Process 9.12: Review and Authorize Status A Datahub Load.

**Plan Assumption**

## 9.12 Action Steps: 02/18/2005

## Review and Authorize Status A Datahub Load

| | |
|---|---|
| **Purpose** | To review the Status A participant data in Datahub, make necessary corrections, and authorize the load to PRISM. |
| **Procedure Owner** | PLS/PBA/FBA, Team Leader |
| **Guidance** | Datahub User Manual |
| **Timing** | When doing both the First Pay and the Status A loads for a case within the same time frame, complete the first load through authorization in Reconciler before running Evaluator for the second load. |

**PLS/PBA/FBA**

1 Upon receipt of OASD 's "Ready for Evaluator" e-mail indicating that the Status A load is ready for review, run Datahub Evaluator and generate the error report. Correct as many errors as possible using the Datahub online applications. Drop any customers from the load whose errors cannot be corrected and load them manually through PRISM on-line applications instead of through Datahub (but once Reconciler has been run, wait until the load has been authorized – see below).

If there are a large number of customer errors that are attributable to the load itself, coordinate with OASD to have the case reloaded.

2 Prepare to run Datahub Reconciler:

- Make sure all errors have been corrected in Evaluator and that problem customer records have been dropped. Do not delay the Datahub load because of few problem records.
- Notify the entire case team not to load any new customers or make any pay status, customer type or SSN changes to anyone in the plan until further notice. (This restriction may be lifted after Reconciler has been authorized.)

3 Run Datahub Reconciler.

- Do not begin the Confirm Match process unless it can be completed and authorized within a day or two in order to reduce the risk of duplicate records being created. See Datahub user manual for specific instructions on confirming matches.
- When doing both the First Pay and the Status A loads for a case within the same time frame, complete the first load through authorization in Reconciler before running Evaluator for the second load.
- For Datahub records with matches in the PRISM Genesis database, select the one with the most current information.
- See the Datahub User Manual for specific instructions on confirming matches.

4 Notify the Team Leader by e-mail that the load is complete and ready to be authorized, and deliver the following to the Team Leader:

- Printout of the eDERF
- Copy of Status A participant list provided to OASD

- Reconciler Status A Load Summary report

**TEAM LEADER**

5 After successful review, authorize the data in Reconciler.

**Important:** Authorize the load as soon as possible. If someone else on the case team changes the status, type or SSN of any customer whose match was confirmed before authorization, Datahub may create a duplicate record.

6 Notify the case team by email (with a cc to the Datahub Coordinator) that the Datahub load is complete and the data entry restriction is lifted.

7 Return the documents to the PLS.

**PLS/PBA/FBA**

8 Image the items submitted to the Team Leader in step 4 to the IPS plan file (see TP 16: Establish & Maintain Plan & Participant Files).

9 Notify participants of the plan assumption. Go to Process 9.13: Notify Participants.

**Plan Assumption**

## 9.13 Action Steps: 02/18/2005

## Notify Participants

| | |
|---|---|
| **Purpose** | To notify all participants of PBGC's trusteeship of the plan, and payees of the change in paying agent and any changes to their estimated benefit payments. Also to request data from participants. |
| **Procedure Owner** | PLS/PBA/FBA |
| **Timing** | Notify payees and non-payees of plan assumption (the 4042(d) letter) once they are loaded into PRISM. However, if plan is not yet trusteed and assumption of payments is not scheduled, consult TPD management first.<br><br>Notify payees of the change in paying agent and any changes to their benefit payments (benefit adjustments, annualization of monthly payments, or consolidation of multiple payments) at least 30 days before the effective date. |
| **Guidance** | eALG Correspondence Help |

Click on the appropriate link for the type of participants to be notified:

- Process 9.13A Notify Payees
- Process 9.13B Notify Non-Payees

**Plan Assumption**

## 9.13A Action Steps: 02/18/2005

## Notify Payees

1 Issue either the Initial Notice of Trusteeship for Retirees or the Trusteeship Notice and Paying Agent Change – Retirees (eALG 100 series) to all DOPT payees. Both letters include the Payee Information Form (PIF) which each payee must complete and return. For information on issuing letters, see TP 15: Prepare and Mail Letters. See TP 33: Locate Customer Address if any payees have incomplete or bad addresses.

**Note:** If payees were initially loaded as Status A participants and their status has not yet been updated (that is, the First Pay load has not been completed), a ValPatch is required to send the correct letters to each group. Coordinate this process with OASD.

2 Create a *PIF Tracking Spreadsheet (PIFTracking.xls)* in Excel and record the following (as applicable) for each payee:

- Date of first request for PIF
- Date of second request
- Date of third (final) request
- Target date to suspend payments for non-receipt of PIF
- Date PIF received

3 Ensure a copy of the *Preliminary Plan Summary (Prelimps.doc)* is available to assist in addressing plan-related participant inquiries.

4 Issue the Change in Paying Agent – Retirees Letter (eALG 100 series) with a target of at least 30 days before PBGC's first payment date. (Disregard if this notice was included in the initial notice of trusteeship issued in Step 1.)

5 Notify affected payees of adjustments to their estimated benefit payments. See Process 10.4: Identify Current Payees for Benefit Adjustments.

6 Notify payees of administrative changes to their benefit payments, as applicable. Note that payees must first have been notified of the change in paying agent.

- **Multiple monthly payments combined into single payment:** Issue the Combined Payment Notice (eALG 100 series)or contact the participant by phone and log the call into CCN.
- **Monthly payments converted to annual:** Issue the Annual Payment Notice (eALG 100 series) or contact the participant by phone and log the call into CCN.

7 Acknowledge receipt of the PIFs, or request any missing data or signature, by issuing the Acknowledgement or Incomplete Data Notice (eALG 500 series).

8 Issue follow up letters requesting the PIF as necessary, and record on the *PIF Tracking Spreadsheet (PIFTracking.xls)*:

- Issue the Second Request for Data Verification from Retirees (eALG 100 series) to any payee who has not returned the completed PIF once 30 days have passed since the date of the initial request. For large plans, TPD management may extend the time to issue the follow-up letter.
- Issue the Final Request for Data Verification (PIFs)-Retirees (eALG 100 series) to any

payee who still has not returned the PIF once 30 days have passed since the date of the second request. This letter also informs the payee of the date of their final payment if the information is not received. To determine the final payment date, use the next payment date that is at least 31 days from the date of the letter.

- In no event shall payments continue more than 90 days beyond the date of PBGC's first request without receipt of the PIF or contact by the payee.

**9** TPD management advises whether the case team shall attempt to contact a payee by telephone before suspending payments. Log all participant calls into CCN.

**10** Suspend payments to payees who have not returned their PIFs once the third request has been issued. Once the payee returns the completed PIF, reinstate the payments and issue a backpayment for any payments missed while suspended.

**11** Verify data from PIFs received (see Process 13.1: Verify Data from Returned Forms).

**Plan Assumption**

## 9.13B Action Steps: 02/18/2005

## Notify Non-Payees

1 Issue the Trusteeship Notice for Non-Retiree, Eligibility Unknown or Deferred Vested (eALG 100 series) to non-payees (see TP 15: Prepare and Mail Letters). This letter also requests that the participant complete and return the General Information Form (GIF), Form 702. If any participants have incomplete or bad home addresses, see TP 33: Locate Customer Address.

2 Ensure a copy of the *Preliminary Plan Summary (Prelimps.doc)* is available to assist in addressing plan-related participant inquiries.

3 Acknowledge receipt of GIFs, or request any missing data, signature or proof documents by issuing Acknowledgement or Incomplete Data Notice (eALG 500 series).

4 Issue follow-up letters as necessary:

- Issue the Data Verification Reminder, Participants Whose Eligibility is Unknown or Deferred Vested (eALG 100 series) to any participant who has not returned the completed GIF once 30 days have passed since the initial letter was sent. For large plans, TPD management may extend the time to issue the follow-up letter.
- Issue the Data Verification Last Reminder - Non-Retiree Whose Eligibility is Unknown or Deferred Vested (eALG 100 series) to any non-payee who still has not returned the PIF once 30 days have passed since the second request.

5 Once trusteeship notification letters have been issued to payees and Status A participants, update the Participant Trusteeship Letter Milestone in CAS.

6 Verify participant data as GIFs are received (see Process 13.1: Verify Data from Returned Forms).

**Team Leader**

7 Finalize the Participant Trusteeship Letter Milestone in CAS.

## 9.14 Process Forms, Letters, Memos, etc. 02/18/2005

**Note** After opening a file listed below, use **File / Save As** to give appropriate name and save with other case related files. To switch between the file and the online IOD Procedures Manual, press **ALT+TAB**.

***Accounts Adds and Changes***
Acaddchg.doc

**Acknowledgement or Incomplete Data Notice** – eALG 500 Series

**Annual Payment Notice** – eALG 100 Series

**Benefit Funding Memo**
Funding.doc

**Change in Paying Agent – Retirees** – eALG 100 Series

**Combined Payments Notice** – eALG 100 Series

***Concurrence Form***
Concurr.doc

**Data Verification Last Reminder – Non-Retiree Whose Eligibility is Unknown or Deferred Vested** – eALG 100 Series

**Data Verification Reminder, Participants Whose Eligibility is Unknown or Deferred Vested** – eALG 100 Series

***Datahub - Data Mapping Instructions for Data Entry***
Dhdmapin.doc

**Final Request for Data Verification (PIFs) – Retirees** – eALG 100 Series

**General Information Form (GIF), Form 702**

**Initial Notice of Trusteeship for Retirees** – eALG 100 Series

***Notification Letter to Prior Paying Agent***
Notifppa.doc

***Notification of Authorization to Make Payments Letter***
Authpay.doc

**Payee Information Form (PIF), Form 701**

***Plan Administrator Request Follow-Up Letter***
Pareqfol.doc

***PIF Tracking Spreadsheet (sample)***
PIFTracking.xls

***Plan Assumption Reconciliation Report***
Planasmprec.doc

***Preliminary Plan Summary***
Prelimps.doc

***Prior Paying Agent Information Letter***
Ppainfo.doc

**Second Request for Data Verification from Retirees** – eALG 100 Series

**Trusteeship Notice for Non-Retiree Eligibility Unknown or Deferred Vested** – eALG 100 Series

## PR 10. Adjust Benefits


10. Overview

10. Workflow for Process 10

10.1 Analyze Plan Documents

10.2 Obtain Data

10.3 Analyze Data & Funding for PC3

10.4 Identify Current Payees for Benefit Adjustments

10.5 Inform Plan Administrator of Fiduciary Duty

10.6 Prepare Estimated Benefits Calculation Tool

 Forms, Letters, Memos, etc.

## 10. Overview

**02/18/2005**

A benefit adjustment is a change in the benefit amount a payee receives. This process describes the initial adjustment PBGC makes as soon as possible after assuming payment responsibility for current payees. Benefit amounts for current payees at date of plan termination (DOPT) may be decreased based on guaranteed limits. The plan 4022(c) amount cannot be paid as an estimated benefit.

In situations where retirees are still being paid by the prior paying agent using plan funds, PBGC informs the plan administrator of the fiduciary duty to adjust benefits as required for plans that PBGC will trustee. If the plan administrator is using PBGC funds, PBGC can require them to adjust benefits. PBGC encourages the plan administrator's assistance and cooperation in making adjustments because the plan administrator is local to the region and has an established customer service relationship with participants.

Benefits should always be adjusted, if required, as of DOPT. Adjust payments to estimated levels as early as possible to avoid or minimize recoupment or recovery. Adjustments could theoretically occur several times during case processing. The first is the adjustment to estimated Title IV levels. This is done as early in the process as possible, and if not done prior to plan assumption, benefits should be adjusted as part of the plan assumption process. (See Process 9: Plan Assumption.) Adjustment to estimated Title IV levels will always happen when PBGC is funding the payments. Usually PBGC will only make one change prior to the completion of plan valuation. PBGC's policy is to adjust (increase) a participant's estimated benefit anytime it is determined that the increase is at least $5 a month (IOD Policy Bulletin 96-1). However, in some situations, more than one adjustment to estimated benefits may be required. If more than a single adjustment is necessary, it requires Division Manager approval.

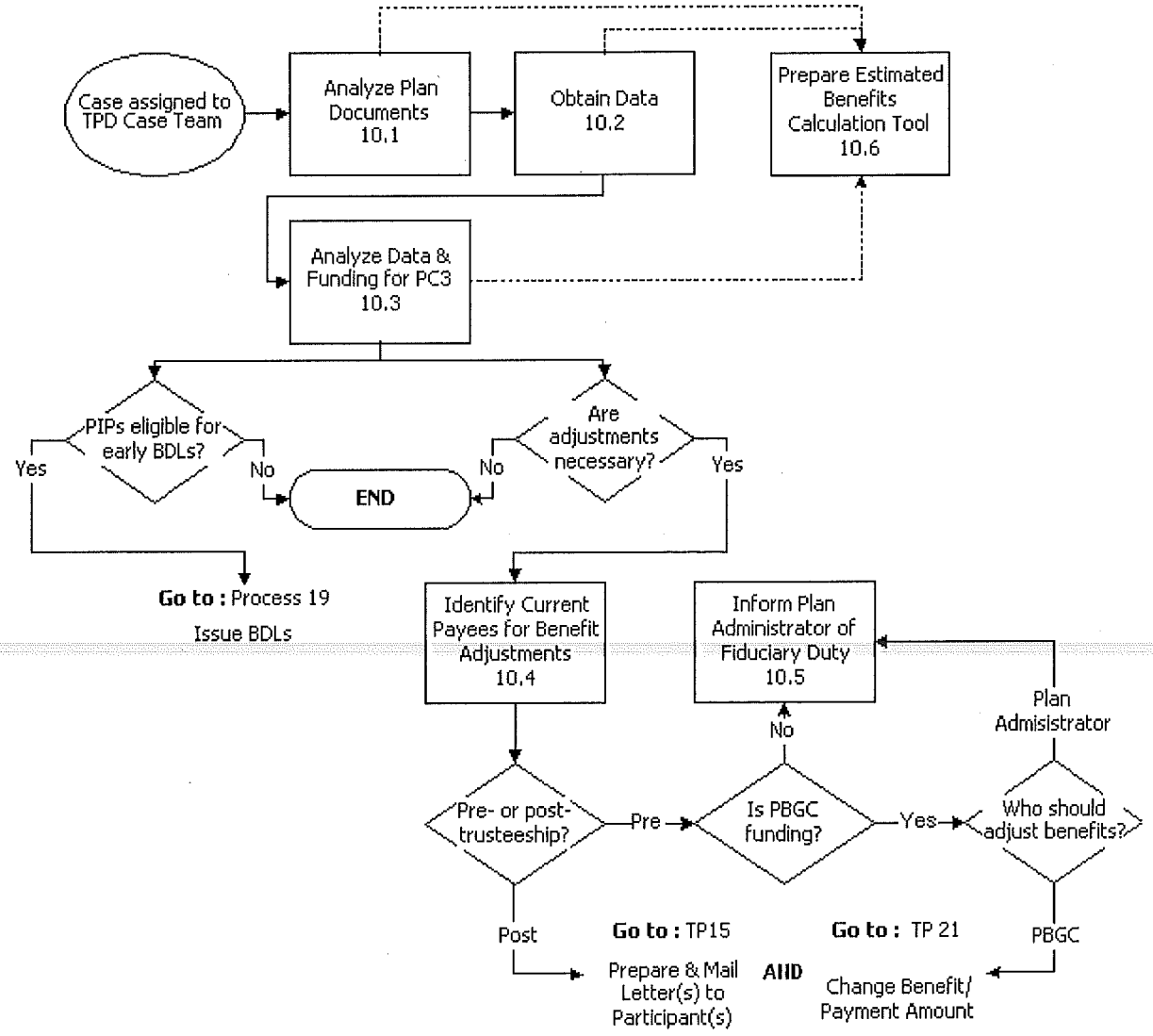
Changes in benefit amounts may also occur at other times during case processing. See Technical Procedure 21: Change Benefit Amount(s) for details. All changes in benefit amounts, including benefit adjustments, require that PBGC notify the participant of the change and reason for the change.

**Initial TPD Processes** **Browse Workflows:**

**Adjust Benefits**

## 10. Workflow for Process 10

**05/31/96**



**Adjust Benefits**

## 10.1 Analyze Plan Documents

**08/31/2001**

**Action Steps**

| | |
|---|---|
| **Purpose** | Determine if any non-guaranteeable benefits exist and identify any policy or legal issues likely to arise. |
| **Time Reporting (BMPRS)** | FTE Estimated Benefits Adjustment<br>FBA Estimated Benefits Adjustment<br>PBA Estimated Benefits Adjustment<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Plan documents, plan assets and DUEC calculations (even if estimated), AVRs, retiree information |
| **Output and Recipient** | Decision whether benefits need to be adjusted to guaranteed levels.<br>Preliminary Plan Summary prepared/ approved by case team actuary, distributed to all case team members and imaged to plan file.<br>**CAS Activity:** Plan Assumption Milestone finalized. |
| **Control Issues** | Accuracy and timeliness are paramount. |
| **Important Concepts** | If a benefit in pay status does not equal the Title IV benefit, adjust it to the Title IV level. Document adjustments in writing. |
| **Guidance** | ERISA 4022 and related laws; 29 CFR 4022 |
| **Procedure Owner** | Actuary |

## Click Here for More Information...

Action Steps: Analyze Plan Documents

**Adjust Benefits**

## 10.1 Action Steps: 02/18/2005

## Analyze Plan Documents

These discussions and decisions should take place as soon as possible. The results of the review go into the Plan Abstract (see 12.2 Prepare Plan Abstract ) which is being prepared at approximately the same time or shortly after this point.

1 Read all plan documents to identify all plan benefit requirements. These include: vesting, normal retirement, reduced or unreduced early retirement, credited service versus vesting service, forms of annuity, benefit methodology, supplemental benefits, phase-ins, spousal benefits, etc. All members of the TPD case team should be involved in this activity.

2 Prepare *Preliminary Plan Summary (Prelimps.doc)*, based on preceding review. This may be prepared by one or more members of case team, however, once completed, the case team actuary finishes the form with the reviewed/ approved date. Distribute to all members of case team, and ensure that a copy is imaged to plan file (Correspondence - Participant Services 9E). Also, update the Plan Provisions Milestone in CAS.

**Note** The *Preliminary Plan Summary (Prelimps.doc)* is an important quick reference tool for the case team. It provides basic plan information that facilitates good customer service when responding to early customer inquiries prior to the completion of the Plan Abstract, see Process 12.2: Prepare Plan Abstract. **It should be completed as soon as possible following DOTR**, but never later than the date the participant notification packages are mailed, see: Process 9.13: Notify Participants. The Plan Provision Milestone is CAS is similarly used by the CSR's in the CSC, to provide good customer service to early customer inquiries.

3 Review the plan documents and other materials to develop a general understanding of the plan, make note of any special conditions that may apply, and identify the types of adjustments that may need to be made. The TPD case team actuary must read and study these materials (for example, identifying specific participants who are subject to adjustments and the amount of the adjustments).

- Identify whether there are any temporary supplements (which PBGC does not guarantee to the extent that they are above the accrued at normal limitation).
- Identify whether there are any phase-in issues.
- Identify whether there are any other non-guaranteed benefits. These may include: optional annuity forms that were not elected in writing prior to DOPT; early retirement incentives (buyouts); and incentive awards or benefits not in the plan document, but claimed as such in a collective bargaining agreement or other documents.

4 Identify any legal or policy issues such as working retirement or shut-down determination and notify the TPD Manager for referral to Operations and Policy Support Services Division (OPSS), the LCWG coordinator, and Office of General Counsel) OGC as appropriate.

5 Notify the other members of the case team of the findings. Summarize the plan in the plan file.

Refer to the Workflow diagram at the beginning of this process to determine the next action.

**Adjust Benefits**

## 10.2 Obtain Data

**10/20/2000**

**Action Steps**

| | |
|---|---|
| **Purpose** | To identify the participants in pay status and those who have applied to go into pay status; to determine their benefit entitlements, benefit amounts, and effective pay dates; and to process benefit payments. |
| **Time Reporting (BMPRS)** | FTE Estimated Benefits Adjustment<br>FBA Estimated Benefits Adjustment<br>PBA Estimated Benefits Adjustment<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Participant data. |
| **Output and Recipient** | Identity of current payees and whether any benefits are completely or partially paid for out of purchased annuities. |
| **Control Issues** | Ensure correct name, social security number (SSN), home address, and check mailing address for all immediate eligibles. Verify the identity of current payees for whom there are purchased annuities or partially purchased annuities.<br><br>Accuracy, validity, and documentation of data are very important |
| **Important Concepts** | For the first adjustment (to a current payee) PBGC needs a reasonably certain proposed DOPT if the adjustments are being made prior to trusteeship. Note that current payees and immediate eligibles may have a purchased annuity and never be payable by PBGC. Do not process adjustments for these participants. When requesting a plan administrator to adjust benefits, coordinate with the PA on PBGC rules.<br>Effective March 6, 2000, PBGC adjusts the maximum guaranteeable benefit upward for participants whose age is greater than 65 at the later of retirement date or DOPT. PBGC's late retirement table from the Actuarial Technical Manual, Chapter III, Section F, 5 is used to adjust the maximum guaranteeable benefit upward. |
| **Guidance** | ATM III: Benefit Calculations, Section F, 5. Late Retirement a) - PBGC Late Retirement Factors (Table)<br><br>IOD Policy Bulletin 00-3 |
| **Procedure Owner** | TPD Case Team |

## Click Here for More Information...

10.2 Action Steps: Obtain Data

**Adjust Benefits**

## 10.2 Action Steps: 02/18/2005

## Obtain Data

1 Obtain all relevant participant data. At a minimum the data must include: participant name, address, SSN, date of birth (DOB), date of termination of employment (DOTE), and benefit in pay status, form of annuity, and actual retirement date (ARD); spouse SSN and DOB; and benefit calculation methodology from plan records. For details on obtaining data, see Process 12: Evaluate Plan Documents & Participant Data and Process 9.13: Notify Participants.

2 If prior to trusteeship, verify with PPD the proposed DOPT and their level of certainty about it being the same as the actual DOPT. If PPD is uncertain, consider facts about the case and judge whether to continue processing or wait until PPD has greater confidence in the proposed DOPT. When necessary, seek guidance from the Division Manager, OPSS, and OGC.

3 Verify the name, SSN, DOB, date of hire (DOH), DOTE, and benefit amount for immediate eligibles against company records.

4 Identify any current payees whose benefits are completely or partially paid for out of purchased annuities.

- Contact the plan administrator, account representative at the insurance company, or prior paying agent who handles the pension plan account, as required.
- Ask whether there are purchased annuities for any of the current payees. If there are any, request a letter from the account representative identifying all those current payees by name and SSN and whether the purchased annuity is full or partial. For partially purchased annuities, request the percentage of the whole that is purchased and the corresponding dollar amount.

Refer to the Workflow diagram at the beginning of this process to determine the next action.

## 10.3 Analyze Data and Funding for PC3

12/13/2002

Action Steps

| | |
|---|---|
| **Purpose** | Determine if any current payees identified as subject to adjustment (cut back) can receive all or part of the reduced portion of their benefits out of plan assets. |
| **Time Reporting (BMPRS)** | FTE Estimated Benefits Adjustment<br>FBA Estimated Benefits Adjustment<br>PBA Estimated Benefits Adjustment<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Participant data as of the date three years before DOPT ( DOPT-3) and plan documents effective and adopted prior to the date five years before DOPT (DOPT-5). |
| **Output and Recipient** | List of participants eligible to retire or who had already retired at DOPT-3 and a benefit amount funded by assets in PC3. |
| **Control Issues** | Effective September 25, 2000, IOD revised its policy on the allocation of assets in PC3. The policy clarifies that a participant' s benefit is in PC3 if the benefit was payable or could have been paid before the beginning of the three-year period that ended on DOPT or on the next following date that the plan would make annuity payments. This applies regardless of the plan's provisions or administrative practices. See examples in IOD Policy Bulletin 00-08. |
| **Important Concepts** | Much of the initial adjustment is based on estimates and could be subject to considerable change, e.g. DUEC changes. It is very important that this analysis be documented and included in the plan file. |
| **Guidance** | ATM V: Allocation of Assets, Section C; ERISA 4044; 29 CFR 4044 and others.<br>IOD Policy Bulletin 00-08 |
| **Procedure Owner** | TPD Case Team |

## Click Here for More Information...

10.3 Action Steps: Analyze Data and Funding for PC3

**Adjust Benefits**

## 10.3 Action Steps: 12/13/2002

## Analyze Data and Funding for PC3

1 Use the appropriate checklists to determine and document in the plan file each of the following for current payees at the date three years before DOPT (DOPT-3).

- Checklist for *Participants in Pay status at DOPT (Pipsdopt.doc)* which contains three checklists: 1) PBGC Maximum Guaranteeable Benefits Checklist to determine if any current payees are receiving payments over the PBGC maximum, 2) Phase-In Limitations on Guaranteed Benefits Checklist to identify pre-DOPT retirees who are receiving benefits that may be subject to phase-in limitations, and 3) Supplemental Benefits Checklist to identify pre-DOPT retirees who are entitled to receive temporary supplements.
- Forms of *Benefit Paid Post-DOPT Checklist (Benforms.doc)* to determine if participants' forms of benefit need to be changed due to incorrect forms of benefit offered after DOPT or the J&S policy.

2 Take appropriate action based on whether or not the checklists indicate that any adjustments will apply.

- If any apply, continue this procedure.
- If none apply, go directly to Process 10.6: Prepare Estimated Benefits Calculation Tool.

3 Determine whether any current payees subject to immediate adjustment were eligible to retire at DOPT-3 years. Calculate PC3 benefits in accordance with ERISA 4044(a)(3). See the Actuarial Technical Manual, Chapter V, Allocation of Assets, Section C and the outline of Process 10.3: Analyze Data for Funding for PC3. Provide the list of affected current payees and benefit amounts to the PLS for adjustments to the new amounts. Ensure that written documentation of benefit adjustments are made part of plan file. Determine whether or not early BDLs are appropriate for any participants in the plan. PBGC sends early BDLs to any participants who have been in pay status and receiving the same benefit amount for five or more years as of DOPT (other criteria are listed in Process 19.1: Review List of Participants Eligible for Early BDLs) who are not subject to an adjustment to guaranteed maximum. If there are any participants in this category, early BDLs are appropriate. See Process 19: Issue BDLs and Make Adjustments to Payments for details.

4 Refer to the Workflow diagram at the beginning of this process to determine the next action.

**Adjust Benefits**

## 10.4 Identify Current Payees for Benefit Adjustments 02/18/2005

Action Steps

| | |
|---|---|
| **Purpose** | Eliminate or reduce the possibility of overpaying current payees when apparent funding level is insufficient to pay Title IV benefits. Document which pre-DOPT retirees get adjusted and why. |
| **Time Reporting (BMPRS)** | FTE Estimated Benefits Adjustment<br>FBA Estimated Benefits Adjustment<br>PBA Estimated Benefits Adjustment<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Decision that benefits need to be adjusted to guaranteed levels. Estimated benefit amount for each participant in pay status (current payees). List of participants eligible to retire at DOPT-3 and a benefit amount to which their current benefits will be adjusted. |
| **Output and Recipient** | List of pre-DOPT and post-DOPT retirees whose benefits are adjusted, previous benefit, adjusted benefit, and why the adjustments were made.<br>**CAS Activity:** Estimated Cutbacks/Adjustments Milestone finalized, after cutbacks have been implemented and advance notifications provided to affected payees, as described in Process 9.3: Obtain Participant Payment Data. |
| **Control Issues** | Accuracy and timeliness are important. |
| **Important Concepts** | Adjustment of benefits to current payees is determined by the case actuary and provided to the PLS/PBA as soon as possible following trusteeship. Ideally this is completed so that benefits may be adjusted coincident with the assumption of the plan, see Process 9.4: Initiate First Pay Load, but it is not always possible.<br>Effective March 6, 2000, PBGC adjusts the maximum guaranteeable benefit upward for participants whose age is greater than 65 at the later of retirement date or DOPT. PBGC's late retirement table from the Actuarial Technical Manual, Chapter III, Section F, 5 is used to adjust the maximum guaranteeable benefit upward. |
| **Guidance** | N/A |
| **Procedure Owner** | Actuary and PLS |

## Click Here for More Information...

10.4 Action Steps: Identify Current Payees for Benefit Adjustments

**Adjust Benefits**

## 10.4 Action Steps: 02/18/2005

## Identify Current Payees for Benefit Adjustments

**Actuary**

1 Review the *Checklist for Participants in Pay status at DOPT (Pipsdopt.doc)* prepared in Process 10.3: Analyze Data and Funding for PC3, and determine applicable adjustments to payees, including:

- substantial owner reductions;
- accrued at normal;
- the phase-in rule; and
- maximum guaranteeable benefit.

2 Prepare the *Adjustments to Estimated Guaranteed Benefits Memo (Adjgb.doc)* and provide to PLS/PBA.

**PLS**

3 Review Adjustments to Estimated Guaranteed Benefits Memo and make necessary adjustments to payees.

- If benefit adjustments are to be made effective with PBGC's first payment, see Process 9: Plan Assumption for guidance on loading participants.
- To adjust benefits after plan assumption, see TP 21: Change Benefit/Payment Amount.

4 Notify affected payees of estimated benefit adjustments. Each notice must:

- Be in writing, using the appropriate eALG 300 series letter;
- Be dated at least 30 days before the adjustment is effective; and
- Explain the reason for the adjustment. The explanation may be provided within the letter itself or in a separate benefit statement, depending on the nature of the adjustment.

5 Refer to the Workflow diagram at the beginning of this process to determine the next action.

## 10.5 Inform Plan Administrator of Fiduciary Duty 02/07/97

Action Steps

| | |
|---|---|
| **Purpose** | Request the plan administrator to adjust benefits as necessary |
| **Time Reporting (BMPRS)** | FTE Estimated Benefits Adjustment<br>FBA Estimated Benefits Adjustment<br>PBA Estimated Benefits Adjustment<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | *Adjustments to Estimated Guaranteed Benefits Memo (Adjgb.doc)* from actuary. |
| **Output and Recipient** | Action from the plan administrator. |
| **Control Issues** | Timeliness and documentation are important. |
| **Important Concepts** | PBGC can require a plan administrator to adjust payees' benefits to guaranteed levels prior to trusteeship for distress terminations. In other cases, PBGC will request the plan administrator to make the adjustments.<br>Many times there will not be a plan administrator to contact if the plan is in bankruptcy or has been abandoned. In this situation, this procedure is not applicable and PBGC will have to initiate the adjustments. |
| **Guidance** | N/A |
| **Procedure Owner** | PLS |

## Click Here for More Information...

10.5 Action Steps: Inform Plan Administrator of Fiduciary Duty

## 10.5 Action Steps: 02/07/97
## Inform Plan Administrator of Fiduciary Duty

1 Contact the plan administrator. For distress cases or after trusteeship, discuss the fiduciary duty to reduce participant's benefits to the estimated Title IV benefit and request the plan administrator to adjust monthly benefits to the established estimated benefit. (For non-distress cases prior to trusteeship, do not discuss fiduciary responsibility until trusteeship has occurred.) Prompt action can reduce the burden for participants later on by avoiding the recoupment process. Notify the plan administrator that an official letter that identifies benefits to adjust will follow and request a letter identifying the participants affected by the adjustment (name, SSN, previous benefit amount, and adjusted benefit amount) as identified in the official letter.

2 Create the Request Plan Administrator to Adjust Benefits Letter (Paadjben.doc). Attach a copy of the actuary's Adjustments to Estimated Guaranteed Benefits Memo (Adjgb.doc), and mail it to the plan administrator. Ensure that a copy of the letter and memo are filed in the plan file.

3 Make a follow-up phone call in ten days if the plan administrator has not sent the letter identifying the participants affected by the adjustment. If unable to contact the plan administrator, inform the TPD Manager. PBGC may need to accelerate trusteeship of the plan which will require coordination with PPD.

4 File the plan administrator's letter in the plan file upon receipt. Reconcile any discrepancies between the actuary's list of participants whose benefits need to be adjusted and the plan administrator's list.

5 Refer to the Workflow diagram at the beginning of this process to determine the next action.

## 10.6 Prepare Estimated Benefits Calculation Tool 08/10/99

Action Steps

| | |
|---|---|
| **Purpose** | Prepare a tool for PLS/FBA to put new retirees into estimated pay status. |
| **Time Reporting (BMPRS)** | FTE Estimated Benefits Adjustment<br>FBA Estimated Benefits Adjustment<br>PBA Estimated Benefits Adjustment<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Plan documents and any available evidence of plan practices. |
| **Output and Recipient** | Tool for computing estimated Title IV benefits. |
| **Control Issues** | Authorization and documentation are important. |
| **Important Concepts** | In many cases, an actuarial contractor will do the preparation. In these cases, the TPD actuary is still responsible for reviewing and testing the output. Depending on the number of participants and case complexity, the actuary may create a simple worksheet or program for each type of participant until, layer by layer, the entire Recalculation System is completed. |
| **Guidance** | Actuarial Case Report Checklist |
| **Procedure Owner** | Actuary |

## Click Here for More Information...

10.6 Action Steps: Prepare Estimated Benefits Calculation Tool

## 10.6 Action Steps: 05/31/96

## Prepare Estimated Benefits Calculation Tool

1 Determine if it is appropriate to develop a computer-based, automated RS. Consider:

- How many people are affected by adjustments or are immediate eligibles?
- Is there a working database?
- How complicated are the benefit calculations?

2 Develop the manual or automated RS. Follow the benefit statement standards as described in the Actuarial Case Report Checklist (see the Actuarial Technical Manual, Chapter 1.D.--Actuarial Case Report Checklist , Appendix N for samples). If developing a full BSRS, follow the computer software specifications for BSRS (see the IOD Computer Systems Users Manual, Chapter XI Benefit Statement/Benefit Recalculation System).

3 Review and test the worksheet or RS. When prepared by an actuarial contractor, the TPD actuary, as technical monitor of the case, is responsible for reviewing and testing the product.

4 Train the case team to use the worksheet or RS in making adjustments and putting new retirees into pay status. Run through a sample participant.

Refer to the Workflow diagram at the beginning of this process to determine the next action.

## 10.7 Forms, Letters, Memos, etc.

**05/18/2001**

**Note** After opening a file listed below, use **File / Save As** to give appropriate name and save with other case related files. To switch between the file and the online IOD Procedures Manual, press **ALT+TAB**.

***Adjustments to Estimated Guaranteed Benefits Memo***
Adjgb.doc

***Checklist for Participants in Pay status at DOPT***
Pipsdopt.doc

***Forms of Benefit Paid Post-DOPT Checklist***
Benforms.doc

***Preliminary Plan Summary***
Prelimps.doc

***Request Plan Administrator to Adjust Benefits letter***
Paadjben.doc

## Introduction to Audit Processes

07/11/97

The Audit Processes are the means of obtaining the information needed to identify people eligible to receive benefits under the plan, verify their entitlement, and determine the amounts of any benefits to which they are entitled under ERISA. The audit processes also yield information about how PBGC will pay those benefits, whether through identified plan assets, through recoveries from liable parties, or from the PBGC trust funds. Through auditing techniques and thorough evidentiary documentation, a TPD develops an administrative record of the entire investigation and All determinations made. The resulting audits are the inputs required to determine the value of benefits payable by PBGC and its resulting liability. The first audit process, Develop Audit Program, is a planning process which defines the requirements and plan of action for All the audit activities to be performed on a case.

## Audit Processes include:

11 Develop Audit Program

12 Evaluate Plan Documents & Participant Data

13 Verify Data for Participant Database

14 Determine Controlled Group & Net Worth

15 Audit Plan Assets

## PR 11. Develop Audit Program


11. Overview

11. Workflow for Process 11

11.1 Review Documents Already Obtained

11.2 Determine Scope of Audits & Prepare Audit Program

11.3 Conduct Field Audit (If Required)

Forms, Letters, Memos, etc

## 11. Overview

**02/16/2001**

IOD audits of pension plans are operational and data audits. The focus is on identifying sources of quality information and then obtaining the quality information. An important underlying component of the development of the audit program and all the audit process, is that the auditor is charged with **ensuring thorough evidentiary documentation** is maintained throughout the process.

PBGC records (plan and participant files) form the administrative record for each case, which is relied upon for IOD and PBGC operations. Examples: appeal decisions (PEAD), litigation (OGC). These departments (and the affected parties like plan sponsors, and participants) rely on IOD's thorough and careful documentation.

While all employees are responsible for ensuring that their actions are accurately documented in PBGC's records, the auditors audit program responsibilities are particularly important.

Remember: "If you didn't write it down - and put it in the proper file - **it didn't happen!!**"

**Thorough documentation in the audit processes includes:**

- Ensuring sample documents are retrieved from the field, in support of the participant data audit.
- Timely updating of both plan and participant file (forwarding documentation to the DMC for imaging).
- Careful and complete records in the file as to sources of documents, including unsuccessful efforts to obtain records from sources.

In some instances, but not all, the audit processes must be completed prior to the beginning of valuation procedures. However, once the Plan Abstract is complete, the case team actuary begins or continues development of the recalculation system that may have been begun during the process of adjusting benefits. In addition, for cases where it is clear that funding is sufficient to cover priority category 3 (PC3), but not sufficient to cover priority category 5 (PC5), or if it is clear that all benefits are guaranteed, the actuary need not wait for completion of asset valuation to begin the actuarial valuation for cases where the small plan average recovery ratio (SPARR) is used.

The nature, timing, and extent of auditing procedures to be performed are based on the scope and types of desired outputs. For IOD audits of trusteed plans, the types of outputs are always the same, though the content, size, and amount of effort required for those outputs varies widely from plan to plan. The outputs of IOD audit processes are as follows:

| **Audit Process** | **Outputs (Components of Audit Report)** |
|---|---|
| Develop Audit Program | • Audit Program<br>• Internal Controls Determination |
| Audit Plan Assets | • Plan Asset Audit Report |
| Determine Net Worth | • Net Worth Valuation |
| Obtain & Evaluate Plan Documents & Participant Data | • Participant Data Audit<br>• Actuarial Database<br>• Plan Abstract<br>• Plan Document Audit<br>• Data Elements Sources List |
| Verify Data for Participant Database | • Verified Database |
| Determine Controlled Group Recoverability | • Controlled Group Determination |
| Audit Plan Assets | • Plan Asset Audit Report |
| All of the above | • Audit Working Papers with Cover Sheets |

**The audit program provides the road map for achieving all auditing goals. An audit program is a plan of action that does all the following:**

- describes the work that must be completed to accomplish all audit activities for the case,
- identifies the documents that must be obtained for each activity,
- provides a detailed methodology for achieving each activity,
- assigns each activity to one or more members of the case team or contracted parties, and
- identifies target dates for the completion of each activity.

**The list of activities is the same as the headings in the audit report which is comprised of the outputs of all the audit activities.** For each audit process, the audit report is supported by the working papers, which provide a description of how the audit activities were conducted, and a determination that describes the case team's conclusions and recommendations on which future PBGC actions will be based.

**Properly prepared, the audit program focuses case team efforts on the work required for each specific case and acts as a valuable tool for case teams to manage work loads that include many cases at different points in processing.** In order to complete the audit activities, the case team performs each audit task thoroughly, documenting the activities performed and cross referencing relevant working papers. The results of the audit activities are documented in an *audit report*. To encourage proper identification and retention, all working papers are identified by an Audit Working Paper Cover Sheet and numbered, if necessary. For IOD, this audit report is the complete package of all the audit outputs.

**The planning process involves the development strategy for the expected conduct of the audit.** The nature, timing, and extent of planning will vary according to the type of plan, the size, the complexity of the plan's administration, and any limitations placed on the fieldwork activities due to the availability and condition of records.

**Communication and coordination is particularly important in performing a plan audit due to the number of parties who normally maintain accounting records of the plan or are involved in the administration of the plan.** These parties include the plan sponsor, trustees, plan administrator, investment manager, insurance company, other independent auditors, the plan actuary, and attorney. PBGC has investigatory authority (as in ERISA Section 4003) to obtain documents and information it determines necessary to enforce any Title IV provision, rules and regulations.

**Apply analytical procedures in the planning and overall review stages of all audits.** For planning purposes, these procedures should focus on enhancing the auditor's understanding of the plan and the transactions and events that have occurred since the last audit date, and also in identifying areas that may represent specific risk relevant to the audit. These procedures can help to identify such things as the existence of unusual transactions and events, and amounts, ratios, and trends that might indicate matters that have financial statement and audit planning ramifications.

**Prior to performing an IOD audit, become familiar with the two authoritative publications that guide such audits:**

- *Government Auditing Standards* (also called the "Yellow Book") published by the U.S. General Accounting Office.
- *AICPA Audit and Accounting Guide: Audits of Employee Benefit Plans* published by Commerce Clearing House, Inc.

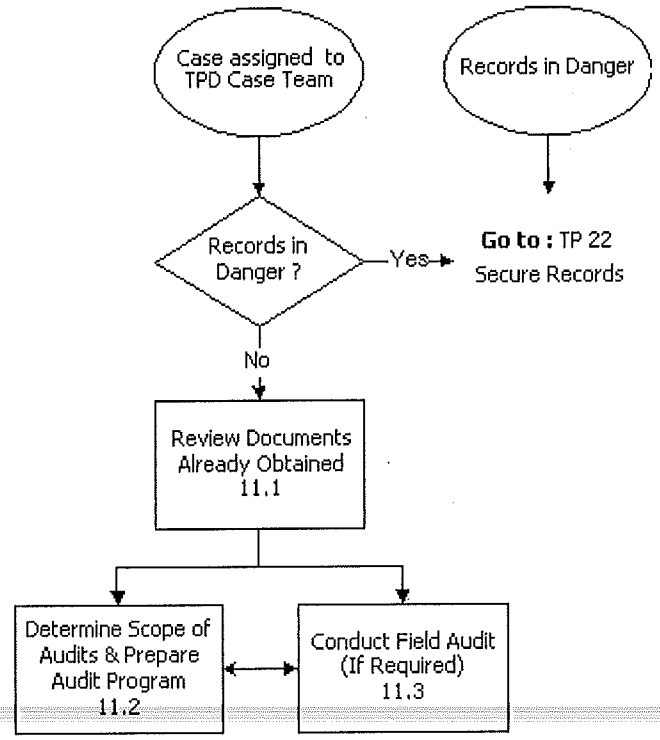
Audit Processes

Develop Audit Program

Browse Workflows: <— —>

# 11. Workflow for Process 11

05/31/96



**Develop Audit Program**

## 11.1 Review Documents Already Obtained

**07/11/97**

**Action Steps**

| | |
|---|---|
| **Purpose** | Identify documents not already in PBGC possession that need to be obtained. |
| **Time Reporting (BMPRS)** | FTE Participant Data Audits<br>FBA Participant Data Audits<br>PBA Participant Data Audits<br>Contract Participant Data Audits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | List of all documents already obtained. Checklist of documents to obtain. |
| **Output and Recipient** | Checklist of documents still to be obtained in order to complete audit activities. |
| **Control Issues** | Ensure that document list is complete and identify source providing document. |
| **Important Concepts** | If the safety of plan and participant documents is in question, proceed to Technical Procedure 22: Secure Records. |
| **Guidance** | N/A |
| **Procedure Owner** | Auditor. |

## Click Here for More Information...

11.1 Action Steps: Review Documents Already Collected

**Develop Audit Program**

## 11.1 Action Steps: 07/11/97

## Review Documents Already Collected

1. Obtain the documents already in-house. These will include the documents from PPD or CFND identified in the Document Transfer Checklist, any document regarding plan asset data collected by FOD/IOD/IAB, and any documents that may have arrived since the PPD-TPD or CFND-TPD transfer.
2. Contact the PPD or CFND staff member who investigated the case to identify which documents have already been requested or obtained, missing documents, and contacts (plan administrator, bankruptcy trustee, etc.). Do this as soon as possible after receiving the Task Referral through CAS, at the PPD/TPD meeting, or after receiving the Document Transfer List. TPD action is initiated in response to the CAS task referral.
3. Use Appendix A - Master Checklist of Documents to Obtain to review the listing of documents for completeness and reliability. Verify which of the documents are already in PBGC possession. The amount of information available will vary depending on the circumstances surrounding PPD's investigation, the amount of time that has elapsed in case processing, and the cooperation of people involved from the past administration of the plan.
4. Create the *Audit Program (Audprog.doc)* and modify the lists of documents and activities as necessary. The circumstances of the case will determine the depth and breadth of what is done.
5. Refer to the Workflow diagram at the beginning of this process to determine the next action.

**Develop Audit Program**

## 11.2 Determine Scope of Audits & Prepare Audit Program 02/16/2001

**Action Steps**

| | |
|---|---|
| **Purpose** | Identify documents and information necessary to complete all parts of the Audit Report.<br><br>Determine interview questions necessary to identify internal controls. |
| **Time Reporting (BMPRS)** | FTE Participant Data Audits<br><br>FBA Participant Data Audits<br><br>PBA Participant Data Audits<br><br>Contract Participant Data Audits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | A completed review of documents PBGC is available in-house.<br><br>Task Referral to TPD from PPD (if TPD case processing begins prior to trusteeship). |
| **Output and Recipient** | Audit Program, including detailed list of all documents to collect and activities to accomplish throughout the audit processes (Processes 12-15).<br><br>Draft of schedule for audit activities and roles of all involved parties (including contractors).<br><br>Internal Controls Questionnaire<br><br>Creation of documents that will become components of the Working Papers to support the Audit Report. |
| **Control Issues** | N/A |
| **Important Concepts** | With some plans it will be possible to identify the full scope of the audits before making a field trip, including a good start on the plan document audit, plan abstract, and source document information.<br><br>When reviewing plan documents, keep in mind the required changes in plan benefits caused by legislation. In many cases, where plan maintenance was neglected over time, benefit increases, changes in vesting, and other changes required by law may not have been adopted. These changes may affect determinations of participants' entitlement to benefits. For plans that have not been amended correctly, see Actuarial Technical Manual, Chapter III. J - ERISAfication.<br><br>IOD Policy Bulletin 00-3<br><br>Avoid getting original personnel/human resources records except for pension records because PBGC does not want to become the *de facto* custodian of any such records. However, these records may also be pension records because of the information they contain. Plan to copy all relevant documents. The source documents used to test the participant database must be copied and are an important part of the audit work papers. Collect and copy necessary information, but do not bring the original records in-house except for necessary pension-related records and records needed to support the audit work papers. Pension records are those records required to run the plan and may include pension, personnel, and payroll records. After trusteeship, all pension records are |

| | |
|---|---|
| | the property of PBGC as trustee. Consult with the TPD manager when deciding on record collection. |
| **Guidance** | ATM III: Benefit Calculations, Section J<br><br>ERISA 4003 gives PBGC authority to investigate. Collecting pension documents is necessary to this investigation.<br><br>ERISA 107 requires that working papers and source documents supporting audits of employee benefit plans be kept for a period of six years. |
| **Procedure Owner** | Team Leader, TPD Case Team |

## Click Here for More Information...

11.2 Action Steps: Determine Scope of Audits & Prepare Audit Program

**Develop Audit Program**

## 11.2 Action Steps: 03/28/2003

## Determine Scope of Audits & Prepare Audit Program

1 The Team Leader will initiate a meeting of the TPD Case Team to determine what information is needed for the case and who will perform which functions. Identify items on the master checklist that are applicable for the case. Identify potential difficulties (offsets to the plan where the benefit is reduced by the value of another benefit, a problem substantial owner, unavailable documents, etc.) and add items to the checklist if necessary. Customize the Audit Program as necessary. Schedule dates for actions.

2 Contact the OGC attorney to determine if additional documents are needed and find out if OGC will be obtaining documents through their discovery process. IOD and OGC are each responsible for obtaining documents they need, but sharing information when gathered speeds case processing. When possible, work together to assure that plan sponsors and other administrators do not receive multiple requests for the same information.

3 Determine if a participant meeting is appropriate. If so, see Technical Procedure 14: Hold Participant Meeting. If the case has been classified as a Large Case, consult Technical Procedure 23: Coordinate Large Case. Note that the TPD may hold a participant meeting for any case, not just large cases.

4 Telephone the contact(s) to request the needed documents (see Process 1.2: Assign Case and Begin Gathering Data). Begin with the Plan Administrator. Follow the request with a fax or letter and file a copy of the request in the plan file. (Other sources would be the attorney who drafted the document and the plan actuary.) If the plan documents are not available, contact the Public Disclosure Office at Department of Labor's (DOL) Employee Benefits Security Administration at (202) 219-8771 to obtain a copy. Have the Employer Identification Number (EIN) and the Plan Number (PN) ready, when possible, because DOL can most readily conduct a search using this information.

5 Start the *Plan Document Audit (Plandocs.doc)* by identifying documents already collected or known by reference to exist. Include all plan documents transferred by PPD and identified on the Document Transfer Checklist. The Plan Document Audit should be a complete list of documents created in relation to the plan itself. These include the original plan document, all amendments and restatements, collective bargaining agreements (CBA), and any other documents that change or modify the provisions of the plan. List documents which have already been obtained. When the content of the documents indicate that a document included in the standard list is not necessary, indicate "N/A" and state the reason in the comments section. Add documents to the list on a continuing basis until the audit is complete. See 12.1: Perform Plan Documents Audit for details.

6 Create the Plan Abstract and fill in basic, case-level information. The plan abstract is a valuable working document because it helps identify where to focus efforts while in the field. One goal is to develop the plan abstract so that necessary data elements for the participant database can be identified. See 12.2 Prepare Plan Abstract for details on completing the plan abstract.

7 Create the *Data Elements Sources List (Datasrcs.doc)*, and input any information already known from plan documents. It contains the same fields as in Appendix B: Preferred Source Documents for Data Elements. See 12.5 Perform Source Document Audit for details. Always find information for the universal data elements (those PBGC collects for all plans), and identify the plan-specific elements that are relevant to the case. Also, investigate the possibility that plan provisions may require data elements not on the master list in Appendix B. Interview plan administrative contacts by phone to determine the availability of source data and the documents where each data element can be found, if necessary. For each document, determine the location and method of retrieval and document this information. When asking questions to

determine which are the best source documents, avoid questions with "yes" or "no" answers. Remember that the purpose of the interview is to establish the existence and extent of data and documents, as well as their validity and usefulness as sources. For large plans, an assessment of the internal controls of the plan sponsor and plan administrator will help measure the validity of the data in primary, secondary and alternate source documents. Often, the Data Elements Sources List can be completed only in the field because secondary, even tertiary, sources may be necessary to satisfy participant data requirements. Document the data elements on a Lotus spreadsheet or Paradox database. For details refer to Procedure 12.6: Build Participant Database.

**8** If it is necessary to use other than primary sources of information, document the reason(s) that primary sources were not used. The assessment of the internal controls will be documented in the *Internal Controls Determination (Intcont.doc)*.

**9** Prepare an *Internal Controls Questionnaire (Intcontqu.doc)* using the template as a guide.

**10** Modify the Audit Program, including any scheduled dates, to reflect findings and case team plans. Discuss changes to scheduled dates with a TPD Team Leader as changes to CAS milestones may be necessary. The Team Leader is the approving authority for the Audit Program.

**11** Refer to the Workflow diagram at the beginning of this process to determine the next action.

**Develop Audit Program**

## 11.3 Conduct Field Audit (if required)

**04/05/2002**

**Action Steps**

| | |
|---|---|
| **Purpose** | Document the background of the company.<br>Obtain participant data.<br>Obtain additional controlled group information, controlled group member asset information (asset statements). Obtain plan asset statements.<br>Secure records if necessary.<br>Verify participant data already collected. |
| **Time Reporting (BMPRS)** | FTE Participant Data Audits<br>FBA Participant Data Audits<br>PBA Participant Data Audits<br>Contract Participant Data Audits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Review of all data already collected and completed plan for collecting remaining data to extent possible. |
| **Output and Recipient** | Internal Controls Determination, Validated Plan Document Audit, Source Document Audit, Plan Abstract, and verified participant data. |
| **Control Issues** | Documentation, completeness, and consistency are important. |
| **Important Concepts** | While at the field audit site, maintain regular communication with TPD case team members and supervisors at PBGC in order to refer questions and resolve concerns about the quality of information, where to look for it, and when to stop looking.<br>Make copies of source document used to test participant database elements. They become part of work papers that support the Participant Data Audit Report.<br>Collect original copies of ***all*** completed benefit related forms, including: beneficiary designation forms, QDRO documents, benefit applications, J & S forms, any spousal waivers and all participant loan documents (application, loan agreement, repayment schedules etc.). Image these forms to the relevant participant file (IPS). |
| **Guidance** | Government travel guidelines apply. |
| **Procedure Owner** | TPD case team |

Follow the appropriate procedure below depending on whether this is a preliminary field audit or a later field audit.

## Click Here for More Information...

11.3 Action Steps: Conduct Preliminary Field Audit (If Required)

11.3 Action Steps: Conduct Field Audit (If Required)

**Develop Audit Program**

## 11.3 Action Steps: 04/05/2002

## Conduct Preliminary Field Audit (if required)

This procedure assumes that prior contact has been made and that the TPD case team has arrived at the field trip site.

1 Upon arrival, meet with the plan administrator or other officials of the plan sponsor.

2 Explain PBGC course of action, time frames, and procedures, if appropriate.

- What PBGC trusteeship means.
- The types of audits (participant data, plan assets, and controlled group/net worth) and information PBGC seeks for each audit, and when results can be expected.
- How to respond to participant queries about retirement, etc.
- Discuss plans for a participant meeting, if there will be one.

3 Using the *Internal Controls Questionnaire (Intconqu.doc)*, compare the company's policies with the actual procedures and document the procedures in order to determine the nature and extent of internal controls and how reliable the company's records are for PBGC use. Document findings of consistency and differences.

4 Request a brief history of the company and plan and copies of procedures, where applicable. As trustee of the plan, PBGC takes the original of the participant retirement folder (including materials used in determining entitlement and calculating the benefit) for all retirees, if the plan administrator maintained such files. Determine:

- How payroll records are maintained.
- How they run pension-related processes, such as calculating benefits and putting retirees into pay status. Compare this information with records from the plan actuary if possible.
- How they manage and handle transferring of plan assets from investment accounts to paying accounts.
- How they document any activities related to pension processing.
- What records they use as their primary and secondary source documents.

5 Review internal controls and document findings. For large plans, the existence of effective internal controls can have a substantial impact on the scope and depth of the audit, so determine the quality of internal controls as early in the process as possible. When effective internal controls do not exist, subsequent audit activities will require greater care and more resources. Adjust the audit program as necessary. Financial problems are frequently an indication of poor internal controls. As financial problems increase for a plan sponsor, the quality or focus on internal controls will normally decrease. The internal controls assessment should:

- Identify who had decision making authority and for what area.
- Identify whether or not plan officials followed internal control procedures consistently.
- Identify the internal controls associated with putting people in pay status.
- Identify the internal controls associated with managing plan assets, including transfers of assets.

6 The internal controls assessment should address the following:

- The procedures and person responsible for determining participant eligibility, credited service, applicable compensation, vesting, benefit commencement, cessation of benefits, etc.
- The identity and functions of plan actuaries and consultants.
- The existence of any previous outside audits (if there has been one, try to obtain a copy). When possible, obtain the working papers of the outside auditors; it may be possible to use them as source documents in the audits.
- Any other internal control areas (compliance with other procedures, reconciliation practices, records keeping practices, etc.).
- Document findings in narrative form in the *Internal Controls Determination (Intcont.doc)*.
  - Documentation is appropriately maintained.
  - Procedures are consistently followed.
  - Transactions are recorded in a timely, accurate and complete manner.
  - Functions are properly segregated.
  - Processes are reviewed by independent auditors.
- Adjust the Audit Program to reflect the assessment of internal controls.

**7** Starting with the list in Appendix B: Preferred Source Documents for Data Elements, review potential sources (including pension, personnel, and payroll files) and determine the best possible sources (primary and secondary) for each data element.

- If the files are separated into retirees, active participant, and terminated vesteds, sample at least five files of each category to identify any difference in source documents that may be appropriate for different categories. Document results of comparison and determination.
- If files are not well organized, sample as many files as necessary until confident of the data sources. It may be necessary to identify different source documents for different date ranges of records. Document results of comparison and determination.
- Obtain information for any data element from more than one source document. Ensure documentation reflects all source documents used for that data element.

**8** Discuss findings with the appropriate plan sponsor officials and/or the plan administrator. People who have been managing the pension plan may be able to point to other sources for required information or identify additional methods for obtaining participant data.

**9** Collect available information for retirees, active participants, and terminated vested participants and collect specific information on non-vested participants as described under the relevant sections in Appendix B: Source Documents for Participant Data. The lists contain suggested sources. The lists are meant to be a guide and are not all-inclusive. Be creative in finding alternate sources, and apply judgment and experience in determining which sources to use if the preferred sources are not available. For each data element, use the preferred source, when available. When a preferred source is not available, identify the secondary source used.

**10** Arrange for copies of records needed to support the audit report. These records must be incorporated into the audit work papers.

**Note** Although copies of records are used to support the audit report (imaged to plan file in IPS), certain participant and benefit related forms ***must be*** collected from the employer to support IOD's benefit processing. These forms are identified in Important Concepts in the preceding outline of Process 11.3: Conduct Field Audit

**11** Refer to the Workflow diagram at the beginning of this process to determine the next action.

**Develop Audit Program**

## 11.3 Action Steps: 05/31/96
## Conduct Field Audit (if required)

This procedure assumes that a preliminary field audit has been performed and that the parties being visited have been contacted in advance.

1 Upon arrival, meet with the plan administrator or other official of the plan sponsor and go over the specific goals of the audit.

2 Conduct the audit according to steps in the appropriate process (12, 13, 14, or 15).

Browse Documents: 

## 11.4 Forms, Letters, Memos, etc.

05/18/2001

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Adjustments to Estimated Guaranteed Benefits Memo***
Adjgb.doc

***Audit Program***
Audprog.doc

***Audit Working Paper Cover Sheet***
Casewpcs.doc

***Data Elements Sources List***
Datasrcs.doc

***Information Request Letter***
Inforeq.doc

***Internal Controls Determination***
Intcont.doc

***Internal Controls Questionnaire***
Intconqu.doc

***Plan Document Audit***
Plandocs.doc

## PR 12. Evaluate Plan Documents & Participant Data


12. Overview

12. Workflow: Evaluate Plan Documents & Participant Data

12.1 Finalize Plan Documents List

12.2 Prepare Plan Abstract

12.3 Identify Participant Data Elements

12.4 Review Existing Databases

12.5 Perform Source Document Audit

12.6 Build Participant Database

12.7 Audit Participant Database

12.8 Prepare Participant Data Audit Report

 Forms, Letters, Memos, etc.

## 12. Overview

**07/11/97**

Obtaining reliable participant and plan data is important because the quality of this effort greatly affects the ease or difficulty of case processing for the life of the case. If all required documents are identified and obtained, case processing proceeds quickly. Efforts made to obtain information and unsuccessful attempts to obtain information should all be carefully documented to the file. This ensures that IOD maintains records which document the efforts made to obtain the participant information which is so critical to our mission. When IOD cannot obtain documents or the information obtained is inaccurate or incomplete, case processing is slowed and compromises customer service.

The participant data audit is a critical activity. It identifies those participants who are due a benefit under the insurance provisions of ERISA . In processing a case, the TPD conducts the participant data audit in order to determine whether PBGC has obtained all the data required to make accurate benefit entitlement determinations and to make accurate benefit payments.

This process produces the participant database, the set of all participant data required for IOD to determine entitlement to benefits and the amount of benefits payable by PBGC. The verification occurs as part of Process 13: Verify Data for Participant Database and the reconciliation occurs as part of Process 17: Prepare Actuarial Case Report & Software. Once reconciled, refer to it as the "valuation database." (See Process 17.1 Reconcile Participant Database.)

Prior to planning and performing an IOD audit, be familiar with the two authoritative publications that guide IOD auditing activities:

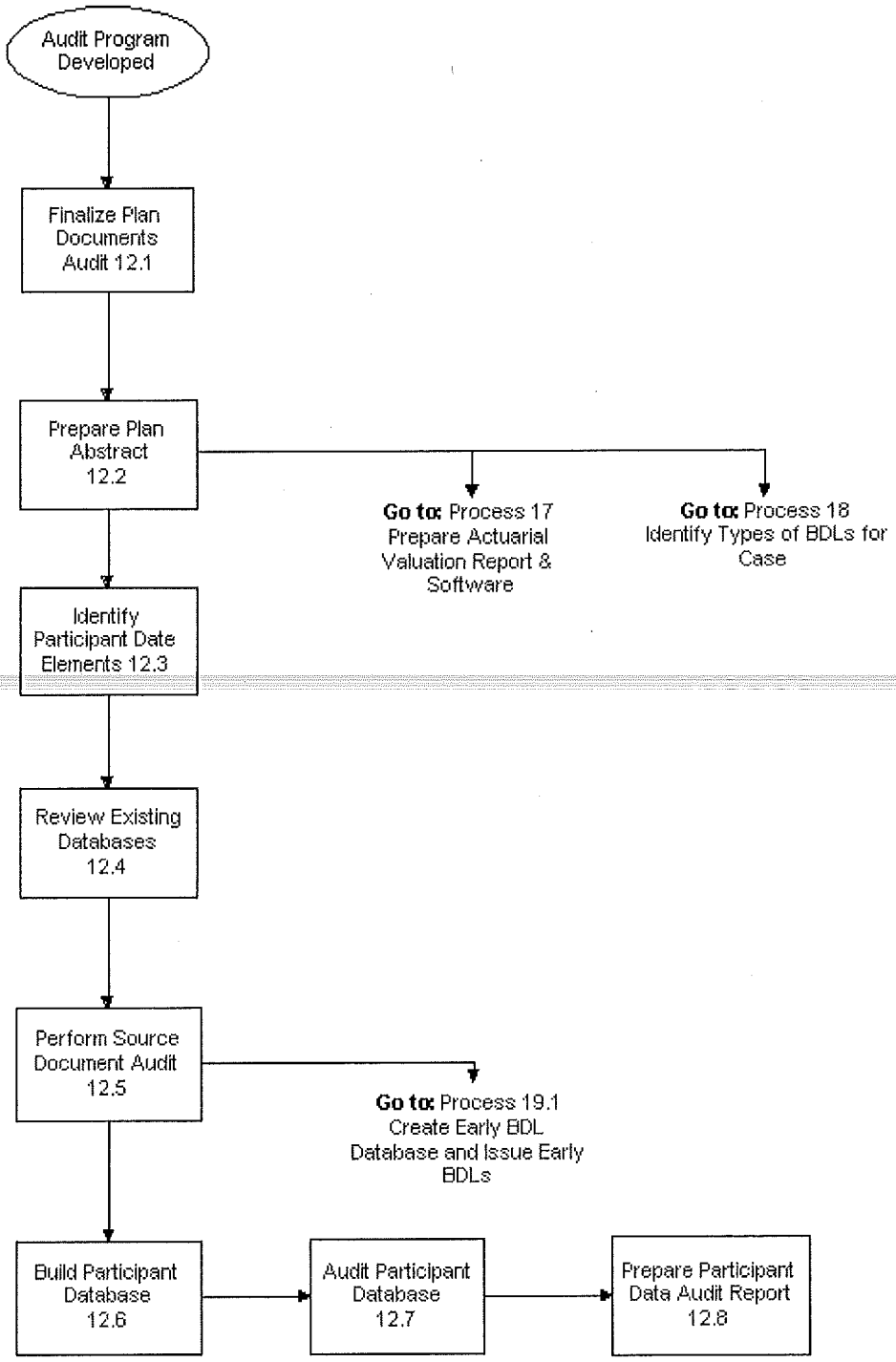
- *Government Auditing Standards* (also called the "Yellow Book") published by the U.S. General Accounting Office
- *AICPA Audit and Accounting Guide: Audits of Employee Benefit Plans* published by Commerce Clearing House, Inc.

**Audit Processes** **Browse Workflows:**

**Obtain & Evaluate Participant & Plan Document Data**

## 12. Workflow for Process 12

**04/16/2004**



**Obtain & Evaluate Participant & Plan Document Data**

## 12.1 Finalize Plan Document Audit

**05/18/2001**

**Action Steps**

| | |
|---|---|
| **Purpose** | Complete the identification and collection of original, signed, and dated plan documents, amendments, and restatements required to determine accurate benefit entitlements of participants and their beneficiaries. |
| **Time Reporting (BMPRS)** | FTE Participant Data Audits<br>FBA Participant Data Audits<br>PBA Participant Data Audits<br>Contract Participant Data Audits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Collected plan documents, information about plan documents |
| **Output and Recipient** | *Plan Document Audit (Plandocs.doc)* for use in adjusting benefits and for preparing the Plan Abstract.<br>Plan Provision Milestone in CAS finalized. |
| **Control Issues** | Documentation, completeness, accuracy, and security are important |
| **Important Concepts** | This is a complete history of the plan, needed to determine if the plan complies with the law (or needs ERISAfication), to determine if there are phase-ins, to determine substantial owner benefits, etc.<br>Plan documents can include any official document which contains or refers to provisions of the plan. In addition to the plan itself and any amendments, plan documents may include Board of Directors' resolutions and collective bargaining agreements (CBA). Minutes from Board Meetings where the pension plan was discussed may also be valuable sources of information.<br>The Plan Document Audit should always be targeted separately in the Case Workplan and the Large Case and FBA Summary (when applicable). |
| **Guidance** | N/A |
| **Procedure Owner** | TPD Case Team |

## Click Here for More Information...

12.1 Action Steps: Finalize Plan Documents List

**Obtain & Evaluate Participant & Plan Document Data**

## 12.1 Action Steps: 08/25/2000

## Finalize Plan Document Audit

1 Create the *Plan Document Audit (Plandocs.doc)*.

2 Identify the plan by name and Employer Identification Number/Plan Number (EIN/PN).

3 List all documents in reverse chronological order from DOPT back. Include all documents that affect the plan, including Board of Directors' resolutions and CBAs that refer to the plan. In some cases, pension board minutes contain information that can be used if documents are not signed and dated. Ensure that the descriptive name used in the Plan Documents List is the same as the name used on the document itself. If necessary, use the table-sorting capability in WordPerfect to sort the list in descending order by effective date.

4 List and record information for each document, including:

- Name
- Effective date
- Adoption date and/or execution date

5 Identify and comment on each document as follows:

- List all amended sections for each document and what was changed in each amendment and the effective date(s). Look for changes that affect entitlement to Title IV benefits.
- Comment on major issues addressed in the document, including how and where the document was found.
- For plan documents that are not signed or dated, note information from pension board minutes or plan practice as comments to those documents.
- List documents which are referred to, but have not been obtained, and contact the plan administrator, plan sponsor, plan actuaries, union representatives, etc., to request copies of those. Send a written request using the *Information Request Letter (Inforeq.doc)*. Attach a copy of the letter(s) as working papers with an *Audit Working Paper Cover Sheet (Casewpcs.doc)*.

6 Write the narrative describing how documents were obtained and explain pertinent findings in detail.

7 Organize the actual documents in the order of the list, putting a copy of the Plan Documents List at the beginning and all working papers, with their cover sheets, with the documents they support. Use descriptive tabs and follow the indexing structure for the plan file as described in TP 16. Establish & Maintain Plan & Participant Files.

8 Finalize the Plan Provision Milestone in CAS.

9 Refer to the Workflow diagram at the beginning of this process to determine the next action.

**Obtain & Evaluate Participant & Plan Document Data**

## 12.2 Prepare Plan Abstract

**02/07/2003**

Action Steps

| | |
|---|---|
| **Purpose** | Summarize provisions of the plan necessary for PBGC to administer the plan. |
| **Time Reporting (BMPRS)** | FTE Participant Data Audits<br>FBA Participant Data Audits<br>PBA Participant Data Audits<br>Contract Participant Data Audits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | All Pension Plan Documents. Plan Document Audit and plan administrator's standardized calculation sheet, if available. |
| **Output and Recipient** | Plan Abstract for case team. |
| **Control Issues** | Documentation, completeness, and accuracy are important.<br>PBGC credits a plan participant for military service if the participant returns to work for the employer. This service is normally credited regardless of a plan's provisions and/or its DOPT, provided the requirements of the relevant law are satisfied. Participant specific guidance is provided to processing staff from OGC, after referral through OPSS. |
| **Important Concepts** | The Plan Abstract should provide all information necessary to determine the data elements required for determining benefits and performing the final valuation. The Plan Abstract supersedes the *Preliminary Plan Summary (Prelimps.doc)* prepared immediately upon trusteeship, see Process 10.1 Analyze Plan Documents.<br>Review the five-year phase-in rules for applicability. See ERISA 4022(b)(7), 29 CFR 4022.25.<br>Identify any amendments which should have been made to the plan to conform to changes made to ERISA and/or the IRC, but may not have been made (for example: changes to permissible vesting schedules).<br>As soon as the plan abstract is complete, begin building the Benefit Statement Recalculation System (BSRS) for preparing estimated benefits. The case team actuary should coordinate this effort with calculations for adjusting benefits (see Process 10: Adjust Benefits). |
| **Guidance** | ATM III: Benefit Calculations, Section J<br>IOD Policy Bulletin 00-04 |
| **Procedure Owner** | TPD Case Team |

## Click Here for More Information...

12.2 Action Steps: Prepare Plan Abstract

## 12.2 Action Steps: Prepare Plan Abstract

05/18/2001

1 Review the *Plan Document Audit (Plandocs.doc)*.

2 Complete the Plan Abstract based on information from the Plan Document Audit. Refer to the checklists prepared as part of see Process 10: Adjust Benefits. If the checklists have not been completed yet, complete them now. These include:

- *Checklist for Participants in Pay status at DOPT (Pipsdopt.doc)* which contains three checklists: 1) PBGC Maximum Guaranteeable Benefits Checklist to determine if any current payees are receiving payments over the PBGC maximum, 2) Phase-In Limitations on Guaranteed Benefits Checklist to identify pre-DOPT retirees who are receiving benefits that may be subject to phase-in limitations, and 3) Supplemental Benefits Checklist to identify pre-DOPT retirees who are entitled to receive temporary supplements.
- *Forms of Benefit Paid Post-DOPT Checklist (Benforms.doc)* to determine if participants' forms of benefit need to be changed because of incorrect forms of benefit offered after DOPT or because of PBGC's J&S policy.
- Include attachments and footnotes as necessary. They should address, and include tables for the following:
  - early retirement factors
  - vesting schedules
  - Joint and Survivor (J&S) factors used in plan practice

3 Start with the latest plan document and determine whether phase-ins apply (for example, if there was an increase in the benefit formula), and identify the latest plan provisions that can be determined from any documents already on hand.

- If the later of the effective date or the adoption date is more than five years prior to DOPT, then phase-ins do not apply except for substantial owners who are phased in according to the thirty-year rule.
- Otherwise, go through all previous plan documents in reverse chronological order for the last five years to determine if phase-ins apply to non-owners. Go back thirty years for substantial owners.

4 Develop and attach a description of plan practices as compared to plan provisions. Explain where they differ, and which method PBGC will use in determining benefit entitlement and amount. If it will be necessary to use different methods for different groups of participants, identify those groups.

- Develop a formula based on the plan documents and document any ambiguities that different interpretations in the plan language might allow as well as policy or legal questions.
- Identify and document any differences between plan practice and actual plan provisions or possible interpretations of the provisions.
  - If there are no differences, note that there is no problem regarding plan practice versus plan provisions. Make the note in the Narrative section of the *Plan Documents Audit (Plandocs.doc)* make a note in the Plan Abstract also.
  - If there are differences, research for justifiable precedents within PBGC,

document the facts, and seek supervisor guidance in selecting the interpretation to use. Document the rationale behind the selection. Note that it may be necessary to apply different practices or interpretations to different groups of participants if there is a justifiable precedent for doing so. If any questions arise regarding the interpretation, or if the interpretation means that amount of benefits or number of participants will significantly increase PBGC's liability, consult the Technical Adviser Group (TAG). If the consultation points to a policy or legal question, notify the TPD manager and refer the issue to Operations Policy Support Staff (OPSS) and/or OGC as appropriate.

**5** All TPD case team members must review and formally concur in the Plan Abstract. Obtain team leader approval. Document these team leader approvals.

**6** File a copy in the plan file.

**7** Refer to the Workflow diagram at the beginning of this process to determine the next action. The actuary should begin Process 17: Prepare Actuarial Case Report & Software. The auditor should begin identifying participant data elements sources. The PLS should begin Process 18: Identify Types of BDLs for Case.

**Obtain & Evaluate Participant & Plan Document Data**

## 12.3 Identify Participant Data Elements

**05/31/96**

Action Steps

| | |
|---|---|
| **Purpose** | Ensure that PBGC identifies all information required to determine entitlement to benefits and calculate benefits. |
| **Time Reporting (BMPRS)** | FTE Participant Data Audits<br>FBA Participant Data Audits<br>PBA Participant Data Audits<br>Contract Participant Data Audits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Plan documents, Plan Abstract, and plan administrator's standardized calculation sheet if available. |
| **Output and Recipient** | Comprehensive list of data elements required (with space to identify primary, secondary, and tertiary sources for each). This is the *Data Elements Sources List (Datasrcs.doc)* without the source document references. |
| **Control Issues** | All universal data elements must be included. For each plan-specific data element which is not applicable, state why. Add additional plan-specific data elements as necessary. |
| **Important Concepts** | All case team members must work together closely on defining data elements in order to meet all case processing needs. |
| **Guidance** | N/A |
| **Procedure Owner** | TPD Case Team |

## Click Here for More Information...

12.3 Action Steps: Identify Participant Data Elements

## 12.3 Action Steps: 05/31/96
## Identify Participant Data Elements

1 Obtain a standardized calculation sheet used by the plan administrator, if possible, and create an *Audit Working Paper Cover Sheet (Casewpcs.doc)*.

2 Review plan documents, Plan Abstract, and plan administrator's standardized calculation sheet to identify which data elements are required to determine participants' entitlement to benefits and calculate benefits payable by PBGC. All universal data elements are required. Using the *Data Elements Sources List (Datasrcs.doc)*, add any data elements under Plan-Specific Data Elements as necessary. For detailed listings of the types of data elements often required for plans with certain characteristics, consult Appendix B: Source Documents for Participant Data. Depending on plan provisions, it may also be necessary to add data elements not appearing in Appendix B. If the plan provisions and the calculation sheet conflict, see 12.2 Prepare Plan Abstract, step 4 for guidance.

3 Document the data elements on a Lotus spreadsheet or Paradox database. For details refer to 12.6: Build Participant Database.

- Include in the definition relevant dates and/or ranges of dates. For certain types of participants, depending on the plan documents, information may be required that pertains to status as of certain dates. In addition, some information may only be available from certain sources. For example, it may be necessary to get "high five" salary for employees hired up to a certain date and only "high three" after that date. This can happen when the content of sponsor forms changes.
- Identify the types of participants for which to get what types of data to get for each type of participant.

**Obtain & Evaluate Participant & Plan Document Data**

## 12.4 Review Existing Databases

**07/21/98**

**Action Steps**

| | |
|---|---|
| **Purpose** | Determine whether hard copy and electronic materials prepared by the plan actuary (the actuary paid by the plan administrator) are reliable sources for participant data elements and determine which data elements should be taken directly from those files rather than from the plan actuary's or plan sponsor's source documents. |
| **Time Reporting (BMPRS)** | FTE Participant Data Audits<br>FBA Participant Data Audits<br>PBA Participant Data Audits<br>Contract Participant Data Audits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Most recent actuarial databases prepared and maintained by plan actuary.<br>Documentation from plan actuary on source documents used for data elements in actuarial census sheet. |
| **Output and Recipient** | Decision as to whether or not actuarial census sheet can be used as source document for data elements, and, if so, for which data elements.<br>Documentation on the Completion of Data Elements Sources List indicating which data elements will be taken from what actuarial materials. |
| **Control Issues** | Documentation, completeness, and validity are prime considerations. |
| **Important Concepts** | The actuarial census sheet contains validated data necessary for determining eligibility and calculating benefits. In addition, it is usually in database form and, if the TPD determines that it can be used as a source document for some data elements, the database information can be converted directly to Lotus or Paradox format which greatly reduces the amount of time and effort required to develop the valuation database. The method for making the determination involves identifying the internal controls observed by the plan actuary and performing a statistical sample of the actuary's data against the identified source documents.<br>Acceptable source documents should be those for which some internal control, or validation, confirms the quality of data in the document. Documents which have original, dated signatures are best. |
| **Guidance** | N/A |
| **Procedure Owner** | TPD Case Team |

## Click Here for More Information...

12.4 Action Steps: Review Existing Databases

## 12.4 Action Steps: 07/11/97
## Review Existing Databases

1 If possible, obtain a copy of the plan actuary's data and/or database and source documents.

2 Identify which of the data elements identified on the Data Elements Sources List are included in the plan actuary's data. For each of those data elements, identify what source document the plan actuary used. This information may be in the actuary's documents or it may be necessary to obtain it directly from the plan actuary. If the source the actuary used cannot be identified, identify the source document that IOD will use.

3 Select a sample and compare the plan actuary data to the source documents.

4 Follow the steps in 12.7: Audit Participant Database to determine if the existing database can be used as a primary source for any required data elements. If it can be used, identify it as the primary data source for the selected elements in the Data Elements Sources List. If the source document for a data element used is not acceptable to PBGC, information for that data element cannot be taken from the actuary's database. Document the decision in either case.

5 Document what actions were taken to determine whether data elements in the plan actuary's database could be used to build the participant database.

**Obtain & Evaluate Participant & Plan Document Data**

## 12.5 Perform Source Document Audit

**11/25/98**

Action Steps

| | |
|---|---|
| **Purpose** | Identify the primary and secondary source documents which will be used to build a participant database. Generally this information comes from personnel files and payroll files. |
| **Time Reporting (BMPRS)** | FTE Participant Data Audits<br>FBA Participant Data Audits<br>PBA Participant Data Audits<br>Contract Participant Data Audits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | List of data elements and participant information (source documents) needed to complete the audits. |
| **Output and Recipient** | Source documents to use in building the database (by category of employee file, if necessary).<br>Upon completion of the Source Document Audit, the paper source documents identified by the audit should be scanned into the participants' files (IPS). |
| **Control Issues** | Document the factors behind the decisions on which source documents to use. Documentation, validity, and completeness are prime considerations. |
| **Important Concepts** | Obtain complete copies of several sample files for each category of participant from the Plan Administrator to analyze at PBGC. For small plans it may be possible to combine the activities of the preliminary field trip with the later field trip and avoid taking two separate trips. For larger plans, several trips may be necessary.<br>The list of source documents is essentially a version of Appendix B: Preferred Source Documents for Participant Data Elements), but it also provides instruction for the builders of the database on where to obtain data for each defined database element and how to build the database.<br>Verify that the element name listed on the source document corresponds to PBGC's name for the data element. For example, some companies list ***Date of Retirement*** for what PBGC calls ***Date of Termination***<br>The Source Document Audit should always be targeted separately in the Case Workplan and the Large Case and FBA Summary (when applicable).<br>Prior to the entering of missing data, a Source Document Audit should be prepared for the data elements identified by the actuary through the Plan Abstract (as necessary to complete the valuation). This will identify missing data elements to be obtained in the field. |
| **Guidance** | N/A |
| **Procedure Owner** | Auditor |

**Click Here for More Information...**

12.5 Action Steps: Perform Source Document Audit

## 12.5 Action Steps: 05/25/99

## Perform Source Document Audit

1 Determine whether an on-site review is needed based on the size and complexity of the plan, the status of the records, and the cooperation of the plan administrator or trustee who is in charge of the source documents.

2 List and number the source documents (1, 2, 3, etc.) on the *Data Elements Sources List (Datasrcs.doc)* created at the time data elements necessary to calculate Title IV benefits were identified.

3 Using the list of data elements required, check if the PBGC preferred source document (See Appendix B: Preferred Source Documents for Participant Data Elements) is available and acceptable for each data element. Acceptable source documents should be those for which some internal control, or validation, confirms the quality of data in the document. Documents that have original, dated signatures of both the participant and a company official are best.

4 If the preferred source is not available or is unacceptable, analyze the secondary source(s).

5 Once the source document to be used is identified, record all the following:

- List the reference number assigned in step 2 for that source document and the name of the field in the source document to be used (if applicable)
- If the source document to be used is not the PBGC preferred primary source, document why the selected source document was chosen.
- Document any circumstances where different groups of employees (e.g., retiree vs. active, or Date of Hire before or after a certain date) should have the data element come from different documents.
- Identify at least two sources (in order of preference) for each data element so that an alternative will be available in case the preferred document is not in a particular file.
- Test a few sample files or sources for each category of participant to determine whether they contain the appropriate data elements. If the sources can be considered reliable, continue to Procedure 12.6: Build Participant Database. If the sources cannot be considered reliable, repeat steps 2 through 5. If a field trip is necessary to find more source documents and test the sample files, Procedure 11.3 Conduct Preliminary Field Audit .

6 Make copies of a sample of the source documents to be included in the *Participant Data Audit Report (Pdarept.doc)* as a work paper reference. Obtain peer review (within the TPD) of the finished Data Elements Sources List. Provide the peer reviewer with copies of the sample files used for testing. The peer reviewer should review the provided materials, using the sample files to verify that required data elements can be obtained from those files.

## 12.6 Build Participant Database

05/18/2001

Action Steps

| | |
|---|---|
| **Purpose** | Develop and populate database necessary for determining benefit entitlement, payable amount, and present value. |
| **Time Reporting (BMPRS)** | FTE Participant Data Audits<br>FBA Participant Data Audits<br>PBA Participant Data Audits<br>Contract Participant Data Audits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Data Elements Sources List, source documents, and Plan Abstract. Controlled Group Determination, if completed. |
| **Output and Recipient** | Participant Database to be used by the actuary to value participant benefits. |
| **Control Issues** | Take data from sources identified in the Data Elements Sources List. When a primary source document is not found, note in the database or field the secondary source document from which the information is actually taken (if not from the source document audit). Explain and document actions taken and decisions made in the work papers. Follow guidelines for data input formats documented in Paradox Tables Standard Structures and Definitions published by ASD 7/16/93. Use these guidelines whether doing input to Lotus or Paradox.<br><br>Prepare instructions for whoever will actually be entering data into either a Lotus spreadsheet or Paradox tables at the site of the source documents. Write in cross-references to each source document. Frequently a contract auditor or even local temps may do data entry, so the instructions need to be sufficiently detailed to ensure accurate data entry.<br><br>Monitor the building of the database, sampling records as necessary to ensure accuracy and modifying the data collection and input methods as appropriate to correct error introduction.<br><br>Documentation, accuracy, and completeness are prime considerations. |
| **Important Concepts** | Once complete, the actuary will use this database to perform valuation calculations.<br><br>The data base shell is populated utilizing source documents on IPS. For smaller plans, it may be more efficient to build the participant database onsite. If electronic information is the source (ex: a database maintained by the plan administrator), the electronic source should be obtained, or a copy of the electronic source.<br><br>The information contained in the participant database is traceable to source documents (paper or electronic). The auditor does **not create** any "assumed" data in the database. |
| **Guidance** | N/A |
| **Procedure** | TPD Case Team and/or data input contractors |

**Owner**

## Click Here for More Information...

12.6.A: Action Steps: Build Participant Database from Paper Sources by Manual Input

12.6.B: Action Steps: Build Participant Database from Electronic Files

**Obtain & Evaluate Participant & Plan Document Data**

## 12.6A Action Steps: 02/18/2005

## Build Database from Paper Sources by Manual Input

1. Download the participant data from PRISM into a participant data shell (Lotus or Paradox). The initial participant data in the data shell should reflect participant data loaded into PRISM at plan assumption (see Process 9: Plan Assumption) and from data verification (see Process 13: Verify Data for Participant Database).
2. Determine who will do the data entry for the plan(s) involved in the case.
3. Input data from source documents identified in the Data Elements Sources List according to instructions prepared.
4. Document any exceptions to sources used. For example, note if it is necessary to use a secondary document because the primary is not available for a range or category of participants.
5. The participant data shell will be updated with the data verification information received since the download from PRISM to the shell (step 1 above). All other information in the data shell is fixed as of DOPT.

**Obtain & Evaluate Participant & Plan Document Data**

## 12.6B Action Steps: 02/18/2005

## Build Database from Electronic Files

1 Download the participant data from PRISM into a participant data shell (Lotus or Paradox). The initial participant data in the data shell should reflect participant data loaded into PRISM at plan assumption (see Process 9: Plan Assumption ) and from data verification (see Process 13: Verify Data for Participant Database).

2 Prepare instructions for whomever will be creating the tapes or diskettes.

- Identify the computer systems and electronic medium from which data will be downloaded based on the Data Elements Sources List.
- Ensure that files that come to PBGC are "copied", and not "backed up" or "restored" to the storage media. It may be difficult or impossible to transfer "backed up" files if the back up utility used has included instructions on where and how to restore the data because the source computer will probably not have the same configuration as IOD's computers.

3 Import the copied files to Lotus or Paradox and make any format changes necessary to ensure that the formats conform to those described in Paradox Tables Standard Structures and Definitions. Be sure to delete data elements included in the source database that are not being used in the participant database either because they are not needed or because the field audit showed that the existing database was not a reliable source for that data element.

4 The participant data shell will be updated with the data verification information received since the download from PRISM to the shell (step 1 above). All other information in the data shell is fixed as of DOPT.

**Obtain & Evaluate Participant & Plan Document Data**

## 12.7 Audit Participant Database

**03/28/2003**

**Action Steps**

| | |
|---|---|
| **Purpose** | Determine whether each participant data element input from source documents reflects a confidence level of at least 95%. |
| **Time Reporting (BMPRS)** | FTE Participant Data Audits<br>FBA Participant Data Audits<br>PBA Participant Data Audits<br>Contract Participant Data Audits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Participant Database; sample; source documents. |
| **Output and Recipient** | Auditor's certification that the Participant Database accurately reflects the content of the identified source documents with the required confidence level. |
| **Control Issues** | All source documents traced to during the testing of the database must be copied and placed in the audit work papers to support the confidence level certified by the auditor or reviewer. If the source document is traced to an electronic file, an attempt must be made to print the screen. If a screen print can not be made, describe the attempt in the work paper.<br>Documentation supporting the sample audit is official documentation and must be maintained within the workpapers. Retain and archive the database from which the audit sample is selected. Consult with OASD and follow guidelines for electronic file (see the *Participant Database Archiving Guidelines (pdàarchiveinstructionsv1.doc)*). Image hardcopy documents to the plan file, with the sample documentation, with the exception of participant documentation, which should be imaged to the participant file. |
| **Important Concepts** | N/A |
| **Guidance** | N/A |
| **Procedure Owner** | Auditor |

## Click Here for More Information...

12.7 Action Steps: Audit Participant Database

## 12.7 Action Steps: 03/28/2003
## Audit Participant Database

The objective of the verification is to demonstrate whether the data was accurately entered into the database. No sampling method is likely to disclose all possible errors in data gathering. However, it is possible to calculate a sample size that would give an acceptable level of reliability. Use the sampling technique described in step 2. Since the sampling technique assumes a very small probability of error, when significant errors are discovered in excess of the acceptable number, increase the size of the sample per step 6 to obtain a better representation of the population.

1 Create an *Audit Working Paper Cover Sheet (Casewpcs.doc)* for the statistical audit of the database. Attach all working documents created and source documents observed during this procedure as they become work papers to support the reliability of the database.

2 Forward a copy of the database, from which the sample is selected, to OASD for retention and archiving. Contact OASD for guidance and follow *Participant Database Archiving Guidelines (pdaarchiveinstructionsv1.doc)*.

3 Determine the size of the sample based on the number of participants (by type) and the requirement to achieve a confidence level of 95% (presumed error rate of no more than 5%) that the entire population (based on the sample) is accurate and reliable. The following chart should be used for guidance:

| Population | Sample Size | Population | Sample Size |
|---|---|---|---|
| Less than 20 | All | | |
| 20 - 39 | 19 | 300 - 399 | 54 |
| 40 - 59 | 31 | 400 - 599 | 56 |
| 60 - 79 | 38 | 600 - 799 | 57 |
| 80 - 99 | 42 | 800 - 1499 | 58 |
| 100 - 199 | 45 | 1500 - 4999 | 59 |
| 200 - 299 | 52 | 5000 or more | 60 |

3 Select database records (participants) for testing. Develop a proportional stratified sample which will assure that all categories of participants are proportionally represented. (For example, if 50% of the participants are deferred vesteds, 50% of the sample should be for deferred vested files.)

- Stratify the sample by types of participants (retirees, active vested, active non-vested, terminated vested, and terminated non-vested). Note that if data has already been collected through the data verification process, data elements which use the returned data verification forms as the primary source do not need to be audited.
- Sort and number each stratum (participant record) by assigning the number 1 to the first individual, 2 to the second, and so on within each strata. These numbers will identify the participant data to be audited as selected by the random number generator below.
- Confirm and document the percentage of the total population each strata represents. (For example, if the total population is 100 and 25 are retirees, then retirees should represent 25% of the sample.) That percentage, applied to the sample size of 45 indicates the sample size for the strata. (The sample size would be 25% of 45 or

11.25.) When the sample size yields a fraction, always round up.

- Use the random number generator on the network, accessible through an icon or Windows File Manager (j:\random\random.exe), to generate random numbers for each of the strata. Print the results, and select for testing the source documents for participants corresponding to the numbers generated.
- Document the sample. Confirm each type of participant is properly represented in the sample.
- Collect all documents created in performing these steps and attach an *Audit Working Paper Cover Sheet (Casewpcs.doc)*.

4 Test each selected record, make copies of the source documents, and document the results. Trace each sample record to the source documents identified in the source document listing for each data element to ensure that the information in the database matches the information on the source document. Errors may be either significant or insignificant, depending on the data element.

- **Insignificant errors** are discrepancies that do not affect PBGC's ability to determine a participant's entitlement to a benefit, determine the amount of the guaranteed benefit, or locate the participant.
- **Significant errors** are discrepancies that affect PBGC's ability to determine a participant's entitlement to a benefit or change the amount of a guaranteed benefit by more than $5.00 per month and affect the present value of future benefits (PVFB) or mean the PBGC cannot locate the participant.
- Set parameters for how to determine whether an error is significant or not, obtain management review and approval, and document all decisions and actions in the working papers. The write-up should clearly describe the thought process that went into the determination that the error was significant or insignificant. Errors under the predetermined thresholds will not be considered significant or counted as errors.
- When an error is found, determine the source for that data element and correct the data or use an actuarial assumption.

5 Determine the presumed error rate for significant errors (do not count insignificant errors). This rate is the number of actual errors.

6 If the audit of the first sample reveals significant errors for one or more data elements that exceed the number of acceptable errors, increase the sample size for those data elements as shown in the following table:

| **Original Sample** | | | **Expanded Sample** | |
|---|---|---|---|---|
| **Population** | **Size** | **Acceptable errors (5 %)** | **Size** | **Acceptable errors** |
| less than 20 | All | N/A | N/A | N/A |
| 20 | 19 | 1 | All | N/A |
| 40 | 31 | 2 | 38 | 2 |
| 60 | 38 | 2 | 56 | 3 |
| 80 | 42 | 2 | 73 | 4 |
| 100 | 45 | 2 | 89 | 4 |
| 200 | 52 | 3 | 161 | 8 |
| 300 | 54 | 3 | 220 | 11 |
| 400 | 56 | 3 | 270 | 14 |

| | | | | |
|---|---|---|---|---|
| 500 | 56 | 3 | 312 | 16 |
| 600 | 57 | 3 | 348 | 17 |
| 700 | 57 | 3 | 380 | 19 |
| 800 | 58 | 3 | 408 | 20 |
| 900 | 58 | 3 | 432 | 22 |
| 1000 | 58 | 3 | 454 | 23 |
| 1500 | 59 | 3 | 535 | 27 |
| 2000 | 59 | 3 | 587 | 29 |
| 2500 | 59 | 3 | 624 | 31 |
| 3000 | 59 | 3 | 651 | 33 |
| 4000 | 59 | 3 | 688 | 34 |
| 5000 or more | 60 | 3 | 713 | 36 |

If the expanded sample yields more than the acceptable number of errors for one or more data elements, do a 100% audit for the affected data elements only. This means that once the acceptable number of errors is exceeded (which, for example, is greater than 3 for a population of 60), simply switch to 100% audit for that data element. Provide specific instructions for obtaining information for that data element to whoever is performing the data input in the field. This may require an additional field audit, and if it does the new data will again have to be subjected to statistical sampling. Document all actions and decisions in the audit work papers.

**Obtain & Evaluate Participant & Plan Document Data**

## 12.8 Prepare Participant Data Audit Report

**05/25/99**

Action Steps

| | |
|---|---|
| **Purpose** | Accurately summarize audit activities and verify the accuracy of the participant database. |
| **Time Reporting (BMPRS)** | FTE Participant Data Audits<br>FBA Participant Data Audits<br>PBA Participant Data Audits<br>Contract Participant Data Audits<br>[See Appendix E: IOD's Time Reporting] |
| **Required Input and Source** | • Audit Program<br>• Plan Document Audit<br>• Plan Abstract<br>• Data Elements listing<br>• Source Document Audit<br>• Internal Controls Determination.<br>• Database sampling results.<br>• Audited participant database. |
| **Output and Recipient** | Participant Data Audit Report. |
| **Control Issues** | N/A |
| **Important Concepts** | The Participant Data Audit Report provides the actuary with the information necessary to efficiently and accurately complete the plan valuation. Portions of the report may be prepared throughout the audit processes as the relevant activity is performed. |
| **Guidance** | PBGC Operating Policy Manual 5.2-2<br>IRC 416, 1.416 |
| **Procedure Owner** | auditor |

## Click Here for More Information...

12.8 Action Steps: Prepare Participant Data Audit Report

**Obtain & Evaluate Participant & Plan Document Data**

## 12.8 Action Steps: 05/25/99
## Prepare Participant Data Audit Report

1 Draft *Participant Database Audit Report (Pdarept.doc)*. The report summarizes the History of the Plan, the Plan Sponsor, the audit procedures and participant information.

**Guidelines for content of each section of the Participant Data Audit Report include:**

I. **Purpose:** Brief statement of the purpose of the report.

II. **Scope:** Outline the scope of the audit(s) performed. List all information reviewed, e.g. plan documents, personnel files, insurance cards, pay roll records, electronic database, actuarial reports, retiree files, and the location of this information. Identify any interviews conducted and refer to the attached interview notes. (See Process 11.3: Conduct Field Audit.) Identify and list the material relied upon for the audit report, and include statement that the material is all available in IPS.

III. **History of Plan Sponsor**: Describe the business of the plan sponsor, its location(s), whether the sponsor shutdown or is ongoing and whether there is a union involved. State whether the sponsor has other defined benefit plans. Identify any related companies.

IV. **History of Pension Plan(s)**: Describe the plan history, and address whether certain issues or provisions are applicable to the plan. Refer to the *Internal Controls Determination (Intcont.doc)* previously prepared. (See Process 11.3: Conduct Field Audit.) Ensure the following items are addressed:

- When was the plan established?
- Is there a Successor Plan, or any other working retirement issues?
- Does the plan have employee contributions?
- Does the plan have supplemental benefits or offsets from other plans?
- Describe whether the plan was a frozen plan prior to DOPT.
- Describe any findings about whether the plan is a top-heavy plan?

**Note** Likely sources for this information include: 5500 filings, actuarial valuations and information from prior actuaries.)

V. **Audit Procedures:** Describe who built the database and refer to the written instructions prepared. See Process 12.6 Build Participant Database. Describe who audited the participant database. What was the starting point of the participant database? Was an ADT reasonableness check performed?

State whether all data elements were verified to source documents or whether sampling was done. (See Process 12.7: Audit Participant Database.) If sampling was done to verify the database, describe the sampling including: sample size, categories of participants (retirees, active vesteds, active non-vesteds, terminated vesteds, and terminated non-vesteds), how many data elements were tested and the acceptable error rate. Reveal any significant errors by data element.

VI. **Findings:** Provide a summary of the Plan Population at DOPT. Ensure that all records on PRISM are addressed including Customer records subsequently determined not to be participants, due to deemed cash-out provisions in the plan, if applicable. Address

each type of participant and outline specific data concerns.

VII. **Conclusion:** Provide final statement and certification as to the completeness and accuracy of the participant database, and its reliability for purposes of the valuation and calculation of the participants' termination benefits.

2 Submit report to division management for review and concurrence(s).

3 After concurrences from division management, update the CAS Participant Data Audit Milestone with the completion date.

4 Provide copies of the Participant Data Audit Report to actuary and PLS, and forward original to DMC for imaging to plan file.

**Note** Participant Data Audit Report may include references to previously prepared documents that are already in IPS. If so, references to these will suffice.)

## 12.9 Forms, Letters, Memos, etc.

**03/28/2003**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Audit Working Paper Cover Sheet***
Casewpcs.doc

***Data Elements Sources List***
Datasrcs.doc

***Information Request Letter***
Inforeq.doc

***Participant Data Audit Report***
Pdarept.doc

***Participant Database Archiving Guidelines***
pdaarchiveinstructionsv1.doc

***Plan Document Audit***
Plandocs.doc

***Preliminary Plan Summary***
Prelimps.doc

## PR 13. Verify Data for Participant Database

13. Overview

13. Workflow for Process 13

13.1 Verify Data from Returned Forms

Forms, Letters, Memos, etc.

## 13. Overview

**02/18/2005**

Participant data is the basis for calculating individual benefits and valuing plan liability for a trusteed plan. As such, the quality of participant data has great impact on PBGC's ability to provide good customer service to participants and to reduce overall risk to the corporation. Pension records and source documents used to verify the participant database become a part of the audit work papers used to support the Participant Data Audit Report.

The notification of trusteeship package (or 4042(d) package), issued in Process 9.13: Notify Participants, is often a first opportunity to establish good customer relations with a participant, and is an important step in PBGC's data collection and verification process. The package includes a Payee Information Form or a General Information Form (for non-retirees) to be completed and returned. It also requests that non-payees provide certain proof documents.

Non-retiree data that PBGC verifies through the data verification process includes:

- Participant name
- Address
- Daytime and evening phones
- Date of birth
- Gender
- Social Security Number
- Marital and spousal information, as of DOPT, including name, maiden name, address, Social Security Number, date of birth, and date of marriage

Retiree data that PBGC verifies through the data verification process includes the above plus:

- Name, address, and phone number of current employer
- Beneficiary and Contingent Beneficiary information including name, relationship, address, and Social Security Number
- Type of payee (participant, beneficiary, alternate payee)
- Identification of a QDRO
- Marital and spousal information listed above, as of date of retirement

**Note** Source documents for proof of age, date of marriage or death are requested for retirees, but, effective 8/99, are not routinely requested for payees.

Verifying data for the participant database is an audit activity and audit guidelines apply. Documents supporting determinations about the accuracy of participant data and the need to correct data must be imaged into the participant file.

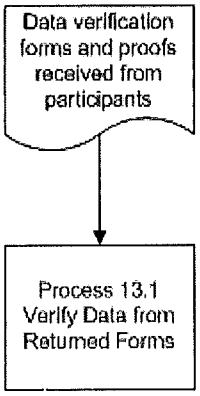
Audit Processes

Verify Data for Participant Database

Browse Workflows: 

## 13. Workflow for Process 13

02/18/2005



**Verify Data for Participant Database**

## 13.1 Verify Data from Returned Forms

**02/18/2005**

| | |
|---|---|
| **Purpose** | Acquire accurate documentation to support eligibility for PBGC payable benefits. Verify name, address, date of birth (DOB), marital status, form of benefit, spouse's date of birth, etc. |
| **Time Reporting (BMPRS)** | FTE Participant Data Audits<br>FBA Participant Data Audits<br>PBA Participant Data Audits<br>Contract Participant Data Audits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Returned PIF and GIF. |
| **Output and Recipient** | Accurate participant file and database. Updates to PRISM. |
| **Control Issues** | All forms and supporting documents must be imaged for future availability. See TP 16: Establish & Maintain Plan & Participant Files<br>For details on acceptable signatures, see Appendix J: Participant Forms Information. |
| **Important Concepts** | Primary sources for data are PBGC's Form 701 – Payee Information Form (PIF), and Form 702 – General Information Form (GIF). PBGC requests proof of age, date of marriage or death from non-retirees, and accepts copies of these source documents. Ensure that any original source documents sent to PBGC are returned to participants. Effective 8/99, proof documents are not routinely requested from payees. |
| **Guidance** | PBGC Operating Policy Manual 8.5-1: Signature by Mark |
| **Procedure Owner** | PLS for PRISM data and Auditor for data in Participant Database. |

### Click Here for More Information...

- Process 13.1A: Verify Data from Returned Forms - PLS
- Process 13.1B: Verify Data from Returned Forms - Auditor

**Verify Data for Participant Database**

## 13.1A Action Steps: PLS

**02/18/2005**

## Verify Data from Returned Forms

1 Take appropriate action depending on participant response:

- Verify data on returned, completed forms as described below
- For post office returns or other bad address situations, refer to TP 33: Locate Customer Address

2 Review plan provisions to determine requirements for participant eligibility (for determining participant categories). Use the Plan Abstract if it has been completed. If the Plan Abstract has not been completed, work with the actuary and auditor to review the plan documents. The results of the effort will be useful in completing the Plan Abstract.

3 Prioritize the verification of returned forms as follows (from highest priority to lowest):

- Current payees, Form 701 – Payee Information Form (PIF)
- Immediate eligibles – Form 702 – General Information Form (GIF)
- Deferred vesteds – Form 702 – General Information Form (GIF)

4 Follow the priority order and examine each form to ensure that supporting documents are included and acceptable to PBGC.

- Examine current payees and immediate eligibles first, then deferred vested participants.
- PBGC requests source documents for proof of age, date of marriage or death only from non-retirees, and accepts copies of source documents. Proofs are not routinely requested for payees.
- Identify missing or unacceptable items on the acknowledgment letter (ALGS 530) to the participant. Illegible documents are not acceptable.
- Request translation services for any documents in a language other than English for which a certified translation is not attached (see TP 44: Foreign Language Services).
- Examine current payees and immediate eligibles first, then deferred vested participants.

5 Reconcile returned data against existing records in PRISM, and update it with any new or revised data elements from returned PIF or GIF.

- PRISM will be updated for certain participants and/or participant data obtained on the audit field trip (only name, SSN and address) which was not available or verifiable to PRISM prior to the download to establish the data shell. (Non respondents to the data verification letters [eALG 100 series].)
- Enter the following data elements into PRISM upon receipt of any data verification form:

| Date Element/PRISM Field | Primary Source |
|---|---|
| Name | GIF, PIF |
| SSN | GIF, PIF |
| DOB | Birth Certificate |
| DOD (participant) | Death Certificate |

| | |
|---|---|
| DOD (spouse) | Death Certificate |
| DOD (beneficiary) | Death Certificate |
| Sex | GIF, PIF, Birth Certificate |
| Address | GIF, PIF |
| Phone number | GIF, PIF |
| Marital Status | GIF, Marriage Certificate |
| Date of Marriage (Non-Critical) | GIF, PIF, Marriage Certificate |
| Spouses Name | GIF, PIF |
| Spouses DOB | Birth Certificate |
| Spouses SSN | GIF, PIF |
| Actual Retirement Date | Prior Plan Admin Data |
| Payee Status | GIF, PIF |
| Financial Organization | EDD Application |
| Financial Organization Address | EDD Application |
| Organization Contact (name) | EDD Application |
| Bank Telephone Number | EDD Application |
| Organization Routing # (ABA) | EDD Application |
| Account Type | EDD Application |
| Depositor Account Title | EDD Application |
| Depositor Account # | EDD Application |

6 Ensure the source document for the indicated data element is imaged to the participant file (IPS).

**Note** Responses to the 100 series letters are received and imaged at the FBAs or DMC.

7 Update PRISM for the following information in the audit report for the participants in pay status as of DOPT.

| **Participant Data Elements** | **Source** |
|---|---|
| Participant Retirement Type | Audit Report |
| Participant J&S Percent | Audit Report |
| Participant Actual Retirement Date | Audit Report |
| Participant Actual Pay Form | Audit Report |

8 Forward copies of the forms to the auditor for reconciliation with data in the Participant Database.

9 Ensure that the forms and source documents are in the participant file.

**Verify Data for Participant Database**

## 13.1B Action Steps: Auditor

**02/18/2005**

## Verify Data from Returned Forms

1 Reconcile data from the returned forms against data in the participant database, if the participant database is sufficiently complete.

- Information provided by a participant on a completed, signed form and supported by the required documents ordinarily should override conflicting information from any other source except for information regarding employment history
- Do not try to verify the acceptability of the supporting documents; that is the duty of the PLS and the PLS's determination of acceptability is sufficient.
- If the participant database has not been built yet, consider identifying the returned forms as primary source documents for the participant database. Note that doing so will not remove the requirement for identifying other source documents because the percentage of returned forms will always be less than 100%.

2 Review with the PLS any PIF or GIF received since the participant database was initiated. Ensure all new or revised information received is entered into the participant database.

3 If this reconciliation is all that was remaining in finalizing the participant database for valuation, update the Participant Database milestone on CAS.

## 13.2 Forms, Letters, Memos, etc.

**02/18/2005**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Acknowledgment Letter*** - eALG 530

***4042(d) Notification of Trusteeship Letter*** - eALG 100 Series

***General Information Form (GIF) – Form 702***

***Payee Information Form (PIF) – Form 701***

## PR 14. Determine Controlled Group & Net Worth


14. Overview

14. Workflow for Process 14

14.1 Review PPD Controlled Group Findings

14.2 Perform TPD Controlled Group/Net Worth Analysis

14.3 Draft Request for Payment/Assist in Filing Liens

 Forms, Letters, Memos, etc.

## 14. Overview

**09/04/98**

ERISA 4001(b) provides that all employers having trades or businesses under common control be treated as a single employer. Therefore, in all cases involving insufficient plans, PBGC must determine the existence of any controlled group, identify its members, and determine any net worth of those liable parties. These determinations must be made before valuation of DUEC and any recovery of employer liability can occur.

A net worth determination is necessary in only a few cases. Cases when a controlled group member is in bankruptcy may require a net worth determination because of the priority of claims. These cases include:

- The contributing sponsor is in Chapter 7 or Chapter 11 bankruptcy, and the controlled group includes one or more entities that are not in bankruptcy.
- The contributing sponsor and/or another member of the controlled group is in Chapter 7 or Chapter 11 bankruptcy, the controlled group includes one or more entities that are going concerns, and PBGC's recoveries against the bankruptcy estate(s) would be enhanced by the allowance of a priority claim as opposed to a general unsecured claim.

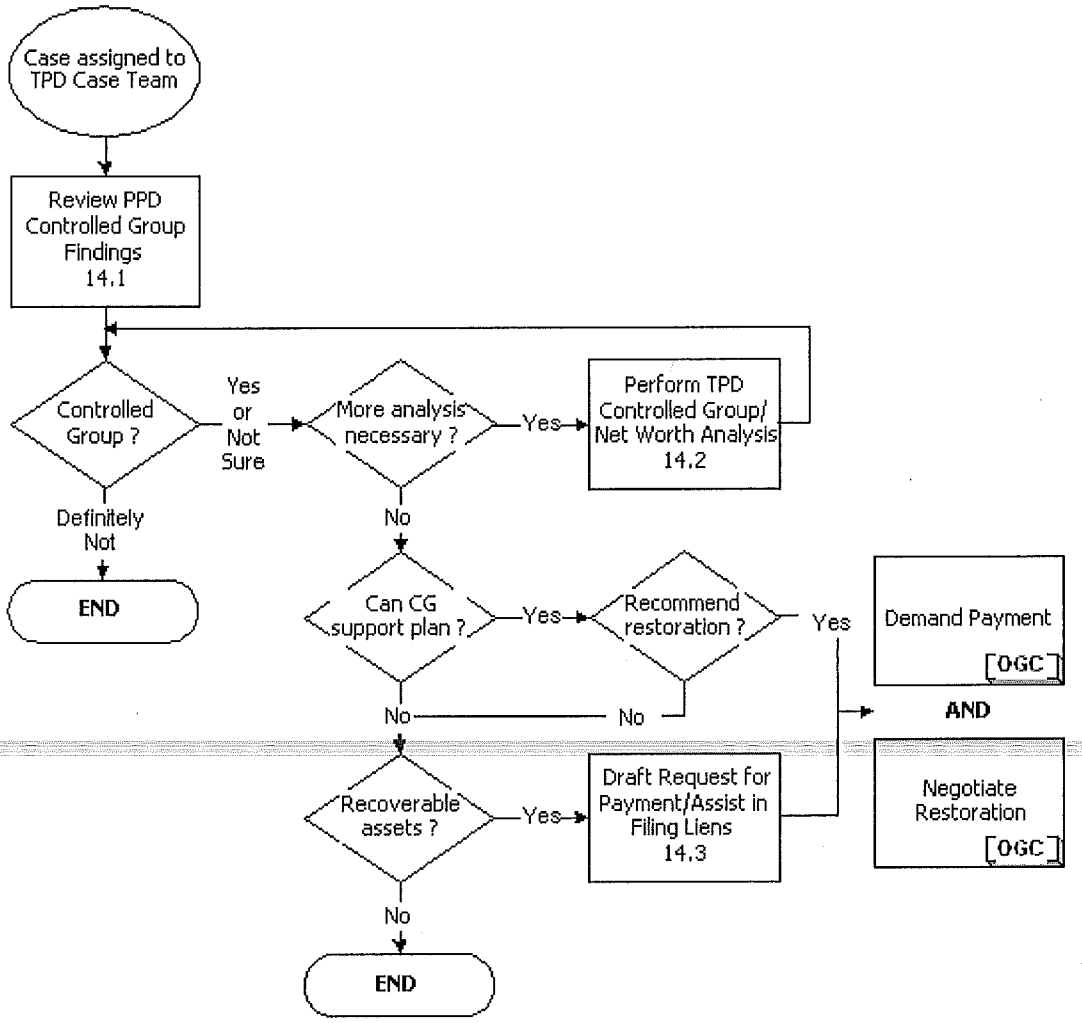
Consult with the TPD manager to determine whether or not a net worth determination is necessary. Keep in mind that the need to make a net worth determination may be overcome by events. If the bankruptcy proceeding is completed by the time TPD processing reaches the point where the net worth analysis would have been done, there is no need to do the analysis because the recovery is already known and is no longer based on the net worth. When a net-worth analysis is performed, update the CAS Net Worth Milestone upon completion.

Both PPD and TPD perform controlled group analysis. PPD's analysis is focused on identifying the ability of controlled group members to support an ongoing plan. The TPD controlled group analysis effort is focused toward identifying any liable controlled group members and supporting efforts to recover money or other assets from controlled group members. The information and tools used in the two efforts are the same. In many cases, the PPD controlled group analysis will have produced conclusions that serve TPD recovery efforts without further analysis. Thus, the TPD's first activities in this process identify the need, if any, of doing further analysis. In cases where there is no controlled group or all controlled group members have been identified as having no recoverable assets, the TPD need only verify PPD findings against any documents that have surfaced since trusteeship, for example, stock record books. Other situations will require only the controlled group analysis to determine whether any viable related entities can support the plan. (If a related entity can support the plan, the TPD assists the Office of General Counsel (OGC) in filing liens against income-producing assets.) If appropriate, the TPD recommends restoration of the plan to the controlled group and assists the OGC in negotiating the restoration. When the controlled group has recoverable assets, the TPD initiates efforts for recovery and assists OGC with follow-on demand and collection efforts. The IOD/PPD Manager is designated as the point of contact for consultation of settlements with OGC.

Determine Controlled Group and Net Worth

## 14. Workflow for Process 14

05/31/96



**Determine Controlled Group and Net Worth**

## 14.1 Review PPD Controlled Group Findings

**09/22/99**

**Action Steps**

| | |
|---|---|
| **Purpose** | Determine the extent, if any, that further controlled group information is needed in addition to information already obtained by PPD. |
| **Time Reporting (BMPRS)** | Controlled Group<br>PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Information from PPD. |
| **Output and Recipient** | Determination of how much further controlled group analysis is necessary, if any. |
| **Control Issues** | N/A |
| **Important Concepts** | Depending on how much PPD data collecting and analysis have been performed by the time the case is referred to TPD, IOD may already have substantial controlled group information available. TPD's goal is to make a controlled group determination which will become the basis for recovery actions.<br><br>If PPD's initial analysis demonstrates that there is obviously no controlled group (for example, a 100% owner who is bankrupt, owns no interest in another business, and has no family), document TPD concurrence of PPD's finding and perform no further controlled group investigation. A copy of the TPD's controlled group determination (or no controlled group determination) should be provided to the FBA, if involved. |
| **Guidance** | PBGC Operating Policy Manual 7.2-1<br><br>29 CFR 4001.3<br><br>IRC 414<br><br>Treas. Reg. 1.414(b) & (c) |
| **Procedure Owner** | Auditor |

## Click Here for More Information...

14.1 Action Steps: Review PPD Controlled Group Findings

## 14.1 Action Steps: 06/29/2001

## Review PPD Controlled Group Findings

1 Review any documents pertaining to controlled group analysis that have surfaced since the PPD analysis was performed, for example, stock record books. When doing field audits, be observant for documents which could pertain to the controlled group.

2 Review PPD controlled group findings as presented in the TWG Memo/TDR sections on controlled group analysis. Use the *Controlled Group Determination Checklist (Cgdeter.doc)* and complete the "Documents" section of the checklist.

- If the findings indicate that there is definitely no controlled group, prepare a *TPD No Controlled Group Memo (Tpdnocg.doc)* indicating your analysis and conclusions to document TPD concurrence with PPD's findings. State that PPD's findings are sufficient and that no further analysis is necessary for TPD purposes. Send the memo to the Division Manager for approval through the Team Leader. Send the memo to the DMC for imaging into the plan file on the IPS and send a copy to the OGC attorney. (See TP 34.2: Submit Documents for Imaging.) If an FBA is involved, notify them that the memo is available on IPS. Do not take further action.
- If the findings indicate that there is a controlled group or may be a controlled group, continue to Process 14.2: Perform TPD Controlled Group/Net Worth Analysis.

**Determine Controlled Group and Net Worth**

## 14.2 Perform TPD Controlled Group/Net Worth Analysis 09/22/99

**Action Steps**

| | |
|---|---|
| **Purpose** | Identify potential financially liable entities against which PBGC may successfully take recovery action. |
| **Time Reporting (BMPRS)** | Controlled Group<br>PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | PPD controlled group findings (from Trusteeship Working Group (TWG) Memo/ Trusteeship Decision Record (TDR) and financial analyst/ auditor's working papers).<br>Any additional documents that provide information on the existence or make up of a controlled group.<br>Controlled Group Determination Checklist with complete list of documents. |
| **Output and Recipient** | Sources for required documents not yet obtained. |
| **Control Issues** | N/A |
| **Important Concepts** | PBGC may consider certain rental property a trade or business for purposes of determining a controlled group, and the value or a portion of the value of this property will be included in the net worth determination of the controlled group. |
| **Guidance** | PBGC Operating Policy Manual 7.2-1<br>29 CFR 4001.3<br>IRC 414<br>Treas. Reg. 1.414(b) & (c) |
| **Procedure Owner** | Auditor |

## Click Here for More Information...

14.2 Action Steps: Perform TPD Controlled Group Analysis

## 14.2 Action Steps

11/08/2002

## Perform TPD Controlled Group Analysis

1 If there is any evidence or suspicion that a controlled group exists, determine what documents are needed to complete TPD controlled group analysis. Confer with the PPD staff member who performed the initial analysis and refer to Appendix A: Master List of Documents to Obtain. Request tax returns of known substantial owners and the plan sponsor from owners and/or their legal representatives.

If not previously requested from the IRS, or if additional information is needed, request plan sponsor tax returns for relevant year (for all except tax exempt employers [Form 990]) using the *IRS Request Letter (Irsreq.doc). Form 333 - Request for Access to Tax Return Information Disclosed by the Internal Revenue Service (Form333.doc)*, must be attached to the letter and printed on green paper.

Request plan sponsor tax return for relevant years for **tax exempt employers** using the *IRS Returns Request – Tax Exempt Entities (Irsexmpt.doc)* letter. See Appendix M: IRS Disclosure Offices.

2 Review the "Questions" section of the Controlled Group Determination Checklist. Call owners to ask the questions or ask during a field audit. Document all responses and include appropriate discussion in the "Comments" section of the checklist.

3 If additional analysis is necessary, follow Technical Procedure 01: Identify Controlled Group to determine who the liable parties may be and follow Technical Procedure 02: Identify Ability to Fund Plan to determine whether or not any liable party can afford to support the plan.

4 Determine if any information from new documents or interview responses indicates that it may be appropriate to file liens against the contributing sponsor or any controlled group member, or if restoration may be appropriate.

- If new, post-termination information about controlled group members reveals a liable party with assets sufficient to fund the plan, notify the TPD Management Team and prepare a special memo to OGC. Ensure that concurrence/approval of the TPD Management Team is on the memo to OGC. OGC handles negotiation of the restoration. Stop TPD processing, but retain the files in case OGC does not restore the plan. Do not continue with this process. Restoration essentially reverses the PBGC actions to terminate and/or trustee a plan. Base the determination on the affordability study performed by PPD or the TPD according to Technical Procedure 02: Identify Ability to Fund Plan.
- If it is not appropriate to recommend restoration, continue this procedure.

5 Determine whether the contributing sponsor or any controlled group members have a positive net worth. If any do, or if uncertain whether any net worth is positive or negative, follow Technical Procedure 24: Determine Net Worth.

6 Submit a copy of the memo to the DMC for imaging into the plan file (IPS). (See TP 34.2: Submit Documents for Imaging.) Provide copies to the Division Manager, OGC attorney, and Financial Operations Department, Controller Operations Division, Investment Accounting Branch (FOD/COD/IAB).

7 Consult with OGC regarding options for collecting any employer liability from the contributing sponsor or any controlled group members. Options include 1) filing priority claims in bankruptcy for up to 30% of net worth, 2) filing liens against income-producing assets, and 3) preparing a request for payment letter.

8 Finalize the Controlled Group milestone on CAS.

9 Refer to the Workflow diagram at the beginning of this process to determine the next action.

**Determine Controlled Group and Net Worth**

## 14.3 Draft Request for Payment/Assist in Filing Liens 04/07/99

Action Steps

| | |
|---|---|
| **Purpose** | Prepare official request to liable party or parties for payment of funds due to the trusteed plan and turn over responsibility for collection to OGC . |
| **Time Reporting (BMPRS)** | Controlled Group<br>PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Identity of liable party or parties (controlled group members), amounts of employer liability, and identity of recoverable assets. |
| **Output and Recipient** | Letter(s) to liable party or parties. |
| **Control Issues** | Notify FOD/COD/IAB of the party or parties against whom PBGC takes recovery action and of the total recovery attempted. Note that since controlled group members are jointly and severally liable for pension plan underfunding, DUEC, and unpaid premiums, PBGC can pursue any or all liable parties, depending on the likelihood of recovery.<br><br>Do not send a request for payment letter to any entity that is bankrupt or involved in a bankruptcy proceeding. Contact the OGC attorney handling the case to verify what bankruptcy claims have been entered and to provide any supporting information required by OGC. |
| **Important Concepts** | The statutory (ERISA 4064) amount of the liability will not be known until the final valuation is complete and the present value of the plan as of Date of Plan Termination (DOPT) is known. However, send the request letter stating an estimated amount (the sum of DUEC, UBL and unpaid premiums as determined in the trusteeship recommendation process by PPD).<br><br>A request for payment letter must go out, even if the request is for an estimated amount, no later than DOPT+6 years because that is the statute of limitations for payment request. The statute of limitations also applies to cases which are in litigation for matters other than employer liability.<br><br>The IOD/PPD Manager is designated as the point of contact for consultation of settlements with OGC. |
| **Guidance** | ERISA, 4061-4064, 29 CFR 4001.3, and IRC 414 describe controlled groups and make members liable for plan funding, and authorize PBGC to investigate them.<br><br>ERISA Sections 4041, 4042, 4062, 4067, 4068, 4069, 4070.<br><br>PBGC Operating Policy Manual 7.5-1<br><br>Delegation and Redelegation of Authority Memos (8/12/94, 10/25/94, 3/27/95, 4/5/95) |
| **Procedure Owner** | Auditor |

**Click Here for More Information...**

14.3 Action Steps: Draft Request for Payment

14.3 Action Steps: Assist in Filing Liens

## 14.3 Action Steps: Draft Request for Payment 06/29/2001

1 Prepare *a Request Payment Information Memo (Payinfo.doc)* requesting FOD/TD to provide the amount of outstanding employer liability, information on payments made towards the liability, and the amount of interest owed by or owed to the employer. Have the TPD Manager initial the memo.

2 Within ten days of receipt of the requested information from FOD/COD/IAB, prepare a *Request for Payment Letter (Reqpay.doc)* for each of the recipients identified as holders of recoverable assets. Request full payment from liable entities which are not bankrupt or involved in a bankruptcy proceeding. Be sure to include the complete name and address of the liable entity and instructions on how to make the payment to State Street Corporation ( SSC), PBGC's custodial bank, as provided in the template for the standard letter.

3 Obtain the TPD manager's signature on the Request for Payment letter.

4 Mail the letters by certified mail, return receipt requested, to all recipients. Send a copy, with the signed concurrence sheet, to the DMC for imaging into the plan file (IPS), see TP 34.2: Submit Documents for Imaging. Send copies to the OGC attorney assigned to the case and FOD, Controller Operations Division (COD).

5 Take appropriate action depending on the response:

- If one or more recipients respond and request further information, follow up as necessary. File a copy of the response and all related documentation, for example, phone logs, in the plan file. Direct requests and questions to OGC and/or FOD/COD/IAB as necessary.
- If one or more recipients do not respond at all, send a Demand Payment Letter Memo/Payment Request Letter task referral to OGC.
- If one or more recipients respond and request payment terms, coordinate with OGC and PPD. Be aware of Delegation and Redelegation of Authority Memos issued with respect to compromise and settlement authority, dated 8/12/94, 10/25/94, 3/27/95 and 4/5/95. The IOD/PPD Manager is designated as the point of contact for consultation of settlements with OGC.

6 If a Demand Payment Letter is issued (prepared by OGC), forty-five days after the date of the Demand Payment Letter, check with the Participant and Employer Appeals Department ( PEAD) to identify any recipients who have appealed. In the case of an appeal, take no further action but await instructions from PEAD and file copies of all memos and documents from PEAD in the plan file. For each recipient who does not respond or appeal within forty-five days, prepare and send a *Demand Payment Letter Memo (Dempay.doc)* through the Team Leader to the OGC attorney requesting a follow-up demand letter. Attach a copy of the request letter. Send a copy of the memo and attached letter to FOD/COD/IAB also.

## 14.3 Action Steps: Assist in Filing Liens

09/04/98

1. Prepare a *Request to File Liens Memo (Filelien.doc)* for OGC. Include details on the income-producing asset(s) against which to file the lien(s), including the location and contact points of any persons. Attach a copy of the net worth determination which documents its value.
2. Sign the memo and obtain the TPD manager's concurrence using the *Concurrence Form (Concurr.doc)*.
3. Send the memo to the OGC attorney assigned to the case.

## 14.4 Forms, Letters, Memos, etc.

03/23/2001

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Administrative Review Procedures***
Adrev_el.doc

***Audit Working Paper Cover Sheet***
Casewpcs.doc

***Concurrence Form***
Concurr.doc

***Controlled Group Determination Checklist***
Cgdeter.doc

***Demand Payment Letter Memo***
Dempay.doc

***Form 333 - Request for Access to Tax Return Information Disclosed by the Internal Revenue Service***
Form333.doc

***IRS Request Letter***
Irsreq.doc

***IRS Returns Request - Tax Exempt Entities***
Irsexmpt.doc

***Request for Payment Letter***
Reqpay.doc

***Request Payment Information Memo***
Payinfo.doc

***Request to File Liens Memo***
Filelien.doc

***TPD No Controlled Group Memo***
Tpdnocg.doc

## PR 15. Audit Plan Assets


15. Overview

15. Workflow for Process 15

15.1 Perform Initial Analysis

15.2 Value Plan Assets

15.3 Value Hard-To-Value Assets

15.4 Value Plan Liabilities

15.5 Calculate Interest

15.6 Complete Plan Asset Audit Report

Forms, Letters, Memos, etc.

## 15. Overview

**06/20/96**

The purpose of valuing plan assets is to determine the fair market value, as of DOPT, of the plan assets. Fair market value is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts. The audit includes all assets, including receivables such as due and unpaid employer contributions (DUEC), and liabilities such as payables to service providers.

The control and management of the plan assets will determine the scope of the asset audit. Be alert to the propriety of expenses and any prohibited transactions between a plan and a party in interest under ERISA 406(a) unless the transaction is exempted under ERISA 408(b). In addition, review the validity of accruals for both income and expenses as well as any breaches of fiduciary responsibility. The purpose is not to assume the existence of improprieties or breaches, but to test for their existence. Adjust the Audit Program according to the findings of the preliminary review.

The audit report represents the end product of the audit work. It should be clear and concise and should be completed in a timely fashion (within 45 days of acquiring the necessary information). The report should describe what was done and how it was done as well as the findings. The scope of the audit dictates the nature of the report, and the report must conform to the audit program. Obtain Division Management Team concurrence for all reports.

Prepare working papers to reflect the work performed during the audit. Initial and date the upper-right corner of each page. For each set of related working papers, identify the source, purpose, and any conclusion drawn from audited data. Always attach an *Audit Working Paper Cover Sheet (Casewpcs.doc)*. Include a table of contents referencing page numbers for easy access and review.

The asset valuation process resulting from the audit involves the determination of the following:

- The fair market value of plan assets: Plan assets include, cash, cash equivalents, receivables including DUEC, securities, insurance contracts, real property, and any other assets owned by the plan including income accrued as of DOPT.
- The fair market value of plan liabilities: Plan liabilities are liabilities of the plan on DOPT including retroactive payments due participants and accrued expenses for actuarial services, etc., but excluding liabilities for benefits that are payable *after* DOPT. The exception to that are benefit calculations that were performed prior to DOPT for benefits after DOPT. These would be plan liabilities
- The net value of plan assets: Net Value of Plan Assets equals the total fair market value of all assets held by the plan on DOPT minus the total fair market value of all plan liabilities on DOPT including unpaid premium payments.

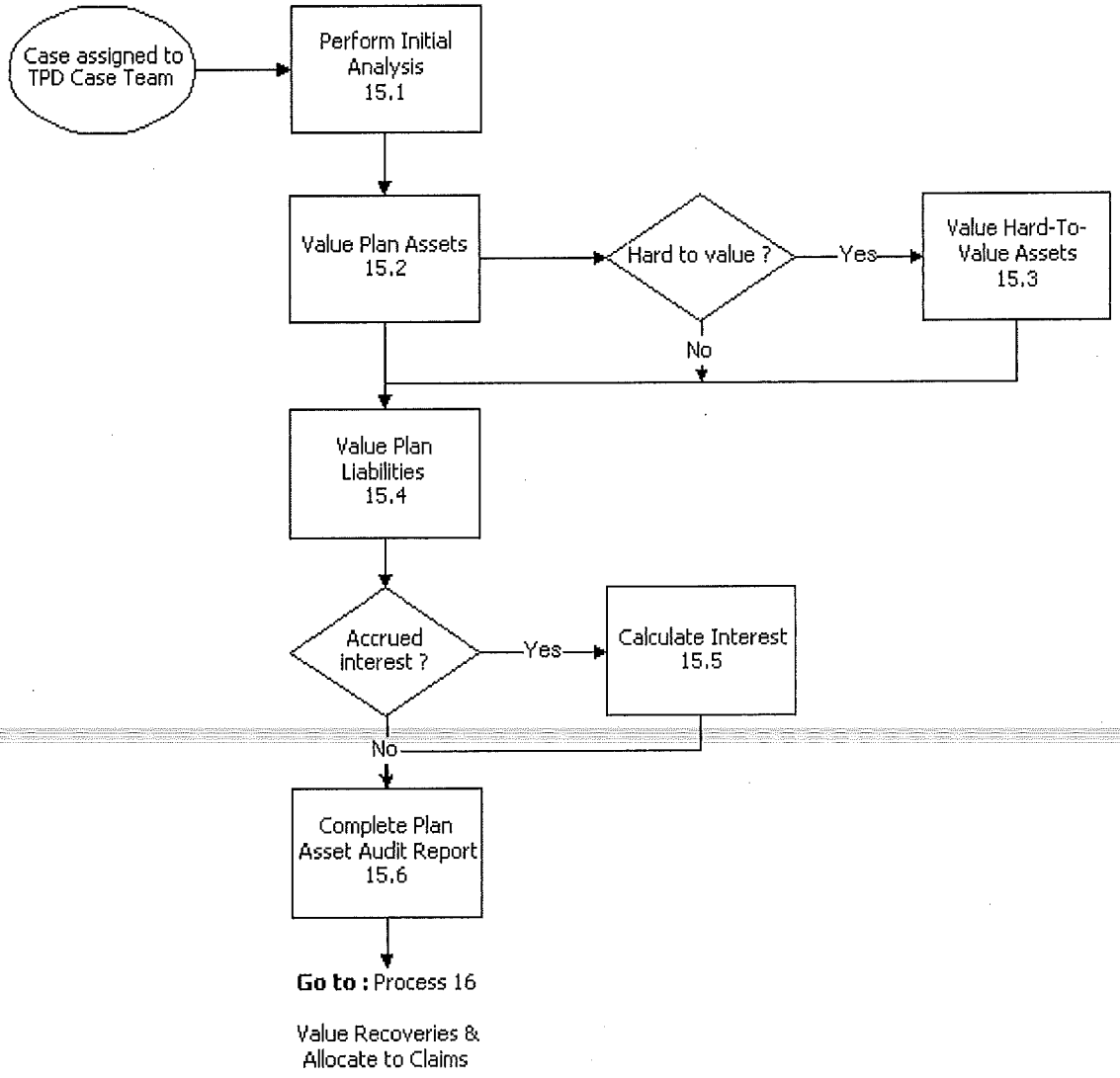
Document steps taken in the valuation of any plan asset or liability. The documents created are audit working papers and should be attached to an *Audit Working Paper Cover Sheet (Casewpcs.doc)*. The compilation of all plan asset audit documents is the Plan Asset Audit Report.

**Audit Processes** **Browse Workflows:**

**Audit Plan Assets**

## 15. Workflow for Process 15

**05/31/96**



**Audit Plan Assets**

## 15.1 Perform Initial Analysis

**02/16/2001**

Action Steps

| | |
|---|---|
| **Purpose** | Determine what constitute plan assets.<br>Determine location and point of contact for each asset.<br>Identify unexplained transfers.<br>For insufficient plans, find out if any money is currently available to offset what PBGC has to put into the pension plan to cover benefit payments. |
| **Time Reporting (BMPRS)** | Plan Assets Audit<br>Contract Plan Assets Audit<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Audit Program.<br>Information from PPD.<br>Financial Operations Department (FOD/COD/IAB ) information, relevant asset information from banks, insurance companies, etc. |
| **Output and Recipient** | • Plan for collecting asset information and necessary modifications to the Audit Program.<br>• If any Hard-to-Value assets, *Request for PPD Financial Analysis Assistance (Ppdanal.doc)* and hard-to-value asset task referrral CAS. |
| **Control Issues** | Follow up with FOD/COD/IAB periodically (at least quarterly). They may have information needs that IOD can meet for them and vice versa. This should continue until the audits are complete.<br><br>When it is extremely difficult to obtain information, weigh the likely value of the asset against the cost of obtaining the information. |
| **Important Concepts** | Work with FOD/COD/IAB . FOD/COD/IAB has to collect information in order to value assets for inputs to the PBGC annual report. FOD/COD/IAB will obtain transaction registers which are useful to identifying all transfers in and out of the accounts. Generally, the FOD/COD/IAB trust accountant contacts the TPD auditor. But in cases where a TPD has been assigned early, it may be necessary for the auditor to request FOD/COD/IAB assignment of a trust accountant.<br><br>When required, issue a subpoena to obtain necessary information. See Process 2.2: Issue Administrative Subpoena.<br><br>Focus on identifying all plan assets, as well as gathering information necessary to value the identified assets.<br><br>Liabilities may include plan expenses due to service providers such as actuaries.<br><br>If the plan document does not require the plan to pay the premiums and premiums are the responsibility of the plan sponsor, line 5 of PBGC Form 1108 (Plan Assets Reconciliation) should not include an item for unpaid premiums as an accrued expense. Assess the plan sponsor for this amount separately.<br><br>For the years 1980 through 1985, do not assess penalties and interest against plans with 100 or fewer participants. |

| | |
|---|---|
| | For the years 1986 forward, do not assess penalties and interest against plans with 50 or fewer participants. |
| **Guidance** | ERISA 4003 |
| **Procedure Owner** | TPD Case Team |

## Click Here for More Information...

15.1 Action Steps: Perform Initial Analysis

**Audit Plan Assets**

## 15.1 Action Steps: Perform Initial Analysis

**02/16/2001**

1 Review information available from PPD to identify the physical location of the assets. If necessary, call the plan sponsor/administrator or trustee.

2 If an FOD trust accountant has been involved since the PPD/TPD case transfer, contact that trust accountant. Otherwise, contact the FOD/COD/IAB Chief or Supervisor to identify the trust accountant.

3 If not previously requested (see Process 8.3: Effect Trusteeship), prepare a *Premium Information Request Memo (Preminfo.doc)* and send it to the Financial Operations Department, Collections and Compliance Division, Review and Collection Branch (FOD/CCD). This memo requests that FOD calculate the amount of unpaid PBGC premiums, interest, and penalty due as of DoPT (needed for Plan Asset Audit--see Process 15: Audit Plan Assets) **and** DOTR (needed for recovery valuation--see Process 16: Value Recoveries & Allocate to Claims).

4 Take appropriate action for each type of asset:

- If there any are real estate or hard-to-value assets, notify PPD of the possibility that they will need to value assets.
- If the assets are insurance contracts, investigate the holder of the assets. Contact the insurance company. Determine if the holder is a viable insurance organization and whether or not the contracts are irrevocable. Determine the nature and provisions of the contracts.

5 Determine whether the sponsor or the trust pays the plan expenses. All unpaid and accrued expenses should be determined prior to arriving at a final value for the assets.

6 Determine whether employer and employee contributions were made in a timely manner and are current.

- If the assets are held by a financial manager or the plan administrator, get a listing of the assets held as of DOPT and those currently held. Request a copy of any audit reports, especially those done by a certified public accountant (CPA). If audits are not available, obtain any actuarial valuation reports that are available. Verify asset values for a two-year range starting one year prior to DOPT and ending one year after DOPT.
- If there are plan expenses that have been accrued in the termination process and payments have to be made, see Technical Procedure 03: Manage Plan Related Termination Expenses.

7 Analyze the documents, including bank statements, investment statements, and insurance contracts, to identify transfers and the quality of assets. Verify that all transfers are legitimate—money or assets out correspond to money or assets in. Contact the banks and insurance companies to obtain statements for one year prior to Date of Plan Termination (DOPT) and one year after DOPT (FOD/COD/IAB will need statements to the present). If it has not been one year since DOPT, statements to the present are acceptable.

8 Review prior year 5500s for statement of assets.

9 Identify the types of assets and how they are controlled by the plan administrator. Types of assets include:

- Trust assets in a bank

- Insurance contracts
- Assets held by financial manager
- Other assets, including hard-to-value assets
- Plan expenses and other liabilities
- DUEC

**10** Obtain any additional or incomplete information, if required:

- Identify the likely source(s) for the required information. See Appendix F: Alternate Sources for Plan Information for ideas.
- Contact the likely source(s) such as a bank, insurance company, stock broker, accountant, plan administrator/sponsor, etc., to ask if there is any other information. Send a follow-up letter confirming the content of the conversation and requesting that the information be provided within fourteen days.
- If the plan administrator/sponsor does not respond within the fourteen days, call requesting the information be submitted immediately and explain that they will be issued a subpoena (if it was not already used). Send a letter documenting the phone call. This letter can include the administrative subpoena.
- Prepare an *Administrative Subpoena (Modeliod.doc)* and the *Administrative Subpoena Cover Letter (Subcovlt.doc)* following the administrative subpoena process (See 2.2: Issue Administrative Subpoena).

**11** Identify any hard-to-value plan assets. These are assets whose value cannot be readily determined through standard publications or will require a professional appraisal. DUEC is always classified as a hard-to-value asset.

**12** Request PPD Assistance for the valuation of any hard-to-value asset.

- Prepare a *Request for PPD Financial Analysis Assistance (Ppdanal.doc)* and submit through TPD Manager to PPD Manager, including all required attachments.
- Send a hard-to-value asset task referral in CAS.

**13** Determine whether people other than the named fiduciaries were handling investments. The plan portfolio of investments could be administered by only those people authorized by the trust instrument. If this has not been the case, expand the audit to review for any breach of fiduciary responsibility. Consult with OGC if required.

**14** Review any transactions that do not appear to be "arms-length," such as buyer and seller having vested interests, and which should have affected the value of assets sold. When there is a relationship between the buyer and seller (also called "parties at interest"), it must be demonstrated that the price is substantially the same as would have resulted from a strictly arms-length transaction. If this has not been the case, determine whether there has been any breach of fiduciary responsibility. Consult with OGC if required.

**15** Determine whether the transaction meets the conditions to be qualified as fair market value.

**16** Determine whether or not there was an orderly disposition. An orderly disposition is a method of sale which a prudent person would employ to permit the market to absorb the sale of the asset so as to minimize the effect on the price.

**17** Determine whether buyer and seller both had knowledge of relevant facts. Fair market value assumes that both the buyer and the seller have access to and have considered relevant information on the nature of the asset, the risks involved, and the potential for return on the investment.

**18** Determine whether or not the transaction qualifies as an arms length transaction. The sale and the resulting price must be based on conclusions arrived at by both parties independently.

**19** Determine whether or not there was any selling cost. Fair market value assumes a transaction between a buying principal and selling principal and therefore would be free of any agent commission or fees to reduce the proceeds to the seller or increase the price to the buyer.

**20** Establish the existence and degree of internal controls regarding the plan assets. Use the *Plan Asset Internal Control Checklist (Paintct.doc)*:

**21** Develop the *Plan Asset Statement (Planaset.doc)*. List all assets by type, name, location, and estimated value as of DOPT. For distress terminations, the estimated value is the value put on the asset in the distress filing application. Include fiduciary liability insurance if there has been a fiduciary breach.

**22** Refer to the Workflow diagram at the beginning of this process to determine the next action.

## 15.2 Value Plan Assets

12/06/96

Action Steps

| | |
|---|---|
| **Purpose** | Determine the fair market value of all assets, as of DOPT. |
| **Time Reporting (BMPRS)** | Plan Assets Audit<br>Contract Plan Assets Audit<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Plan asset statement (without final values). |
| **Output and Recipient** | Complete final plan asset statement for IOD valuation and PBGC financial statements. |
| **Control Issues** | Confirm liquidity of assets. If not liquid, reclassify as hard-to-value assets.<br>Data gathered from the holder of assets is normally better than data gathered from the plan administrator/sponsor |
| **Important Concepts** | When are held by a bank or insurance company, analyze statements but do not perform an audit. However, when assets are held by an individual, the employer, or sponsor, do a complete audit. |
| **Guidance** | PBGC Regulations 4001.2 and 4044.41(b) |
| **Procedure Owner** | Auditor |

Establish the value as of DOPT for all assets in each category. Audit steps presented here are based on specific types of assets or liabilities. Modify the steps as necessary to suit the plan funding medium and investment portfolio. During the initial phases of the audit, develop a working trial balance of the plan assets as of DOPT. Also, analyze prior statements to determine if any significant differences exist in the accounts. Trace any differences to verify that funds from the sold assets were deposited.

## Click Here for More Information...

15.2 Action Steps: Value Cash Equivalents, Including Bank Accounts

15.2 Action Steps: Value Receivables

15.2 Action Steps: Value Insurance Contracts

15.2 Action Steps: Value Investment Accounts and Securities (Stocks, Bonds, Warrants, Mutual Funds)

## 15.2 Action Steps: Value Cash Equivalents, Including Bank Accounts

**05/31/96**

I. Obtain bank statements and canceled checks from the previous month.

II. Identify checking, savings, money market fund accounts, CD's and account numbers. Use the statement value for DOPT, if it is a statement date. Ask the bank if a special date statement can be generated (sometimes it can be generated for a fee). Otherwise, use statements covering at least the two months prior to DOPT, but preferably six months or more, and six months after. Identify the following:

- Examine the bank statements for changes of any amounts shown and confirm changes with the bank.
- Examine canceled checks for at least two months comparing payee, amount, and date with disbursement journal, endorsements with name of payee, and signatures with authorized list. Investigate any double endorsements.
- Compare benefit disbursements with current payees' calculated benefit amounts (if available) and investigate any discrepancies.

**23** Perform a bank reconciliation to determine whether or not any checks are outstanding (check six months of statements to assure there are no stale checks -more than six months old). Determine also:

- the amount of interest accrued as of DOPT
- the amount of expenses accrued as of DOPT
- any future fee that is scheduled to be deducted from the account and applies to a period including DOPT

## 15.2 Action Steps: Value Receivables 05/31/96

I. Obtain or prepare an analysis of notes, accounts receivable, and accrued interest.

II. Examine notes on hand and confirm those not on hand by direct communication with the holder.

III. Confirm notes and accounts receivable with the debtor.

IV. Review notes and accounts written off as uncollectible.

V. Ascertain if any receivables were or have been pledged.

VI. Verify interest earned on notes and accrued interest receivable.

VII. Determine if any loans were made to parties-in-interest. If so, notify OGC and the Department of Labor. Include sufficient information about the transaction to allow them to determine whether the loans were exempt under ERISA 408(b). Direct communication to: Associate Director for Enforcement, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C., 20210.

## 15.2 Action Steps: Value Insurance Contracts 03/10/2000

For plans funded partially or fully through an insurance company contract, that contract should be valued as of DOPT using PBGC Regulation 4044, Subpart B. Value group insurance contracts in accordance with PBGC Operating Policy Manual 4.1-1.

I. Insurance information should already be part of the plan file, provided in response to PPD's request in 4.5 Request Insurance Information. That information will have been requested prior to determination of DOPT, with information requested as of a proposed DOPT. Check the proposed DOPT in the PPD insurance request letter against the actual DOPT (per trusteeship agreement).

II. If insurer information is not already included in the plan file, or the proposed date of plan termination used by PPD differs from the actual DOPT, prepare and send a letter requesting the value as of DOPT, the cash-out value, the amount of any applicable fees for cashing out, interest rate, annuity purchase rate (cost of buying one dollar of benefit payable at age 65 for a male) and other similar information. Use the *Insurance Contract Valuation Letter (Insurval.doc).*

III. Upon receipt of the requested information from the insurer (completed attachment to the insurance contract valuation letter), the insurance contract(s) should be valued. Valuation of the insurance may be referred to one of IOD's Technical Expert - Auditors, or may be done by the case auditor.

**Technical Expert - Auditor**

A. Refer the insurance information to one of IOD's Technical Expert - Auditors to value the insurance. In addition to the insurance information, provide the Technical Expert - Auditor with the PBGC annuity factor for healthy males at NRD per the plan's normal form of benefits for single persons as of DOPT. For plans with a DOPT before November 1, 1993, this factor is available from the PBGC Actuarial and Mortality Tables Manual. For plan with a DOPT after October 31, 1993, consult with the TPD actuary to get this factor.

B. The Technical Expert - Auditor will use the insurance contract valuation program developed in-house for a value. (Only these designated individuals have user access in IOD.)

C. The Technical Expert - Auditor will determine the value(s) of the insurance contract(s), and provide the values from the program's report. The summary report provides the values based on three methods: lump sum method, installment method, and annuity method. This will be provided to the auditor generally within 14 days of receipt of the complete insurance information.

**Case Auditor**

A. Case auditor will value insurance contract(s) in accordance with PBGC Operating Policy Manual 4.1-1.

B. Verify the following items:

- Participation rights under the contract.
- Irrevocable commitments made by the insurance company.
- Premiums paid to date or unpaid.
- Unpaid benefits and outstanding checks.

**24** The value of an insurance contract as of DOPT is the sum of a and b.

**a.** the greater of:

- **i** the contracts cash settlement value on the section 4048 date under the lump sum method;
- **ii** the contracts cash settlement value on the section 4048 date under the installment method; or
- **iii** the present value of the benefit that can be provided under the contract on the Section 4048 date by application of the contract assets (annuity method).

**b.** the value of participation rights.

## 15.2 Action Steps: Value Investment Accounts and Securities Stocks, Bonds, Warrants, Mutual Funds 09/28/2001

Note that FOD/COD/IAB has, on microfiche, Wall Street Journal investment price/valuation information (back to 1985).

I. Obtain and review the statements to develop a listing of the following:

- investments as of DOPT
- all transactions
- interest
- fees (such as bank fees)

**25** If the asset is in the form of stocks or bonds, FOD/COD/IAB's microfiche is available for use by IOD in obtaining the following stock/bond information:

- values during the month
- dates dividends and interest are due to be paid
- actual dates dividends and interest were paid
- return on investment.

**26** If the security is traded on a stock exchange (New York Stock Exchange, American Stock Exchange, or NASDAQ), base fair market value on the closing sale price on DOPT as reported in a nationally published or general circulation daily newspaper on the day following DOPT.

If the stock or mutual fund has a dividend declared near the DOPT, be aware of:

- the declaration date (date the company declares the dividend);
- ex-dividend date or ex-date (posted by an exchange, typically two business days preceding the dividend record date). This is the date the shares trade without the dividend and may not apply to mutual funds.
- dividend record date (date the company reviews records to determine its shareholders). Only "shareholders on record" at the close of the business day receive the dividend: and
- payable date or Pay Date (date a company issues a previously announced dividend and mails the checks to shareholders). Pension plan must own the stock on the record date to get a check on the pay date.

If DOPT is after the record date but before the dividend payable date, accrue the dividend. See 15.5 Action Steps: Compute Accrued Dividends Receivable on Corporate Stocks

**27** If a security is not listed on an exchange, base fair market value on the average of the end-of-day-bid and asked prices for the security on the valuation date, as nationally published in a general circulation daily newspaper which is available in any library.

**28** Verify securities on hand and those that have been sold. Be sure that funds from sales have been recorded and deposited.

**29** Check the following for each asset (as applicable):

- Be aware of accrued interest for bonds (accrued interest equals principal times interest rate times days since last payment). Always use 360 days per year. See 15.5: Calculate

Interest.

- Be aware that commercial paper sells either on a discount basis yielding the face amount at maturity or on an interest bearing basis yielding the face amount plus accrued interest at maturity. Be aware that the valuation for state and municipal obligations is the average of the bid and asked prices published on DOPT. If there are no published prices for that date, use the price on the day closest to and falling within five days before DOPT.
- Be aware that Corporate Bonds carry interest, usually paid semi-annually, and the price can sometimes be found in daily newspapers.
- Be aware of cumulative preferred stock dividends that may not have been paid.
- Be aware that convertible bonds, at the option of the holder, can usually be turned into preferred or common shares authorized for that purpose at the date of the issue. Bond prices fluctuate and may also be found in daily newspapers.

**Audit Plan Assets**

## 15.3 Value Hard-To-Value Assets

**04/07/99**

Action Steps

| | |
|---|---|
| **Purpose** | Determine fair market value of assets as of DOPT. |
| **Time Reporting (BMPRS)** | Plan Assets Audit<br>Contract Plan Assets Audit<br>PPD Support to TPD<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Identity of assets considered hard to value. |
| **Output and Recipient** | Valuation of assets. |
| **Control Issues** | N/A |
| **Important Concepts** | For a TPD's purposes, any asset that is not readily liquid is considered hard-do-value and referred to PPD for valuation. When valuing hard-to-value assets, it is important to remove uncertainties regarding the value of those assets as of DOPT. If uncertainties cannot be removed, work with the TPD Manager to request a waiver of the removal of uncertainties requirement under guidelines in the PBGC Operating Policy Manual, section 8.2-1. |
| **Guidance** | PBGC Regulation 4044.41(b)<br>PBGC Operating Policy Manual 8.2-1 |
| **Procedure Owner** | PPD Financial Analyst |

## Click Here for More Information...

15.3 Action Steps: Value Hard-To-Value Assets

## 15.3 Action Steps: Value Hard-To-Value Assets 02/16/2001

This procedure assumes that the TPD auditor prepared and submitted to PPD a *Request to PPD for Financial Analysis Assistance (Ppdanal.doc)*, along with all required attachments, and forwarded a hard-to-value asset task referral in CAS. (See Process 15.1: Perform Initial Analysis.)

## Click Here for More Information...

Collect Information

Value Property (Real)

Value Mortgages

Value Closely-Held Stock

Value DUEC

## 15.3 Action Steps: Value Hard-To-Value Assets 05/31/96

## Collect Information

I. Identify and collect the materials and background data necessary for valuing the hard-to-value asset. The materials necessary will vary according to the type of asset, but will include some of the following:

- Historical cost.
- Copies of all legal documents.
- Real property should include copies of any appraisals and the latest tax assessment.
- Recent sales histories of similar properties sold within the past year in the same geographical area.
- Closely held stock should include any details as to the latest transactions and selling price plus a prospectus, corporate charter, and corporate minutes.

**30** Research recent transactions or valuations for similar assets and ask questions of the supervisor and other financial analysts - it's possible that someone had to value a similar asset in the past. When possible, refer the valuation to a professional appraiser who can make a good estimate. As trustee, PBGC has the option of selling the asset. Depending on its likely value, paying a broker to sell the asset may be the fastest and cheapest way of valuing it. Once sold, its price or value as of DOPT can be determined by discounting the sale price back to that date.

**31** For real property, mortgages, and DUEC, follow the procedures below. For other hard-to-value assets, consult with other financial analysts and PPD management for direction.

## 15.3 Action Steps: Value Hard-To-Value Assets 05/31/96

## Value Property (Real)

Real estate will normally fall into the category of a hard-to-value asset. The goal with real property is to determine the cost, purchase date, market value on DOPT, and to identify any associated liens or mortgages. To value real estate, take the following steps

I. Obtain or develop a description of the property, including its location, size, and the nature of improvements such as buildings.

II. Obtain and review any official documents related to the property. If necessary, visit the local court house and determine ownership of the deed (use liber and folio number), verify that taxes have been paid to date, and verify any liens against the property.

III. Obtain and review the insurance policy to ascertain the amount of insurance on the property.

IV. Contact a local, professional real estate appraiser who specializes in the type of property that constitutes the asset (for example, office building, residence, retail mall, etc.). Explain the purpose of the appraisal and the importance of valuing the property as of DOPT. Make a physical inspection of the property only if it is convenient, otherwise rely on the professional appraiser. Request that the appraiser:

- Appraise the property as of DOPT.
- Determine the amount of rental income, if any, and whether the property is rented to a party-in-interest.
- Determine the rental and vacancy rates, if applicable, and determine if they are reasonable given local conditions.

**32** Close the task referral on CAS and update the Hard-to-Value Assets milestone.

## 15.3 Action Steps: Value Hard-To-Value Assets 05/31/96

## Value Mortgages

I. Prepare a working paper showing description of property, interest rate, and payment terms including amounts.

II. Obtain copies of any mortgage documents and descriptions of collateral.

III. Verify that mortgage income has been properly recorded.

IV. Document the finding and provide a copy to the TPD auditor for inclusion in the asset audit report.

V. Close the task referral on CAS and update the Hard-to-Value Assets milestone.

**Audit Plan Assets**

## 15.3 Action Steps: Value Hard-To-Value Assets 05/31/96

## Value Closely-Held Stock

I. Prepare a working paper showing description of stock, interest rate, and payment terms including amounts.

II. Obtain any minutes from board meetings or other meetings that describe the value of the stock.

III. Obtain evidence of transactions in which the stock changed hands.

IV. Make a valuation based on available evidence and considering the strength of the company and its market potential.

V. Close the task referral on CAS and update the Hard-to-Value Assets milestone.

## 15.3 Action Steps: Value Hard-To-Value Assets Value DUEC

**05/31/96**

See Process 16: Value Recoveries and Allocate to Claims.

**Audit Plan Assets**

## 15.4 Value Plan Liabilities

**12/06/96**

Action Steps

| | |
|---|---|
| **Purpose** | Determine the fair market value of all liabilities, as of DOPT. |
| **Time Reporting (BMPRS)** | Plan Assets Audit<br>Contract Plan Assets Audit<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Plan asset statement (without final values). |
| **Output and Recipient** | Complete final plan liability statement for IOD valuation and PBGC financial statements. |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | N/A |
| **Procedure Owner** | Auditor |

## Click Here for More Information...

15.4 Action Steps: Value Plan Liabilities

15.4 Action Steps: Value Payables

15.4 Action Steps: Value Pre-Termination Plan Liability (Retiree Benefits)

## 15.4 Action Steps: Value Plan Liabilities

**05/31/96**

Determine the value of back payments due prior to DOPT. During the course of the audit, payables on the accounting books and records may be encountered. When found, review the expenses for conformity and accuracy to the plan document and trust instrument for payment and to verify their legality.

### Click Here for More Information...

Value Payables

Value Pre-Termination Plan Liability (Retiree Benefits)

## 15.4 Action Steps: Value Plan Liabilities 05/31/96

## Value Payables

### Click Here for More Information...

Value Pre-Termination Plan Liability (Retiree Benefits)

Value Unpaid Premiums

**Accrued Expenses Payable**

Most pension plans incur expenses relating to their operations such as legal, actuarial, and administrative fees. It is important that these types of expenses relating to services provided prior to DOPT be accrued to the date of plan termination. Determine the amount payable for the services rendered prior to DOPT and accrue these amounts. Also, determine the amount of benefit payments outstanding due on DOPT. Note that payables include amounts past due for benefit payments as of DOPT, including payments due participants who should have been put into pay status but were not.

**Example**

*Assume DOPT is 7/1/XX and trustee statements for the plan year 1/1/XX are available. Administrative fees of $400 were charged to the plan in December (for the year ended 12/31/XX). As of 7/1, the DOPT, six months, or 6/12 of the administrative fees should be accrued.*

*Additionally, at 7/15, legal fees of $1,000 were paid relating to plan litigation with a participant and the fees all related to services rendered prior to 7/1. As of DOPT, all of the $1,000 legal fees should be accrued.*

1. Obtain a listing of the plan's accounts payable as of DOPT.
2. Determine if payables are legitimate pursuant to the trust document.
3. Investigate any unrecorded accounts payable (for example, attorney fees, consulting fees, etc.)
4. Confirm payables with creditors by direct confirmation.

## 15.4 Action Steps: Value Plan Liabilities 03/10/2000

## Value Pre-Termination Plan Liability (Retiree Benefits)

I. Determine the PTPL amount. This amount is equal to the amount of benefit payment times the number of missed payments prior to DOPT. The amount includes both payees who were underpaid and participants who should have been put into pay status. For those who were never put into pay status, use the *later* of date of termination of employment (DOTE) and normal retirement date (NRD) as the date of retirement.

- Identify all payees who did not receive benefit payments due to them prior to DOPT and, for each of these payees, multiply the amount of the payment by the number of missed payments prior to DOPT to find the amount due to each of the payees.
- Identify all participants who should have been put into pay status and should have received benefits prior to DOPT, but did not. For each of these participants, determine what the benefit amount would have been, and multiply the amount of the payment by the number of missed payments prior to DOPT to find the amount due to each of the participants.
- Add the amounts for all payees who are owed pre-DOPT benefits to determine the total.

**33** Determine whether the plan assets can cover PTPL and how to value PTPL.

- If the assets exceed PTPL, request the PLS make appropriate back payments. Value PTPL as the actual amount.
- If there are no assets to cover PTPL, actuarially increase the benefits for late retirement for those not actually in pay status at DOPT. If the plan does not provide late retirement factors, use PBGC factors: age on first of month following DOPT. Do not change the benefit for the missed payments if the participant retired pre-DOPT even though the benefit payable after DOPT would be the larger amount. Value PTPL as the actual amount.
- If the assets partially cover the PTPL, pay and value the larger of the benefits as calculated for 1) age on first of month following DOPT, and 2) retirement as of the later of DOTE and NRD.

**34** If required, adjust the plan asset value:

- If FOD/COD/IAB has not finalized the assets, reduce the plan asset amount by the amount of PTPL. Notify FOD/COD/IAB of the action taken.
- If FOD/COD/IAB has finalized the assets, make no adjustment to the plan asset amount.

## 15.4 Action Steps: Value Plan Liabilities 05/31/96

## Value Unpaid Premiums

I. When the information on premiums owed to PBGC is returned from FOD/COD/IAB (see Process 8.3 Effect Trusteeship or Process 15.1 Perform Initial Analysis), use the following guidelines to determine when it should be subtracted from DOPT plan assets:

- For plan years prior to 1/1/88, consider unpaid premiums an expense of the plan and subtract from plan assets.
- For plan years subsequent to 1/1/88, unpaid premiums are a liability of the plan sponsor and members of the control group. Do not subtract the unpaid premiums from plan assets.

## 15.4 Action Steps: Value Plan Liabilities 03/10/2000

## Value Pre-Termination Plan Liability (Retiree Benefits)

I. Determine the PTPL amount. This amount is equal to the amount of benefit payment times the number of missed payments prior to DOPT. The amount includes both payees who were underpaid and participants who should have been put into pay status. For those who were never put into pay status, use the *later* of date of termination of employment (DOTE) and normal retirement date (NRD) as the date of retirement.

- Identify all payees who did not receive benefit payments due to them prior to DOPT and, for each of these payees, multiply the amount of the payment by the number of missed payments prior to DOPT to find the amount due to each of the payees.
- Identify all participants who should have been put into pay status and should have received benefits prior to DOPT, but did not. For each of these participants, determine what the benefit amount would have been, and multiply the amount of the payment by the number of missed payments prior to DOPT to find the amount due to each of the participants.
- Add the amounts for all payees who are owed pre-DOPT benefits to determine the total.

**33** Determine whether the plan assets can cover PTPL and how to value PTPL.

- If the assets exceed PTPL, request the PLS make appropriate back payments. Value PTPL as the actual amount.
- If there are no assets to cover PTPL, actuarially increase the benefits for late retirement for those not actually in pay status at DOPT. If the plan does not provide late retirement factors, use PBGC factors: age on first of month following DOPT. Do not change the benefit for the missed payments if the participant retired pre-DOPT even though the benefit payable after DOPT would be the larger amount. Value PTPL as the actual amount.
- If the assets partially cover the PTPL, pay and value the larger of the benefits as calculated for 1) age on first of month following DOPT, and 2) retirement as of the later of DOTE and NRD.

**34** If required, adjust the plan asset value:

- If FOD/COD/IAB has not finalized the assets, reduce the plan asset amount by the amount of PTPL. Notify FOD/COD/IAB of the action taken.
- If FOD/COD/IAB has finalized the assets, make no adjustment to the plan asset amount.

**Audit Plan Assets**

## 15.5 Calculate Interest

**01/10/97**

Action Steps

| | |
|---|---|
| **Purpose** | Determine the amount of interest accrued on an asset or liability. |
| **Time Reporting (BMPRS)** | Plan Assets Audit<br>Contract Plan Assets Audit<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Value of asset or liability, applicable interest formula for type of asset, and number of days of interest to apply. |
| **Output and Recipient** | Net value of an asset or liability, including interest. |
| **Control Issues** | N/A |
| **Important Concepts** | Account for plan assets on the accrual basis rather than cash basis. Interest, dividends, and other income earned, but not received as of DOPT, should be valued and included as part of the plan assets. |
| **Guidance** | Follow standard accounting procedures for various types of accrued income.<br>Reference provided Chart to Determine Method of Computing Accrued Interest. |
| **Procedure Owner** | Auditor |

## Click Here for More Information...

15.5 Action Steps: Chart to Determine Method of Computing Accrued Interest

15.5 Action Steps: Calculate Interest Accruals for Securities

15.5 Action Steps: Compute Discount and Price on Treasury Bills

15.5 Action Steps: Compute Accrued Interest Income on Corporate and Treasury Bonds and Notes

15.5 Action Steps: Compute Accrued Dividends Receivable on Corporate Stocks

15.5 Action Steps: Compute Accrued Rental Income

15.5 Action Steps: Compute Proportional Interest

**Audit Plan Assets**

## 15.5 Action Steps: 12/06/96

## Chart to Determine Method of Computing Accrued Interest

Reference the following chart for guidance in the methodology to calculate accrued interest on a plan asset as of DoPT.

| Class Type | Accrued Interest | Variable Rate | Actual/360 | Actual/Actual | 30/360 | 30/365 | Int. at Maturity | Int. - Annually | Int. Semi-Annually | Int. - Quarterly | Int. - Monthly | Short Term | Long Term |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| S.T. Floating Rate Notes | y | y | y | n | n | n | y | n | n | n | n | y | n |
| S.T. Discounted Paper | y | n | y | n | n | n | y | n | n | n | n | y | n |
| S.T. PAR/Premium Paper | y | n | y | n | n | n | y | n | n | n | n | y | n |
| | | | | | | | | | | | | | |
| U.S. T-Bills | y | n | y | n | n | n | y | n | n | n | n | y | n |
| G.N.M.A / F.H.A. | y | n | n | n | y | n | n | n | n | n | y | n | y |
| STIF (short term investment fund--including money market) | y | y | n | y | n | n | n | n | n | n | y | n | y |
| | | | | | | | | | | | | | |
| Corporate Bonds-Domestic | y | n | n | n | y | n | n | n | y | n | n | n | y |
| Floating Rate Notes | y | y | n | n | y | n | n | n | y | n | n | n | y |
| U.S. T-Notes/Bonds | y | n | n | y | n | n | n | n | y | n | n | n | y |
| | | | | | | | | | | | | | |
| Zero Coupon Bonds | n | n | n | n | n | n | n | n | n | n | n | n | y |
| F.H.L.M. Treasuries/ Agencies | y | n | n | n | y | n | n | n | y | n | n | n | y |
| Corporate Bonds-Foreign | y | n | n | n | y | n | n | n | y | n | n | n | y |
| | | | | | | | | | | | | | |
| Insurance Contracts | y | y | n | n | y | n | n | n | n | n | y | n | y |
| CD | | | y | | | | | | | | | | |
| Foreign Gov't. Bonds | | | | y | | | | | | | | | |

## 15.5 Action Steps: 05/31/96

## Calculate Interest Accruals for Securities

Interest accruals should be made for all securities using actual days of interest as the basis for computations. U.S. Notes, Government bonds, Treasury bills and notes provide for payment of interest on a semi-annual basis. For example, a U.S. Treasury Note due August 15, 1987 will have interest payment dates of February 15 and August 15. Therefore, a $1,000,000 face value 10% note will pay $50,000 interest on February 15 and August 15, until Maturity.

Compute accrued interest receivable as follows:

- Face value x interest rate = period interest
- Period interest x (number of days from the date of the last interest payment to DOPT/total days in the interest period)

**Example** Plan A owns a $1,000,000 U.S. Treasury Note maturity dated August 15, 1990 at 10% interest. The Note was purchased two years ago. The Plan's DOPT was June 20, 1987.

The computation of accrued interest receivable as of DOPT is as follows:

**($1,000,000 x .10/2) = $50,000**

**($50,000 x (125/182) = $34,340.66**

The number of days between the last interest payment date and DOPT (125) is computed as follows:

| | |
|---|---|
| **Last interest payment date** | **February 15, 1987** |
| **DOPT** | **June 20, 1987** |
| **February** | **14 days (not considering Leap Year)** |
| **March** | **31** |
| **April** | **30** |
| **May** | **31** |
| **June** | **19 (do not count DOPT)** |
| **TOTAL** | **125** |

The denominator of 182 days in step 2 is the actual number of days between the date of last payment and the date for the next payment.

| | |
|---|---|
| **February** | **14 (not considering leap year)** |
| **March** | **31** |
| **April** | **30** |
| **May** | **31** |
| **June** | **30** |

| | |
|---|---|
| July | 31 |
| August | 15 |
| TOTAL | 182 |

## 15.5 Action Steps: 05/31/96

## Compute Discount and Price on Treasury Bills

Although Treasury bills are widely quoted and traded on a rate basis often called "yield," they are actually quoted and figured on a bank discount basis. The computation of the discount is based on the actual number of days, 360 days per year, according to the following formula:

A - Day to maturity

E - Discount basis

F - Full discount

G - dollar price

$$F = \frac{E}{360} * A$$

G=$100 - F

The following example illustrates the computation: Find the dollar price for a treasury bill due in 347 days on a 8.6% discount basis:

$$F = \frac{E}{360} * A = \frac{8.46\%}{360} * 347$$

=8.1545% Full Discount

=$8.1545 per $100 maturity value

G=$100-F

=$100-$8.1545 per $100

=$91.8455 Dollar Price for 8.46% discount basis

## 15.5 Action Steps: 05/31/96

## Compute Accrued Interest Income on Corporate and Treasury Bonds and Notes

In the normal course of business, interest accruals should be made for corporate bonds and notes on the DOPT, using a 360 day/year basis. A schedule of the interest accruals should be prepared, when applicable.

Corporate bonds and notes provide for the payment of interest on a periodic basis.

Treasury Bonds and Treasury Notes use the actual number of days for the interest earned computation.

**Audit Plan Assets**

## 15.5 Action Steps: 10/11/96

## Compute Accrued Dividends Receivable on Corporate Stocks

Prepare a listing of stocks owned by the plan on DOPT and review for dividends received up to that date. Accrue dividend income per the Standard and Poors Dividend Record Book if the ex-dividend date is prior to DOPT and the payment date is subsequent to DOPT. Also be aware of cumulative preferred stock dividends.

**Audit Plan Assets**

## 15.5 Action Steps: 05/31/96

## Compute Accrued Rental Income

Accrue rental income receivable at DOPT on any rental property held by the plan. If the DOPT falls within the rental payment dates, make a determination for rental income accrued based on the amount and period of the rent.

**Audit Plan Assets**

## 15.5 Action Steps: 01/10/97

## Compute Proportional Interest

To complete the valuation of assets, interest needs to be determined as of DOPT. Often assets (such as money markets or other STIF's) will have additions or disbursements during a statement period. Interest is typically credited after the end of a statement period and when the DOPT is other than the last day of the statement period, proportional interest as of DOPT must be determined. When making this computation, be aware of:

- DOPT;
- daily balance; and
- total interest earned during the period.

**a** = sum of daily balances from first day of period through DOPT

**b** = sum of daily balances from day after DOPT through the last day of the period

**c** = sum of daily balances for entire period

**i** = interest earned during the period

**Calculate proportional interest by the following formula:**

(a ÷ c) x i = interest as of DOPT

**Example** Plan A has a DOPT on the 22nd of the month. The plan's opening balance in the fund was $50,000. It remained at $50,000. until the 20th of the month, when an additional deposit of $450,000. is made. From that day forward the fund's balance was $500,000. Total interest earned for the entire period is $10,000.

**PLAN A: MONEY MARKET FUND INVESTMENT ACCOUNT**

| Day | Daily Balance |
|---|---|
| 1 | 50,000 |
| 2 | 50,000 |
| 3 | 50,000 |
| 4 | 50,000 |
| 5 | 50,000 |
| 6 | 50,000 |
| 7 | 50,000 |
| 8 | 50,000 |
| 9 | 50,000 |
| 10 | 50,000 |
| 11 | 50,000 |
| 12 | 50,000 |

**13** 50,000

**14** 50,000

**15** 50,000

**16** 50,000

**17** 50,000

**18** 50,000

**19** 50,000

**20** 500,000 _____ addition of $450,000 to fund

**21** 500,000

**22** 500,000 DOPT

**23** 500,000

**24** 500,000

**25** 500,000

**26** 500,000

**27** 500,000

**28** 500,000

**29** 500,000

**30** 500,000

---

Following the steps provided above: (a ÷ c) x i = interest as of DOPT

a = 2,450,000

[50,000 x 19 (days 1 through 19)] + [500,000 x 3 (days 20 through 22)]

b = 4,000,000.

[500,000 x 8 (days 23 through 30)]

c = 6,450,000

[ (2,450,000 + 4,000,000) OR (a+b) ]

i = 10,000

(2,450,000 ÷ 6,450,000) x 10,000 = $3,789

Therefore, the interest on this investment account accrued through the DOPT = $ 3,798.00

**Audit Plan Assets**

## 15.6 Complete Plan Asset Audit Report 03/10/2000

Action Steps

| | |
|---|---|
| **Purpose** | Determine the net value of assets and liabilities, as of DOPT.<br>Determine the amount of money available to pay plan participants at DOPT. |
| **Time Reporting (BMPRS)** | Plan Assets Audit<br>Contract Plan Assets Audit<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Value of each asset and liability for the plan. |
| **Output and Recipient** | Completed Plan Asset Report with final asset figure. Completed Form 1108, signed by FOD. Plan Asset milestone finalized in CAS. |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | N/A |
| **Procedure Owner** | Auditor |

## Click Here for More Information...

15.6 Action Steps: Complete Plan Asset Audit Report

**Audit Plan Assets**

## 15.6 Action Steps: 03/10/2000

## Complete Plan Asset Audit Report

I. Total the values of all assets and liabilities for the plan and document the conclusion.

II. Attach an *Audit Working Paper Cover Sheet (Casewpcs.doc)* to the calculations.

III. Submit the Plan Asset Audit Report, through the Team Leader, to the TPD Management Team for concurrence.

IV. Input the figures into the Plan Assets screen on CAS.

V. Prepare Form 1108, *Plan Assets Reconciliation (Form1108.doc)* attach the Plan Asset Audit Report and route it through the Team Leader and Division Management Team for concurrence.

VI. Once approved by management, forward it to FOD/COD/IAB (with copies of supporting documentation), and simultaneously forward the CAS Plan Asset task referral to FOD/COD/IAB.

VII. Work with the FOD/COD/IAB trust accountant to reconcile any discrepancies. The finalized Plan Assets Reconciliation Form 1108 denotes reconciliation and agreement between IOD and FOD. (Once Form 1108 is finalized FOD/COD/IAB will close the Plan Asset task referral in CAS. This action finalizes the Plan Asset milestone.)

VIII. Image the complete Plan Asset Audit Report including the finalized Form 1108 with FOD's signature.

**Audit Plan Assets**

## 15.6 Action Steps: 03/10/2000

## Complete Plan Asset Audit Report

I. Total the values of all assets and liabilities for the plan and document the conclusion.

II. Attach an *Audit Working Paper Cover Sheet (Casewpcs.doc)* to the calculations.

III. Submit the Plan Asset Audit Report, through the Team Leader, to the TPD Management Team for concurrence.

IV. Input the figures into the Plan Assets screen on CAS.

V. Prepare Form 1108, *Plan Assets Reconciliation (Form1108.doc)* attach the Plan Asset Audit Report and route it through the Team Leader and Division Management Team for concurrence.

VI. Once approved by management, forward it to FOD/COD/IAB (with copies of supporting documentation), and simultaneously forward the CAS Plan Asset task referral to FOD/COD/IAB.

VII. Work with the FOD/COD/IAB trust accountant to reconcile any discrepancies. The finalized Plan Assets Reconciliation Form 1108 denotes reconciliation and agreement between IOD and FOD. (Once Form 1108 is finalized FOD/COD/IAB will close the Plan Asset task referral in CAS. This action finalizes the Plan Asset milestone.)

VIII. Image the complete Plan Asset Audit Report including the finalized Form 1108 with FOD's signature.

Note After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Administrative Subpoena***
Modeliod.doc

***Administrative Subpoena Cover Letter***
Subcovlt.doc

***Audit Working Paper Cover Sheet***
Casewpcs.doc

***Plan Assets Reconciliation***
Form1108.doc

***Insurance Contract Valuation Letter***
Insurval.doc

***Plan Asset Statement***
Planaset.doc

***Plan Asset Internal Control Checklist***
Paintct.doc

***Premium Information Request Memo***
Preminfo.doc

***Request for PPD Financial Analysis Assistance***
Ppdanal.doc

## Introduction to Valuation Processes

05/31/96

The purpose of the Valuation Processes is to determine the present value of each participant's benefit and the composite present value for the entire plan. PBGC uses the resulting plan present value figure in determining the Corporation's overall liability and for financial statements. The valuation processes also provide the information necessary for developing benefit statements, which explain the data, assumptions, and variables used in calculating each participant's benefit, and for sending BDLs. The activities constitute the final analysis of All of the information collected in earlier processes and create a meaningful presentation of PBGC's liabilities and each participant's final benefit amount.

## Valuation Processes include:

16 Value Recoveries & Allocate to Claims

17 Prepare Actuarial Case Report & Software

## PR 16. Value Recoveries & Allocate to Claims

16. Overview
16. Definitions: Value Recoveries & Allocate to Claims
16. Workflow for Process 16
16.1 Determine Status of Recoveries
16.2 Analyze Data & Value Recovery
16.3 Allocate Combined Recoveries Among DUEC, UBL, & Unpaid Premiums
16.4 Document Recovery Values
Forms, Letters, Memos, etc.

## 16. Overview

**10/10/97**

This process describes how to determine the value of and allocate Due and Unpaid Employer Contribution (DUEC), unfunded benefit liabilities, and unpaid premiums. The procedures are based on PBGC Operating Policy Manual, Chapter 8, Section 2, Subsection 1. Procedures for *allocating* plan assets and recoveries are covered as part of Process 17: Prepare Actuarial Case Report & Software.

As part of terminating an insufficient, covered pension plan, PBGC asserts claims against the contributing sponsor and its controlled group members in two capacities:

1. as trustee, for the amount of DUEC, and
2. as guarantor of benefits, for
   - its employer liability claim for the amount of unfunded benefit liabilities (UBL) and
   - any unpaid PBGC premiums (through DOTR).

When PBGC does not collect the full amount of its claims, the total *value* of PBGC's recovery against the liable parties must be allocated among PBGC's claims for DUEC, employer liability, and unpaid premiums. Liable parties include the contributing sponsor and controlled group members.

DUEC is a plan asset (an account receivable some of which may be a priority claim in bankruptcy court). The value as of Date of Plan Termination (DOPT) of the *recovery on the* DUEC claim affects:

1. the allocation of assets to guaranteed and nonguaranteed benefits in accordance with ERISA Section 4044, and
2. the amount of the PBGC's employer liability claim for unfunded benefit liabilities in accordance with ERISA Section 4062(b).

The value as of DOPT of the *recovery on PBGC's employer liability* claim for a plan affects:

1. for Pension Protection Act (PPA) plans with (a) a termination initiation date on or before December 17, 1990, or (b) a termination initiation date after December 17 1990 and more than $20 million in unfunded nonguaranteed benefits, the recovery ratio used to determine the amount of any ERISA Section 4022(c) benefits that will be paid to participants in *that* plan;
2. for all PPA plans, the computation of the recovery ratio used to compute the amount of ERISA Section 4022(c) benefits that may be paid in SPARR plans; and
3. for all PPA plans, the PBGC's net losses for the financial statements.

Unpaid premiums owed to the PBGC are an asset of PBGC's revolving fund, and thus, affect the financial statements. The value of the recovery on claims against the contributing sponsor and controlled group members for unpaid premiums does not directly affect participants' or employer liability.

The purpose of valuing DUEC and recovery for employer liability is to determine what is *the likely total recovery* that PBGC will obtain from the contributing sponsor and controlled group members: referred to as *recoverability*.

Potential recovery is not necessarily dependent on the net worth of the party or parties against whom PBGC attempts recovery. The recovery will be used to finalize plan assets for DUEC, and the recovery ratio for UBL. Portions of the DUEC claims generally have better standing in bankruptcy court, and thus improve PBGC's chances of a better total recovery. The value of DUEC and other employer liabilities is often zero because employers who cannot afford to fund their pension plans often have no recoverable assets. However, since PBGC can make claims against any and all controlled group members, a "net worth analysis" of the individuals and organizations is necessary to determine the

likelihood of recovery and probable value of any recovery. Once valued, the recovery must be discounted back to DOPT for the plan valuation and allocated between DUEC, UBL, and Premiums.

# 16. Definitions: Value Recoveries & Allocate to Claims 05/31/96

DUEC

Guaranteed Benefit

PPA

Premium

Termination Date

Termination Initiation Date

Title IV Benefit

**DUEC**

See Due and Unpaid Employer Contribution

**Guaranteed Benefit**

For a single-employer plan, the benefit that is guaranteed by the PBGC under ERISA Section 4022(a) and (b) or in a multiemployer plan, the benefit guaranteed by PBGC under Section 4022A of ERISA.

See 29 CFR 4001. 2: Terminology.

**PPA**

Depending on the context, may refer to Pension Protection Act or prior paying agent.

**Premium**

Depending of the context, the meaning may differ. Generally, PBGC uses annual amounts owed by covered plans pursuant to ERISA Section 4007 and PBGC premium regulations (29 CFR Part 4006 and 4007). In valuing recoveries, however, premiums to refer to any unpaid premium amount required to be paid to the PBGC pursuant to ERISA Section 4007 and any penalty and interest thereon. (See PBGC's Operation Policy Manual Issuance, Chapter 8. 2-1, "Valuing Recoveries" for more detail. )

**Termination Date**

Termination Date ("DoPT") means the date established pursuant to ERISA Section 4048(a). (See 29 CFR 4001. 2)

**Termination Initiation Date**

Termination initiation date means --

**a.** for a plan that terminates in a distress termination under ERISA section 4041(c), the last date on which any notice of intent to terminate is issued to any affected party other than PBGC; and

**b.** for a plan that terminates in a PBGC-initiated termination under ERISA section 4042 (even if the plan administrator had filed a notice of intent to terminate the plan in a distress termination), the date on which PBGC issues a notice of determination that the plan will be involuntarily terminated. In the absence of such a notice, the termination initiation date is the date on which PBGC's Executive Director, or his or her designee, authorizes the initiation of proceedings to terminate the plan under ERISA section 4042.

(Source: PBGC Operating Policy Manual 6. 7-1)

**Title IV Benefit**

Means the guaranteed benefit plus any additional benefit to which plan assets are allocated pursuant to section 4044 of ERISA and 29 CFR Part 4044 .It does not include a 4022(c) benefit. Compare Guaranteed Benefit; Termination Benefit.

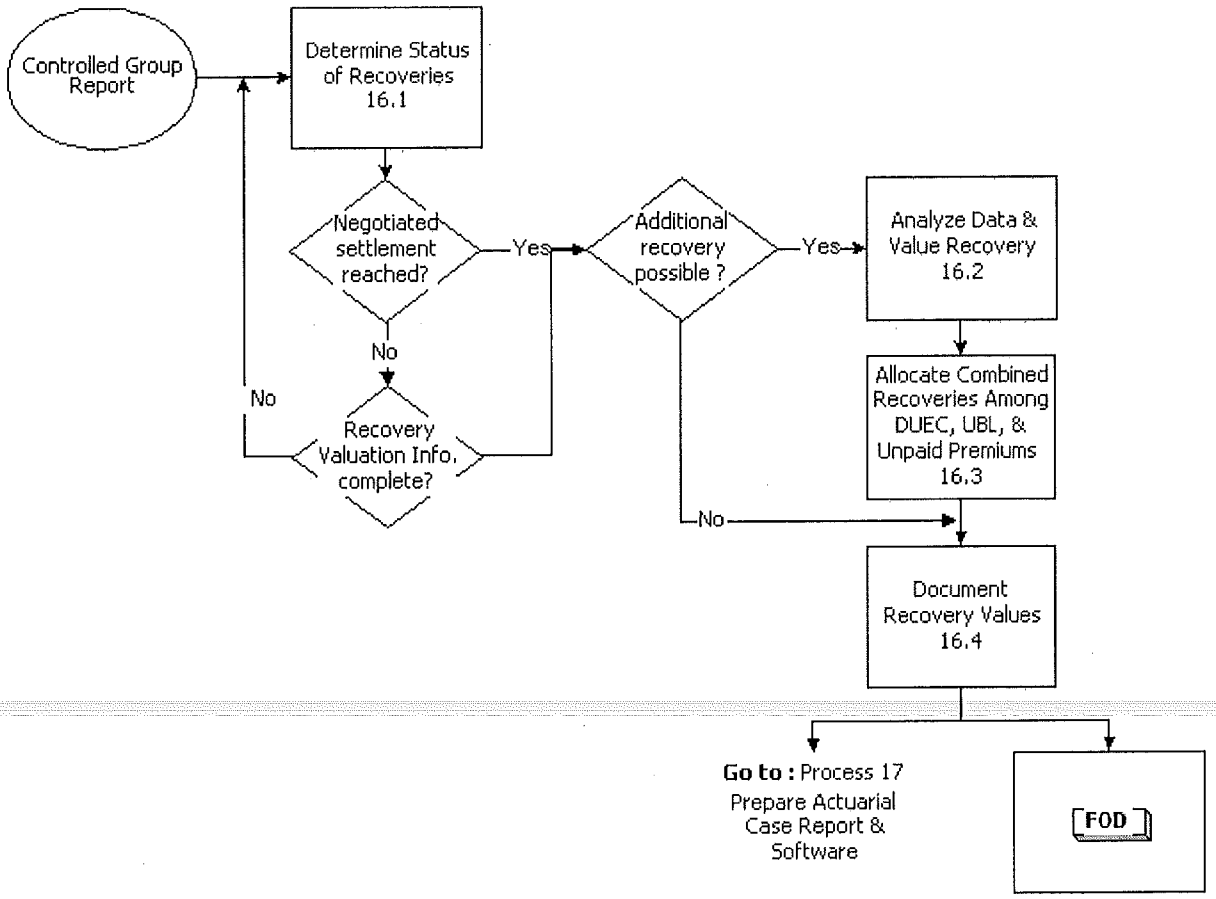
Valuation Processes

Browse Workflows:

Value Recoveries and Allocate to Claims

## 16. Workflow for Process 16

05/31/96



**Value Recoveries and Allocate to Claims**

## 16.1 Determine Status of Recoveries

**04/07/99**

Action Steps

| | |
|---|---|
| **Purpose** | Obtain sufficient information from OGC on the status of settlements with the liable party or parties to determine how much PBGC will collect.<br>Identify potential recoveries not covered within the scope of any OGC negotiated settlement. |
| **Time Reporting (BMPRS)** | Recovery Assessment and Allocation<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Information from OGC attorney working on case.<br>OGC information on negotiated settlements.<br>Identity of controlled group members. |
| **Process Output and Recipient** | Decision whether or not to value recovery as other than zero.<br>Identity of parties against whom PBGC may take recovery action. |
| **Control Issues** | N/A |
| **Important Concepts** | Working closely with OGC at this stage in the recovery process is crucial.<br>If there is no court action, IOD will have the lead in negotiating a settlement (except for CFND cases). |
| **Guidance** | ERISA 4022(c)<br>ERISA 4041(c)<br>ERISA 4062(b)<br>PBGC Operating Policy Manual 8.2-1 |
| **Procedure Owner** | Auditor |

### Click Here for More Information...

16.1 Action Steps: Determine Status of Recoveries

## 16.1 Action Steps: Determine Status of Recoveries

05/31/96

1 Contact the OGC attorney who has worked on the case and request information on the status of negotiations with the sponsor or other controlled group members and the actual or potential outcome of the bankruptcy proceedings. Explain that the TPD is preparing to value DUEC and recovery for employer liability and needs to know if OGC has reached a settlement or anticipates reaching one soon. If sufficient information is not available, postpone valuation until OGC can provide the information.

2 Identify any controlled group members with whom OGC has not negotiated a settlement. These parties represent potential for additional recovery.

3 Refer to the Workflow diagram at the beginning of this process to determine the next action.

**Value Recoveries and Allocate to Claims**

## 16.2 Analyze Data & Value Recoveries

**04/07/99**

Action Steps

| | |
|---|---|
| **Purpose** | Assign value to probable recovery based on data collected. |
| **Time Reporting (BMPRS)** | Recovery Assessment and Allocation<br>PPD Support to TPD<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Identity of controlled group members and their recoverable assets.<br>Amount of premiums due PBGC from the Financial Operations Department/Collection and Compliance Division (FOD/CCD) as of DOTR.<br>DUEC and UBL calculations from the Actuarial Services Department ( ASD) or Corporate Finance and Negotiations Department (CFND). |
| **Process Output and Recipient** | Determine current dollar value of each recovery claim, including both claims already collected and those payable, but not received. The Recovery Determination Memo has this information, including the value of the recovery at DOPT. |
| **Control Issues** | N/A |
| **Important Concepts** | Subsequent adjustments to the value of recoveries may be made only when IOD determines that the valuation was based on a material mistake of fact, for example, discovering that an employer has substantial assets that were not taken into account at the time the recoveries were valued. Notify the Director of IOD and the Director of FOD of the mistake of fact as soon as it is discovered. The IOD and FOD directors consult with OGC in deciding whether or not to adjust the recovery value.<br>The recovery may also be *re*valued, but only for plans subject to the "large plan rule" of ERISA 4022(c)(3)(C). If the value of the recovery has changed significantly between the date it was valued and the date PBGC calculates the total section 4022(c) amount for the plan, PBGC may value the recovery as of a later date for the purpose of determining Title IV benefits and the total section 4022(c) amount for the plan.<br>If a plan sufficient at PBGC rates as of DOPT and subsequently becomes insufficient as described in ERISA section 4041(c)(3)(C)(ii), determine the value of recoveries as of the date of the subsequent insufficiency as described in ERISA 4062(b)(1)(B). |
| **Guidance** | ERISA 4022(c)<br>ERISA 4041(c)<br>ERISA 4062(b)<br>PBGC Operating Policy Manual 8.2-1 |
| **Procedure Owner** | PPD auditor or financial analyst, with input from TPD auditor and OGC attorney assigned to case. |

## Click Here for More Information...

16.2 Action Steps: Analyze Data & Value Recoveries

**Value Recoveries and Allocate to Claims**

## 16.2 Action Steps: 02/16/2001
## Analyze Data & Value Recoveries

The TPD auditor begins the procedure and forwards a recovery allocation task referral in CAS to PPD or CFND for any needed valuation. Complex and difficult cases go to PPD and large cases with UBLs over $25M go to CFND. Simple valuations may be done in the TPD. This includes those with a value of zero. For large cases with UBLs over $25M, CFND will value the recovery and either TPD or PPD will do the allocation of the recovery.

### Click Here for More Information...

TPD Auditor

PPD Auditor or Financial Analyst

## 16.2 Action Steps: TPD Auditor Analyze Data & Value Recoveries

**01/10/2003**

I. Determine that all significant uncertainties as to the values of recoveries have been removed. Generally, uncertainties are removed after a settlement agreement has been reached, final court order issued, or some other disposition of bankruptcy claims has been made final. In cases where it is unclear whether or not significant uncertainties have been removed, or if the delay in making the determination will have a negative impact on case processing, refer the matter to the TPD Manager.

II. There are two exceptions to the requirement that all significant uncertainties be removed before valuing recoveries.

- The Deputy Executive Director (DED) and Chief Operating Officer (COO) determine that PBGC is otherwise ready to begin determining participant's benefits for the plan, and
- the DED and COO, after receiving a recommendation from IOD, determine that the impact of the remaining significant uncertainties would not have a material impact on termination benefits in that plan or other plans.

**35** Recovery values determined under these exceptions may be used for all purposes.

**36** Prepare a *Recovery Determination Memo (Recdeter.doc)*. Note for each recovery, the date that uncertainties were removed. This date becomes the "as of" date on which the valuation is based. If different recoveries for a plan have different dates, value each recovery as of the date that applies to that recovery (they may have different valuation dates even for the same plan). Also determine the value of the recoveries at DOPT. If there are no recoveries, state in the memo that there are no recoveries and that the value is zero.

- Use the Allocation Recovery Tool (ART) to value and allocate recovery for up to 3 plans and 2 recoveries. ART can be found through Lotus 1-2-3 (I:\123\ART\ART.WK4). Run ART, check results, and print results. Do not save.
- PBGC-owned calculators have a built-in program for finding future value and past or discount value. This can be used.
- It is also possible to use the Net Present Value (@NPV in Lotus 1-2-3 for Windows) formula for finding discount value.

$$\sum_{i=1}^{n} \frac{vi}{(1+\text{int})^{i}}$$

where *vi...vn* = series of cash flows in a range

*n* = number of cash flows
int = interest rate
*i* = current iteration (1 through *n*)

- See the Lotus 1-2-3 for Windows User's Guide, Chapter 10, "Calculating with @Functions" and Appendix C, "Formulas for @Functions". The on-line help for Lotus 1-2-3 for Windows also has information which will help in determining how to do the calculations.
- To value a single payment, use "0" for the payment received for each period except the single payment.
- If the interest is compounded semi-annually, divide the rate by two; if quarterly, by four; if monthly, by 12. Remember that each row is a compounding period.

- A significant drawback to the use of this formula is the fact that payments are not always received on the last day of a compounding period and DOPT is also not the last day in the period. To get around this, use three worksheets. For the first worksheet, calculate the payment received as of the first day of the payment period. There will then be the number of rows corresponding to the number of days between the first of the period and the date received. Then the interest rate would be further divided by a fraction defined as the number of days since the first of the period divided by the total number of days in the period.
- Bring that amount to the second sheet. This sheet should have the number of compounding periods corresponding to the number between the first period after DOPT up to the start of the period used for the first worksheet.
- The third sheet is done similarly to the first, using the number of days from DOPT to the end of the compounding period. The interest rate divided by the number of compounding periods (e.g., quarterly) further divided by a fraction with the number of days from DOPT to the end of the period over the total number of days in the period.
- When calculating on paper using the above formula, the following apply:
    - The "n" above the sigma symbol stands for the total number of payments received, not the total number of compounding periods. For example, we may receive an initial payment from the bankruptcy estate 5 months after the DOPT and a final payment when the bankruptcy case is closed 23 months later. Regardless of how often interest is compounded, the "n" will be 2. If we received only one payment, the "n" will be just 1.
    - The sigma symbol means that we will have to do two things. First, we perform the calculation required in the formula attached to the symbol, on each individual payment. If we received 15 payments in all, we will divide vi by (1 + int)i 15 times, one for each payment we received. We will end up with a list of 15 quotients. The second thing to do is to add them all up in a single sum.
    - The "i=1" below the sigma symbol stands for the current number of compounding periods. Suppose interest is compounded each month and we don't receive any payment until 5 months after the DOPT. The "i-1" for the first payment will be 5. Also, the "i" immediately to the right of the "(1 + int)" will be 5, too.
    - The "vi" stands for the amount of the payment that we are currently working on. If we received $2,000 5 months after the DOPT, the vi will be 2,000. The final payment of, say, $4,500 when the bankruptcy case is closed will take vi's place.
    - The "int" stands for the interest rate per compounding period. Monthly compounding will require that the interest rate be divided by 12 first, before it can be used in this formula; if semi-annual, divide by 2, and so on.

- An example: DOPT is 2/1/93. The bankruptcy estate paid us $3,500 on 5/31/93. After the sale of an asset, the estate further distributed $12,500 to us on 5/31/94. After settling all claims, the estate finally closed its case, sending us a check for $2,000 on 11/30/95. Monthly interest compounding.

| Number of payment | Compounding periods since DOPT | Amount of payment | Calculation of NPV | Result |
|---|---|---|---|---|
| 1 | 4 | $3,500 | 3,500 / (1 + 12%/12)4 | 3,363.43 |
| 2 | 16 | $12,500 | 12,500 / (1 + 12%/12)16 | 10,660.27 |
| 3 | 34 | $2,000 | 2,000 / (1 + 12%/12)34 | 1,425.95 |
| **Total** | | | | **$15,449.65** |

**37** If uncertainties have not been removed a recovery determination cannot be completed. Consult with the TPD Manager.

**38** Send a recovery allocations task referral in CAS to PPD, requesting a valuation of the recovery.

## 16.2 Action Steps: PPD Auditor or Financial Analyst Analyze Data & Value Recoveries

05/31/96

I. Value the total recovery on PBGC's claims for DUEC, employer liability, and unpaid premiums on a facts-and-circumstances basis. Include all components of PBGC's recovery, even contingent assets such as a PBGC interest in the future profits of an organization.

II. If OGC has reached a settlement, or if the bankruptcy court has made a distribution against claims, the value of the recovery for the entity involved (contributing sponsor or other controlled group member) is generally the negotiated amount of the settlement or distribution. This is usually the case for liquidations (where OGC can confirm that the recovery is zero) and for reorganizations where the entity agrees to pay a certain percentage of the claim (such as ten cents on the dollar). In cases where the settlement includes periodic, such as annual, payments, it may be necessary to value the total recovery in light of the probability of the entity actually making negotiated future payments. When making this valuation, consider factors such as the viability of the entity, its industry, market sector, etc.

III. Refer to the Workflow diagram at the beginning of this process to determine the next action.

**Value Recoveries and Allocate to Claims**

## 16.3 Allocate Combined Recoveries Among DUEC, UBL, & Unpaid Premiums

**04/07/99**

Action Steps

| | |
|---|---|
| **Purpose** | Determine how much of PBGC's recovery to allocate to DUEC, Unfunded Benefit Liabilities (UBL), and unpaid premiums. |
| **Time Reporting (BMPRS)** | Recovery Assessment and Allocation<br>PPD Support to TPD<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Value of all recoveries for the plan, as prepared by CFND, PPD, or TPD. |
| **Process Output and Recipient** | Dollar amounts of the portions of combined recovery allocated to DUEC, UBL, and unpaid premiums. |
| **Control Issues** | N/A |
| **Important Concepts** | When PBGC obtains recovery from more than one entity and/or bankruptcy estate, combine the recoveries for the purpose of allocating them.<br>Allocate the value of PBGC's combined recoveries as soon as practicable after the recoveries are valued and there is no significant uncertainty concerning the amount of any of PBGC's claims. If there is uncertainty, defer the allocation of the combined recoveries until the uncertainties are resolved.<br>In cases where recoveries apply to claims for more than one plan sponsored by the same employer/controlled group, apply the allocation principles in the same way.<br>In cases where recoveries must be allocated to multiple plans in the same controlled group which have different DOPTs, apply the distribution formula (*this formula is pending from OGC and OED and not included in this manual*). |
| **Guidance** | PBGC Operating Policy Manual 8.2-1 |
| **Procedure Owner** | PPD auditor or financial analyst |

## Click Here for More Information...

16.3 Action Steps: Allocate Combined Recoveries Among DUEC, UBL, & Unpaid Premiums

## 16.3 Action Steps: 02/16/2001

## Allocate Combined Recoveries Among DUEC, UBL, & Unpaid Premiums

1 Obtain the best available amounts for DUEC, UBL, and premium claims. Use the IOD figures for DUEC and UBL as they appear in CAS. Get the amount of unpaid premiums as of DOTR directly from FOD/CCD. FOD/CCD should have provided this in response to the Premium Information Request Memo. See either Process 8.3: Effect Trusteeship or Process 15.1: Perform Initial Analysis.

2 Determine the amount of interest due on each of the claim amounts from the start date (stated below) to the payment date or the settlement, as applicable, using the interest rate prescribed under IRC 6621. For claims against a bankrupt entity (except to the extent secured or entitled to tax priority), calculate interest only to the date the bankruptcy petition (whether voluntary or involuntary) was filed. Start dates for interest on different claims are as follows:

- For DUEC, calculate interest from the first day following the end of the plan year within which the termination date occurs
- For UBLs, calculate interest from DOPT
- For unpaid premiums, calculate interest from the date of the missed payment (do not include penalties)

3 Discount the interest from the valuation date back to DOPT as follows:

- For plans with DOPT on or after November 1, 1993, use the first of the select rates in effect on the termination date that are used to value benefits payable as an annuity (that is, *it* for t=1). Select rates are published in Appendix B, Table II to Subpart B - Valuation of Benefits and Assets of PBGC's regulation at 29 CFR 4044: Allocation of Assets in Single-Employer Plans.
- For plans with DOPT before November 1, 1993, use the immediate annuity rate in effect on the termination date.

4 Add the resulting (calculated and discounted) interest to each claim. The resulting figures are the amounts that PBGC would have received if all claims had been paid in full.

5 Total the resulting figures. The sum is the amount to allocate among DUEC, UBL, and unpaid premiums.

6 Allocate the combined recovery amounts first to secured claims in the order of their priority up to the value of the security (or, if less, of the secured claim) -- for example, a lien under IRC 412(n) that has been perfected, or a lien under ERISA 4068 that has been perfected. If the value is not sufficient to cover secured claims of equal priority, allocate the value on a pro-*rata* basis according to the amounts of those secured claims.

7 For bankruptcies, allocate any remaining recoveries to priority bankruptcy claims according their priority. These priority claims include:

- (a) (1) for post-petition DUEC
- (a) (4) for the DUEC accrued during the 180 days prior to the bankruptcy filing
- claims for 30% of net worth

**Note** If a plan has claims other than DUEC claims (for example, a fiduciary breach claim), treat those plan claims as part of the DUEC claim for purposes of allocation. If necessary to adjust the amounts of these other claims on a facts-and-circumstances basis (for example, to reflect the fact that other claims were asserted against more or fewer parties than those against which the DUEC claims were asserted), obtain the concurrence of OGC.

**8** If any recovery value remains:

- reduce the original claims by the recovery amounts allocated to them
- further reduce the UBL claim by the amount of the allocation to DUEC
- allocate the remaining value *pro rata* to the remaining claims as reduced. As part of the *pro rata* allocation, adjust the amount of UBL by the value of the recovery allocated to the DUEC claims using the *pro-rata* allocation formula below:

$$\frac{1}{2}\left[TC - \sqrt{(TC)^2 - 4 \cdot TR \cdot DUEC}\right.$$

Where TC = total claims TR = total available recovery
DUEC = total DUEC claims

- However, if a contributing sponsor or any controlled group member is involved in a bankruptcy or similar proceeding, allocate any remaining recovery value to priority bankruptcy claims in order of their priority (except as may be determined appropriate). Generally, treat the UBL claim as having no priority in these cases.
- Divide the total recovery on DUEC (the result of applying the formula) by the DUEC amount to determine the percentage of recovery on DUEC.
- Reduce the resulting UBL claim amount by the amount of the DUEC recovery (the result of applying the formula). However, do so only when the value of the DUEC recovery reduces the amount of the UBL claim that is sharing the same *pro rata* allocation (most cases).
- Apply the percentage of recovery on DUEC to UBL and unpaid premium claims to determine the recoveries on those claims.

**9** Document the calculations using a format similar to that shown in the examples in Attachment 1 to PBGC Operating Policy Manual, Chapter 8, Section 2, Subsection 1.

**10** Use the Allocation Recovery Tool (ART) to value and allocate the recovery for up to three (3) plans and four (4) recoveries. ART can be found through Lotus 1-2-3 (I:\123\ART\ART.WK4). Run ART, check results, and print results. Do not save.

**11** Request PPD Assistance if the Allocation Recovery Tool (ART) cannot be used. (Ex. There are more than three (3) plans and/or four (4) recoveries, or there are future recoveries.)

- Prepare a *PPD Recovery Allocation Data Form (Ppdrecal.doc)*.
- Prepare a *Request for PPD Financial Analysis Assistance (Ppdanal.doc)* and submit through TPD Manager to PPD Manager, including all required attachments.
- Send a recovery allocations task referral in CAS.

**12** Refer to the Workflow diagram at the beginning of this process to determine the next action.

**Value Recoveries and Allocate to Claims**

## 16.4 Document Recovery Values

**01/10/2003**

Action Steps

| | |
|---|---|
| **Purpose** | Document TPD valuation of plan assets. |
| **Time Reporting (BMPRS)** | Recovery Assessment and Allocation<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Recovery estimates developed from OGC information and other the auditor's analysis.<br><br>Any financial analysis performed on the contributing sponsor or other controlled group members, either by PPD as part of pre-termination processing or by TPD. |
| **Process Output and Recipient** | Completed Plan Asset Report<br>Updated CAS Plan Asset milestone<br>Recovery Determination Memo |
| **Control Issues** | N/A |
| **Important Concepts** | CAS Plan Asset milestone must be updated. MCU utilizes the CAS asset figure in the SPARR determination. See TP 25. Determine and Announce the Small Plan Average Recovery Ratio (SPARR)<br><br>Recovery Determination Memo documents all recovery determinations, including zero recovery determinations. |
| **Guidance** | N/A |
| **Procedure Owner** | TPD Auditor |

## Click Here for More Information...

16.4 Action Steps: Document Recovery Values

## 16.4 Action Steps: Document Recovery Values

01/10/2003

I. Finalize the plan asset report first created as part of Process 15.6: Complete Plan Asset Report, by adding appropriate information under the following headings:

- **Premiums Due PBGC**: as provided by FOD/CCD or from PPD analysis. Note: the amount of unpaid premiums are considered a liability of the plan sponsor and are not subtracted from plan assets. FOD/CCD should have provided this in response to the Premium Information Request Memo. See either Process 8.3: Effect Trusteeship or Process 15.1: Perform Initial Analysis.
- **Collectability value of** DUEC: based on the results of the bankruptcy proceeding and DUEC's status as an account receivable, determine the probability of PBGC collecting DUEC. Include a summary of any relevant financial analysis (often based on the schedule for proceeds in a Chapter 7 filing). This probability is largely a function of how much money, if any, is left over after any secured claims have been paid. In liquidations, the DUEC value is zero. It may be necessary to value the collectability of other creditors' claims based on the probable outcome of the disposition of the organization's assets. If the claims of secured creditors will not be satisfied, then the DUEC, having a lower standing than secured creditors, will be valued as zero. When benefits are not affected, value benefits as follows: 1) for on-going employers that are controlled group members, value DUEC at 100%, and 2) for bankruptcies, value at 100% for post-petition amounts and zero for all other amounts.
- **Collectability value of unfunded benefit liabilities (UBLs)**: an item-by-item valuation of all other recoveries from the contributing sponsor and controlled group members.
- Allocation **of recoveries**: figures for the amounts allocated to DUEC, UBL, unpaid premiums, and other claims, if any.

**39** Obtain the concurrence of the TPD Management Team.

**40** Distribute the report as follows:

| | |
|---|---|
| • Plan File | **Original** |
| • TPD Division Manager | **Copy** |
| • FOD/COD/IAB | **Copy** |
| • FOD/COD/FRAAB | **Copy** |
| • OGC (attorney working on case) | **Copy** |

**41** Update the Plan Assets milestone in CAS. CAS Plan Asset milestone **must** be updated. MCU utilizes the CAS asset figure in the SPARR determination. See TP 25: Determine and Announce the Small Plan Average Recovery Ratio (SPARR).

**42** Complete the *Recovery Determination Memo (Recdeter.doc)* by including appropriate information under the following headings:

- Purpose (purpose of the memo)
- Scope (how the information was acquired and reviewed)
- Background (information on the plan, sponsor, and case status)

- Analysis (the valuation and how it was done)
- Conclusion (the results)

**43** Refer to the Workflow diagram at the beginning of this process to determine the next action.

## 16.5 Forms, Letters, Memos, etc.

02/16/2001

Note After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Allocation Recovery Tool (ART)***
Access through Lotus 1-2-3: I:\123\ART\ART.WK4

***Recovery Determination Memo***
Recdeter.doc

***PPD Recovery Allocation Data Form***
Ppdrecal.doc

***Request for PPD Financial Analysis Assistance***
Ppdanal.doc

## PR 17. Prepare Actuarial Case Report & Software


17. Overview

17. Definitions: Prepare Actuarial Case Report & Software

17. Workflow for Process 17

17.1 Reconcile Participant Database

17.2 Convert Participant Database to ACT Database

17.3 Determine Title IV Benefits, including Asset Allocation per 4044

17.4 Determine Plan 4022(c) Amount

17.5 Determine 4022(c) Benefits Payable

17.6 Program BSRS

17.7 Produce Actuarial Case Report Package

17.8 Finalize Actuarial Case Report Package & Review

17.9 Perform Software/ADT Review

17.10 Finalize IPV-Ready Data

17.11 Close Out Software (OASD)

17.12 Present Case to Team

17.13 Reconcile PRISM & Archived Databases

Forms, Letters, Memos, etc.

**Prepare Actuarial Case Report & Software**

## 17. Overview

**06/06/97**

The final Actuarial Valuation produces the Actuarial Case Report (blue-covered report) and all related software. The Actuarial Case Report is produced either by the TPD case actuary or by an actuarial contractor. Included in the report are the following (a list of the required items for the Actuarial Case Report can be found in Actuarial Case Report Checklist.

- Valuation Worksheets that show allocation of assets, calculation of Title IV benefits, and 4022(c) amount, and include the monthly amount and present value (PV) of the termination benefit for each participant in the plan.
- The Actuarial Case Memo, which reports all basic plan information; PBGC liability; funding, legal, or policy issues; interpretations concerning plan practice; and any odd quirks that need to be addressed.
- Benefit Statements and Benefit Recalculation process, including related software (e.g., Benefit Statement Recalculation Program (BSRS) ).
- All required and pertinent software that produced the hard copies of the Actuarial Case Report.

Standard close-out procedures should be followed to ensure accuracy of benefit amounts and efficiency in BDL issuance. This would include peer review of the Actuarial Case Report as well as software review and archiving of all required computer generated programs, memos, and databases.

# 17. Definitions: Prepare Actuarial Case Report & Software 06/06/97

4022(c) Benefit

Termination Benefits

Termination Date

Termination Initiation Date

Title IV Benefit

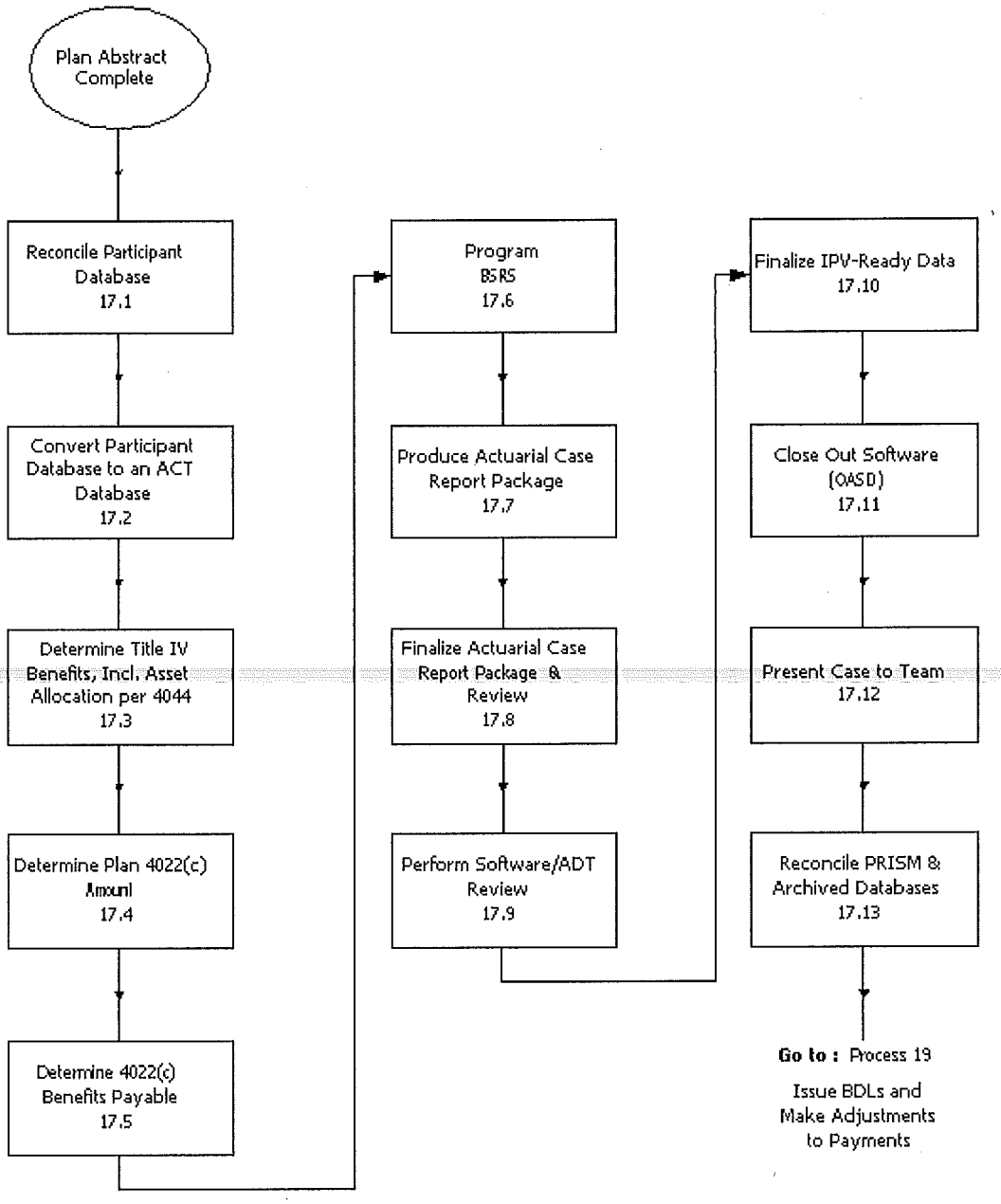
Unfunded Nonguaranteed Benefits (UNGB)

**Valuation Processes** **Browse Workflows:**

**Prepare Actuarial Case Report & Software**

## 17. Workflow for Process 17

**03/28/2003**



## 17.1 Reconcile Participant Database

03/28/2003

Action Steps

| | |
|---|---|
| **Purpose** | To reconcile the Audited Participant Database with PRISM database and provide to OASD. |
| **Time Reporting (BMPRS)** | FTE Actuarial Valuation<br>Contract Actuarial Valuation<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Audited Participant database |
| **Process Output and Recipient** | Reconciled Participant Database to OASD |
| **Control Issues** | • Preferable format of Reconciled Participant Database is Microsoft Excel Spreadsheet, Microsoft Access Database or DC Tools. If Reconciled Participant database is not in one of the preferable formats, an e-mail request should be sent to REPORTS-CUSTOM to convert the database, prior to submitting database.<br>• Each column on a spreadsheet/database should have only one type of data e.g. DOH. |
| **Important Concepts** | Provide the eight-digit case number in subject line of e-mail request(s). Reconciliation includes data elements, participant counts and other specific participant information. |
| **Guidance** | AACPS Manual, as applicable<br>ACT<br>PBGC Operating Policy Manual Chapters 5 and 6 |
| **Procedure Owner** | TPD Case Team |

## Click Here for More Information...

17.1 Action Steps: Reconcile Participant Database

**Prepare Actuarial Case Report & Software**

## 17.1 Action Steps: 03/28/2003
## Reconcile Participant Database

I. Review the Audited Participant Database to comply with the following:

- column names have ACT field names as headers.
- headers are not duplicated.
- user defined fields have descriptions - i.e. N001, D001, T001, etc.
- all participants are on the same sheet of the database/spreadsheet.
- each participant has a SSN, Retirement Status at DOPT (RETSTAT) and DOPT ID.

**44** Review the data elements to comply with the following:

- dates are expressed in mm/dd/yyyy format.
- $ signs and commas are not included.
- SSNs are 9 digits and alphanumeric without spaces or dashes.
- columns contain only one type of data element - e.g. DOH only.
- a dummy SSN is assigned to a participant without a SSN.
- participants' first name, last name and middle name/initial are in separate columns.
- no duplicate SSNs.

**45** Compare the Audited Participant Database with PRISM database and reconcile any discrepancies.

**46** Prepare memo for TPD Management's signature documenting completion of this reconciliation. Ensure memo is imaged after management signs.

**47** Send the Reconciled Participant Database to REPORTS-ADT via e-mail to request conversion to valuation data and advise OASD of the location of file (I:\software\case number)

**Prepare Actuarial Case Report & Software**

## 17.2 Convert Partricipant Database to an ACT Database 03/28/2003

Action Steps

| | |
|---|---|
| **Purpose** | To convert the Reconciled Participant Database from the TPD to an ACT database. |
| **Time Reporting (BMPRS)** | FTE Actuarial Valuation<br>Contract Actuarial Valuation<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | E-mail from the TPD with attached Reconciled Participant Database or providing location of database at I:/software/case number (eight digits). |
| **Process Output and Recipient** | ACT Database |
| **Control Issues** | OASD compares the Reconciled Participant Database with PRISM database and provides any discrepancies to the TPD.<br>TPD is responsible for making corrections, after appropriate verifications, to the ACT database. |
| **Important Concepts** | OASD converts the participant database to an ACT database even if there are discrepancies.<br>**Timing:** Within 7 business days, OASD sends the ACT database and discrepancy report(s), if any, by e-mail to the TPD. A hard copy will be provided upon request. |
| **Guidance** | ACT |
| **Procedure Owner** | OASD Software Closeout Group |

## Click here for more information

17.2 Action Steps: Convert Participant Database to an ACT Database

**Prepare Actuarial Case Report & Software**

## 17.2 Action Steps: 03/28/2003

## Convert Participant Database to an ACT Database

I. Compare Reconciled Participant Database from the TPD with PRISM database using the SSN Mismatch Report and Unmatched Base Data Report.

II. Convert reconciled Participant Database to an ACT database.

III. Send the ACT Database and Discrepancy Report(s) by e-mail to the TPD requestor.

IV. Send hard copy of Discrepancy Report to TPD requestor.

**Prepare Actuarial Case Report & Software**

## 17.3 Determine Title IV Benefits, Including Asset Allocation per 4044

**03/28/2003**

**Action Steps**

| | |
|---|---|
| **Purpose** | This procedure produces a final termination benefit amount, as opposed to an estimated amount which may have been calculated earlier.<br>Determine which additional benefits, if any, are funded by plan assets. In addition to benefits guaranteed by PBGC, PBGC pays non-guaranteed benefits that are funded by plan assets allocated as required by ERISA section 4044(a). |
| **Time Reporting (BMPRS)** | FTE Actuarial Valuation<br>Contract Actuarial Valuation<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | "Frozen" database.<br>Valuation spreadsheet and databases from 17.1 Reconcile Participant Database Data on substantial owners from auditor. Whether or not the plan is a contributory plan.<br>Final plan asset amount including DUEC value.<br>Final plan abstract. |
| **Process Output and Recipient** | Databases (D1.DB through D6.DB) started but not completed due to pending allocation.<br>Valuation spreadsheets columns showing calculation of plan benefits and guaranteed amounts before allocation.<br>Valuation spreadsheets columns showing Title IV Benefits. |
| **Control Issues** | Refer to the AACPS Manual.<br>Effective September 25, 2000, IOD revised its policy on the allocation of assets in PC3. The policy clarifies that a participant's benefit is in PC3 if the benefit was payable or could have been paid before the beginning of the three-year period that ended on DOPT or on the next following date that the plan would make annuity payments. This applies regardless of the plan's provisions or administrative practices. See examples in IOD Policy Bulletin 00-08. |
| **Important Concepts** | Benefits must be calculated according to the law and PBGC policies.<br>Refer to PBGC actuarial valuations that can be used as examples. |
| **Guidance** | ATM V: Allocation of Assets<br>IOD Policy Bulletin 00-08<br>PBGC Operating Policy Manual Chapters 5 and 6<br>ERISA Sections 4022, 4044<br>PBGC Regulations, including:<br>29 CFR 4022: Benefits Payable in a Single-Employer Plan<br>Subpart A - General Provisions, Guaranteed Benefits<br>Subpart B - Limitations of Guaranteed Benefits<br>Subpart D - Benefit Reductions in Terminating Plans<br>Subpart E - PBGC Recoupment and Reimbursement of Benefit Overpayments and Underpayments<br>— and —<br>29 CFR 4044: Allocation of Assets in Single-Employer Plans<br>Subpart A - Allocation of Assets<br>Subpart B - Valuation of Benefits and Assets |

**Procedure Owner** Actuary

## Click Here for More Information...

17.3 Action Steps: Determine Title IV Benefits including Asset Allocation per 4044

## 17.3 Action Steps: 03/28/2003

## Determine Title IV Benefits, Including Asset Allocation per 4044

The valuation spreadsheets are produced by a program called ValTool as documented in the Valuation Spreadsheet Tool (ValTool) portion of the AACPS Manual. The resulting spreadsheets show details on how benefits were calculated, including the Title IV portion of plan benefits.

I. Determine all benefit amounts in each Priority Category (PC) through PC6 (see ERISA 4044) as if there were enough assets to pay all benefits in all the PCs. The Present Value of this liability is the total Benefit Liability.

II. Determine the Guaranteed Benefit amounts per ERISA 4022 and 4044, implementing appropriate limitations (e.g., Accrued at Normal Limitation, Maximum Insurance Limitation, and Phase-In. See 29 CFR 4022 - Subparts B and D.).

III. Use the ValTool to compute new data elements needed for the spreadsheets. The ValTool process creates the necessary Lotus commands and also adds the additional data fields/data elements to the database. See the **Valuation Spreadsheet Tool** portion of the AACPS Manual for details.

IV. Program the DOPT Report System to create the spreadsheet.

V. Carefully review the spreadsheet, checking it for errors. Hand calculate randomly chosen participant benefits to ensure accuracy. Calculate two-three for each category of participant.

VI. Check CAS for the plan assets amount. This will equal plan assets including DUEC. These assets should be final (i.e., Quality Code 6).

VII. Allocate plan assets through priority categories as described in ERISA 4044 and in the Actuarial Technical Manual, Chapter V Allocation of Assets and the outline Process 17.3: Determine Title IV Benefits, including Asset Allocation per 4044. The Guaranteed Benefits plus any benefits covered by assets produce the Title IV benefit amounts. Note that Non-Guaranteed Benefit Amount is equal to total Benefit Liabilities minus Title IV Benefits.

VIII. Refer to the Workflow diagram at the beginning of this process to determine the next action.

## 17.4 Determine Plan 4022(c) Amount

03/28/2003

Action Steps

| | |
|---|---|
| **Purpose** | Determine the Plan 4022(c) amount. |
| **Time Reporting (BMPRS)** | FTE Actuarial Valuation<br>Contract Actuarial Valuation<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | PV of Title IV benefit amount at DOPT.<br>PV of Recovery amounts (for non-SPARR plans) or SPARR. |
| **Process Output and Recipient** | Total 4022(c) amount. |
| **Control Issues** | Each plan must be determined to be a SPARR or a non-SPARR plan. |
| **Important Concepts** | If the Termination Initiation Date is after 12/17/1987 (that is, post-PPA plans), PBGC may pay an additional non-guaranteed benefit which is funded by a share of PBGC's recoveries on its employer liability claims as required by ERISA 4022(c).<br>There are plans which voluntarily terminate in a distress termination under 4041 and distribute in the private sector, which are sufficient for guaranteed benefits, but not sufficient for all benefit liabilities. The Plan Administrator distributes assets. (See Pre-Termination Processes.) The participants in these plans also share in the allocation of recovery amounts. These cases are rare. |
| **Guidance** | ERISA 4022(c), ERISA 4044<br>PBGC Operating Policy Manual 6.7-1 |
| **Procedure Owner** | Actuary |

## Click Here for More Information...

17.4 Action Steps: Determine Plan 4022(c) Amount

## 17.4 Action Steps: 03/28/2003
## Determine Plan 4022(c) Amount

I. Identify whether the case is a SPARR plan or a non-SPARR plan.

II. Determine Unfunded Guaranteed Benefit Amount (UGB) for plan. This is equal to the PV of Title IV Benefit, as determined in 17.2, minus Final Assets Available for allocation.

III. Compute Unfunded Benefit Liabilities (UBL) for the plan. This amount is equal to the Benefit Liabilities minus the Final Assets Available for Allocation.

IV. Determine Unfunded Non-Guaranteed Benefits (UNGB). This is equal to the UBL minus the UGB.

V. Determine the recovery ratio:

**For non-SPARR plans**, the recovery ratio is the Actual Recovery Ratio equal to the Present Value of the Recovery Amount divided by the UBL.

**For SPARR plans**, the recovery ratio is the SPARR for the applicable fiscal year.

VI. The Plan 4022(c) Amount is the product of the applicable recovery ratio and the UNGB.

Recovery Ratio x Plan UNGB = Plan 4022(c) amount

VII. Refer to the Workflow diagram at the beginning of this process for next action.

## 17.5 Determine 4022(c) Benefits Payable

03/28/2003

Action Steps

| | |
|---|---|
| **Purpose** | Compute the termination benefit for each recipient.<br>Determine which participants will be paid in a lump sum distribution and which will receive annuities.<br>Determine the final DOPT amount of PBGC liability for the plan. |
| **Time Reporting (BMPRS)** | FTE Actuarial Valuation<br>Contract Actuarial Valuation<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Databases (D1.DB-D6.DB).<br>Working valuation spreadsheet, to the extent completed.<br>BSRS version being used for estimated post-DOPT payments.<br>Plan 4022(c) amount. |
| **Process Output and Recipient** | Valuation spreadsheets with Present Value of Termination Benefits for each participant. The PLS uses these figures to reconcile and identify lump sum payments.<br>Actuarial Analysis Memo to ASD. |
| **Control Issues** | N/A |
| **Important Concepts** | This procedure provides the benefit amount and present value of the participant's termination benefit as of DOPT.<br>For single-employer plans with termination initiation dates prior to Pension Protection Act (PPA), the termination benefit is simply the Title IV benefit. For PPA plans, the termination benefit is the sum of the Title IV benefit and the 4022(c) benefit, if any. |
| **Guidance** | ERISA 4022<br>ERISA 4062<br>ERISA 4044 on asset allocation<br>PBGC Operating Policy Manual 6.7-1 |
| **Procedure Owner** | Actuary |

## Click Here for More Information...

17.5 Action Steps: Determine 4022(c) Benefits Payable

## 17.5 Action Steps: 03/28/2003
## Determine 4022(c) Benefits Payable

I. Determine the participant's share of the Plan 4022(c) amount, if any.

- For each participant, determine the UNGB in each priority category, according to ERISA 4044.
- Allocate the Plan 4022(c) amount among participants according to the 4044 priority categories to determine the *individual 4022(c) amounts*. Allocate to each priority category according to ERISA 4044.

**48** Determine each participant's total termination benefit as the sum of (a) and (b):

**a.** the present value as of DOPT of the participant's Title IV benefit.

**b.** the additional benefit amount payable to the participant (if any) under 4022(c) (see step 1 above). This amount is already in present value form.

The resulting amount is the present value of the participant's termination benefits.

**49** If the present value is greater than $5000, convert the 4022(c) present value for each participant to a monthly benefit amount using the actuarial assumptions. If the UNGB to which the individual 4022(c) amount is allocated are nonforfeitable, PBGC will pay the 4022(c) benefit amount in the annuity form of the underlying benefit. Note that the conversion is not necessary for present values of less than or equal to $5000 because these will be paid as a lump sum.

**50** Refer to the Workflow diagram at the beginning of this process to determine the next action.

**Prepare Actuarial Case Report & Software**

## 17.6 Program BSRS

**03/28/2003**

Action Steps

| | |
|---|---|
| **Purpose** | Provide an automated program which produces the benefit statements for BDLs and for actual retirement date. |
| **Time Reporting (BMPRS)** | FTE Actuarial Valuation<br>Contract Actuarial Valuation<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Participant databases D1-D6.<br>Programmed ValTools |
| **Process Output and Recipient** | Benefit statements, benefit statement text file |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | PBGC Operating Policy Manual Chapters 5 and 6 |
| **Procedure Owner** | Actuary |

## Click Here for More Information...

17.6 Action Steps: Program BSRS

## 17.6 Action Steps: 03/28/2003
## Program BSRS

I. Create a directory in the workspace and copy all participant databases and programmed ValTools into the directory.

II. Copy the CSBSRS.WK3 Lotus file into the workspace and rename it (case#)s1.wk3. This file is the BSRS program used to make the case-specific BSRS.

III. Follow the programming instructions in the AACPS.

IV. Test all possible types of benefit calculations the BSRS should produce. Use the ADT/Software review checklist to help outline the testing process.

V. When all software is complete, copy all pertinent software into the i:\software\(case #) directory on the LAN.

**Prepare Actuarial Case Report & Software**

## 17.7 Produce Actuarial Case Report Package

**03/28/2003**

Action Steps

| | |
|---|---|
| **Purpose** | To compile hard copies of all reports into the blue case report package. |
| **Time Reporting (BMPRS)** | FTE Actuarial Valuation<br>Contract Actuarial Valuation<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | List from ASD checklist and all tabs. |
| **Process Output and Recipient** | Actuarial Case Report |
| **Control Issues** | N/A |
| **Important Concepts** | All work must be proofread, concise, neat, and well organized. |
| **Guidance** | Actuarial Case Report Checklist |
| **Procedure Owner** | Actuary |

## Click Here for More Information...

17.7 Action Steps: Produce Actuarial Case Report Package

## 17.7 Action Steps: 03/28/2003

## Produce Actuarial Case Report Package

I. Compile all printed reports, spreadsheets, and case-related information that belongs in the Actuarial Case Report as specified in the instructions in the Actuarial Case Report Checklist.

**Prepare Actuarial Case Report & Software**

## 17.8 Finalize Actuarial Case Report Package & Review 03/28/2003

Action Steps

| | |
|---|---|
| **Purpose** | Complete the Actuarial Case Report package. Peer review for accuracy. |
| **Time Reporting (BMPRS)** | FTE Actuarial Valuation<br>Contract Actuarial Valuation<br>Special Projects<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Valuation Case Report information developed to date, Case Files |
| **Process Output and Recipient** | Final Actuarial Case Report |
| **Control Issues** | Refer to the Actuarial Technical Manual |
| **Important Concepts** | The process of finalizing the Actuarial Case Report package involves at least a thorough peer review and a thorough review of the corrections made after peer review to ensure an accurate product. |
| **Guidance** | Actuarial Case Report Checklist<br>Actuarial Technical Manual<br>ERISA and related Acts<br>ACT<br>AACPS Manual, as applicable |
| **Procedure Owner** | TPD Actuary, Peer Reviewer Actuary |

## Click Here for More Information...

17.8 Action Steps: Finalize Actuarial Case Report Package & Review

## 17.8 Action Steps: 03/28/2003
## Finalize Actuarial Case Report Package & Review

**Actuary**

1 Produce the Actuarial Case Memo, spreadsheets, and other required items per Actuarial Case Report Checklist. Follow the instructions in the ACT or AACPS Manual, as applicable.

2 Ensure all updated data is in CAS (Final Participant Liabilities).

3 Forward the completed report and case files to a peer-reviewer actuary.

**Peer Reviewer Actuary**

1 Use the Actuarial Case Report Checklist (see Section J of case report) to verify that the valuation is complete and correct.

2 Submit requested corrections to the case actuary.

- If corrections are needed, review the corrected report after the actuary resubmits
- Submit for supervisory review/concurrence
- If no further corrections are needed, enter the date of the review completion on CAS for the Final Participant Liabilities milestone and submit for software review. Sign and date report.
- The case Actuary will enter the liability amounts in the appropriate columns in the CAS Final Participant Liabilities screen.

3 Distribute whole copies of the Actuarial Case Report as follows:

- **Original** to Plan File, IPS
- **Copy** to ASD
- **Copy** to OASD (OASD will return this to TPD Actuary)
- **Copy** to PLS
- **Copy** to FBA, if applicable

4Refer to the Workflow diagram at the beginning of this process to determine the next action.

**Prepare Actuarial Case Report & Software**

## 17.9 Perform Software/ADT Review

**03/28/2003**

**Action Steps**

| | |
|---|---|
| **Purpose** | To ensure that all case software, including BSRS, ValTools, Microsoft Word documents, database, etc., is properly tested, error free, and ready for archiving. |
| **Time Reporting (BMPRS)** | FTE Actuarial Valuation<br>Contract Actuarial Valuation<br>Special Projects<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | All software related to the case.<br>Actuarial Case Report that was signed and approved by TPD management. |
| **Process Output and Recipient** | Correct and validated software.<br>Completed TPD Software Review Checklist and valuation closeout package to OASD. |
| **Control Issues** | • Freezing the database for valuation purposes prevents minor data changes that are time consuming. It also provides a database that reflects assumptions used in the final valuation and a starter database for checking post-DOPT retiree data updates.<br>• Information from returned data verification forms would be shared between team members to ensure that the participant database, not the frozen valuation database, remains current. Changes in data that would significantly alter the valuation may be made to the valuation database. The definition of what is "significant" is left to each TPD.<br>• Use the ADT Utility available through the Novell Delivered Applications to inspect the valuation databases for missing or incorrect data.<br>• All errors and warnings that the ADT generates must be resolved or explained.<br>• Use the latest version of the TPD Software Review Checklist<br>• Valuation files should be placed on I:\Software\xxxxxxxx (8 digit case number) |
| **Important Concepts** | Adhere to IOD software standards. |
| **Guidance** | ACT |
| **Procedure Owner** | TPD Software Reviewer, Team Leader |

## Click Here for More Information...

17.9 Action Steps: Perform Software/ADT Review

## 17.9 Action Steps: 03/28/2003
## Perform Software/ADT Review

I. Perform the software review per the TPD Software Review Checklist

- Verify that files are named in accordance with naming conventions identified in the TPD Software Review Checklist.
- Test all software programs, using the TPD Software Review Checklist guidelines to verify that everything runs appropriately and output is correct.

**51** All software should be located on the i:\software\(case #) directory. Hand-deliver the completed TPD Software Review Checklist with a copy of the entire Actuarial Case Report to the Software Assistant in OASD for archiving.

**52** Notify TPD Team Leader that the software review has been completed and to send a CAS Request ADT task referral to OASD.

**Prepare Actuarial Case Report & Software**

## 17.10 Finalize IPV-Ready Data

**03/28/2003**

**Action Steps**

| | |
|---|---|
| **Purpose** | Verify that the valuation data is correct as of DOPT so that ASD can determine the present value of the plan. |
| **Time Reporting (BMPRS)** | FTE Actuarial Valuation<br>Contract Actuarial Valuation<br>Special Projects<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | IOD Pension Report<br>IOD User Defined Fields Report<br>IOD Lump Sum Report |
| **Process Output and Recipient** | Participant database with 5% or fewer errors (preferably 0%). |
| **Control Issues** | N/A |
| **Important Concepts** | The required reports are accessed through the PRISM Reports Icon available through the Novell Delivered Applications. |
| **Guidance** | N/A |
| **Procedure Owner** | PLS |

### Click Here for More Information...

17.10 Action Steps: Finalize IPV-Ready Data

**Prepare Actuarial Case Report & Software**

## 17.10 Action Steps: 03/28/2003
## Finalize IPV-Ready Data

I. Obtain the required reports from PRISM Reports and ADT.

- IOD Pension Report
- IOD User Defined Fields Report
- IOD Lump Sum Report

**53** Correct errors on invalid or missing values identified on the Edit Detail/Summary. Common errors include missing data, such as date of birth or form of benefit. These data elements affect the present values.

- Research the participant files (IPS) for correct data.
- Provide information on the errors to OASD.

**Prepare Actuarial Case Report & Software**

## 17.11 Close Out Software (OASD)

**03/28/2003**

**Action Steps**

| | |
|---|---|
| **Purpose** | Submit the final valuation for the ADT Load<br>Complete ADT Load |
| **Time Reporting (BMPRS)** | FTE Actuarial Valuation<br>Contract Actuarial Valuation<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Reviewed software and completed TPD Software Review Checklist |
| **Process Output and Recipient** | Valuation data loaded in PRISM.<br>Case software added to IOD Archive Access. |
| **Control Issues** | OASD compares TPD checklist to software available at I:\software\xxxxxxxx. |
| **Important Concepts** | Following completion of the ADT load, complete participant records are loaded to PRISM. With very limited exceptions, the ADT load does not overwrite any existing data. For a complete detailed listing of participant data elements loaded at ADT, and the data elements that are overwritten through the ADT load, see Appendix I: Maintaining Participant Data records. |
| **Guidance** | Incoming Case Review Checklist |
| **Procedure Owner** | OASD |

## Click Here for More Information...

17.11 Action Steps: Close Out Software (OASD)

**Prepare Actuarial Case Report & Software**

## 17.11 Action Steps:

**03/28/2003**

## Close Out Software (OASD)

I. Complete the Incoming Case Review Checklist.

II. Load participant records using ADT.

III. Archive the case software. Follow procedures outlined in the Archive Access/Utility part of the ACT.

IV. Notify the TPD case team that the software has been archived. The TPD case team must ensure that no participants are missed in the BDL process.

V. Load the Benefit Statement Print File to PRISM ALGS.

VI. Notify the TPD by e-mail that ADT is complete and ALGS is ready for use.

VII. Return the Valuation Case Report Package to the TPD.

VIII. Finalize the CAS Request ADT Load Activity Milestone.

**Prepare Actuarial Case Report & Software**

## 17.12 Present Case to Team

**03/28/2003**

**Action Steps**

| | |
|---|---|
| **Purpose** | To brief the TPD case processing team on the actuarial valuation results. The PLS/PBA is trained on running the BSRS program, and is made aware of retiree benefit changes, annuity forms, purchased annuities, and any information needed to ensure smooth processing of the plan BDLs. |
| **Time Reporting (BMPRS)** | FTE Actuarial Valuation<br>Contract Actuarial Valuation<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Valuation Case Report and case files, participant folders for all retirees.<br>BSRS has been archived by OASD. |
| **Process Output and Recipient** | A fully trained PLS and an updated database. |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | N/A |
| **Procedure Owner** | Actuary |

## Click Here for More Information...

17.12 Action Steps: Present Case to Team

**Prepare Actuarial Case Report & Software**

## 17.12 Action Steps: 03/28/2003
## Present Case to Team

I. Schedule a meeting with the TPD case team, including the FBA when applicable, to present an overview of the plan benefits and any complications which will produce atypical Benefit Determination Letters (BDLs). The meeting may be unnecessary for case teams that have been working together closely over the life of the case.

- Discuss oddities such as unusual benefit forms, offsets, legal issues, etc.
- Provide a general overview of the plan, including the normal forms of benefit, ERA and NRA and vesting.
- Discuss the number of retirees and if they require benefit changes.

**54** Train the PLS or FBA personnel to run the BSRS. By the end of the training, the PLS should be able to produce and print benefit statements and recalculations without the actuary's assistance. Run through several sample participants with different forms of benefits.

## 17.13 Reconcile PRISM and Archived Databases

03/28/2003

Action Steps

| | |
|---|---|
| **Purpose** | Identify and account for any differences between the DOPT present value figure on CAS and the DOPT present value figure from the participant database (Pay 3000). |
| **Time Reporting (BMPRS)** | FTE Actuarial Valuation<br>Contract Actuarial Valuation<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | DOPT/PV figure from CAS.<br>DOPT/PV figure from Pay 3000. |
| **Process Output and Recipient** | Reconciliation of present value figures from both databases. |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | N/A |
| **Procedure Owner** | PLS and OASD |

**Click Here for More Information...**

17.13 Action Steps: Reconcile PRISM and Archived Databases

## 17.13 Action Steps: 03/28/2003
## Reconcile PRISM and Archived Databases

**PLS**

I. Obtain required information:

- DOPT/PV figure from CAS
- DOPT/PV figure from Pay 3000

**55** Compare the two figures:

- If the figures match, the two databases match and no reconciliation is necessary (note, however, that the match does not rule out the possibility of having equal, opposite errors).
- If the Pay 3000 number is less than the CAS PV number, PV data for one or more participants may be missing from Pay 30000. Check the PAY 3000 versus the ASD Actuarial Valuation Report.
- If the Pay 3000 number is greater than the CAS PV number, there are three possible reasons. Try all three because one or more may be required to reconcile:
  - woodwork participants have appeared and their PVs been added to Pay 3000. If so, subtract the individual present value for all the woodwork participants from the Pay 3000 figure.
  - the plan has been revalued using new or modified data. Work with the actuary to reconcile the discrepancy.
  - the original CAS figure was wrong. This is most likely to occur with plans that have been in inventory for a long time and may require substantial research. Refer the problem to a supervisor.

**56** Document the reconciliation, including all actions taken as well as the outcome. Provide copies of documentation to OASD.

**OASD**

I. Enter the information into the CAS/PRISM reconciliation database.

## 17.14 Forms, Letters, Memos, etc.

**03/28/2003**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

Actuarial Case Report Checklist (IOD Manuals - Actuarial Policy and Information - Actuarial Technical Manual - Chapter I. D.)

***ADT Disk Preparation Checklist*** (OASD )

***Automated Data Load (ADL) Checklist***
Adlcklst.doc

***Benefit Statement Print File Memo***
Bspfmemo.doc

***Software Close-Out Check-in Sheet*** (OASD)

***TPD Software Review Checklist*** (OASD)

***Incoming Case Review Checklist*** (OASD)

## Introduction to Notification of Benefits Processes 02/17/2004

Once the value of the benefits is known, the Notification of Benefits Processes are the means of informing each participant of the amount of his or her benefit. They also provide additional information about the appeal rights provided by law. This is done through the BDLs and other correspondence. After the appeal period has expired, any necessary adjustments are made and the paid benefit amounts are shifted from estimated status to final status.

## Notification of Benefits Processes include:

18 Identify Types of BDLs for Case

19 Issue BDLs & Make Adjustments to Payments

20 Respond to Appeals Notices and PEAD Referrals

## PR 18. Identify Types of BDLs for Case

18. Overview

18. Workflow for Process 18

18.1 Determine Categories of BDLs

18.2 Create Customized BDL

Forms, Letters, Memos, etc.

## 18. Overview

05/31/96

Identify types of Benefit Determination Letters (BDLs) early in order to determine if any new BDLs need to be added to the Automatic Letter Generating System (ALGS) in PRISM to issue BDLs for the case. It usually is not necessary to have all of the information needed to calculate benefits to identify the types of BDLs for a specific case; it is enough just to know the plan provisions and annuity forms selected prior to Date of Plan Termination (DOPT). Generally, the TPD team or FBA has enough information to identify BDLs, and draft new ones if necessary, by the time the plan abstract is complete. Starting this process early allows for issuing BDLs as soon as the case is BDL-ready. There is no need to delay after final valuation while new types of BDLs are approved.

Types of BDLs to be issued are based on classes or categories of participants. These classes are determined by forms of benefits. All participants within the same category (same type of participant and same form of benefits) should get the same letter - only the information fields particular to each participant will differ. The goal should always be to use BDLs which are already approved. When it is impossible to use an existing letter, use as much as possible from one or more approved versions to lessen the amount of work and increase the chance of immediate approval.

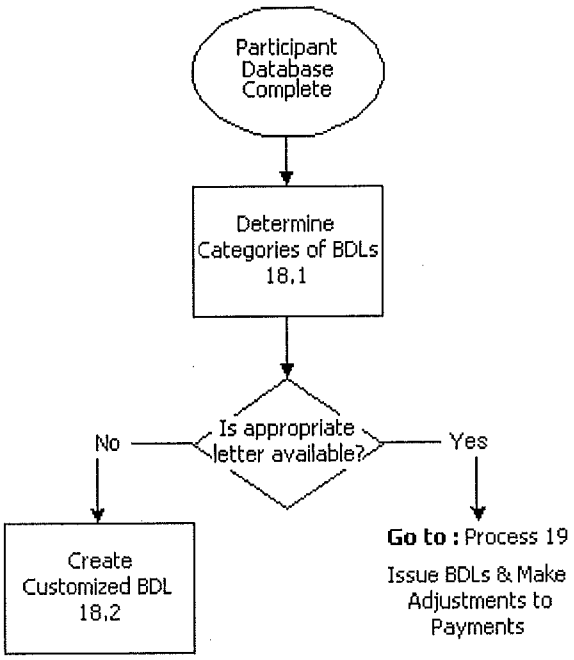
Notification of Benefits Processes

Identify Types of BDLs for Case

Browse Workflows: 

## 18. Workflow for Process 18

05/31/96



**Identify Types of BDLs for Case**

## 18.1 Determine Categories of BDLs

09/22/99

Action Steps

| | |
|---|---|
| **Purpose** | To be ready to issue BDLs when the time comes. |
| **Time Reporting (BMPRS)** | FTE Process Benefit Determination Letters<br>FBA Process Benefit Determination Letters<br>PBA Process Benefit Determination Letters<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Forms of benefit from plan provisions or from abstract. Knowing all of the actual pre-DOPT elections made by participants may limit the types of BDLs required.<br><br>Plan benefit provisions, including normal and early retirement provisions. |
| **Process Output and Recipient** | List of classes of letters, including lump-sum and non-vested. |
| **Control Issues** | Assume that there will be:<br>• Lump-sum payments and annuity payments.<br>• Non-vested participants.<br>• Active participants and deferred-vested participants.<br>• Alternate payees.<br>• Current payees. |
| **Important Concepts** | Prior to IOD's December 1994 reorganization, categories of BDLs were usually not analyzed until after the final valuation. The team processing environment fosters early sharing of information, so it is possible to have all necessary types of BDLs ready by final valuation. |
| **Guidance** | PRISM ALG Letters (Electronic manual in IOD Manuals system). |
| **Procedure Owner** | PLS, PBA, FBA |

## Click Here for More Information...

18.1 Action Steps: Determine Categories of BDLs

**Identify Types of BDLs for Case**

## 18.1 Action Steps: 05/18/2001
## Determine Categories of BDLs

Note that "types of BDLs" refers to generic categories within the range of "400" series letters in the PRISM ALGS (formerly in the Participant Correspondence Manual). The input of participant-specific data into each BDL is part of the Process 19: Issue BDLs and Make Adjustments to Payments process. For the purposes of this procedure, think of BDLs as falling in to two major categories: standard and customized.

I. Identify types of standard BDLs needed for the plan by selecting from the list of standard BDLs and prepare a *Types of Required BDLs Memo (IDLtypes.doc)* for record of those needed:

- **Non-vested participants**
- **Lump-sum payments**
- **Estate lump-sum payments**
- **Deferred vested participants.**
- **Current payees (without changes)**
- **Overpayments**
- **Underpayments**
- **Overpayment and Underpayment**

**57** If all BDLs fall into one of these standard categories and there are no unique or extremely unusual plan provisions, customized BDLs are not needed (go to Process 19: Issue BDLs and Make Adjustments to Payments) as soon as the valuation process is complete. Otherwise, continue this procedure.

**58** Determine which categories of participants need special BDLs, and list the type(s) of information that need to be included for each customized BDL.

**59** Review existing customized BDLs to verify whether or not a usable special BDL has already been created that would meet the requirements. If yes, use that customized BDL. If not, continue to the Process 18.2: Create Customized BDL procedure.

**Identify Types of BDLs for Case**

## 18.2 Create Customized BDL

**10/31/97**

**Action Steps**

| | |
|---|---|
| **Purpose** | Create template BDL for an identified class of participants and obtain approval. |
| **Time Reporting (BMPRS)** | FTE Process Benefit Determination Letters<br>FBA Process Benefit Determination Letters<br>PBA Process Benefit Determination Letters<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Requirement for a new customized BDL. |
| **Process Output and Recipient** | New suitable BDL for case and new BDL available for reference in PRISM ALGS. |
| **Control Issues** | Use customized letters only when absolutely necessary.<br>Proper research and review of plan provisions are necessary.<br>Document reason(s) for creating a new letter.<br>Obtain proper approval. |
| **Important Concepts** | The vast majority of pension plans are similar, or at least similar to other plans for the industry, so any special BDL may be useable later for a similar plan and is worth saving.<br>Consistency across BDLs is as important a goal as correct BDLs. The language should be simple yet communicate what the recipient needs to know.<br>PRISM ALGS allows staff to individually design needed custom BDLs. (Do not use PRISM ALGS "Generic Custom Letter" for BDLs.) |
| **Guidance** | N/A |
| **Procedure Owner** | PLS, approval by supervisor; FBA |

## Click Here for More Information...

18.2 Action Steps: Create Customized BDL

## 18.2 Action Steps: Create Customized BDL

10/31/97

I. Research plan provisions and applicable PBGC operating procedures, list points the letter needs to address, and identify the number of people affected.

II. Review existing standard BDLs on PRISM ALGS and use BDL most similar to plan needs as basis for customized BDL. Make modifications to the letter. If some of the points that need to be covered are addressed in other approved standard or customized BDLs, copy that portion in. Note the source(s) of all copied text.

III. Submit the draft letter to the TPD Team Leader for approval. Generally, approval beyond the Team Leader is necessary only if the new letter touches on an issue which might set agency precedent, affects policy, or deals with a completely new type of benefit. When necessary, the Team Leader can seek approval from the Division Manager. If necessary for a policy decision, the Division Manager will route the letter and policy question(s) to the OPSS Manager.

IV. Make necessary changes, if any.

V. Submit the approved letter to TSD/PSB for inclusion in the ALGS, and provide an index of the points it addresses.

VI. Refer to the Workflow diagram at the beginning of this process to determine the next action.

Browse Documents: 

## 18.3 Forms, Letters, Memos, etc.

05/02/2003

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***PRISM ALGS*** – 400 series

***Types of Required BDLs Memo***
IDLtypes.doc

## PR 19. Issue BDLs & Make Adjustments to Payments


19. Overview

19. Workflow for Process 19

19.1 Create Early BDL Database and Issue Early BDLs

19.2 Review Final Valuation Case Report Package & Classify Participants

19.3 Determine Net Overpayment/Underpayment Status for Annuities

19.4 Determine Overpayment/Underpayment for Lump-Sums

19.5 Issue Corrected or Revised Benefit Determination Letter

19.6 Issue Limited-Scope BDLs

 Forms, Letters, Memos, etc.

## 19. Overview

**05/13/2005**

PBGC issues most Benefit Determination Letters (BDLs) after a plan's final valuation. BDLs sent prior to completion of the valuation are referred to as "early BDLs". The BDL advises participants, or if deceased, surviving spouses, beneficiaries or estates, of entitlement or non-entitlement to a PBGC benefit. It describes the form, amount and effective date of the benefit to those who are entitled. PBGC's regulation (29 CFR 4003: Rules for Administrative Review of Agency Decisions) gives the BDL recipient the right to appeal the agency's initial determination.

In addition to early BDLs, PBGC occasionally issues Limited-Scope BDLs before the plan's valuation is completed. These letters concern one or more, but not all, aspects of benefit entitlement; for example, to deny disability benefits to an individual or shutdown benefits to a group. They provide participants the opportunity to appeal a BAPD determination without waiting for PBGC to finish reviewing the plan. Participants who receive Limited-Scope BDLs will also receive their full-scope BDLs once the valuation is complete.

The appeals period commences with the BDL date. On those rare occasions when it is later learned that a customer never received a BDL, a **complete copy** of the original BDL and all attachments is provided to the customer using ALG 540: BDL Cover Letter. The letter specifies that the appeals period commences with the date of the 540.

As of November 2003, PBGC issues a BDL to an alternate payee instead of the notice previously sent when a BDL was issued to a QDRO participant. The participant's BDL states that PBGC is also issuing a BDL to the alternate payee and that private or sensitive information about the participant is not disclosed to the alternate payee. However, the alternate payee receives information about the benefit calculation. The participant and alternate payee(s) are each advised that if one of them appeals their benefit determination, the benefit of all concerned will be stayed until a decision is made on the appeal.

A benefit statement is sent with most BDLs, and provides specific participant data and describes plan provisions and calculations used in the determination of benefit. Pre-DOPT retirees whose benefits do not change and non-vested participants do not receive a benefit statement.

IOD currently issues early BDLs to participants who have been in pay status for five years or more as of DOPT, with some exceptions. Participants in pay status who receive BDLs will continue to receive the same benefits, except in very rare circumstances.

Once it's determined non-vested participants will not be eligible for any benefits from PBGC, including a 4022(c) benefit; early BDLs may also be issued to these participants. These early BDLs are issued on a discretionary basis, determined by TPD Management for each plan.

After the valuation is completed, move annuity benefits from estimated to guaranteed pay sources in PRISM Benefits as needed to facilitate issuing BDLs through ALG. The BEGIN date for the new guaranteed pay source is the first *available* payment date after the 45-day appeal period for **all** categories of payee (no benefit change, benefit increase or benefit decrease). A payment date is not *available* if the appeals period expires too close to the financial cut-off date to allow payment processing and authorizing, or after the cut-off date. Process a back payment as necessary for the preceding payment date if this occurs. If an appeal is filed or an extension is requested, the data in the guaranteed pay source is deleted and the END date in the estimated pay source is restored. This must be done prior to forwarding the record for authorization.

Changes in benefit amounts may necessitate recoupment or recovery for overpayment or back payments of net underpayments (when paying an annuity), see TP 21: Change Benefit/Payment Amount. A participant who received an estimated lump-sum distribution may be due a residual benefit amount. In paying adjusted benefits or back payments, review of policy and procedural changes are necessary to ensure correct processing.

Effective for March 2002 payments, all interest calculations are completed by PBGC. Interest calculations may no longer be requested from SSC.

**Large Back Payments**

Process a Large Back Payment through PRISM Benefits as a Lump-Sum.

**Small Changes in Final Monthly Benefits**

Prior to May 1, 1999 if the final monthly benefit increase was less than $1.00, PBGC did not change the benefit. A benefit increase is now made regardless of the amount. Revised BDLs with increases of less than a $1.00 are not included in this change. If the total underpayment is less than $1.00 (including interest) the underpayment is not paid, only the benefit is increased. If a final monthly benefit is less than the estimated benefit by $5.00 or less, it is not changed (decreased). (See IOD Policy Bulletin 99-4.)

**Payment of Very Small Benefits (Lump-sums)**

Effective June 6, 1999, PBGC does not require an application to pay a lump-sum distribution when the amount is less than $200 (including interest) **only** if data are good and the address is valid. Federal tax is not withheld on these distributions. The payment is made to the participant simultaneously with the BDL or soon after the BDL is issued. Processing staff does not have to wait until the appeals period expires to make small lump-sum payments. (See IOD Policy Bulletin 99-6.)

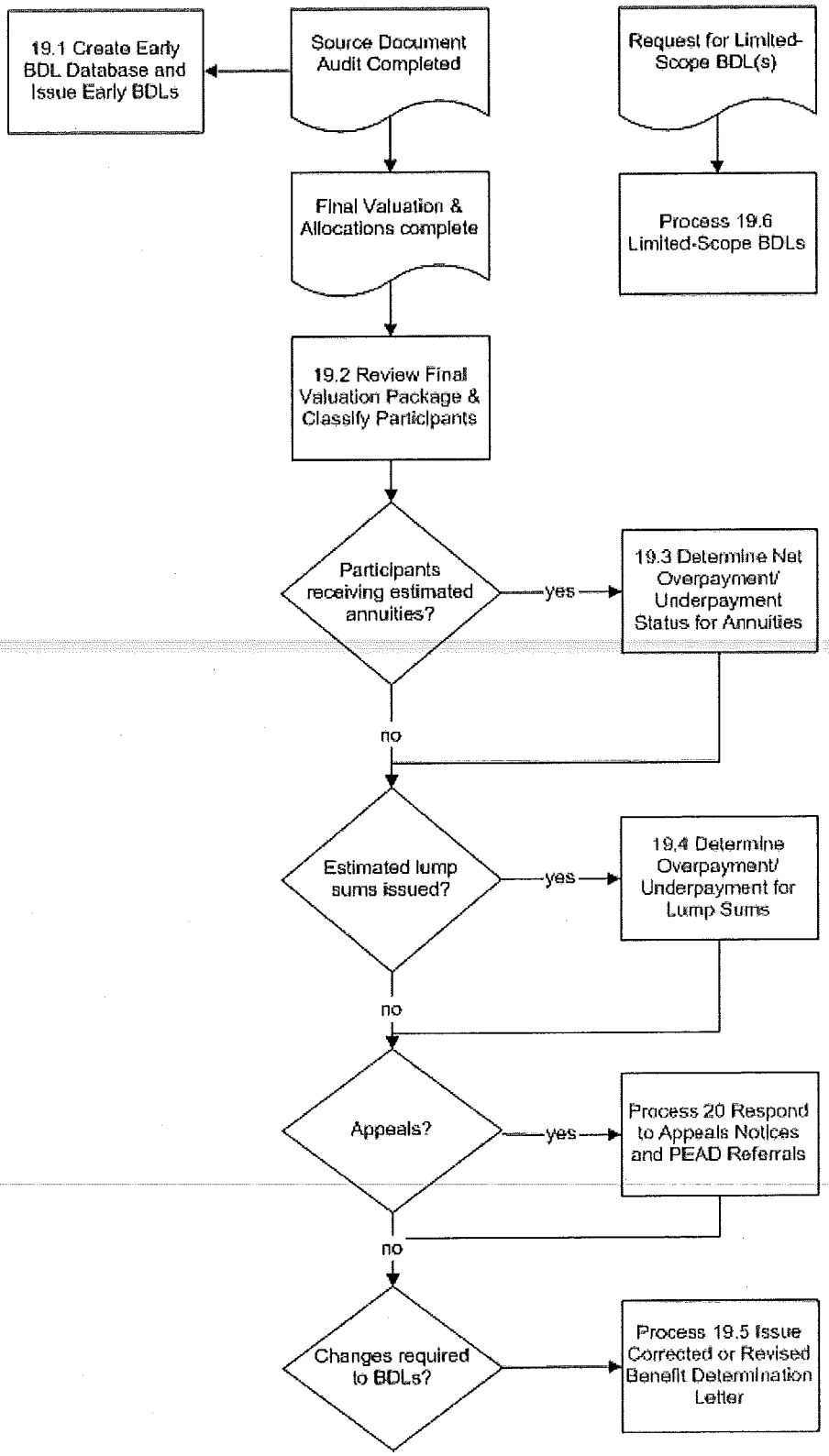
With the implementation of PRISM ALGS, prepare all BDLs using ALGS.

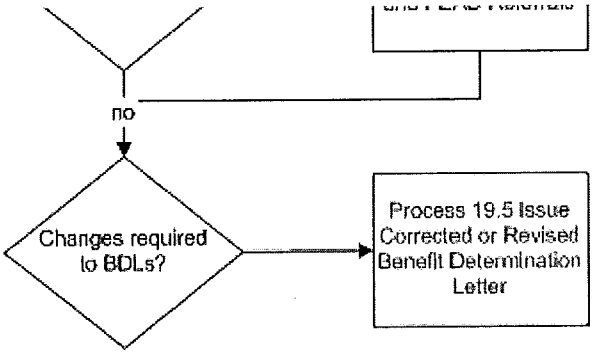
Notification of Benefits Processes
Issue BDLs and Make Adjustments to Payments

Browse Workflows:

## 19. Workflow for Process 19

05/13/2005




no
Changes required to BDLs?
Process 19.5 Issue Corrected or Revised Benefit Determination Letter

## 19.1 Create Early BDL Database and Issue Early BDLs 04/16/2004

Action Steps

| | |
|---|---|
| **Purpose** | To determine whether to issue early BDLs to participants. |
| **Time Reporting (BMPRS)** | FTE Process Benefit Determination Letters<br>FBA Process Benefit Determination Letters<br>PBA Process Benefit Determination Letters<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | List of payees in pay for at least one year prior to DOPT<br>Benefit information sufficient to determine payees' eligibility or ineligibility for early BDLs |
| **Output and Recipient** | Management concurrence on list of payees eligible for early BDLs<br>Management memo providing reason if early BDLs will not be issued<br>Early BDL Audit Report<br>Early BDLs issued to eligible participants |
| **Control Issues** | The TPD manager concurs on the list of participants eligible for early BDLs before the case team proceeds. The Early BDL Audit Report is concurred upon by management for every plan for which early BDLs are issued.<br>The auditor samples Early BDL Database for accuracy using the same methodology as for the Participant Data Audit (PDA), and the actuary reviews the benefit amounts in pay status. The auditor audits the database and therefore other members of the case team must build the database, which is archived. TPD management must concur on the Early BDL Audit Report.<br>Documents concerning early BDLs are imaged to the IPS plan file. |
| **Important Concepts** | Early BDLs are issued primarily to payees in pay status for more than one year prior to DOPT and whose benefits will not change. Participants may be otherwise excluded for a variety of reasons. Others groups or individuals may be included on a case-by-case basis.<br>Generally, the Source Document Audit is completed prior to this process.<br>The sampled early BDL population is stratified in the PDA, and may be excluded from further sampling in the PDA process. |
| **Guidance** | N/A |
| **Procedure Owner** | Auditor, Actuary, PLS/PBA/FBA, TPD Manager |

## Click Here for More Information...

19.1 Action Steps: Create Early BDL Database and Issue Early BDLs

## 19.1 Action Steps: 04/16/2004

## Create Early BDL Database and Issue Early BDLs

### Auditor

1 Make a preliminary determination on whether early BDLs should be issued for the plan. It may be impractical if, for example, there are too few payees to make the process worthwhile, or the valuation of the plan is near completion and BDLs will soon be issued to all participants. If at any time the case team and TPD Manager decide not to issue early BDLs, document the decision and management's concurrence either on the initial memo from the case team providing the early BDL population, on the *Early BDL Audit Report (ebdlauditreport.doc)*, or by separate memo to the plan file. No further action is necessary.

2 Determine the best source(s) to identify all participants in pay status at the Date of Plan Termination (DOPT). From this list, exclude the following:

- Participants in pay status less than one year prior to DOPT
- Substantial Owners
- Beneficiaries receiving the remainder of a Certain and Continuous Annuity
- Participants whose benefits are subject to a pop-up, step-down, or other odd or unique plan provision
- Participants receiving benefits over the maximum guaranteeable benefit (since their benefits may be adjusted, depending on the sufficiency of the plan)
- Participants who may be subject to the phase-in rule
- Participants whose benefits were or may be adjusted for any other reason (cutbacks, possible prior plan administrator calculation errors, etc.)
- Participants affected by partial annuity purchases or offsets from other plans
- Participants who may be partially vested because of a graded vesting schedule
- Participants who may be eligible for a plan 4022(c) amount
- Participants receiving a modified cash refund of employee contributions

  Other participants or types of participants (for example, non-vested) to be included or excluded from the early BDL population are determined on a case-by-case basis by the case team, subject to TPD management's approval.

3 Consult with the case team as needed on the list of participants eligible for an early BDL. Prepare a memo identifying the early BDL population to the TPD Manager for concurrence before proceeding. Image the memo with concurrence to the plan file.

4 From the resulting list of participants deemed eligible for an early BDL, select a sample of payees whose benefit calculations will be tested. Apply the same sampling methodology as that used for a participant database in Process 12.7: Audit Participant Database.

5 Begin the database for the sample population:

- Create a database shell with the names of participants in the sample and the data elements identified by the actuary or Source Document Audit, if available.
- With input from the case team, determine who will perform the data entry. (The auditor

will audit the database and therefore may not participate in entering data.)

6 Provide the database shell and instructions to the person assigned to build the database:

- If the data will be entered manually, refer to 12.6.A: Action Steps: Build Participant Database from Paper Sources by Manual Input.
- If the data will be downloaded from electronic files, refer to 12.6.B: Action Steps: Build Participant Database from Electronic Files.

7 Upon completion, forward a copy of the database to OASD requesting that it be archived. Follow *Participant Database Archiving Guidelines (pdaarchiveinstructionsv1.doc)*. Contact OASD for guidance if needed.

8 Audit the sample database to the source documents. Ascertain that the source documents are imaged to the participants' IPS files.

9 Record audit findings on the draft of the *Early BDL Audit Report (ebdlauditreport.doc)*. Forward the sample database to the case actuary to verify the benefits in pay status.

**Actuary**

10 For the sample payee population, calculate and value the benefits. Compare them to the benefit amount in pay status. Provide a written summary of the results of the review by memo to the auditor.

**Auditor**

11 Complete the *Early BDL Audit Report (ebdlauditreport.doc)* and submit to TPD Manager for concurrence:

- Attach the lists of data elements and source documents, results of the actuary's review of benefit calculation, and all other supporting documents.
- Include a recommendation that the team proceed or not proceed to issue early BDLs based on the results audit of the sample database and the actuary's review of benefit calculations.
- Confirm that the source documents are imaged to the participants' IPS files.
- Note the location on the shared drive of the sample database.
- Upon concurrence, image the report to the IPS plan file. If early BDLs are to be issued, forward a copy to the PLS/PBA/FBA.

**PLS/PBA/FBA**

12 Based on management's concurrence, issue early BDLs to the eligible population named in the Early BDL Audit Report (see TP 15: Prepare and Mail Letters). However, **do not** issue a letter to any payee who has not yet returned the Payee Information Form (PIF) or whose benefit payments are suspended for any reason. Contact OASD for assistance if a ValPatch is needed to prepare an ALG mailing.

13 Handle payees whose early BDLs were withheld because they either had not returned their PIFs or whose benefits were suspended as follows:

- Upon receiving the PIF, verify it to the data in the early BDL database. If there are no discrepancies which would change the benefit, issue the early BDL after making appropriate corrections in PRISM.
- Upon reinstating benefits that were suspended for any reason, issue the early BDL as long as the payee is still deemed eligible.

**Note:** The sampled early BDL population is stratified in the PDA, and may be excluded from further sampling in the PDA process.

**Issue BDLs and Make Adjustments to Payments**

## 19.2 Review Final Valuation Close-Out Package & Classify Participants

**05/18/2001**

**Action Steps**

| | |
|---|---|
| **Purpose** | Identify which BDL each participant will receive. |
| **Time Reporting (BMPRS)** | FTE Process Benefit Determination Letters<br>FBA Process Benefit Determination Letters<br>PBA Process Benefit Determination Letters<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Final valuation close-out package. |
| **Output and Recipient** | List of all classes of BDLs necessary to notify all types of participants in the plan, including BDLs issued for benefits of participants who died on or after DOPT. |
| **Control Issues** | N/A |
| **Important Concepts** | The final valuation close-out package is a complete package prepared as the output of the final valuation process. It contains all information necessary for issuing BDLs, so this review is to determine if the plan is ready to issue BDLs or not, as opposed to verifying the produced data. |
| **Guidance** | IOD Policy Bulletin 99-9<br>ALG Letters (electronic manual in IOD Manuals system) |
| **Procedure Owner** | PLS; Field Benefit Administrator (FBA) |

## Click Here for More Information...

19.2 Action Steps: Review Final Valuation Close-Out Package & Classify Participants

**Issue BDLs and Make Adjustments to Payments**

## 19.2 Action Steps: 05/18/2001

## Review Final Valuation Close-Out Package & Classify Participants

I. Review the categories of participants and verify that there is a BDL for each type (from Process 18: Identify Types of BDL). Determine which participants and contingent annuitant(s), and how many, will receive each type of BDL. If a participant is deceased and there is no contingent annuitant, send BDL to estate (using last known address of the participant, or, if known, the administrator of the deceased participant's estate).

II. Identify participants and contingent annuitant(s) for whom there is no address information. Review file(s) to determine what efforts have made to locate addresses, and refer to TP 33: Locate Customer Addresses.

III. After the first BDLs are mailed, enter the date in the Benefit Dtermiation Letter Milestone in CAS.

IV. Refer to the Workflow diagram at the beginning of this process to determine the next action.

## 19.3 Determine Net Overpayment/Underpayment Status for Annuities

**03/28/2003**

**Action Steps**

| | |
|---|---|
| **Purpose** | Pay final benefits. Determine if there is a difference between paid estimated benefits and final benefits. Pay underpayments or recoup/recover overpayments. |
| **Time Reporting (BMPRS)** | FTE Process Benefit Determination Letters<br>FBA Process Benefit Determination Letters<br>PBA Process Benefit Determination Letters<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | **CAS Activity:** Final Benefit Adjustment Milestone referred.<br>BDL recipients. Estimated payments and final benefits.<br>Payment history to determine if there were net overpayments or underpayments. |
| **Process Output and Recipient** | Payment of final benefit.<br>Overpayment - commencement of recoupment or recovery action.<br>Net Underpayment - Back payment with interest - one time payment of the total amount.<br>**CAS Activity:** Final Benefit Adjustment Milestone finalized |
| **Control Issues** | The final payment, recoupment or recovery, and payment of back payments are made after the 45-day appeal period if the participant does not file an appeal or request an extension to do so. If an appeal is filed, no change is made in PRISM to the benefit amount or pay source (i.e. estimated to guaranteed) until the appeal is resolved.<br>A de minimis overpayment may no longer be de minimis by the time an appeal is resolved because of payments made during the appeals period. In a situation like this, IOD freezes the de minimis overpayment to avoid recoupment after resolution of the appeal. This is applicable to BDLs issued on or after October 28, 2002 and for unresolved appeals as of this date. However, the overpayment is not frozen when the Appeals Board's decision decreases the benefit, resulting in an amount above the de minimis overpayment.<br>The PACS Detailed Summary and Back Payment or Recoupment Summary should be printed and imaged to the participant's file (IPS).<br>**Timing:** The following occurs as soon as possible, but effective no later than 90 days after the later of the expiration of the appeals period or Appeals Board decision. |

- Adjust annuity payments to final amounts and guaranteed pay sources in PRISM.
- Implement recoupment or recovery, as applicable on an overpayment.
- Pay back payments owed, including a Large Back Payment.

| | |
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| **Important Concepts** | PBGC pays net underpayments as a back payments in a special check, except for certain Large Back Payments that are paid as a lump sum, see Process 19: Issue BDLs and Make Adjustments to Payments, Overview. Overpayments are subject to recoupment, an automatic form of repayment when a participant has a future stream of payments as of DOPT. If not, recovery action is initiated. Recoupment is a deduction from future payments for a specific period of time with a limit to the amount that can be recouped. PBGC accepts prepayment of the total overpayment if the payee requests to do so.<br><br>PBGC makes lump-sum distributions, after the expiration of the appeals period, to a participant, or to the estate of a participant who died after DOPT, if the participant has a de minimis benefit as of DOPT.<br><br>PBGC pays interest on late benefit payments according to IOD Policy Bulletin 97-7. All interest calculations are completed by PBGC effective from March 2002 payments. SSC no longer calculates interest on payments.<br><br>PACS may be used in either the actual or hypothetical mode. In the actual mode, PACS automatically populates some data fields from GENESIS. Processing staff uses the actual mode to calculate benefit adjustments for payees whose data are in GENESIS. The hypothetical mode facilities computations for a participant not loaded in GENESIS. |
| **Guidance** | ALG Letters (Electronic manual in IOD Manuals system)<br><br>PACS Helpfile<br><br>IOD Policy Bulletin 95-4<br><br>IOD Policy Bulletin 97-7<br><br>IOD Policy Bulletin 99-4<br><br>IOD Policy Bulletin 99-9<br><br>IOD Policy Bulletin 03-2<br><br>PBGC Operating Policy Manual 6.4-1<br><br>29 CFR 4022: Benefits Payable in Single-Employer Plans, Subpart E - PBGC Recoupment and Reimbursement of Benefit Overpayments and Underpayments, covers reimbursements of underpayments.<br><br>29 CFR 4044: Allocation of Assets in Single-Employer Plans, Subpart B - Valuation of Assets and Benefits, covers interest rates for lump-sums. |
| **Procedure Owner** | PLS, PBA, FBA |

## Click Here for More Information...

19.3 Action Steps: Determine Net Overpayment/Underpayment Status for Annuities

## 19.3 Action Steps: 05/13/2005

## Determine Net Overpayment/Underpayment Status for Annuities

Take action according to the **Timing** specified in the Important Concepts section of preceding topic.

1 Obtain the final valuation spreadsheet and Valuation Close-Out Memo and group payees in three categories.

- No benefit change
- Benefit increase
- Benefit decrease

2 Carefully review IPS and PRISM Benefits annuity pay sources for the payment history for all three types of payees listed above. In addition to calculating interest for underpayments (benefit increase) and overpayments (benefit decrease), a payee with a "no benefit change" BDL may also be due interest, if all previous payments were not made timely, or previously paid back payments were paid without interest (prior to policy change).

3 Access PACS with your UserID and PRISM password.

- Enter the 8-digit Case number and the participant's ***(or payee's)*** SSN
- Follow the steps in PACS and input required data not automatically populated from GENESIS.
- Add comment, if necessary, and ensure that the box beside "Display Comments on Report" is checked to insert the comment on the Back Payment or Recoupment summary.
- Print the PACS Detailed Summary and Back Payment or Recoupment Summary.
- Ensure both summaries are scanned to the participant's file (IPS).

4 After the expiration of the appeal period, ensure that final payments are made to payees who did not appeal or request an extension to file an appeal. This requires authorized payment records to PLUS.

**Note** If a lump sum benefit of less than $200 (including interest) is due, make the payment coincident with or shortly following issuance of the BDL. It is not necessary to get a signed application or wait until the appeal period expires as long as participant data are reliable (see IOD Policy Bulletin 99-6: Payment of Very Small Benefits).

5 Where recoupment is necessary, reduce the participant's gross benefit by the recoupment amount. Enter the recoupment amount in the recoupment deduction field that corresponds to the new pay source and the recoupment end date from PACS in the deduction end date field.

6 If there has been an underpayment, do a special check for the back payment unless the amount meets the criteria for a lump-sum distribution payment. If the underpayment results in a Large Back Payment, issue the appropriate BDL notifying of distribution options. If the increase in final benefit is less than $1, implement the increase. See Process 19: Issue BDLs and Make Adjustments to Overpayments, Overview. Where it is determined that total back payments will be less than $1.00, increase the benefit from the date the change is implemented.

7 Forward the adjusted records for authorization, see TP 28: Authorize Financial & Non-Financial Transactions through PRISM.

| | |
|---|---|
| **Note** | If a record with a pay source change from estimated to guaranteed is transmitted to PLUS, and the guaranteed pay source data is deleted afterwards because of an appeal, and the record is re-transmitted to PLUS, the participant will be overpaid. A blank pay source in PRISM cannot overwrite data in a populated pay source in PLUS. PLUS will have two open pay sources resulting in overpayment. |

**8** Finalize the Final Benefit Adjustment Milestone in CAS after all adjustments have been made.

**Issue BDLs and Make Adjustments to Payments**

## 19.4 Determine Overpayment/Underpayment for Lump-Sums 03/19/2004

**Action Steps**

| | |
|---|---|
| **Purpose** | Pay final lump-sum distributions. Determine if there is a difference between estimated lump-sums that were paid, and final lump-sums. Pay underpayments and recover overpayments. |
| **Time Reporting(BMPRS)** | FTE Process Benefit Determination Letters<br>FBA Process Benefit Determination Letters<br>PBA Process Benefit Determination Letters<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Amount of paid estimated lump-sum and final valuation amount. Participants who are eligible for final lump-sum payments and amounts payable. |
| **Process Output and Recipient** | Payment of lump-sums to eligible participants. Extra payment (with interest) to those underpaid and recovery action against those overpaid. |
| **Control Issues** | PBGC pays estimated lump-sums to participants who reach earliest retirement age and apply for benefits between DOPT and completion of the final valuation. The final valuation may reveal an overpayment or underpayment.<br><br>A de minimis overpayment may no longer be de minimis by the time an appeal is resolved because of payments made during the appeals period. In a situation like this, IOD freezes the de minimis overpayment to avoid recovery after resolution of the appeal. This is applicable to BDLs issued on or after October 28, 2002 and for unresolved appeals as of this date. However, the overpayment is not frozen when the Appeals Board's decision decreases the benefit, resulting in an amount above the de minimis overpayment.<br><br>PBGC pays lump sums of $200 or less (including interest) without a benefit application if participant data are reliable (see IOD Policy Bulletin 99-6: Payment of Very Small Benefits). If participant data are questionable, request a signed lump sum application before making payment. Federal income tax is not withheld from these small benefit payments.<br><br>The PACS Detailed Summary and Back Payment or Recoupment Summary should be printed and imaged to the participant's file (IPS). |
| **Important Concepts** | All participants not in pay status whose DOPT present value is $5,000 or less receive lump-sum distributions regardless of the form of benefit.<br><br>PBGC makes lump sum distributions after the expiration of the appeal period to a participant, or if deceased, to the beneficiary or estate.<br><br>In sufficient trusteeship, participants whose plan provisions include lump-sum as an optional form of benefit distribution may elect to receive a lump sum distribution subject to the spousal consent requirements if married. The participant's spouse must approve election of a lump sum payment (i.e., waive the J&S form of benefit). |

The $5,000 limit for lump-sum payments applies to BDLs issued on or after 7/16/98.

A participant who received a very small estimated payment, see Policy Bulletin 99-6: Payment of Very Small Benefits, and is due a residual benefit amount, cannot be paid without a tax withholding in the same calendar year. All interest calculations are completed by PBGC effective from March 2002 payments. Interest calculations may no longer be requested from SSC.

In the actual mode, PACS automatically populates some data fields from GENESIS. Processing staff uses the actual mode to calculate benefit adjustments or interest on lump sum of payees whose data are in GENESIS. The hypothetical mode facilities computations for a participant not loaded in GENESIS.

**Timing:** Take the appropriate action on a residual benefit amount as soon as possible, but no later than the indicated date for each event:

- Pay the lump sum residual benefit amount - 90 days after the later of the expiration of the appeals period or Appeals Board decision.
- Implement a new annuity payment - according to time frames specified in Important Concepts of TP 20.1: Receipt and Review of Benefit Application Package (BAP).

**Guidance**

Treas. Reg. 31.3405(c)-1

IOD Policy Bulletin 97-7 (rules for payment of interest)

IOD Policy Bulletin 99-6: Payment of Very Small Benefits

IOD Policy Bulletin 00-6

IOD Policy Bulletin 03-2

29 CFR 4022: Benefits Payable in Single-Employer Plans Subpart A - General Provisions; Guaranteed Benefits (benefits payable in a single installment, see 29 CFR 4022.7).Subpart E - PBGC Recoupment and Reimbursement of Benefit Overpayments and Underpayments (reimbursements of underpayments).

29 CFR 4044: Allocation of Assets in Single-Employer Plans Subpart B - Valuation of Assets and Benefits (interest rates for lump-sums).

PACS Helpfile

PBGC Operating Policy Manual 5.4-6: Annuity Options for Lump Sum Benefits

**Procedure Owner**

PLS, PBA, FBA

## Click Here for More Information...

19.4 Action Steps: Determine Overpayment/Underpayment for Lump-Sums

## 19.4 Action Steps: 10/18/2002

## Determine Overpayment / Underpayment for Lump-Sums

Take action according to the **Timing** specified in the Important Concepts section of preceding topic.

1 From the list of participants eligible for lump-sum distributions on the final valuation, separate those who were paid estimated lump-sums and those who are eligible for lump-sums.

2 Review the ledgers of paid participants in PRISM Browser to verify the amount of the estimated payment and interest, and if necessary, the participant's files (IPS).

3 Access PACS with your UserID and PRISM password.

- Enter the 8-digit Case number and participant's SSN.
- Follow the steps in PACS and input data not automatically populated from GENESIS.
- Add comments, if necessary, and ensure that the box beside "Display Comments on Report" is checked to insert the comments on the Lump Sum summary.
- Print the PACS Lump Sum Summary and Detailed Summary.
- Ensure both summaries are scanned to the participant's file (IPS).

4 If a participant is entitled to a residual benefit amount and will be paid a lump-sum distribution , determine whether a new Form 720 – Application for Lump-Sum Payment should be sent, based on the following:

| If the date of the estimated payment is... | Do the following - |
|---|---|
| **More than 6 months prior to the expected residual payment** | • Send a new Form 720 – Application For Lump-Sum Payment.<br>• Wait for the completed Form 720 before processing the residual payment. |
| **Within 6 months of the expected residual payment** | • Call the participant to find out if the payment should be made according to previously completed Form 720 (rollover, direct or split payment).<br>• If the participant requests a different payment method and/or destination, send them another Form 720 – Application for Lump-Sum Payment.<br>• Wait for the completed Form 720 before processing residual payment.<br>• Document the call in CCN, see TP 31: Document Telephone Calls. |

5 After the appeals period, do the following for participants who did not file an appeal or

request an extension, see TP 20: Put New Payee in Pay Status.

- New Payment – go to PRISM Benefits and create the lump-sum transaction with the figures from PACS.
- Residual lump-sum:
  - $5,000 or less (excluding interest) - a lump-sum distribution (unless the participant opts for an annuity). If the residual benefit amount is paid as an annuity, the computation is based on PBGC's lump-sum assumptions and the ratio of the residual annuity to the total annuity. If the participant were paid an estimated annuity where the estimated PV was $5,000 or less, the residual benefit amount would be an annuity.
  - More than $5,000 (excluding interest) - an annuity; the amount is determined using PBGC's lump-sum assumptions and the ratio of the residual benefit to the total benefit.
- Overpayments – begin recovery action, see TP 06: Recover Overpayment.

**6** Forward the lump-sum record for authorization, see TP 28: Authorize Financial & Non-Financial Transactions through PRISM.

## 19.5 Issue Corrected or Revised Benefit Determination Letter 03/19/2004

**Action Steps**

| | |
|---|---|
| **Purpose** | To select and issue the appropriate BDL to change a previously determined benefit. |
| **Time Reporting (BMPRS)** | FTE Process Benefit Determination Letters<br>FBA Process Benefit Determination Letters<br>PBA Process Benefit Determination Letters<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | As applicable:<br>• Discovery of error in an original BDL<br>• Appeals Board Decision<br>• Need for changes to BDLs of similarly situated participants |
| **Process Output and Recipient** | As applicable:<br>• Revised BDL<br>• Corrected BDL<br>• Amended Benefit Statement<br>• Cover letter to Participant |
| **Control Issues** | Document all material supporting the change of a previously determined benefit and the amended benefit statement in the participant's IPS file (see TP 16.3: Maintain Participant File). Record all telephone contacts with the participant in CCN (see TP 31 Document Telephone Calls).<br><br>The Team Leader or FBA Project Manager's signature is required on Revised and Corrected BDLs. |
| **Important Concepts** | Use only a Corrected BDL or Revised BDL to change a previously determined benefit. In general, issue a Corrected BDL if the original BDL has not yet gone into effect (issued fewer than 46 days ago or an appeal is pending); issue a Revised BDL when the original BDL has already gone into effect (issued more than 45 days ago and no appeal or extension request was filed). There are several letters to choose from in ALGS among the Corrected and Revised BDL series, depending on the situation. The ALGS Help File lists available letters.<br><br>Do not change a previously determined benefit unless it meets the criteria stated in PBGC Operating Policy Manual 5.8-1: Revising Benefit Determinations. Also note that, per IOD Policy Bulletin 96-3: Approval for Revised Benefit Determinations, approval by OPSS is required under certain circumstances if changing the benefit determination reduces the benefit.<br><br>This subprocess clarifies when to change a previously determined benefit, and how to select the appropriate letter regardless of whether |

| | |
|---|---|
| | an appeal was filed. Refer to PR 20. Respond to Appeals Notices and PEAD Referrals for specific guidance on responding to appeals correspondence. |
| **Guidance** | PBGC Operating Policy Manual 5.8-1: Revising Benefit Determinations<br>IOD Policy Bulletin 96-3: Approval for Revised Benefit Determinations<br>ALG Letters (electronic manual in IOD Manuals System) |
| **Procedure Owner** | PLS, PBA, FBA |

## Click Here for More Information...

19.5 Action Steps: Issue Corrected or Revised Benefit Determination Letter

## 19.5 Action Steps: 03/19/2004

## Issue Corrected or Revised Benefit Determination Letter

1 Determine that a change is needed to a previously issued Benefit Determination Letter (BDL). A change may be needed because, for example:

- Without filing an appeal, a participant calls and states there is a factual error on the BDL (e.g., the Date of Birth is incorrect), and the correction changes the benefit.
- PEAD refers appeals correspondence to IOD, and IOD concludes that the original BDL is incorrect. (For specific instructions on responding to appeals correspondence, see PR 20. Respond to Appeals Notices and PEAD Referrals.)
- After an Appeals Board decision changes an appellant's benefit, IOD decides to change the BDLs of similarly situated participants who did not appeal and whose original BDLs have become effective.

**Before changing any previously determined benefit**, verify that the change falls under the rules of PBGC Operating Policy Manual 5.8-1: Revising Benefit Determinations. Also, if a corrected benefit statement is needed to correct an error that does not change the benefit, issue the amended benefit statement without a new BDL; instead create a cover letter using the ALGS Generic letter.

**Note** If the Appeals Board issues a decision, **do not** issue a Corrected BDL **unless** specifically instructed to by the appeal closing memo from PEAD. An Appeals Board decision is final, and issuing another BDL would grant an additional appeal period that is unwarranted. However, if the appeal closing memo directs, issue a corrected benefit statement (without a BDL) to the participant, with a cover letter (using the ALGS Generic letter). Contact PEAD with any questions on how to respond to appeals closings. See also Process 20 Respond to Appeals Notices and PEAD Referrals.

2 Determine whether to use a Revised BDL or Corrected BDL. Use **only** a letter within the Revised or Corrected BDL series in ALGS to change a benefit; do not use a standard BDL to replace a previously issued BDL that was incorrect. Contact OPSS with any questions about which letter to use.

The following table summarizes when to use a Revised BDL or Corrected BDL. After determining the series, select the appropriate letter within that series, depending on the situation. The ALGS Help File lists available letters.

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| Corrected BDL – ALGS 410 series | To change a benefit determination that has not become effective because the appeal period has not expired. For example:<br>• A mistake is found in a BDL issued fewer than 46 days ago.<br>• PEAD refers appeals correspondence to IOD, and IOD decides to change the original benefit determination.<br>• In its appeal closing memo, PEAD requests that IOD issue a Corrected BDL. |

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| Revised BDL – ALGS 411 series | To change a benefit determination that has become effective because the appeal period has expired. For example:<br>• A mistake is found in a BDL issued more than 45 days ago, and no appeal/extension request was filed.<br>• An Appeals Board's decision on one participant's appeal affects similarly situated participants who did not appeal, and whose BDLs were issued more than 45 days ago. |

3 Customize and issue the appropriate BDL using ALGS (see TP 15. Prepare & Mail Letters). The letter must have the signature of the TPD Team Leader or FBA Project Manager, who must review, initial and date the draft. Image the initialed draft to the participant's IPS file (see TP 16.3 Maintain Participant File).

Under certain circumstances, when changing the benefit determination adjusts the benefit downward, approval by OPSS is required **before** the letter is issued (see IOD Policy Bulletin 96-3: Approval for Revised Benefit Determinations).

4 Verify that all documentation that supports correcting or revising the BDL and/or benefit statement is documented:

- Image all supporting documents into the participant's IPS file, including the new benefit statement and relevant e-mail (see TP 16.3 Maintain Participant File).
- Document all telephone contacts with the participant in CCN (see TP 31 Document Telephone Calls).

5 Once the appeal period has expired, determine whether the participant has appealed the BDL or requested an extension request. If not, make adjustments to the participant's benefit as required (see TP 21 Change Benefit/Payment Amount). If the participant files an appeal or extension request, stay the BDL and proceed to Process 20 Respond to Appeals Notices and PEAD Referrals.

## 19.6 Action Steps: 05/13/2005

## Issue Limited-Scope BDLs

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| **Purpose** | To issue a determination concerning limited aspects of benefit entitlement to an individual or a group of participants before issuing their full-scope benefit determinations. |
| **Procedure Owner** | PLS/PBA/FBA |
| **Guidance** | PBGC Operating Policy Manual 5.8-2 Limited-Scope Benefit Determinations<br><br>eALG Correspondence Help |

1 Determine the need to issue a Limited-Scope BDL before the full-scope BDLs will be issued. Refer to PBGC Operating Policy Manual 5.8-2 Limited-Scope Benefit Determinations for guidance. Consult TPD management before proceeding.

2 Research the issue(s) to be addressed in the letter. Obtain input from the case team and TPD management, as needed.

3 Draft language to be included in the *Limited-Scope BDL (eALG 406)* and obtain approval depending on whether issuing the letter to an individual or group:

- **Limited-Scope BDL to an individual:** Obtain TPD Management approval.
- **Limited-Scope BDLs to a group of participants:** After TPD management concurs, obtain approval from OPSS.

4 Using the approved language, create and issue the customized *Limited-Scope BDL (eALG 406)* via eALG (do not use **any** other letter for this purpose). See TP 15: Prepare & Mail Letters.

5 Image supporting documents to the appropriate file (see Technical Procedure 16: Establish & Maintain Plan & Participant Files):

- **Limited-Scope BDL to an individual:** Image documentation indicating TPD management 's approval of the BDL language, and any supporting documents, to the participant's IPS file.
- **Limited-Scope BDLs to a group of participants:** Image documentation indicating OPSS 's approval of the BDL language, and any supporting documents, to the IPS plan file.

6 If the participant appeals, see Process 20: Respond to PEAD Acknowledgement of Appeal or Extension Request.

## 19.7 Forms, Letters, Memos, etc.

05/13/2005

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Application for Lump-Sum Payment, Form 720***

***Corrected BDL – eALG 410 series***

***Early BDL Audit Report***

ebdlauditreport.doc

***Limited-Scope BDL – eALG 406***

***Participant Database Archiving Guidelines***

Pdaarchiveinstructionsv1.doc

***Payee Information Form (PIF), Form 701***

***Revised BDL – eALG 411 series***

## PR 20. Respond to Appeals Notices and PEAD Referrals


20. Overview

20. Workflow for Process 20

20.1 Respond to PEAD Acknowledgement of Appeal or Extension Request

20.2 Respond to Appeal Closing Memo

20.3 Respond to Notice of Referral from PEAD

20.4 RFA Correspondence Guidelines and Appeal Criteria

Forms, Letters, Memos

## 20. Overview

01/19/2005

### Appeals

Individuals may appeal any element of a Benefit Determination Letter (BDL), such as form of benefit, amount, or benefit commencement date. They may also appeal the qualification of a Domestic Relations Order (DRO); however, these procedures deal exclusively with BDLs. An appeal, or a request for an extension of time to file an appeal, generally must be filed within 45 days of the date of the BDL. Guidelines for filing appeals are set forth in the brochure "Your Right to Appeal," which is enclosed with each BDL. Rules governing the agency's review are covered in 29 CFR 4003.

IOD does not implement changes to estimated benefits which would result solely from the BDL during the 45-day appeal period following the date of the BDL. If an appeal or an extension request is received, the 45-day clock stops and the benefit determination is stayed. In general, once an appeal is filed, IOD does not implement any changes to the benefit of a participant (or any party related by a QDRO) which would result from the BDL until the Participant and Employer Appeals Department (PEAD) provides instructions. PEAD images the correspondence and notifies IOD through SCoRe. IOD should continue routine processing, including putting an eligible participant into estimated pay status, ending certain period benefits upon expiration, and implementing step-up and step-down provisions in a plan. The Appeals Board (within PEAD) or PEAD staff researches and makes final decisions on appeals. IOD must implement an Appeals Board decision within 30 days of the decision. Any questions on appeal decisions are referred to the appropriate IOD manager or to PEAD.

### Correspondence Referred from PEAD

PEAD refers certain appeals correspondence to other areas in PBGC for response. IOD receives the most referrals, but some are sent to OGC, CPAD, the Problem Resolution Office (PRO) or within PEAD. PEAD refers to IOD items such as complaints, requests for explanations, or challenges of facts used in benefit calculations (for example, an incorrect Date of Birth). Such correspondence, known as Routed From Appeals (RFA) correspondence, is imaged by PEAD, and IOD is notified by ScoRe that the letter is in IPS. The BDL of the appellant (and any party related by a QDRO) is stayed while the referral is open. IOD should respond to referrals it receives as soon as possible, but target the response for no more than 45 days from the date opened in SCoRe. In certain cases, with TPD management's approval, IOD may return the correspondence to PEAD for processing.

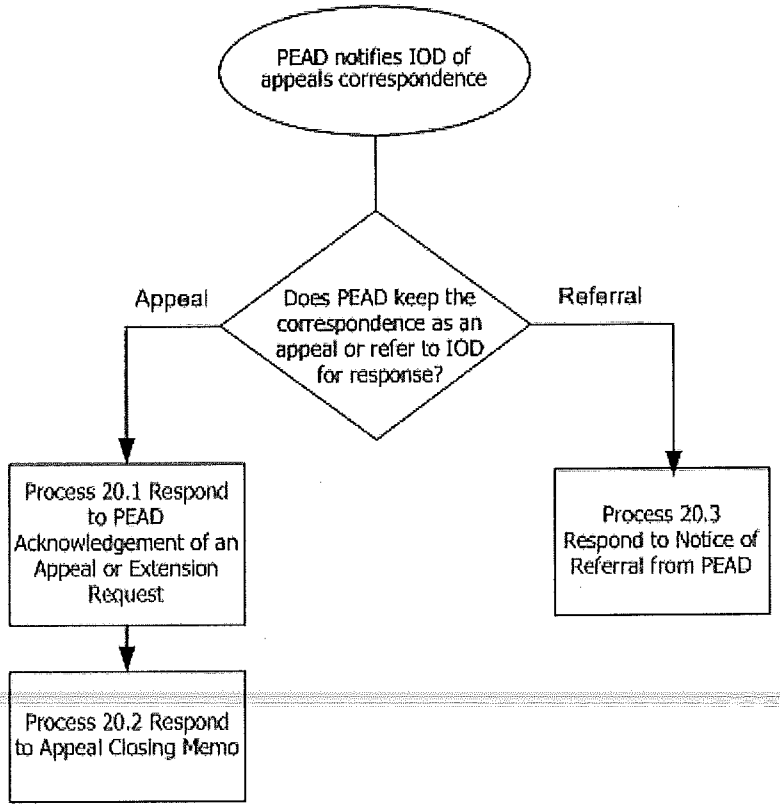
PBGC's response to appeals and inquiries, and the seriousness with which they are viewed, reflect the Corporation's desire to provide complete and accurate decisions and the best service to the participants whom we serve. The Corporation wants to ensure that we provide participants with whatever benefits they are entitled to under their respective plans and by law. A person first must appeal, in order to subsequently seek court review of a PBGC Benefit Determination Letter.

Notification of Benefits Processes
Respond to Appeals Notices and PEAD Referrals

Browse Workflows:

## 20. Workflow for Process 20

01/19/2005



**Respond to Appeals Notices and PEAD Referrals**

## 20.1 Respond to PEAD Acknowledgment of Appeal or Extension Request

**01/19/2005**

**Action Steps**

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|---|---|
| **Purpose** | To ensure that IOD handles pending appeals properly and that participants are given their due process. |
| **Time Reporting (BMPRS)** | FTE Process Benefit Determination Letters<br>FBA Process Benefit Determination Letters<br>PBA Process Benefit Determination Letters<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Notification from PEAD through SCoRe that an appeal or extension request has been submitted. |
| **Output and Recipient** | A stay (with few exceptions) on implementing any actions or changes in participants' benefits as described in the BDL. |
| **Control Issues** | N/A |
| **Important Concepts** | Appeals are received in very few cases, but regulations allow appeals for all BDLs. If an original (paper) appeal is received in IOD, deliver it by hand to PEAD for imaging and processing. If a letter in IPS appears to be an appeal but is not acknowledged by PEAD, notify PEAD immediately by e-mail.<br>While the appeal or extension request is pending, stay the BDL of the appellant (and anyone related by a QDRO). Continue to communicate with the participant as needed and take necessary actions for routine plan processing only. Notify PEAD by e-mail of any communication with the participant(s) related to the appeal and any payment actions taken during that period. Image e-mails with PEAD to the participant's IPS file. Communications with participants must be documented in IPS and/or CCN . |
| **Guidance** | 29 CFR 4003 |
| **Procedure Owner** | PLS, PBA, FBA |

## Click Here for More Information...

20.1 Action Steps: Respond to PEAD Acknowledgment of Appeal or Extension Request

**Respond to Appeals Notices and PEAD Referrals**

## 20.1 Action Steps: 01/19/2005

## Respond to PEAD Acknowledgment of Appeal or Extension Request

PEAD intake staff images all appeal letters to IPS. If an original appeal letter is received in IOD, immediately walk the original, including the envelope, to PEAD for imaging. If received at an FBA office, forward the letter to PEAD via interoffice correspondence.

1 Receive notification of the appeal filing or extension request through SCoRe when PEAD issues an acknowledgment memo. Follow any instructions from PEAD contained in the memo. **If the filing concerns a Recovery BDL** (ALGS 404R, 414, or 415), notify the Recovery Coordinator by e-mail to the Recovery mailbox. Reference the case number, SSN and recovery tracking number. Take no action on the recovery until the appeal is closed.

2 Stay the Benefit Determination Letter. If the participant is in pay status, leave the current payment as previously estimated and in the estimated pay source in PRISM while the appeal or extension request is pending. Make no changes to a participant's benefit based on the BDL. Unless otherwise advised by PEAD, implement only changes which result from the normal operation of the plan or are required by an individual's payment method.

Examples of actions that **may be taken** while an appeal or extension request is pending:

- Beginning estimated annuities, including backpayments to ARD
- Paying BDL lump sums at Earliest Retirement Age as estimated
- Ending a Certain & Continuous Annuity benefit to a beneficiary upon its expiration
- Implementing Step-up and Step-down provisions in a plan
- Performing administrative changes, such as updating EDD information, addresses, federal income tax withholding, etc.

Examples of actions that **should not be taken** while an appeal or extension request is pending **unless** approved by IOD management or PEAD:

- Paying lump sums prior to Earliest Retirement Age
- Adjusting benefits up or down based on the BDL
- Initiating recoupment or recovery
- Initiating backpayments based on a benefit adjustment required by the BDL
- Moving payments from estimated to final pay sources in PRISM

**Note:** Discuss any questions concerning the appropriateness of a payment action with TPD management before acting. Contact PEAD for additional guidance.

3 If the appeal was filed by a party to a Qualified Domestic Relations Order (QDRO),

- Stay the BDL of both the appellant and of the related party(-ies) to the QDRO while the appeal is open, since the appeal decision may change both benefits; and
- Notify the related party(-ies) who did **not** appeal by **ALGS 615 QDRO - Stay of BDL (Appeals)**. (See also TP 13: Domestic Relations Order Handbook.)

4 If any benefit changes have already been implemented, restore the benefit to the estimated pay amount in PRISM for the next check cycle. See TP 21: Change Benefit/Payment Amount.

(However, do not change it from the guaranteed pay source back to the estimated pay source; use the next available pay source only. Reverting to a previous pay source may cause duplicate payments.) If necessary, issue a special check to restore any downward adjustments. Inform the participant of any necessary adjustments by telephone or letter, and document all communications in CCN and/or IPS.

5 Notify PEAD by e-mail of any payment actions taken and appeal-related communications with the participant while the appeal or extension period is pending. Log all participant contacts in CCN and/or IPS. Also document all e-mails to/from PEAD in IPS.

6 Take next action upon notification that the appeal is closed. (See Process 20.2: Respond to Appeal Closing Memo) or has been referred to IOD for response (see Process 20.3: Respond to Notice of Referral from PEAD).

## 20.2 Respond to Appeal Closing Memo 01/19/2005

Action Steps

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| **Purpose** | To take actions as directed by PEAD in response to an appeal. |
| **Time Reporting (BMPRS)** | FTE Process Benefit Determination Letters<br>FBA Process Benefit Determination Letters<br>PBA Process Benefit Determination Letters<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Memo from PEAD (through SCoRe) directing IOD to take specific action on a participant's benefit determination as a result of the appeal decision. |
| **Output and Recipient** | As needed:<br>• Corrected BDL (ALGS 410)<br>• Adjustment to payee's benefit<br>• PRISM Updates |
| **Control Issues** | N/A |
| **Important Concepts** | A de minimis overpayment is written off at the time the BDL is issued. However, because payments continue without adjustment while an appeal is pending, the overpayment may increase to an amount greater than the de minimis by the time the appeal is resolved. In this situation, the de minimis overpayment amount as noted in the BDL is frozen while the appeal is pending. PBGC will not seek repayment of an overpayment which grew to an amount greater than the de minimis amount solely because of payments made while the appeal was pending. (See IOD Policy Bulletin 03-2.)<br>Occasionally, PEAD will direct IOD to issue a new BDL rather than a Corrected BDL. This occurs when the participant appeals an issue that is not addressed in the original BDL – for example, a disability benefit which the first BDL did not take into account. Contact PEAD with any questions about implementing an Appeals Board decision.<br>Whenever issuing any type of BDL, the participant has 45 days to appeal. Be aware that appeals correspondence is timely if postmarked within 45 days, so allow time for late correspondence to be received and appear in IPS.<br>**Timing:** Implement PEAD's decision within 30 days. |
| **Guidance** | IOD Policy Bulletin 03-2<br>29 Code 4003 |
| **Procedure Owner** | PLS, PBA,FBA |

## Click Here for More Information...

20.2 Action Steps: Respond to Appeal Closing Memo

**Respond to Appeals Notices and PEAD Referrals**

## 20.2 Action Steps: 01/19/2005

## Respond to Appeal Closing Memo

1 Receive memo from PEAD (through SCoRe) advising that the appeal is closed and of what actions to take to implement the decision. Note that the Appeals Board's decisions are **final**. Do not issue a new or Corrected BDL (ALGS 410 Series) unless so directed by the closing memo, since the appellant is not entitled to appeal the decision. Contact PEAD with any questions about the instructions. **If the appeal was filed by a party to a QDRO**, see the Qualified Domestic Relations Order section at the end of this procedure for required actions concerning the related QDRO party(-ies) who did **not** appeal. **If the appeal concerned a Recovery BDL**, notify the Recovery Coordinator by e-mail of the closing, decision, and what actions will be taken based on the following steps. Use the Recovery mailbox and reference the participant's name, SSN and recovery tracking number.

2 If the appeal is denied, dismissed, or administratively closed, implement the BDL according to pay status:

- **Non-Payees:** Normally, no further action is necessary. However, take any actions directed by the PEAD's closing memo.
- **Payees:** Within 30 days of the date of PEAD's closing memo:
  - Move final pay amounts to final pay sources in PRISM;
  - Initiate **recoupment** or **recovery**, if necessary (see Technical Procedure 07: Recoup Overpayments or Technical Procedure 06: Recover Overpayments);
  - Initiate backpayments and other adjustments as needed.

**Note** A de minimis overpayment is written-off at the time the BDL is issued. However, because payments continue without adjustment while an appeal is pending, the overpayment may increase to an amount greater than the de minimis by the time the appeal is resolved. In this situation, the de minimis overpayment amount as noted in the BDL is frozen while the appeal is pending. PBGC will not seek repayment of an overpayment which grew to an amount greater than the de minimis amount solely because of payments made while the appeal was pending. (See IOD Policy Bulletin 03-2.)

3 If the Appeals Board decision changes the benefit, take action as directed by the appeal closing memo within 30 days. **Do not issue a Corrected BDL unless the appeal closing memo specifically directs such action**. If necessary, contact PEAD for clarification on actions to be taken.

4 If the appeal closing memo directs that a Corrected BDL be sent to the participant, take action based on the participant's pay status:

**Non-Payees:** Issue a Corrected BDL (ALGS 420) with a new benefit statement. Customize the letter as appropriate. If necessary, request the new benefit statement from the case actuary. Be aware that the issuance of a Corrected BDL starts another 45-day appeal period for matters addressed in that BDL. Therefore, if the participant elects to go into pay status during the appeal period, use the estimated pay source in PRISM until after the appeal period has expired.

**Payees:** Issue a Corrected BDL (ALGS 420) with a new benefit statement. Customize the letter as appropriate. If necessary, request the new benefit statement from the case actuary. Be aware that the issuance of a Corrected BDL starts another 45-day appeal period for matters addressed in that BDL. Make no benefit changes until after the appeal

period has expired.

5 If the appeal closing memo directs that a new (not Corrected) BDL be issued, follow the directions in the appeal closing memo and contact PEAD with any questions. Make no benefit changes until after the new appeal period has expired. Be aware that appeals correspondence that is received after the 45th day can still be timely if postmarked within 45 days, so allow time for late correspondence to appear in IPS.

6 Once 45 days have passed since the Corrected or new BDL was issued, view the participant's IPS file to determine whether a subsequent appeal or extension request has been filed. (Be aware that appeals correspondence that is received after the 45th day can still be timely if postmarked within 45 days, so allow time for late correspondence to appear in IPS.) If a new appeal has not been filed, make any changes to the participant's benefit required by the Corrected or new BDL (see TP 21 Change Benefit/Payment Amount). If an appeal has been filed, treat it as a new appeal (see PR 20.1 Respond to PEAD Acknowledgement of Appeal or Extension Request).

7 Normally, the decision of the Appeals Board and/or PEAD staff is applied to only the appellant. Occasionally, the Appeals Board will send a separate memo directing IOD to take specific action for similarly situated participants in the same plan. For similarly situated participants who did not appeal and whose BDLs became effective after 45 days, change their benefits by issuing Revised BDLs (ALGS 411). Obtain TPD management approval before taking any action with other participants in the plan based on this direction.

**Qualified Domestic Relations Orders (QDRO)**

If the appeal was filed by a party to a QDRO, the Appeals Board's decision may change the benefit of the appellant and/or other party(-ies) to the QDRO. Use the following instructions concerning the party(-ies) who did **not** file the appeal. (If more than one party to the QDRO appeals, take no action on the benefit of any party until all appeals are closed.)

1 If the Appeals Board's decision does **not** change the benefit of the party who did not file the appeal:
- Issue **ALGS 616 QDRO – No Benefit Change (Appeals)**, and
- Implement the Benefit Determination Letter within 30 days.

2 If the Appeals Board's decision changes the benefit of the party who did not appeal:
- Issue a Corrected BDL (ALGS 410 Series). See PR 19.5: Issue Corrected or Revised Benefit Determination Letter.

**Very Important:** When corresponding with a customer who is a party to a QDRO, do not reveal any sensitive information concerning the other party(-ies) or provide copies of their correspondence. See TP 13: Domestic Relations Order Handbook for more information.

## 20.3 Respond to Notice of Referral from PEAD 01/19/2005

Action Steps

**Purpose**

To assure that correspondence referred from PEAD is handled properly and timely.

**Time Reporting (BMPRS)**

FTE Process Benefit Determination Letters

FBA Process Benefit Determination Letters

PBA Process Benefit Determination Letters

[See Appendix E: IOD Time Reporting (BMPRS)]

**Required Input and Source**

Notification from PEAD (through SCoRe) that correspondence has been received from a participant and referred to IOD or another area for processing.

**Output and Recipient**

As needed:

- Stay of BDL
- Response to the customer/representative allowing additional time to appeal
- E-mail notification to PEAD that the correspondence is closed
- Corrected BDL (ALGS 410)
- Notice to participant's representative of response to participant

**Control Issues**

PEAD sends an acknowledgment letter to participants for any correspondence received in PEAD and advises IOD of all appeals correspondence through SCoRE (coded AP). If PEAD decides to refer the correspondence to IOD, it then appears as RFA (Referred From Appeals) correspondence in SCoRE.

Communications with PEAD and other staff concerning actions taken in response to a PEAD referral must be documented in the participant's IPS file. Be aware that appeals correspondence that is received after the appeals period expires is timely if postmarked within the period, so allow time for late correspondence to appear in IPS.

ALGS letters 410, 532, 533, and 534 require the review and signature of the TPD Team Leader or FBA Project Manager. ALGS authorizers approve all letters.

**Important Concepts**

PEAD may refer correspondence to IOD, OGC, PRO, or within PEAD. Make no changes to benefits, which would result solely from the BDL, while **any** correspondence referred from PEAD is open. If a referral does not come to IOD, stay the BDL until PEAD advises through ScoRe that it is closed and what action to take. Notify the Recovery Coordinator of referrals concerning recovery BDLs, including hardship cases, so that no recovery actions will occur when the appeal period is extended. Responses to letters requesting hardship consideration require specific language.

ALGS 532 and 533 allow an additional 30 days to appeal a BDL. ALGS 410 (Corrected BDL) begins a new 45-day appeal period. Be aware that appeals correspondence that is received after the appeals period expires

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| | is timely if postmarked within the period, so allow time for late correspondence to appear in IPS.<br><br>**Timing:** Respond to RFA correspondence as early as possible, but target the response for no more than 45 days from date received in the TPD/FBA per SCoRe report. |
| **Guidance** | ALGS Help File |
| **Procedure Owner** | Team Leader; Project Manager; PLS; PBA; FBA |

## Click Here for More Information...

20.3 Action Steps: Respond to Notice of Referral from PEAD

## 20.3 Action Steps: 05/13/2005

## Respond to Notice of Referral from PEAD

1 The IOD mail point of contact for the case (designated in CAS) is notified of any appeal-related correspondence received in PEAD by the code AP on the SCoRe report. When such correspondence is received, stay the BDL until further instructions are received from PEAD. If PEAD refers the correspondence to IOD, it will appear a second time on SCoRe, but coded as type RFA (Referred From Appeals) correspondence.

If the correspondence does not appear as RFA, it has either been referred to another area or kept in PEAD. Take no action on the correspondence and stay the BDL until further instructions are received from PEAD (see Process 20.1: Respond to PEAD Acknowledgement of Appeal or Extension Request).

**If the correspondence concerns a Recovery BDL** (ALGS 404R, 414 or 415), notify the Recovery Coordinator of the referred correspondence. Use the Recovery mailbox and reference the participant's name, SSN and recovery tracking number. Take no action on the recovery until the correspondence is closed.

- If the correspondence requests hardship consideration but raises no other issues, advise the Recovery Coordinator by e-mail to the Recovery mailbox. PEAD will have notified the participant that hardship is not an appealable issue and that the matter has been referred to the Recovery Coordinator, but the mail POC for the case must inform the Recovery Coordinator. Take no further action; the Recovery Coordinator will respond to the letter.
- If the correspondence requests hardship consideration and also raises other issues (e.g. request for explanation, challenge of fact, etc.), see Step 7.

2 Research the issues and obtain input from the IOD Team Leader, as needed. Determine whether:

- The referred correspondence concerns an issue which may be addressed by IOD (continue to Step 3); or
- The referred correspondence concerns issues that should be addressed by PEAD (skip to Step 6).

See PR 20.4 Referred From Appeals (RFA) Correspondence Guidelines and Appeal Criteria for guidance on making this determination. Note that some referrals from PEAD, which meet appeal criteria, can be addressed by IOD.

3 Research the situation and respond to the participant and/or representative as early as possible, but target the response for no more than 45 days from the date opened in ScoRe. Use the appropriate ALGS letter(s) listed below. See TP 10 Respond to Correspondence. Note that each requires the signature of a TPD Team Leader or FBA Project Manager.

**QDROs:** If the appellant is a party to a QDRO, see the Qualified Domestic Relations Order section at the end of this procedure for instructions concerning the related party(-ies) who did **not** appeal.

**Limited-Scope BDLs:** Use the letters in the special instructions at the end of this procedure if the RFA correspondence concerns a Limited-Scope BDL.

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**ALGS 410: Corrected Benefit Determination Letter**

- Advises participant that a review of the case resulted in a change in the benefit

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| | determination<br>• Grants new 45-day appeal period.<br>• Attach a new benefit statement and image a copy to the participant's IPS file.<br>• Address this letter only to the participant – not to a representative. If applicable, advise the participant's representative of the response using ALGS 534 (see below). |
| **ALGS 532: Response to Representative of Appellant – Referral from Appeals Dept.** | • Advises participant's representative that a review of the case resulted in no change to the benefit determination.<br>• Grants the participant an additional 30 days to file an appeal. |
| **ALGS 533: Response to Appellant – Referral from Appeals Dept.** | • Advises participant that a review of the case resulted in no change to the benefit determination<br>• Grants additional 30 days to file an appeal. |
| **ALGS 534: Notification Letter to Representative of Appellant** | • Advises the participant's representative that a review of the case resulted in a changed benefit determination, and that the response was sent directly to the participant. See ALGS 420 (above). |

4 On the day of the response to the participant, close the RFA correspondence in SCoRe. Also advise PEAD by email to AppealsIntake@pbgc.gov (and cc to TPD Team Leader) including the participant's name and SSN; which ALGS letter was sent and the date; and one of the following statements:

- **RFA Did Not Result in a Change in Benefit.**
- **RFA Resulted in an Increase in Benefit.**
- **RFA Resulted in a Decrease in Benefit.**

Image the e-mail to the participant's IPS file.

5 Once the new or extended period to file an appeal has expired (per ALGS letter sent in Step 3 above), check IPS and act according to whether a new appeal has been filed. Be aware that appeals correspondence is timely if postmarked within 45 days, so allow time for late correspondence to be received and appear in IPS.

- If a new appeal has not been filed, make any necessary adjustments to the benefit and move it to the final pay source in PRISM.
- If a new appeal has been filed, stay the benefit determination and await instructions from PEAD. See Process PR 20.1: Respond to PEAD Acknowledgment of Appeal or Extension Request.
- If the correspondence concerned a Recovery BDL (ALGS 404R, 414 or 415), notify the

Recovery Coordinator that the correspondence is closed, the nature of the response and what actions will be taken on the recovery. Use the Recovery mailbox and reference the participant's name, SSN and recovery tracking number.

6 If TPD Team Leader agrees that the referred correspondence concerns an issue that should be addressed by PEAD and should be returned for processing:

- Send an e-mail to PEAD (AppealsIntake@pbgc.gov), with cc to the Team Leader, stating the reasons the correspondence is being referred back for processing. Reference any documents in the IPS plan and/or participant files used to make that determination. Image the e-mail, response and any follow-up e-mails to the participant's IPS file.
- Enter the date referred to PEAD as the correspondence closing date in SCoRe.
- Stay the BDL and await further instructions from PEAD.

7 If the correspondence not only requests hardship consideration but also raises other issues that must be addressed (e.g. request for explanation, challenge of fact, etc.), PEAD will refer the correspondence to IOD but will not notify the participant that the matter has been referred to the Recovery Coordinator. Treat the letter as a referral (see steps 2-6), but include the following language in the response:

"While we are sympathetic to your situation, hardship is not a basis for appeal. PBGC regulations require that PBGC get back any amounts paid to individuals that exceed the amounts they are entitled to, and the Appeals Board cannot change this requirement. However, PBGC has recently changed its policy on recovering overpayments and will consider demonstrated financial hardship in certain situations. We will send a copy of this letter to PBGC 's Recovery Coordinator, who will contact you concerning the Financial Statement of Debtor form that must be completed by the debtor alleging hardship."

On the same day the response is issued, inform the Recovery Coordinator by e-mail to the Recovery mailbox.

**Qualified Domestic Relations Orders (QDRO)**

If the appellant is a party to a QDRO, it is necessary to notify the related parties of the status of the appeal and its effect on their own benefits. This depends on the response provided the appellant, and whether the appellant files a second appeal during the extended appeal period. Use the following instructions to determine what response to provide the related parties, and when.

1 If a **Corrected BDL** is issued to the appellant, and:

- **The benefit of the related party also changes:** Issue a Corrected BDL to the related party at the same time as to the appellant. See PR 19.5 Issue Corrected or Revised Benefit Determination Letter.
- **The benefit of the related party does not change:** Wait until the 45-day appeal period expires. If the appellant does not file a second appeal and the Corrected BDL becomes final, issue **ALGS 616 QDRO – No Benefit Change (Appeals)** to the related party. Implement the BDL of each party within 30 days. However, if the appellant files a second appeal, continue to stay the BDL of each party to the QDRO (but do not issue a second **ALGS 615 QDRO - Stay of BDL (Appeals)** to the party that did not appeal).

2 If **ALGS 532/533** is issued to the appellant or his/her representative, wait until the 30-day extended appeal period has expired, then:

- If the appellant does not file a second appeal, issue **ALGS 616 QDRO – No Benefit Change (Appeals)** to the related party and implement the BDL within 30 days.
- If the appellant files a second appeal, continue to stay the BDL of each party to the QDRO (but do not issue a second **ALGS 615 QDRO - Stay of BDL (Appeals)** to the party that

did not appeal).

**Limited-Scope BDLs**

Use the appropriate eALG letter(s) from the following list to respond to RFA correspondence concerning Limited-Scope BDLs, and return to the action steps to close it and advise PEAD. Each requires the signature of a TPD Team Leader or FBA Project Manager.

| | |
|---|---|
| **410LtdS Corrected Limited-Scope BDL** | • Advises that a review of the case resulted in a change in the Limited-Scope benefit determination.<br>• Grants a new 45-day appeal period.<br>• Address only to participant – not a representative. If applicable, advise representative via ALGS letter 534 (see below). |
| **532LtdS Response to Representative of Appellant - RFA - Limited-Scope** | • Advises appellant's representative that the review resulted in no change to the determination<br>• Grants an additional 30 days to file an appeal. |
| **533LtdS Response to Appellant - RFA - Limited-Scope** | • Advises appellant that the review resulted in no change to the benefit determination<br>• Grants an additional 30 days to appeal. |
| **ALGS 534: Notification Letter to Representative of Appellant** | • Advises appellant's representative that the review resulted in a change to the determination, and the response was sent directly to the participant. |

# 20.4 RFA Correspondence Guidelines and Appeal Criteria 02/17/2004

A RFA Correspondence B Appeal Criteria

## A Referred From Appeals (RFA) Correspondence

If PEAD Intake Staff determines that the correspondence concerns an issue that can be addressed by IOD, they refer it to IOD as RFA (Referred From Appeals) correspondence. The following are examples:

- Requests for explanations
- Non-specific complaints
- Easily verifiable and resolvable issues
- Disputes of fact regarding any of the following:
  - Date of hire
  - Gender
  - Marital status
  - Date of retirement
  - Date of termination
  - Social security number
  - Salary
  - Length of service
  - Date of birth
  - Date of plan termination
  - Benefit election
  - Vesting

## B Appeal Criteria

The following are examples of issues that meet Appeal Criteria and are typically addressed by PEAD, but can also be addressed by IOD, if referred:

- Plan interpretation
- Plan practice
- Eligibility for benefits
- Legal and policy issues
- Employer appeals (e.g., employer liability)
- Successor plans
- Novel or complex issues
- Precedent-setting cases (e.g., issues that could affect some or all plan participants)
- Disability cases
- Controversial issues (material to PBGC, monetary issues, etc.)
- Cases referred to IOD and not resolved
- QDROs
- Unspecified issues

## 20.5 Forms, Letters, Memos

05/13/2005

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

*Corrected BDL – eALG 410 series*

*Corrected Limited-Scope BDL – eALG 410LtdS*

*Notification Letter to Representative of Appellant – eALG 534*

*No Benefit Change (Appeals) – eALG 616*

*QDRO - Stay of BDL (Appeals) – eALG 615*

*Response to Appellant – Referral from Appeals Dept. – eALG 533*

*Response to Appellant – RFA – Limted-Scope – 533LtdS*

*Response to Representative of Appellant – Referral from Appeals Dept. – eALG 532*

*Response to Representative of Appellant – RFA – Limited-Scope – eALG 532LtdS*

*Revised BDL – eALG 411 series*

## Introduction to Case Closure Processes 02/11/2000

The Case Closure Processes are basically a review to ensure that all required actions for a plan have been completed according to relevant policy and procedures. This is the TPD's opportunity to find and correct any errors. The last step in the process is for IOD to transfer ongoing administrative management of benefits to an outside contractor. These outside contractors continue the administration of benefits under PBGC policies and procedures.

## Case Closure Processes include:

21 Close Plan

22 Review Closed Plan

23 Transfer Plan

## PR 21. Close Plan


21. Overview

21. Workflow

21.1 Request Online Plan Closing Report

21.2 Correct Plan Closing Report Errors

21.3 Check Participant BDL Status

21.4 Prepare Plan History

21.5 Reconcile Prism with CAS and Actuarial Database

21.6 Check Completeness of Participant Files/Records on IPS, PRISM, SCORE and CCN

21.7 Check Completeness of Plan File on IPS

21.8 Run IPVFB Critical Pay Source Errors Detail Report

21.9 Correct Critical Errors

21.10 Request Printed Plan Closing Report

21.11 Assemble and Submit Plan Completion Memo

21.12 Wrap Up Plan Administration

 Forms, Letters, Memos, etc.

**Close Plan**

## 21. Overview

**02/17/2004**

The purpose of the Close Plan Process is to ensure that major IOD case processing has been completed for the plan, before it is moved out to an "Ongoing Administration" contractor. The TPD selects plans that are "final" (payments no longer estimated), have completed all CAS milestones and have issued all BDLs, in accordance with priorities established by IOD management. The following closure processes are completed prior to forwarding the plan to TSD/CSRB for review:

- All errors, identified in the Plan Closing Report have been corrected.
- All issuable Benefit Determination Letters (BDLs) have been correctly issued to locatable customers, and 90 days have elapsed since all BDLs were issued.
- Participant SSN s, counts and present values have been reconciled across the PRISM, CAS and Actuarial databases.
- All participants identified in the actuarial valuation, or later as a woodwork participant, are in PRISM.
- All benefits have been finalized in PRISM, and all eligible participants are receiving benefits.
- IPS plan and participant files are complete and properly indexed.
- All critical errors on the IPVFB Error Report have been corrected.

Cases administered at Headquarters are closed by the TPD Case Team. Cases administered primarily at a Field Benefit Administrator (FBA Plan) are closed by the FBA case team, with support and guidance from the TPD case team.

TSD/CSRB's plan closing team is available to provide technical advice on variance resolution relating to the reconciliation of participant counts and present values. Either the FBA or the TPD can request this assistance from TSD/CSRB.

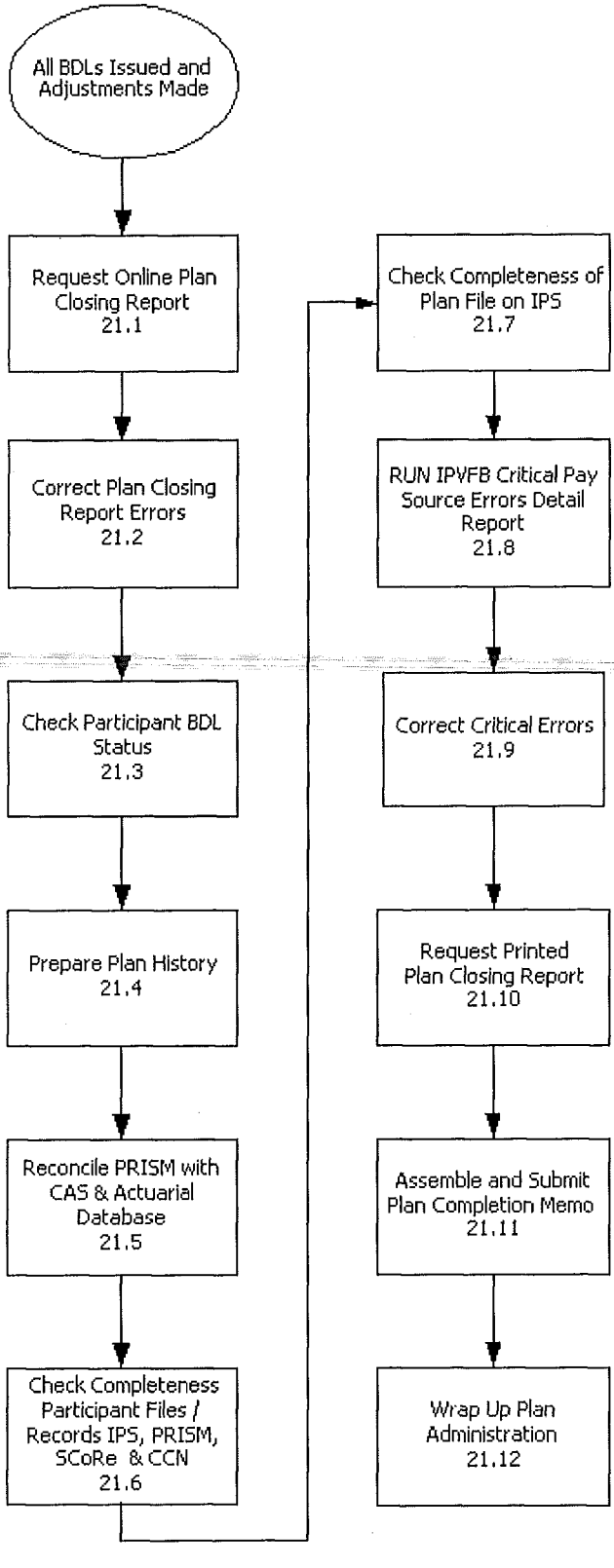
Case Closure Processes

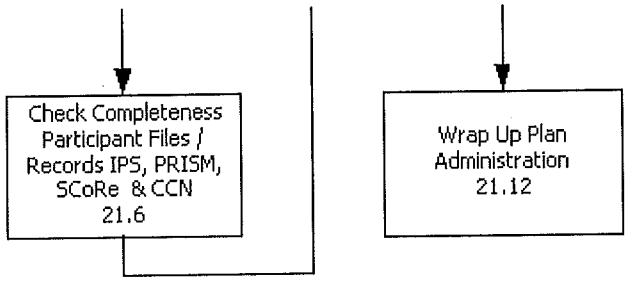
Browse Workflows:

**Close Plan**

## 21. Workflow for Process 21

02/17/2004




Check Completeness Participant Files / Records IPS, PRISM, SCoRe & CCN 21.6
Wrap Up Plan Administration 21.12

**Close Plan**

## 21.1 Request Online Plan Closing Report 02/17/2004

Action Steps

| | |
|---|---|
| **Purpose** | Request Online Plan Closing Report. |
| **Time Reporting (BMPRS )** | FTE Case Closure<br>FBA Case Closure<br>PBA Case Closure<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Online Plan Closing Report Request E-mail |
| **Output and Recipients** | Online Plan Closing Report (multiple runs) |
| **Control Issues** | Report History for Case Provides an Audit Trail for All Plan Closing Report Runs. |
| **Important Concepts** | N/A |
| **Guidance** | N/A |
| **Procedure Owner** | TPD Case Team and/or FBA Case Team (PLS, PBA and FBA) |

## Click here for more information...

21.1 Action Steps: Request Online Plan Closing Report

**Close Plan**

## 21.1 Action Steps: 02/17/2004
## Request Online Plan Closing Report

There are two versions of the Plan Closing Report: the printed version and the online (or HTML) version. For the majority of the plan closing process, the online version of the report is the more convenient tool. After all of the data is cleaned up and the plan is ready to be submitted for TPD review, the TPD may require inclusion of the printed version of the report as an attachment to the Plan Completion Memo (See Process 21.10: Request Printed Plan Closing Report).

1 Send an e-mail to "Reports Plan Closing" requesting the Plan Closing Report. It is not necessary to put anything into the body of the message itself. The proper format for the subject line is, for example:

17765800 (Beaumont Hourly) Plan Closing Report Request

Note: Please use the **8-digit** case number, not just the first 6 digits! Abbreviation of the plan name is acceptable. OASD will send a return e-mail containing the online (or HTML) version of the report. Sections of the Online Report can be printed, as required. OASD will send a printed version of the report in the regular mail (on the first run).

2 After making corrections to "errors", in subsequent processes, request a refresh of the online Plan Closing Report to verify progress, as needed. For these subsequent requests, OASD will only send the online version, unless the printed version is specifically requested. Each version of the Online Report is archived, and a Report History for this Case is included in each run.

**Note Overview of the Online Version of the Plan Closing Report:**

OASD sends one HTML file, with a number of links, attached to the same e-mail message. Open the first one (Errors Only). Links to the other files (All Edits, Edit Index) are located immediately beneath the plan name. Click on the link once to jump to the desired file; to return, click the "Back" button on your Browser.

**Case Summary Section:**

- This Section shows the team members, key dates, participant counts and PVs and summarizes the major types of errors present.

**Errors Only Section:**

- **Summary** shows how many errors and how many customer records are present.
- **Links to Customers** provides "jumps" to the section of the Errors Only report associated with each letter of the alphabet.
- **Edit Summary** is a list of each error detected for the case and how many times it was detected. Click once on the error number to jump to the Data area of the report (see below) where that error occurs first. Browse through everyone who has a particular error using "Next". Return to the Edit Summary using "Index" (immediately to the right of the edit number).
- **Data** lists each customer followed by the errors associated with that customer. The error details include: the error number, a description of the error, the data values, and, where feasible, suggestions on probable causes and corrective actions. Several lines are blank after each customer for notes.

**All Edits Section:** This Section contains the same information as the Errors Only Section, except that all edits are displayed.

**Edit Index Section:**

- **Edit Summary** is a list of each edit detected for the case and how many times it was detected. Select an edit number, to jump to a list of all customers who have that particular edit.
- **Edit Index** shows each edit followed by a list of all customers who have that edit. This is useful for pasting a list of customers into the Plan Completion Memo, using "Paste Special" and the "Unformatted Text" option.

**Participant Count Reconciliation Section:**

- This Section shows how the plan population has changed since the DOPT valuation was completed. The first part summarizes how the different DOPT groups have changed, and the second shows the details for each participant.

For an explanation of the data items on the Report, see Process 21.10: Request Printed Plan Closing Report). For an explanation of errors on the Report, see the individual error listings on the Report, which include the error number, description, data contents and suggested corrective action.

**Close Plan**

## 21.2 Correct Plan Closing Report Errors

**02/17/2004**

**Action Steps**

| | |
|---|---|
| **Purpose** | Correct Errors Identified in Online Plan Closing Report. Provide a clean case for the Ongoing Administrator. |
| **Time Reporting (BMPRS)** | FTE Case Closure<br>FBA Case Closure<br>PBA Case Closure<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Online Plan Closing Report<br>Actuarial Case Report (IPS Index 12) from TPD Actuary |
| **Output and Recipients** | PRISM Updates<br>Plan Closing Memo (Part II. Automated Database Reconciliation D. Other PRISM Data Exceptions and Part IV Instructions to Ongoing Administrator A. Participant Issues) |
| **Control Issues** | Document Unresolvable Issues. |
| **Important Concepts** | Basic data, including participant name, SSN, sex, spouse SSN, DOB, DOH, DOD, DOTE, PV, BDL Date, status, benefit form, SDOB, ARD and benefit amount are required to compute the present value of all benefits, and hence PBGC's liability for the plan. |
| **Guidance** | N/A |
| **Procedure Owner** | TPD Case Team and/or FBA Case Team (PLS, PBA and FBA) |

## Click here for more information...

21.2 Action Steps: Correct Plan Closing Report Errors

**Close Plan**

## 21.2 Action Steps: 02/17/2004
## Correct Plan Closing Report Errors

1 Review the **Errors Only** Section of the Online Plan Closing Report to identify specifics for each error. (Errors are those with an edit number of 500 or less.)

2 Research the error, using PRISM, IPS and SCoRE to determine corrective action, or follow the corrective action identified on the Plan Closing Report.

3 Make corrections on PRISM for any errors. If data are not available, use the Plan Closing Completion Memo to describe attempts to locate data. Make sure the following fields are complete, when relevant: SSN; DOH; DOTE; PV; BDL Date; Participant Name; Participant Sex; Status; DOB; DOD; Actual Benefit Form; Spouse SSN; SDOB; and Actual Retirement Date ( ARD).

4 If the error cannot be directly corrected in PRISM, correct it using TP40. Change Customer Data , as appropriate.

5 After making all corrections, request a refresh run of the Online Plan Closing Report, as necessary.

6 Complete *Plan Completion Memo (plcomplme.doc)*, **Section II. Automated Database Reconciliation:**

- **Part D. Other PRISM Data Exceptions**. Reference the Plan Closing Report. List, with reasons, errors (other than those listed previously) that cannot be resolved.

7 Complete *Plan Completion Memo (plcomplme.doc)*, **Section IV. Instructions to Ongoing Administrator:**

- **Part A. Participant Issues**. From the online version of the Plan Closing Report, copy and paste into this section lists of customers by edit number, or print out a list by edit number from the Report and attach. Address participant issues, including: unlocated participants (edit 1910), unpaid lump sums (edit 1490) and their status (unlocatable, application not received, etc.), separated vested participants (edit 1496), and describe any special circumstances. List and discuss any pending appeals (edit 1851), including the issue under appeal. Also, list participants whose applications have been received, but who are not yet in pay status.

**Close Plan**

## 21.3 Check Participant BDL Status

**02/17/2004**

**Action Steps**

| | |
|---|---|
| **Purpose** | Ensure that all participants who can receive a BDL have been issued a BDL, and ensure that reasonable attempts to locate other participants, including participants that notified PBGC that they were woodworks, were made and documented. |
| **Time Reporting (BMPRS)** | FTE Case Closure<br>FBA Case Closure<br>PBA Case Closure<br>[See Appendix E: IOD Time Reporting (BMPRS)] ] |
| **Required Input and Source** | Plan Closing Report<br>Participant files (on IPS) |
| **Output and Recipient** | Verification that all issuable BDL s have been issued.<br>PRISM **Online** - Customer application updated for all participants.<br>Plan Completion Memo (Part IV: Instructions to Ongoing Administrator A. Participant Issues and B. BDL Status) |
| **Control Issues** | All issuable BDLs are sent before the plan is closed. At least 90 days should elapse since all BDLs have been issued, before the plan is closed.<br>Document reasons why a BDL cannot be issued. |
| **Important Concepts** | The BDL date for Lump Sums recorded under the old Pay 3000 system may reflect the DOTR, or a mechanically produced date, e.g., 45 days before the lump sum payment date.<br>Note that some of the errors identified in this process may have previously been corrected in Process 21.2. |
| **Guidance** | N/A |
| **Procedure Owner** | TPD Case Team and/or FBA Case Team ( PLS , PBA and FBA) |

## Click Here for More Information...

21.3 Action Steps: Check Participant BDL Status

**Close Plan**

## 21.3 Action Steps: 02/17/2004
## Check Participant BDL Status

1 Check that all issuable BDLs, have been issued, and that at least 90 days have elapsed since all BDLs were issued. One or two "stray" BDLs may be disregarded for the purposes of the 90-day constraint. If any BDLs have not yet been sent, send them using Process 19: Issue BDLs & Make Adjustments to Payments.

2 Refer to the **Edit Detail Section** of the Plan Closing Report:

**5-level edits (BDL):**

- Edit 50 flags participants, coded as locatable who have not been sent a BDL. The PRISM Locatable flag, not address, is used to determine locatability. Check to see whether the address has been updated in PRISM and Address Validity reset to "V" (valid). If so, the customer may now be locatable. If a customer gets edit 50, but is in fact unlocatable, re-set the PRISM Locatable flag to "N" (no) in PRISM Customer, and edit 50 (an error) will be replaced by edit 500 (a FYI).
- Edit 500 flags participants, coded as unlocatable who have not been sent a BDL. Verify that PBGC's attempt to locate the customer is properly documented in IPS. In cases where PRISM lists an apparently valid address, but the mail was returned, ensure that Address Validity is set to "R" (invalid address) and re-set the Locatable flag to "N" (no).
- Edit 520 flags customers who were sent a BDL in the past 90 days. Note: The plan cannot be closed until the appeal period (45 days) has expired for all of the BDLs.

3 After making all corrections, request a refresh run of the Online Plan Closing Report, as required.

4 Complete *Plan Completion Memo (plcomplme.doc)*, **Section IV. Instructions to Ongoing Administrator:**

- **Part A. Participant Issues**. Provide details of any pending BDL-related participant issues.
- **Part B. BDL Status**. List unissued BDLs (edits 50, 500) and the reasons they cannot be issued (unlocatable, etc.).

**Close Plan**

## 21.4 Prepare Plan History

**02/17/2004**

**Action Steps**

| | |
|---|---|
| **Purpose** | Provide case summary and background for the Ongoing Administrator to familiarize them with key aspects of the plan. |
| **Time Reporting (BMPRS)** | FTE Case Closure<br>FBA Case Closure<br>PBA Case Closure<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Plan file<br>Actuarial Case Report<br>Controlled Group Audit<br>Large Case Working Group memos (if applicable) |
| **Output and Recipients** | Plan Completion Memo (Section I: Plan History A. Plan and Corporate History, B. Plan Benefit Provision Highlights, C. PSA and D. 4022(c)) |
| **Control Issues** | N/A |
| **Important Concepts** | The Ongoing Administrator frequently gets calls from persons who may or may not be participants of a PBGC trusteed plan, and may not know the specific name of the plan. The Ongoing Administrator needs the information readily available to make a quick determination about plan participation.<br>**Timing**: This process can proceed after the initial Plan Closing Report is requested and continue in parallel with other validation processes until assembly of the Plan Completion Memo. |
| **Guidance** | N/A |
| **Procedure Owner** | TPD Case Team and/or FBA Case Team (PLS, PBA and FBA) |

## Click here for more information...

21.4 Action Steps: Prepare Plan History

**Close Plan**

## 21.4 Action Steps: Prepare Plan History

**02/17/2004**

1 Review (on IPS) relevant documents that may have information relevant to plan and corporate history, plan benefit provisions, PSA administration, and 4022(c) benefits. These documents may include, but not be limited to the following: Participant Data Audit, Plan Document Audit, Controlled Group / Net Worth Audit, PBGC Actuarial Case Memo, Large Case Working Group documents, SID documents, the TWG Memo and miscellaneous documents that may be found in the Plan File.

2 Prepare the *Plan Completion Memo (plcomplme.doc)*, **Section I: Plan History**. The required contents are described below and in the standard Plan Completion Memo template. For FBA plans, the draft should be written by the FBA, with assistance and review from the TPD Case Team at the time that the plan is ready to submit.

- **Part A. Plan and Corporate History**. Provide summary of plan and corporate structure, including whether it is a multiple employer plan, part of a family of plans and whether there were any mergers, spin-offs, and related employers that could help to determine whether a woodwork person might be a participant in a particular plan. Describe any predecessor plans, family or related plans, and offsets, if applicable.
- **Part B. Plan Benefit Provision Highlights**. Discuss whether or not the plan has amendments subject to the phase-in rule; purchased annuities; employee contributions; substantial owner(s); and participants affected by the Maximum Insurance Limitation. State whether or not it is a cash balance plan; if it is, identify the actuary that worked on the cash balance statements and explain which statements have been issued for prior years. Describe the plan's normal forms of benefit, normal retirement age and early retirement age. Include the status of any outstanding plan issues, such as appeals that may affect multiple participants, purchased annuities, etc. If these topics are covered in the Actuarial Case Report (ACR), refer to the ACR.
- **Part C. PSA.** Describe whether PBGC charged for PSA coverage, and when refunds for PSA charges were made to participants, if applicable. Discuss any PSA Administration in this case.
- **Part D. 4022(c).** Discuss whether 4022(c) benefits are payable in the plan, and if so, whether BDLs for 4022(c) benefits were issued as part of Title IV benefits, or as supplemental BDLs. Also state whether plan is a PPA plan.

**Close Plan**

## 21.5 Reconcile PRISM with CAS and Actuarial Database 02/17/2004

**Action Steps**

| | |
|---|---|
| **Purpose** | Ensure that every participant identified in the actuarial valuation is in PRISM, and present values of liabilities balance to CAS total liability. |
| **Time Reporting (BMPRS)** | FTE Case Closure<br>FBA Case Closure<br>PBA Case Closure<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Online Plan Closing Report<br>PRISM (problem research)<br>AS (problem research)<br>Actuarial Case Memo |
| **Output and Recipient** | PRISM (problem correction)<br>CAS (problem correction)<br>Plan Completion Memo (Section II: Automated Database Reconciliation A. Participant Count Reconciliation and B. CAS, PRISM, Actuarial Database – PV Comparison and Reconciliation) |
| **Control Issues** | A perfect reconciliation ensures that every participant included in the actuarial valuation has a PRISM record. It ensures that every record in PRISM belongs there and is properly documented.<br>Plan level liability and participant counts in PRISM balance with plan level data in CAS.<br>The report history audit trail shows each Plan Closing Report request, with error counts in each report version. |
| **Important Concepts** | Each record (or row) of the valuation database has room to store a participant and a spouse, if the spouse is known at the time of the valuation. The PRISM database is more current and can store any number of family members associated with each participant. For these reasons, the two databases very seldom have the same number of records. The important thing is to ensure that:<br>• Each participant in the valuation matches up with a family of records (participant, beneficiary, etc) in PRISM.<br>• All participants identified in the actuarial valuation, or later as a woodwork participant, are in PRISM.<br>• Any records in PRISM that do not match a participant in the valuation are properly documented as either a woodwork participant (someone not known at the time of the valuation) or the family member or representative of a participant.<br>PV lump sum payments are sometimes erroneously paid from the Other Lump Sum (L5) pay source. This may result in a critical IPVFB error. If this is the case, identify the payment(s) on the Plan Completion Memo. |

| | |
|---|---|
| | For non-ADT plans, see Guidance below.<br><br>Note that some of the errors identified in this process may have previously been corrected in Process 21.2. |
| **Guidance** | For non-ADT plans, no Plan Closing Report is available. Contact TSD/CSRB for direction. |
| **Procedure Owner** | TPD Case Team and/or FBA Case Team (PLS, PBA and FBA) |

## Click Here for More Information...

21.5 Action Steps: Reconcile PRISM with CAS and Actuarial Database

**Close Plan**

## 21.5 Action Steps: 02/17/2004

## Reconcile PRISM with CAS and Actuarial Database

Plan level liability from the valuation and participant counts in PRISM are compared with plan level data in CAS. Discrepancies are noted in the Plan Completion Memo. Participant level liability in PRISM is reconciled with the participant level liability in the Actuarial Database.

The Plan Closing Report performs the reconciliation among actuarial, PRISM and CAS, presenting error messages wherever there is an imbalance.

Always start with a refreshed report after error resolution activity. See Process 21.1 Request Online Plan Closing Report for instructions.

1 In the **All Edits** Section of the Plan Closing Report: Resolve as many errors as possible that might have an adverse effect on the participant count reconciliation. A list of everyone who has a particular edit can be obtained by looking at the **Edit Index** file. Note most of these errors will have already been resolved in Process 21.9 Correct Critical Errors.

- **1-level (SSN)**: Since participants are matched from the valuation to PRISM based on SSN, look for incorrect SSNs.
- **13-level (PV)**: Non-matches may indicate erroneous lump sum payments, changed SSN or a woodwork participant.
- **16-level (IPS)**: A missing IPS file might be another indication of an incorrect SSN.
- **17-level (Duplicate SSN):** Since a customer may have more than one PRISM record (legitimately or not), look for duplicate SSN edits. Take the appropriate action to merge data and delete any extra records from PRISM.
- **40-level (Reconciliation):** Edits 4930 and higher indicate PRISM records that do not match anyone in the valuation.
- **Missing family members**: Look for any edits that indicate a missing or unlinked family member (e.g. 82, 83, 88, 111, 112).
- **Other Edits** to be aware of are:

- **1930 SSN matches that of a deleted customer role.**
- **1010 This SSN is associated with more than one PBGC plan.**
- 1020 PRISM SSN change.

2 In Section 1: Case Summary "Participant Counts" Area:

- Verify that the total of the "Valuation Database" column matches the total number of participants in the Actuarial Valuation Report.
- Verify that the total of the "Valuation Database" column also matches the total of the "CAS Liab. Screen" column. It may be necessary to subtract any nonmembers listed in CAS first.
- Beneath the total of the "Valuation Database" column is the number "Matched to PRISM". This tells you how many of the participants in the valuation have been automatically matched up with a PRISM record. If all participants are matched to a single PRISM record, no further action is necessary. If there are non-matches, or situations where a participant has multiple PRISM records, refer to the **"Participant Count Reconciliation Summary and Detail"** for further details.

3 In the Case Summary "PV Totals" Section:

- Verify that the "Termination PV" from the "CAS Liab. Screen" column matches that of the "Valuation Database" column. If these numbers don't match, it usually means that the TPD did not archive the final valuation database. If this is the case, contact OASD for assistance in locating the correct final valuation database.
- Verify that the "Lump Sum Disc. PV" column from the "Valuation Database" matches that from "PRISM" column. If these numbers don't match, there will be corresponding 13-level edits that point to the discrepancies.

4 In the **Participant Count Reconciliation Summary** Section, look for any of the following discrepancies, utilizing the **Participant Count Reconciliation Detail** to investigate discrepancies, and explain in the Plan Completion Memo any that cannot be corrected:

- "Multiple PRISM Records" indicates that the participant's SSN in the valuation matches more than one PRISM record. Use PRISM Browser to verify that there is indeed more than one record. If any of the records are duplicates that should not be in PRISM, take the appropriate action to remove the extra record(s). See TP 40: Change Customer Data. Under some circumstances duplicate records will generate 17-level ("Duplicate SSN") edits, so also check **Edit Detail**.
- "Not in PRISM" indicates that the participant's SSN in the valuation does not match anyone in PRISM. This usually means that the SSN in PRISM is different than in the valuation, but it is also possible that the participant was never loaded into PRISM. Use PRISM Browser to search PRISM for that customer's name. If participants were loaded into the wrong plan, request that they be moved to the proper plan, using TP 40 Change Customer Data.
- "In PRISM" indicates participants in PRISM who were not in the actuarial database.

5 For non-vested and non-member participants, ensure that the IPS plan or participant file contains source documents with the DOH and DOTE. (These are necessary for BDL accuracy.)

6 After making all corrections, request a refresh run of the Online Plan Closing Report.

7 Prepare the *Plan Completion Memo (plcomplme.doc)*-**Section II: Automated Database Reconciliation**.

- **Part A. Participant Count Reconciliation.** Reference the Participant Count Reconciliation section of the Plan Closing Report. Research and resolve situations where the report has a PRISM record that is not associated with someone in the valuation, or when there is more than one PRISM record for a participant.
- **Part B. CAS, PRISM, Actuarial Database – PV Comparison and Reconciliation**. Reference the Case Summary Section of the Plan Closing Report, which lists any PV discrepancies (13-level). If any PV discrepancies on the report cannot be resolved, list them here. List each discrepancy and provide an explanation, or use a table.

Close Plan

# 21.6 Check Completeness of Participant Files/Records on IPS, PRISM, SCoRE and CCN

02/17/2004

Action Steps

| | |
|---|---|
| **Purpose** | Ensure that all participants are recorded on both IPS and PRISM, and that each beneficiary is cross- referenced. Ensure that participant files (IPS) are complete, to facilitate benefit administration by the Ongoing Administrator. Ensure that open SCoRE and CCN items are closed. |
| **Time Reporting (BMPRS)** | FTE Case Closure<br>FBA Case Closure<br>PBA Case Closure<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Online Plan Closing Report<br>Participant files on IPS<br>IPS Cross-Reference Sheet<br>SCoRE Correspondence Report<br>CCN Report<br>Compliance Review Overdue Report from MCU<br>PRISM Genesis database |
| **Output and Recipient** | Plan Completion Memo (Section III. Participant and Plan File Review A. Participant Files, Section II. Automated Database Reconciliation C.IPS vs. PRISM Reconciliation and Section IV. Instructions to Ongoing Administrator A. Participant Issues)<br>Complete and consistent participant information is recorded correctly on PRISM and IPS. Matching fully cross-referenced databases. |
| **Control Issues** | Linking of beneficiaries to participants in PRISM automatically links the related IPS files, ensuring that the relationship information is available for future administration.<br>Ensure that there are no outstanding IPS document problems for the plan on the cumulative Compliance Review Overdue Report. |
| **Important Concepts** | The Case Team checks participant records on IPS. If beneficiaries and alternate payees are not linked in PRISM, the links must be added. This will automatically cross-reference them on IPS to participant files so the Ongoing Administrator can readily access the other records in case of questions about a participant's benefit.<br>Correct all missing IPS document errors on the Plan Closing Report. Note that some of the errors identified in this process may have previously been corrected in Process 21.2.<br>Certain participant files are not on IPS. If the Case Team is not aware of these, contact the PICS Coordinator to ascertain whether any plan participants are in PICS. See TP 27: Run Personal Interest Conflict System (PICS) |

| | |
|---|---|
| **Guidance** | PBGC Operating Policy Manual 6.4-1 |
| | IOD Policy Bulletin 97-7 |
| | Intranet\IOD Manuals\Reindex.htm |
| **Procedure Owner** | TPD Case Team and/or FBA Case Team (PLS, PBA and FBA) |

## Click Here for More Information...

21.6 Action Steps: Check Completeness of Participant Files/Records on IPS, PRISM, SCORE and CCN

**Close Plan**

## 21.6 Action Steps: 02/17/2004

## Check Completeness of Participant Files/Records on IPS, PRISM, SCoRE and CCN

1 Refer to the **Edit Detail** Section of the Plan Closing Report and make corrections, as applicable:

- 19-level edits (SCoRE)
- Edits 1900 and 1902 flag customers who have an open SCORE item. Take appropriate action and close the item.
- 16-level edits (IPS): Create an IPS file for any customers listed on the report who do not have a file (edits 160, 161). Note that edit 1610 provides a summary of all IPS documents for each customer.
- 8-level edits (Joint Benefit Form): Customers who have a joint benefit form (e.g. J&S) must have their beneficiary in PRISM.
- 14-level edits (Pay Source): Customers who are still in estimated pay status are flagged. If an appeal is open, then this comes up as an FYI (edit 1480) instead of an error (edit 148)

2 For participant files check for the following, noting important observations in the Plan Completion Memo, under Section **IV. Instructions for Ongoing Administrator A. Participant Issues**.

a. **Check that Social Security number is correct.** Each participant should have a unique SSN: no more than one on both IPS and PRISM.

b. **Check that there is proper participant, beneficiary and alternate payee documentation in the file** (See TP 16.3 Maintain Participant Files)**, as applicable** (See Appendix J: Participant Forms Information). Correct all missing IPS document errors on the Plan Closing Report and ensure that there are no outstanding IPS document problems for the plan on the MCU cumulative Compliance Review Overdue Report:

i BDL

ii Benefit Statement

iii Application for Benefits/General Information Form/Payee Information Form

iv Proof of age (non-retirees only)

v Marriage certificate, for participants receiving a Joint and Survivor (J&S) Annuity

vi Spouse proof of age, for participants receiving a J&S annuity

vii Death certificate, for participant whose beneficiary is receiving benefits.

viii DOH and DOTE for non vested/non member (needed for BDLs)

c. **Check the implementation of the BDL.** Check the consistency of the Participant Application, Participant Information Form (if applicable) and PRISM with the BDL and benefit statement.

d. **Check for participant's name on the SCORE Correspondence Report**. Appeals are coded as type "AP", and referrals to IOD from PEAD as type "RFA". Check that any appeal decisions were implemented

e. **Check that underpayment situations were corrected.** Check that participant was

reimbursed for back payments, with appropriate interest, see Process 19.3: Determine Net Overpayment/Underpayment Status for Annuities and Process 19.4: Determine Overpayment/Underpayment for Lump-sums. (Refer to IOD Policy Bulletin 97-7 for guidance about payment of interest.)

f. **Check that overpayment situations were addressed and determinations implemented.** Check that recoupment/recovery determinations have been made and implemented. (As appropriate, see TP 06: Recover Overpayment and/or TP 07: Recoup Overpayment and PBGC Operating Policy, Chapter 6.4-1.)

g. **Check that** employee contributions **were returned, if elected by the participant or spouse.** If employee contributions were returned, verify that the monthly benefit amount was reduced. If return of employee contributions was not elected, verify that monthly benefit amount is unreduced.

h. **Check that any existing** pre-termination liabilities **were paid, with appropriate interest, if applicable.**

i. **Check that interest was paid on lump-sum benefits, backpayments and reimbursements (e.g., for** PSA **charges).** (Refer to IOD Policy Bulletin 97-7 for guidance about payment of interest.)

j. **Check that all retirees and deferred vested participants are in final pay status.** Deferred vested participants should be set up as future payees.

k. **Check that** beneficiary/alternate payee **s are linked in PRISM to associated participant** . The Plan Closing Report lists all beneficiaries and alternate payees. If the beneficiary or alternate payee is not linked in PRISM, use PRISM Customer to add a relationship.

l. **Document any ongoing activity related to processing of QDROs.** (edits 80 and 83)

m. **Check that all participant documents have been properly indexed. The IPS Reindexing Tool can be used to reindex participant documents.**

n. If not already known, contact the PICS Coordinator to ascertain whether any plan participants are in PICS. Confirm that no IPS files were created for PICS participants.

3 Check the CCN Report for open items relating to the plan. Take appropriate action and close the CCN item.

4 After making all corrections, request a refresh run of the Online Plan Closing Report, if required. Allow a few days for any new cross-references to be imaged.

5 Complete *Plan Completion Memo (plcomplme.doc)*, **Section III. Participant and Plan File Review:**

- **Part A. Participant Files**. Provide the date that the last BDL was sent for the subject case. Indicate whether all participants have been placed in proper pay status, have received accurate benefit information in their BDL and are being paid the correct amount. Explain any inconsistencies in this section. Note whether any lump sums remain to be paid. If so, list them in this section, with a brief description of their status (unlocatable, no application received, etc.).

6 Complete Plan Completion Memo, Section II. Automated Database Reconciliation:

- **Part C. IPS and PRISM Reconciliation**. Reference the Plan Closing Report, specifically any 16-level (IPS) edits. If any discrepancies on the report cannot be resolved, list and provide an explanation for each discrepancy.

7 Complete *Plan Completion Memo (plcomplme.doc)*, Section IV. Instructions to Ongoing Administrator:

-

- **Part A. Participant Issues**. Provide details of any open participant issues from CCN and SCoRE (edits 190 and 1902). Identify any participants that are in PICS.

Case Closure Processes

**Close Plan**

## 21.7 Check Completeness of Plan File on IPS

**02/17/2004**

**Action Steps**

| | |
|---|---|
| **Purpose** | Ensure that plan-level documentation is complete |
| **Time Reporting (BMPRS)** | FTE Case Closure<br>FBA Case Closure<br>PBA Case Closure<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | IPS Plan file<br>Actuarial Case Report from IPS or TPD Actuary |
| **Output and Recipients** | Plan Completion Memo (Part III. Participant and Plan File B. Plan File)<br>An organized, complete, documented, and imaged IPS plan file |
| **Control Issues** | Document efforts made to locate missing items. |
| **Important Concepts** | Each section of the IPS plan file must be indexed correctly. Any mis-indexing should be corrected at this time. Plan files should also cross-reference related plans.<br>Note that some of the errors identified in this process may have previously been corrected in Process 21.2.<br>The plan file is used by the Ongoing Administrator, who needs accurate and easily accessible information in order to process separated vested and woodwork participants. |
| **Guidance** | IPS Indexing Specifications for PBGC Plan File Documents (available in hard copy and as electronic manual in IOD Manuals System.)<br>IPS Reindexing Instructions on Intranet<br>TP16.2 Maintain Plan File |
| **Procedure Owner** | TPD Case Team and/or FBA Case Team (PLS, PBA and FBA) |

## Click Here for More Information...

21.7 Action Steps: Check Completeness of Plan File on IPS

**Close Plan**

## 21.7 Action Steps: 02/17/2004
## Check Completeness of Plan File on IPS

1 Open the plan file in IPS. Spot check the IPS file to make sure all sections are properly imaged and indexed. If the IPS file is illegible, improperly ordered, or incomplete, make corrections using the *IPS Plan and Participant File Correction Form (Ips-chg.doc)*. The IPS Reindexing Tool can be used to reindex plan documents or for sub-indexing of plan file documents. The critical sections to check in full are:

- Section 5 Pension Plan Documents (Plan Amendments and Restatements, Original Plan Documents and Union Contracts and Amendments)
- Section 9 Correspondence
- Section 11 Audit Documents,
- Section 12 Actuarial Case Closeout Report
- Section 13 SID Documents.
- Organize all items in accordance with Technical Procedure 16.2 Maintain Plan File. Verify that audit documents are in IPS, as appropriate:
- Plan Asset Audit
- Participant Data Audit
- Plan Document Audit
- Source Document Audit
- Net Worth
- Transfer Control Sheet
- Control Group and Support Documentation.

  Verify that Participant Data Audit Report contains a list of participants eligible for early BDLs. FBAs should ensure that any additions to plan files that have not been imaged are forwarded to the TPD responsible for the plan being closed. (Note: TPDs are responsible for this step of the process for plan files, even if the plan is being closed by an FBA.)

2 As appropriate, check Rettig (SID) files for additional documents, and image them in the appropriate section. Check SCoRE for Appeals Board memos for cases that have pending appeals. (Additional documents may be discovered in the appeals process. Also, appeals may have plan-wide implications).

3 Ensure that the Actuarial Case Report has been imaged to the appropriate sections of the IPS plan file.

4 To safeguard the integrity of the imaged file, shred or discard extra copies of plan documents to ensure that duplicate images are not accidentally sent to the DMC for imaging.

5 Complete *Plan Completion Memo (plcomplme.doc)*, **Section III. Participant and Plan File Review:**

- **Part B. Plan File**. List and explain any missing or incomplete sections of the plan file, and whether the Actuarial Case Report (bluebook) is available on IPS. If not, ensure that the Actuarial Case Report is properly scanned into IPS prior to submission of the case to TSD.

**Close Plan**

## 21.8 Run IPVFB Critical Pay Source Errors Detail Report 02/17/2004

**Action Steps**

| | |
|---|---|
| **Purpose** | Run IPVFB Critical Pay Source Errors Detail Report. |
| **Time Reporting (BMPRS)** | FTE Case Closure<br>FBA Case Closure<br>PBA Case Closure<br>[See Appendix E: IOD Time Reporting (BMPRS)]] |
| **Required Input and Source** | IPVFB Error Detail (Pay Source Errors) Report Request |
| **Output and Recipients** | IPVFB Error Detail (Pay Source Errors) (#IPVV505A)<br>IPVFB Error Summary (Sort on Source, Assigned Division & Case) (#IPVV515A) |
| **Control Issues** | Plans must meet IPVFB basic tests before they can be accepted as IPVFB-ready. |
| **Important Concepts** | ASD applies three basic tests to determine whether a plan is IPVFB-ready:<br>• Accuracy: Less than 5 percent of the payment streams contain critical errors.<br>• Completeness: The ratio of the aggregate PRISM DOPT PVs vs. the total CAS DOPT PV is 95 percent or greater.<br>• Currency: Participants with a status code of "A" (eligibility unknown) represent less than 100 participants and less than 5 percent of the total number of participants on the plan.<br>The IPVFB System categorizes errors as critical or non-critical. An error is considered critical if the value of the data element in error has a major impact on the liability associated with the benefit record.<br>The IPVFB System is updated from Genesis each weekend. Corrections made to critical errors will not show up until the report is run the next week.<br>One POC Per TPD and FBA has Access to Run the IPVFB Critical Error Reporting Application and to Access the User Manual and Technical Reference Guide |
| **Guidance** | IPVFB Critical Error Reporting User Manual and Technical Reference Guide (available from ASD or the POC) |
| **Procedure Owner** | TPD Case Team and/or FBA Case Team ( PLS, PBA and FBA) |

## Click here for more information...

21.8 Action Steps: Run IPVFB Critical Pay Source Errors Detail Report

**Close Plan**

## 21.8 Run IPVFB Critical Pay Source Errors Detail Report 02/17/2004

**Action Steps**

| | |
|---|---|
| **Purpose** | Run IPVFB Critical Pay Source Errors Detail Report. |
| **Time Reporting (BMPRS)** | FTE Case Closure<br>FBA Case Closure<br>PBA Case Closure<br>[See Appendix E: IOD Time Reporting (BMPRS)]] |
| **Required Input and Source** | IPVFB Error Detail (Pay Source Errors) Report Request |
| **Output and Recipients** | IPVFB Error Detail (Pay Source Errors) (#IPVV505A)<br>IPVFB Error Summary (Sort on Source, Assigned Division & Case) (#IPVV515A) |
| **Control Issues** | Plans must meet IPVFB basic tests before they can be accepted as IPVFB-ready. |
| **Important Concepts** | ASD applies three basic tests to determine whether a plan is IPVFB-ready:<br>• Accuracy: Less than 5 percent of the payment streams contain critical errors.<br>• Completeness: The ratio of the aggregate PRISM DOPT PVs vs. the total CAS DOPT PV is 95 percent or greater.<br>• Currency: Participants with a status code of "A" (eligibility unknown) represent less than 100 participants and less than 5 percent of the total number of participants on the plan.<br>The IPVFB System categorizes errors as critical or non-critical. An error is considered critical if the value of the data element in error has a major impact on the liability associated with the benefit record.<br>The IPVFB System is updated from Genesis each weekend. Corrections made to critical errors will not show up until the report is run the next week.<br>One POC Per TPD and FBA has Access to Run the IPVFB Critical Error Reporting Application and to Access the User Manual and Technical Reference Guide |
| **Guidance** | IPVFB Critical Error Reporting User Manual and Technical Reference Guide (available from ASD or the POC) |
| **Procedure Owner** | TPD Case Team and/or FBA Case Team ( PLS, PBA and FBA) |

## Click here for more information...

21.8 Action Steps: Run IPVFB Critical Pay Source Errors Detail Report

**Close Plan**

## 21.8 Action Steps: 02/17/2004

## Run IPVFB Critical Pay Source Errors Detail Report

**Note:** The one POC per TPD or FBA with access to the IPVFB Critical Error Reporting Application will perform Steps 1 through 5, at the request of the PLS, PBA or FBA.

There are three crucial differences between this Report and the Plan Closing Report:

The Plan Closing Report:

- Reports the last Pay Source, regardless of authorization (Case Code errors).
- Does not edit end dates for life annuity forms (Annuity Form errors).
- Allows the last pay source to be estimated when the customer has a pending appeal (Case Code errors).

The IPVFB Critical Pay Source Errors Detail Report:

- Only reports the last authorized pay source (Case Code errors).
- Requires that end dates for life annuity forms be 12/01/2099 (Annuity Form errors).
- Does not check for a pending appeal when the last pay source is estimated (Case Code errors).

The Plan Closing Report has recently been modified to incorporate another edit that was unique to the IPVFB Critical Pay Source Errors Detail Report:

- Deferred vested customers past age 70 (Deferred Vested errors).

1 Logon to the **IPVFB PROD** application.

2 Select **Error Rpt** command button from the IPVFB main menu. Then select **Critical Error Reports**. Select a case, or cases, using the drop down list, a range of case numbers, the case name, or the assigned division. Enter **Query** and wait for the system to finish processing records. The application will select the requested case(s) from a Genesis extract that is refreshed each weekend.

3 Select the **IPVV505A Error Detail (** Pay Source **Errors)** report radio button and designate a printer for output.

4 Select the **IPVV515A Error Summary (Sort on Source, Exam, Case)** report radio button and designate a printer for output.

5 Continue processing using process 21.9 Correct Critical Errors.

**Overview of IPV Error Summary Report: IPVV515A**

This report shows the number and type of data errors for each plan selected. This report is sorted on Source ID, Exam and Case number.The following data items are on the report:

- **Date of Birth:** Number of errors involving dates of birth in the plan
- **Status:** Number of errors involving status in the plan
- Benefit **Amount:** Number of errors involving benefit amount in the plan

- **Benefit Form:** Number of errors involving benefit form in the plan
- **Start/End Date:** Number of errors involving start or end dates in the plan
- **Other Date:** Number of errors involving other dates in the plan
- **Total Critical Errors:** Number of critical errors in the plan
- **Total Payment Streams:** Number of 'payment streams' in the plan
- **Payment Streams in Error:** Number of payment streams in error in the plan
- **Percent w/Critical Error:** Ratio of the number of payment streams in error to the total number of payment streams
- **Incmplt Act in Est Data:** Number of records in the plan which had incomplete data to perform an "active in estimated" calculation.
- **Non-Critical Errors:** Number of non-critical errors in the plan

**Overview of IPV Error Detail Report - Pay Source Errors – Report: IPVV505A**

This report is used for correcting critical errors in a participant's PRISM data records. For each case selected for reporting, one page per participant is generated. For each item that may be in error, that particular item is surrounded by either parentheses (Critical Error) or braces (non-critical error). If a participant's record has no errors, no report is generated for that participant. The Report does not provide error messages. For details on error conditions, see the IPVFB Technical Reference Guide, Sections 4.3.4 through 4.3.6. If you have any questions regarding the Report, please contact the Supervisory Valuation Actuary in ASD. The IPVFB Error Detail (Pay Source Errors) Report contains the following data items:

- **Case Nbr:** Case number
- **Case Name:** Case name
- **Assigned Division:** TPD assigned to case
- **Participant Name:** Last name, first name
- **DOPT:** Date of Plan Termination
- **Valuation Date:** Date of the data on which this report is based
- **Name:** Participant name
- **SSN:** Participant social security number
- **DOPT PV:** Present value of PBGC guaranteed benefits as of DOPT
- **Gender:** Participant gender
- **Status:** Participant status code
- **Retire Type:** Retirement (Health) Type
- **Payee Type:** Recipient Type
- **DOB:** Participant's date of birth
- **Spouse DOB:** Spouse's date of birth
- **Pay Frequency:** Frequency and month that payments are made
- **ARD:** Actual retirement date
- **Actual Form**: Actual benefit form
- **XRD:** Expected retirement date
-

- **Expected Form:** Expected benefit form
- **JSJC:** For joint & survivor or joint & contingent, the percentage of the participant's benefit payable to the survivor
- **Val Amt:** Valuation amount of PBGC guaranteed benefit
- **Pay Source Number:** One of eight pay sources for lump sum benefits in the participant record.
- **Pay Source Start Date:** Date payment of benefits begins.
- **Pay Source End Date:** Last date for payment of benefits.
- **Pay Source Amount:** Amount of benefit.
- **Is Pay Source Authorized?:** Pay source authorization status.

Details on critical error conditions are available in the IPVFB Technical Reference Guide, Seriatim Valuation Specifications, Exhibits 4-18 and 4-20.

**Close Plan**

## 21.9 Correct Critical Errors

**02/17/2004**

**Action Steps**

| | |
|---|---|
| **Purpose** | Correct Critical Errors on the IPVFB Error Detail (Pay Source Errors) Report. Provide a clean case for the Ongoing Administrator. |
| **Time Reporting (BMPRS)** | FTE Case Closure<br>FBA Case Closure<br>PBA Case Closure<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | IPVFB Error Detail (Pay Source Errors) Report (IPV505A) IPVFB Error Summary Report (IPV515A) |
| **Output and Recipients** | PRISM Updates<br>Plan Closing Memo (Part II. Automated Database Reconciliation D. Other PRISM Data Exceptions and Part IV. Instructions to Ongoing Administrator A. Participant Issues) |
| **Control Issues** | Basic data is required to compute Present Value of all benefits and liability of PBGC on an ongoing basis (IPVFB). ASD applies three basic tests to determine whether a plan is IPVFB-ready:<br>• Accuracy: Less than 5 percent of the payment streams contain critical errors.<br>• Completeness: The ratio of the aggregate PRISM DOPT PVs vs. the total CAS DOPT PV is 95 percent or greater.<br>• Currency: Participants with a status code of "A" (eligibility unknown) represent less than 100 participants and less than 5 percent of the total number of participants on the plan.<br>TSD's goal on the IPVFB Error Detail Report is an error rate of 0%, unless the errors are explained. |
| **Important Concepts** | Basic data, including participant name, SSN, sex, DOB, DOD, status, benefit form, SDOB, ARD, and benefit amount, are required to compute the present value of all benefits, and hence PBGC's liability for the plan.<br>Critical Errors on the IPVFB Error Report are in Brackets ().<br>The IPVFB Data Extract from Genesis (PRISM) is refreshed every weekend. |
| **Guidance** | N/A |
| **Procedure Owner** | TPD Case Team and/or FBA Case Team ( PLS, PBA and FBA) |

## Click here for more information...

21.9 Action Steps: Correct Critical Errors

**Close Plan**

## 21.9 Action Steps: Correct Critical Errors

**02/17/2004**

1 Review the IPVFB Error Detail Report (Pay Source Errors) to identify specifics for each **critical** error. Repeat Steps 2 through 3 for each error on the report.

2 Research the error, using PRISM, IPS and SCoRE to determine corrective action.

**Case Code Errors:**

If a customer's guaranteed pay source was not entered or was never authorized, IPVFB records a Case Code error. The plan is final, but the last authorized pay source is estimated. The absence of authorization cannot be seen on PRISM reports.

- If the last pay source in PRISM is estimated, check IPS for a pending appeal:
  - If there is a pending appeal, annotate the Plan Closing Memo.
  - If there is no pending appeal, add and authorize a guaranteed pay source.
- If the last pay source is guaranteed, have it authorized.

**Annuity Form Errors:**

If a customer with a J&S Annuity has a pay source end date of 12/31/2099, IPVFB records an actual form error, because the default end date is 12/01/2099.

- If the annuity form is blank on the Report, load the correct form in PRISM.
- If the annuity form is not blank on the Report, find the last pay source in PRISM:
  - If the end date is 12/01/2099, have the pay source authorized.
  - If the end date is not 12/01/2099, correct it and have the pay source authorized.

**Deferred Vested Errors:**

Both Reports list an error for deferred vested customers, past age 70, with a valid address. The IPVFB Error Detail Report shows this as a Status Code error, by displaying the Status Code 3 in parentheses. **(This is the most frequent IPVFB critical error**):

- This type of error requires a review of the Correspondence in the Image Processing System (IPS):
  - If the BDL was returned, or PBGC received no reply, then the most appropriate course of action is to change their Address Validity Code to "R" (Returned) or "I" (Invalid), which will initiate locator action (See TP.33 Locate Customer Address).
  - If the Customer applied a benefit, but received no response from PBGC, then the case should be returned to the TPD for further processing.
  - If the customer is locatable, but declines to apply for a pension, annotate this on the Plan Completion Memo, **Section IV. Instructions to Ongoing Administrator.**
  - **Participant Issues.** List the participant and explain that he is deferred vested and unwilling to apply for a pension after age 70

3 Correct the error in PRISM. If the error cannot be directly corrected in PRISM, correct it using

TP40. Change Customer Data, as appropriate. TSD's goal is an error rate of 0%.

4 After making all corrections, request a new run of the IPVFB Error Detail Report ( Pay Source Errors). The IPVFB Error Detail Report should not be rerun until after the weekend, to obtain refreshed Genesis data.

5 Complete *Plan Completion Memo (plcomplme.doc)*, **Section II. Automated Database Reconciliations**:

- **Part D. Other PRISM Data Exceptions**. Reference the IPVFB Error Detail Report. List and explain errors (other than those listed previously) that cannot be resolved.

6 Complete *Plan Completion Memo (plcomplme.doc)*, Section IV. Instructions to Ongoing Administrator:

- **Part A. Participant Issues**. List and explain critical errors (other than those listed previously) that cannot be resolved. Explain any follow-up actions required by the Ongoing Administrator.

**Close Plan**

## 21.10 Request Printed Plan Closing Report

**02/17/2004**

**Action Steps**

| | |
|---|---|
| **Purpose** | Optionally, request a printed version of the Plan Closing Report as an attachment to the Plan Closing Memo. |
| **Time Reporting (BMPRS)** | FTE Case Closure<br>FBA Case Closure<br>PBA Case Closure<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Plan Closing Report Request to OASD |
| **Output and Recipients** | Printed Plan Closing Report |
| **Control Issues** | N/A |
| **Important Concepts** | TPD Reviewer, optionally, may want hard copy of complete information for review.<br>Initiator may use hard copy in lieu of pasting long lists of participants into Plan Completion Memo. |
| **Guidance** | N/A |
| **Procedure Owner** | TPD Case Team and/or FBA Case Team ( PLS, PBA and FBA) |

## Click Here for More Information...

21.10 Action Steps: Request Printed Plan Closing Report

**Close Plan**

## 21.10 Action Steps: 02/17/2004
## Request Printed Plan Closing Report

Printed Plan Closing Reports are **not required**, unless printed lists of participants are used as attachments to the Plan Completion Memo instead of pasted lists. Optionally, after all of the data is cleaned up and the plan is ready to be submitted for review, TPD Reviewers may require inclusion of the printed version of the report as an attachment to the Plan Completion Memo for use in the review.

1 See Process 21.1 Request Online Plan Closing Report for instructions on requesting the Plan Closing Report. Note in the email that the request is for a printed version. OASD will send a printed version of the report in the regular mail.

**Overview of the Printed Version of the Plan Closing Report**

- **Section 1: Case Summary** shows the team members, key dates, participant counts and PVs and summarizes the major types of errors present. This gives a quick, at a glance, summary of how much work is going to be involved to close the plan. The following data items appear on the Report:
  - **Participant Counts:** Number of participants in each DOPT group.
  - **CAS PDA Screen:** CAS Participant Data Audit screen
  - **CAS Liab. Screen:** CAS Liability Screen
  - **Valuation Database:** Valuation database
  - **PRISM:** PRISM Genesis database
  - **Misc Comments:** Miscellaneous comments on participant counts
  - **PV Totals:** Aggregate present value at each stage
  - **# Errors:** Number of errors in present value
  - **Termination PV:** Termination present value
  - **Lump Sum Disc PV:** Lump sum discriminator present value
  - **BDLs:** Number of errors in BDLs
  - **IPS Files:** Number of errors in IPS files
  - **Other:** Number of errors in other categories
  - **Error Rate:** Total error count, percentage of participants with errors, percentage of customers with errors

- **Section 2: Data Exceptions** shows all the types of edits that apply to the PRISM records for this case. Part A summarizes the edits, providing the total number of >hits= for each edit. Part B shows the details for each PRISM record. Data >edits= are not necessarily errors; those numbered less than 500 indicate error conditions, and the others are FYIs. The following data columns appear on the Report:
  - **Typ:** Customer

- **Stat:** Payee status
- **Sex:** Customer's sex
- **BDL:** Benefit Determination Letter date (error number)
- **DOB:** Customer's date of birth
- **DOD:** Customer's date of death
- **ARD:** Actual retirement date
- **Act Ben Form:** Actual benefit form
- **Val Ben Form:** Valuation benefit form
- **Lump Sum Disc PV:** Lump sum discriminator present value
- **Term PV:** Termination present value
- **Edits:** List of error numbers
- **(error number):** Error numbers group errors into categories and severity levels
- **(error message, contents, action):** Description of error, contents of erroneous fields)

- **Section 3: Participant Count Reconciliation** shows how the plan population has changed since the DOPT valuation was completed. Part A summarizes how the DOPT groups have changed, and Part B shows the details for each participant. The data fields displayed on the Report are as follows:
  - **SSN:** Participant social security number
  - **Participant Name:** Participant name
  - **SSSN:** Spouse social security number
  - **Spouse Name:** Spouse name
  - **Lump Sum Disc:** Lump sum discriminator present value
  - **Termination PV:** Termination present value
  - **Valuation Group:** DOPT valuation group
  - **Retstat:** Retiree status
  - **ID:** Family member number

**Close Plan**

## 21.11 Assemble and Submit Plan Completion Memo 02/17/2004

**Action Steps**

| | |
|---|---|
| **Purpose** | Assemble all necessary documents and reports to provide materials for review and for Ongoing Administration. |
| **Time Reporting (BMPRS)** | FTE Case Closure<br>FBA Case Closure<br>PBA Case Closure<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Plan and the participant files<br>Plan Closing Report |
| **Output and Recipients** | Participant File Inventory Report is provided for the Ongoing Administration.<br>Plan Completion Memo (Parts V Actuarial Information and VI Plan Closing Package Attachments) provided to TSD/CSRB.<br>Plan Completion Checklist |
| **Control Issues** | Plan Closing Memo must be dated at time of transfer & contain original signatures.<br>Plan Closing Checklist reviewer must be an Associate, Team Leader or Division Manager.<br>Task referral date in CAS must be the same as the transfer date to TSD.<br>The Reviewer signature on the Plan Completion Checklist is a certification that the review was completed.<br>The signatures on the Plan Completion Memo by its initiators are certifications that the plan closing was completed in accordance with procedures. |
| **Important Concepts** | TSD/CSRB needs complete information for review and referral to Ongoing Administration |
| **Guidance** | N/A |
| **Procedure Owner** | TPD Case Team and/or FBA Case Team ( PLS, PBA and FBA)<br>TPD Manager |

## Click Here for More Information...

21.11 Action Steps: Assemble and Submit Plan Completion Memo

**Close Plan**

## 21.11 Action Steps: 02/17/2004
## Assemble and Submit Plan Completion Memo

### TPD or FBA Case Team

1 Complete the checklist (**Section V: Actuarial Information**) of the *Plan Completion Memo (plcomplme.doc)*. This section may be prepared by, or with the assistance of the case actuary. If a section does not apply, or if an explanation is given elsewhere, note that fact (or "N/A") under the appropriate section of memo.

2 Assemble *Plan Completion Memo (plcomplme.doc)*, Sections should be in the standard order provided by the base Memo.

Do not unnecessarily retype information into the memo that is already included in the Plan Closing Report! When you reference it, be sure to include the section and page number of the report.

Remember that the online version of the Plan Closing report e-mailed to you includes the **Edit Index**. This can be used to paste a list of customers with a particular edit to the Plan Closing Memo, using Edit | Paste Special and Unformatted Text

For FBA Plan Closing, the FBA team drafts the Plan Completion Memo and all attachments, and submits the package to the TPD Manager for sign off and concurrence. TSD requires original signatures of all team members.

3 Assemble mandatory and optional attachments, per **Section VI Plan Closing Package Attachments** of the *Plan Completion Memo (plcomplme.doc)*. Identify the attachments.

4 Prepare the *TPD/FBA Case Team - Plan Completion Checklist (TPDFBACL.doc)* to summarize reports utilized and actions taken in the Plan Closing Process. The checklist is required to be submitted to TSD/CSRB with the Plan Completion Memo, but may be required within a TPD or FBA, to assist in supervisory or peer review of a plan closing. TSD/CSRB requires that a reviewer sign off on the checklist.

### TPD Manager

5 Send CAS Task Referral for Plan Administration Milestone to TSD/CSRB. Ensure that all milestones have been completed prior to submitting the case to TSD/CSRB for Plan Closing. The CAS task referral date should agree with the date the Plan Closing package was sent to TSD/CSRB.

- If the PFI report prepared and submitted with the Plan Completion Memo is a paper report, annotate a second paper copy of the PFI throughout the review process for benefit administration issues that occur after the Plan Completion Memo has been prepared.
- If the PFI report is prepared and saved as an electronic file (with file/pathname disclosed in Plan Completion Memo) annotate the electronic file throughout the review process for benefit administration issues that occur after the Plan Completion Memo has been prepared.

6 Approximately two weeks before the transfer date, review the PFI comments section and wrap up outstanding issues.

7 Finish any updates or annotations on the PFI Report.

**Close Plan**

## 21.12 Wrap Up Plan Administration

**02/17/2004**

**Action Steps**

| | |
|---|---|
| **Purpose** | Continuity of benefits administration to participants as benefit administration moves from the TPD or FBA to an Ongoing Administrator. |
| **Time Reporting (BMPRS)** | FTE Case Closure<br>FBA Case Closure<br>PBA Case Closure<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | PFI Report |
| **Output and Recipients** | Customer service to plan participants.<br>Comments on PFI. |
| **Control Issues** | CAS and CCN route customer calls to the TPD or FBA until the Ongoing Assumption date (benefit administration responsibility moved to Ongoing Administration. |
| **Important Concepts** | Benefits Administration remains with the TPD or FBA until Ongoing Assumption Date. Careful effort should be made to ensure successful and smooth transition of benefits administration. Careful attention to the details throughout the Case Closure Processes, particularly around the Ongoing Assumption date, improves seamless customer service. |
| **Guidance** | N/A |
| **Procedure Owner** | TPD Case Team and/or FBA Case Team ( PLS, PBA and FBA)<br>TPD Manager |

## Click Here for More Information...

21.12 Action Steps: Wrap Up Plan Administration

**Close Plan**

## 21.12 Action Steps: Wrap Up Plan Administration

**02/17/2004**

**TPD or FBA Case Team**

1 Continue to perform benefits administration until approximately two weeks before date of transfer to Ongoing Administration. This date is assigned by TSD after successful plan closing review, and appears on CAS Plan Administration Milestone.

2 Record pending administration issues on the spreadsheet copy of the Participant File Inventory (PFI) during review process. The PFI Report identifies the IPS Participant File image count for each customer in a plan. The PFI Report may be prepared as a paper report or exported into an Excel file, and saved in its electronic form. (See Process 21.7: Reconcile Participant Files/Records on IPS and PRISM). The Plan Completion Memo will disclose the format of the PFI (paper or electronic file).

## 21.13 Forms, Letters, Memos, etc.

03/25/2004

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***IPS Plan and Participant File Correction Form***
lps-chg.doc

***TPD/FBA Case Team - Plan Completion Checklist***
TPDFBACL.doc

***Plan Completion Memo***
plcomplme.doc

***Quality Review Check Sheet***
qurecksh.doc

## PR 22. Review Closed Plan

09/04/98


22. Overview

22. Workflow

22.1 Administrative Check

22.2 Review Closed Plan

22.3 Assign Ongoing Administrator and Determine Transfer Date

Forms, Letters, Memos, etc.

**Review Closed Plan**

## 22. Overview

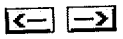
**02/17/2004**

As a final quality control check, TSD/CSRB (a group independent of the TPD or FBA) uses statistical sampling to gain a confidence level that plan processing is complete, that the electronic files accurately and completely capture the plan, and that all relevant documents are available through the Image Processing System (IPS). This "quality review" group is responsible for ensuring that the case is ready to be forwarded to an Ongoing Administrator. The results of the review are documented on a Quality Review Check Sheet.

The TPD or FBA continues to administer the plan during the review process.

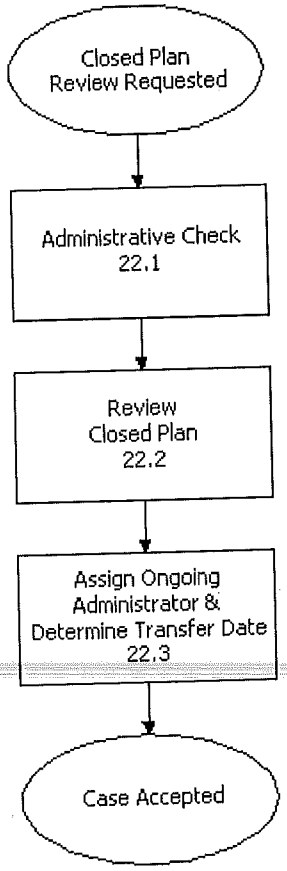
Case Closure Processes

**Review Closed Plan**

Browse Workflows: 

## 22. Workflow for Process 22

**02/11/2000**



## 22.1 Administrative Check

02/17/2004

Action Steps

| | |
|---|---|
| **Purpose** | Ensure that the Plan Completion Memo is complete. |
| **Time Reporting** (BMPRS) | FTE Case Closure<br>FBA Case Closure<br>PBA Case Closure<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Completed Plan Completion Memo and attachments<br>Plan Completion Checklist. |
| **Output and Recipients** | TSD/CSRB update to CAS milestone. |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | |
| **Procedure Owner** | TSD Manager, TSD/CSRB |

## Click Here for More Information...

22.1 Action Steps: Administrative Check

**Review Closed Plan**

## 22.1 Action Steps: Administrative Check

**02/17/2004**

**TSD Manager**

1 Receive the CAS task referral for Plan Administration milestone and Plan Completion Memo, with attachments. Verify that all milestones have been completed and that task referral date agrees with the date sent to TSD/CSRB.

**TSD/CSRB**

2 Review the Plan Completion Memo to verify completeness and see that all required items have been forwarded. Any one of the following items indicates that the submission is incomplete:

- Error rate on the IPV Error Summary Report exceeds 5%
- CAS task referral missing
- CAS milestone not completed
- Plan Completion Memorandum missing or incomplete
- Plan Completion Checklist missing or incomplete

3 If submission is incomplete, contact the TPD for the missing item(s), or return to the TPD with a list of missing items (e.g., reports) and return CAS task referral for Plan Administration Milestone with "Incomplete Submission" marked and missing documents listed in the Comments section of CAS.

4 Upon receipt of a complete Plan Completion Memo, initiate the review process.

## 22.2 Review Closed Plan

02/17/2004

Action Steps

| | |
|---|---|
| **Purpose** | Review that the Plan Completion Memo is complete so that all necessary information is available to Ongoing Administration. |
| **Time Reporting (BMPRS)** | FTE Case Closure<br>FBA Case Closure<br>PBA Case Closure<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Completed Plan Completion Memo, and attachments.<br>CAS Plan Administration Milestone Referral.<br>Plan Completion Checklist<br>IPVFB Error Detail ( Pay Source Errors) Report (#IPVV505A)<br>Actuarial Case Report (IPS Index 12) from TPD Actuary |
| **Output and Recipients** | Finalized Plan Completion Memo: Case will either be accepted with Ongoing Assumption date for Ongoing Administration, or returned to TPD for additional work.<br>Participant File Inventory Report<br>Closed Plan Review Memo<br>Quality Review Check Sheet |
| **Control Issues** | TSD/CSRB performs a Quality Assurance review for plans, prior to their transfer to Ongoing Administration. |
| **Important Concepts** | Preparation for final quality review assures clean case for Ongoing Administrator, and keeps most preliminary processing within PBGC.<br>TSD/CSRB conducts a full review of the Closed Plan, if feasible, even if errors that will result in rejection are encountered.<br>The random number generator can generate samples only up to 32,000 participants. For larger cases, document the sampling methodology and tool used. |
| **Guidance** | PBGC Operating Policy Manual 6.4-1<br>PBGC Operation Policy Bulletin 97-7 |
| **Procedure Owner** | TSD/CSRB |

## Click Here for More Information...

22.2 Action Steps: Review Closed Plan

## 22.2 Action Steps: Review Closed Plan

02/17/2004

1 **Read Plan Completion Memo.** All sections should be in standard order (History, Automated Database Reconciliation, Participant and Plan File Review, Instructions to Ongoing Administrator, and Actuarial Information).

2 **Request the Plan Closing Report.** Request the latest Online Plan Closing Report from the archive. The audit review should be performed on the Case Summary, Data Exceptions and Participant Count Reconciliation sections.

3 **Use the *Quality Review Checksheet (qurecksh.doc)* to document any findings that the Quality Assurance Specialist may list during the review process**. The PFI is used to list the participant sample, Complete/Incomplete, Significant/Insignificant and Comments on any errors found.

4 **Check the Data Exceptions Section of the Plan Closing Report.** This Report should contain zero errors, or documentation of why there are outstanding errors in the Plan Completion Memo.

5 **Check whether the plan level PV as stated in CAS is equal to the plan level PV in the actuarial valuation/spreadsheet, with any discrepancies noted in the Plan Completion Memo.** Check that the participant PVs in the actuarial valuation/spreadsheet have been reconciled with the participant PVs in PRISM. (See Process 21.5: Reconcile PRISM with CAS and Actuarial Database.)

6 **Run the IPVFB Critical Pay Source Errors Detail Report.** Check/verify that all critical errors have been addressed in the Plan Completion Memo, so that the case can be promoted through ASD, at the appropriate time.

7 **Review plan file for completeness.** Check the imaged plan file. The critical sections to check in full are: Section 5 Pension Plan Documents, Section 11 Audit Documents, Section 12 Actuarial Valuation Closeout Report and Section 13 SID Documents. Ensure that there are no missing or incomplete sections.

8 **Verify that Actuarial Case Report package is completely and properly imaged.** Ensure that the plan factors are included.

9 **Review the BDL status.** Check that at least 90 days has elapsed since the BDLs were issued. Edit 520 flags customers who were sent a BDL in the past 90 days.

10 **Verify the total population participant count in PRISM in comparison to the Actuarial Closeout Report.**

11 Run **Participant File Inventory (PFI) Report** (accessed through the Plan Closing Reports icon). Data can be exported into an Excel spreadsheet and sorted in any order. The PFI Report shows:

- Participant Name
- SSN
- Type of Participant
- Status
- Image Date
- Image Count

- Comment (blank column for entry of comments)

The Comment field in the Excel spreadsheet, or the hardcopy report, is used to record information that will be useful for the Ongoing Administrator.

12 **Select a Proportional, Stratified Random Sample of participant files to review.** Determine the size of the sample based on the following table to provide a confidence level of 95% (a presumed error rate of no more than 5%) that the entire population in the plan (based on the sample) is accurate and reliable.

| Population | Sample Size |
|---|---|
| <20 | All |
| 20 | 19 |
| 40 | 31 |
| 60 | 38 |
| 80 | 42 |
| 100 | 45 |
| 200 | 52 |
| 300 | 54 |
| 400-500 | 56 |
| 600-700 | 57 |
| 800-1000 | 58 |
| 1500-4000 | 59 |
| 5000 or more | 60 |

- Stratify the sample by types of participants (retirees, active vested, active non-vested and terminated vested).
- Sort and number each stratum (participant record) by assigning the number 1 to the first individual, 2 to the second, and so on within each stratum. These numbers will identify the participant data to be audited as selected by the random number generator.
- Confirm and document the percentage of the total population each stratum represents. (For example, if the total population is 100 and 25 are retirees, then retirees should represent 25% of the sample.) That percentage, applied to the sample size of 45 indicates the sample size for the stratum. (The sample size would be 25% of 45 or 11.25.) When the sample size yields a fraction, always round up.
- Use the random number generator on the network, accessible through an icon or Windows File Manager (j:\random\random.exe), to generate random numbers for each of the strata. Print the results, and select for testing the participants corresponding to the numbers generated. Document the participant sample. Confirm each type of participant is properly represented in the sample.

13 For each participant file in the sample, check for the following (noting important observations in the PFI):

**Note:** The *Quality Review Check Sheet (qurecksh.doc)* is used to document any findings that the Quality Assurance Specialist identifies during the review process. The PFI Report is used to list any information that has not been completed, from the statistical sample.

a. **Check that the file is imaged.** Check that the Image Count on the PFI Report is not zero

for any participant. Make sure there is a PRISM record for each IPS-listed participant, provided that the participant was a plan member. Note in the PFI why the file was not imaged. (Remember that certain participant files are not imaged, due to conflict of interest. See TP 27: Run Personal Interest Conflict System (PICS). (Note that each non-vested participant needs a unique imaged file.)

b. **Check Data Exceptions.** Ensure that SSN, participant name, status, DOH, DOTE, DOB, DOD, spouse SSN and DOB, ARD, PV, BDL Date, sex, ACT BEN FORM, etc. are complete and accurate in PRISM VAL/IDL and IPS for each participant.

c. **Check that Social Security Number is correct.** Each participant should have a unique SSN. Check for changes in IPS that were not entered into PRISM, and identify any conflicts between the systems.

d. **Check that there is proper participant, beneficiary and alternate payee documentation in the file** (See TP 16.3 Maintain Participant Files)**,as applicable** (See Appendix J: Participant Forms Information). Ensure that all missing IPS document errors on the Plan Closing Report have been corrected and that there are no outstanding IPS document problems for the plan on the cumulative Compliance Review Overdue Report:

   i BDL

   ii Benefit Statement

   iii Application for Benefits/General Information Form/Payee Information Form

   iv Proof of age (non-retirees only)

   v Marriage certificate, for participants receiving a Joint and Survivor (J&S) Annuity

   vi Spouse proof of age, for participants receiving a J&S annuity

   vii Death certificate, for participant whose beneficiary is receiving benefits.

   viii DOH and DOTE for non vested/non member (needed for BDLs)

e. **Check the implementation of the BDL.** Check the consistency of the Application for Benefits, Participant Information Form (if applicable) and PRISM with the BDL and benefit statement. Ensure that any BDL changes, revisions, or new BDLs are reflected. Ensure that documentation supports the form of benefit.

f. **Check for open Appeals**. Check SCoRE for any appeal decisions that were implemented.

g. **Check that underpayment situations were corrected.** Check that the participant was reimbursed, as necessary, for back payments or PSA charges, with appropriate interest. (See Process 19.3: Determine Net Overpayment/Underpayment for Annuities and Process 19.4: Determine Overpayment/Underpayment for Lump-sums.) (Refer to IOD Policy Bulletin 97-7 for guidance about payment of interest.)

h. **Check that overpayment situations were addressed and determinations implemented.** Check that recoupment/recovery determinations have been made and action initiated (e.g., first letter sent). (As appropriate, see TP 06: Recover Overpayment and/or TP 07: Recoup Overpayment and PBGC Operating Policy Chapter 6.4-1).

i. **Check that employee contributions were returned if elected by the participant or spouse**. If employee contributions were returned, verify that the monthly benefit amount was reduced. If return of employee contributions was not elected, verify that monthly benefit amount is unreduced.

j. **Check that** pre-termination liabilities **were paid, with appropriate interest, if applicable**.

k. **Check that interest was paid on lump-sum benefits, backpayments and reimbursements (e.g., for PSA charges).** (See IOD Policy Bulletin 97-7 for guidance

about payment of interest.)

l. **Check that retirees and deferred vested participants (who have reached their normal retirement age) have been contacted and processed into final pay status or have not responded.**

14 **Errors may be significant or insignificant, depending on the item tested:**

- **Insignificant errors** are discrepancies that do not affect PBGC's ability to determine a participant's entitlement to a benefit, determine the amount of the guaranteed benefit, or locate the participant.
- **Significant errors** are discrepancies that affect PBGC's ability to determine a participant's entitlement to a benefit or change the amount of a guaranteed benefit by more than $5.00 per month and affect the present value of future benefits (PVFB) or mean the PBGC cannot locate the participant.
- Identify all significant errors, and count as errors all participants with at least one significant error. If the review of the first sample reveals errors that exceed the number of acceptable errors, increase the sample size, as shown in the following table, obtain a full new sample and conduct an expanded review.

| **Original Sample** | | | **Expanded Sample** | |
|---|---|---|---|---|
| **Population** | **Size** | **Acceptable errors (5 %)** | **Size** | **Acceptable errors** |
| less than 20 | All | N/A | N/A | N/A |
| 20 | 19 | 1 | All | N/A |
| 40 | 31 | 2 | 38 | 2 |
| 60 | 38 | 2 | 56 | 3 |
| 80 | 42 | 2 | 73 | 4 |
| 100 | 45 | 2 | 89 | 4 |
| 200 | 52 | 3 | 161 | 8 |
| 300 | 54 | 3 | 220 | 11 |
| 400 | 56 | 3 | 270 | 14 |
| 500 | 56 | 3 | 312 | 16 |
| 600 | 57 | 3 | 348 | 17 |
| 700 | 57 | 3 | 380 | 19 |
| 800 | 58 | 3 | 408 | 20 |
| 900 | 58 | 3 | 432 | 22 |
| 1000 | 58 | 3 | 454 | 23 |
| 1500 | 59 | 3 | 535 | 27 |
| 2000 | 59 | 3 | 587 | 29 |
| 2500 | 59 | 3 | 624 | 31 |
| 3000 | 59 | 3 | 651 | 33 |
| 4000 | 59 | 3 | 688 | 34 |
| 5000 or more | 60 | 3 | 713 | 36 |

If the expanded sample yields more than the acceptable number of errors, treat it as an incomplete case and go to Step 12. Otherwise, treat it as a complete case and go to Step 13.

m. **Check that beneficiary / alternate payees have been linked to the associated participant in PRISM**. The Plan Closing Report lists all beneficiaries and alternate payees. If the beneficiary or alternate payee is not linked in PRISM, use PRISM Customer to add a relationship.

15 **If the review indicates an incomplete case, return the case to the TPD.** Prepare *Closed Plan Review Memo (Clplrmem.doc)* to the TPD or FBA (for FBA plans) listing any problems noted with the case and/or additional work needed. Reject the CAS task referral Plan Administration milestone to TPD and provide CAS comments.

---

**Note:** Verify that all Plan Administration Milestones have been completed (i.e., all dates have been entered in the Milestone section) prior to case submission to TSD; if not completed, the case will be returned to the TPD/FBA.) Upon resubmission of the case, an entirely new sample will be taken.

---

16 **If the review is successful,** prepare *Closed Plan Review Memo (Clplrmem.doc)* indicating successful review of the closed plan.

**Review Closed Plan**

## 22.3 Assign Ongoing Administrator and Determine Transfer Date 02/17/2004

**Action Steps**

| | |
|---|---|
| **Purpose** | Select Ongoing Administrator, who will administer the plan for PBGC. Select Ongoing Assumption date when all processing is transferred to Ongoing Administration. Coordinate the Ongoing Assumption date with the DMC to ensure that all needed scanning of files is completed. |
| **Time Reporting (BMPRS)** | FTE Case Closure<br>FBA Case Closure<br>PBA Case Closure<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Successful Review of Closed Plan<br>Quality Review Check Sheet<br>PFI Report (annotated) |
| **Output and Recipients** | Completed CAS Plan Administration Milestone, with Ongoing Administrator information completed, as well as Ongoing Assumption Date to Ongoing Administrator. Tickler date, two weeks before transfer date, is also indicated. This is the date at which processing should be "wrapped up" and outstanding issues forwarded to the Ongoing Administrator. |
| **Control Issues** | TSD sets up transfer, which is done automatically through technology ( CAS and CCN). Ongoing Assumption date is selected to correspond with check cycle. |
| **Important Concepts** | CAS Plan Administration milestone will automatically move forward to TSD on Ongoing Assumption date.<br>**Timing:** The Ongoing Administrator will reply with a POC name within 5 business days. |
| **Guidance** | N/A |
| **Procedure Owner** | TSD/CSRB Quality Review Group |

## Click here for more information...

22.3 Action Steps: Assign Ongoing Administrator and Determine Transfer Date

**Review Closed Plan**

## 22.3 Action Steps: 02/17/2004
## Assign Ongoing Administrator and Determine Transfer Date

**TSD Manager**

1 Upon successful review, select the Ongoing Administrator (OA), and request notification of the Ongoing Administration point of contact (POC). The determination of the Ongoing Administrator takes into account current and projected workloads, size and complexity of the plan, related plans, etc. Fill in this information under the CAS Plan Administration milestone.

**Ongoing Administrator**

2 Provide e-mail notification to TSD/CSRB of POC's name.

**TSD/CSRB**

3 Once the FBA for Ongoing Administration has been selected, and the Team Lead has provided concurrence, assemble the plan completion package for shipment. The package includes the Plan Completion Memo and the Checklist, which is imaged into the plan file. Image additional documentation into the plan file, including the Quality Review Check Sheet, and the Participant File Inventory. These documents are used to perform the audit analysis for work performed to ensure the plan was closed in an efficient manner. Also, image any emails from various TPDs/FBAs, with updated correction information, into the plan file.

4 Make the CAS team assignment, with POC (mail and plan) information for the case.

5 Determine the Ongoing Assumption date based on check cycle and any other relevant factors. The Ongoing Assumption dates occur on the first of the month. Add Ongoing Assumption date to the Plan Administration milestone.

6 Return the CAS Plan Administration milestone referral to the TPD.

**Note:** The TPD should not then forward the milestone, because CAS forwards the milestone automatically.

## 22.4 Forms, Letters, Memos, etc.

02/17/2004

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Closed Plan Review Memo***
Clplrmem.doc

***Quality Review Check Sheet***
qurecksh.doc

## PR 23. Transfer Plan to Ongoing Administrator

23. Overview

23. Workflow

23.1 Transfer Administrative Responsibility for Plan

Forms, Letters, Memos, etc.

## 23. Overview

09/04/98

The last step in case processing for PBGC is to transfer the case first from the FBA or TPD to TSD, and then from TSD to an Ongoing Administrator (OA), a contractor, for ongoing benefit administration. This generally marks closure of the case for PBGC, except for assistance to and oversight of the OA. When a case is transferred to the OA, everything that PBGC can do, should have been completed. That is not to say that there will not still be open issues or that "woodwork" participants will not show up. The goal is to give the contractor as clean a case as possible, so that day-to-day benefit administration is all that remains.

The Ongoing Administrator contractor performs routine activities based on applicable IOD policies, procedures and direction, for the plan and its participants until there are no longer any participants or payees.

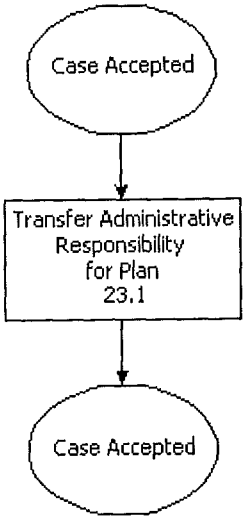
Case Closure Processes

Browse Workflows:

**Transfer Plan to Ongoing Administrator**

## 23. Workflow for Process 23

04/28/97



**Transfer Plan to Ongoing Administrator**

## 23.1 Transfer Administrative Responsibility for Plan 09/04/98

**Action Steps**

| | |
|---|---|
| **Purpose** | Transfer responsibility for Ongoing Administration to an outside contractor. |
| **Time Reporting (BMPRS)** | FTE Case Closure<br>FBA Case Closure<br>PBA Case Closure<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Select administrator and date. Transition information from the TPD or FBA. All necessary files are ready to send to Ongoing Administrator two weeks before the date of transfer. |
| **Output and Recipients** | Transfer of Ongoing benefits administration responsibility. |
| **Control Issues** | N/A |
| **Important Concepts** | Ensure that the Ongoing Administrator is completely briefed on any open issues (unresolved appeals, open legal issues, etc.). |
| **Guidance** | N/A |
| **Procedure Owner** | TSD Review Team |

## Click Here for More Information...

23.1 Action Steps: Transfer Administrative Responsibility for Plan

**Transfer Plan to Ongoing Administrator**

## 23.1 Action Steps: 09/04/98

## Transfer Administrative Responsibility for Plan

1. Inform Ongoing Administrator of coming case transfer.
2. Prepare FBA Introduction (ALGS- FBA1, or FBA2), to notify participants of the change in benefits administration. Ensure that the mailing date is 15-30 days prior to the date of transfer.
3. Two weeks before transfer date, TPD or FBA summarizes work in process and annotates open questions on the Participant File Inventory (PFI). See Process 21.12: Wrap Up Plan Administration. Return any files to Document Management Center.
4. If necessary, TSD arranges a conference with TPD case team or FBA case team and Ongoing Administrator.
5. Refer to Workflow at the beginning of this process to determine the next action.

## 23.2 Forms, Letters, Memos, etc.

09/04/98

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***FBA Introduction*** (ALGS - FBA1, FBA2)

## Technical Procedures

01/19/2005

Technical Procedures are usually event-driven activities rather than case-driven activities occurring at a specific point in case processing. Technical Procedures may be performed one or more times in the life of a case, or may not be performed at all. (For example, balancing occurs periodically and determining net worth is a one-time event.) Technical Procedures may be performed by more than one division. An example of one of the few case-driven activities is controlled group analysis (TP 1: Identify Controlled Group), which is done by PPD and TPD. In each division, there is a different goal: PPD does it to determine whether or not a plan should be terminated; TPD does it to identify and attempt recovery from liable parties.

Technical Procedures may be **plan activities** (example, TP 02: Identify Ability to Fund Plan) or **individual/group participant activities** (example, TP 13: Domestic Relations Order Handbook and TP 14: Hold Participant Meeting). When a Technical Procedure is applicable to a specific process, the Technical Procedure is mentioned in one or more of the action steps of the process.

## Technical Procedures include:


TP 01 Identify Controlled Group

TP 02 Identify Ability to Fund Plan

TP 03 Manage Plan Related Termination Expenses

TP 04 Process Address Changes

TP 05 Process Deaths

TP 06 Recover Overpayment

TP 07 Recoup Overpayment

TP 08 Process Received/Returned Check

TP 09 Balance/Reconcile Monthly Payments

TP 10 Respond To Correspondence

TP 11 Perform Trial Balance

TP 12 Deal With Fraud & Forgery

TP 13 Domestic Relations Order Handbook

TP 14 Hold Participant Meeting

TP 15 Prepare & Mail Letter(s) to Participant(s)

TP 16 Establish & Maintain Plan & Participant Files

TP 17 Refer Policy or Processing Questions

TP 18 Prepare Files for Shipment

TP 19 Process Woodwork Person

TP 20 Put New Payee in Pay Status

TP 21 Change Benefit/Payment Amount

| | |
|---|---|
| TP 22 | Secure Records |
| TP 23 | Coordinate Large Cases |
| TP 24 | Determine Net Worth |
| TP 25 | Determine and Announce the Small Plan Average Recovery Ratio (SPARR) |
| TP 26 | Request SSA Data |
| TP 27 | Run Personal Interest Conflict System (PICS) |
| TP 28 | Authorize Financial & Non-Financial Transactions through PRISM |
| TP 29 | Request Off-Cycle Payment |
| TP 30 | Reconcile Funding |
| TP 31 | Document Telephone Calls |
| TP 32 | Provide Estimated Benefit Calculations |
| TP 33 | Locate Customer Address |
| TP 34 | Request DMC Services |
| TP 35 | Update FBA Workplans |
| TP 36 | Prepare Annual Update Letter |
| TP 37 | Develop & Implement Customer Recovery Action Plan |
| TP 38 | Administer PRISM Integrator Application |
| TP 39 | Prepare Early Estimated Benefits for a Case |
| TP 40 | Change Customer Data |
| TP 41 | Follow-Up on FBA Performance Reviews |
| TP 42 | Follow-Up On Outstanding Checks |
| TP 43 | Change Status for Inactive Participants |
| TP 44 | Foreign Language Services |
| TP 45 | Non-Receipt of Benefit Payment |
| TP 46 | The Health Coverage Tax Credit (HCTC) |

## TP 01. Identify Controlled Group

TP 01. Overview
TP 01. Workflow
TP 01.1 Gather Documents & Identify Owners
TP 01.2 Apply Exclusion Rules to Eliminate Excluded Interests
TP 01.3 Apply Attribution Rules & Determine Percentages of Ownership
TP 01.4 Identify Parent-Subsidiary Relationships
TP 01.5 Identify Brother-Sister Relationships
 Forms, Letters, Memos, etc.

**Technical Procedures** **Browse Overviews:** ⇦ ⇨

**Identify Controlled Group**

## TP 01. Overview

**09/22/99**

Rules Regarding Controlled Groups

Types of Controlled Groups

Definitions

**Identify Controlled Group**

## TP 01. Rules Regarding Controlled Groups

**09/22/99**

The rules for determining controlled group relationships are based on 4001 of ERISA and 414 of the Internal Revenue Code (IRC) . Important sections include:

- ERISA 4001 (a)(14)(B) identifies IRC 414 as the Code guiding determination of common control for purposes of controlled group analysis.
- ERISA 4062 defines liable parties for plans and establishes that the parties are jointly and severally liable.
- CFR 4001.3 defines controlled groups.
- IRC 414 (b) treats all employees of corporations which are members of a controlled group of corporations as employed by a single employer.
- IRC 414 (c) extends the intent of IRC 414 (b) to include all trades or businesses under common control (whether or not incorporated).
- PBGC Operating Policy Manual 7.2-1: Definition of Rental Property as Trade or Business, describes PBGC's policy with respect to the inclusion of certain rental property in a controlled group determination and the net worth determination of the controlled group.

The purpose of the controlled group analysis is to identify all parent, subsidiary, and brother-sister corporations, as well as their parent, subsidiary, and brother/sister corporations for as many generations as ownership can be determined. Once the analysis reveals the controlled group, if there is one, an analysis of each controlled-group member identifies the parties that PBGC may ask to take over the plan or against which PBGC will take recovery actions.

The purpose of identifying a controlled group is to determine any parties that fall within the category of employer as defined in Title IV of ERISA and may, therefore, be liable for funding the plan and subject to PBGC recovery actions. In considering the application of employer liability, the Congressional Committee Reports contain the following excerpt:

In determining the employer who may be liable for insurance coverage losses of the corporation, all trades or business (whether or not incorporated) under common control are to be treated as a single employer . . ." (Act Section 4062)

Section 4001 (a)(14)(B) provides, in part, the following:

. . . the determination of whether two or more persons are under "common control" shall be made under regulations of the corporation which are consistent and coextensive with regulations prescribed for similar purposes by the Secretary of the Treasury under subsections in (b) and (c) of Section 414 of the Internal Revenue code of 1986 . . .

Code section 414(b) refers to employees of a controlled group of corporations within the meaning of Code 1563(a) being treated as employed as a single employer (without regard to 1563 (a)(4) and (e)(3)(C) ).

Code section 414(c) is much broader, encompassing not only corporate entities but also partnerships, estates and trusts, and proprietorships.

Refer to regulations under 414 (c) for rules governing common controlled groups. Look to regulations under 1563 to explain and reinforce 414 (c). The regulations under 1563 and 414 (c) are the same except that Section 414 (c) applies to partnerships, proprietorships, estates and trusts, as well as to corporations. Section 1563 applies only to corporations.

**Identify Controlled Group**

## TP 01. Types of Controlled Groups

**05/31/96**

There are three types of controlled groups:

- Parent-Subsidiary
- Brother-Sister
- Combined Groups (combination of Parent-Subsidiary and Brother-Sister)

# TP 01. Definitions

05/18/2001

| | | | |
|---|---|---|---|
| Controlling Interest (80% Test) | Effective Control (50% Ownership Test) | | Exclusion |
| Employee | Principal owner | Officer | Partner |
| Fiduciary | Substantial condition | | Attribution |

## Controlling Interest (80% Test)

- In the case of a corporation, ownership of stock possessing at least 80% of the total combined voting power of all classes of stock, or at least 80% of the total value of shares of all classes of stock of such corporation.
- In the case of a trust *or* estate, ownership of an actuarial interest (percentage of the trusts if the trust were liquidated) of at least 80% of such trust.
- In the case of a *partnership*, ownership of at least 80% of the profits interest or capital interest of such partnership.
- In the case of a *sole proprietorship*, ownership of such sole proprietorship.

## Effective Control (50% Ownership Test)

If five (5) or fewer persons (common owners) who are individuals, corporations, estates, or trusts own directly and indirectly with the application of attribution rules under Section 1.414(c) — Rules for Determining Ownership.

- In the case of a corporation, more than 50% of the total combined voting power of all classes of stock entitled to vote, or more than 50% of the total value of shares of all classes of stock of such corporation. [1.414(c) - 4(b)(4)]
- In the case of a trust or an estate, an actuarial interest of more than 50% of such trust or estate. [1.414(c) - 4(b)(3)]
- In the case of a partnership, such persons own an aggregate of more than 50% of the profits, interest or capital interest of such partnership. [1.414(c) - 4(b)(2)]
- In the case of a sole proprietorship, one of such persons owns such sole proprietorship.

**Note** A parent organization is treated as owning an interest if it owns it directly or indirectly through options or other forms of attribution. Remember that treasury stock and nonvoting stock which is limited and preferred as to dividends are excluded in determining 50% interest.

## Exclusion

Exclusion rules identify certain ownership interests which are excluded in determining control. This means that certain interests are not counted. The reason for excluding is to "neutralize" certain stock for control computation and thus prevent ownership alignments geared toward divesting certain persons of statutory control, without affecting their effective control. (H. Report No. 749, 88th Congress. 1st Session (1963) with regard to Sec. 1563.)

For purposes of determining controlling interest (the 80% test) and effective control (the 50% test) for both parent-subsidiary and brother-sister controlled groups, certain rules exclude treasury stock and nonvoting stock which is limited and preferred as to dividends.

Certain interests are treated as excluded for purposes of determining whether an organization is a member of a parent-subsidiary controlled group. If a parent organization owns a 50% or more interest in another organization (a "subsidiary organization"), then certain other interests will be

excluded from the computations of ownership for determining whether the subsidiary or its parent is a member of a parent-subsidiary controlled group.

Certain other interests are excluded also:

- An interest in the subsidiary corporation held by a trust which is part of a deferred compensation plan [as described in Code Section 406(a)(3)] [Regs. 1.414 (c) - 3 (b)(3)].
- An interest which is held (directly and indirectly) by an individual who is a principal owner, officer, partner, or fiduciary of the parent organization [Regs. 1.414 (c) - 3 (b)(4)].
- An interest in the subsidiary owned (directly and indirectly) by an employee of the subsidiary if the ownership interest is subject to substantial conditions on the employee's (or the person holding the direct interest) right to dispose of such interest which run in favor of the parent or subsidiary organization [Reg. 1.414 (c) - 3 (b)(5)].
- An interest in the subsidiary which is owned (directly and indirectly) by a tax exempt organization (other than the parent) which is controlled (based on factual determination) by the parent subsidiary or a related party [Reg. 1.414 (c) - 3 (b)(6)].

**Employee**

A person who performs services for an employer during one-half or more of a pay period. See Code section 3306 (i).

**Principal owner**

A person who owns directly and indirectly a 5% or more interest in an organization. Defined at 1.414 (c) - 3 (d)(2).

**Officer** **10/11/96**

The president, vice president, general manager, treasurer, secretary, and comptroller and any other person who performs corresponding duties.

Defined at 1.414 (c) - 3 (d)(3).

**Partner**

As defined at Code section 7701 (a)(2).

**Fiduciary**

As defined at Code section 7701 (a)(6).

**Substantial Condition**

A condition that restricts the owner's right to dispose of the interest. A right of first refusal is a substantial condition. It is not necessary that a more favorable price is given. Any legally enforceable right which prohibits the direct owner from disposing of the interest without consent of another person is a substantial condition running in favor of that person. The exception to this rule is that for stock owned by an employee, a reciprocal purchase agreement may not be considered a substantial limitation.

Defined at 1.414 (c) - 3 (d)(6).

**Attribution**

Attribution is when ownership of an interest is attributed, or flowed through from one person or organization to another. Attribution is described in Regs. 1.414 (c) - 4. Attribution rules can be applied to:

- Options
- Partnerships
- Estates and Trusts
- Corporations
- Spouse
- Family

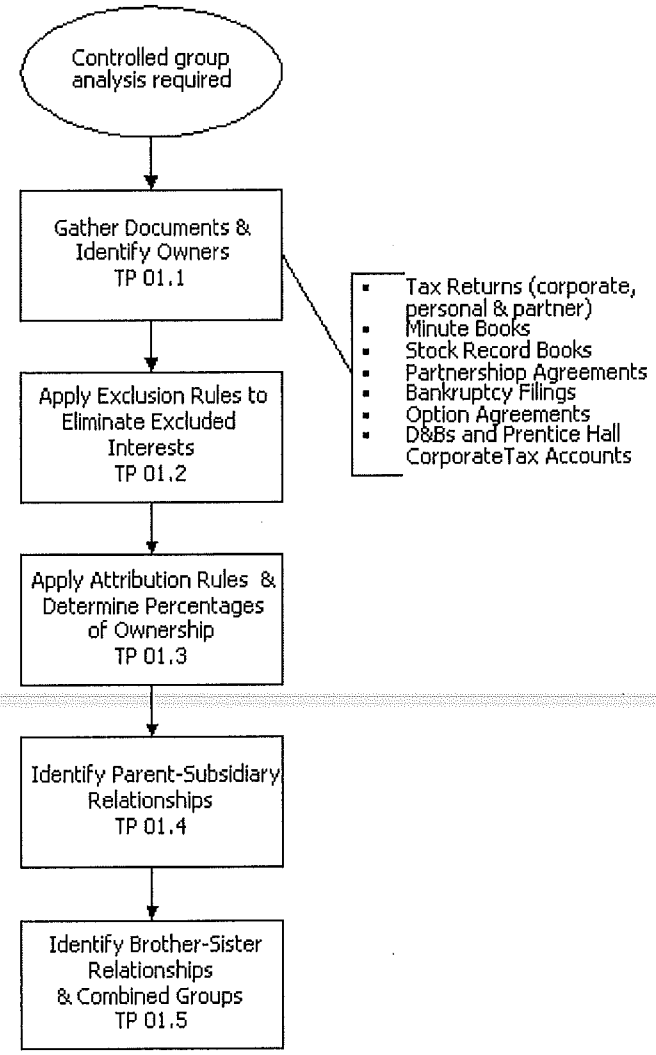
Note that constructive ownership rules are applied to one person (or organization) at a time and, when attributed, do not dilute the ownership of others from whom ownership is attributed. This means that the total ownership of all parties, after attribution rules have been applied to each one, could be more than 100%. For example, if Corporation X owns 80% of the stock of Y Corporation, the fact that A, an employee of Y, has an option to acquire 25% of the stock of Y does not take X and Y out of the category of a parent-subsidiary controlled group. Since A has an option to acquire 25% of the company, he or she would be attributed with 25% ownership. Corporation X would still own 80%, making for a total ownership of 105%.

**Technical Procedures** **Browse Workflows:**

**Identify Controlled Group**

## TP 01. Workflow for Technical Procedure 01

**05/18/2001**



**Identify Controlled Group**

## TP 01.1 Gather Documents and Identify Owners 09/22/99

Action Steps

| | |
|---|---|
| **Purpose** | Obtain all documents that may need to be reviewed in order to make controlled group determination. |
| **Time Reporting (BMPRS)** | PPD Processing<br>Controlled Group Audit<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | List of documents to obtain (Appendix A). |
| **Output and Recipient** | Identity of owners |
| **Control Issues** | N/A |
| **Important Concepts** | Generally, the goal is to identify who owns the plan sponsor and what the plan sponsor owns as of DOPT or within 120 days of DOPT. If there is evidence of an attempt to avoid liability, look back 5 years. |
| **Guidance** | ERISA 4061-4064, 4069 and IRC 414 make controlled group members jointly and severally liable and give PBGC authority to investigate them.<br>29 CFR 4001.3.<br>PBGC Operating Policy Manual 7.2-1 |
| **Procedure Owner** | PPD auditor or financial analyst in charge of case (initial analysis) or TPD auditor (final analysis) |

## Click Here for More Information...

Action Steps: Gather Documents and Identify Owners

**Identify Controlled Group**

## TP 01.1 Action Steps: 05/31/96
## Gather Documents and Identify Owners

1 Obtain and review all the applicable documents as listed below. Some documents are applicable only to certain types of organizations (for example, partnership agreements are only necessary for partnerships).

**Corporate Stock Record Book(S)**

- Obtain one book for each class of stock (voting, common, etc.). The certificates are pre-numbered. Each book will contain records and show the number of shares and to whom shares have been issued.
- Account for all shares as being issued, canceled, or unissued.

**Corporate Minute Book(S)**

- Corporate law usually requires minutes to be maintained, and these may be bound volume(s) containing the minutes.
- Check for other minutes under other names, such as executive committee minutes, compensation committee minutes, etc.
- Check for records of any options (for stock/ownership) that have been offered or have expired

**Partnership Agreements**

- Check for provisions for the allocation of profits and losses
- Check "Schedule A" for the names of the partners and their capital contributions

**Corporate Tax Returns With All Supporting Documents And Schedules**

- Affiliations schedule (Form 851)
- Sources of income
- Investment transactions
- The "Other current assets" line items on the balance sheet of some tax returns (usually on page 3) and explanations of what they include

**Partnership Tax Returns With All Supporting Documents And Schedules**

- Allocation of income or loss
- Sources of income (to identify other ownership)
- Investment transactions (to invest stock bought and sold)
- The "Other current assets" line items on the balance sheet of some tax returns (usually on page 3) and explanations of what they include

**Individual Tax Returns With All Supporting Documents And Schedules**

- Sources of income
- Investment transactions

**A Detailed Trial Balance For Each Account**

- Intercompany receivables and/or payables
- Insurance
- Large receivables and/or payables
- Rent accounts
- Property accounts
- Investment accounts

**Stock Options And Employee Stock Option Purchase Plans (ESOP)**

- They may be treated as outstanding for attribution purposes
- May be excluded depending on restrictions

**Warrant Or Convertible Debt Agreements**

- These are typical in venture capital deals
- May be treated as outstanding

**Personal Financial Statements**

- Investments
- Other business relationships
- Affidavits from individuals listing their investments

**Regulatory Reports**

- Form 10-K for public companies (for ownership information)
- Forms from other regulatory bodies, including the Interstate Commerce Commission, Federal Power Commission, and other sources that contain information with respect to affiliations.

**The Employer's Financial Statements**

- Investments
- Other business relationships
- Other ownership relationships

2 Develop a table listing owners down the left side and owned organizations across the top. Include organizations, such as companies, partnerships, and trusts among the owners as applicable. Note that the owners may include one or more of the organizations listed across the top of the table. **Base the table on this model:**

| **Organizations** | **Acme Plumbing** | **Tri-State Plumbing Supply** |
|---|---|---|
| **Owners** | | |
| Smith & Co. | _____ | _____ |
| ABC Inc. | _____ | _____ |
| XYZ Corp. | _____ | _____ |
| B & B Partners | _____ | _____ |

3 For each owner, indicate the percentage of ownership for each company. Use the actual

percentage (without taking into account exclusion or attribution). For now, record even owner whose percentage is less than 5% (it may increase later due to attribution). Determine percentage of ownership according to the type of organization.

- For a corporation, ownership of stock (to distinguish between voting and non-voting stock if the corporation has issued more than one type, split the column for that organization into voting and non-voting)
- For a trust or estate, actuarial interest.
- For a partnership, ownership of profits interest or capital interest.
- For a sole proprietorship, assign 100% of ownership to the sole proprietor.

For each owner, add names of other organizations owned.

For each organization, add names of other owners.

4 Continue until the percentages of ownership for all known owners have been identified. Note that ownership for any given organization may not total 100% because stock may be distributed among one or more shareholders who each own less than 5% of the organization (although these should be listed).

Identify Controlled Group

## TP 01.2 Apply Exclusion Rules to Eliminate Excluded Interests 05/31/96

Action Steps

| | |
|---|---|
| **Purpose** | Exclude certain interests which may change percentages of controlling interest. |
| **Time Reporting (BMPRS)** | PPD Processing<br>Controlled Group Audit<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Chart of owners and organizations |
| **Output and Recipient** | Percentages of control that reflect exclusion |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | IRC 1.414(c) - 3, IRC 1.414(c) - 4 |
| **Procedure Owner** | PPD auditor or financial analyst in charge of case (initial analysis) or TPD auditor (final analysis) |

## Click Here for More Information...

Action Steps: Apply Exclusion Rules to Eliminate Excluded Interests

Examples: Applying Exclusion Rules

**Identify Controlled Group**

## TP 01.2 Action Steps: 05/18/2001

## Apply Exclusion Rules to Eliminate Excluded Interests

Special rules provide that certain interests are treated as excluded stock for purposes of determining whether an organization is a member of a brother-sister controlled group of organizations [Regs. 1.414 (c) - 3(c)]. If five or fewer persons (common owners) own directly and through options 50% or more interest in an organization, then for purposes of determining whether that organization is a member of a brother-sister control group, certain interests will be treated as not outstanding .

1 Using the table of owners and organizations already developed, contact representatives of each entity to identify which interests fall into the following, excludable categories.

- an interest held by a tax exempt employee's trust described in code section 401(a). [Regulations 1.414 (c) - 3(c)(2)].
- an interest held by an employee of the organization and which is subject to substantial restrictions on disposition. [Regulations 1.414 (c) - 3(c)(3)].
- an interest held by a controlled tax exempt organization. [Regulations 1.414 (c) - 3(c)(4)].

2 Exclude the interest of the affected parties from all consideration in determining control - both from the numerator and the denominator of the effective control ratio. The examples illustrate how to apply identified exclusions.

# TP 01.2 Examples: Applying Exclusion Rules

10/11/96

## Ownership & Resultof Applying Exclusion Rules

**1** Corporation A

| Owners | Included Stock | Excluded Stock | Total Stock |
|---|---|---|---|
| X | 60 | | 60 |
| Others | 15 | 25 | 40 |
| Total | 75 | 25 | 100 |

X would be treated as having 80% control of Corporation A.

$$\frac{60}{100 - 25} = \frac{60}{75} = 80\%$$

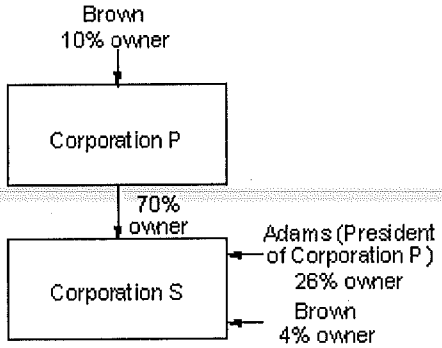
**2** Corporation A

| Owners | Included Stock | Excluded Stock | Total Stock |
|---|---|---|---|
| X | 50 | 10 | 60 |
| Others | 25 | 15 | 40 |
| Total | 75 | 25 | 100 |

A would not be controlled by X. X has only 66.6% control of Corporation A.

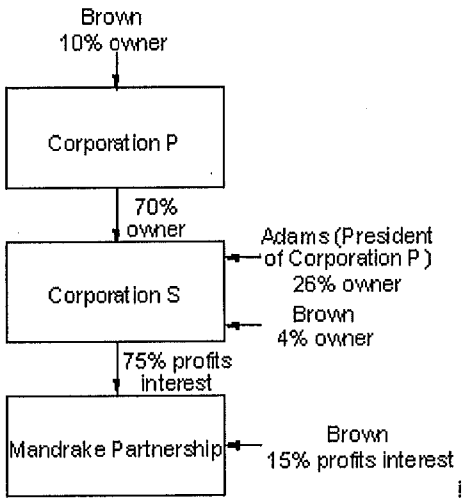
$$\frac{60 - 10}{100 - 25} = \frac{50}{75} = 66\%$$

**3**




Corporation P meets the 50% stock ownership requirement which is a condition precedent to the treatment of any stock as excluded stock under Regulation 1.414(c) - 3(b). Since Adams is an officer of Corporation P, and Brown is a principal owner of Corporation P, the stock owned by Adams in Corporation S (26 shares) and the stock owned by Brown in Corporation S (4 shares) is treated as excluded stock under Regulation 1.414(c) - 3(b)(4). Thus, the total outstanding stock in Corporation S is considered to consist of 70 shares, all of which are owned by Corporation P. Therefore, corporations P and S are members of a parent-subsidiary controlled group of corporations.

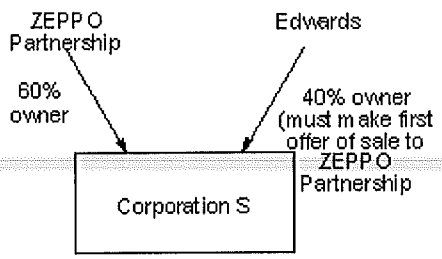
**4**




Assume the same facts as in example 3 above and further assume that Brown owns a 15% profits interest in Mandrake Partnership and that Corporation S owns a 75% profits interest in Mandrake.

Corporation P satisfies the 50% ownership requirement of Regulation 1.414(c) - 3(b) with respect to Mandrake since P is considered as owning 52.5% (70% X 75%) of Mandrake with the application of Regulation 1.414 (c) - 4 (b)(4) (attribution from Corporations). Since Brown is a substantial owner of P, the Mandrake interest owned by him is treated as not outstanding for purposes of determining whether Mandrake is a member of a controlled group. Thus Corporation S is considered to own an 88.2 % interest (75% + 85%) in Mandrake partnership. Accordingly, Corporations P and S and Mandrake partnership are members of a parent-subsidiary controlled group.

**5**




ZEPPO Partnership owns 60% of the only class of stock of Corporation S. Edwards, the general manager of Corporation S, owns the remaining 40% of the stock of Corporation S. Edwards has agreed that if he offers his stock in S for sale he will first offer the stock to ZEPPO at a price equal to the then fair market value of the stock. Since the stock in S held by Edwards is subject to conditions which run in favor of the corporation and substantially restrict Edwards' right to dispose of such stock, such stock is treated as excluded stock under Regulation 1.414 (c) - 3 (b)(5), and ZEPPO is treated as owning 100% of the stock of S. Therefore, ZEPPO is the common parent of a parent-subsidiary controlled group consisting of ZEPPO and Corporation S.

**Identify Controlled Group**

## TP 01.3 Apply Attribution Rules and Determine Percentages of Ownership

**05/31/96**

**Action Steps**

| | |
|---|---|
| **Purpose** | Attribute ownership from one person to another to determine percentages of ownership. |
| **Time Reporting (BMPRS)** | PPD Processing<br>Controlled Group Audit<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Chart of owners and organizations after exclusion rules have been applied. |
| **Output and Recipient** | Percentages of ownership to be used for defining controlling interest and effective control. |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | N/A |
| **Procedure Owner** | PPD auditor or financial analyst in charge of case (initial analysis) or TPD auditor (final analysis). |

**Click Here for More Information...**

Action Steps: and Examples: Apply Attribution Rules and Determine Percentages of Ownership

## TP 01.3 Action Steps and Examples: 05/18/2001
## Apply Attribution Rules and Determine Percentages of Ownership

1 Apply attribution through options:

In addition to interests owned directly, a person (or organization) is deemed to own all presently outstanding interests which it has an option to acquire. The same applies for an option to acquire an option, etc. The option attribution takes precedence over any other mode of attribution in the event that other modes of attribution exist as to a single person. [Regs. 1.414 (c) - 4(c)(3)]. This may permit the same result as what would otherwise be a non-permissible double application of family attribution rules.

2 Apply attribution through partnerships:

An interest owned by a partnership will be treated as being owned by the partners in proportion to their profits *or* capital interest, whichever is greater (though partners with less than 5% interest are disregarded).

**Examples: Applying Attribution Rules**

**Ownership & Results of Applying Attribution Rules**

1

| Partners | Capital Interest | Profits Interest | *Applicable Ownership* |
|---|---|---|---|
| Al | 36 | 25 | 36 |
| Bob | 60 | 71 | 71 |
| Charlie | 4 | 4 | 4 |
| | 100 | 100 | |

Al, Bob, and Charlie, unrelated individuals are partners in the ABC partnership. The partners' interests in the capital and profits are as illustrated at left.

The ABC partnership owns the entire outstanding stock (100 shares) of X Corporation. Under Regulation 1.414(c) - 4(b)(2)(I), Al is considered to own the stock of X owned by the partnership in proportion to his interest in capital (36%) or profits (25%), whichever is greater. Therefore, Al is considered to own 36 shares of X stock. Since Bob has a greater interest in the profits of the partnership than in the capital, Bob is considered to own X stock in proportion to his interest in such profits. Therefore, Bob is considered to own 71 shares of X stock. Since Charlie does not have an interest of 5% or more in either the capital or profits of ABC, he is not considered to own any shares of X stock.

3 Apply attribution through estates and trusts:

Any interest owned directly or indirectly by an estate or trust will be considered owned by any beneficiary with more than a 5% actuarial interest to the extent of such actuarial interest [Regulations 1.414(c) - 3(4)(b)(3)].

Apply this rule regardless of whether the interest involved is present or future and without regard to whether the interest is vested or contingent.

The actuarial interest of any beneficiary is determined by assuming the maximum exercise of discretion by the fiduciary in favor of the beneficiary and the maximum use of the interest involved to satisfy the beneficiary's rights.

A beneficiary who cannot under any circumstances receive any part of the organization's interest held by the estate or trust, including the proceeds from the sale or the income, does not have an actuarial interest in an organization interest. (1) where stock of a corporation

has been specifically bequeathed to A and the remainder of the estate has been specifically bequeathed to B, the stock can be attributed only to A. (2) an income beneficiary of a trust does have an actuarial interest in stock if he or she has any right to income from the stock, even though, under the terms of the trust, the stock can never be distributed to him. (3) The methods used in Estate Tax Regulations 20.2031-7 and 20.2031.10 should be used in determining a beneficiary's actuarial interest.

The creator of a grantor trust (defined in the Estate and Gift tax code) is considered the owner of any interest owned by the trust.

**4** Apply attribution through corporations

An interest owned by a corporation is considered owned by any person who owns (directly and indirectly through a common control group) 5% or more in value of stock, in the proportion of his or her percentage of ownership to total ownership [Regs. 1.414 (c) - 4 (b)(4)].

Note that only the value of the corporation's stock is considered, not voting power as in the 50% and 80% tests.

The regulations under section 414(c) specifically state, that in computing the amount of stock owned by a person and the proportion of value that it bears to the value of all stock, the following rules apply: (1) stock does not include preferred stock or treasury stock, (2) Corporate shareholders or individuals are considered to own stock which they have an option to purchase, (3) individuals, estates, and trusts are considered to own all the stock attributed to them under all the other methods of attribution.

No back attribution (from shareholder to corporation) is provided for, but the excluded stock rules do exclude stock owned by a major shareholder.

**Ownership & Result of Applying Attribution Rules**

**1**

| Owners | Corporation P |
|---|---|
| Brown | 60 |
| Smith | 4 |
| Corporation X | 36 |
| Total | 100 |

Corporation P is owned as illustrated at left. Corporation P owns directly and indirectly 50 shares of Tyler Corporation

Brown is considered to own 30 shares of Tyler's stock (60/100 X 50).

Since Smith does not own 5% or more in value of Corporation P, he is not considered as owning any stock in Tyler. If in this example, Smith's spouse owned 1% of the stock of P, Smith (and the spouse) would each own 5% of the stock of P, and therefore Smith (and the spouse) would each be considered as owning 2.5 shares of Tyler Co. (5/100 X 50)

**5** Apply attribution through spouse:

An individual is considered to own an interest which is owned directly or indirectly by his or her spouse. [Regs. 1.414(c) - 4(b)(5)].

In recognition of the fact that a husband and wife may own and operate separate businesses, the individual is not attributed with stock owned by a spouse if: (1) the individual owns no interest in the organization (Note: A problem may arise in community property states where separate property is difficult to establish), (2) the individual is not a director, fiduciary, or employee and does not participate in management, (3) not more than 50% of the organization's gross income is derived from royalties, rents, dividends, interest, and annuities (Personal Holding Company income, see Code section 1244), and (4) the spouse's interest was not subject to substantial restrictions running in favor of the individual or their minor children (substantial restriction is defined at 1.414 (c) - 3 (d)(6)(i). [Regulations 1.414 (c) - 4 (b)(5)].

An interest which may be attributed to an individual from a spouse includes only an interest which is owned directly by the spouse or which is owned by the spouse constructively, through rules other than attribution from children, parents, grandchildren, and grandparents [Regs. 1.414 (c) - 4 (c)(2)].

6 Apply attribution through children, grandchildren, parents, and grandparents:

For purposes of family attribution rules, different treatment is provided for children under 21 and for children over 21.

There is a total attribution both ways between parents and their children under age 21. An individual will be considered the owner of any interest owned directly or indirectly by his or her minor children, or if the child is a minor, by his parents.

If an individual is in effective control (50% test), directly and through other attribution, of an organization, then he or she will be treated as the owner of any interest owned by his children over age 21, grandchildren, parents, or grandparents. [Regs. 1.414(b) - 4 (c)(6)].

Family and spouse ownership may not be "double attributed." That is, ownership cannot be attributed from daughter to father and via father to son. [Reg. 1.414 (c) - 4 (c)(2)].

**Ownership & Result of Applying Attribution Rules**

| Owners | Apex Corporation |
|---|---|
| Father | 40% |
| Minor Son (20 years) | 30% |
| Adult Son (30 years) | 20% |
| Unrelated Person | 10% |

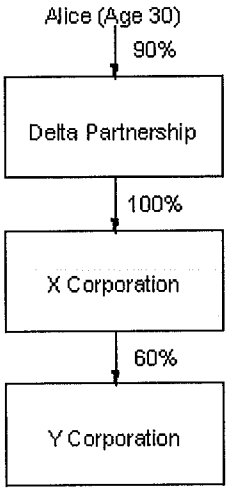
Apex partnership is owned as illustrated at left.

Father's Ownership: Father owns 40% of Apex directly and is considered to own the 30% interest owned directly by Minor. Since for purposes of the effective control test in Regulations 1.414 (c) - 4 (b)(6)(ii), father is treated as owning 70% of Apex. Father is also considered to own the 20% interest owned by Adult. Father is considered as owning a total of 90% interest in Apex Partnership.

Resolve conflicts between types of attribution:

Where an interest is considered to be owned constructively by both option attribution and by another form of attribution, that interest shall be considered to be owned as a result of the option (the option attribution takes precedence).

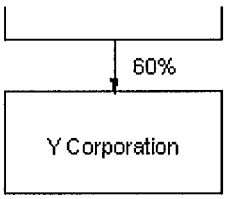
**Ownership and Result of Applying Attribution Rules**




Under Regulations 1.414 (c) -4(c)(1), the 60% of Y is constructively owned by Delta (attributing from corporations). Alice is treated as owning 54% of Y (90% of 60%).

Alison's brother, Bill, who is 20 years old, owns directly 40% of Y corporation. Although the Y stock owned by Bill is considered owned by Father under family attribution [Regs. 1.414 (c) - 4 (b)(6)(I)], that stock cannot be reattributed from Father to Alice.

If, using the same facts, assume that Father has an option to purchase the 40% of Y stock from Bill. The rule against double family attribution does not prevent Alice from being the constructive owner of the 40% of Y stock owned




by her brother. Under Regulations 1.414 (c) - 4(c)(3), Father is treated as the owner of Bill's Y stock by reason of option attribution and not through family attribution. Therefore, since Alice is in effective control of Y (more than 50% ownership), the 40% of Y stock constructively owned by Father is reattributed to Alice. Alice is treated as owning 94% of Y stock.

**Identify Controlled Group**

## TP 01.4 Identify Parent-Subsidiary Relationships 05/31/96

Action Steps

| | |
|---|---|
| **Purpose** | Identify which organizations own, and are owned by others, within the chart of owners and organizations. |
| **Time Reporting (BMPRS)** | PPD Processing<br>Controlled Group Audit<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Chart of owners and organizations with exclusions and attributions applied. |
| **Output and Recipient** | Diagram of any parent-subsidiary ownership relationships that satisfy the controlling interest and effective control criteria. |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | Reg. §1.414(c) - 2 |
| **Procedure Owner** | PPD auditor or financial analyst in charge of case (initial analysis) or TPD auditor (final analysis) |

## Click Here for More Information...

Definition of Parent-Subsidiary

Action Steps: Identify Parent-Subsidiary Relationships

Examples: Parent-Subsidiary Corporations

**Identify Controlled Group**

## TP 01.4 Definition of Parent-Subsidiary

**05/31/96**

Under section 1.414(c) - 2 of the Treasury Regulations, the term "Parent-Subsidiary group of trades or businesses under common control" means one or more chains of organizations conducting trades or businesses connected through ownership of a controlling interest with a common parent organization if —

a) A controlling interest in each of the organizations, except the common parent organization, is owned (directly and with the application of 1.414(c) - 4(b)(1), relating to options) by one or more of the other organizations; *and*

b) The common parent organization owns (directly and with the application of 1.414(c) - 4(b)(1), relating to options) a controlling interest in at least one of the other organizations, excluding, in computing such controlling interest, any direct ownership interest by such other organizations

**Identify Controlled Group**

## TP 01.4 Action Steps: Identify Parent-Subsidiary Relationships

**05/31/96**

For parent-subsidiary determinations, the goal is to identify one or more chains of organization connected through ownership of a controlling interest with a common parent.

1 Identify owning organizations.

- Use the chart of owners and organizations to separate those who own 80% or more. The 80% may be of voting stock, total value of all stock, total interest, profits interest, or capital interest, depending on the type of owner.

2 Draw a simple chart illustrating the parent-subsidiaries. Use the following examples as guides.

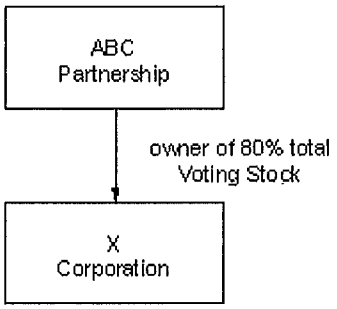
## Identify Controlled Group

# TP 01.4 Examples: Parent-Subsidiary Corporations

05/31/96

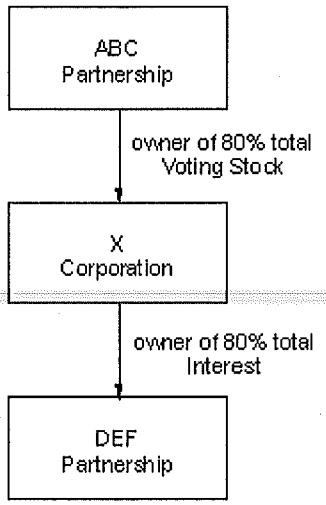
### Ownership and Resulting Parent-Subsidiary Relationships

1



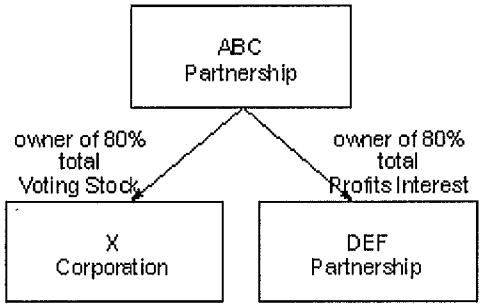

ABC Partnership is the common parent of the parent-subsidiary controlled group under common control.

2



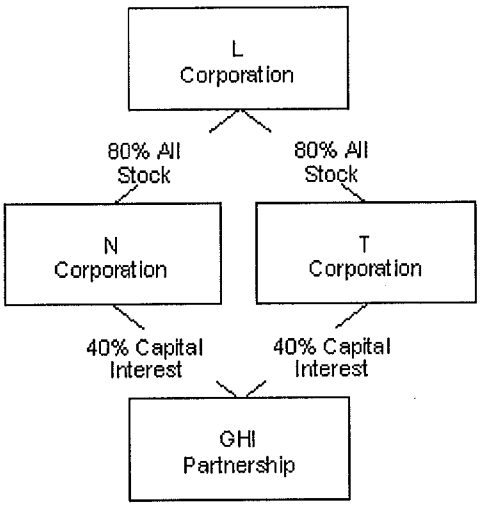

ABC Partnership is the common parent of the parent-subsidiary group of ABC Partnership, X Corporation, and DEF Partnership. Note that the result is the same as for example 3, below.

3



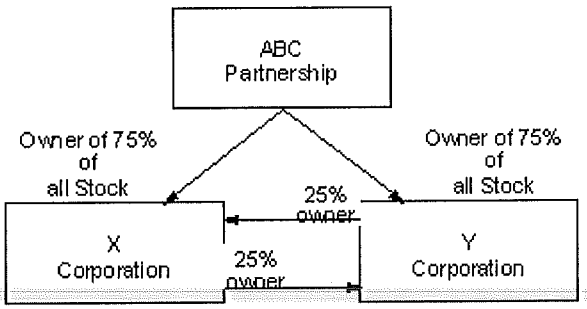

ABC Partnership is the common parent of the parent-subsidiary group of ABC Partnership, X Corporation, and DEF Partnership. Note that the result is the same as for example 2, above.

**4**




L is common parent of a parent-subsidiary group consisting of L, N, T, and GHI Partnership.

**5**




Interorganization ownership is excluded for purposes of determining if ABC owns a controlling interest; therefore ABC is treated as owning 100% of both X and Y. ABC is the common parent of the ABC, X, and Y parent-subsidiary group.

**Identify Controlled Group**

## TP 01.5 Identify Brother-Sister Relationships 10/11/96

**Action Steps**

| | |
|---|---|
| **Purpose** | Identify five or fewer persons with a controlling interest in an organization who are also in effective control of the organization. |
| **Time Reporting (BMPRS)** | PPD Processing<br>Controlled Group Audit<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Chart of owners and organizations with exclusions and attributions applied. |
| **Output and Recipient** | Tables indicating brother-sister relationships. |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | N/A |
| **Procedure Owner** | PPD auditor or financial analyst in charge of case (initial analysis) or TPD auditor (final analysis) |

## Click Here for More Information...

Definition of Brother-Sister Corporations

Definition of Combined Group

Procedure and Examples

**Identify Controlled Group**

## TP 01.5 Definition - Brother-Sister Corporations

**05/18/2001**

Treasury Regulations Section 1.414 (c) - 2 defines a brother-sister group under common control as two or more organizations conducting trades or businesses if:

- the same five or fewer persons who are individuals, estates, or trusts own (directly and with the application of Section 1.414(c) - 4 a controlling interest in each organization,

– and –

- taking into account the ownership of each such person only to the extent such ownership is identical with respect to each such organization, such persons are in effective control of each organization. The five or fewer persons whose ownership is considered for purposes of the controlling interest requirement for each organization must be the same persons whose ownership is considered for purposes of the effective control requirement.

**Identify Controlled Group**

## TP 01.5 Definition - Combined Group

**10/11/96**

Treasury Regulations Section 1.414(c) - 2(d) defines a combined group of trades or businesses as any group of three or more organizations if:

- Each organization is a member of either a parent-subsidiary or a brother-sister group under common control, and
- At least one organization is the common parent of a parent-subsidiary group, and is also a member of a brother-sister group.

**Identify Controlled Group**

## TP 01.5 Procedure and Examples

**08/15/97**

1 Identify identical ownership for each owner:

- Use the chart of owners and organizations to identify the identical ownership across organizations for each owner. The identical ownership for all organizations will always be the amount of the smallest percentage in the row for that owner (often zero).
- Also identify the identical interest for any possible set of organizations for each individual, for example, the identical interest for any one or more organizations, the owner owns an interest in all the organizations in which he or she has an interest. (See the breakdowns in Example 2, below.)

2 Identify effective control held by each group of five or fewer owners: For each owner or any group of five or fewer owners, identify all combinations where one to five owners whose *combined* identical ownership totals more than 50%. For example, if one owner has 25% identical ownership of two or more organizations and another owner has 26% or more identical ownership of the same organizations, then the two owners have effective control (51% is more than 50%). Owners not falling into any combination do not meet the effective controlled group criteria.

3 Identify controlling interest for each organization For each organization, identify five or fewer owners (who each has ownership in the organization) whose controlling interest totals 80% or more. *These must be the same group of five or fewer owners used for the effective control test above.*

**Examples: Brother-Sister Corporations**

**Ownership and Resulting Brother-Sister Relationships**

| Individuals | Corporations | | | | Identical Ownership |
|---|---|---|---|---|---|
| | C-1 | C-2 | C-3 | C-1 | |
| A | 51% | 54% | 53% | 52% | 51% |
| B | 49% | 46% | | | |
| C | | | 47% | | |
| D | | | | 48% | |
| Total % | 100% | 100% | 100% | 100% | |

**Facts** - The outstanding stock of corporations C-1, C-2, C-3, and C-4, which have only one class of stock outstanding, is owned by four individuals as illustrated at left.

**Conclusions to Example 1**

- Corporations C-1 and C-2 **are members of a brother-sister controlled group** of corporations, as they both meet the more than 50% (effective control) and at least 80% (controlling interest) stock ownership tests.

- Corporations C3 and C4 are **NOT members of the controlled group** because at least 80% of the stock of each of these corporations is not owned by the same five or fewer individuals. These corporations fail the controlled interest test.

| | Organizations | | | | | | |
|---|---|---|---|---|---|---|---|
| Individuals | A | GHI | M | W | X | Y | Z |
| A | 100% | 50% | 100% | 60% | 40% | 20% | 60% |
| B | | 40% | | 15% | 40% | 50% | 30% |
| C | | | | | 10% | 10% | 10% |
| D | | | | 25% | | 20% | |
| E | | 10% | | | 10% | | |
| Total % | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

**Facts -** Five unrelated individuals own an interest in corporation A, a capital interest in the GHI Partnership, and stock of corporations M, W, X, Y, and Z (each of which has only one class of stock outstanding), as illustrated at left.

**Conclusions to Example 2**

There are four brother-sister groups: **(i)** GHI, X, and Z; **(ii)** X, Y, and Z; **(iii)** W and Y; **(iv)** A and M.

| | GHI, X, and Z Controlled Group | | | |
|---|---|---|---|---|
| Individuals | GHI | X | Z | Identical |
| A | 50% | 40% | 60% | 40% |
| B | 40% | 40% | 30% | 30% |
| C | | 10% | 10% | |
| D | | | | |
| E | 10% | 10% | | |
| Total | | | | 70% |
| Total A&B | 90% | 80% | 90% | 80% |

**(i) GHI, X and Z**

- In the case of GHI, X, and Z: A and B together have effective control of each organization because their combined identical ownership of GHI, X, and Z is more than 50% (A's identical ownership of GHI, X, and Z is 40% because A owns at least a 40% interest in each organization and B's identical ownership of GHI, X, and Z is 30% because B owns at least a 30% interest in each organization).

A and B (the persons whose ownership is considered for purposes of the effective control requirement) together own a controlling interest in each organization because they own at least 80% of the capital interest of partnership GHI and at least 80% of the total combined voting power of corporations X and Z. **Therefore, GHI, X, and Z comprise a brother-sister group of trades or businesses under common control.**

- **Y is not a member of a controlled group with GHI, X and Z** because neither the effective control requirement (more than 50%) nor the 80% controlling interest requirement are met. (The effective control requirement is not met because A's and B's combined identical ownership in GHI, X, Y, and Z (20% for A and 30% for B) is not more than 50%. The 80% controlling interest test is not met because A and B together only own 70% of the total combined voting powers of the stock of Y.)

- **A and M are not members of a controlled group with GHI, X and Z** because B owns no interest in either organization and A's ownership of GHI, X, and Z, considered alone, is less than 80%.

| | X, Y, and Z Controlled Group | | | |
|---|---|---|---|---|
| Individuals | X | Y | Z | Identical |
| A | 40% | 20% | 60% | 20% |
| B | 40% | 50% | 30% | 30% |
| C | 10% | 10% | 10% | 10% |
| D | | 20% | | |
| E | 10% | | | |
| Total | | | | 60% |
| Total A,B,C | 90% | 80% | 90% | 80% |

**(ii) X, Y and Z**

- In the case of X, Y, and Z: A, B, and C have a combined identical ownership of 60%, which is over the 50% requirement. They also have controlling interest of 80%, so X and Y comprise a brother-sister controlled group.

| | W & Y Controlled Group | | |
|---|---|---|---|
| Individuals | W | Y | Identical |
| A | 60% | 20% | 20% |
| B | 15% | 50% | 15% |
| C | | 10% | |
| D | 25% | 20% | 20% |
| E | | | |
| Total | | | 55% |
| Total A,B,D | 100% | 80% | 90% |

**(iii) W and Y**

- In the case of W and Y: A, B, and C have a combined identical ownership of 55% and meet the more than 50% effective control test. In addition, they meet the 80% controlling interest test with 80% identical controlling interest. W and Y qualify as a brother-sister controlled group.

| | A & M Controlled Group | | |
|---|---|---|---|
| Individuals | A | M | Identical |
| A | 100% | 100% | 100% |
| B | | | |
| C | | | |
| D | | | |
| E | | | |
| Total | | | 100% |
| Total A | 100% | 100% | 100% |

**(iv) A and M**

- In the case of A and M: owner A, being 100% owner of organizations A and M has 100% identical ownership and easily meets the more than 50% identical ownership for the effective control test. In addition, the 100% ownership of the two organizations makes for an identical controlling interest of 100% which meets the 80% test as well. Therefore, A and M qualify as a brother-sister controlled group.

| | Corporations | |
|---|---|---|
| Individuals | U | V |
| A | 12% | 12% |
| B | 12% | 12% |
| C | 12% | 12% |
| D | 12% | 12% |
| E | 13% | 13% |
| F | 13% | 13% |
| G | 13% | 13% |
| H | 13% | 13% |
| Total % | 100% | 100% |

**Facts -** The outstanding stock of corporations U and V, which have only class of stock outstanding, is owned by eight individuals as illustrated at left.

### Conclusions to Example 3

- Any group of five of the individual shareholders of U and V will own more than 50% of the stock in each corporation, and thus meet the effective control test. However, **U and V are not members of a brother-sister controlled group** because at least 80% of the stock is not owned by the same five or fewer persons (that is, the sum of the individual percentages for any five or fewer individuals is not 80% or more).

| | Organizations | | | | | Identical |
|---|---|---|---|---|---|---|
| Individuals | P | Q | R | S | T | Ownership |
| A | 55% | 51% | 55% | 55% | 55% | 51% in all |
| B | 45% | 49% | | | | 45% in P&Q |
| C | | | 45% | | | |
| D | | | | 45% | | |
| F | | | | | 45% | |
| Total % | 100% | 100% | 100% | 100% | 100% | |

**Facts -** The outstanding stock of corporations P, Q, R, S, and T, which have only one class of stock outstanding, is owned by the five unrelated individuals as illustrated at left.

### Conclusions to Example 4

- Corporations P and Q are members of a brother-sister controlled group of corporations.

- Although the effective control test of more than 50% identical ownership requirement is met for all five corporations, corporations R, S, and T are not members of the brother-sister controlled group because at least 80% of the stock of each of those corporations is not owned by the same five or fewer individuals.

| | Corporations | |
|---|---|---|
| Individuals | X | Y |
| A | 100% voting<br>60% value | 75% voting<br>60% value |
| B | 0% voting<br>10% value | 25% voting<br>10% value |
| Total % | 100% | 100% |

**Facts -** Corporations X and Y each have two classes of stock outstanding: voting and non-voting common. (None of the stock is excluded from the definition of stock under Section 1563 (c).) Unrelated individuals A and B own amounts of the class of stock entitled to vote (voting) and the total value of shares of all classes of stock (value) in

each of corporations X and Y as illustrated at left.

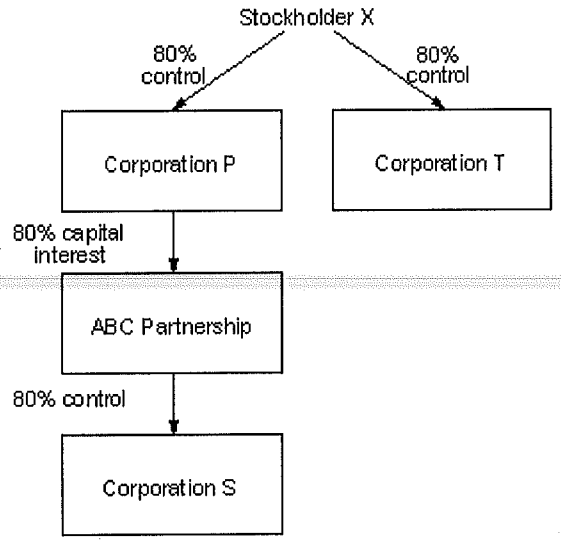
**Conclusions to Example 5**

- No other shareholder of X owns (or is considered to own) any stock in Y. The group meets the effective control test of more than 50% ownership because A and B own more than 50% of the total value of shares of all classes of stock of X and Y. (The group also meets the more than 50% ownership requirement because of A's voting stock ownership.) The group meets the 80% requirements because A and B own at least 80% of the total combined voting power of all classes of stock entitled to vote. **X and Y are a brother-sister controlled group of corporations.**

4 Identify any combined controlled groups. Combinations of brother-sister and parent-subsidiary controlled groups, have the effect of extending the group of liable parties to include all of the members.

**Example: Combined Group**

**Ownership**




**Controlled Group Status**

- Corporation P, ABC Partnership, and Corporation S are a *parent-subsidiary* group.
- Corporation P and Corporation T are *brother-sister* corporations.
- Together, P, ABC, S, and T are a *combined controlled group.*

5 Document the findings. Include the chart of owners and organizations, explanations of all of the exclusions and attributions applied, and all diagrams. For PPD, this document is the controlled group analysis which will be used in the decision of whether or not PBGC will terminate the plan. For TPD, this document starts the recovery process.

## TP 01.6 Forms, Letters, Memos, etc.

**05/31/96**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

**None**

# TP 02. Identify Ability to Fund Plan

TP 02. Overview

TP 02.1 Identify Ability to Fund Plan

Forms, Letters, Memos, etc.

# TP 02. Overview

**05/31/96**

Perform financial analysis for ongoing contributing sponsors or controlled group members for any controlled group with ongoing sponsors. This analysis is especially critical for those that file distress terminations under distress test 3 (unable to pay debts and continue in business unless the plan is terminated) or distress test 4 (unreasonably burdensome pension costs caused solely by a decline in work force). Often, an applicant in Chapter 11 proceedings will meet distress test 2 (approval of the court with a specific finding that, unless the plan is terminated, the debtor will be unable to pay all its debts under the plan or reorganization and will be unable to continue in business outside reorganization) and the financial analysis will not be necessary. However, the analysis is necessary if there are other ongoing controlled group members. Generally, PPD will have to do financial analysis for companies in Chapter 11 when the case is being processed as a reportable event rather than a distress termination. Applicants that are liquidating (Chapter 7 bankruptcy) as a result of foreclosure or assignment for benefit of creditors normally meet distress test 1 (liquidation test).

Very simply, "affordability" is earnings before taxes (EBT) less secured interest expense. Affordability studies are done in two cases: (1) in distress applications when citing test 3 and (2) in reportable events when there are ongoing controlled group members not in bankruptcy who appear to have adequate pre-tax income (after all interest expense) to pay all creditors including the pension plan. The results of the affordability study can determine the recommendation to terminate.

Identifying an organization's ability to fund a plan is basically a credit analysis: the objective is to determine whether or not a business can afford to continue its pension plan(s). This ultimately becomes a comparison of the projected minimum funding requirements for maintaining the plan(s), taking outstanding Due and Unpaid Employer Contributions (DUEC) into consideration, and the ability of the business to generate the necessary funds. Companies that file distress terminations under criteria 3 (unable to pay debts and continue in business unless the plan is terminated) are usually dependent on a secured lender. Often the company is short of cash to meet any obligation, and the lender is concerned about the company meeting all obligations, not just the minimum funding. In these cases, PBGC's decision that results from the financial analysis is whether to grant a minimum funding waiver, accept the distress application, or terminate involuntarily.

There are four primary variables that need to be evaluated in assessing whether or not a business can afford to continue its pension plan(s):

- The funding history and status of the pension plan(s).
- The fundamental viability of the business.
- The amount of "cash flow" (earnings before taxes, but after secured debt interest) that the business can generate, and the sensitivity of the cash flow to events outside of management's control.
- The company's financial condition as evidenced by the structure and level of its assets and debts, including pension debt.

## TP 02.1 Identify Ability to Fund Plan

05/31/96

Action Steps

| | |
|---|---|
| **Purpose** | Determine whether or not plan should be terminated.<br>Identify whether the plan sponsor or any member or combination of members of the controlled group can afford to fund the plan. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Controlled group analysis<br>5-year funding projection for plan (from ASD, when necessary)<br>DUEC amount<br>minimum funding waivers granted by IRS<br>historical earnings for liable employer(s)<br>projected earnings for liable employer(s) (either company projections or PPD projections) |
| **Output and Recipient** | Determination of whether the liable employer(s) can meet minimum funding on an ongoing basis. |
| **Control Issues** | N/A |
| **Important Concepts** | This analysis is the "affordability study" that compares the projected minimum funding requirements to the ability of the business to generate the necessary funds.<br>Recognize that many of the figures that support this analysis are estimates, but the resulting conclusion should be reasonably defensible to the liable party or the TWG.<br>A company's obligation to a pension plan is like long-term unsecured debt: it is a fixed obligation to pay a fairly constant amount over a long period of time.<br>SEPPA identified certain tests for distress terminations. This analysis tested whether or not any liable parties (controlled group members) could fund the plan |
| **Guidance** | IRC 412 with regard to minimum funding and waivers. |
| **Procedure Owner** | Financial analyst or auditor in charge of case. |

## Click Here for More Information...

Action Steps: Identify Ability to Fund Plan

# TP 02.1 Action Steps: Identify Ability to Fund Plan

05/31/96

1 Obtain the following documents (many should have been requested):

- The funding history and status of the pension plan:
  - date of the last contribution to the plan and for what plan year.
  - whether any minimum funding waivers have been granted by IRS. If so, obtain copies of all waiver determination letters.
  - whether any applications for minimum funding waivers are pending. If so, obtain copies of all pending application letters.
  - An Actuarial Services Division (ASD) estimate of DUEC accrued since the last contribution or funding waiver determination, and what part, if any, would be eligible for waiver.
  - An estimate from the sponsor's actuary (or from ASD) of the projected minimum funding requirements for the current plan year and for future plan years.
  - Date when the next minimum funding contribution is due.
- An ASD estimate of minimum funding requirements for next five plan years, when considered necessary.
- Five years of financial statements from each controlled group member.
- Three to five years (preferably five) projected earnings from each controlled group member along with supporting text and schedules. If necessary, make projections estimating cash flow from operations after capital expenditures and secured debt interest, but before the payment of any other interest or principal on debt and before any payments for pension funding. This is "affordability". Take into account market conditions that may affect income into the future.
- The latest balance sheet for each controlled group member.
- General information on all business operations from each controlled group member. This general information should identify all business locations, including approximate number of employees and pension plans they participate in, and business activities at the location.
- Additional information relevant to the situation of each controlled group member:
  - For companies in Chapter 11 bankruptcy proceedings, all documents provided to the creditors' committee by the businesses or the committee's advisors and a copy of the Plan of Reorganization (POR) with the accompanying disclosure statement.
  - For public companies, a copy of the most recent 10-K report.
  - Any information on potential mergers, sales, or acquisitions.

2 Use the latest balance sheet for each controlled group member as a basis for preparation of a pro *forma* balance sheet by making the following adjustments. The balance sheet will show whether there are excess assets not used in the business.

- Remove accrued pension benefits if they are included as liabilities on the balance

sheet, and insert the next minimum funding contribution due as a current liability and insert the difference between total unfunded accrued benefits and the current liability as a long-term liability

- Remove all assets related to operations that are being liquidated or that management plans to liquidate. Estimate the net realizable value of these assets and apply them against debts secured by them. Show any excess in the net realizable value of these assets over the amount of liens against them as a current asset.
- Eliminate all intangible assets such as goodwill, assets set up to offset the recognition of pension liabilities, and organization costs and charge them against equity.
- Write up inventories as FIFO.

3 Compare the annual minimum funding requirement with cash flow available to pay minimum funding.

4 Develop an understanding of the problems that led the company to file for Chapter 11 bankruptcy, file a distress application, file for a minimum funding waiver, substantially reduce employment, etc.:

- Determine if these problems are related to operations of the core business or resulted from other events that are no longer applicable.
- Determine whether operational problems are being corrected and to what extent.
- Determine what management's plans are for the future.

5 Document your opinion as to whether or not any controlled group member(s) can afford to fund the plan. Also document all actions in the activities log and/or the plan file.

6 Refer to the Workflow diagram at the beginning of this technical procedure to determine the next action.

## TP 02.2 Forms, Letters, Memos, etc.

**05/31/96**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

**None**

# TP 03. Manage Plan Related Termination Expenses

TP 03. Overview

TP 03.1 Pay Termination Expenses

Forms, Letters, Memos, etc.

## TP 03. Overview

**12/06/96**

There are two types of plan related termination expenses:

- Expenses Paid From Trust Fund (Plan Assets) - These expenses should be authorized by the plan documents and include expenses such as actuarial fees, attorney fees, accounting fees, trustee fees, administration fees, and paying agent charges. Payments from plan assets cannot be authorized and paid until PBGC is trustee of the plan. The plan administrator/bankruptcy trustee, in some cases, may have continued to pay certain expenses (such as actuarial expenses) during the time that the plan was being considered for termination by PBGC. As long as the expenses were appropriate, this is acceptable.
- Expenses Paid From PBGC's Termination Expense Account - These are incidental expenses for services needed to make a determination as to whether or not to terminate the plan. These expenses may include such things as fees for storage of records, temporary professional fees (e.g., hourly wages for the past plan administrator to assist PBGC personnel), fees for photocopying documents, and other miscellaneous expenses. This account is maintained by IOD's front office, under the supervision of the Deputy Director. These expenses may be paid even if the plan is not terminated and trusteed.

**Manage Plan Related Termination Expenses**

## TP 03.1 Pay Termination Expenses

**12/06/96**

Action Steps

| | |
|---|---|
| **Purpose** | Pay legitimate, authorized plan expenses |
| **Time Reporting (BMPRS)** | N/A<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Authorized expenses incurred by the plan administrator, plan actuary, paying agent, or others. |
| **Output and Recipient** | Payment of expenses. |
| **Control Issues** | All expenses must be approved by a PBGC representative. |
| **Important Concepts** | N/A |
| **Guidance** | FM 05-1 Delegation of Authority Memo, May 25, 1995 |
| **Procedure Owner** | Individual responsible for case, IOD Deputy Director, PPD Manager (for non-trusteed plans), TPD Auditor (for trusteed plans) |

## Click Here for More Information...

Action Steps: Pay Termination Expenses

**Manage Plan Related Termination Expenses**

## TP 03.1 Action Steps: 02/18/2005

## Pay Termination Expenses

### Pay Expenses From Trust Fund

Services normally performed by PBGC, such as calculating benefits for putting new payees into pay status, should be performed by PBGC as soon as possible after trusteeship. PBGC will take over all such activities within sixty days after PBGC assumes payment responsibility (see Process 9: Plan Assumption).

Expenses may be paid out of Trust funds in three different situations:

- Expenses incurred prior to DOPT: These bills can be processed only if plan assets were available at DOPT.
- Expenses incurred between DOPT and DOTR: All reasonable and necessary expenses incurred to administer the plan may be paid.
- Expenses after DOTR: Post-trusteeship services normally performed by PBGC staff for trusteed plans should be entirely assumed by PBGC staff as quickly as possible. However, **reasonable and necessary** services may be performed by service providers and paid for out of the PBGC trust fund during the period immediately following trusteeship. Necessary services are those required for PBGC to operate the trusteed plan, typically when third parties continue to administer terminated pension plans during the limited period before PBGC is able to exercise control or to acquire the assets. Ensure that a reasonable amount is being charged for these services.

In addition, post-trusteeship services related to plan and sponsor data that would normally appear in a correctly filed Notice of Intent to Terminate (NOIT) but was not available prior to trusteeship, may be paid out of the PBGC trust fund. See Form 600 for details on the plan and sponsor data included in the form.

Expenses related to TPD audit activities are part of normal TPD operating costs.

### Preparing a Requisition:

6 Obtain an invoice prepared by the vendor/service provider and a letter certifying that payment for these services has never been received. The invoice must include the plan name, a description of the services performed (including the hours worked and the hourly rate charged, if applicable), and the total amount of the invoice. Obtain additional documentation, if necessary.

7 Prepare a PBGC Form 260 (available from Formflow on-line). Attach the invoice to the requisition. The requisition should contain the following information:

- Name and Address of the Vendor/Service Provider
- Name of Plan
- Case Number
- DOPT
- DOTR
- A brief description of the type of expense to be paid (generally a sentence or two).

If the amount to be paid is associated with more than one plan, allocate a portion to each plan.

8 Route the requisition and invoice through division management for approval by the Deputy Director, IOD, prior to payment.

**Pay Expenses from Termination Expense Account**

1 Obtain an invoice prepared by the vendor/service provider. It must include a description of the services or product provided and the total cost. The initiator of the requisition will determine that the expense is justified and reasonable.

2 Prepare a PBGC Requisition (Form 260 available from on Formflow on-line). Attach the invoice to the requisition. The requisition should contain the following information:

- Name of the PBGC employee(s) incurring the expense
- Name and Address of the Vendor
- Name of Plan
- Name Case Number
- Name A brief description of the reason for the expense and the type of expense to be paid (generally a sentence or two).
- Name If the amount to be paid is associated with more than one plan, allocate a portion to each plan.

3 Route the Requisition and Invoice for approval by the Deputy Director, IOD, prior to payment.

## TP 03.2 Forms, Letters, Memos, etc.



**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

*PBGC Form 260*

# TP 04. Process Address Changes

TP 04. Overview

TP 04.1 Make Address Changes

TP 04.2 Make or Change EDD Election

Forms, Letters, Memos, etc.

# TP 04. Overview

**08/25/2000**

Accurate address information supports IOD's excellent customer service and permits timely communication with participants. Correct addresses are necessary for all participants whether payees or deferred vesteds. IOD assiduously works to maintain up to date addresses for participants, see TP 33: Locate Customer Address.

Once PBGC receives a new address or a request to change an address it is processed through entry to the PRISM database (GENEIS) as soon as possible. IOD acknowledges its customers' requests for these changes.

This technical procedure describes several types of address changes:

- Home address
- Customer's bank address - for checks that are directly mailed to a customer's bank
- EDD elections and changes

Accurate records of address changes for customers are necessary to ensure that new address information is updated timely and to allow PBGC to provide quality customer service. These changes of address should be made as soon as possible, but always within five (5) business days.

These notification of changes come into PBGC by several means.

- Telephone call to Customer Service Center, TPD or FBA
- Written notification from the customer
- Checks returned to State Street Corporation, PBGC's paying agent
- Undeliverable correspondence returned and/or forwarding address information from by Post Office

CSR, DMC staff, TPDs or FBA may process these address notifications. IOD acknowledges written and telephone address change notifications from our customers, so that our customer's may be confident of the results of their contact with us. Staff acknowledges the written notifications by preparing and sending the Acknowledgment Letter (ALGS 530) after the PRISM Refresh Process. Telephone notifications of address changes are directly transmitted to PRISM when entered into CCN (by the CSR, TPD or FBA), and then CCN generates an ALG acknowledgment letter. (These ALG acknowledgment letters are only available through CCN. The letters refer to the GENESIS database for information and therefore access the new and correct participant address.)

Telephone notifications are most efficiently implemented by using CCN to transmit the data. If selected by the user, CCN will update a GENESIS record upon receipt of notice of an address change. A specific disposition code in the CCN record indicates that the requested change has been made, and a message tells the user that an ALG acknowledgment letter has been generated.

**Process Address Changes**

## TP 04.1 Make Address Changes

**08/31/2001**

**Action Steps**

| | |
|---|---|
| **Purpose** | Update a customer's home or bank address in PRISM in a timely manner. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Notice of a new home or bank address from:<br>• telephone call<br>• written notice from customer<br>• SSC<br>• returned mail with forwarding address information |
| **Output and Recipient** | Updated ScoRe Report and address changes in PRISM, documented in CCN and/ IPS, acknowledgment letter sent to customer. |
| **Control Issues** | Addresses in PRISM should be traceable to a source in PBGC's records, e.g., CCN or IPS (participant or plan). Effective 9/99, all written notifications from customers are acknowledged by an Acknowledgment Letter (ALGS 530). Telephone notification may be made only by the participant (payee or deferred vesteds) or their authorized representative (see PBGC Operating Policy: 8.4-1 Power of Attorney and Guardianship). For details on acceptable signatures, see Appendix J: Participant Forms Information. Calls regarding address changes may be received in CSC or in the TPD or FBA. Verify the caller's identity, exercising judgement to determine if the caller is the customer. When in doubt, (for example, unable to provide information such as SSN, DOB, old address and name of company) request that the customer submit a written notification of the address change, including name, SSN, old address, and signature. CSR's process calls from the customers and forward calls from the authorized representatives to the TPD/FBA. |
| **Important Concepts** | Telephone notifications are most efficiently processed using CCN (see action steps). PBGC does not require a 'wet' signature (written notice with actual signature) to change an address. Telephone notification is acceptable **from the customer** except when PBGC suspects that the call is not legitimate. In these circumstances, request the caller to send in written notice for processing and our records. (Signature can be compared with signature on file.) |
| **Guidance** | IOD Customer Service Standards (11/1/95)<br>PBGC Operating Policy Manual 8.4-1: Power of Attorney and Guardianship<br>PBGC Operating Policy Manual 8.5-1: Signature by Mark |
| **Procedure Owner** | PLS, TSD, PSB, CSC, SSC, DMC |

**Click Here for More Information...**

TP 04.1 Action Steps: Make Address Changes

**Process Address Changes**

## TP 04.1 Action Steps: 08/31/2001

## Make Address Changes

**A. Telephone Notifications** **B. Written Notifications**
**C. SSC Notifications** **DMC TPD/FBA**

### A. Telephone Notifications

**CSC, TPD or FBA**

**Note** Telephone notifications to PBGC to elect EDD are typically received by the CSC, but may also go directly to a TPD or FBA. To review guidelines in processing all participant related telephone calls, see also TP 31: Document Telephone Calls.

1 Establish call record in CCN, following TP 31.1 Document Incoming Telephone Calls.

2 Verify caller is the participant or someone authorized to make changes (acceptable power of attorney enclosed [see PBGC Operating Policy Manual 8.4-1], executor with a death notice on file, etc.). If satisfied the caller is the customer or their authorized representative, complete CCN call log with new address information.

**Note** CSR's forward calls from authorized representatives to the TPD/FBA (phone POC) to verify and complete processing.

3 Implement Change:

**CSC, TPDs, FBAs**

- Using CCN. CCN transmits the data directly to the PRISM database, so separate entry of data into PRISM using PRISM Customer is not necessary. This CCN feature is available to all staff. The application also automatically calls ALGS to generate a home address acknowledgment letter (ALGS 560) as part of completing the call record. The signatory on this automatically prepared ALG letter is the staff person completing the call record in CCN.

**— or —**

**TPDs, FBAs**

- Using PRISM online applications. Update the customer home address using PRISM Customer.
- Prepare and send the Acknowledgment Letter (ALGS 530) using PRISM ALGS.

**Note** ALG 530 should be sent to the participant's new home address, therefore the letter should be sent through ALG after the PRISM Refresh Process.

### B. Written Notifications

**Note** IOD sends participant mail using the US Postal Service's "Address Service Requested". If mail is sent to an out of date address, it is either:
- forwarded to the new address on record with the Post Office, and a card with the new address is provided to IOD, or
- returned to IOD (when the forwarding order has expired).

IOD updates its participant records with the forwarding address information, generally following the

same steps as if a written notice was received directly from the participant; however, the DMC does not issue written acknowledgments to the customer.

**DMC**

1 Written notification is handled as mail, imaged to the participant file (IPS) after receipt. For returned mail with forwarding address provided, the returned envelope (with forwarding address information) is imaged.

2 Determine the customer type for the request and take the appropriate action.

| **If the request is from** | | **Do the following (DMC)** |
|---|---|---|
| a customer (with the customer's signature) | ☞ | Determine whether the customer is a deferred vested, or payee |
| the request is not from the customer | ☞ | process any address change request as mail, **-1-** |
| a deferred vested | ☞ | process a home address change using PRISM Customer |
| a payee, receiving check at home address | ☞ | process a home address change request as mail **-1-** |
| a payee, receiving a check at bank | ☞ | process a home address change request using PRISM Customer<br>process a change in bank address (address where check is mailed) as mail **-1-** |

3 If the customer is a payee, review the address change request and PRISM to determine specifics, and then take the following actions:

| **If receiving check at home address** | | **Do the following (DMC)** |
|---|---|---|
| election of EDD | ☞ | implement EDD, if Form 710 completed and signed if not completed or lacks signature, process as mail **-1-** |
| **If receiving check at bank** | | **Do the following (DMC)** |
| change of home address | ☞ | process home address change using PRISM Customer |
| change of bank address (check address) | ☞ | process a home address change request as mail **-1-** |
| **If receiving benefits through EDD** | | **Do the following (DMC)** |
| change of home address | ☞ | update address in PRISM |
| change of bank - new EDD election | ☞ | update address in PRISM |
| change of EDD to home address (cancel EDD) | ☞ | process as mail **-1-** |

**Note** The DMC processes address changes that have a Signature by Mark if the request is notarized. If a request with a Signature by Mark is not notarized, it is processed as mail **-1-**.

**TPD/ FBA**

**Note** The DMC forwards written requests to the TPD/FBA (mail POC) for:

- a deferred vested if the request is not from the actual participant;
- for a payee, for a variety of reasons, see preceding; and

- requests that are signed by a **mark** and are **not** notarized.

In general, the DMC does not process address changes that will impact the payment destination. These are processed by the benefit processing staff. Acknowledgment is not provided by the DMC, it is provided by the TPD/FBA when the action is completed.

---

4 Verify whether the request is signed by the customer or someone authorized to make changes (acceptable power of attorney enclosed [see PBGC Operating Policy Manual 8.4-1], executor with an included death notice, etc.). If request is related to a death notice, see also also TP 5: Process Deaths. Verify that the signature is acceptable, see Appendix J: Participant Forms Information

5 Contact the participant as necessary to confirm the request, and implement changes to home and bank address using PRISM Customer. See TP 4.2: Make or Change EDD Election for EDD elections and changes (to another bank, different account).

6 Prepare and send Acknowledgment Letter (ALGS 530).

### C. SSC Notifications

An address change may come into State Street Corporation (SSC) in several ways, written request from the customer, a telephone notification or returned mail.

| **If the notice is.....** | **SSC does the following...** |
|---|---|
| Returned mail - consists of checks or mass mailings (newsletters/notices/correspondence). ☞ | **Checks:**<br>reviews PRISM Browser for a new address. If there is a new address, sends the check to the new address. If there is not a new address in PRISM, resends the check to the same address. See TP 05.1 Overview: Process Deaths for processing mail that is returned 3 times or is marked deceased.<br>Changes the address in PRISM Customer if the Post Office gives a new address on a yellow label, and sends the check to the new address. Forwards the original returned envelope from the Post Office to the DMC.<br>**Mass Mailings:**<br>reviews PRISM Browser for a new address. If there is a new address, sends the mail to the new address. If there is not a new address in PRISM, sends the mail to the DMC<br>Changes the address in PRISM Customer if the Post Office gives a new address on a yellow label, and sends the mail to the new address. Forwards the original mail from the Post Office to the DMC. |
| telephone call ☞ | directs the caller to the Customer Service Center (1-800-400-PBGC, or 1-800-400-7242) |
| written notification from customer ☞ | processed according to steps below |

1 Verify that the participant signed the request. If the requestor's signature is by a **mark** such as an X and is notarized, process as follows. If it is **not** notarized, refer the request to the TPD/FBA (mail POC) through the DMC.

2 Enter information into PRISM and forward the original written request to PBGC.

3 File copies in work processed for that month when the entry of information is complete.

4 Return the notification to the customer with a request for signature or power of attorney forms, if the participant did not sign. When the request is returned, it will be processed as above.

---

**Footnote -1-** SCoRe report will notify TPD or FBA who will take appropriate action, see TP 10: Response to Correspondence.

# TP 04.2 Action Steps: Make or Change EDD Election

08/31/2001

A. Telephone Notifications

B. Written Notifications

## A. Telephone Notifications

### CSC/ TPD/ FBA

**Note** Telephone notifications to PBGC to elect EDD are typically received by the CSC, but may also go directly to a TPD or FBA. To review guidelines in processing all participant related telephone calls, see also TP 31: Document Telephone Calls.

1 Establish call record in CCN, following TP 31.1 Document Incoming Telephone Calls

2 Verify caller is the participant or someone authorized to make changes (acceptable power of attorney enclosed [see PBGC Operating Policy Manual 8.4-1], executor with a death notice on file, etc.). If request is related to a death notice, see also TP 5: Process Deaths.

3 If electing new or revised EDD, ensure the caller has (at minimum):
- bank name and address
- account number
- account type (savings, checking)
- bank's routing number

4 If satisfied the caller is the customer or their authorized representative, complete CCN call log with new or revised EDD information.

**Note** CSR's forward calls from authorized representatives to the TPD/FBA (phone POC) to verify and complete processing.

5 Implement Change:

**CSC, TPDs, FBAs**

- using CCN. CCN will transmit the data directly to the GENESIS database, so separate entry of data into PRISM using PRISM Customer is not necessary. This CCN feature is available to all staff. The application also automatically calls ALGS to generate an EDD change acknowledgment letter (ALGS 563) as part of completing the call record. The signatory on this automatically prepared ALG letter is the staff person completing the call record in CCN.

**— or —**

**TPDs, FBAs**

- using PRISM online applications. Update PRISM using PRISM Forms and PRISM Benefits.

  (If electing a new bank for EDD, ensure that all information relating to prior bank is replaced or deleted.)

- Prepare and send the Acknowledgment Letter (ALGS 530).

**Note** ALG 530 should be sent to the participant's new home address, therefore the letter should be sent through ALG after the PRISM Refresh Process.

6 Records that have been changed need to be forwarded for authorization (See TP28: Authorize Financial & Non-Financial Transactions through PRISM) to ensure successful

transmittal to PLUS.

7 Based on check cycle, advise caller the applicable payment month that the request will be implemented. Advise them that the first month's payment is made by paper check to bank (permits our paying agent to ensure accuracy of bank and account information and prevent incorrect payments). Thereafter payments will be made electronically.

8 Ensure the customer contact is accurately documented in CCN log, see TP 31: Document Telephone Calls.

### B. Written Notifications

**Note** Participant correspondence received directly at PBGC comes into the DMC, whether it is for HQ staff or FBA staff. All participant mail is entered into the Standard Correspondence Retrieval System (ScoRe) and scanned into IPS. The TPDs and FBAs rely upon their daily ScoRe reports to respond to participant's inquiries and take other action.

#### DMC

Verify the requestor is the customer or someone authorized to make changes (acceptable power of attorney enclosed [see PBGC Operating Policy Manual 8.4-1], executor with an included death notice, etc.), and that the signature is acceptable, including requests where the requestor signs by a **mark**. The DMC processes address changes that have a Signature by Mark if the request is notarized. If a request with a Signature by Mark is not notarized, it is processed as mail -1-. See also Appendix J: Participant Forms Information. Use PRISM to determine the specifics for the payee and take the appropriate action:

| **If receiving check at home address** | | **Do the following** |
|---|---|---|
| • election of EDD | ☞ | implement EDD, if Form 710 completed and signed, update using PRISM Forms and Benefits<br>if not completed or lacks signature, process as mail. -1- |
| **If receiving benefits through EDD** | | **Do the following** |
| • change of bank - new EDD election | ☞ | implement EDD change, update PRISM using PRISM Forms and Benefits.<br>**Note** This change requires authorization, see TP 28: Authorize Financial & Non-Financial Transactions through PRISM. |
| • change of EDD to home address (cancel EDD) | ☞ | process as mail. -1- |

#### TPD/ FBA

1 Notice of written request to elect or change EDD is received through ScoRe Report.

2 Verify requestor is the participant or someone is authorized to make changes (acceptable power of attorney enclosed [see PBGC Operating Policy Manual 8.4-1], executor with a death notice on file, or provided, etc.). If request is related to a death notice, see also TP 5: Process Deaths.

3 Verify Form 710 - Application for Electronic Direct Deposit is complete, correct **and** that it has an acceptable signature, see Appendix J: Participant Forms Information. If it is

incomplete, contact the participant first by telephone (see TP 31: Document Telephone Calls). If unsuccessful, return the form to the participant using the acknowledgment letter (ALGS 530). Once a completed form with an acceptable signature is returned, resume processing.

**4** Access the participant's record by using PRISM Forms and Benefits to enter the EDD election or changes to the EDD information in PRISM. If electing a new bank for EDD, ensure that all information relating to prior bank is replaced or deleted. Records that have been changed need to be forwarded for authorization (See TP28: Authorize Financial & Non-Financial Transactions through PRISM) for transmittal to PLUS.

**5** Prepare and send ALG 530 - Acknowledgment Letter confirming receipt and completion of processing.

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**Footnote -1-** SCoRe report will notify TPD or FBA who will take appropriate action, see TP 10: Response to Correspondence.

## TP 04.3 Forms, Letters, Memos, etc.

**10/31/97**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Form 710 - Application for Electronic Direct Deposit***

# TP 05. Process Deaths


TP 05 Overview

TP 05. Workflow for Technical Procedure 5

TP 05.1 Process Death Notification by Telephone or Mail

TP 05.2 Determine Action on Returned Benefit Checks

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Forms, Letters, Memos, etc.

# TP 05. Overview

**08/19/2004**

Once a death is reported to PBGC or verification from other sources confirm that a payee is deceased, IOD's goal is to process the information promptly and correctly.

This is important to the IOD operations as it:

- prevents potential loss of funds from overpayments;
- minimizes time spent on tracking and recovering overpayments;
- ensures that living payees continue to receive their benefits, and
- survivor/beneficiary benefits or payments due after death are made.

There are three main sources of information on which PBGC acts. These are outlined in the Death Processing Table.

IOD's Deathmatch Program provides increased efficiency in death processing. This application greatly enhances the resources that are available to staff and provides reports to management and staff for review.

**Deathmatch Program:**

Compares information from the Social Security Administration Death Master File (SSA DMF) with the PRISM database (GENESIS) by social security number to identify discrepancies. The SSA DMF contains all deaths that are reported to the SSA. If the information from the two sources disagrees, the discrepant record is inserted on the Death Discrepancy Detail Report. The report is used to verify which source has accurate information on the payee. After verification, IOD corrects records in PRISM or payees are notified to request the SSA to correct their records.

**Death Processing Table**

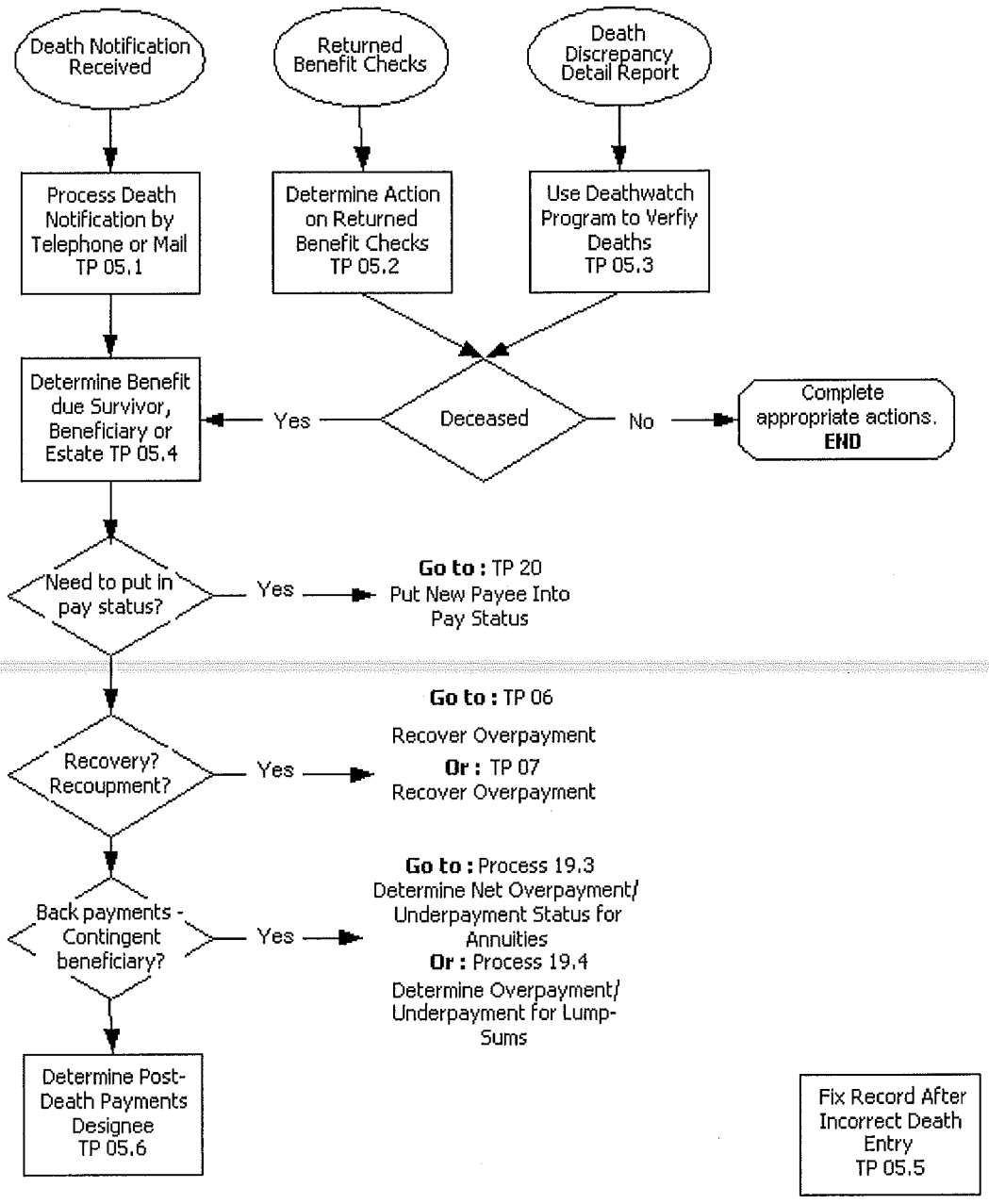
| Source of Death Notice | Who receives information? | Initial Action |
|---|---|---|
| Telephone or mail | CSC, SSC, TPD, FBA | Obtain payee's DOD and survivor's or contact person's information. |
| Post Office returns three (3) consecutive checks as undeliverable or one check as "addressee deceased" | SSC | Change of payee's status code to 2 (suspend) after 3 months of undeliverable checks; an assumed DOD is entered in PRISM for "addressee deceased" |
| IOD Deathmatch Program - Electronic Death Discrepancy Detail Report | PLS, PBAs, FBAs | Resolve discrepancy and act on the correct answer. |

**Technical Procedures** **Browse Workflows:**

**Process Deaths**

## TP 05. Workflow for Technical Procedure 05

**08/19/2004**



**Process Deaths**

## TP 05.1 Process Death Notification by Telephone or Mail 08/23/2002

Action Steps

| | |
|---|---|
| **Purpose** | Take payee out of pay status. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Mail or telephone notification of death. |
| **Process Output and Recipient** | DOD is entered in the payee's record in PRISM Customer and status code is automatically changed to 7. SSC stops payment. |
| **Control Issues** | Written notice of death should be carefully reviewed to ensure that correct information is entered in payee's PRISM record. For telephone notifications, obtain payee's DOD and survivor's or contact person's information. |
| **Important Concepts** | A date of death should be entered in PRISM Customer within 2 business days of the report. Majority of deaths are reported to the CSC and are entered at the same time in PRISM Customer.<br>CSC and SSC staff, who enters DOD in payee's record, automatically authorizes it (autoauthorization). For TPD and FBA staff, who enters DOD in PRISM, see TP. 28: Authorize Financial and Non-Financial Transactions through PRISM.<br>PSB completes CARFs for plans that the TPDs administer; FBAs complete their own. A completed CARF to SSC authorizes SSC to take action on a payment pending receipt of the death transaction from PRISM.<br>**Timing:** This is outlined in Table 05.1 Action Steps - CARF Schedule To SSC |
| **Guidance** | Benefit Payment Schedule |
| **Procedure Owner** | CSC, SSC, TPD, FBA |

## Click Here for More Information...

TP 05.1 Action Steps: Process Death Notification by Telephone or Mail

## TP 05.1 Action Steps: Process Death Notification by Telephone or Mail

08/19/2004

1 If notice is received by telephone, verify payee's name, SSN, and address. Obtain DOD and information on caller and relationship to the deceased and enter information in CCN log ( CSC, TPD & FBA staff). Let the caller know that PBGC will send a written request for proof of the payee's death, and provide information on whether any future benefits are due. Upon receipt of the proof of death, which is scanned to the deceased person's file, send the Acknowledgment Letter (ALGS 530) to the deceased person's representative who sent the proof of death.

**Note** To have the Acknowledgment Letter (ALGS 530) that is addressed to the deceased participant's representative scanned into the deceased participant's file (IPS), customize the letter as follows:

- **Address:** Customize the home address, if necessary, to reflect the deceased participant's representative address.(This is necessary if the address is different from the participant's.)
- **Name:** Type in the c/o field the name of the person to whom the acknowledgment is to be mailed. **DO NOT** delete the <<NAME _FIRST>> <<NAME_LAST>> merge fields. These fields must remain in the letter's address to ensure proper participant file imaging.

2 If DOD is entered in PRISM Customer by -

- CSC or SSC staff, the transaction is authorized when the data is saved (autoauthorized)
- TPD or FBA staff, the transaction needs to be authorized.

3 CSC gives TSD/PSB a daily Death Notification report from CCN for plans that the TPDs administer. PSB completes CARFs for plans assigned to the TPDs and FBAs complete CARFs for their plans. Use the table below for guidance on use of CARFs and the Benefit Payment Schedule (BPS) for relevant dates.

*Table 05.1 Action Steps: CARF Schedule To SSC*

**Annuities & Special Checks**

| | If DOD is entered in PRISM or CCN | Complete CARF to... | To SSC... |
|---|---|---|---|
| A | ***Before*** the Check Run – Annuities & Specials date | N/A | |
| B | On the Annuities & Specials Check Run date and on later than NOON on next business day | Pull Check and Credit | Fax to (617) 537-1769 no later than noon on the next business day then **on the same day**: **PSB:** Place original and a copy in SSC FedEx tray. **FBAs:** Send original and a copy to SSC by overnight mail. |
| C | After B above | Issue Stop-Pay Order | As above (except faxing) |

**Electronic Direct Deposits (EDDs)**

| | | | |
|---|---|---|---|
| **D** | On the check-run date and until the date stated on the BPS for SSC to pull EDDs | Delete ACH Payment and credit | **PSB:** Place original and a copy in SSC FedEx tray.<br>**FBAs:** Send original and a copy to SSC by overnight mail.<br>**Exception:** On the last day that SSC can pull EDDS, fax by noon to (617) 537-1769 then send original and a copy by overnight mail. |

**4** Ensure that a copy of the completed CARF is scanned to the deceased payee's file (IPS).

**Process Deaths**

## TP 05.2 Determine Action On Returned Benefit Checks 05/30/2003

Action Steps

| | |
|---|---|
| **Purpose** | Determine reason for returned checks. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | SSC notifies IOD when the Post Office returns three consecutive checks to a participant or one stamped "addressee deceased". Payee or representative returns check. |
| **Process Output and Recipient** | Conclusion on reason for returned checks and necessary follow-up action. |
| **Control Issues** | Use specific questions to verify if the payee is alive or deceased. The questions should be those that only the payee should be able to answer correctly. |
| **Important Concepts** | TPD and FBA staff who enters DOD or suspends pay, the transaction needs to be authorized, see TP.28 - Authorize Financial and Non-Financial Transactions through PRISM. |
| **Guidance** | Check Schedule Key Dates |
| **Procedure Owner** | PLS, PBA, FBA |

## Click Here for More Information...

TP 05.2 Action Steps: Determine Action On Returned Benefit Checks

## TP 05.2 Action Steps: 08/19/2004
## Determine Action On Returned Benefit Checks

**State Street Corporation** processes returned checks as follows:

- **Three consecutive checks (postal service returns)**

  Credits amounts to payee's account.

  Changes status code to 2.

  Completes CARF forwards a copy to PBGC

- **One check marked "Addressee deceased" (postal service returns)**

  Credits amount to payee's account

  Enters an assumed DOD in PRISM Customer

  Completes CARF forwards a copy to PBGC

- **Check is returned by a payee or representative**

  Credits amount to payee's account

  If deceased, enters DOD in PRISM Customer

  Completes CARF and forwards a copy to PBGC

**PLS/PBA/FBA**, see TP 08. 1: Process Check. Upon notification through SCoRE, do the following:

1 Check PRISM, CCN, IPS and the Death Discrepancy Detail Report for information received on the payee. If death notice was received and corrected in PRISM, verify the DOD. If the payee's death was reported to SSA (Death Discrepancy Detail Report), see TP 05. 3: Use Deathmatch Program to Verify Deaths. Where death is confirmed or address change was received and not processed, do so immediately in the PRISM Customer.

2 If no information is found, try to contact the payee, see TP 42 Follow-up On Outstanding Checks only in this case the reason will be "returned checks". Verify the payee's address, and take action to correct the address and reissue payment.

**Process Deaths**

## TP 05.3 Use Deathmatch Program to Verify Deaths 05/13/2005

Action Steps

**Purpose**

To resolve discrepancies between the Social Security Administration Death Master File (SSA DMF) and PRISM, and ensure payees do not receive more than 2 payments after appearing in the Death Match Report
.

**Time Reporting (BMPRS)**

FTE Administer Benefits

FBA Administer Benefits

PBA Administer Benefits

[See Appendix E: IOD Time Reporting (BMPRS)]

**Required Input and Source**

Death Discrepancy Detail Report; IPS; CCN

**Process Output and Recipient**

As Needed:

- Correction to participant records in PRISM Customer
- Deathmatch letters to Participants (ALGS 555 or 555NP)
- Advice to payees to contact SSA to correct their records
- Updated Disposition Comments on Death Discrepancy Detail Report

**Control Issues**

Where there is suspicion that a death was not reported to PBGC because of fraud or forgery, see TP 12: Deal with Fraud and Forgery. Only a copy of the official Social Security card is acceptable for verification of a SSN.

All actions taken to resolve discrepancies, including communications with participants or other contacts and information used to establish proof of a participant's status (copy of SSA card, death certificate, etc.) must be fully documented. Correspondence (including e-mail), pages from the Deathmatch reports (including e-mail) and memos are imaged to IPS. Telephone contacts are recorded in CCN.

**Important Concepts**

The SSA DMF stores all deaths that are reported, even if the person was not receiving Social Security benefits. The absence of a person's information in the SSA DMF does not mean that the person is alive. Entry of the DOD in the participant's record in PRISM Customer automatically changes the status code to 7 (Deceased). The Death Discrepancy Detail Report is refreshed daily with in-house corrections (PRISM updates by processing staff) and weekly with SSA corrections. The program automatically enters the DOD to the PRISM Customer record of participants with no future benefit entitlement, with a document type code naming SSA as the source.

Deathmatch reports consist of the Death Discrepancy Summary Report, which shows the number of discrepancies by case, and the Death Discrepancy Detail Report, which lists the participants by case.

If the report shows no discrepancies, no further action is required. If discrepancies are reported, the action required is determined by whether

| | |
|---|---|
| | the participant is in pay status and the type of discrepancy.<br><br>This procedure is only to be used to resolve Deathmatch discrepancies. For general guidance on actions to be taken upon a report of death, see TP 05.1 Process Death Notification by Telephone or Mail.<br><br>**Timing:** Take initial action on each discrepancy within 15 calendar days for payees and non-payees. Stop payments if a payee has not responded after 30 days from the date of the Deathmatch letter. For payees using their deceased spouse's SSN, allow 60 days to provide a valid SSN, then issue a letter allowing an additional 30 days before stopping payments. |
| **Guidance** | Deathmatch Help on IOD LAN |
| **Procedure Owner** | PLS, PBA, FBA |

## Click Here for More Information...

TP 05. 3 Action Steps: Use Deathmatch Program to Verify Deaths

**Process Deaths**

## TP 05.3 Action Steps: 05/13/2005

## Use Deathmatch Program to Verify Deaths

A Deceased In the SSA DMF But Alive In PRISM | B DOD In SSA DMF Does Not Match DOD In PRISM | C Deceased In PRISM, But Alive In SSA DMF | D Death Match Processing Reporting | ↑Top

Run the Death Discrepancy Report. FBA and TPD personnel will run the Death Match Report for their cases after the weekly update or upon notification from the Retiree Services Division (RSD). Take action based on the type of discrepancy reported:

### A Deceased In The SSA DMF, But Alive In PRISM

1 Verify the participant's status code in PRISM. If a DOD has been entered and the status code has been changed to 7 (Deceased), the discrepancy has been resolved since the report was run and no further action is necessary. If not resolved, continue processing.

2 Check both CCN and the participant file in IPS for any notification of the death which was not processed. If the death was reported, record the DOD in PRISM Customer to resolve the discrepancy. If not resolved, continue processing.

3 Attempt to resolve the discrepancy by telephone and document all efforts (see TP 31: Document Telephone Calls).

**If telephone contact is made with the participant**, request the participant provide PBGC a copy of the Social Security card within 30 days. Inform payees that a response is needed within 30 days to continue payments (although this period many be extended if the payee requests time to obtain proof of the SSN).

If the SSN in PRISM is correct, advise the participant to contact SSA to correct its death records. Update the participant record in the Death Discrepancy Detail Report with the Disposition Comment "Verified Alive" and image to the participant's IPS file the page showing the Disposition Comment. The discrepancy will be removed once SSA has corrected the SSA DMF and the Deathmatch Program is refreshed.

If the SSN in PRISM is incorrect, update the participant record in the Death Discrepancy Detail Report with the Disposition Comment "Verified Alive" and image to the participant's IPS file the page showing the Disposition Comment. Upon receiving proof of the correct SSN, update PRISM Customer. The discrepancy will be removed once the report is refreshed.

**If telephone contact is made with the Estate or Beneficiary**, log the call as a death notification (see TP 31.3: CCN Call Records Guidelines). Create a record for the beneficiary (if applicable) in PRISM Customer, and process as a death notification by telephone. See TP 05.1 Process Death Notification by Telephone or Mail

**If telephone contact cannot be made** or does not resolve the discrepancy, continue processing.

4 Take appropriate action based on whether the participant is in pay status:

**Payee:** Send Deathmatch letter (ALGS 555), addressed to the payee within 15 calendar days of the weekly Death Match report. This letter asks the payee to provide proof of the correct Social Security number (if PBGC has the incorrect SSN) or to contact SSA to correct its records and provide PBGC a copy of SSA's verification document. It also advises that payments will be stopped if no response to the letter is received within 30 days. Note

that this can be extended if the payee contacts PBGC within that period and requests time to obtain proof.

**Non-Payee:** Send Deathmatch letter for non-payees (ALGS 555NP), addressed to the non-payee within 15 calendar days of the weekly Death Match report. This letter asks the participant to provide proof of the correct Social Security number (if PBGC has the incorrect SSN) or to contact SSA to correct its records and provide PBGC a copy of SSA's verification document.

5 Act upon receiving a response to the Deathmatch letter:

- If the participant sends a copy of the Social Security card and it reveals that PBGC has the incorrect SSN, correct it in PRISM Customer. This resolves the discrepancy.
- If the participant provides a copy of a verification document from SSA that the DMF had an error, add the Disposition Comment "Verified Alive" to the participant's record in the Death Discrepancy Detail Report. The discrepancy will be removed from the report once SSA corrects the DMF and the Deathmatch Program refreshed.
- If the payee advises that he or she is the beneficiary and is using the SSN of the deceased person, enter the Disposition Comment "Using Deceased Spouse's SSN" on the Death Discrepancy Detail Report. Image to the participant's IPS file the page showing the Disposition Comment. Then
  - Ask the payee to provide PBGC proof of his/her correct SSN; or
  - If the payee does not have a Social Security Number (or has one but needs to obtain proof), refer the payee to SSA to obtain an SSN (or card), using the contact information below.

| Resides | Contact |
|---|---|
| **In The USA** | SSA - toll-free number (1-800-772-1213) |
| **Overseas (US Citizen)** | US Embassy or Consulate in the country of residence |
| **Overseas (Nonresident Alien)** | US Immigration & Naturalization Service at the Embassy or Consulate in the country of residence |

**Note:** The discrepancy will be resolved once PBGC receives the person's SSN and the correction is made in PRISM Customer.

  - Inform the payee that PBGC needs the new SSN within 60 days in order to continue payments. If the payee does not provide the SSN within that period, send the payee a Generic ALGS letter advising that payments will be stopped if the SSN is not received within 30 days of the date of the letter. Consult with TPD management and document management's approval before suspending payments. If payments are suspended after 30 days, notify the participant in writing using ALGS. Upon receiving the requested SSN, reinstate payments and issue a special check for missed payments.
- If a response is received that the participant is deceased, enter the DOD in PRISM Customer. Create a PRISM record for the beneficiary or spouse who contacted PBGC and send the appropriate ALGS letter requesting a copy of the death certificate, repayment of checks issued after DOD (if applicable), and advising of beneficiary benefits. If someone other than the beneficiary or spouse contacted PBGC, address the letter to the estate of the payee. See TP 05.1 Process Death Notification by Telephone or Mail.

6 If there is no response to the Deathmatch letter after 30 days or the letter comes back as Returned Mail, act according to pay status:

**Payee:** Use Participant Locator to determine whether the participant's address is current in PRISM. If not, update the address in PRISM and send a new Deathmatch letter. If the Participant Locator effort does not reveal a new address, try to contact the participant by telephone again, documenting all calls in CCN. If unsuccessful, assume the DMF is correct and enter the DOD in PRISM, which will stop further payments. Image a copy of the Deathmatch report page with the DOD to the participant's IPS file. Also image all Participant Locator reports and document (by notation on the reports or by separate memo to the file) steps taken to resolve the issue.

**Non-Payee:** Attempt to locate the participant using Participant Locator. If unsuccessful, enter Disposition Comment "DV and Unlocatable" by the participant's record in the Death Discrepancy Detail Report, and image to the participant's IPS file the page showing the Disposition Comment and DOD. Enter the DOD from the Deathmatch Report in PRISM Customer. Also image all Participant Locator reports and document (by notation on the reports or by separate memo to the file) steps taken to resolve the issue.

**Note** Follow TP 33: Locate Customer Addresses as appropriate.

7 If the participant contacts PBGC after the DOD is recorded in PRISM, act according to the participant's pay status:

**Payee:** Request that the payee provide the required proof to resolve the discrepancy (a copy of Social Security card with the correct SSN or verification from SSA that the SSA DMF contained an error). Benefits may not be reinstated until proof of the payee's SSN is received. To reinstate the payee into pay status in PRISM, follow steps in TP 05.06 - Fix Record After Incorrect Death Entry.

**Non-Payee:** Request that the participant provide the required proof to resolve the discrepancy (a copy of Social Security card with the correct SSN or verification from SSA that the SSA DMF contained an error). Upon receipt, remove the DOD from PRISM and correct the status code.

**B DOD In Death Master File Does Not Match DOD In PRISM**

1 Verify the DOD in PRISM from the CCN and/or IPS files, and correct it if necessary. If a death certificate has been received, use it to update the DOD in PRISM Customer, and also record the death certificate in PRISM. Recording the death certificate in PRISM removes the discrepancy when the report is refreshed, even if the dates in the DMF and PRISM disagree. If the DOD on the SSA DMF is incorrect, advise the person who provided the death certificate to request SSA correct its records.

2 If no death certificate has been received, request one from the person who reported the death . Once it is received, see step 1 directly above to resolve the discrepancy. Document all attempts to obtain the death certificate in CCN and/or IPS.

**C Reported Deceased In PRISM But Alive In SSA DMF**

1 Verify the report of death in CCN and/or IPS. If a death certificate has been received, verify in PRISM Customer that the DOD is recorded and matches the DOD on the death certificate, and that the receipt of the death certificate has also been recorded. The record of a death certificate in PRISM Customer resolves the discrepancy, even if the dates in PRISM and the SSA DMF do not agree.

2 If no death certificate has been received, contact the person who reported the death and request a copy. Document all attempts to obtain the death certificate in CCN and/or IPS. Upon receiving it, verify that the DOD on the death certificate as well as the receipt of the death certificate have been recorded in PRISM Customer. The record of a death certificate in PRISM Customer resolves the discrepancy, even if the dates in PRISM and the SSA

DMF do not agree.

3 If there is no record of a report of death in IPS or CCN, verify whether the participant is deceased or alive and document all efforts in CCN and/or IPS. If the participant is found to be alive, remove the DOD from PRISM Customer to resolve the discrepancy. If the participant is found to be deceased, document evidence of the death in CCN and/or IPS and attempt to obtain a death certificate. Once received, verify the DOD on the death certificate matches the date in PRISM, and record the receipt of the death certificate in PRISM Customer. The record of a death certificate in PRISM Customer resolves the discrepancy, even if the dates in PRISM and the SSA DMF do not agree.

## D Death Match Processing Reporting

1 TPD and FBA Management monitor compliance for their cases, ensuring the process is performed in the prescribed timeframes.

2 TPDs and FBAs document their Death Match processing each month, and maintain a file that supports their review.

**Process Deaths**

## TP 05.4 Determine Benefits Due Survivor, Beneficiary or Estate 08/19/2004

Action Steps

| | |
|---|---|
| **Purpose** | Determine whether benefits are due a surviving spouse, beneficiary or an estate. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Deceased participant's form of benefit, completed J& S Waiver form.<br>Deceased beneficiary - determination of whether additional benefits are due.<br>Determination of whether plan provides for survivor benefit (in addition to J& S), from Plan Provisions. |
| **Process Output and Recipient** | PCM 200 or 500 series letter, as appropriate, to the surviving spouse, beneficiary or estate. |
| **Control Issues** | Ensure that all proper supporting documentation is imaged to the participant's, surviving spouse's or beneficiary's file (IPS). |
| **Important Concepts** | Request return of checks issued or repayment for months after the death of the payee. If the request is not successful, apply recoupment (for overpayments received by the new payee), or recovery (for overpayments received by any other party). PBGC will grant a request from a surviving spouse for a temporary suspension of the surviving spouse's benefits to repay PBGC for amounts paid in error after the participant's death. Effective July 25, 2000, IOD accepts a notarized **Signature by Mark** such as an X. If the form of benefits is a C&C, and benefits remaining for the period certain are payable to an estate, the estate may elect whether to receive the payments in one payment or in installments. Document the calculation of the single payment amount to IPS, and provide in writing to estate.<br>**Timing:** Identify survivor or beneficiary for eligibility for ongoing benefits within 7 days of receipt of notice or verification of death. Promptly process payments due the surviving spouse or beneficiary, ensuring that payments are effective the month after the payee's DOD. See TP 20: Put New Payee in Pay Status. |
| **Guidance** | PBGC Operating Policy Manual 5.4-7<br>PBGC Operating Policy Manual 5.7-2<br>PBGC Operating Policy Manual 5.7-2 Appendix - PSA Benefits<br>PBGC Operating Policy Manual 8.4-1: Power of Attorney and Guardianship<br>PBGC Operating Policy Manual 8.5-1: Signature by Mark<br>PBGC Operating Policy Manual 8.6-1<br>IOD Policy Bulletin 01-2<br>IOD Policy Bulletin 97-7<br>Prism ALGS Letters (electronic manual in IOD Manuals System)<br>29 CFR 4022.7(b)(1)(iv) |
| **Procedure Owner** | PLS, PBA, FBA |

**Click Here for More Information...**

TP 05.4 Action Steps: Determine Benefits Due To Survivor, Beneficiary or Estate

**Process Deaths**

## TP 05.4 Action Steps: 08/19/2004
## Determine Benefits Due Survivor, Beneficiary or Estate

1 Determine if the participant was a payee or deferred vested before death. Depending on the status, take action:

**Payee:**

- If the form of benefit is a Straight Life Annuity, generally no survivor benefit is due. Review Plan Provisions and/or AVR in plan file (IPS) to determine if the plan has a surviving spouse benefit in addition to the SLA.
- If the form of benefit is a J&S, determine if there is a surviving spouse and the amount to be paid.
- If the form of benefit is a Certain & Continuous Annuity, determine if the period certain has expired. If not, the benefits due for the remaining months of period certain should be paid to the beneficiary. If there is no surviving beneficiary, refer to PBGC Policy Manual 8.6-1. If a beneficiary who was receiving the balance of a C&C dies before receiving all payments, the balance should be paid to the surviving beneficiary.
- If there is a QDRO, determine whether benefit payments to the Alternate Payee continue or change after the participant's date of death.

**Deferred Vested Participant / Not in Pay:**

If the benefit payable is a de minimis benefit, see PBGC Policy Manual 8.6-1: PBGC Payments Owed to Deceased Participants.

**DOD is before NRA**

If the participant was married, spouse is entitled to the Qualified Preretirement Survivor Annuity (QPSA). See PBGC Policy 5.7-2: QPSAs in Plans Terminating on and after 8/23/84.
(Exception if a pre-REA case.)

If the participant was not married, no benefit is due, even if the plan's normal form of benefit is C&C.
(Exception if a participant was entitled to an unreduced early retirement benefit, treat this as if DOD is post-NRA, and as if the early retirement age is the NRA.)

**DOD is after NRA**

In all cases, PBGC pays benefits to which the participant was entitled from NRD to the month of death.

If the participant was married, determine benefits under plan's normal form for married participants, and put surviving spouse into pay status. The spouse is also entitled to backpayments of the ***participant's benefit*** for the period that benefits should have been paid to the participant through DOD.

If the participant was not married (normal form is SLA or C&C), refer to PBGC Policy Manual 8.6-1 to determine correct beneficiary. If there is a QDRO, check the participant's file (IPS) to determine if and when benefits should be paid to the Alternate Payee.

2 If a survivor benefit is determined, create a record in PRISM if needed, and prepare and send the appropriate letter from PRISM ALGS 200 or 500 series (see TP 15: Prepare and

Mail Letters.) In all scenarios, request a copy of the death certificate if not already received at PBGC **and** request return of any payments made after the month of death. (Carefully review PRISM and IPS to determine the correct amount of payments that must be returned, if any.)

If there is no survivor benefit due, the letter will simply confirm the death notification and request the death certificate copy.

For a contingent annuitant, prepare and send the appropriate Benefit Application Package (BAP). The BAP will specify what proof documents are needed.

For beneficiaries (other than the spouse), prepare and send the appropriate BAP.

For estates, request documentation of the identity of the administrator of the estate (Letter of Administration or comparable court documents.) Estates may elect to receive a lump sum payment of the remainder of period certain payments that would have been paid in the future. Contact the estate administrator to determine which form of payment is desired and send the appropriate application for benefits. If a lump sum is elected, see note below regarding calculation of benefit.

**3** Upon receipt of the required documents to put the survivor/beneficiary/estate in pay, follow TP 20: Put New Payee in Pay Status. Ensure that the calculation supporting the amounts paid are imaged.

**Note:** To determine the amount of benefits payable to an estate, the amount of **future payments due** (balance of C&C period certain payments) is discounted using the federal mid-term rate (as determined by the Secretary of the Treasury pursuant to section 1247(d)(C)(ii) of the Code) applicable for the month the participant died based on monthly compounding. The determination of amount of benefits due for any prior months have interest calculated as with any other back payment.

**4** If a surviving spouse, who was married to the participant at the annuity starting date, responds to advice from PBGC of no entitlement (ALG letter 505S) and claims a benefit, determine if the participant

— entered pay status on or after January 01, 1985 (enactment of REA 08/23/1984).

— was married or treated as married as a result of a QDRO at the annuity starting date

— received a form of benefit that was not a QJSA.

- If yes, check the participant's file (IPS) for a J&S waiver, signed by the spouse and notarized. If one is found and the spouse alleges that the signature is forged, or he or she did not waive the QJSA, refer the matter to the Office of the Inspector General (OIG). OIG will evaluate the matter and advise processing staff of the status of the referral at the end of 60 days. If OIG decides to close a case because the spouse, who alleges forgery, is uncooperative, OIG will notify the spouse of their decision. If, at a later date, the spouse cooperates with OIG, OIG will notify processing staff that they have reopened the case.
- If no, determine whose responsibility it was to obtain the waiver. DOPT will be the determining factor.
  - — If the participant went into pay status on or after DOPT, PBGC is responsible. If the spouse claims that he or she did not execute a waiver, PBGC will pay a survivor benefit.
  - — If the participant went into pay status before PBGC trusteed the plan, refer the matter to OPSS for decision if it cannot be determined that the plan followed REA's requirements.

**5** Upon approval to pay a survivor benefit, the spouse will be required to submit an affidavit

and reimbursement agreement, which includes a sworn statement that the spouse did not waive the QJSA (obtain documents from OPSS). The benefit will be adjusted retroactively to the annuity starting date and will be subject to recoupment of the overpayment to the deceased participant.

**6** In all other cases, PBGC will not pay the surviving spouse a QJSA benefit (unless the surviving spouse provides convincing evidence -- copy of a benefit application electing a QJSA). If the participant received a BDL and the appeal deadline has passed, send a copy of the participant's BDL to the spouse, with explanation that the right to challenge it expired. If a BDL was not issued, or the participant died before the appeal deadline, send a BDL to the surviving spouse. The BDL must state that there is no entitlement to the QJSA survivor's annuity as the participant's pay status benefit was not a QJSA and the plan practiced the REA election requirements.

**Process Deaths**

## TP 05.5 Fix Record After Incorrect Death Entry

**08/19/2004**

**Action Steps**

| | |
|---|---|
| **Purpose** | Ensure living payees receive their benefits. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Proof that payee (recorded in PRISM as deceased) is alive. |
| **Process Output and Recipient** | Resumption of payment or prevention of disruption in payment. |
| **Control Issues** | Verification that the payee is alive is important to maintain PBGC's internal controls. |
| **Important Concepts** | N/A |
| **Guidance** | Check Schedule Key Dates |
| **Procedure Owner** | PLS, FBA, FBA |

## Click Here for More Information...

TP 05.5 Action Steps: Fix Record After Incorrect Death Entry

**Process Deaths**

## TP 05.5 Action Steps: 08/19/2004
## Fix Record After Incorrect Death Entry

When a DOD is entered and saved in PRISM and there is reason to undo it, the following should be considered.

- Was it discovered - immediately - within the check cycle - after the check cycle?
- Was it authorized?
- Was the record already transmitted to PLUS?

Correct the record depending on which category is applicable.

**Immediately**

1 If the error is discovered immediately or before the transaction is authorized, remove the date of death from the record and save. A reject transaction will automatically be sent to the authorizer's queue (this action removes it from the queue). The record will not be transmitted to PLUS. This means that the customer's benefit will not be disrupted.

2 Go to the annuity screen in PRISM Benefits and change the end date of the pay source back to what it was before the DOD was entered.

3 If the system does not allow the end date change, seek help from the Data Correction Team, TSD.

**After authorization**

If date of death was entered and saved, is auto-authorized or has been authorized by an authorizer, the transaction is sent to the submit queue for transmission to PLUS, see TP 28: Authorize Financial & Non-Financial Transactions through PRISM.

1 Go to PRISM Customer and delete the date of death and save. The status code changes back to 1. The record will be transmitted to SSC as a status 1 with an end date of the current month.

2 If this is discovered within the current check cycle and before the end of the month in which the DOD was entered, go to the annuity record in PRISM Benefits and change the end date back.

3 If it is after the end of the month, but before the scheduled transmission date to PLUS, seek help from the Data Correction Team, TSD, to have the end date reversed. The record must then be forwarded and authorized before the cut-off date. In this case, if it was an auto-authorizer (e.g. CSC staff) who entered the transaction, the PLS/FBA/PBA for the plan must be advised to take corrective action as outlined.

**After transmission to PLUS**

1 Remove the DOD from Prism Customer. Save the transaction.

2 Go to the PRISM Benefits and populate the next available pay source (estimated or final). Forward the record for authorization. (This will require a special check to make up for the missed month/months).

**Process Deaths**

## TP 05.6 Determine Post-Death Payments Designee 08/19/2004

Action Steps

| | |
|---|---|
| **Purpose** | To determine the correct beneficiary of a deceased payee to whom PBGC owes benefits. |
| **Time Reporting** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Deceased Payee's Date of Death (DOD)<br>Designation of Beneficiary from Payee<br>Plan Designation of Beneficiary |
| **Process Output and Recipient** | Determination of who is entitled to benefits owed a deceased payee. |
| **Control Issues** | Ensure that all proper supporting documentation is imaged to the deceased payee and/or Beneficiary's file (IPS), and that the PRISM records are linked. Document all telephone contact(s) in CCN. |
| **Important Concepts** | This process applies when a deceased payee **does not** have a surviving contingent annuitant. If there is, pay that person rather than using the rules in this section. Note that processing differs based on whether the date of death occurred before June 1, 2002, **or** on or after that date. PBGC payment rules supercede provisions in wills or other testamentary documents submitted to PBGC by claimants. |
| **Guidance** | PBGC Operating Policy Manual 8.6-1 |

### Click Here for More Information...

TP 05.6 Action Steps: Determine Post-Death Payments Designee

## TP 05.6 Action Steps: 08/19/2004
## Determine Post-Death Payments Designee

1 Verify that payee does not have a surviving contingent annuitant.

2 Verify that amounts owed to a deceased payee are one of the following:

- Underpayment
- De minimis Lump Sum
- Reissuance of uncashed check(s)
- Backpayments

If yes, continue processing. If not, contact OPSS for guidance.

3 Determine beneficiary from following guidance, based on decedents date of death (DOD). If DOD is on or after June 1, 2002, process following TP 5.6A. If DOD is prior to June 1, 2002, process following TP 5.6B.

## TP 05.7 Forms, Letters, Memos, etc.

**08/19/2004**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***555 ALG (Deathmatch Letter to Payees)***

***555NP ALG (Deathmatch Letter to Non-Payees)***

***Acknowledgment Letter – PRISM ALGS 530***

***ALG 200 or 500 series letter***

***Check Action Request Form (CARF), Form 478***

***Participant Fraud Memo***
Pfraud.doc

# TP 06. Recover Overpayments

TP 06. Overview
TP 06. Workflow
TP 06.1 Determine Overpayment Amount and Debtor
TP 06.2 Initiate the Recovery Process
TP 06.3 Continue the Recovery Process
Forms, Letters, Memos, etc.

# TP 06. Overview

**12/13/2002**

PBGC seeks recovery of an overpayment from a person who was not entitled to future annuity payments as of DOPT in accordance with PBGC's Operating Policy Manual 6.4-2 - Recovery of Post-DOPT Benefit Overpayments. Recovery actions are limited to overpayments made on or after the latest of the proposed DOPT, the actual DOPT or if no NOIT is filed, the NOD date. PBGC waives a debt of $500 or less ($10,000 or less for a deceased debtor).

### Recovery Method

IOD notifies the debtor of the overpayment in the first demand letter and offers interest-free installment payments to repay the debt. IOD seeks the debtor's commitment to repay PBGC by executing the Installment Payment Agreement and returning it to FOD. The debtor is required to repay the debt within five years with a minimum installment of $25.00 per month. IOD accepts payment of the full amount in a single payment at the debtor's request. However, debtors are advised that it is financially better to make installment payments, as PBGC does not charge interest on installment payments that are made on time. If the debtor does not respond to the first demand letter, the TSD Recovery Coordinator issues the second/final demand letter.

### Debtor

The debtor is the person who received the overpayment and may be the participant, beneficiary, or other person. There may be more than one debtor -- e.g., a non-vested participant was paid and after his death, another person continued to receive payment in a joint account. The participant is the debtor for the amount that was paid during his lifetime, and the other person is the debtor for the amount that was paid after the participant's death. Where EDD payments were made after a participant's death to a joint account, and the other party who is signatory to the account does not return the overpayment(s), that person is the debtor. The debtor may also be an estate (if the estate administrator confirms that the estate holds payments made after the death of a payee). Typical debtors are:

- Estimated lump-sum payees
- Non-vested participants who are in pay status
- Persons who take deceased payees' benefits
- Estates
- In limited cases, recipients of C&C benefit overpayments

Deceased payees' benefits received by contingent annuitants are not subject to recovery, but recoupment usually applies, see TP 07: Recoup Overpayment.

### Deceased Debtors

PBGC writes off debts of:

- $10,000 or less if the debtor dies before the recovery process starts.
- $10,000 or less if the debtor dies after the recovery process starts but without a completed Installment Payment Agreement.
- Any amount if the debtor dies after executing an Installment Payment Agreement.

The TSD Recovery Coordinator refers all other cases to OGC.

### Estates

If the estate administrator confirms that the estate holds payments after a deceased payee's death

and the amount is more than $500, the TPD/FBA requests repayment from the estate in a single amount. If the estate does not repay within 30 days, the TSD Recovery Coordinator refers the case to OGC. Demand letters are not sent to an estate and estates are prohibited from seeking hardship consideration.

**Hardship Provision**

With the October 03, 2002, recovery policy revision PBGC advises a debtor that it will consider reducing or waiving a debt if the debtor feels that he/she is unable to pay the debt and seeks hardship consideration. A debtor does so by requesting information from the TSD Recovery Coordinator on how to apply. Upon receipt of a hardship request, the TSD Recovery Coordinator refers the case to OGC for their determination. The TSD Recovery Coordinator communicates OGC 's determination to the debtor and takes other action, as necessary.

The debtor may also request hardship consideration during the time that installment payments are being made to PBGC. FOD processes any requests received during that time.

**Request for Return of Payments**

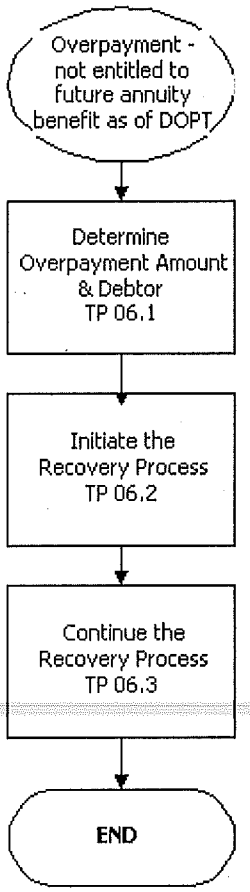
IOD requests that payments made after the month of a payee's death be returned to PBGC in all cases regardless of the amount unless SSC was able to stop the payments. This is also applicable if a lump sum payment is made. If the payment is not returned within 30 days of the request, recovery or recoupment action applies.

**Technical Procedures** **Browse Workflows:**

**Recover Overpayments**

## TP 06. Workflow for Technical Procedure 06

**06/09/2000**



**Recover Overpayments**

## TP 06.1 Determine Overpayment Amount and Debtor 12/13/2002

Action Steps

| | |
|---|---|
| **Purpose** | Establish the total overpayment amount and determine identity of debtor(s). |
| **Time Reporting (BMPRS)** | FTE Process Benefit Determination Letters<br>FBA Process Benefit Determination Letters<br>PBA Process Benefit Determination Letters<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | No future annuity benefits were payable to the debtor as of DOPT. Amounts paid and period of each payment stream, or date and amount if payment was a lump sum. |
| **Process Output and Recipient** | Total amount of overpayment (this amount is not reduced for income taxes withheld when the benefit was paid). |
| **Control Issues** | A debt of $500 or less ($10,000 or less for a deceased debtor) is written off documented by the Write-off Memo (a tracking number is not required.)<br>Repayments made to PBGC are posted to the payee's ledger, PRISM Browser, screen 202 even if the debtor is not the payee.<br>A tracking number is required for all recovery cases ($500 or more; $10,000 or more for a deceased debtor) and is inserted on all correspondence relating to the recovery case (participant letters, internal memoranda and relevant forms).<br>PBGC does not recover payments made after a C&C benefit should have ceased if PBGC did not advise the payee of the cessation date.<br>PBGC does not recover overpayments resulting from revised benefit determinations unless the debtor is at fault. |
| **Important Concepts** | The debtor is the person who actually received the overpayment.<br>There may be more than one debtor.<br>The overpayment is not reduced for income taxes withheld when the benefit was paid.<br>• Timely processing is important as delays may reduce PBGC's collection options. |
| **Guidance** | IOD Policy Bulletin 95-3 (for pre-85 DOPT only)<br>PACS Helpfile<br>PBGC Operating Policy Manual 6.4-2 |
| **Procedure Owner** | PLS, PBA, FBA |

## Click Here for More Information...

TP 06.1 Action Steps: Determine Overpayment Amount and Debtor

**Recover Overpayments**

# TP 06.1 Action Steps: 12/13/2002
# Determine Overpayment Amount and Debtor

## Determine Overpayment Amount

1 For recovery associated with a BDL sent after final valuation, the amount was determined during Process 19.3 Determine Net Overpayment/Underpayment Status for Annuities and Process 19.4 Determine Overpayment/Underpayment for Lump-Sums.

2 For other recoveries, identify all payments that exceeded the benefit amount or were made after the month of a payee's death and were not returned.

3 Check the payee's ledger, PRISM Browser, screen 202 for payments made and payments the debtor returned or made to PBGC, if any.

4 There is usually lapse time of approximately two weeks before the payment to PBGC can be viewed in PRISM Browser, screen 202. However, a completed CARF will give information on the payment. For more information on check processing, see TP 08: Process Returned/Received Check.

5 Review the prior paying agent's pay records and research them to determine if overpayments may have occurred between DOPT and the date of plan assumption.

6 In all cases, count only the overpayments made after the latest of the proposed DOPT, actual DOPT and NOD. If a NOIT was issued, disregard the NOD date (PACS is programmed with the correct cut-off date).

7 Use PACS to calculate the overpayment. The PACS output is a "Recoupment Summary". Delete "recoupment" and insert "overpayment" in the table.

8 If the plan's DOPT was before 01/01/85, review IOD Policy Bulletin 95-3. Recovery may be waived for BDLs issued after 06/19/95.

9 For an overpayment of $500 or less, $10,000 or less for a debtor who is deceased, complete a *Write-off Memo (Trkwroff.doc)* and have it imaged to the payee's file (IPS).

10 If the amount of the overpayment is more than $500 (more than $10,000 for a deceased debtor), go to TP 06.2: Initiate the Recovery Process.

## Identify The Debtor

11 Identify the individual who received the overpayment. This person is the debtor.

12 If it appears that a deceased payee's estate received payments made after the month of death, verify with the estate administrator that the estate holds the payment.

13 If the debtor cannot be identified or located, document efforts to identify or locate the debtor on a memo to the payee's file. Request a tracking number and advise the TSD Recovery Coordinator to close the case.

**Recover Overpayments**

## TP 06.2 Initiate the Recovery Process

**01/10/2003**

Action Steps

| | |
|---|---|
| **Purpose** | To recover overpayments from debtors according to PBGC's policy. |
| **Time Reporting (BMPRS)** | FTE Process Benefit Determination Letters<br>FBA Process Benefit Determination Letters<br>PBA Process Benefit Determination Letters<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Information on a debtor, an overpayment amount of more than $500 ($10,000 for a deceased debtor) and determination of the appropriate first demand letter or other necessary action.<br>Recovery tracking number from TSD Recovery Coordinator. |
| **Process Output and Recipient** | Based on type of debtor:<br>First demand letter to the debtor.<br>Letter to an estate if confirmed that estate holds payments of more than $500.<br>Referral of deceased debtor cases over $10,000 to the TSD Recovery Coordinator and OGC. |
| **Control Issues** | Each recovery case must have a recovery tracking number from the TSD Recovery Coordinator before the first demand letter or estate letter is sent. Manually insert the total debt, monthly payment, number of months and tracking number on the Installment Payment Agreement (Form 718).<br>The TSD Recovery Coordinator handles all requests for hardship consideration.<br>The TSD Recovery Coordinator does not receive notifications of responses from debtors through SCORE. Processing staff must advise the TSD Recovery Coordinator to check IPS when notified of relevant correspondence.<br>A de minimis overpayment may no longer be de minimis by the time an appeal is resolved because of payments made during the appeals period. In a situation like this, IOD freezes the de minimis overpayment to avoid recovery after resolution of the appeal. This is applicable to BDLs issued on or after October 28, 2002 and for unresolved appeals as of this date. However, the overpayment is not frozen when the Appeals Board's decision decreases the benefit, resulting in an amount above the de minimis overpayment. |
| **Important Concepts** | Send cases of recovery actions that are initiated through BDLs that became effective before May 29, 1998 to the TSD Recovery Coordinator if the overpayment would have been subject to recovery rather than recoupment. The Recovery Coordinator forwards these cases to OGC for consideration on a case-by-case basis.<br>Write off a debt of:<br>$500 or less<br>$10,000 or less (deceased debtor)<br>PBGC also writes off a debt of any amount if a debtor dies after executing the Installment Payment Agreement. |

| | |
|---|---|
| | The PBGC and Debt Collection information sheet is automatically sent with the demand letter.<br>The TSD Recovery Coordinator does not handle issues on recoupment.<br>**Timing: Referrals to the TSD Recovery Coordinator**<br>ALGS 400 series - within 30 days after the expiration of the 45-day appeal period or Appeals Board decision<br>ALGS 506 - within 60 days after issuance |
| **Guidance** | PBGC Operating Policy Manual 6.4-2<br>IOD Policy Bulletin 03-2<br>PRISM ALGS Letters (electronic manual in IOD Manuals System) |
| **Procedure Owner** | PLS, PBA, FBA |

## Click Here for More Information...

TP 6.2 Action Steps: Initiate the Recovery Process

# TP 06.2 Action Steps: Initiate the Recovery Process

01/19/2005

**For debts of more than $500 (more than $10,000 for a deceased debtor)**

1 Prepare a *Recovery Tracking Number Request Memo (Rectrack.doc)* to the TSD Recovery Coordinator. Provide:

- Name of debtor and SSN (name and SSN of associated payee, if different)
- Amount of overpayment
- Case number
- there are indications that fraud may be involved a brief description of the indications. Management's concurrence is necessary in these situations.
- Date of death (if applicable)

2 Upon receipt of the tracking number, take action according to the table below. Any ALG letter to a debtor must be customized and details of the debt and tracking number must be manually inserted on letter and page 2 of Form 718, as applicable.

| If the debtor is: | Do the following: |
|---|---|
| A living participant or beneficiary | Send a recovery BDL, ALGS 404R, 414 or 415 |
| A living person other than the participant or beneficiary | Send ALGS 506.<br>Note that this may be a fraud situation. |
| Deceased | Prepare a *Deceased Debtor Memo (Decdbtor.doc)* and refer to TSD Recovery Coordinator. |
| An estate (estate holds payments of more than $500 made after the month of a payee 's death) | Send ALGS 509 to the estate requesting payment of the full amount within 30 days. If the estate does not pay within this time, refer to the TSD Recovery Coordinator using *Estate Referral Memo (Estref.doc)* |

3 Check IPS and CCN for communication from the debtor. Based on the debtor's response, take action:

| If the debtor: | What to do --- |
|---|---|
| Returned the executed Installment Payment Agreement to FOD | Advise the TSD Recovery Coordinator. |
| Requested hardship consideration | Mark your records that this case in now with the TSD Recovery Coordinator – no action is required.<br>Refer a debtor to the TSD Recovery Coordinator if request for hardship is made to anyone other than the TSD Recovery Coordinator. |
| Made payment in full | Advise the TSD Recovery Coordinator. |

| | |
|---|---|
| Requested a review of PBGC's records on the debt (different from an appeal) | Advise the Recovery Coordinator of the debtor's request. The Recovery Coordinator will take the necessary follow-up action. |
| Advised that he/she is unwilling to repay the debt or does not respond at all | Forward the case within these timeframes to the TSD Recovery Coordinator to send the final demand letter.<br>ALGS 400 series - within 30 days after the expiration of the 45-day appeal period or Appeals Board decision<br>ALGS 506 - within 60 days after issuance |
| Appealed the determination or filed an extension (applicable for ALGS 404R, 414 and 415 only)<br>If an extension request was filed (this may not show up in IPS until a few days after the 45 days (the letter has to be postmarked by the 45th day). | • Advise the TSD Recovery Coordinator, see Process 20.1 Respond to PEAD Acknowledgment of Appeal or Extension Request.<br>• If the appellant is the participant or alternate payee to a QDRO, notify the Recovery Coordinator by e-mail to the Recovery mailbox to stay the recovery process for all parties to the QDRO until an Appeals Board decision is made.<br>• Based on the Appeals Board's decision, advise the TSD Recovery Coordinator within 30 days to send the final demand letter or close the recovery case because a corrected Benefit Determination Letter will be issued. |

**4** Refer to the TSD Recovery Coordinator recovery actions that were initiated through Benefit Determination Letters that became effective before May 29, 1998 if the overpayment would have been subject to recovery rather than recoupment before May 29, 1998.

**5** Ensure that a copy of each memorandum and other related documents is scanned to the debtor's file (IPS). (Where the debtor is not the payee, documents should be scanned to the related payee's file see Process 21.3 on cross-referencing.)

**Recover Overpayments**

## TP 06.3 Continue the Recovery Process

**12/13/2002**

**Action Steps**

| | |
|---|---|
| **Purpose** | To take appropriate follow-up action of the debtor's response to the 1st demand letter.<br>To monitor response to the final demand letter.<br>To ensure that all recovery cases are closed or forwarded to the appropriate PBGC Departments for necessary follow-up action. |
| **Time Reporting (BMPRS)** | Special Projects<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Advice from TPD/FBA that the debtor -<br>Executed the Installment Payment Agreement or made full payment.<br>Did not respond within the period allowed or that the debtor advised he/she is unwilling to pay the debt.<br>Died during the initial recovery process.<br>Referral of an estate case from TPD/FBA.<br>Request from the debtor for hardship consideration. |
| **Process Output and Recipient** | Close the recovery case.<br>Send the second/final demand letter.<br>Respond to the debtor's request for hardship consideration by sending the debtor information on how to apply.<br>Process a hardship request after receiving relevant information.<br>Referral of certain cases to the FOD, OGC and OIG |
| **Control Issues** | The Write-Off Memo documents actions taken to write-off debts of $10,000 or less if the debtor dies during the recovery process without executing an Installment Payment Agreement.<br>Requests from debtors for hardship consideration are recorded in CCN, see TP 31: Document Telephone Calls for appropriate follow-up and tracking. |
| **Important Concepts** | The TSD Recovery Coordinator must receive all information necessary in a timely manner to process the recovery cases and to update its recovery tracking system on all recovery cases.<br>A debtor may request hardship consideration after receiving the first demand letter or final demand letter.<br>**Timing:**<br>The TSD Recovery Coordinator forwards cases to FOD, OGC and OIG or consults with OGC within 10 days after the response period to the second/final demand letter expired. |
| **Guidance** | PBGC Operating Policy Manual 6.4-2<br>PRISM ALGS Letters (electronic manual in IOD Manuals System) |
| **Procedure Owner** | TSD Recovery Coordinator and staff |

**Click Here for More Information...**

TP 06.3 Action Steps: Continue the Recovery Process

# TP 06.3 Action Steps: Continue the Recovery Process

12/13/2002

**TSD Recovery Coordinator**

1 Issue recovery tracking number to processing staff upon receipt of a *Recovery Tracking Number Request Memo (Rectrack.doc).*

2 Take action on the debtor's response to the first demand letter or estate letter as advised by processing staff or by the debtor.

| If the debtor : | Do the following: |
|---|---|
| Executed Installment Payment Agreement or made full payment. | Close case |
| Did not respond within the period allowed or advised he/she is unwilling to pay the debt | Send second/final demand letter (ALGS 504) |
| Died before executing an installment payment agreement | Refer to OGC |
| Is an estate | Refer to OGC |
| Requests a review of records pertaining to the debt | Consult with OGC and follow-up with debtor |
| Request hardship consideration | Take appropriate action on a debtor's call, see TP 31:Document Telephone Calls . If requested, send the hardship letter (ALGS 513) and follow-up on the debtor's response. |

3 If the debtor does not respond to the final demand letter, follow up appropriately within ten business days:

- Forward cases to OIG if there are indications of possible fraud.
- Review with OGC, cases –
  - of substantial overpayments (more than $20,000) where it appears that the debtor could repay
  - where enforcement may be necessary
  - where collection efforts may be inequitable or unconscionable
- Forward all other cases to FOD including those that OGC returned.

4 Monitor the outcome of hardship review request after the first demand letter. Check the debtor's file in IPS.

- If the debtor does not submit the hardship review request within the specified time, send the final demand letter.
- Refer completed hardship review request from the debtor with a competed file on the debtor to OGC within 10 business days. Based on OGC's decision, advise the debtor that PBGC reviewed their request and:
  - Waived the debt - send ALGS 516

- Reduced the debt, send ALGS 517. Insert the reduced amount and payment terms on a new Installment Payment Agreement.
- Did not grant waiver or reduction, send ALGS 505, second/final demand letter

- f the debtor does not return the executed Installment Payment Agreement after receiving ALGS 517 (reduced debt) or final demand letter (ALGS 515 – hardship was not granted), forward the case to FOD.
- If the debtor executed and returned the Installment Payment Agreement, close the case.

**5** Monitor the outcome of hardship review request after the second/final demand letter. Follow steps under 4 above except if the debt was not reduced or waived, advise the debtor and forward to FOD.

**6** Refer cases to OGC where the debtor is deceased and the amount of the overpayment is more than $10,000.

**7** Refer to OGC for consideration on a case-by-case basis recovery actions that were initiated through Benefit Determination Letters that became effective before May 29, 1998 if the overpayment would have been subject to recovery rather than recoupment before May 29, 1998. TSD referrals to OGC will be in a format that OGC specifies to allow the OGC file room to process the referrals properly.

**8** Prepare written documentation of all referrals of cases to FOD, OIG and OGC and have a copy scanned to the participant's file (IPS).

**9** Maintain a tickler system to ensure that cases remain on track.

## TP 06.4 Forms, Letters, Memos, etc.

**12/13/2002**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***First Demand Letter - ALGS BDL 404R or BDL 414 or BDL 415, or ALGS 506***

***Second/Final Demand Letter - ALGS 504***
(For use by TSD Recovery Coordinator only)

***Second/Final Demand Letter (Waiver or Reduction Denied) – ALGS 505***
(For use by TSD Recovery Coordinator only)

***Estate Letter – ALGS 509***

***Advice to Debtor - Waiver of Debt is Granted – ALGS 516***
(For use by TSD Recovery Coordinator only)

***Advice to Debtor - Reduction of Debt is Granted – ALGS 517***
(For use by TSD Recovery Coordinator only)

***Response to Request for Hardship Consideration – ALGS 513***
(For use by TSD Recovery Coordinator only)

***Form 718 - Installment Payment Agreement***

***Deceased Debtor Memo***
Decdbtor.doc

***Estate Referral Memo***
Estref.doc

***Recovery Tracking Number Request Memo***
Rectrack.doc

***Write-off Memo***
Trkwroff.doc

***Write-Off Memo* (for use by TSD Recovery Coordinator only)**
Dbtwroff.doc

# TP 07. Recoup Overpayment


TP 07 Overview

TP 07 Workflow for Technical Procedure 7

TP 07.1 Determine Net Overpayment

TP 07.2 Identify Exceptions to 10% Reduction

TP 07.3 Process QDRO related recoupments

TP 07.4 Effect Recoupment and Notify Payee, if necessary

TP 07.5 Process 4022(c) Benefit where Title IV benefit is being recouped

TP 07.6 Take Appropriate Action on payee's response

Forms, Letters, Memos, etc.

# TP 07. Overview

**01/19/2005**

PBGC uses recoupment to seek repayment of overpayments made to payees when there are future annuity benefits payable with respect to the participant as of DOPT. If there was no annuity benefit payable as of DOPT, recovery applies, see TP 06: Recover Overpayments. Some reasons for overpayments are:

- delays in reduction of benefits to estimated Title IV levels
- Plan Administrators' or PBGC's errors in the computation of benefits
- incorrect information that participants or beneficiaries provide
- failure to implement communicated benefit reductions

PBGC reduces future benefits payable to a payee under its recoupment regulation(subpart E of 29 CFR Part 4022) as amended May 29, 1998 and its Operating Policy Manual 6:4-1. Recoupment ends ( recoupment end date) when a payee repays through recoupment the amount of the net benefit overpayment without interest. Only if a payee insists, will PBGC accept full repayment of an outstanding benefit overpayment that is subject to recoupment. PBGC will advise the payee that prepayment has disadvantages because PBGC does not charge interest during the recoupment period.

PBGC still may seek the return of payment(s) before initiation of formal recoupment action when the error is discovered in the following situations:

- erroneous payment made after the month of the payee's death.
- erroneous payment of a benefit that should have been suspended pending a determination regarding whether a Domestic Relations Order is a QDRO, see TP 13.3: Make QDRO Payments.

## Computation Method

PBGC computes net overpayment or underpayment with respect to a participant's entire benefit (all payments made and payable to the participant and any contingent annuitant), and recoups only the net overpayment from all future benefits including contingent annuity benefits. A benefit overpayment amount includes all underpayments on and after DOPT, and only those overpayments made on and after the latest of the proposed DOPT, the actual DOPT or if no NOIT is filed, the NOD date. If a participant dies before the recoupment end date, and has a contingent annuitant, recoupment will continue from the survivor's annuity. PBGC recomputes the recoupment end date when they put the surviving spouse or other beneficiary into pay, see TP 20: Put New Payee in Pay Status.

PACS calculates benefit overpayments according to the regulations and policy. The benefit reduction is a percentage reduction, generally limited to 10% of the benefit except in specified circumstances, see TP 07.2 Identify Exceptions to 10% Reduction. PBGC does not report the recoupment amount as taxable income.

## A Waiver of Recoupment

PBGC waives recoupment if the overpayment is:

- $500.00 or less (for Benefit Determination Letters issued after June 19, 2000)
- A final partial monthly recoupment amount (i. e. , the final month's recoupment amount is less than the amount of the monthly recoupment reduction)

**Revised Benefit Determination Letters**

If PBGC revises a final Benefit Determination Letter, recoupment does not apply to the difference between the original and revised amount when the revision decreases the benefit. The following are exceptions:

- An error for which the payee is responsible
- A QDRO
- An adjustment in a disability benefit based on a Social Security disability award
- A benefit change following a benefit suspension
- PBGC changed the benefit form to a QJSA after a surviving spouse claims that they did not consent to a QJSA waiver.

**Benefits Attributable to Other Plans or Other Participants**

PBGC generally recoups only from the benefit for which the overpayment was made in situations where:

- A beneficiary of a deceased participant has a contingent annuity subject to recoupment and is entitled to a termination benefit in his or her own right.
- A participant who received an overpayment is entitled to a benefit from more than one plan.

However, an exception applies when a payee received a benefit overpayment subject to recoupment, and is entitled to benefits from one or more related trusteed plans (i. e. , plans maintained within the same controlled group). PBGC may compute the benefit overpayment or underpayment and the percentage recoupment reduction as if the related plans were a single plan. PBGC pays underpayments in a single payment (special check). For overpayments, PBGC applies the percentage recoupment reduction to benefits payable from each of the related plans, and issues BDLs for the related plans simultaneously. Contact OPSS for additional guidance on recoupments involving related plans.

Recoupment that follows as part of issuing BDLs after final valuation requires the same peer review within the TPD/FBA as do all BDLs. Peer review is done for accuracy in the selection of the letter, and to ensure that data from the correct sources have been used. In these cases, PBGC is recouping overpayments because they paid the participant the incorrect estimated amount. BDLs issued on or after June 19, 1995 for certain PBGC-trusteed plans are exempt from recoupment or recovery efforts, see IOD Policy Bulletin, 95-3 and attachment.

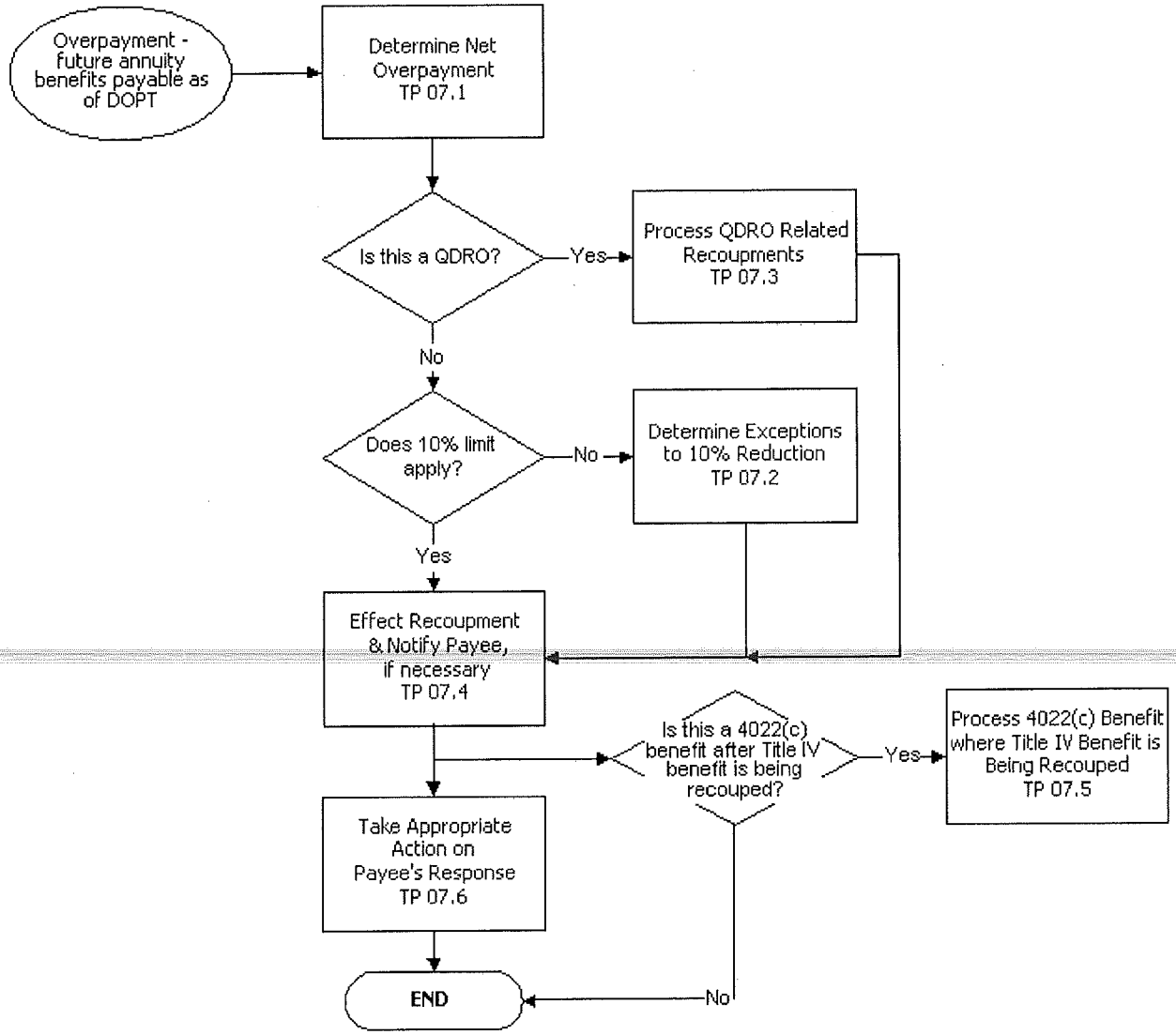
Technical Procedures

Browse Workflows:

Recoup Overpayments

# TP 07. Workflow for Technical Procedure 07

03/10/2000



Recoup Overpayments

# TP 07.1 Determine Net Overpayment

03/08/2002

Action Steps

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|---|---|
| **Purpose** | To determine overpayment amount according to recoupment policy. |
| **Time Reporting (BMPRS)** | FTE Process Benefit Determination Letters<br>FBA Process Benefit Determination Letters<br>PBA Process Benefit Determination Letters<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Future annuity benefits were payable as of DOPT. Amounts paid and period of each payment stream from the participant's file (IPS) and PRISM. Final termination benefit or Title IV benefit from final actuarial valuation |
| **Process Output and Recipient** | Recoupment Percentage, a reduction amount and recoupment end date as applied under the general 10% limit on recoupments from PACS |
| **Control Issues** | Compare data from pay sources in PRISM Benefits annuity record with ledger details in PRISM Browser, screen 202, to verify accuracy. The PACS Detailed Summary and the Recoupment Summary should be printed and imaged to the participant's file (IPS). |
| **Important Concepts** | PBGC reserves the right to seek repayment of overpayments by methods or in circumstances, other than those described in the regulation or policy with OPSS approval.<br>IOD does not change the benefit amount for BDLs issued after June 19, 1995, if the payee's final monthly benefit is within $5.00 below the estimated benefit, see IOD Policy Bulletin 99-4.<br>To compute the initial recoupment percentage, divide the net overpayment by the present value of the termination benefit as of DOPT and then multiply the result by 100. When the initial recoupment percentage exceeds 10%, it is generally limited to 10% unless an exception applies, see TP 07.2 Identify Exceptions to 10% Reduction.<br>PBGC also continues to apply the recoupment reduction(percentage) to any survivor benefits. For example, with a 50% J&S, a participant entitled to a benefit of $100 with 10% recoupment would receive $90 ($100-10%). The survivor would be entitled to $50 and receive $45 ($50-10%).<br>As of June 19, 2000, a recoupment amount of $500 or less is waived.<br>PACS allows computations in the actual or hypothetical modes. In the actual mode, PACS automatically populates some data fields from GENESIS. Only users who have access to a case can do a computation in the actual mode for a participant in that case. |
| **Guidance** | 29 CFR 4022, Subpart E<br>PBGC Operating Policy Manual 6.4-1<br>IOD Policy Bulletin 95-3<br>IOD Policy Bulletin 99-4 |

| | |
|---|---|
| | PACS Helpfile |
| **Procedure Owner** | PLS, assistance of actuary and auditor as required, PBA, FBA |

## Click Here for More Information...

TP 07.1 Action Steps: Determine Net Overpayment

**Recoup Overpayment**

## TP 07.1 Action Steps: Determine Net Overpayment

**03/08/2002**

1 Review the participant file (IPS) for PLUS data entry forms to determine pay amounts and begin and end dates.

2 Review the pay sources of the annuity record in PRISM Benefits to verify begin and end dates of each pay amount.

3 Refer to ledgers to confirm that payments reflected in PRISM pay sources were actually made:

PRISM Browser, screen 202

CompuServe ledgers for PBGC payment history before 1986.

4 Obtain the present value figure for the participant from the Final Valuation Close-Out Report.

5 Review the benefit calculation to obtain the termination benefit the participant is entitled to receive.

6 Access PACS with your UserID and PRISM password.

- Enter the participant's SSN and 8-digit Case number.
- Follow the steps in PACS and input data not automatically populated from GENESIS.
- Add comments, if necessary for future reference, and ensure that the box beside "Display Comments on Report" is checked to insert the comments on the summary.
- Print both the PACS Recoupment Summary and Detailed Summary.
- Ensure that both summaries are scanned to the participant's file (IPS).

7 If the recoupment amount is $500 or less, prepare the *Recoupment Waiver Memo (Recoupwv.doc)* to file.

8 Follow TPD guidelines for approval of recoupment summary, peer or management review and concurrence.

9 Refer to the Workflow diagram at the beginning of this technical procedure to determine the next action.

Recoup Overpayments

## TP 07.2 Identify Exceptions to 10% Reduction

03/10/2000

Action Steps

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|---|---|
| **Purpose** | To identify situations where the 10% limit does not apply. |
| **Time Reporting (BMPRS)** | FTE Process Benefit Determination Letters<br>FBA Process Benefit Determination Letters<br>PBA Process Benefit Determination Letters<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required input and Source** | Reason for overpayment and determination of the category to which recoupment belongs. |
| **Process Output and Recipient** | Actual recoupment percentage, a recoupment amount and recoupment end date. |
| **Control Issues** | Verify data from pay sources to determine net overpayment, and compare with ledger details, PRISM Browser, screen 202, to confirm accuracy. |
| **Important Concepts** | This procedure only applies if the initial recoupment percentage exceeds 10%. Rarely will PBGC recoup at more than 10%. |
| **Guidance** | 29 CFR 4022, Subpart E<br>IOD Policy Bulletin 99-2<br>PBGC Operating Policy Manual 6.4-1<br>PBGC Operating Policy Manual 5.2-2 |
| **Procedure Owner** | PLS, assistance of actuary and auditor, as required<br>PBA, FBA |

### Click Here for More Information...

TP 07.2 Action Steps: Identify Exceptions to 10% Reduction

Recoup Overpayments

# TP 07.2 Action Steps: Identify Exceptions to 10% Reduction

03/08/2002

PBGC policy identifies situations for which PBGC can recoup above the 10% limit. The reason for the overpayment determines the percentage above the limit. Two categories of above the limit recoupments apply:

Above the 10% Temporary 40%

## Above the 10%

### A Payments in excess of plan levels

This applies if all benefits paid with respect to a participant after DOPT exceeds the total of all benefits payable under terms of the plan. PBGC will compute the reduction percentage and apply it even if it is more than 10%. If the reduction is not sufficient to recoup the entire benefit overpayment, PBGC may seek to recover the remaining overpayment, see TP 06. Recover Overpayment

### B Termination benefits greater than maximum guaranteeable benefit

Under ERISA section 4022(b)3(B) if the participant's termination benefit exceeds:

The monthly dollar amount of the maximum guaranteeable benefit for normal retirement age in SLA form, see Appendix D: Maximum Guaranteeable Benefits for DOPT Years

– **and** –

The initial reduction percentage is more than 10%;

the reduction is the greater of -

10%

– **or** –

the dollar amount by which the termination benefit exceeds the maximum guaranteeable benefit.

1. Determine the dollar amount by which the termination benefit exceeds the maximum guaranteeable benefit without adjustment for age and benefit form.
2. Determine the dollar amount of the 10% reduction.
3. Use the greater of the two amounts as the reduction.
4. Use the *Worksheet for Application of Variance from the 10% Cap on Recoupment (Var10cap.doc)* to determine the benefit amount to pay.

IOD Policy Bulletin 99-2 deals specifically with different scenarios where all or a portion of a non-level benefit (a life benefit with a temporary supplement, a social security leveling option, etc. ) exceeds the maximum guaranteeable benefit.

### C Benefit overpayments due to PBGC's failure to implement communicated benefit reduction

BDLs that show an overpayment or net overpayment of termination benefits from DOPT require

recoupment action if the payee did not file an appeal during the appeal period. If PBGC fails to implement the benefit reduction, PBGC may recoup the resulting overpayment (i. e. , the additional overpayment, not the entire overpayment) without regard to the recoupment reduction limit.

1 Determine that PBGC should have reduced the benefit earlier based on the information provided in the BDL.

2 Check the payee's file and with PEAD to ensure that the payee did not file an appeal during the appeal period.

3 Use PACS to compute the correct recoupment amount and end date for the benefit decrease (as would have been done after the expiration of the appeals period). Example, BDL dated 10/02/1992 with no appeal - benefit reduction and recoupment would begin 01/01/1993.

4 Use PACS to compute the entire recoupment amount from the date benefit payments started to the month before the target adjustment date, i. e. , the date to begin the recoupment.

5 Find the pre BDL recoupment amount by subtracting the post BDL (action step No. 3) figure from the entire recoupment amount. Recoup the pre BDL overpayment amount at 10% and recoup the post BDL amount above the 10% limit.

6 Adjust the benefit to the correct level in Prism Benefits and enter the reduction amount and BEGIN and END dates in the corresponding deduction field.

7 Notify the participant of the additional overpayment and the monthly recoupment amount.

**D Benefit overpayments caused by false information or an error for which the participant is responsible**

PBGC seeks full repayment of a benefit overpayment if PBGC determines that an overpayment resulted from:

- False information that the payee provided
- Error for which the payee is responsible
- A person who received a payee's benefit after the payee's death failed to notify PBGC of the payee's death.

If full repayment can be made through recoupment, recoup up to 100% if necessary. If recoupment is not sufficient to provide for full repayment, PBGC may seek recovery or other legal action. False information to PBGC does not have to be an intentional misrepresentation to PBGC. This includes situations in which PBGC gave wrong data to a person who failed to tell us the data were wrong. (Those situations may suggest possible fraud to the corporation and referral to OIG, see TP 12: Deal With Fraud and Forgery).

**E Partial Distributions**

If part of a termination benefit has been distributed (before, on, or after DOPT), the entire benefit is considered in computing the participant's termination benefit for recoupment. Partial distributions include a return of mandatory employee contributions, benefits paid through the purchase of an insurance contract, a single sum payment of part of the participant's plan benefits, etc. PBGC applies the recoupment reduction percentage to the total termination benefit paid or payable from all sources. The resulting dollar amount is recouped from the amount PBGC pays. Note that if part of the benefit has been distributed and we overpaid and owe the person no future benefit (because full benefit has been provided (e. g, an annuity purchase),recoupment still applies, not recovery).

PBGC will not seek recoupment from the insurance company of amounts that PBGC cannot recoup if the recoupment amount exceeds the amount payable by PBGC.

## Temporary 40%

### A Overpayments related to certain QDROs and QDRO benefit suspensions

PBGC will apply *an additional 40%* recoupment until they repay the overpayment amount when it occurs because of payments made directly to a participant -

of a benefit that is payable to an alternate payee under a QDRO,

**– or –**

that are subject to suspension while PBGC determines whether they qualify a DRO.

Contact OPSS for approval before applying a 40% reduction.

### B Disability benefits

PBGC will recoup at an additional 40% when overpayments result directly from retroactive payments, cited below, and the participant does not notify PBGC of such an award, if the participant's plan ends the entitlement to a plan disability or reduces the amount of the disability benefit or offsets a temporary supplement.

Social Security disability benefit

Workers' compensation or similar benefit

1 Determine the overpayment amount.

2 Determine 40% of the current benefit amount to determine the reduction amount.

3 Divide the overpayment amount by the reduction amount. The result is the number of months to recoup at the reduction amount. Waive any partial amount for the final payment.

4 Document the determination in the participant file (IPS).

5 Submit the determination letter for supervisory approval; then send the letter to the participant.

### C Benefit suspension overpayments - working retirees

If PBGC advises a participant that their early retirement benefit will be suspended if they return to work for the DOPT employer, PBGC will suspend the benefit. If the participant fails to notify PBGC immediately of reemployment, PBGC ***may*** recoup the amount attributable to the delayed suspension at an additional 40% until they repay the amount.

Benefit suspension overpayments can happen each time the participant returns to work for the DOPT employer, but the participant receives appeal rights only the first time PBGC makes a determination. Each time the participant returns to retiree status, the TPD case team actuary has to recalculate the benefit to accommodate for changes that may affect the benefit amount.

1 Verify that a formal working retirement determination has been made for the plan, see PBGC Operating Policy Manual 5. 2-2

- If not, refer the issue to the auditor and take no action until the determination is made.
- If a formal determination has been made and the participant is receiving an early retirement benefit and returned to work with the DOPT employer, verify that it is applicable to continue with this procedure.
- Draft a determination letter to notify the participant. The letter should include:
  - the facts in PBGC's possession and PBGC's position on those facts

- a request for the participant to confirm or deny the facts and, if denying, provide any supporting documentation.
- a request that the participant respond within 20 calendar days (include the suspense date) or PBGC will suspend the benefit.
- that PBGC will reinstate the benefit if the participant again separates from the DOPT employer's service, but PBGC may adjust the amount of the benefit.

**2** If the actuary's recommendation indicates a net benefit overpayment attributable to a delayed benefit suspension, apply an additional 40% recoupment to the participant's benefit until the amount of the overpayment is recouped.

**3** Submit a copy of the formal working retirement determination, relevant plan provisions, and determination letter for supervisor concurrence.

**4** Send the determination letter to the participant.

**5** Respond to the participant's action:

- If the participant does not respond within the specified period, suspend benefit payments immediately upon completion of the specified period. This requires changing the status code to 2 in the payee's record in PRISM Benefits, and forwarding the record for authorization, see TP 28. Authorize Financial & Non-Financial Transactions through PRISM.
- If the participant denies the facts, treat the case as an appeal and refer it to PEAD. Keep the participant in pay status at the current amount and follow instructions from PEAD, see Process 20.2: Respond to PEAD Instructions.

**Note** The 40% is in addition to any other recoupment reduction in effect for the benefit and applies to any contingent beneficiary as well

Technical Procedures

**Recoup Overpayments**

## TP 07.3 Process QDRO related recoupments

**03/10/2000**

Action Steps

| | |
|---|---|
| **Purpose** | To divide a recoupment amount between participant and alternate payee or beneficiary, as applicable |
| **Time Reporting (BMPRS)** | FTE Process Benefit Determination Letters<br>FBA Process Benefit Determination Letters<br>PBA Process Benefit Determination Letters<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required input and Source** | QDRO provision concerning split in benefit payment between participant and alternate payee or beneficiary |
| **Process Output and Recipient** | Recoupment of the appropriate amount and for the specified time from benefit payments of the participant and alternate payee. |
| **Control Issues** | If a QDRO contains specific provisions concerning recoupment of overpayments, PBGC will determine on a case-by-case basis whether to follow such provisions. Contact OPSS before applying any method other than those prescribed in PBGC's recoupment regulation and policy. |
| **Important Concepts** | PBGC reserves the right to use its discretion under the recoupment regulation (29 CFR § 4022. 81(a)) to apply its recoupment rules to cases involving QDROs by other methods on a case-by-case basis. |
| **Guidance** | PBGC Operating Policy Manual 6.4-1 |
| **Procedure Owner** | PLS, PBA, FBA |

## Click Here for More Information...

TP 07.3 Action Steps: Process QDRO related recoupments

# TP 07.3 Action Steps: Process QDRO related recoupments

01/19/2005

A Qualified Domestics Relation Order (QDRO) stipulates how a participant's pension benefit should be split between the participant and the alternate payee (AP). It may provide information on whether PBGC should treat the AP as the surviving spouse or beneficiary. IOD identifies three distinct categories for the benefit splits.

**A Alternative Payee as Surviving Spouse or Beneficiary**
PBGC applies recoupment rules that are applicable to surviving spouses or beneficiaries to APs who are in this category. There is an overpayment if the actual amounts paid exceed the termination benefits.

**B Shared Payments**

**1 Overpayment Amount**
PBGC compares the combined actual benefits paid to the participant and AP with the combined correct termination benefits payable to them. An overpayment occurs if the actual payments exceed the correct termination benefits.

**2 Recoupment Percentage and Limit**
PBGC uses the participant's PV from the actuarial valuation to determine the recoupment percentage and limit. The QDRO is not considered during this process even if benefits were being paid under the QDRO as of DOPT.

**3 Recoupment End Date**
This is based on the total monthly recoupment amount before it is divided between the participant and the AP.

**4 Division of the Monthly Recoupment Amount**
The method for dividing the monthly amount depends on whether the AP is receiving a fixed percentage or a fixed dollar amount.

- **Fixed Percentage:** the monthly recoupment amount will be divided by the same percentages as the participant's benefit. **Example:** if the AP was receiving 75% of the participant's monthly termination benefit, the recoupment percentage will apply to the AP's monthly benefit, which will be 75% of the participant's benefit.
- **Specified Dollar Amount:** If the AP's benefit is a specified dollar amount, PBGC deducts the monthly recoupment amount from the participant's monthly benefit. However, if the monthly recoupment amount exceeds the participant's monthly benefit, the balance of the monthly recoupment amount will be deducted from the AP's benefit. **Example:** Monthly recoupment amount is $85.00 and participant's benefit is $102.00 - the entire recoupment amount is deducted from the participant's benefit. However, if the monthly recoupment amount is $120.00, $102 will be deducted from the participant's benefit, and $18.00 will be deducted from the AP's monthly benefit.

**C Separate Interest**
In separate interest QDROs, see TP 13: Domestic Relations Order Handbook, PBGC treats the participant and AP as separate participants. PBGC determines separately the overpayment amount, recoupment percentage and recoupment end date.

**1 Separate Amounts of Overpayment**

PBGC compares the actual amounts paid to the correct termination benefit payable. There is an overpayment if the actual amounts the participant or beneficiary received are greater that the termination benefit. There **is not** an offset between the participant and the AP if one was overpaid and the other was underpaid.

2 **Separate PVs as of DOPT**
PBGC determines the PV of the termination benefit separately for the participant and AP. If the actuarial valuation does not provide a separate PV, a PBGC actuary will divide the PV based on the terms of the QDRO.

3 **Separate Recoupment Percentages, Limits and End Dates**
PBGC calculates the recoupment percentage separately for the participant and the AP and applies the applicable percentage limit. The recoupment end date is also determined separately.

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Note **Contact OPSS for guidance if:**

- the participant's whole monthly benefit (before the QDRO) exceeds the maximum guaranteeable benefit
- the recoupment percentage for either the participant or the AP exceeds 10%

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## Recoup Overpayments

# TP 07.4 Effect Recoupment and Notify Payee, if necessary 02/17/2004

Action Steps

**Purpose**

To apply recoupment of the correct amount and the recoupment end date based on the percentage determined as outlined. Notify the payee, if recoupment is not related to issuance of a BDL.

**Time Reporting (BMPRS)**

FTE Process Benefit Determination Letters

FBA Process Benefit Determination Letters

PBA Process Benefit Determination Letters

[See Appendix E: IOD Time Reporting (BMPRS)]

**Required input and Source**

Overpayments that are discovered through the final valuation & BDL process.

Overpayments that are discovered other than through the final valuation and BDL process. Typically, these involve QDROs, disability overpayments (adjustments in disability benefit based on a Social Security disability award), overpayments based on false information, and benefit suspension overpayments. Failure to implement a communicated benefit reduction Accrued amount of overpayment.

**Process Output and Recipient**

Recoupment deduction and revised BDL to overpaid benefit recipient.

**Control Issues**

A de minimis overpayment may no longer be de minimis by the time an appeal is resolved because of payments made during the appeals period. In a situation like this, IOD freezes the de minimis overpayment to avoid recoupment after resolution of the appeal. This is applicable to BDLs issued on or after October 28, 2002 and for unresolved appeals as of this date. However, the overpayment is not frozen when the Appeals Board's decision decreases the benefit, resulting in an amount above the de minimis overpayment.

Recoupments should have end dates that match the end date for the corresponding pay source. This may require that the pay source be separated into two pay sources, the first ending on the same date as the recoupment ends, and the second starting the following month. This will ensure that the recoupment is automatically stopped at SSC on its end date.

**Important Concepts**

PBGC's policy does not generally provide for recoupment of overpayments that occur through a revised BDL. See Operating Policy Manual 6. 4-1. F. 5 for stated exceptions. For recoupments initiated before February 28, 1985, PBGC does not seek repayment of benefit overpayments from anyone other than the person who received the benefit overpayment, except to recover from a participant's or beneficiary's estate. Benefit reductions effecting recoupment under this policy are still in effect for some participants. This means that for those recoupments only, PBGC does not recoup against the surviving spouse of a participant who elected a survivor.

If a recoupment was previously set up with an end date earlier than the end date of the corresponding pay source, the payment must be forwarded for authorization after the recoupment end date in order to stop the recoupment. This is necessary because PRISM only sends the pay source to SSC, after calculating a net amount. The PRISM Forecaster application lists participants with expiring recoupments, as a reminder to users that the benefit payments

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|---|---|
| | must be forwarded for authorization after the recoupment end date. |
| **Guidance** | PBGC Operating Policy Manual 6.4-1<br>IOD Policy Bulletin 95-3<br>IOD Policy Bulletin 03-2 |
| **Procedure Owner** | PLS, PBA, FBA |

## Click Here for More Information...

TP 07.4 Action Steps: Effect Recoupment and Notify Payee, if necessary

**Recoup Overpayments**

## TP 07.4 Action Steps: 02/17/2004
## Effect Recoupment and Notify Payee, if necessary

### Effect Recoupment

1. Use the PACS Recoupment Summary to implement the recoupment reduction.
2. In PRISM Benefits, select Update a Benefit Payment and then select View Benefit Summary. Select the annuity screen.
3. End the current pay source with the month prior to the target adjustment date (effective date of commencement of recoupment).
4. Go the next guaranteed pay source and enter the new gross amount, the Begin Date (target adjustment date) and End Date (the recoupment end date).
5. Enter the recoupment amount in the corresponding deduction field, the Begin Date that agrees with the Begin Date of the new pay source, and the recoupment end date.
6. Go the next guaranteed pay source and enter the new gross amount, the Begin Date (the month following the recoupment end date) and End Date (usually 12/01/2099, if not a C&C benefit). This will automatically start up a new pay source, without recoupment, following the end of the recoupment period.
7. Review and save changes and forward the record for authorization, see TP 28: Authorize Financial & Non-Financial Transactions through PRISM.
8. Ensure that all documents pertaining to the benefit change and recoupment are scanned to the participant's file (IPS).

**Recoup Overpayments**

# TP 07.5 Process 4022(c) Benefit where Title IV benefit is being recouped

**02/17/2004**

Action Steps

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|---|---|
| **Purpose** | To process 4022 (c) benefit where Title IV benefit was previously determined and is being recouped. |
| **Time Reporting (BMPRS)** | FTE Process Benefit Determination Letters<br>FBA Process Benefit Determination Letters<br>PBA Process Benefit Determination Letters<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required input and Source** | Entitlement to 4022(c) Benefit after Title IV benefit was determined, and recoupment is in effect. |
| **Process Output and Recipient** | Computation of the amount of back payment to determine size of overpayment and:<br>if there should be an offset toward future recoupment amounts or<br>if back payment should be made.<br>Offset of back payment against future recoupment amount or payment of back payment with no change to future recoupment amounts. Increase in payee's benefits by 4022(c) amount. |
| **Control Issues** | Adherence to recoupment regulation and policy to ensure correct action is taken.<br>Recoupments should have end dates that match the end date for the corresponding pay source. This may require that the pay source be separated into two pay sources, the first ending on the same date as the recoupment ends, and the second starting the following month. This will ensure that the recoupment is automatically stopped at SSC on its end date. |
| **Important Concepts** | PBGC may issue a Title IV Benefit Determination Letter (in cases where a significant delay is expected before 4022(c) benefits will be determined and small amounts are expected), and initiate recoupment. In such cases, PBGC will normally apply the recoupment reduction to Title IV benefit payments, and not to 4022(c) benefits. PBGC may, however, offset back payments of 4022(c) benefits and apply recoupment to future 4022(c) benefits in certain cases (e.g., cases involving large overpayments, and cases in which the monthly recoupment amount was limited to 10%.)<br>If a recoupment was previously set up with an end date earlier than the end date of the corresponding pay source, the payment must be forwarded for authorization after the recoupment end date in order to stop the recoupment. This is necessary because PRISM only sends the pay source to SSC, after calculating a net amount. The PRISM Forecaster application lists participants with expiring recoupments, as a reminder to users that the benefit payments must be forwarded for authorization after the recoupment end date. |
| **Guidance** | PBGC Operating Policy Manual 6.4-1 |
| **Procedure Owner** | PLS, PBA, FBA |

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TP 07.5 Action Steps: Process 4022(c) Benefit where Title IV benefit is being recouped

**Recoup Overpayments**

## TP 07.5 Action Steps: 02/17/2004

## Process 4022(c) Benefit where Title IV benefit is being recouped

For background information on this process, see Operating Policy Manual 6.4-1.H.2.

### Small 4022(c) benefit

1 Use PACS to compute the back payment. Enter all required data elements.

**Example**: DOPT 04/30/1988; Title IV benefit $452.80; Estimated benefit $447.13; 4022(c) benefit $5.67. Payee's Title IV benefit was being recouped from 04/1/1995. Target adjustment date to increase benefit by $5.67 is 02/01/2000.

Payment data to input in PACS is -

| | |
|---|---|
| Amount | The current gross amount - $452.80 |
| Begin date | 01/01/1988 (DOPT if pre-DOPT retiree) |
| End date | Month prior to the target adjustment date - 01/01/2000 |

**Note** Begin date is actual benefit commencement date if benefit started after DOPT

2 Increase the benefit amount by the 4022(c) amount effective from the target adjustment date. To do this in PRISM Benefits, follow these steps:

- End the current pay source and the corresponding recoupment deduction field with the month preceding the target adjustment date.
- Enter data in the next pay source - new benefit amount, begin (target adjustment date) and end date (recoupment end date).
- Enter the same recoupment deduction amount with the begin date that agrees with the begin date of the new pay source. The end date should be the recoupment end date.
- Enter data in the next pay source - new benefit amount, begin date (month following recoupment end date) and end date (usually 12/01/2099, if not a C&C benefit). This will automatically start up a new pay source, without recoupment, following the end of the recoupment period.
- Save the changes and forward the record for authorization, see TP 28: Authorize Financial & Non-Financial Transactions through PRISM.

3 Do a special check transaction in PRISM Benefits for the back payment and forward the transaction for authorization.

4 Ensure that all documents pertaining to the actions taken are scanned to the participant's file (IPS).

### Large Overpayments

PBGC may offset back payments of 4022(c) benefits and apply recoupment to future 4022(c) benefits in cases where:

- there are large overpayments
- where the monthly recoupment amount is limited to 10%,

Technical Procedures

**Recoup Overpayments**

## TP 07.6 Take Appropriate Action on Payee's Response 03/10/2000

Action Steps

| | |
|---|---|
| **Purpose** | Take appropriate action depending on payee's response. |
| **Time Reporting (BMPRS)** | FTE Process Benefit Determination Letters<br>FBA Process Benefit Determination Letters<br>PBA Process Benefit Determination Letters<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required input and Source** | Expiration of 45-day appeal period. Request from payee to make a prepayment of the overpayment |
| **Process Output and Recipient** | Recoupment (benefit reduced to recoupment amount). Response to PEAD instructions (in case of an appeal). |
| **Control Issues** | N/A |
| **Important Concepts** | PBGC's decisions to recoup overpayments are not subject to appeal. The underlying determinations of benefit entitlement and amount are subject to appeal. At the request of the payee or other interested party, PBGC will review any of the other factors underlying its computation of the amount of a benefit overpayment, and the calculation of the recoupment reduction itself for accuracy, and adjust recoupment as necessary. |
| **Guidance** | PBGC Operating Policy Manual 6.4-1 |
| **Procedure Owner** | PLS, PBA, FBA |

## Click Here for More Information...

TP 07.6 Action Steps: Take Appropriate Action on Payee's Response

## TP 07.6 Action Steps: Take Appropriate Action on Payee's Response

03/10/2000

Take appropriate action:

***Payee appeals***

Follow instructions from PEAD. See Process 20.2: Respond to PEAD Closing Memo.

1 Follow Process 20.1: Respond to PEAD Acknowledgment of Appeal or Extension Request.

***Payee requests to make full payment***

1 Advise the payee that there is a disadvantage to prepayment as PBGC does not charge interest during the recoupment period.

2 If the payee insists, give them the Lockbox Address to mail the check.

***PSB***

Follow TP 08: Process Returned/Received Check

***TPD /FBA***

SCoRe Report notifies the appropriate TPD/FBA of the receipt of the payment.

1 Send Acknowledgment Letter (ALGS 530) to the payee.

2 Ensure that recoupment is not initiated.

Browse Documents: <— —>

## TP 07.7 Forms, Letters, Memos, etc

09/29/2000

| | |
|---|---|
| Note | After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**. |

***Acknowledgment Letter – PRISM ALGS 530***

***Check Action Request Form (CARF), Form 478***

***Recoupment Waiver Memo***
Recoupwv.doc

***Worksheet for Application of Variance from the 10% Cap on Recoupment***
Var10cap.doc

# TP 08. Process Received/Returned Check

TP 08. Overview

TP 08.1 Process Check

TP 08.2 Process Bounced Check

Forms, Letters, Memos, etc.

# TP 08. Overview

**09/01/99**

IOD processes payments for:

Recovery of overpayments or non-entitlement to benefits.

Prepayment of total overpayments.

Returned benefit payments (SSC checks).

IOD must ensure that check processing is efficient. Checks must be deposited quickly to PBGC's account. The amounts should be credited to the correct payees' accounts (ledgers), and any necessary follow-up action taken with minimum elapsed time. A lockbox managed by a bank is used to expedite deposits and processing of personal checks.

PBGC typically receives two types of checks from participants.

## Personal checks

Personal checks to PBGC must be mailed to the Lockbox. The Lockbox Processing Unit (LPU) deposits checks payable to PBGC daily. The exceptions are stale dated (six months or older) and postdated checks (more than three days), and those that have discrepancies in the numeric and written amounts. These are forwarded to TSD for resolution. LPU does not deposit checks payable to SSC or another party such as a plan or a FBA (unless the FBA endorses the check to PBGC).

The Lockbox Processing Unit sends a copy of each deposited check and original checks that they cannot deposit with original correspondence to the TSD/DMC daily. DMC records the documents in SCoRe and scans them to the participant's file (IPS). They then forward the documents to PSB for processing and resolution.

## Returned benefit checks (SSC checks)

SSC receives undelivered checks because a payee is deceased or an address is incorrect or invalid, see TP 05 Overview - Process Deaths.. Representatives of deceased payees return benefit checks to SSC, PBGC and the FBAs. Benefit checks may also be returned upon instructions from PBGC staff. PSB and the FBAs complete a CARF and send it to SSC with the original check and ensure that a copy of the CARF is scanned to the participant's file (IPS).

The plan PLS or FBA receives a SCoRe report of the personal and returned benefit checks received and takes appropriate follow-up action.

**Process Received / Returned Check**

## TP 08.1 Process Check

**12/03/99**

Action Steps

| | |
|---|---|
| **Purpose** | Process personal check or returned benefit check |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Personal check to PBGC or a returned SSC benefit check. |
| **Process Output and Recipient** | Personal check deposited to PBGC's account. Returned benefit check sent to SSC. Amount credited to the participant's account (ledger). Necessary follow-up action is taken. |
| **Control Issues** | DMC processes all checks promptly. Correct processing ensures adherence to high standard of internal controls. DMC and FBA SCoRe **reports** of personal checks forwarded to the Lockbox are sent to PSB for reconciliation to ensure that the Lockbox received the checks. FOD reconciles monthly bank statement from Lockbox Processing Unit with monthly totals of deposited checks from PSB. PSB prepares and sends to SSC the PSB/SSC Checklog with each batch of CARF s and checks. SSC signs and returns the original Checklog to PSB. After 10 business days, PSB reviews the participants' accounts (ledgers) to ensure that the credits were made. |
| **Important Concepts** | For accurate follow-up of recoveries, payees' ledgers must reflect payments PBGC receives in a timely manner. Accurate record keeping enhances Customer Service.<br>Types of payments include personal checks, money orders and cashier checks. |
| **Guidance** | PBGC Directive FM 05-4 Received Funds and Negotiable Instruments Handling Procedures |
| **Procedure Owner** | TSD/PSB, DMC, FBA, PLS |

## Click Here for More Information...

TP 08.1 Action Steps: Process Check

**Process Received / Returned Check**

## TP 08.1 Action Steps: 05/12/2000

## Process Check

A. DMC B. PSB C. SSC D. PLS/FBA E. FBA F. Lockbox Addresses

### A. DMC

**Checks received from the Lockbox**

1 Compare the copies of checks to the adding machine tape from the Lockbox Processing Unit. If there is a discrepancy, notify the DMC COTR.

2 If correspondence is attached to the check, obtain the name or SSN of the payee. If only the name is available, use PRISM Browser to search for the SSN.

3 If no correspondence is attached, use information on the check (name, case number) to search for the SSN using PRISM Browser. If the SSN is not found, send it to PSB for resolution. **Only** use the SSN of the person for whom the payment is made to enter into SCoRe and image. For example, a surviving spouse may send a payment to PBGC because an overpayment was made to the deceased participant. **Use the SSN of the deceased participant and not the surviving spouse.**

4 Enter the documents in SCoRe and scan them to the file (IPS).

5 Send the documents and checks (original/copy) from the Lockbox and the DMC SCoRe report to PSB Chief.

**Checks received directly by DMC**

6 Send personal checks payable to PBGC with attached correspondence after entering into SCoRe and scanning them to PSB with the SCoRe report. The SCoRe report must indicate that the checks have been forwarded to the Lockbox. PSB will send the checks to the Lockbox.

7 Process returned benefit checks, and personal checks payable to SSC as in 2 to 4 above and forward them to PSB with the SCoRe report.

**Checks payable to a FBA (received by Lockbox or directly by DMC)**

8 After entering these into SCoRe and scanning them to the participants files (IPS), forward them to PSB. Clearly indicate on the SCoRe report that they are payable to a FBA. PSB will call the FBA for approval to endorse the check(s) to PBGC and forward them to the Lockbox.

### B. PSB

1 PSB receives two sets of personal checks payable to PBGC.

- Received directly by DMC - see A.6 - send these checks to the Lockbox Address by Federal Express overnight mail after verifying that they agree with the SCoRe report. Insert the Federal Express tracking number and mailing date on the SCoRe report.
- Received from the Lockbox - this group consists of copies of checks participants mailed directly and those PSB, FBAs and SSC forwarded to the Lockbox.

Compare checks mailed directly to the Lockbox with the SCoRe report which accompanies

them from the DMC. Report any discrepancy to the DMC COTR.

Verify that the LPU received and processed checks forwarded to the Lockbox from PSB, SSC and the FBA s by comparing the checks (copies) with the SCoRe reports previously provided by DMC, FBAs SCoRe reports (run by PSB staff) and SSC check log.

If after **4** business days, PBGC does not receive copy of a check, call the contact person at the LPU to inquire about the check. If the LPU did not receive the check, follow-up with Federal Express if PSB mailed the package. If the check is missing from the FBA or SSC package, notify them to follow-up with Federal Express. If the LPU received and processed the check, the LPU must determine if they mailed the copy to PBGC. If the LPU did not mail a copy to PBGC, ask them to do so.

If an original check was lost, notify the sender immediately. If a copy of a deposited check was lost, the LPU must provide us with another copy.

**2** Process all deposited checks received from the Lockbox, returned benefit checks and personal checks payable to SSC as follows:

- Use PRISM Browser, IPS (Participant Query) and CCN to search for or verify information on the reason for the check. If unable to find the record, use the information on the check to search Phone Disk on the LAN or other resources such as the Internet database. Note: two examples are http://anywho.com and http://www.whowhere.com.
- Identify the payee's account to which the amount should be credited. Complete a CARF and distribute -

| **Type of check** | **SSC gets** | **DMC gets** |
|---|---|---|
| Personal Check payable to PBGC | Copy of check<br>Original CARF and one copy | Copy of CARF to scan to the participant's file |
| Returned Benefit (SSC Check) or<br>Personal Check payable to SSC | Original check<br>Original CARF and one copy | Copy of CARF to scan to the participant's file |

- Prepare the PSB/SSC Checklog for each batch of CARFs showing personal and SSC checks separately, and send the original Checklog with the CARFs and checks by overnight mail to SSC. The information on the Checklog will be the participant's name, SSN, check number, check amount and plan number.
- If SSC Operations Manager notifies PSB Chief of a discrepancy after comparing the Checklog with the CARFs and checks, the Branch Chief will arrange for the discrepancy to be resolved, and advise SSC Operations Manager of the action taken.
- File memoranda of discrepancies with the Checklogs.
- Review 10% of each Checklog after 7 business days to confirm that the CARFs were processed. The review consists of querying the participant's ledger in PLUS, to determine if the amount was credited. If there is a mistake in the 10%, review 100% of the Checklog. A mistake will comprise an incorrect credit or no credit to the participant's account. Note the results on the Checklog. Keep the Checklogs for every fiscal year until after the Corporation's audit of that fiscal year is completed.
- PSB Chief will telephone the SSC Operations Officer about any CARFs not processed, and fax the Checklog to SSC.
- At the middle of the following month, prepare and submit to the SSC COTR a report of the Checklogs that were queried during the previous month, and attach copy of the relevant Checklogs showing:

number of CARFs that were sent to SSC

number of accounts (ledgers) that did not reflect the changes

- The SSC COTR will review the reports and Checklogs and send a copy to SSC Project Manager for information and action.

3 If the check and correspondence were originally scored and scanned to an incorrect file, advise the DMC COTR and obtain approval to re-index the documents to the correct file.

4 For checks payable to a FBA, call the FBA Manager for approval to endorse the check to PBGC. After endorsing the check, forward it to the Lockbox and record this on the SCoRe report, see A8.

5 Send Acknowledgment Letter, ALGS 530 to the sender requesting that the incorrectly made check (examples below) be corrected:

- Stale dated checks
- Checks with discrepancies (numeric and written amounts differ)
- Checks payable to a pension plan

Before returning the check, do the following:

- ensure that the check is sent to the correct address (it may be necessary to use the address on the envelope or correspondence sent with the returned check or call the sender for the correct address)
- check the payee's ledger in PRISM Browser, screen 202, and any information available in IPS if necessary, to verify that the check amount is correct. If it is not, let the sender know what the correct amount is and why the amount is different.

Send an e-mail to the PLS, PBA or FBA advising them of the action taken on the incorrect check.

6 Do research to find SSN for check forwarded by the DMC and send it back to the DMC on the same day, see A3.

7 Resolve any issues on the processing of checks with PSB Chief. This includes postdated checks.

8 Provide the total amount deposited by the Lockbox to GAB Chief, FOD, monthly. Obtain this total from copies of checks deposited. Maintain records of the SCoRe reports, check logs and adding machine tapes in a current file to resolve any discrepancies

## C. SSC

1 Personal Checks Mailed to SSC

| Payable to PBGC | Payable to SSC |
|---|---|
| Send check and correspondence to Lockbox Processing Unit. Complete a log with details of checks and send a copy to PSB simultaneously. | Deposit amount, credit payee's account, and complete CARF. Send a copy of CARF to DMC. |

2 **Personal Checks (CARF received from PSB)**

- Check the PSB/SSC Checklog to ensure that listed CARFs and checks are attached. Telephone the PSB Chief if there is a discrepancy and follow up with a memorandum.
- Sign the original PSB/SSC Checklog the same day it is received, and return it by

overnight mail so that the PSB Chief gets it the next business day. (Example, PSB overnights Checklog on Monday to SSC, SSC will review and return signed Checklog on Tuesday by overnight mail to be received by PSB on Wednesday).

- Act on instructions on CARF and complete the final section SSC **Notice of Check Action and Ledger Update,** and send the updated copy of the CARF to the DMC. DMC processes as incoming correspondence (see TP 10: Respond to Correspondence ), logging it into SCORE and scanning to the participant's file (IPS).

3 **Returned Benefit Checks**

- See TP 05 Overview - Process Deaths. for benefit checks returned directly to SSC.
- Process benefit checks returned to PBGC or FBA per instructions on CARF. Complete the final section SSC **Notice of Check Action and Ledger Update** and send the updated copy of the CARF to the DMC to be scored and scanned to the participant's file (IPS).

**D. PLS/FBA (Using Centralized DMC)**

Upon notification through SCoRe of receipt of the check, take appropriate action, see TP 05 Overview - Process Deaths..

**E. FBA (Not Using Centralized DMC)**

1 Forward all personal checks payable to PBGC and to the FBA (after endorsing them to PBGC - rubber stamp provided) to the Lockbox Address by federal express overnight mail. Enter the documents in SCoRe and scan them to the participants' files (IPS), do not complete CARFs. PSB will complete the CARFs. Insert the federal express tracking number and mailing date on the SCoRe report.

2 Send returned benefit checks and personal checks payable to SSC to SSC with CARFs after entering them in SCoRe and scanning them to the participants' files (IPS).

3 Take appropriate follow-up action, see TP 05 Overview - Process Deaths..

**F. Lockbox Address:**

1 Participants send personal checks to this address.

Pension Benefit Guaranty Corporation
P O Box 62133
Baltimore, MD 21264-2133

2 DMC, SSC and FBAs (Not using Centralized DMC), route personal checks payable or endorsed to PBGC to this address via FedEx.

110 S. Paca St.
Lockbox #62133
Baltimore, MD 21201
Attn: 109-320 lockbox
Phone: (410) 613-3400

**Notes:**
1 Do not use the P.O. Box Address to mail checks by Federal Express.
2 The telephone number is provided only to be inserted on the Federal Express label.

**Process Received / Returned Check**

## TP 08.2 Process Bounced Check

**09/01/99**

Action Steps

| | |
|---|---|
| **Purpose** | Debit payee's account and notify sender that payment is still due. |
| **Time Reporting(BMPRS)** | FTE Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS) |
| **Required Input and Source** | Bounced check from FOD. |
| **Process Output and Recipient** | Payee's account is debited. Payee or representative is notified that the check bounced and that the amount is still due. |
| **Control Issues** | Maintaining accurate accounting is an integral part of management internal controls. |
| **Important Concepts** | Importance is given to processing bounced checks to correct the payee's record to reflect that the monies are still due, and to reconcile amounts received with amounts posted to payees' accounts. Also, to insure the income is properly reported to the IRS and the 1099 form is corrected for the current or past tax year(s). |
| **Guidance** | N/A |
| **Procedure Owner** | PSB, PLS, PBA, FBA |

**Click Here for More Information...**

TP 08.2 Action Steps: Process Bounced Check

**Process Received/Returned Check**

## TP 08.2 Action Steps: Process Bounced Check

**05/12/2000**

1. FOD receives bounced checks from the Lockbox Processing Unit and forwards them to PSB.
2. PSB determines which payee's account should be debited by checking PRISM Browser and IPS and completes a CARF.
3. PSB sends the original CARF and one copy, and a copy of the bounced check (front and back) to SSC.
4. SSC debits the payee's account (ledger).
5. DMC gets a copy of the CARF and bounced check (front and back) from PSB and scans it to the participant's file (IPS).
6. PSB forwards the original bounced check with a copy of the CARF to the PLS and sends an e-mail requesting that the check be returned to the sender.
7. PLS returns the bounced check to the payee and requests payment if another check was not received.

## TP 08.3 Forms, Letters, Memos, etc.

02/11/2000

Note After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

*Acknowledgment Letter – PRISM ALGS 530*

*Check Action Request Form (CARF), Form 478*

# TP 09. Balance / Reconcile Payments

TP 09. Overview

TP 09.1 Resolve Payment Variances

Forms, Letters, Memos, etc.

## TP 09. Overview

**02/18/2005**

IOD is responsible for ensuring that SSC pays authorized benefits to payees. To accomplish this, reconciliation of payments projected in the pay sources of payees' records with actual payments is necessary. PRISM Balancer application performs the post check-run reconciliation of SSC payment activities against PBGC's projected payments. The results ensure that PRISM projections agree with PLUS payments.

RSD administers Balancer. Each month after the check run, Balancer receives an update of actual payments from specific tables in the PRISM database. These are compiled after PRISM loads PLUS payment ledgers. Established criteria within Balancer identifies variances between projected payments and actual payments. The Balancer Administrator (RSD) analyzes the variances identified by Balancer, in consultation and coordination with the PRISM Team. The variances are prioritized, and action is taken to close the variances and prevent recurrence.

The Balancer Administrator notifies the TPD or FBA staff to make the necessary corrections to the PRISM records or initiate correction to PLUS records to prevent the recurrence of the variances, if required.

Technical Procedures

**Balance / Reconcile Payments**

## TP 09.1 Resolve Payment Variances

**09/13/2002**

Action Steps

| | |
|---|---|
| **Purpose** | To resolve variances between projected payments and actual payments. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Variances between projected and actual payments reported by Balancer. |
| **Process Output and Recipient** | Resolution of variances between projected and actual payments reported by Balancer. |
| **Control Issues** | The balancing procedure is an accounting and internal control process that ensures that only authorized payments are made. |
| **Important Concepts** | Variances may occur due to some key differences between PRISM (maintained by PBGC) and PLUS. Correction to PRISM or PLUS pay sources and/or payment frequency may be necessary. Corrections to PLUS require completion of the appropriate data entry form with adequate authorization.<br>If an incorrect payment is detected, quick action should be taken to notify SSC to pull or stop the payment.<br>Where a death report is received on or after the Check Run - Annuities & Special Checks date (late death) and a CARF is sent to SSC to pull or stop the payment, adjusting the totals closes the variance. |
| **Guidance** | Check Schedule Key Dates |
| **Procedure Owner** | Balancer Administrator |

## Click Here for More Information...

TP 09.1 Action Steps: Resolve Payment Variances

## TP 09.1 Action Steps: Resolve Payment Variances

08/23/2002

1 Determine reason(s) for the variance by reviewing the authorized transactions, pay sources, ledgers and other payment data from Balancer and other PRISM applications. Some common variances are:

- Pay source change was made and not forwarded, or forwarded and not authorized. To resolve this type of variance, the TPD/FBA staff forwards and authorizes the record in the next payment cycle or corrects the payment record in PRISM to agree with the PLUS record.
- Death notices received on or after the Check Run – Annuities & Special Checks date. PLUS does not receive the transmission of the payee's death to deactivate the record in time to stop preparation of the next month's payment. IOD staff usually sends a CARF (original and one copy) to SSC to authorize them to pull or stop the payment. In this case the variance total will have to be adjusted to reflect the difference since the PRISM system would show an authorized payment for the month, even though SSC stopped the payment **after** it was prepared.
- Multiple role payees. Variances in this category develop due to key differences between PRISM (maintained by PBGC) and PLUS. PRISM accommodates a payee with multiple roles (i.e. participant and beneficiary) and **payment records** per plan. PLUS accommodates **only one payment record** per payee per plan. The problem occurs when payments to a person in multiple roles in the same plan are not combined in PRISM. More than one payment record is transmitted to PLUS. A pay source on PLUS is overwritten resulting in an overpayment or underpayment. TPD or FBA staff need to take immediate corrective action.
- Other variances may result when the pay frequency code in PRISM does not match the intended payment (for example an annual payment with a monthly pay frequency). Action needs to be taken to ensure the participant is not overpaid.

2 Log the reason for the variance in the Balancer application.

3 Notify the TPD/FBA staff to take corrective action, if necessary, to prevent certain variances from recurring.

4 Close the variance, where possible.

Browse Documents: <— —>

## TP 09.2 Forms, Letters, Memos, etc.

02/17/2004

Note After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

*Check Action Request Form (CARF), Form 478*

*Annuity Check, Form 487*

*Special Check, Form 490*

*Lump Sum Check, Form 491*

# TP 10. Respond to Correspondence

TP 10. Overview
TP 10. Workflow
TP 10.1 Sort & Set Suspense (DMC or CPAD)
TP 10.2 Route to Appropriate Person in Division
TP 10.3 Review Information & Take Action
TP 10.4 Close Entry in Data Base
TP 10.5 Mail or Route to CPAD or OIG for Review, if Required
Forms, Letters, Memos, etc.

## TP 10. Overview

**02/17/2004**

Written correspondence is one of the primary methods of communication between PBGC and participants, beneficiaries, survivors and others who have an interest in a participant's benefits. Written correspondence leaves a permanent record of the contact. There is also less chance of a prolonged misunderstanding (intentional or unintentional) because of that record.

IOD's goal is to treat all correspondence the same, whether a simple request for an application or a Congressional office requesting help for a constituent. Individually, staff may have to set priorities because of time constraints, but answer all correspondence in a reasonable amount of time. IOD's Customer Service Standards provide response time is five (5) business days or less from the time correspondence comes into IOD. Most can be handled in much less than five days. When a complete response cannot be prepared in that time frame, PBGC will acknowledge the customer's inquiry in writing or by telephone and will provide a date for complete response.

In many cases, PBGC's response is prescribed and is in PRISM ALGS. Use this system to respond to or acknowledge receipt of correspondence, and the return of requested forms and supporting documents. By using ALGS, the letter is scanned to the participant's file (IPS). The standard template should be used and customized, as necessary. The standard ALGS letters do not require concurrence. The Team Leader, Branch Chief, or Division Manager must approve customized ALGS letter or one that is not generated through ALGS. Letters to a Congressional Office follow the Sample Interim Response Letter format in Directive IM-10-1.

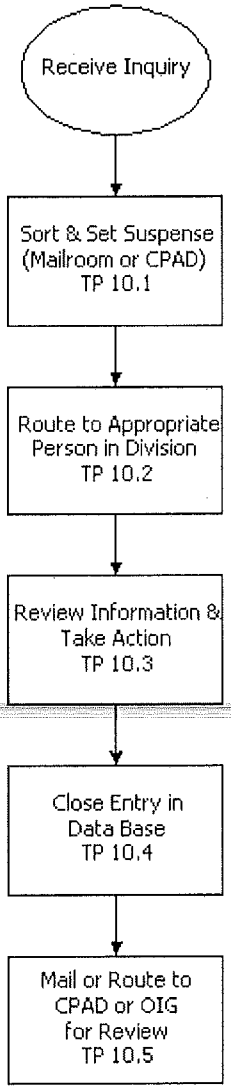
Respond quickly, with the right information, or document in an easily understandable manner. Remember that customer service is a PBGC priority.

**Technical Procedures** **Browse Workflows:**

**Respond to Correspondence**

## TP 10. Workflow for Technical Procedure 10

**05/31/96**



Technical Procedures

**Respond to Correspondence**

## TP 10.1 Sort and Set Suspense (DMC or CPAD)

**02/17/2004**

Action Steps

| | |
|---|---|
| **Purpose** | Sort (sensitive vs. general), route, and track incoming mail.<br>Separate correspondence from documents/applications. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Incoming correspondence |
| **Output and Recipient** | Mail routed to division (PPD, TPD, TSD) mail boxes or the Correspondence Control Person (CCP) in the Communication and Public Affairs Department (CPAD).<br>PBGC Correspondence Control Slip (PBGC-117)<br>Entry in the SCORE system. |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | IOD Customer Service Standards (11/1/95).<br>PBGC Directive on Control of Congressional and Other Sensitive Correspondence (IM-10-1). |
| **Procedure Owner** | DMC or CPAD |

### Click Here for More Information...

TP 10.1 Action Steps: Sort and Set Suspense (Mailroom or CPAD)

**Respond To Correspondence**

## TP 10.1 Action Steps: Sort and Set Suspense (DMC or CPAD)

**02/17/2004**

**DMC**

1 Date stamp incoming mail. Examine proof of age documents for legibility.

- If a proof of age document is illegible, carefully peruse it to determine the correct DOB, child's last and first names, and sex. If the document is original or certified, or a photocopy that the sender asks to be returned, photocopy the document and stamp it "ILLEGIBLE DOCUMENT."
- After making the best determination of what the information is regarding the above write it on the copy, initial and date it.
- Return the original, certified or photocopy (requested to be returned) document to the sender with PBGC Form 1690a (this is not scanned to the participant's file).

2 Sort incoming mail into two categories: (1) Congressionals (letters from members of Congress) and other sensitive correspondence (Cabinet members, State Governors, complaint letters, etc.), and (2) other types of mail. Forward sensitive correspondence to CPAD for review and distribution. Sort remaining mail into correspondence and documents (normally returned forms or applications from individuals).

3 Determine to which plan the incoming mail is related.

- If a plan or company is named, use the Monthly Plan Update Listing or CAS.
- If only a participant name is known, use PRISM.
- If unable to sort the mail using the Monthly Plan Update Listing, PRISM, or CAS, forward the mail to PSB. PSB personnel will make further attempts to respond to the writer, or determine if the mail concerns either a plan which is trusteed or a plan for which a reportable event or distress termination case has been initiated (check CAS), but the plan has not yet been trusteed. If the mail clearly does not concern such a plan, it is forwarded to STCD which handles other written inquiries from the public.

4 Image mail to appropriate files.

5 Make an entry in the SCORE that establishes a suspense date by which a response should go out. The default suspense is five (5) business days. Recipients in IOD will respond to the writer within those five days and have the person in the division who interfaces with the tracking system close out the action.

**CPAD Office of Executive Director Legislative Affairs (Correspondence Control Person - Sensitive Correspondence Only)**

1 Determine to which plan the incoming mail is related.

- If a plan or company is named, use the Monthly Plan Update Listing or CAS.
- If only a participant name is known, use PRISM.

2 Set the suspense for the sensitive correspondence (normally seven days).

3 Determine which division (for example, a TPD or TSD) should respond to the correspondence and route it via the Control Point Person to a specific Division Manager, Associate Manager, or Team Leader. Ensure that the recipient is available (for example, not out of town or on vacation) prior to routing it. If the recipient is not available, route to

whoever is handling that person's casework.

4 Complete PBGC Correspondence Control Slip (PBGC-117) and attach blue, pink, green and gold copies. Retain white and yellow locator copies.

5 Refer to the Workflow diagram at the beginning of this technical procedure to determine the next action.

**Respond To Correspondence**

## TP 10.2 Route to Appropriate Person in Division 10/31/97

Action Steps

| | |
|---|---|
| **Purpose** | Route correspondence to person who will take action. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Letters or documents from CPAD or DMC. |
| **Output and Recipient** | PLS/Pension Benefit Administrator (PLS/PBA) |
| **Control Issues** | Get mail to the correct person as quickly as possible to give that person the maximum time to respond within the five-business-day period. Use IPS and electronic routing to the maximum extent possible. |
| **Important Concepts** | Sensitive correspondence coming from CPAD is generally routed directly to the Team Leader, Associate Manager, or Division Manager.<br>The program assistant or designated person within the division should know which individuals in the division are working on which plans. |
| **Guidance** | IOD Customer Service Standards (11/1/95).<br>PBGC Directive on Control of Congressional and Other Sensitive Correspondence (IM-10-1). |
| **Procedure Owner** | Sensitive correspondence: Team Leader<br>Other mail: Program Assistant or designated person |

## Click Here for More Information...

TP 10.2 Action Steps: Route to Appropriate Person in Division

**Respond To Correspondence**

## TP 10.2 Action Steps: Route to Appropriate Person in Division

**02/17/2004**

**Sensitive correspondence**:

Distribute to the appropriate person via the Control Point Person, who retains the pink, green or gold copy of the Correspondence Control Slip.

**Mail from DMC**:

1 DMC point of contact (POC) goes to the DMC daily and picks up SCoRe Report and any mail. (Note: Most mail is imaged upon receipt and hard copies are not provided to the TPDs.

2 Review the SCoRe report, acknowledge receipt of correspondence or requested documents with the Acknowledgment Letter (ALGS 530). This letter is also used to advise the sender if the documents are inadequate or incomplete. **Note**: The DMC staff uses PBGC form 1690a to return all original and certified documents, and photocopies that senders ask to be returned. If only one of these documents was received, it may not be necessary to send the PRISM ALGS 530 letter.

3 If the SCoRe report has a code PD, a proof document was received. If the proof document in the participant's file (IPS) is stamped "ILLEGIBLE DOCUMENT," compare the information that the DMC staff wrote with the information on other documents in the participant's and plan files (IPS). If there is no document in the files to do the comparison or if the information is not the same, contact the sender for another proof document.

4 Refer to the Workflow diagram to determine the next action.

**Respond to Correspondence**

## TP 10.3 Review Information and Take Action

**02/17/2004**

Action Steps

| | |
|---|---|
| **Purpose** | Gather all information necessary to take action on correspondence.<br>Respond to the needs of participants and others who have sent in correspondence. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Correspondence |
| **Output and Recipient** | Responses to those who have written (using format of Sample Interim Response Letter from IM-10-1 for Congressional responses). |
| **Control Issues** | N/A |
| **Important Concepts** | Rapid, accurate response to correspondence is one of PBGC's most important ways of meeting the organization's primary goal of providing customer service. |
| **Guidance** | IOD Customer Service Standards (11/1/95).<br>PBGC Directive on Control of Congressional and Other Sensitive Correspondence (IM-10-1). |
| **Procedure Owner** | PLS or PBA |

## Click Here for More Information...

Action Steps: Review Information and Take Action

**Respond to Correspondence**

## TP 10.3 Action Steps: Review Information and Take Action

**01/19/2005**

1 Review IPS to find the needed information to address all issues in correspondence.

2 Take appropriate action (see table below) based on the type of correspondence and/or the issues raised. Contact the participant by telephone if further information is needed, or if response can be easily provided by phone. CCN record to document conversation, including whether any additional action is necessary - like mailing forms or other information.

3 Ensure that any written response is imaged into the participant's file (IPS).

| Type of Correspondence | Required action |
|---|---|
| **Participant Benefit Entitlement (including request for application)** | Review Participant File (IPS)<br>Determine eligibility<br>If eligible, send the appropriate benefit application form, see Appendix J: Participant Forms Information for listing of forms and their usage.<br>Or advise requestor that he/she is not yet eligible to receive benefits. |
| **Surviving Spouse or Beneficiary Benefit Entitlement** | Get participant file<br>Determine eligibility<br>If eligible, send application, if ineligible, send notice of ineligibility |
| **Death notice** | Follow TP 05.Process Deaths |
| **Congressional inquiry and OIG inquiry** | Review IPS<br>Investigate the specific complaint or needed action<br>Take and/or initiate any necessary actions<br>Write a response letter, using the Sample Interim Response Letter in IM-10-1 as a model. Under limited circumstances, with supervisor approval, make telephone contact and document the call in the phone log.<br>Verify that all issues have been addressed<br>Route responses via the Control Point Person to CPAD Correspondence Control Person for review, unless signed by Department Director. The Correspondence Control Person retains the pink copy of the Correspondence Control Slip and returns the response via the Control Point Person for signature and mailing.<br>After signature by the Department Director, or review by the Correspondence Control Person, mail an original to affected participant(s), copy to CPAD Correspondence Control Person or Office of the Inspector General (OIG), and an original (if required) to Congressional or other government office for sensitive correspondence.<br>**Note**: PBGC Directive IM 10-1 Control of Congressional and other Sensitive Correspondence applies. |

| | |
|---|---|
| **Request for EDD** | Form 710 – Application for Electronic Direct Deposit (EDD)<br>Ensure imaged to participant file (IPS) |
| **Check not received** | Verify that the participant has not changed address (or banks, for EDD)<br>After 10 days, complete CARF and send original and one copy to SSC.<br>Ensure imaged to participant file (IPS) |
| **Benefit Verification (from third party-- not participant)** | Review participant file and plan file (IPS)<br>Verify that release of information has been signed by participant<br>If yes, mail requested information and ensure reply is imaged to participant (IPS).<br>If no, send a benefit verification letter to the participant. Use the standard letter online and ensure reply is imaged to the participant file (IPS). |
| **Appeal** | Ensure imaged to participant file (IPS)<br>Send original, with envelope, to Participant and Employer Appeals Department (PEAD) (if it did not come from them originally). For appeals coming from PEAD, follow Process 20.2: Respond to Appeal Closing Memo. |
| **General information** | Investigate and route as necessary.<br>Take or initiate any necessary action (make a phone call, prepare a response, send a form, etc.) |
| **Domestic Relations Orders (DROs)** | Handle as regular mail. If a DRO cannot be identified with a plan participant, forward it to the IOD QDRO Coordinator, OPSS. |
| **Change of Address** | Follow TP 04: Process Address Changes. |

5 Refer to the Workflow diagram at the beginning of this technical procedure to determine the next action.

**Respond to Correspondence**

## TP 10.4 Close Entry in Data Base

**10/31/97**

Action Steps

| | |
|---|---|
| **Purpose** | Close out suspense in the mailroom tracking system. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Completed action |
| **Output and Recipient** | Closed suspense |
| **Control Issues** | N/A |
| **Important Concepts** | Good customer service is a primary goal. |
| **Guidance** | IOD Customer Service Standards (11/1/95).<br>PBGC Directive on Control of Congressional and Other Sensitive Correspondence (IM-10-1). |
| **Procedure Owner** | Program assistant or designated person |

## Click Here for More Information...

TP 10.4 Action Steps: Close Entry in Data Base

**Respond to Correspondence**

## TP 10.4 Action Steps: Close Entry in Data Base

**10/31/97**

1. Log into SCORE or pass the information to the appropriate person to enter the data (only certain people in each division have access to the tracking system).
2. Enter appropriate data .
3. Refer to the Workflow diagram at the beginning of this technical procedure to determine the next action.

**Respond to Correspondence**

## TP 10.5 Mail or Route to CPAD or OIG for Review, if required 12/06/96

Action Steps

| | |
|---|---|
| **Purpose** | To actually get the response into the mail so it will get to the person who should receive it. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Correspondence to go out. |
| **Output and Recipient** | Responses to those who have written. |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | PBGC Directive on Control of Congressional and Other Sensitive Correspondence (IM-10-1). |
| **Procedure Owner** | Program assistant or designated person |

## Click Here for More Information...

TP 10.5 Action Steps: Mail or Route to CPAD or OIG for Review, if Required

**Respond to Correspondence**

## TP 10.5 Action Steps: 02/17/2004
## Mail or Route to CPAD or OIG for Review, if Required

1. Put correctly addressed mail in the division outbox. It will then be routed for metering and into the US Postal System.
2. Unless signed by the Department Director, CPAD or OIG require that a response to sensitive correspondence be routed through them for review prior to mailing. If so, route the response through them or coordinate with them prior to mailing. Otherwise, just ensure a copy goes to them.
3. Refer to the Workflow diagram at the beginning of this technical procedure to determine the next action.

Browse Documents: <— —>

## TP 10.6 Forms, Letters, Memos, etc.

04/16/2004

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

*Check Action Request Form (CARF), Form 478*

*Form 700 – Participant Application for Pension Benefits*

*Form 703 - Application for Elective Lump-Sum Payment*

*Form 705 – Beneficiary Application for Pension Benefits*

*Form 706 – Beneficiary Application for Pension Benefits – Optional Forms*

*Form 710 – Application for Electronic Direct Deposit*

*Form 720 – Application for Lump-Sum Payment*

*PRISM ALGS – 100, 200, 300 and 500 series*

*PBGC-117 PBGC Correspondence Control Slip*

*Sample Interim Response Letter*

(See PBGC Directive IM-10-1: ControL of Congressional and Other Sensitive Correspondence)

# TP 11. Perform Trial Balance

TP 11. Overview
TP 11. Workflow
TP 11.1 Identify and Distribute Variances
TP 11.2 Resolve Variances
Forms, Letters, Memos, etc.

# TP 11. Overview

11/07/2000

IOD is responsible for making prompt, uninterrupted payment of pension benefits to its payees. Accuracy and timeliness of payments are essential components in satisfying this responsibility. IOD maintains the PRISM system that stores all demographic, valuation and payment information. Once payment amounts are determined, entered into PRISM and authorized, they are transmitted to the Paying Agent, SSC, that uses PLUS to make all authorized payments and to perform other payment related functions.

Each month, IOD processes payments as annuities (periodic payments, usually a monthly or an annual payment), special check transactions (for missed payments or back payments) and lump sum distributions through PRISM according to the check production schedule. Processing staff adheres to the schedule to ensure timely payment of benefits. The schedule gives the cut-off dates by which payments and changes to payments must be entered into PRISM and authorized, see TP 28: Authorize Financial and Non-Financial transactions through PRISM. Authorized payments are transmitted to the Paying Agent on the dates specified in the check schedule and consist of:

- all payment changes that were authorized for the current check cycle
- all previously authorized payment records (records in pay not changed for the current check cycle)
- all new payment records (new payees)

IOD performs a trial balance before the check run to ensure that the Paying Agent makes only authorized payments. The goal is to correct any variance(s) before the actual check run. Trial balance is mostly automated. However, processing staff is required to review and resolve variances. Coordination and oversight of the process are necessary to ensure accuracy and timeliness.

PRISM Trial Balance reports the variances between PBGC's authorized payment transactions and the Paying Agent's payment projections as a result of several preprogrammed procedures. PBGC's Forecast Procedure identifies all authorized payments for a specified month. IRMD enables the Variance Determination Procedure to compare PBGC's forecast of authorized payment transactions with the Paying Agent's projections upon successful transmission of the Paying Agent's Extract files (annuities/specials and lump sums are sent on different days) to PBGC. This process identifies variances between the two sets of data. The variances are then displayed in the appropriate formats as the Reporting Procedure determines.

### Responsibilities for Resolving Variances

**The Reconciliation Administrator (TSD/BPAB)** administers PRISM Trial Balance. Duties include:

- Oversight of the functions of PRISM Trial Balance
- Review of all variances and distribution of the Trial Balance Variance Reports to the TPDs/FBAs for resolution
- Update of PRISM Trial Balance with the error correction and resolution codes

**TPDs/FBAs**

- Resolve variances
- Return completed Trial Balance Variance Reports to the Reconciliation Administrator

The time line for resolving variances is very short (less than 2 working days). Therefore, it is

essential that all efforts be made to ensure that the resolution takes place within the allocated time.

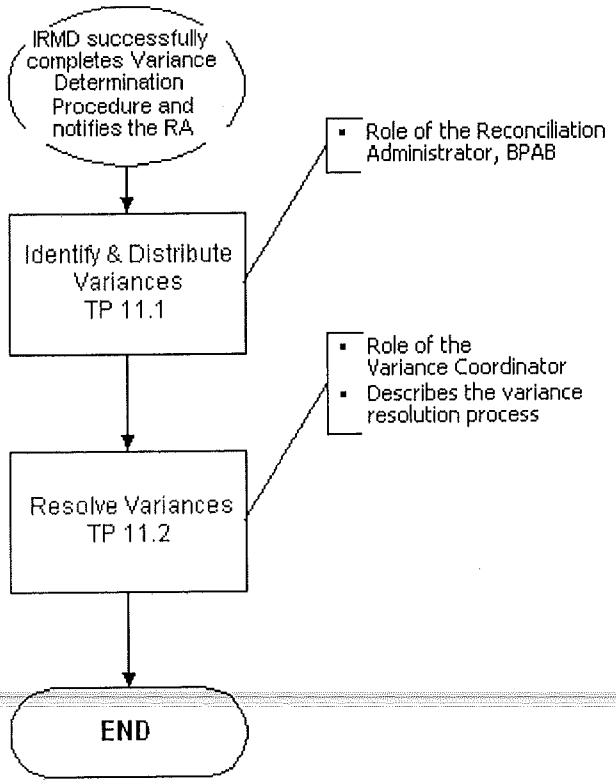
**Technical Procedure**

**Perform Trial Balance**

## TP 11. Workflow

**Browse Workflows:** 

**11/07/2000**



Technical Procedure

**Perform Trial Balance**

## TP 11.1 Identify and Distribute Variances

**09/13/2002**

Action Steps

| | |
|---|---|
| **Purpose** | Review the Reconcile Screen to determine:<br>• apparent variances for immediate correction<br>• variances to be forwarded to TPDs/FBAs for resolution |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required input and Source** | • Trial Balance Reconciliation Detail from PRISM Trial Balance<br>• Trial Manager to determine that steps taken to run Trial Balance were successfully completed |
| **Process Output and Recipient** | • Relevant codes in PRISM Trial Balance to remove apparent variances<br>• Trial Balance Variance Reports to TPDs/FBAs<br>• Insertion of variance resolution codes and error correction codes in the Variance Resolution Screen after receipt of the completed Trial Balance Variance Reports from TPDs/FBAs |
| **Control Issues** | Trial balance is an accounting and internal control process that ensures that the paying agent only makes authorized payments.<br>The Reconciliation Administrator maintains records of 'sent' e-mails for tracking purposes. The e-mails may also be retrieved and forwarded to another recipient, if necessary. |
| **Important Concepts** | Variances may occur due to some key differences between PRISM and PLUS. Correction to PRISM or PLUS pay sources and/or payment frequency codes may be necessary. IOD's intention is to resolve all variances during trial balance.<br>**Timing:** Trial Balance Variance Reports are distributed to processing staff as soon as possible after review of the annuity and special payment variances on Monday (Tuesday if Monday is a holiday) following the week of the financial cut-off date. Lump Sum Variance Reports are distributed later in the month. The Reconciliation Administrator's final review of completed Trial Balance Variance Reports and variances in PRISM Trial Balance is completed by the last business day of the month. |
| **Guidance** | Check Schedule Key Dates |
| **Procedure Owner** | Reconciliation Administrator, TSD/BPAB |

## Click Here for More Information...

TP 11.1: Action Steps: Identify and Distribute Variances

Technical Procedure

**Perform Trial Balance**

## TP 11.1 Action Steps

**08/23/2002**

## Identify and Distribute Variances

**Monday (Tuesday if Monday is a holiday) following the week of financial cut-off date**

1 Check e-mail for confirmation that the Variance Determination Procedure was successfully completed as soon as possible after arrival.

2 If confirmation is received, log onto the PRISM Trial Balance. If confirmation is not received, log onto Trial Manager for the status of the Variance Determination Procedure before calling the IRMD representative.

3 Verify that the check date is correct and review the quality of the data. If data appears to be incorrect or corrupt, contact IRMD to remove the data and advise the Paying Agent to re-send the Extract file to PBGC.

4 Perform query using SSNs to find variances that are in the error logs. Analyze and resolve, if possible. Enter error correction codes and close out resolved variances.

5 Distribute all other variances to TPDs/FBAs for resolution.

6 Modify e-mail messages to users if Trial Balance Variance Reports must be completed in a shorter period of time (less than 2 days). PRISM Trial Balance automatically populates and generates the Trial Balance Variance Reports.

7 Distribute the Trial Balance Variance Reports by e-mail attachment (excel spreadsheet) to the mail POC (point of contact) for the case as in the CAS tables.

8 Send the Trial Balance Variance Summary Reports to the Variance Coordinators (one per TPD/FBA) with copy to the Variance Coordinator's back up and Division Manager/FBA Manager. These persons also receive copies of all the Trial Balance Variance Reports and will be able to reassign the task in the event of the absence of the mail POC for the case. The Variance Summary Report gives the name of the POC for each case and the type (annuity, special, lump sum) and numbers of variances.

**Other**

9 Maintain the Reconcile Screen of all variances and update it with the error correction and variance resolution codes upon receipt of the completed Trial Balance Variance Reports from the TPDs/FBAs.

10 Review completed Trial Balance Variance Reports from the TPDs/FBAs and the variances in the PRISM Trial Balance by the last business day of the month. Document all unresolved variances and report them to the TSD/ BPAB Manager.

11 Send all completed Trial Balance Variance Reports (not summary reports) and any attachments to the DMC for imaging to the payee's files (IPS) after entering the resolutions codes in PRISM Trial Balance.

12 Maintain an editable table of all Variance Coordinators, designated backup, and temporaries. Edit the table upon notification from Variance Coordinators and their backup of any changes because of leave of absence, terminations, etc.

Technical Procedure

**Perform Trial Balance**

## TP 11.2 Resolve Variances

**02/17/2004**

Action Steps

| | |
|---|---|
| **Purpose** | Correct variances and complete Trial Balance Variance Reports |
| **Time Reporting(BMPRS)** | FTE Administer Benefits<br>PBA Administer Benefits<br>FBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Trial Balance Variance Reports from the Reconciliation Administrator. |
| **Process Output and Recipient** | PRISM and/or PLUS correction to resolve variances.Completion of Trial Balance Variance Reports for submission to the Reconciliation Administrator |
| **Control Issues** | The period between the distribution of the Trial Balance Variance Reports and the resolution of the variances is very short (less than 2 days). Quick action and efficient monitoring are necessary.<br>PBGC Forms 487, 490 and 491 (data entry forms) for manual changes to PLUS require authorization according to the authorization level table in TP 28 Overview - Authorization Levels Table. |
| **Important Concepts** | The **Trial Balance Variance Report** has two sections: An Identification Section that gives information on the variance and a Resolution Section to be completed upon resolution of the variance.<br>The **Trial Balance Variance Summary Report** shows the names of the mail POCs for the case and the number of variances by type, e.g., annuity/special/lump sum.<br>**Time line for submission of manual changes to BPAB for transmission to the Paying Agent (Annuities and Specials):** In extraordinary circumstances, data entry forms will be accepted by 4:00 p.m. on Wednesday.<br>**Adjusted Gross Amount**<br>**Annuities:** the adjusted gross amount is the gross payment amount less any recoupment amount.<br>**Lump sums:** the adjusted gross amount is the gross payment amount less interest if Paying Agent calculates the interest (PBGC has no interest to balance against). If PBGC calculates the interest, the gross amount is not adjusted. |
| **Guidance** | Check Schedule Key Dates<br>Prism User Manuals |
| **Procedure Owner** | PLS, PBA, FBA, Variance Coordinator, Team Leader |

## Click Here for More Information...

TP 11.2: Action Steps: Resolve Variances

Technical Procedure

**Perform Trial Balance**

## TP 11.2 Action Steps: Resolve Variances

**02/17/2004**

A TPDs/FBAs  B Variance Coordinator(TPD/FBA)  Examples of Completed: Data Entry Forms  Trial Balance Variance Reports

### A. TPDs/FBAs

**These actions are taken upon receipt of e-mail from Reconciliation Administrator on the Monday morning (Tuesday if Monday is a holiday) following the financial cut-off date in the preceding week.**

1 Print and review the Trial Balance Variance Report as soon as it is received. The Report shows the variance of the gross amount (or adjusted gross amount) between PRISM and PLUS.

2 Review the payee's record in PRISM Benefits, View Benefit Summary - Pay Source screen/lump sum screen (as applicable) to determine the reason for the variance and PRISM Tickler for authorized transactions. PRISM Browser, screens 101, 102, 108 and 202 may also be helpful. The three general types of variances are:

— difference in payment amount (pay sources, payment frequency codes)

— PRISM authorized payment - no matching payment in PLUS

— PLUS payment - no matching authorized payment in PRISM

3 If necessary, research the payee's file (IPS) for more information.

4 Make change to PRISM or PLUS according to the table below:

**Annuities**

| If PRISM is... | If PLUS is .... | Resolution - do the following ... | Completion of Trial Balance Variance Report |
|---|---|---|---|
| Correct | Incorrect | Complete Annuity Check (PBGC Form 487) to correct payment amount or payment frequency code or both | Yes |
| Incorrect | Correct | Make correction to PRISM, save the change and forward for authorization.* | Yes |
| Incorrect | Incorrect | • Complete Annuity Check (PBGC Form 487)<br>• Make correction to PRISM, save the change and forward for authorization. * | Yes |

* For transmission to Paying Agent the following month

**Specials and Lump Sums**

| If PRISM is... | If PLUS is .... | Resolution - do the following ... | Completion of Trial Balance Variance Report |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Correct | Incorrect | Complete Special Check (PBGC Form 490)<br>– or –<br>Lump Sum Check (PBGC Form 491) | Yes |
| Incorrect | Correct | -------- | Yes |
| Incorrect | Incorrect | Complete Special Check (PBGC Form 490)<br>– or –<br>Lump Sum Check (PBGC Form 491) | Yes |

5 — the form is authorized according to the authorization level table, see TP 28 Overview - Authorization Levels Table. **FBAs** - if headquarters staff needs to authorize the amount, send the original data entry form to the Plan's Technical Monitor to obtain the signature. In the absence of the Technical Monitor, contact the Division Manager/Associate Manager for assistance.

— the same pay source in PRISM Benefits is used on the form to avoid further variances in payment, e.g., E1 in PRISM is 1 on PBGC Form 487

— if the variance is the result of a death transaction that the Paying Agent did not receive, complete the appropriate data entry form with the correct status code in the status field, and insert the end date (as shown in PRISM) in the correct pay source end date field. Although the form does not have a DOD field, enter the date of death next to the status field.

— if the variance is the result of a recoupment, enter the net amount (gross amount minus recoupment deduction amount) in the appropriate pay source. Add the following comment beside the pay source on the data entry form - `(net amount - recoupment)`.

**Note** Do not enter unnecessary data on the data entry form. If the paying agent has a record of the payee on PLUS, enter only changes to the payment record. Identifying fields, for example, name, SSN and case number, and status must be completed.

6 Make a copy of the completed data entry form (PBGC Form 487, 490 or 491) to attach to the Trial Balance Variance Report for submission to the Reconciliation Administrator through the Variance Coordinator.

7 **TPDs** - Take the original data entry form (PBGC Form 487, 490 or 491) to the DMC Washington, DC, Attention: BPAB Manual Collection Box before 5.00 p.m. on Tuesday (day for Lump sums differs)

**FBAs** - Fax the completed data entry form (PBGC Form 487, 490 or 491), fax number 202-326-4288 to DMC, Washington, DC, Attention: BPAB Manual Collection Box by COB Tuesday (day for Lump sums differs)

8 Complete the **Resolution** section of the Trial Balance Variance Report - indicate the action taken by checking the appropriate box and/or making relevant comments. Print your name, sign and date the Variance Report.

**Examples of Completed Trial Balance Variance Reports**

9 Submit the completed Trial Balance Variance Report **with copy** of any data entry form (PBGC Form 487, 490 or 491) used to resolve the variance to the Variance Coordinator for forwarding to the Reconciliation Administrator.

**B. Variance Coordinator (TPD/FBA)**

1 Check the Trial Balance Variance Summary Report as soon as e-mail from Reconciliation Administrator is received. Make sure that the case POCs listed are present. In the event that a POC is absent, reassign the variance resolution responsibility to another team member.

2 Compare the completed Trial Balance Variance Reports received from POCs in your TPD/FBA with the Trial Balance Summary Report by noon on Tuesday or other date indicated in the Reconciliation Administrator's e-mail to ensure that all variances have been resolved. If any reports are missing, ensure that the responsible POC or designated back up resolve the variance.

3 Submit the completed Trial Balance Variance Reports and attachments (PBGC Forms 487, 490 or 491) to the Reconciliation Administrator.

- **TPDs** Place the completed Trial Balance Variance Reports and attachments (PBGC Forms 487, 490 or 491) in Trial Balance Tray located in TSD/BPAB, room number 7114 for the Reconciliation Administrator.
- **FBAs** Fax the completed Trial Balance Variance Report **only** using the *Trial Balance Fax Cover Sheet - Reconciliation Administrator, TSD (Tbfaxra.doc)* to the Reconciliation Administrator.

4 Notify the Reconciliation Administrator in advance of changes in the distribution list (Variance Coordinator, Variance Coordinator's designated back up and temporaries) for absences or staff terminations to ensure that appropriate substitutions are made in a timely manner.

# TP 11.2 Examples of Completed Data Entry Forms

02/17/2004

Annuity for Status 1 Annuity for Status 2 Lump Sum Check

## Annuity for Status 1

Printer Version

### Annuity Check

(Press F1 for online help)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| * Form Type | 1 | * Action Type | 2 | * User ID | JOPSOXX | * Payment ID | 123456 |
| * SSN | 123456789 | * Case | 12345600 | * Last | THOMAS | * First MI | CHARLES |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Payee Type | 0 | Payee Status | 1 | Frequency | 11 | Method | | DoB | |

| | | | |
|---|---|---|---|
| Line 1 | | Bank | |
| Line 2 | | Account Number | |
| Street | | Street | |
| City | | State | City | | State | |
| Zip | | Zip+4 | Zip | | Zip+4 | |
| Country | | | Country | | | |
| | | | ACH Routing | | ACH Account # | |

| | Amount | Begin Date | End Date |
|---|---|---|---|
| 1st Estimated | | | |
| 2nd Estimated | | | |
| 1st Guaranteed | 388.80 | 11/01/2000 | 12/01/2099 |
| 2nd Guaranteed | | | |
| 3rd Guaranteed | | | |

| | | | |
|---|---|---|---|
| FIT Calc | | QDRO 1 Paying | |
| Fed Withholding | | QDRO 2 Paying | |
| Marital Status | | Group Health | |
| Dependents | | | |

Susan Jones — PREPARED BY — 09/22/2000 — DATE

Mike Smith — AUTHORIZED BY — DATE

ENTERED BY — DATE

| | | | | | |
|---|---|---|---|---|---|
| Print Name | Susan Jones | Print Name | Mike Smith | Print Name | |

PGSC FORM 407 Rev 07/03

## Annuity for Status 2

Printer Version

## Annuity Check

(Press F1 for online help)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| * Form Type | 1 | * Action Type | 2 | * User ID | IOPSOXX | * Payment ID | 123456 |
| * SSN | 123456789 | * Case | 123456C | * Last | ROY | * First MI | Jeanette |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Payee Type | 0 | Payee Status | 2 | Frequency | 40 | Method | | DoB | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Line 1 | | | | Bank | | | |
| Line 2 | | | | Account Number | | | |
| Street | | | | Street | | | |
| City | | State | | City | | State | |
| Zip | | Zip+4 | | Zip | | Zip+4 | |
| Country | | | | Country | | | |
| | | | | ACH Routing | | ACH Account # | |

| | Amount | Begin Date | End Date |
|---|---|---|---|
| 1st Estimated | 519.96 | 10/01/1997 | 09/01/2000 |
| 2nd Estimated | | | |
| 1st Guaranteed | | | |
| 2nd Guaranteed | | | |
| 3rd Guaranteed | | | |

| | | | |
|---|---|---|---|
| FIT Calc | | QDRO 1 Paying | |
| Fed Withholding | | QDRO 2 Paying | |
| Marital Status | | Group Health | |
| Dependents | | | |

Brenda Jones — PREPARED BY — 09/22/2000 — DATE

Print Name: Brenda Jones

Joel Smith — AUTHORIZED BY — 09/22/2000 — DATE

Print Name: Joel Smith

_____ — ENTERED BY — _____ — DATE

Print Name:

PBGC FORM 457 Rev. 07/00

---

**Lump Sum Check** **Printer Version**

# Lump Sum Check

(Press F1 for online help)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| * Form Type | 1 | * Action Type | 2 | * User ID | IOP50XX | * Payment ID | 12345 |
| * SSN | 123456789 | * Case | 12345600 | * Last | BLACK | * First MI | LARRY I |
| Tax Form Status | R | Tax Method | N | Payee Type | 0 | DoB | 09/26/1945 |
| Category Code | 7 | Type of Benefit | G | Check Date | 08/01/2003 | Tax Form Type | L |

| | | | |
|---|---|---|---|
| Line 1 | | | |
| Line 2 | | | |
| Street | | | |
| City | | State | |
| Zip | | Zip+4 | |
| Country | | | |

| | | | |
|---|---|---|---|
| Bank | | | |
| Account Number | | | |
| Street | | | |
| City | | State | |
| Zip | | Zip+4 | |
| Country | | | |

| | |
|---|---|
| PV $1,750 or less | 1200.00 |
| Employee Contributions | |
| PBGC Interest | 100.00 |
| PV $1,750 to $5,000 | |
| Other Lump Sum | |
| Estate Payment | |
| Settlement | |
| Interest on Settlement | |

| | |
|---|---|
| Fed Withholding | |
| QDRO 1 Paying | |
| QDRO 2 Paying | |

| | |
|---|---|
| Advice Line 1 | PRESENT VALUE PLUS INTEREST |
| Advice Line 2 | |
| Advice Line 3 | |

Audrey Jones — PREPARED BY — 9/22/00 — DATE

Mike Jones — AUTHORIZED BY — 9/22/02 — DATE

ENTERED BY — DATE

| | | | | | |
|---|---|---|---|---|---|
| Print Name | Audrey Jones | Print Name | Mike Jones | Print Name | |

PBGC FORM 451 Rev. 07/03

Technical Procedure

**Perform Trial Balance**

## TP 11.2 Action Steps: Resolve Variances

**02/17/2004**

A TPDs/FBAs  B Variance Coordinator(TPD/FBA)  Examples of Completed: Data Entry Forms  Trial Balance Variance Reports

### A. TPDs/FBAs

**These actions are taken upon receipt of e-mail from Reconciliation Administrator on the Monday morning (Tuesday if Monday is a holiday) following the financial cut-off date in the preceding week.**

1 Print and review the Trial Balance Variance Report as soon as it is received. The Report shows the variance of the gross amount (or adjusted gross amount) between PRISM and PLUS.

2 Review the payee's record in PRISM Benefits, View Benefit Summary - Pay Source screen/lump sum screen (as applicable) to determine the reason for the variance and PRISM Tickler for authorized transactions. PRISM Browser, screens 101, 102, 108 and 202 may also be helpful. The three general types of variances are:

— difference in payment amount (pay sources, payment frequency codes)

— PRISM authorized payment - no matching payment in PLUS

— PLUS payment - no matching authorized payment in PRISM

3 If necessary, research the payee's file (IPS) for more information.

4 Make change to PRISM or PLUS according to the table below:

**Annuities**

| If PRISM is... | If PLUS is .... | Resolution - do the following ... | Completion of Trial Balance Variance Report |
|---|---|---|---|
| Correct | Incorrect | Complete Annuity Check (PBGC Form 487) to correct payment amount or payment frequency code or both | Yes |
| Incorrect | Correct | Make correction to PRISM, save the change and forward for authorization.* | Yes |
| Incorrect | Incorrect | • Complete Annuity Check (PBGC Form 487)<br>• Make correction to PRISM, save the change and forward for authorization. * | Yes |

* For transmission to Paying Agent the following month

**Specials and Lump Sums**

| If PRISM is... | If PLUS is .... | Resolution - do the following ... | Completion of Trial Balance Variance Report |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Correct | Incorrect | Complete Special Check (PBGC Form 490)<br>– or –<br>Lump Sum Check (PBGC Form 491) | Yes |
| Incorrect | Correct | -------- | Yes |
| Incorrect | Incorrect | Complete Special Check (PBGC Form 490)<br>– or –<br>Lump Sum Check (PBGC Form 491) | Yes |

5 — the form is authorized according to the authorization level table, see TP 28 Overview - Authorization Levels Table. **FBAs** - if headquarters staff needs to authorize the amount, send the original data entry form to the Plan's Technical Monitor to obtain the signature. In the absence of the Technical Monitor, contact the Division Manager/Associate Manager for assistance.

— the same pay source in PRISM Benefits is used on the form to avoid further variances in payment, e.g., E1 in PRISM is 1 on PBGC Form 487

— if the variance is the result of a death transaction that the Paying Agent did not receive, complete the appropriate data entry form with the correct status code in the status field, and insert the end date (as shown in PRISM) in the correct pay source end date field. Although the form does not have a DOD field, enter the date of death next to the status field.

— if the variance is the result of a recoupment, enter the net amount (gross amount minus recoupment deduction amount) in the appropriate pay source. Add the following comment beside the pay source on the data entry form - `(net amount - recoupment)`.

**Note** Do not enter unnecessary data on the data entry form. If the paying agent has a record of the payee on PLUS, enter only changes to the payment record. Identifying fields, for example, name, SSN and case number, and status must be completed.

6 Make a copy of the completed data entry form (PBGC Form 487, 490 or 491) to attach to the Trial Balance Variance Report for submission to the Reconciliation Administrator through the Variance Coordinator.

7 TPDs - Take the original data entry form (PBGC Form 487, 490 or 491) to the DMC Washington, DC, Attention: BPAB Manual Collection Box before 5.00 p.m. on Tuesday (day for Lump sums differs)

FBAs - Fax the completed data entry form (PBGC Form 487, 490 or 491), fax number 202-326-4288 to DMC, Washington, DC, Attention: BPAB Manual Collection Box by COB Tuesday (day for Lump sums differs)

8 Complete the **Resolution** section of the Trial Balance Variance Report - indicate the action taken by checking the appropriate box and/or making relevant comments. Print your name, sign and date the Variance Report.

**Examples of Completed Trial Balance Variance Reports**

9 Submit the completed Trial Balance Variance Report **with copy** of any data entry form (PBGC Form 487, 490 or 491) used to resolve the variance to the Variance Coordinator for forwarding to the Reconciliation Administrator.

**B. Variance Coordinator (TPD/FBA)**

1 Check the Trial Balance Variance Summary Report as soon as e-mail from Reconciliation Administrator is received. Make sure that the case POCs listed are present. In the event that a POC is absent, reassign the variance resolution responsibility to another team member.

2 Compare the completed Trial Balance Variance Reports received from POCs in your TPD/FBA with the Trial Balance Summary Report by noon on Tuesday or other date indicated in the Reconciliation Administrator's e-mail to ensure that all variances have been resolved. If any reports are missing, ensure that the responsible POC or designated back up resolve the variance.

3 Submit the completed Trial Balance Variance Reports and attachments (PBGC Forms 487, 490 or 491) to the Reconciliation Administrator.

- **TPDs** - Place the completed Trial Balance Variance Reports and attachments (PBGC Forms 487, 490 or 491) in Trial Balance Tray located in TSD/BPAB, room number 7114 for the Reconciliation Administrator.
- **FBAs** - Fax the completed Trial Balance Variance Report **only** using the *Trial Balance Fax Cover Sheet - Reconciliation Administrator, TSD (Tbfaxra.doc)* to the Reconciliation Administrator.

4 Notify the Reconciliation Administrator in advance of changes in the distribution list (Variance Coordinator, Variance Coordinator's designated back up and temporaries) for absences or staff terminations to ensure that appropriate substitutions are made in a timely manner.

## TP 11.3 Forms, Letters, Memos, etc.

02/17/2004

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Annuity Check, PBGC Form 487***

**Front of Form:** 487.doc
**For Instructions on Back:** 487Back.doc

***Lump Sum Check, PBGC Form 491***

**Front of Form:** 491.doc
**For Instructions on Back:** 491Back.doc

***Special Check, PBGC Form 490***

**Front of Form:** 490.doc
**For Instructions on Back:** 490Back.doc

***Trial Balance Fax Cover Sheet - Reconciliation Administrator, TSD***
Tbfaxra.doc

***Trial Balance Variance Report - Annuity***

***Trial Balance Variance Report - Lump sum and Special***

***Trial Balance Variance Summary Report***

# TP 12. Deal with Fraud & Forgery

TP 12. Overview
TP 12. Workflow
TP 12.1 Initiate Check Action Request Form
TP 12.2 Take Actions to Determine Fraud/Forgery
TP 12.3 Stop Payment
Forms, Letters, Memos, etc.

## TP 12. Overview

**09/04/98**

Fraud and forgery are threats any time money is involved. While PBGC has not had significant problems with fraud or forgery, it does happen occasionally. These procedures describe PBGCs actions after it is reported that one ore more check(s) were not received by the participant or other intended recipient. When it does happen, or it may have happened, PBGC must react with positive steps to protect itself and participants. These procedures deal with checks that do not reach the recipient. Other potential fraud cases, such as non-notification of the death of a participant in order to continue receiving checks, are generally covered in the specific procedures covering those areas. *Anytime* that fraud is suspected, the person discovering it (or his/her supervisor) must contact the TPD Manager and the Office of Inspector General. Some non-receipt situations (single missed monthly check) will be reported by PBGC to State Street Corporation (SSC) for investigation by their internal forgery unit with OIG monitoring the situation rather than conducting the investigation.

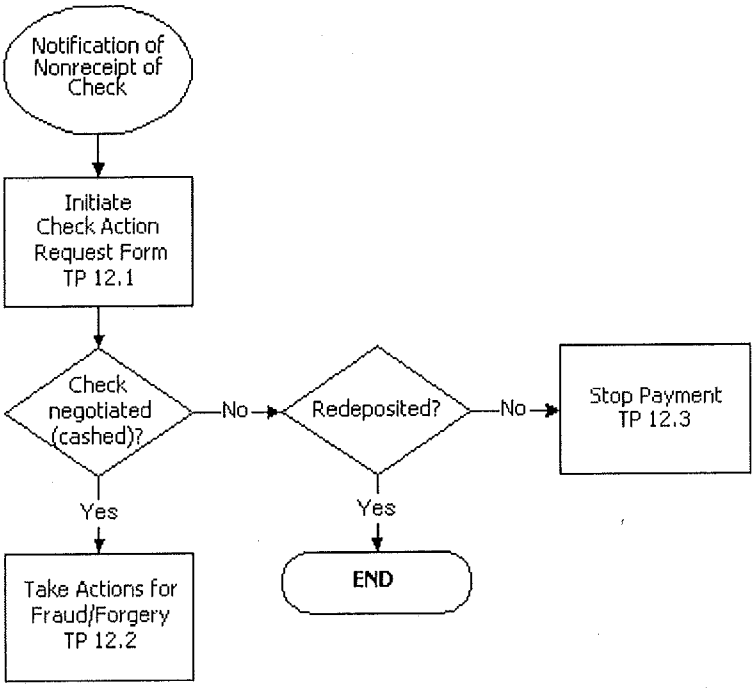
Technical Procedures

Browse Workflows:

Deal with Fraud and Forgery

## TP 12. Workflow for Technical Procedure 12

05/13/96



Deal with Fraud and Forgery

## TP 12.1 Initiate Check Action Request Form

02/11/2000

Action Steps

| | |
|---|---|
| **Purpose** | To begin action to determine the status of a check that appears to be missing. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Notification from the participant of non-receipt of a benefit check. |
| **Output and Recipient** | Completed Check Action Request Form (CARF), Form 478 |
| **Control Issues** | N/A |
| **Important Concepts** | Checks may be missing for a number of reasons, many of which are totally innocent. |
| **Guidance** | N/A |
| **Procedure Owner** | PLS |

## Click Here for More Information...

TP 12.1 Action Steps: Initiate Check Action Request Form

**Deal with Fraud and Forgery**

## TP 12.1 Action Steps: Initiate Check Action Request Form

**05/12/2000**

1 When you receive notification from the participant that a check has not been received, initiate the procedure immediately. If the notification comes by mail or from someone other than the participant, call the participant to confirm that no check was received. Document all calls through CCN.

2 Complete the Check Action Request Form (CARF), Form 478, and forward the original and one copy to SSC. Ensure that a copy of the CARF is scanned to the participant's file (IPS).

3 If SSC verifies that the check was negotiated (cashed), they will provide a copy of the check (front and back). Go to TP 12.2: Take Actions for Fraud/Forgery

- If the check has not been cashed and is still outstanding, go to TP 12.3: Stop Payment. On occasion, the check may just be late in arriving. It is prudent to check back with the participant before stopping payment on the check.
- If the check has been returned and redeposited, confirm the address of the participant. After the address is confirmed, complete a Check Action Request Form, (CARF) Form 478 to have another check issued. If the participant receives a monthly annuity, encourage the participant to sign up for Electronic Direct Deposit (EDD). Send the EDD application form if participant is interested.

4 Refer to the Workflow diagram at the beginning of this technical procedure to determine the next action.

**Deal with Fraud and Forgery**

## TP 12.2 Take Actions to Determine Fraud/Forgery 12/13/2002

Action Steps

| | |
|---|---|
| **Purpose** | Initiate actions to rectify the possible fraudulent situation. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Claim from payee that check was not received, documented in IPS or CCN; copy(-ies) of negotiated check(s) from SSC. |
| **Output and Recipient** | • Cover letter for Form 537 to participant<br>• Affidavit Transmittal Letter to participant<br>• Form 537, Affidavit for Non-receipt of Benefit Check, completed by participant and notarized<br>• Form 200, Authorization to Disclose Financial Records, completed by participant and notarized<br>• Check Action Request Form (CARF), Form 478, to SSC |
| **Control Issues** | Secure Office of Inspector General (OIG) concurrence on the Authorization to Disclose Financial Records, and on certain Affidavits, before sending to participants. Ensure OIG's concurrence (via e-mail) is imaged to the participant's file (IPS). |
| **Important Concepts** | Processing will differ based on whether check was a single monthly benefit check, multiple monthly checks, or a lump sum or special check.<br>**Timing:** OIG will generally respond to IOD's request for concurrence on prepared documents within 2 business days. |
| **Guidance** | PLS, PBA, FBA |
| **Procedure Owner** | PLS |

## Click Here for More Information...

| | |
|---|---|
| TP 12.2.A | Action Steps: Take Actions to Determine Fraud/Forgery, Single Monthly Check |
| TP 12.2.B | Action Steps: Take Actions to Determine Fraud/Forgery, Multiple Monthly Check |
| TP 12.2.C | Action Steps: Take Actions to Determine Fraud/Forgery, Lump Sums and Special Check |

**Deal with Fraud and Forgery**

## TP 12.2A Single Monthly Check 12/13/2002

## Action Steps: Take Actions to Determine Fraud/Forgery

This processing applies to a reported non-receipt of a single monthly benefit check, which SSC reports **has** been cashed.

1 Notify TPD Division Manager of all potentially fraudulent situations.

2 Prepare a *Form 537, Affidavit for Non-Receipt of Benefit Check (Form537.doc)*. Complete the following fields:

- Payee Name, Payee SSN, Acct. ID at the top of the form
- Check number, date, and amount in item 1 in body of form

The remainder of the form is to be completed by the payee and the notary.

**Note:** The Affidavit does not need review by OIG unless the template does not meet the needs of the situation, or if the sender has questions before mailing it to the participant. To request OIG review, send the document to OIG/IOD Forms Review via e-mail, with a short explanation. Once OIG sends an e-mail indicating its concurrence, print and image that e-mail to the participant's IPS file.

3 Send the Affidavit and copy of the cashed check with the *Affidavit Transmittal letter (Trnaffid.doc)* to the participant.

4 When the Affidavit is returned, verify that it is complete and notarized. If the form is incomplete or not notarized, return it to the participant. Prepare a new Affidavit if necessary, and explain to the participant (by letter or phone) why it needs to be resubmitted.

5 For these missed single monthly benefit checks, forward the originals of the Affidavit to SSC. Send a copy to the OIG. SSC's internal fraud unit will investigate these types of potential fraud situations with OIG monitoring.

6 Upon receipt of instructions from SSC that its investigation is completed and a replacement check should be issued, complete a CARF, Form 478 and send the original and one copy to SSC. Include directions to SSC to correct the payment ledgers to credit the previous check and include interest to the new date of payment in the re-issued check. (Compute interest using PACS, in accordance with IOD Policy Bulletin 97-7)

7 Ensure that all documentation is imaged to the participant's file (IPS), including:

- Affidavit and Transmittal Letter sent to participant
- Instructions from OIG
- Affidavit completed by participant
- PACS calculation; and
- a copy of the CARF

8 Refer to the Workflow diagram at the beginning of this technical procedure to determine the next action.

**Deal with Fraud and Forgery**

## TP 12.2B Multiple Monthly Checks 12/13/2002

## Action Steps: Take Actions to Determine Fraud/Forgery

This processing applies to a reported non-receipt of a more than one monthly benefit check, which SSC reports have been cashed.

1 Notify TPD Division Manager of all potentially fraudulent situations.

2 Prepare the *Authorization to Disclose Financial Records (Form200.doc)* form. Fill in *only* the fields for the amounts and dates of missing checks.

Forward the form to OIG/IOD Forms Review via e-mail. In the e-mail, indicate the participant 's name, Social Security number, and plan number. Forward copies of the cashed checks to the Deputy Inspector General, Office of Inspector General (OIG) via interoffice mail or through overnight mailings (FBAs).

OIG will complete items 1 and 2 of the form (regarding the period for which financial records are requested) and return it by e-mail, and indicate whether it concurs on the form or requests revisions. Once OIG indicates concurrence, print and image the e-mail to the participant's IPS file.

3 Prepare a *Form 537, Affidavit for Non-Receipt of Benefit Check (Form537.doc)*. Complete *only* the following fields:

- Payee Name, Payee SSN, and Acct. ID at the top of the form
- Check numbers, dates and amounts in item 1 in body of form. (Since the template of the form indicates a single check, modify the wording in this section to accurately indicate multiple checks.)

The remainder of the form is to be completed by the payee and the notary.

**Note:** The Affidavit does not need review by OIG unless the template does not meet the needs of the situation, or if the sender has questions before mailing it to the participant. To request OIG review, send the document to OIG/IOD Forms Review via e-mail, with a short explanation. Once OIG sends an e-mail indicating its concurrence, print and image that e-mail to the participant's IPS file.

4 Send the Affidavit, cashed check copies, and the Authorization form with the *Cover Letter for Form 537* (537covl. doc) to the participant.

5 When the Affidavit and Authorization are returned, verify that they are completed and notarized. If a form is incomplete or not notarized, return it to the participant. Prepare a new form if necessary, and explain to the participant via phone or letter why it needs to be resubmitted.

6 Forward the original completed Affidavit and Authorization, through the Division Manager, to the OIG for investigation.

7 OIG takes action and notifies the TPD that a replacement check should be issued. Do not request the replacement check until after notification from OIG.

8 Upon receipt of instructions from OIG that a replacement check should be issued, complete a CARF, Form 478, and send the original and one copy to SSC. Include directions to SSC to correct the payment ledgers to credit the previous check(s). (Compute interest using PACS in accordance with IOD Policy Bulletin 97-7)

9 Ensure that all documentation is imaged to the participant's file (IPS), including:

- Affidavit, Authorization and Transmittal Letter sent to participant
- Instructions from OIG
- Affidavit completed by participant
- PACS calculation; and
- a copy of the CARF

**10** Refer to the Workflow diagram at the beginning of this technical procedure to determine the next action.

**Deal with Fraud and Forgery**

## TP 12.2.C Lump Sums, Special Checks 12/13/2002

## Action Steps: Take Actions to Determine Fraud/Forgery

This processing applies to a reported non-receipt of a lump sum check or special check, which SSC reports **has** been cashed.

1 Notify TPD Division Manager of all potentially fraudulent situations.

2 Prepare the *Authorization to Disclose Financial Records (Form200.doc)* form. Fill in *only* the fields for the amounts and dates of missing checks.

Request OIG concurrence on the form by sending the document to OIG/IOD Forms Review via e-mail . In the e-mail, indicate the participant's name, Social Security number, and plan number. Forward copies of the cashed checks to the Deputy Inspector General, Office of Inspector General (OIG) via interoffice mail.

OIG will complete items 1 and 2 of the form (regarding the period for which financial records are requested) and return it by e-mail, and indicate whether it concurs on the form or request revisions. Once OIG indicates concurrence, print and image the e-mail to the participant's IPS file.

3 Prepare a *Form 537, Affidavit for Non-Receipt of Benefit Check (Form537.doc)*. Complete the following fields:

- Payee Name, Payee SSN, Acct. ID at the top of the form
- Check number, date, and amount in item 1 in body of form

The remainder of the form is to be completed by the payee and the notary.

**Note:** The Affidavit does not need review by OIG unless the template does not meet the needs of the situation, or if the sender has questions before mailing it to the participant. To request OIG review, send the document to OIG/IOD Forms Review via e-mail, with a short explanation. Once OIG sends an e-mail indicating its concurrence, print and image that e-mail to the participant's IPS file.

4 Prepare the *Cover Letter for Form 537 (537covl.doc)* to participant along with the Affidavit and the Authorization form.

5 When the Affidavit and Authorization are returned, check that they are completed and notarized. If a form is incomplete or not notarized, return it to the participant. Prepare a new form if necessary, and explain to the participant via phone or letter why it needs to be resubmitted.

6 Forward the original completed Affidavit and Authorization, through the Division Manager, to the OIG for investigation.

7 OIG takes action and notifies the TPD that a replacement check should be issued. Do not request the replacement check until after notification from OIG.

8 Upon receipt of instructions from OIG that a replacement check should be issued, complete a CARF, Form 478, and send the original and one copy of SSC. Include directions to SSC to correct the payment ledgers to credit the previous check(s). (Compute interest using PACS in accordance with IOD Policy Bulletin 97-7)

9 Ensure that all documentation is imaged to the participant's file (IPS), including:

- Affidavit, Authorization and Transmittal Letter sent to participant

- Instructions from OIG
- Affidavit completed by participant
- PACS calculation; and
- a copy of the CARF

**10** Refer to the Workflow diagram at the beginning of this technical procedure to determine the next action.

**Deal with Fraud and Forgery**

## TP 12.3 Stop Payment

**02/11/2000**

Action Steps

| | |
|---|---|
| **Purpose** | To prevent the fraudulent cashing of a benefit check. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Notification that a benefit check has not been received by the participant and confirmation from SSC that it has not been negotiated (cashed). |
| **Output and Recipient** | Completed Check Action Request Form (CARF), Form 478 to stop payment on the check. |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | N/A |
| **Procedure Owner** | PLS |

**Click Here for More Information...**

TP 12.3 Action Steps: Stop Payment

**Deal with Fraud and Forgery**

## TP 12.3 Action Steps: Stop Payment

**05/12/2000**

1. If SSC advises that the check in question has not been negotiated or redeposited, complete a CARF, Form 478, and forward the original and one copy to SSC to stop the payment and issue a new check. On occasion, the check may just be late in arriving. It is prudent to check back with the participant before stopping payment on the check.
2. Verify correct address before having the new check issued.
3. File a copy in the participant file.
4. Refer to the Workflow diagram at the beginning of this technical procedure to determine the next action.

## TP 12.4 Forms, Letters, Memos, etc.

02/11/2000

Note After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Affidavit Transmittal Letter***
Trnaffid.doc

***Authorization to Disclose Financial Records***
Form200.doc

***Check Action Request Form (CARF), Form 478***

***Cover letter for Form 537***
537covl.doc

***Form 537 - Affidavit for Non-receipt of Benefit Check***
Form537.doc

# TP 13. Domestic Relations Order Handbook

TP 13. Overview

TP 13.1 Review Domestic Relations Order (DRO)

TP 13.2 Implement Qualified Domestic Relations Order (QDRO)

TP 13.3 Make QDRO Payments

TP 13.4 Administer QDRO Intake Program

Forms, Letters, Memos, etc.

## TP 13. Overview

01/19/2005

The Retirement Equity Act (REA) of August 23, 1984 amended ERISA to allow pension plans to assign all or a portion of a participant's benefit to the alternate payee(s) under a QDRO. Consequently, PBGC pays the amount(s) of a participant's benefit in a PBGC-trusteed plan to the alternate payee(s) if PBGC determines that the DRO is qualified.

The IOD QDRO Coordinator and FBA QDRO Coordinators review DROs to determine their qualification status and advise submitters and interested parties of PBGC's determination. FBA QDRO Coordinators process DROs for plans they administer and e-mail the IOD QDRO Coordinator, OPSS, for assistance if a DRO has unclear provisions. Processing of DROs in the TPDs is handled differently. The TPD PLS/PBA acknowledges the DRO, and sends notice of its receipt by e-mail to the IOD QDRO Coordinator, OPSS, for review. Once the DRO is qualified, processing staff of TPDs and FBAs are responsible for implementing the Qualified Domestic Relations Order (QDRO) and taking action that the IOD QDRO Coordinator, OPSS, advises.

IOD also reviews draft DROs to determine if they are qualifiable before submitters send them to the courts for approval.

PBGC publishes "Divorce Orders & PBGC", a booklet that provides information about QDROs and includes model QDROs that may be used for PBGC plans.

Participants or alternate payees have the right to an administrative appeal of PBGC's determination on whether or not a DRO is qualified. The DRO itself cannot be appealed because it was issued by a court of law.

IOD has implemented the QDRO Intake Program (QIP) to ensure that proactive steps are taken to collect QDRO information as early as possible before trusteeship.

# TP 13.1 Review Domestic Relations Order (DRO) 01/19/2005

## A. Receipt of an Order

An interested party (interested parties include all persons named in the order, the parties' attorneys, if identified) and any representative designated in a DRO submits the order to PBGC and the DMC processes the DRO as any other document it receives. If the DRO is identified with a plan participant, its receipt is entered into SCoRe and the Point of Contact (POC) of the plan is notified through SCoRe. The DMC also scans the DRO into the participant's file (IPS). Review of the DRO begins immediately.

The DMC forwards original DROs that cannot be identified with a plan participant to the IOD QDRO Coordinator, OPSS, for research and follow-up action.

## B. Determination of Qualification Status

1. Review the order to determine if it is a DRO, a draft DRO or State Agency Order. If it is a DRO or draft DRO, prepare and mail the Acknowledgement of Receipt of DRO letter (ALGS 600) or the Acknowledgement of Receipt of Draft DRO (ALGS 601) letter to the submitter. Send a copy to interested parties. If it is a State Agency Order, FBAs go to (d) below, TPDs go to C.
2. Query PRISM for the participant's status code. If the status code is 7, go to (b) below.
3. If status code is 1, and the DRO **(not draft DRO)** is a shared payment order, reduce the participant's benefit by the amount specified in the DRO. If a separate interest QDRO is received after the participant has submitted a benefit application package, but before the participant's first payment date, reduce the participant's benefit by the amount specified in the DRO starting with the participant's first payment date.

| Note | A separate interest DRO cannot be qualified after the participant's first payment date. |
|---|---|

4. Ask the plan actuary to calculate the amount if it is not a fixed dollar amount.
5. FBAs go to **(a)** or **(b)** or **(c)** below. TPDs follow C. Process for Reviewing DROs for TPD plans.

### (a) Domestic Relations Order (DRO)

1. Determine if the DRO is qualified using the *Checklist for Reviewing a DRO (chklstdro.doc)*. If the DRO has unclear provisions, e-mail the IOD QDRO Coordinator, OPSS, for assistance.
2. Indicate at the top of the Checklist if the DRO is qualified or not. Sign and date the checklist.
3. If the DRO is not qualified, prepare and send the DRO Not Qualified letter (ALGS 606) to the submitter. Mail a copy to interested parties.
4. If the DRO is qualified, prepare the *QDRO Benefits Worksheet (QDRObnwk.doc)* and go to TP 13.2. Implement QDRO..

### (b) Post Mortem DRO

The IOD QDRO Coordinator, OPSS, will make a qualification determination on all post-mortem DROs. A post mortem DRO is one that has not been qualified at the time of the participant's death. Usually, PBGC receives it after the participant dies or it is pending qualification. PBGC does not impose a time limit from the time of death to receipt of a DRO as long as the conditions that PBGC stipulates are met.

1. Send e-mail to IOD QDRO Coordinator, OPSS, that includes the following information:
   - Participant's SSN
   - Copy of Port Mortem DRO
   - Any related document submitted before death such as a court order or separation agreement, and if applicable and available, a draft DRO (if not on IPS).
2. Process the DRO based on IOD QDRO Coordinator's determination.

**Note** PBGC will not normally qualify a post mortem order if the participant was married to another spouse at the time of death, or if the participant's benefit is in pay with another person who is designated as the contingent annuitant.

**(c) Draft DRO**

1. Determine if the draft DRO is qualifiable using the *Checklist for Reviewing a DRO (chklstdro.doc)*. If the DRO has unclear provisions, e-mail the IOD QDRO Coordinator, OPSS, for assistance.
2. If the draft DRO is qualifiable, prepare and mail the Draft DRO Qualifiable letter (ALGS 607) to the submitter and send a copy to interested parties.
3. If the draft DRO is not qualifiable, prepare and send the Draft Order Not Qualifiable (ALGS 608) to the submitter and send a copy to interested parties.

**(d) Orders from State Agencies**

These are usually for child support payments and may not always be DROs.

1. If review of the order reveals that it is **not** a DRO, send the NonDRO Response letter (ALGS 602) promptly. This will prevent the State Agency from holding PBGC in contempt of Court. If the order is a DRO, go to **(a)** above.
2. If PBGC receives a Notice of Noncompliance from a state agency (for not receiving the NonDRO Response letter), complete the *QDRO OGC Fax Cover Sheet (QDOGCfax.doc)* and fax the notice to the OGC QDRO POC and the IOD QDRO Coordinator, OPSS.
3. The OGC QDRO POC will respond to the state agency and e-mail a copy of the response to the sender of the fax and the IOD QDRO Coordinator, OPSS.

**C. Process for Reviewing DROs for TPD plans**

1. PLS/PBA sends e-mail notice to IOD QDRO Coordinator, OPSS that a DRO/Draft DRO or a Court Order is received. E-mail states participant's name, SSN, plan number.
2. IOD QDRO Coordinator, OPSS reviews the order taking the necessary steps in A above and advises the PLS/PBA of the action taken.
3. For qualified DROs, the PLS/PBA follows applicable steps in TP 13.2: Implement QDRO and TP 13.3: Make QDRO Payments.

**D. California Joinders**

These are only issued in the state of California and require a representative of the plan to be part of the hearings. A joinder is sent to notify PBGC that the parties are going to court to resolve marital property and child support issues. One person or both involved in the joinder receives or may receive benefits from a PBGC trusteed plan.

1. Complete the *QDRO OGC Fax Cover Sheet (QDOGCfax.doc)* and fax the California Joinder to the OGC QDRO POC.
2. The OGC QDRO POC will respond to the submitter and e-mail a copy of the response to the person who faxed the Joinder and to the IOD QDRO Coordinator, OPSS, as applicable.

**E. Orders for Non-Trusteed or Standard Termination Plans**

The IOD QDRO Coordinator, OPSS or FBA QDRO Coordinator uses CAS and other available resources to determine the status of the plan, and takes action as outlined below.

| **If** ... | **Do the following** ... |
|---|---|
| Plan is not trusteed | Send *PBGC Not Trustee Letter (PBGCnTrste.doc)* to submitter and a copy to interested parties. |
| Plan was not termination but reportable events were recorded in CAS | Call submitter and give him/her the plan administrator' s last address recorded in CAS and advise them that the address may not be current. |
| The plan was a Standard Termination | Forward the DRO to the Program Assistant in STCD /PTAB for appropriate action. |
| There is no record of case | Seek help from CPRD to identify the plan administrator. May need to request EIN/PIN from submitter or interested party to give to CPRD. |
| No information is available from CPRD | Return DRO to submitter with advice to contact Department of Labor to find information about the plan sponsor or administrator. |

**F. Withdrawal of DRO**

A DRO may only be withdrawn before PBGC qualifies it. Upon receipt of a written request from an interested party to withdraw a DRO not yet qualified, stop processing the DRO immediately. This is not the same as a revocation order which is a request to cancel or vacate a QDRO and is handled by the IOD QDRO Coordinator, OPSS.

1. Send the Withdrawal of DRO letter (ALGS 603) to the requestor. Mail a copy to interested parties.
2. If the participant or alternate payee submits a revocation order, refer it to the IOD QDRO Coordinator, OPSS, for determination of whether the QDRO can be vacated.

**G. Other Activities (May be required throughout Processing)**

1. When reviewing any of the orders referenced above, if required documents are missing, send the Acknowledgment letter (ALGS 530) indicating the documents needed.
2. Ensure that all documents that PBGC receives and prepares (if not imaged through ALGs) are imaged in the appropriate IPS file (participant's and/or alternate payee's).
   - Headquarters QDROs – TPD PLS/PBA are responsible
   - FBA QDROs – FBA QDRO Coordinators are responsible
3. The IOD QDRO Coordinator or FBA QDRO Coordinator maintains and periodically purges a chronological file of copies of the PBGC not Trustee letters (no IPS file for the submitter of the DRO).

# TP 13.2 Implement QDRO

01/19/2005

## Creating PRISM Records

Once the DRO is qualified, implementation of the QDRO begins. The determination of how to establish PRISM records is based on who is designated as the alternate payee in the QDRO. If the alternate payee is a spouse or former spouse, a separate account must be set up in PRISM for the spouse or former spouse using his/her own SSN and processed in PRISM as any other payment record. An alternate payee who is a child or other dependent is paid through a QDRO deduction on the participant's record.

An alternate payee may also be the beneficiary of a participant for a QPSA, QJSA or balance of C&C benefits.

## A. Separate Interest QDRO

The alternate payee chooses his/her form of benefit (single life forms only) and the commencement date, which is no sooner than the participant's earliest PBGC retirement age. Information sent with the Benefit Application Package gives the alternate payee details about the forms of benefit that PBGC offers.

If the alternate payee named a contingent alternate payee and dies before going into pay status, the contingent alternate payee will receive the benefits to which the alternate payee was entitled. If the alternate payee did not name a contingent alternate payee, the benefit will be forfeited to PBGC unless the QDRO stipulates that it should revert to the participant.

1. Create a record in PRISM and in IPS for the alternate payee. Ensure that the records are linked in PRISM and cross-referenced in IPS and that the participant is payee type 1 and the alternate payee is payee type 3, see Creating a Record in PRISM above.
2. Ask the plan actuary to calculate the alternate payee's benefit if necessary and not previously done.
3. Prepare DRO Qualified letter (ALGS 605), and mail to the submitter of the DRO. Send a copy of the letter to interested parties.
4. After the appeals period has expired or a decision is made on the appeal, process the alternate payee as any other PBGC participant.
5. Upon receipt of a completed benefit application package, go to TP 13.3 Make QDRO Payments.

## B. Shared Payment QDROs

The alternate payee cannot start receiving benefits before the participant.

Should the participant die before the alternate payee, payment to the alternate payee must cease. If the alternate payee dies before the participant, the alternate payee's portion of the benefit reverts to the participant unless a contingent alternate payee is named in the QDRO.

### (a) Shared Payment with separate Account

1. Apply steps 1-5 under A.
2. If the participant is a deferred vested, advise the alternate payee of payment eligibility using the Advice to Alternate Payee of Payment Eligibility letter (ALGS 610) when the participant applies for benefits.

**(b) Shared Payment as deduction from participant's account**

1. Prepare DRO Qualified letter (ALGS 605), and mail to submitter of DRO. Send a copy of the letter to interested parties.
2. If the participant is in pay status, go to TP 13.3 Make QDRO Payments.
3. If the participant is not in pay status, start deductions when the participant is put into pay, see TP 13.3: Make QDRO Payments.

# TP 13.3 Make QDRO Payments

01/19/2005

The determination of how to process a QDRO payment is based on who is designated as the alternate payee (spouse, former spouse, child or other dependent) in the QDRO. A parent is usually the designated representative of an alternate payee, who is a child.

QDRO payments must be made payable to the alternate payee regardless of age. Payments should not be made payable to the courts, social agencies, or law enforcements agencies. The **only exception** is if the QDRO specifically designates a state agency as the representative of the alternate payee and specifies that the payment must be payable to the organization. Do not make benefits payable to any other designated representative. Requests for payments to be payable to a designated organization should be made to the IOD or FBA QDRO Coordinator (who will review the QDRO and determine if payment can be made to the Agency), and **not** directly to SSC.

The QDRO Escrow deduction field in PRISM Benefits is not used to process a QDRO deduction. If the need arises for another QDRO deduction field where two QDROs are concurrent, special instructions must be sent to SSC. Contact a PLS in BPAB for details.

## A. Alternate payees responsible for their own taxes (spouse or former spouse)

1. Review alternate payee's record in PRISM Customer and update with any new information e.g. address change, payment destination, etc.
2. Use PACs to calculate the amount of the alternate payee's benefit based on the form of benefit that the alternate payee chose (for separate interest QDROs only) and any back payment that may be due.
3. Process payment in PRISM Benefits and ensure payment(s) is/are authorized, see TP 28. Authorize Financial & Non-Financial Transactions through PRISM. Remember the gross amount is the separate amount to which each party is entitled.

**Note** Upon advice of the death of a participant in a shared payment order, stop payment to the alternate payee simultaneously with ending the participant's benefit.

## B. Alternate payees not responsible for their own taxes (child or other dependent)

1. For a participant now going into pay status, enter the gross amount in the appropriate pay source and the deduction amount in the QDRO deduction field.
2. If participant is in pay status and his/her benefit was reduced during the review of the DRO, use the next available pay source in PRISM Benefits to restore the benefit to the original gross amount.
3. Enter the amount payable to the alternate payee in the QDRO deduction field that is associated with the pay source.
4. Complete the *PBGC QDRO Deduction Instructions to SSC (QDROSCC.doc)* form and send to SSC by overnight mail. SSC will populate PLUS fields with the required information and send a separate payment to the alternate payee or QDRO appointed representative (see **only exception** above).

## C. Release of Benefit to Participant

This occurs when PBGC reduces a participant's benefit upon receipt of a DRO and later determines that the DRO is not qualified.

1. Use PACs to calculate amount withheld from participant's benefit.

2 Process back payment as single payment in PRISM Benefits.

3 Prepare and mail Release of Benefit to Participant letter (ALGS 611) to participant.

**D. Request for Return of Overpayment**

This occurs when PBGC does not start reducing the participant's benefit timely upon receipt of a DRO and the participant is overpaid.

1 Send the Request for Repayment of Overpayment letter (ALGS 612) to participant advising of the overpayment and ask for return of monies within 30 days (regardless of amount).

2 If overpayment is **more than** $500.00 and participant does not repay, recoup at 40% until fully repaid – no waiver of partial payment **(benefit may be estimated or final).**

3 If overpayment is **$500.00 or less** and benefit is **final**, apply recoupment rule (waive amount).

4 If overpayment is **$500.00 or less** and benefit is **estimated**, wait until benefit is final and apply recoupment rules.

# QDRO Intake Program

## Purpose

The TPD Case Team is responsible for ensuring that participants and alternate payees of QDROs are paid accurately and timely when PBGC trustees a plan. In order to meet this goal, the TPD Case Team will take the following actions.

- Establish a QDRO Point of Contact.
- Get QDRO records as early as possible in trusteeship process.
- Assess backlog for timely qualification and payment processing.
- Determine need for site visit.
- Ensure that payments are established correctly in PRISM and with Paying Agent.

## Objectives

### Objective 1:

1. Establish a QDRO Point of Contact (QPOC) with the current plan administrator. The QDRO POC should be familiar with the plan's QDRO processing.
2. Send *QDRO/DRO Statistics and Questionnaire (QDROstats.doc)* to the QPOC for completion and ensure that the letter and response from the QPOC are imaged to the plan file.

A QDRO POC should be available to PBGC even after the transfer of all data to clarify issues or provide additional information. If a QPOC is not available with the current plan administrator, the TPD Case Team will complete the QDRO/DRO Statistics and Questionnaire.

**Objective 2:** Obtain QDRO/DRO records early in the trusteeship process.

**a) Plan Administrator's QDRO Data**

Ask the QPOC to identify alternate payee records and the participant records to which they are associated. This information should be provided electronically where available, and should include the following information for each alternate payee:

- alternate payee's name
- alternate payee's Social Security Number
- alternate payee's birth date
- alternate payee's telephone number
- name of the affected participant
- participant's Social Security Number
- whether DRO is qualified or not

**b) Obtaining Participant and Alternate Payee Paper Files**

Ask the former plan administrator to segregate participant and alternate payee files with QDROs from the general file population, and provide them separately with the designation that they are affected by QDROs. Request that the QDRO files be organized into the following categories:

1) QDROs in pay status
   a) Separate interest QDROs
   b) Shared payment QDROs
   c) QDROs providing surviving spouse benefits only

2) QDROs not in pay status
   a) Separate interest QDROs
   b) Shared payment QDROs
   c) QDROs providing surviving spouse benefits only

3) DROs pending qualification determination (including denials awaiting redraft) sorted according to earliest pay eligibility date.

4) Other QDRO related issues
   a) divorce or other QDRO related orders where former plan administrator believes a DRO will be submitted soon (such as a restraining order preventing a participant from receiving a benefit)
   b) child support orders

If the former plan administrator is unable to sort the QDROs and DROs into the above categories, the TPD Case Team will.

**Objective 3:** Request assistance from the IOD QDRO Coordinator, OPSS through the TPD Manager if:

1. PBGC is unable to obtain necessary data and records from the prior plan administrator, or needs help obtaining the data.
2. The answer to question "c" on the QDRO/DRO Statistics and Questionnaire indicates that there is a backlog of DROs to be qualified.

**Objective 4:** Quickly identify and process a backlog of DROs to be qualified.

Review the backlog to determine which orders must be evaluated immediately (including those where the participant is in pay or may retire soon), and which may be evaluated thereafter (such as a QDRO affecting a young deferred vested participant). If much of the backlog needs to be processed immediately, coordinate with the TPD Manager to obtain the resources needed to perform this function.

**Objective 5:** Review and Update Records in PRISM to facilitate accurate and timely payments.

QDROs will be loaded initially by Datahub with Cust_Type = PP (participant) through either the Datahub "1st Pay" or "9A" load. As soon as possible after records are loaded in PRISM, starting with payee records:

- Compare information obtained from prior Plan Administrator with PRISM data and correct the customer type and status code of the participant and alternate payee in PRISM.

- If answer to question "9" on QDRO/DRO Statistics and Questionnaire is that payments to alternate payees were made as a deduction from the participant's account, review prior paying agent's payment records to identify those payments. The purpose is to ensure that PBGC does not miss payments to alternate payees as a result of the transfer of data.
- Set up records correctly in PRISM – separate records for participants and alternate payees who are responsible for their own taxes. Where the alternate payee is a child or other dependent and payment will be made as a deduction from the participant's record, ensure that the deduction is correctly entered in PRISM.
- Link alternate payee records to the participants records.
- Go to TP 13.3: Action Steps: Make QDRO Payments.

| | |
|---|---|
| **Note** | If a separate alternate payee record is created after trusteeship letters have been mailed, send trusteeship letter to the alternate payee. |

**Objective 6:** Review QDROs qualified by prior plan administrator (before trusteeship).

a) In pay status at DOPT

- Do **not** review any QDRO that was in pay status at DOPT.

b) Not in pay status at DOPT

- Review all QDROs to determine payment eligibility dates.
- Sort the QDROs by payment eligibility dates to identify the participants and alternate payees who are eligible to go into pay during the first year after DOPT.
- Review all QDROs eligible to go into pay during the first year to determine if provisions pertaining to benefit payments are clear.
- If the benefit payment provisions in the QDRO are unclear, do the following:
  - Send letter advising of PBGC's interpretation of QDRO provisions. Letter states that if interested parties disagree with interpretation, they should contact PBGC.
  - If the interested parties disagree with PBGC's interpretation or if the QDRO provisions are so unclear that an interpretation cannot be made, contact IOD QDRO Coordinator, OPSS, for guidance.

Review remaining QDROs as resources permit. However, if significant problems are encountered in QDROs of first year eligibles, review all other QDROs as soon as possible to determine appropriate PBGC response to interested parties.

# TP 13.5 Forms, Letters, Memos, etc.

01/19/2005

Note After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Acknowledgment Letter – ALGS 530***

***Acknowledgment of Receipt of DRO - ALGS 600***

***Acknowledgment of Receipt of Draft DRO - ALGS 601***

***Advice to Alternate Payee of Payment Eligibility - ALGS 610***

***Checklist for Reviewing a DRO***
Chklstdro.doc

***Draft DRO Qualifiable - ALGS 607***

***Draft DRO Not Qualifiable - ALGS 608***

***DRO Qualified - ALGS 605***

***DRO Not Qualified - ALGS 606***

***NonDRO Response - ALGS 602***

***PBGC Not Trustee Letter***
PBGCnTrste.doc

***PBGC QDRO Deduction Instructions to SSC***
QDROSSC.doc

***QDRO Benefits Worksheet***
QDRObnwk.doc

***QDRO/DRO Statistics and Questionnaire***
QDROstats.doc

***QDRO OGC Fax Cover Sheet***
QDOGCfax.doc

***Release of Benefit to Participant - ALGS 611***

***Request for Repayment of Overpayment - ALGS 612***

*Withdrawal of DRO - ALGS 603*

# TP 14. Hold Participant Meeting

TP 14. Overview
TP 14. Workflow
TP 14.1 Gather Information & Determine if a Meeting is Needed
TP 14.2 Plan Meeting(s)
TP 14.3 Hold Meeting(s)
TP 14.4 Analyze Participant Meeting
Forms, Letters, Memos, etc.

# TP 14. Overview

08/10/99

When PBGC trustees a pension plan, the plan participants have many concerns and questions. A participant meeting is a proactive step for PBGC to initiate good customer relations. It demonstrates our customer service focus in a forum that directly addresses participant concerns and questions in a professional empathetic fashion.

Typical questions and concerns of participants include:

- What is PBGC, I've never heard of it?
- Why does PBGC have my company's pension plan?
- Why isn't there enough money in the plan?
- What will happen to the pension my company was paying?
- What will I get when I retire?
- I'm ready to retire, what do I do now?
- How long will it take for me to get my pension?
- Can I take my money now in a lump sum or transfer to my IRA?
- Whom do I contact if I have a question?

Participant meetings are typically held for Large Cases, defined as a plan or group of plans with 1000 participants or $5 million or more in UBL. Of course, participant meetings may be held for any plan. Consider a participant meeting whenever there is at least 300 participants in a single geographic area or when other circumstances indicate that it would be in the best interests of the participants or the PBGC. Occasionally, a plan sponsor will request that PBGC hold a meeting with the participants, and may work with PBGC to notify the participants. The Participant Meeting Coordinator (PMC) and the TPD Manager usually determine whether to hold a participant meeting.

A participant meeting:

- Introduces PBGC and the federal insurance program that protect their pension benefits.
- Explains how the insurance protection applies to their plan.
- Tells participants how to contact PBGC.
- Provides a forum for questions to be asked and answered in front of the group during the formal meeting, and after the meeting one on one with the individual staff members.
- Allows participants to bring copies of their source documents to the meetings, speeding the data verification process.

Participant meeting planning requires close coordination among the TPD case team, the Participant Meeting Assistant (PMA) and the PMC. Meeting logistics, including dates, locations, equipment, employee notices, coordination with a union or other organization need to be planned. The actual meeting, including speakers, slide show, participant handouts and staff also requires preparation and rehearsals to ensure smooth delivery and a positive reassuring experience for the participants.

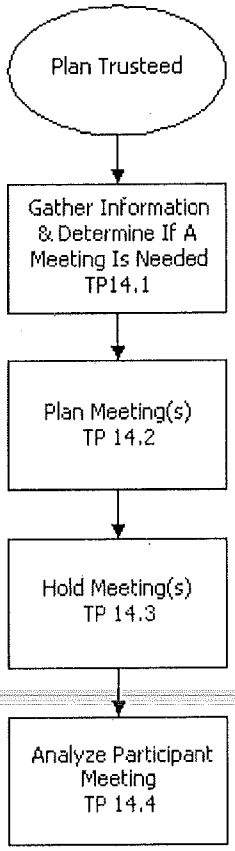
Technical Procedures

Browse Workflows:

## Hold Participant Meeting

# TP 14. Workflow for Technical Procedure 14

02/11/2000



**Hold Participant Meeting**

## TP 14.1 Gather Information and Determine if a Meeting is Needed 08/10/99

Action Steps

| | |
|---|---|
| **Purpose** | Collect information needed for contacting and briefing participants. |
| **Time Reporting (BMPRS)** | FTE Initiate Trusteeship Processing<br>FBA Initiate Trusteeship Processing<br>PBA Initiate Trusteeship Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Plan documents, participant listings, actuarial calculations. |
| **Output and Recipient** | Data needed for decision on whether to hold a meeting.<br>Information on the plan for presentation at the meeting. |
| **Control Issues** | N/A |
| **Important Concepts** | The more data at PBGC about the plan and the participants, the easier it is to make a meaningful presentation at a participant meeting.<br>The meeting(s) should be held soon after trusteeship. Meetings should be professional, but not formal. Each should be held in an atmosphere which encourages participant interaction and questions.<br>If participants are primarily non-English speaking, determine whether / how letters and documents may be translated. Spanish versions of many forms and ALG letters are available. |
| **Guidance** | N/A |
| **Procedure Owner** | IOD operational staff, primarily TPD Case Team, FBA, Participant Meeting Assistant (PMA) and Participant Meeting Coordinator (PMC). |

## Click Here for More Information...

TP 14.1Action Steps: Gather Information and Determine if a Meeting is Needed

## TP 14.1 Action Steps: 08/10/99

## Gather Information and Determine if a Meeting is Needed

1 All Large Cases will be considered for a Participant Meeting. Review other cases as circumstances dictate. Review the information and documents already collected by PPD and/or the TPD involved. This will normally be done as a part of case processing. However, it can also occur shortly after a large case is identified and before trusteeship. With large cases, a Large Case Working Group (LCWG) is formed. This is an interdepartmental team created early in the process to expedite and smooth the way for successful case processing. (See TP 23: Coordinate and Process Large Cases.) The high visibility early in the process normally ensures that the needed data is obtained. Among the documents and information needed are the following:

- Plan documents and amendments
- Plan population with current addresses
- Plan contacts (plan administrator, union representatives, paying agent, plan trustee, any participant groups, etc.)
- Any guarantee limitations applicable to the plan(s)
- Controlled groups, assets, liabilities, and conditions of PBGC trusteeship
- Overall background information applicable to the plan(s) and sponsoring employer
- Other information, as required

2 If not already prepared by PPD, prepare a Case Contact Sheet (Contacts.doc). Also, complete a Memorandum to the Executive Director (Pmedmem.doc).

3 Compare information against criteria for holding a meeting. If the case is identified as a large case, the basic decision criterion is whether there are enough participants in a single locale. The normal number required is 300; however, that is a guideline, rather than a concrete requirement. Other facts might justify a meeting with smaller numbers.

4 The TPD Manager and PMC maintain the final decision making authority and the approval authority for participant meetings. Once a decision is made to hold a participant meeting, contact the Participant Meeting Assistant (PMA) who will work with the team on the participant meeting planning.

**Hold Participant Meeting**

## TP 14.2 Plan Meeting(s)

08/10/99

Action Steps Plan Participant Meeting Logistics

Action Steps Plan Participant Meeting

| | |
|---|---|
| **Purpose** | To plan the meeting details of where and when to hold the meeting(s), what information to cover, and determine meeting team members and presonsibilities. |
| **Time Reporting (BMPRS)** | FTE Initiate Trusteeship Processing<br>FBA Initiate Trusteeship Processing<br>PBA Initiate Trusteeship Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Decision to hold the participant meeting(s).<br>Plan and participant information (names and addresses).<br>Completed Plan Abstract. |
| **Output and Recipient** | Plan for publicizing and holding the meeting(s), and all meeting material: SPD, slide show and other handouts. |
| **Control Issues** | N/A |
| **Important Concepts** | If possible, discuss what is needed, what works and what might not work with someone who has already done a participant meeting. Review any available lessons learned or after action reports.<br>The keys to the success of participant meetings are good planning and flexibility.<br>Have a thorough understanding of the background (financial, political, etc.) of the case and the areas of particular concern to the participants.<br>It is especially important to explain why benefits may have been, or might be, adjusted (cut back) by PBGC.<br>Consider inviting the participants to come one hour prior to the meeting and/or to stay up to one hour after the meeting for individual questions or to process retirement applications. OED may be involved in the participant meeting. |
| **Guidance** | PRISM ALG Letters (electronic manual in IOD manuals system) |
| **Procedure Owner** | IOD operational staff, primarily TPD Case Team, FBA, Participant Meeting Assistnat (PMA) and Participant Meeting Coordinator (PMC). |

## Click Here for More Information...

TP 14.2A Action Steps: Plan Meeting Logistics

TP 14.2B Action Steps: Plan Participant Meeting

**Hold Participant Meeting**

## TP 14.2A Action Steps: 02/18/2005

## Plan Participant Meeting Logistics

1 The Participant Meeting Coordinator (PMC) convenes a meeting of the TPD case team, FBA (if possible), Participant Meeting Assistant (PMA) and others involved in planning the participant meeting. CPAD may be involved depending on the size of the case and other factors, including the need to publicize through the newspapers.

2 Planning for the participant meeting involves:

- Review of case information, participant meeting requirements, and time frames.
- Determination of a schedule for actions prior to the meeting.
- Set a preliminary date for the meeting(s).

Use the *Trip Planning Checklist (Tripplan.doc)* to work through preparation details. Once completed, the checklist provides basic plan information and identifies the assignment of various participant responsibilities among members of the team.

3 Determine the location for the meeting(s), including city and state. Once the number of participants is known, an appropriate location(s) may be determined that will handle the number of people expected. Considerations include:

- Central location(s)
- Size of the expected audience. A smaller, less intimidating setting is preferable, it encourages questions and interaction with the participants.
- Availability of equipment on-site may include: an 8' x 8' screen, PA system, equipment for the projected computer presentation, TV, VCR, copier (to copy source documents) etc.
- Union or other employee organization support. As appropriate, contact any applicable union officials and enlist their cooperation and support for the meetings.
- Familiarity of participants with a location, such as a union hall, where many of those involved might have visited or even have spent considerable time may be appropriate.
- Number and times of the meetings. Meeting may be scheduled to coincide with the availability of the participants, such as one per shift or an afternoon/ evening pairing.

4 The PMA takes the lead on handling meeting logistics, including location, and the FBA may be of great assistance with these meeting arrangements. Other members of the case team may have information about appropriate locations from their field trips. The FBA should rent/provide all required equipment and cover all costs as reimbursables under the contract.

5 After the date(s) is set and the location booked, prepare a Meeting letter (ALG 522) through ALG for all participants. Use Spanish Version as appropriate. Plan to provide this approximately 30 days prior to the date of the meeting. While the preferred method is a separate meeting notice prepared and mailed by the FBA responsible for the plan, other methods of notifying participants include:

- Modifying the 4042(d) letter to include the participant meeting information, taken from ALG 522.
- Notification through plan sponsor, union or other employee organization.

- Notices in local newspapers.

**Note** The Meeting letter (ALG 522) informs participants that they may bring copies of source documents to meeting or if desired, PBGC staff will make copies at the meeting. Source document copies are originally requested in 4042(d) letters, which are typically sent prior to the participant meetings, see Process 9.13 Notify Participants.

**6** Ensure that travel arrangements, including transportation, hotel accommodations, and rental cars are made for all participant meeting staff.

**7** Arrange for equipment and room setup. Equipment needs may include: a portable PC loaded with the slide presentation (Freelance or other), LCD box for projection, LCD projector, a video projector (for videotape), an 8' x 8' screen or larger, PA system with four portable microphones, and a copier(s) (if the Participant Meeting is being coordinated with the Participant Data Verification requests). In most cases this equipment will be rented by the FBA. Some of it may be included as part of the hall rental. Ensure that delivery, setup, and takedown/cleanup are part of the package deal on the hall and equipment, as applicable.

**Hold Participant Meeting**

## TP 14.2B Action Steps:
## Plan Participant Meeting

**05/18/2001**

1 Coincident with the participant meeting logistics planning, the Participant Meeting Assistant (PMA) and participant meeting team coordinate preparation of the participant meeting material. Some material is standard, such as the videos, others are prepared for each individual plan. Participant Meetings generally use some or all of the following:

| Material | Responsibility |
|---|---|
| **PBGC Videotape (2 copies)** | Available from CPAD |
| **slide presentation** | TPD team marks up template slide presentation with plan specifics to be prepared in final by PMA |
| ***Summary Plan Description (Spd.doc)*** | TPD case team prepares using Plan Abstract , completed as part of Process 12.2: Prepare Plan Abstract |
| **Participant Meeting Evaluation Card** | PMA |
| **Brochures** | Available from CPAD |
| **Fact Sheets** | Available from CPAD |
| **PBGC Promotional Material (magnets, pens etc.)** | PMA, CPAD |
| **Meeting Program** | Prepared by the Case Team |
| **PBGC Newsletters - retirees & deferred vesteds** | If excess stock available from TSD |

2 Typically, presentation material will be provided to the Participant Meeting Coordinator (PMC) who handles needed coordination with the Office of Executive Director. Often, executive staff will take part in a participant meeting.

3 The content of the presentation material introduces PBGC, provides specific plan and participant information. The material content may be reviewed and comments/suggestions made by various members of the meeting team, PMC, OED or other management officials, and should be viewed as a whole to ensure that topics are not addressed by multiple parties. Key slides from the slide presentation may be attached to the SPD and provided to participants.

4 In addition to preparing the written material, the meeting team rehearses the presentation as necessary. Members of the team are encouraged to take advantage of any available presentation training opportunities from The Training Institute in advance of the meeting. Use the *Frequently Asked Questions - Participant Meetings (FAQpmtg.doc)* in these rehearsals. Rehearse accurate easy to understand responses to these questions and any other anticipated from the participants.

5 Once the text of the material is prepared, the PMA ensures that copying and shipment of all necessary items is done. Depending on the size of the meeting, arrangements may be made for the handouts to be copied in the field by a local vendor prior to the meeting. Plan to hand carry the PBGC videotape (2 copies) and a laptop computer.

**Click Here for More Information...**

TP 14.3 Hold Meeting(s)

# TP 14.3 Hold Meeting(s)

08/10/99

Action Steps

| | |
|---|---|
| **Purpose** | To present information to participants in a newly trusteed plan, answer their questions, and often collect source documents for participant data verification process. |
| **Time Reporting (BMPRS)** | FTE Initiate Trusteeship Processing<br>FBA Initiate Trusteeship Processing<br>PBA Initiate Trusteeship Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Plan of presentation material (video, slide show, SPD and other handouts) and assigned meeting responsibilities. |
| **Output and Recipient** | Successful Participant Meeting. |
| **Control Issues** | N/A |
| **Important Concepts** | PBGC readily demonstrates its commitment to customer service through participant meetings. These meetings are an early proactive step to reach a large number of people in a short period of time, and provides accurate information about PBGC, their plan and set participant expectations for the future.<br>Thorough planning and flexibility are key to a successful meeting. Once the team is in the field, flexibility becomes more important, as the team may need to adapt to unexpected circumstances - malfunctions with equipment, difficulties with location, more or fewer participants attending than expected.<br>Participants may bring applications and other forms to the meeting and require individual assistance. Ensure adequate staff is at meeting to assist participants. |
| **Guidance** | N/A |
| **Procedure Owner** | IOD operational staff, primarily TPD Case Team, FBA, Participant Meeting Assistant (PMA), and Participant Meeting Coordinator (PMC). |

## Click Here for More Information...

TP 14.3 Action Steps: Hold Meeting(s)

## TP 14.3 Action Steps: Hold Meeting(s)

02/18/2005

1 Because each trip is different, the following steps should be accomplished, although not necessarily in this order. Staff from the FBA may be able to do an early check on the room to get a solid idea of its layout, and communicate that back to the remainder of the team at headquarters.

- Visit the room where the meeting(s) will be held
- Make sure that all equipment is working; if not, get a replacement
- Ensure all shipped items arrived; if not, make copies from the hand carried copies
- Hold any other meetings required prior to the actual participant meetings, e.g., a dry run of the presentation, meeting with union officials
- Ensure the team brings adequate office supplies - tape, staplers, supply of pens for participants etc.

2 Hold the first meeting. Conduct the presentations and the question and answer sessions. Note anything that must be researched at PBGC or any necessary follows up activities. Inform attending participants that their co-workers (or other participants) may contact PBGC's CSC to request that the "package of information" be mailed to them.

3 If applications or other participant forms and/or source documents are received at the meeting, ensure they are delivered to PLS or FBA for processing according to Process 13.1: Verify Data from Returned Forms.

4 After the first meeting, conduct an informal briefing of the team. Review what worked and what did not. Ensure that any commitments made to respond to individual participant inquiries will be met. Note whether the participant group had any specific concerns that arose during individual question and answer period. Consider incorporating these concerns into the next participant meeting for the same plan, and whether these concerns might merit revision of standard participant meeting material: slide show, SPD, FAQs.

Based on the results of the debriefing make any necessary changes to the presentations prior to the next meeting. Handouts usually cannot be changed, but the presentation on the PC can. Staff can also review appropriate answers to new questions or concerns.

5 If multiple participant meetings are held on a case, repeat team debriefing after each meeting.

**Hold Participant Meeting**

## TP 14.4: Action Steps: 08/10/99
## Analyze Participant Meeting

1. The PMA ensures that a supply of the participant handouts (SPD and hard copy of the slide presentation) are available in CSC and that the CSC staff is prepared to respond to these requests. (CSC staff will discard the supply after 30 -45 days depending on whether demand continues.)
2. The PMA reviews the evaluation cards completed by participants at the meeting(s). Tally up the responses and read through individual comments.
3. Draft brief *Participant Meeting Summary Memo (Pmtsum.doc)* to the Meeting Team Leader, provide copies to remainder of the team. Provide the results of the responses, and summarize the participant comments. (The comments may be written up verbatim, depending on the volume of comments.)
4. As a team, determine whether comments from evaluation cards or experience from the participant meeting(s) indicate improvements or additions to the participant process or training. Follow through by forwarding any recommendations to the appropriate party(ies).

Browse Documents:  

## TP 14.5 Forms, Letters, Memos, etc.

08/10/99

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Case Contact Sheet***
Contacts.doc

***Frequently Asked Questions - Participant Meetings***
Faqpmtg.doc

***Meeting letter - PRISM ALGS 522***

***Memorandum to the Executive Director***
Pmedmem.doc

***Participant Meeting Summary Memo***
Pmtsum.doc

***Summary Plan Description***
Spd.doc

***Target Dates Checklist***
Trgtdate.doc

***Trip Planning Checklist***
Tripplan.doc

# TP 15. Prepare & Mail Letters

TP 15. Overview

TP 15.1 Prepare & Mail Letter(s)

Forms, Letters, Memos, etc.

# TP 15. Overview

This technical procedure describes the production of participant letter(s), as such it does not stand alone. It is followed to produce one or more letters necessary to complete a process or procedure. Case related letters that IOD sends are not covered in this procedure.

Participant Letters are almost always prepared through PRISM ALGS whenever possible. In special circumstance when a unique letter is required that cannot reasonably be created through PRISM ALGS, users may write a participant letter using a word processing program, also referred to as a Custom Letter.

When it is learned that a customer did not receive the original of a letter (BDL or other letter) print the original correspondence from IPS and send it and all necessary attachments to the customer, using the appropriate cover letter. For BDLs, use ALG 540: BDL Cover Letter. For other letters, the 540 may be modified as appropriate or another cover letter prepared.

| Note | It is **never** appropriate to send a hand modified original or copy of a letter to a customer. This includes crossing out and/or changing dates or addresses. |
|---|---|

Regardless of how the participant letters are prepared, **the mail date on the letter is always the actual mailing date,** and letters are quickly imaged to the participant file (IPS) so that customer inquiries are serviced effectively.

**PRISM ALGS (Automated Letter Generation System)**

- Utilizes a range of prepared participant correspondence, organized into five chapters (100 series, 200 series.....).
- Pulls the variable data (customer and plan specific information) from the PRISM Database (retro-PRISM).
- Required for Benefit Determination Letters. Enters the date sent into the PRISM database after the letter has been imaged.
- Handles all sizes Letter Requests from single pieces of correspondence to large mailings.
- Provides an automatic routing approval process for Letter Requests that may be established by each division.
- Prints letters at local printer (users responsible for stuffing and mailing) or through fulfillment centers (DMC or off-site).
- Allows users to delete Letter Requests prepared for local printing at their desktop.
- Quickly and automatically images letters directly to the participant file (IPS).**The imaging date is one full business day after the mailing date.**
- Has a Generic Custom Letter that can be used to create any type of custom letter for a participant in the PRISM database. (Do not use for Benefit Determination Letters.)

**Custom Letters through word processing**

- Generally, printed at local printer with stuffing and mailing the responsibility of the processing unit.
- Must be photocopied and **submitted for imaging immediately**, so that they may be viewed in the participant file (IPS).
- Approved by Team Leader or higher according to TPD guidelines.

| | |
|---|---|
| **Note** | If special circumstances require preparation of a large volume of letters outside of PRISM ALGS, contact the PRISM ALG System Administrator for assistance and planning in order to use the stuffing and mailing services of the fulfillment centers (DMC or off-site). |

**Prepare and Mail Letters**

## TP 15.1 Select and Review Letters

**05/18/2001**

**Action Steps**

| | |
|---|---|
| **Purpose** | Send correct letter(s) with correct forms and enclosures to customer(s). |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required input and Source** | Type(s) of letter needed, relevant variable data, recipient approval levels necessary (may vary by Division), and stock of required enclosures. |
| **Process Output and Recipient** | Letter(s) mailed to participant(s) with all appropriate enclosures and imaged timely to the participant(s) file (IPS). |
| **Control Issues** | PRISM ALGS quickly and automatically images letters to participant file (IPS), so that they are viewable by staff **one full business day after the mail date**.<br>Perform quality control review, including spell check, print preview and printing a local Letter Request to "test" a letter before sending a large Letter Request to fulfillment. Delete incorrect local Letter Requests as necessary **ASAP, but not later than mail date**. Deleting the Letter Request ensures the incorrect Letter Requests are not mistakenly imaged. The initiator of the Letter Request ensures the incorrect letter(s) are not mailed. Requests for deletions that are not completed by mail date must be forwarded to the Help Desk.<br>**Approval of Letters:** Letters may or may not require concurrence or supervisor approval. Generally, standard PRISM ALGS response letters require only a peer review to ensure that the correct letter was chosen for sending. However, follow the approval and concurrence requirements addressed in the appropriate process, and as prescribed within the division's Management Team if there are any questions about approval requirements for a particular process. FBAs follow the guidance of the respective TPD for each plan. TPDs may establish routing for approval through ALGS for approvals. |
| **Important Concepts** | Mail letters on mail date **only**, not earlier or later. An accurate mail date is always important, for Benefit Determination Letters it is particularly important as it marks the beginning of the period within which a customer may file an appeal, generally 45 days from date of letter. (See 29 CFR 4003: Rules for Administrative Review of Agency Decisions.)<br>If it is learned that a customer did not receive an original letter (BDL or other) print a copy from IPS and send it and attachments with a cover letter. For BDLs, the ALG 540: BDL Cover Letter is used, as it clearly establishes that the appeals period commences with the date of the 540.<br>**Timing:** Plan Letters Requests taking into consideration the PRISM refresh process (PRISM ALGS utilizes retro-PRISM) and the printing location (local, DMC, or off-site fulfillment). |
| **Guidance** | Appropriate process or technical procedure<br>PRISM ALG Letter User Guide & ALG Letters (electronic manuals in IOD Manual System) |

29 CFR 4003

**Procedure Owner** TPD Case Team (usually PLS, PBA, FBA)

## Click here for more information

TP 15.1 Action Steps: Select and Review Letters

## TP 15.2 Forms, Letters, Memos, etc.

05/31/96

| Note | After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**. |
|---|---|

**None**

# TP 16. Establish & Maintain Plan & Participant Files

TP 16. Overview

TP 16.1 Create & Maintain Files

TP 16.2 Maintain Plan File

TP 16.3 Maintain Participant File

Forms, Letters, Memos, etc.

**Establish and Maintain Plan and Participant Files**

## TP 16. Overview

**03/23/2001**

IOD maintains two types of case related files: plan files and individual participant files. The information in these files documents our plan and participant processing in accordance with established policies and procedures. In those rare instances when a specific policy or procedure was not followed, the file will contain documentation (memo to the file) from the TPD Manager providing details as to the nature and circumstance for the processing exception(s).

Our goal is to have plan and participant information imaged and available online.

As documents are received or created, they will be imaged and added to the electronic files. It is critical that all relevant documents are imaged.

Documents vary in title, presentation, and content. As relevant documents are received or created, they must be forwarded to the Document Management Center (DMC) for imaging and retention. The IPS is the official "system of record" for participant information. For exception to electronic participant files, See TP 27: Run Personal Interest Conflict System (PICS) . Relevant documents and correspondence must be forwarded in a timely manner. Concerns about the image process should be immediately referred to the IPS Division Point of Contact in each TPD, or the FBA Manager, who should then relay the concern to the DMC Manager for resolution and advice.

**Establish and Maintain Plan and Participant Files**

## TP 16.1 Create and Maintain Files

**03/23/2001**

Action Steps

| | |
|---|---|
| **Purpose** | To create a record of all plan and participant related actions |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Determination that there is a case<br>Documents and records related to the case |
| **Output and Recipient** | Record of relevant documents received by the PBGC related to the plan or participant |
| **Control Issues** | Ensure that files are created and maintained in a way that information is available to those in PBGC who need it.<br>Do not create duplicate or "working" hardcopy files.<br>Ensure that files are appropriately cross-referenced in IPS so that beneficiary information is not overlooked in benefit administration. |
| **Important Concepts** | Files are the administrative record of the case. In cases where litigation is involved, the files and activity logs may become critical. |
| **Guidance** | N/A |
| **Procedure Owner** | PPD Auditor or Financial Analyst; TPD PLS or FBA |

## Click Here for More Information...

| | |
|---|---|
| Action Steps: | Create Paper Files |
| Action Steps: | Plan files on IPS |
| Action Steps: | Participant files on IPS |

# TP 16.1 Action Steps: Create Paper Files

10/31/97

1 The financial analyst or auditor in PPD who is in charge of the case will build the initial plan file. Identify the file with the plan name and number.

2 Load all participants into the PRISM system, when participant information is available (Example: the participant's full name, social security number and address, plan name and number). All non-vested and woodwork participants should be loaded into PRISM. When you have completed appropriate research to locate a participant's social security number but no number is available, you may load a participant with a dummy SSN to speed the participant data load process. As soon as the correct SSN is found, update STaRS (Standard Tracking and Retrieval System) using the Barcode Request Form.

3 Bar-coded files will be automatically generated for participants on PRISM, in the following situations:

- A plan is assumed by SSC and the participant is put into pay status.
- A participant is put into pay status through normal payment processing. (estimated or final pay status, lump-sum or annuity benefits)
- Final valuation has been completed for the plan.

If you need bar-coded participant folders for a plan, send an e-mail message to your TPD DMC representative. There is a *List of DMC Representatives for Each TPD (Replist.doc)* available. Your message should list the case number, plan name, your user ID and your four-digit PLS or PBA code. If a folder is needed for a specific person, also include the social security number in your message. Your TPD DMC representative will forward your request to the OASD Systems Analyst in charge of STaRS. When the files have been created, the DMC staff will notify the TPD that the requested participant folders are ready to be picked up.

4 Within 30 days after the participant folders are picked up, TPD staff should place the participant's documentation in the participant folder and return the file to the DMC for imaging. Use the appropriate procedures (TP 16.3 Maintain Participant File) to determine which documents to include and in which order.

5 TPD staff must submit a *Barcode Request Form (Barcreq.doc)* to report a change in participant social security numbers, plan numbers, or participant name --included are spelling corrections or changes. When the Barcode Request Form is received in the DMC, the Barcode database (STaRS), and the imaging system will be updated with corrections you submit. Remember to list both the old and new SSN when you submit an SSN change.

## Use Paper Files

1 The Image Processing System (IPS) must be used whenever you need information from a participant or plan file. If you cannot find needed participant or plan information on the imaging system, complete an IPS File Research Request. You must list the reason for requesting the paper file (for example: response to a congressional, IPS image is illegible, information is missing from IPS, etc.). Submit the Request to the DMC. The DMC staff will compare the physical file to the imaging system and take the following actions:

- If all the documents in the file are on the image system, the DMC will record the results on the Request form and return the form to the requester without the physical file.
- If unscanned pages exist, the DMC will scan the missing pages into IPS. The Request form will be updated with DMC action and the form and the participant file will be provided to the requester.

- If scanned documents do not yet appear on IPS for a participant file, the DMC will update the Request form and provide the form and the file to the requester.

2 Files will normally be checked out for no more than 30 days. A requester must have a User ID to take files from the DMC.

3 Participant documentation which is received directly by TPD staff (not scanned by DMC staff before document is sent to assigned TPD personnel), must be delivered to the DMC with an IPS Scanning Request. The management team for each TPD will designate a TPD Point of Contact for IPS. The TPD IPS Point of Contact is responsible for collecting and delivering participant documents to the DMC for scanning. If the TPD staff has the participant file, place unscanned material on top of the pink sheet/barcodes inside the file folder. Do not interfile unscanned material with scanned material. If the TPD staff does not have the participant file, write the social security number and plan number on each participant document to ensure proper IPS indexing.

Technical Procedures

**Establish and Maintain Plan and Participant Files**

## TP 16.1 Action Steps: Plan files on IPS

**05/31/96**

*(Awaiting procedures)*

Technical Procedures

**Establish and Maintain Plan and Participant Files**

## TP 16.1 Action Steps: Participant Files on IPS

05/31/96

*(Awaiting procedures)*

**Establish and Maintain Plan and Participant Files**

## TP 16.2 Maintain Plan File

**03/23/2001**

Action Steps

| | |
|---|---|
| **Purpose** | To provide a record of the plan and all PBGC actions |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Documents and records related to the case |
| **Output and Recipient** | A standardized file management system where all documents and records of all actions are available. |
| **Control Issues** | Ensure that all relevant documents are imaged.<br>Input data into the online systems as it becomes available.<br>The DMC will track the location of all files on the computerized tracing system.<br>Ensure that only original files are maintained and used. Keep the original files intact. Do not create duplicate or "working" files. |
| **Important Concepts** | Files are the administrative record of the case. In cases where litigation is involved, the files and activity logs are critical. The files document our plan processing in accordance with established policies and procedures, or in those rare instances when a specific policy or procedure was not followed, the file will contain documentation (memo to the file) from the TPD Manager providing details as to the nature and circumstance for the processing exception. |
| **Guidance** | PBGC Notice 93-1, Part: GA, Section 45-2, Date: 1/8/93 entitled PBGC Records Management Program Records Disposition Authority dated 11/13/86 and 3/6/84 |
| **Procedure Owner** | PPD auditor or financial analyst, TPD case team, FBA and file room personnel |

## Click Here for More Information...

TP 16.2 Action Steps: Maintain Plan File

## TP 16.2 Action Steps: 02/18/2005

## Maintain Plan File

The plan file consists of the following documents arranged in the order presented. Not all documents are applicable to any given case, but the order will be the same for those that are present. Documents in each section are in reverse chronological order, with the most recent on top. The order or indexing of documents is the same in paper files and the Image Processing System. Cases are identified by a six-digit number.

**Document Types**

1 Reportable Event Documents

A. Bankruptcy information

B.IRS documents (including Form 5500)

C. Financial analyses documents

D. Controlled group information

E.Other reportable events documents

2 Distress Termination Documents

A. Notice of Intent to Terminate (Forms 600 & 601)

B. Bankruptcy information

C.IRS documents (including Form 5500)

D. Financial analyses documents

E. Controlled group information

3 Trusteeship Documents (PBGC)

A. Notice of Determination

B. Trusteeship Agreement

C. Documents from the Trusteeship Working Group

4 Non-Trusteed Plan Information

A. Notice of Sufficiency

B. Abstract for non-trusteed plans

C. Distribution Data

5 Pension Plan Documents

Plan amendments (last to first)

A. Last amendment

B.Next to last amendment

C. etc. (each amendment will have sections with the following indices)

- general provisions
- termination provisions

- definitions (normal retirement, compensation, etc.)
- service requirements (accrual, vesting, benefits)
- benefit formulas
- early retirement rules
- annuity forms
- disability rules
- EEC provisions
- death benefit provisions
- factors and assumptions
- all other

**Original Plan Documents**

(the following indices apply when the provisions are separate)

- general provisions
- termination provisions
- definitions (normal retirement, compensation, etc.)
- service requirements (accrual, vesting, benefits)
- benefit formulas
- early retirement rules
- annuity forms
- disability rules
- EEC provisions
- death benefit provisions
- factors and assumptions
- all other

**Union contracts (last to first)**

A. Last amendment

B. Next to last amendment

C. etc. (each amendment will have sections with the following indices)

- general provisions
- termination provisions
- definitions (normal retirement, compensation, etc.)
- service requirements (accrual, vesting, benefits)
- benefit formulas
- early retirement rules
- disability rules

- EEC provisions
- death benefit provisions
- factors and assumptions
- all other

**6** Insurance Contracts

(last to first)

**7** **Trust Agreements**

(plan)

**8** Additional Plan and Participant Data

(documents containing gross-level data for multiple participants, including spreadsheets)

A. Compuserve listing (for plans with assumption date earlier than 1986).

**9** **Correspondence**

(internal PBGC memos and plan-level correspondence, last-in-first-out, based on types of issues)...

A. Legal (plus key plan Interpretations)

B. Financial - Notification of Authorization to Make Payments Letter (Gilboy Letter) to SSC

- Accounts Adds and Changes Form
- Notification Letter to Prior Paying Agent
- Participant Payment Data (Check Registers and EDD Payment Information)
- Data Entry Request Form
- Reconciler Report (First Pay Data Load Report)
- Plan Assumption Reconciliation Report

C. Actuarial

D. Negotiations

E. Participant services

F. Appeals

G. Miscellaneous Correspondence and Telephone Logs (Chronological)

H. Congressional

I. Union

J. All correspondence chronologically

**10** Pre-DOPT Actuarial Data

A. Prior Plan Administrator Actuarial Variation Reports (AVRs)

B. IRS Documents (including Form 5500s)

**11** Audit Documents...

A. Participant Data Audit

B. Plan Document Audit

C. Source Document Audit

D.Asset Audit

- 1108
- DUECs

E. Net Worth

- Financial Analysis Documentation
- IRS Documents (i.e. Prior Plan Administrator Tax Returns)
- Bankruptcy Information

F. Controlled Group And Supporting Documentation

G. Transfer Control Sheet (From Case Officer to PSD/DBA/BPD) and Memoranda

H.Plan Closing Audit Report (includes checklist)

I. ADT Audit Completed/IPV Missing Date Report

**12** Actuarial Valuation Closeout Report

**CASE 1: New Closeout Report with Table of Content**

Document will be separated and sorted by Table of Content
Index will be by Table of Content

**CASE 2: New Closeout Report without Table of Content**

Document will be separated and sorted by Tabs
Index will be by Tabs

**CASE 3: Old Closeout Report without Table of Content**

Document will be separated and sorted by a default Table of Content
Index will be by the default Table of Content similar to the following

A. Preface

B.Closeout Memo (This may also be referred to as or as Methods, Procedures, Findings, and Conclusions)

C. Instructions to PSD (BPD)

D. Plan Abstract / Plan Summary / Plan Digest

E. Plan Conversion Factor

- Benefit Form Conversion
- Early Retirement
- Pre-Retirement Survivor Annuity

F. Valuation Spreadsheets (Which may include worksheets for Phase-In Calculations, Substantial Owner Benefits, Average Compensation, etc.)

- Active Vested Participants
- Separated Vested Participants
- Retirees
- Beneficiaries

- Disabled Participants
- Substantial Owners

G. Asset Reports

H. Instructions for the Benefit Statement Recalculation Program Instructions

I. Benefit Recalculation Worksheets and Samples

J. Plan Information Sheet

K. Contractor's Actuarial Certification

L. Programming Code

M. Actuarial Task Orders

N. Purchased Annuity Listings

O. Lump Sums Paid Prior to DOPT

P. Miscellaneous

**13** SID Documents

A. Correspondence

B. Participant data audit

C. Technical review

D. Rettig actuarial close-out report

**CASE 1: New Closeout Report with Table of Content**

Document will be separated and sorted by Table of Content
Index will be by Table of Content

**CASE 2: New Closeout Report without Table of Content**

Document will be separated and sorted by Tabs
Index will be by Tabs

**14** Standard Terminations

A. Standard Termination Notice (Form 500, Schedule EA-S)

- tandard Termination Notice (Form 500)
- Certification of Sufficiency (Schedule EA-S)
- Designation of Representative (Schedule REP-S)
- Post-Distribution Certification (PDC) (Form 501)

B. SPCD Correspondence

- Acknowledgment Letter(s)
- Non-Compliant Letter(s)
- Incomplete Letter(s)

C. Distribution Data

D. General Incoming (from the filer)

E. General Outgoing (Null and Void, etc.)

**15** Coverage/Classification Cases

A. Correspondence requesting coverage/classification

B. Phone logs

C. IRS Determination letter

**16** Multiemployer Cases

A. Correspondence to PBGC

B. Correspondence from PBGC

**17** Reconsiderations

A. Request for reconsideration

B. Documentation

C. Determination

**18** 4071 Penalties

A. Correspondence

B. Penalty analysis documentation

C.Determination letter

D. Review and request documentation

E.Review determination letter

**19** Standard Termination Audit Documents

A. Correspondence

B. Audit forms

C. Plan assets

D.Sample audit

E. Distribution

F. Participant data

G. Annuity/insurance contract

H. Actuarial data/reports

I. IRS documents

J. Enforcement documents

K. Compliance audit documents

L. Miscellaneous documents

**20** Missing Participants Program Plan File

A. Post-Distribution Certificate (PDC)

- Form 501 - Standard Termination Notice
- Form 602 - Distress Termination Notice / Amended Post-Distribution Certificate (non-trusteed plans)

B. Schedule MP

- Plan Administrator certification
- Enrolled Actuary certification

C. Attachment A - Annuity Purchase Information Sheet

D.Correspondence (plan level)

**Establish and Maintain Plan and Participant Files**

## TP 16.3 Maintain Participant File

**09/04/98**

Action Steps

| | |
|---|---|
| **Purpose** | To provide a record of each participant in the plan and all PBGC actions relating to that participant |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Documents and records related to the individual participant |
| **Output and Recipient** | A standardized file management system where all documents and records of all actions are available |
| **Control Issues** | Ensure that all relevant documents are imaged. Input data into the online systems as it becomes available. (Includes incoming participant correspondence and internally generated participant related documents.) Some participant files must remain paper due to personal interest conflicts. See TP 27: Run Personal Interest Conflict System (PICS). |
| **Important Concepts** | Files are the administrative record of the case. The files document our plan processing in accordance with established policies and procedures, or in those rare instances when a specific policy or procedure was not followed, the file will contain documentation (memo to the file) from the TPD Manager providing details as to the nature and circumstance for the processing exception. In cases where litigation is involved, the files and activity logs are critical. Participants must be loaded on PRISM in order for a file folder to be established. The DMC will track the location of all files on the computerized tracking system (STaRS). |
| **Guidance** | PBGC Notice 93-1, Part: GA, Section 45-2, Date: 1/8/93 entitled PBGC Records Management Program Records Disposition Authority dated 11/13/86 and 3/6/84 |
| **Procedure Owner** | TPD case team, FBA and Document Management Center (DMC) personnel |

## Click Here for More Information...

TP 16.3 Action Steps: Maintain Participant File

## TP 16.3 Action Steps: Maintain Participant File

01/19/2005

1 The DMC is responsible for managing participant documentation, ensuring it is scanned, and an image is available in the Image Processing System for all persons who need access to the participant documents. IOD staff are responsible for forwarding all relevant participant documents to the DMC for safeguarding.

2 **Core Participant Documentation**
Where available, prior plan administrator participant files for pre-trusteeship pay status participant are to be retrieved from the prior plan administrator. Only that information which is pension related, and supports the participant's payment status and beneficiary selections, need be retrieved and imaged with core participant information referred to below.

Ensure that the following core information is required for each participant and is promptly forwarded to the DMC to be imaged into the participant file. (A copy of the BDL and benefit statement should be immediately made part of the imaged participant file. Note that PRISM/ALGS automatically saves an electronic copy in the imaged participant file.)

- Core documentation for a **DOPT pay status** participant after data verification consists of the following:
  - 4042(d), Trusteeship notification letter, PRISM ALG 100 series
  - Form 701 – Payee Information Form (PIF)

Note — Prior to the 8/99 implementation of new participant forms (using 700 series numbers), core documentation for the above included: 4042(d) letter, PBGC Benefit Application and proof of marital status. Effective 8/99, PBGC no longer routinely requires source documents for proof of age, spouses age, marriage or death.

- Core documentation for **DOPT non-pay status** participant after data verification consists of the following:
  - 4042(d), Trusteeship notification letter, PRISM ALG 100 series
  - Form 702 – General Information Form (GIF)
  - proof of age
  - proof of marital status

Note — Prior to the 8/99 implementation of new participant forms (using 700 series numbers), core documentation required a PBGC General Information Sheet (or Non-Retiree Information Request, Form 548), in lieu of the GIF.

- Core documentation for a post-DOPT payee consists of the following:
  - 4042(d), Trusteeship notification letter, PRISM ALG 100 series
  - Form 702 – General Information Form (GIF)
  - proof of age
  - proof of marital status
  - One of the following PBGC benefit application forms:
    - Form 700 - Participant Application for Pension Benefits

- Form 720 – Application for Lump Sum Payment
- Form 703 – Application for Elective Lump-Sum Payment
- Form 705 – Beneficiary Application for Pension Benefits
- Form 706 – Beneficiary Application for Pension Benefits – Optional Forms

**Note** Prior to the 8/99 implementation of new participant forms (using 700 series numbers), core documentation required a PBGC General Information Sheet (or Non-Retiree Information Request, Form 548), in lieu of the GIF, and a PBGC Application for Benefits (could be: Participant Application for Benefits, Form 186; Beneficiary Application for Benefits, Form 188; or Alternate Payee Application for Benefits, Form 189A) in lieu of Form 700. Core documentation also included proof of spousal election to waive J & S annuity when applicable (Marital Status and J & S Waiver – Form 457). As of 8/99, the J & S information is included in the Form 700.

3 Individual participant data, necessary for the calculation of the participant's benefit, is captured during the participant data gathering stage of the participant data audit process. At that time, data is abstracted from source documents and recorded into a database. The database is verified by selecting a representative sample of the participant population. Source documents for the sample are copied and become a part of the participant data audit.

4 Other source documents may be added to the participant records to document transactions between the PBGC and the participant. They are listed below:

**Document References (as applicable)**

Other Source Documents

- Actuarial Services Division (ASD) spreadsheet or actuary's individual calculation sheet
- Plan Joint and Survivor Annuity (J&S) factors table and Pre-retirement Survivor Annuity (PSA) reduction factor table
- Plan early retirement factor table
- ASD close-out memo; case officer memo; OGC decisions; Appeals Board decision; and any other PBGC documents which discuss the plan, rather than individual participants

**Prior Plan Administrator Documents**

- Pre-Date of Plan Termination (DOPT) election
- Work history record
- Salary history record (if received from the PPA)
- Employee contribution data
- SSA work history
- Other - (in order) correspondence, calculations, payment documents

**Benefit Calculation Documents**

- Benefit statement or data sheet
- Benefit calculation sheet
- Interest/recoupment calculation sheet
- PBGC Application for Benefits
- J&S waiver/retro J&S election

- PSA election
- Election for the return of employee contributions
- SSA Work History (if received from the participant or PBGC)
- Other benefit calculation data

**Proof Documents**

- Proof of age - participant
- Proof of age - beneficiary
- Marriage license; final divorce decree
- Death certificate - participant
- Death certificate - beneficiary
- Participant information sheets/Data Verification Form
- Power of attorney
- Affidavits
- Locator documents
- Changes of designated beneficiary
- Other proof documents

**Benefit Payment Documents**

***Types of documents which might be present:***

- Address change request form
- Authorizations to pay - memos/forms
- CARF, Form 478
- Data entry form
- Deceased processing form
- Direct deposit form
- Memos related to payee verification and outstanding checks
- Participant Payment Report
- PLUS / PRISM printouts
- Refund check
- Returned benefit check(s)
- Tax election; withholding forms
- Variance resolution form

**Other transactions/documents within the benefit payment system**

Correspondence (all are arranged chronologically, regardless of document type)

***Types of correspondence which might be present:***

- Appeal Board decision letter
- Benefit Dtermiation Letter(BDL) or Trusteeship Letter

- Incoming and outgoing correspondence
- Phone logs/Action sheet, printouts of electronic mail messages
- Return to Sender envelopes and mail

**QDRO Documents**

***Types of QDRO documents which might be present:***

- QDROs, Draft DROs, California Joinders, Checklist for Reviewing a DRO, QDRO Benefits Worksheet, Court orders, subpoenas, judgments
- OGC opinions and correspondence
- Correspondence to or from the Participant or Alternate Payee
- Correspondence with the attorneys for the Participant or Alternate Payee

**SID (SIG) Documents**

| | |
|---|---|
| **Note** | Only plans which are part of the court settlement will have a SID section) |

**Cross References**

Files are cross-referenced to show the relationship between a participant and spouse, or beneficiary (ies) or alternate payee(s).

# TP 16.4 Forms, Letters, Memos, etc.

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Barcode Request Form***
Barcreq.doc

***Cross Reference Sheet***
(quick reference for all beneficiaries of a participant)
Crossref.doc

***IPS Plan and Participant File Correction Form***
Ips-chg.doc

***List of DMC Representatives for Each TPD***
(to get bar-coded participant folders for a plan)
Replist.doc

# TP 17. Refer Policy or Processing Questions

TP 17. Overview

TP 17.1 Answer Policy & Processing Questions

Forms, Letters, Memos, etc.

**Refer Policy or Processing Question**

## TP 17. Overview

**07/31/98**

There will be times when there is a question concerning case processing that stops the processing of the case. The question may have to do with interpretation of a procedure, a general policy, or a specific aspect of the plan.

**The first step to find the answer is researching the topic.** All of the online manuals (IOD Procedures Manual, PBGC Operating Policy Manual, Actuarial Technical Manual, etc.) offer two different kinds of search capability on the Button Bar. The first, **Index,** allows you to enter or pick pre-selected keywords and jump to the topics they relate to. The second, **Find**, gives you the flexibility to search for almost any word(s) and/or phrase(s) you chose. Remember that your key/search word choice is critical to getting the desired results. If your original search does not yield the results you want, try different, but related, key/search words.

**If the research is unsuccessful**, the next step might be to pose the question to a knowledgeable person in the same discipline within the same, or a different, division. However, since there have been many changes in procedures, what has been done in the past may no longer be correct. Rather than asking a co-worker, ask a supervisor, Team leader, or the Division Manager. If that person is unsure of the answer, it is incumbent on him or her to continue to pursue the question.

**Processing and technical questions** should go to the Technical Advisors Group (TAG). This is a group of selected senior people representing the various disciplines and tasked with answering questions and making recommendations for changes in procedures and policy. The TAG meets on a regular basis to discuss questions brought to them by Division Managers and others. They give the answers back to the person who asked and disseminate the questions/answers to all Division Managers. If any member of the TAG feels that there is a policy question involved, the TAG passes their answer and recommendations to the Operations Policy and Support Services (OPSS) Manager for consideration. After reviewing the TAG inputs, the OPSS Manager determines and disseminates a final answer.

**For questions of general policy**, the best source of answers will be OPSS. To learn if your inquiry relates to a pending policy item in OPSS, consult their Policy Inventory maintained in the Town Hall Bulletin Board. OPSS is IOD's policy maker and liaison with the Corporate Policy and Research Department (CPRD). Division Managers may want to take any policy questions directly to OPSS.

Technical Procedures

**Refer Policy or Processing Question**

## TP 17.1 Answer Policy and Processing Questions

**05/31/96**

Action Steps

| | |
|---|---|
| **Purpose** | Provide answers to policy and procedures questions. |
| **Time Reporting (BMPRS)** | Case Related Policy Analysis<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | A question, general or specific, which cannot be answered by the supervisor or Division Manager. |
| **Output and Recipient** | An answer, explanation, interpretation, clarification, statement of policy, and/or change in procedures. |
| **Control Issues** | Any question which relates in any way to policy must be referred to OPSS. If the TAG reviews the policy question, any answer or recommendation must go through OPSS prior to dissemination. |
| **Important Concepts** | There is room for interpretation and clarification in almost any set of procedures and/or policies. This procedure provides a means of review and dissemination of answers whenever questions arise. |
| **Guidance** | N/A |
| **Procedure Owner** | Division Managers, TAG, OPSS, all IOD employees |

**Click Here for More Information...**

TP 17.1 Action Steps: Answer Policy and Processing Questions

Technical Procedures

Refer Policy or Processing Question

# TP 17.1 Action Steps: Answer Policy and Processing Questions

05/31/96

Individuals

Supervisors and Managers

Technical Advisors Group

**Refer Policy or Processing Question**

## TP 17.1 Individuals 09/04/98

## Action Steps: Answer Policy and Processing Questions

1 Depending on the topic, conduct research through PBGC's online IOD Procedures Manual, Operating Policy Manual and Bulletins, ERISA, IRC, related regulations, IOD and/or PBGC directives and delegations of authority. Much of this information is available in IOD in an electronic form in addition to paper. PBGC Directives are available in hard copy throughout the corporation. Delegations and re-delegations of authority are maintained by FASD. (See Directive GA 05-5) Some, like the online IOD Procedures Manual, are solely electronic.

For the online information, use the search capability available within each manual. Most have a global, or full text search feature which allows queries by ANY word or combination of words. Note that this is not content sensitive, meaning it will simply provide a mechanical listing of every time the word is used in the text. (**Remember**, Find on the button bar is the full text search tool in this manual.) Understanding how to use full text search will assist in narrowing the search for effective results. Use the table of contents provided with each manual to narrow the topic.

ERISA, IRC and PBGC, IRS and Labor regulations are available in hard copy throughout IOD, and are also available in the OGC library. More complete information may be found in the pension services which are subscribed to by IOD and the OGC library. Several electronic pension services make ERISA, IRC and the regulations available electronically. These pension services also include a search feature which allows the user to quickly access the correct topic. IOD's current electronic service is "Pension and Benefit Expert" which is available on the LAN under the icon of the same name. View the *Pension and Benefit Expert Information (Penbenex.doc.)* for more information.

The OGC library (3rd floor) is available for all agency personnel and library staff is available for assistance. The OGC library also subscribes to several hard copy pension services (usually a 7-10 volume series) which contain ERISA, IRC, regulations, miscellaneous rulings (revenue procedures, notices, opinion letters, analysis of ERISA issues), which may also be useful for research. These services typically provide a detailed index. The OGC library's catalogue has been converted to an electronic format and is available at the Library's computer workstations.

2 If the research is unsuccessful or the results ambiguous take the question to a Supervisor, Team Leader, or Division Manager. Let them know what research you have already conducted and the results.

**Refer Policy or Processing Question**

## TP 17.1 Supervisors and Managers 07/11/97

## Action Steps: Answer Policy and Processing Questions

1 Review research and results of the originator. Use all sources of information to find the answer to policy and procedures questions. This includes those listed in step 1 of the preceding topic. Also use any other written or verbal sources available.

2 If the research is unsuccessful or the results are ambiguous:

- Take policy questions to OPSS.
- Present procedural and other questions to a TAG member.

3 Provide feedback to the originator of the question.

**Refer Policy or Processing Question**

## TP 17.1 Technical Advisors Group 07/11/97

## Action Steps: Answer Policy and Processing Questions

1. Take all questions from Division Managers and present them to the other members of the TAG. Develop an agenda (formal or informal) for the meetings from questions which have been presented. Meetings should be held on a bi-weekly basis and more often, if required.
2. Research and develop answers or recommendations for implementation. This may be done individually or as a group. Recommendations must be the consensus of the group. If there are multiple recommendations and no consensus, present them as options.
3. If any member of the TAG feels that there is a policy question involved, forward the recommendation(s) to OPSS.
4. If there is no policy question involved, give the answer to the manager who presented it. If the answer is of general interest or applicability, distribute it to all Division Managers. When the TAG determines that a procedural change is needed, write up the recommendation and justification and forward it to OPSS and the Division Manager in charge of procedural development (TSD for online IOD Procedures Manual, ASD for Actuarial Technical Manual, OPSS for PBGC Operating Policy Manual, and TSD for support functions).
5. Keep a record of questions that arise and the answers/recommendations provided.

# TP 17.2 Forms, Letters, Memos, etc.

06/22/98

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Pension and Benefit Expert Information***

Penbenex.doc

# TP 18. Prepare Files for Shipment

TP 18 Overview

TP 18.1 Ship to FRC from DMC

TP 18.2 Ship to FRC from STCD

Forms, Letters, Memos, etc.

**Prepare Files for Shipment**

## TP 18. Overview

**06/29/2001**

Certain paper files are sent to the National Archives' Federal Records Center (FRC) Program for long term storage. In the Washington, DC area, these records are sent to the Washington National Federal Records Center (WNRC). Records include the files described below. Effective 3/01, participant files are no longer sent to the WNRC or other records centers nationwide. Specific procedures for inventorying, boxing, and shipping of records can be found in PBGC Directive: Records Management Program (IM 15).

IOD files are shipped from:

**Technical Service Division (TSD)**

- TSD's Document Management Center (DMC) periodically ships some closed plan files and other program related records, such as actuarial records and policy records, to the WNRC when PBGC expects that it has no further need for the paper record, the record is deemed archival, or there is a records schedule requiring a long storage period. The National Archives now has each agency and department's inventories of records stored at records centers. Agencies can review their inventories and request retrieval of specific records. See IOD's Records Management Staff (PSB) to identify first, whether a record is at the WNRC and second, to retrieve the record. The National Archives guarantees 24 hour turnaround in delivering records and has established account representatives to support agencies.

**Standard Termination Compliance Division (STCD)**

- STCD ships non-participant files (including trusted plan, reportable event, standard termination, Title IV coverage case files, and multi-employee case files) when PBGC has completed processing. The National Archives has each agency and department's inventories of records stored at records centers. Agencies can review their inventories and request retrieval of specific records. See STCD's Records Management Liaison to identify first, whether a record is at the WNRC; and second, to retrieve the record. The National Archives guarantees 24 hour turnaround in delivering records and has established account representatives to support agencies.

**Prepare Files for Shipment**

## TP 18.1 Ship to FRC from DMC (Document Management Center) 04/28/97

Action Steps

| | |
|---|---|
| **Purpose** | Ship participant records to the Federal Records Center for safekeeping. |
| **Time Reporting (BMPRS)** | Document Management Center<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Inactive participant benefit records no longer needed at PBGC. |
| **Output and Recipient** | Records boxed and shipped. |
| **Control Issues** | All participant records going to the FRC should go through the DMC for preparation and shipment. |
| **Important Concepts** | Participant records going to the FRC should only include those for which PBGC will have no foreseeable use because there will be no future stream of payments. This includes non-vested participants, participants who have received lump sums, and participants deceased over six months. In each case, there are no future stream of payments, appeals, or other on-going issues.<br>All participant files should be imaged prior to going to the FRC. |
| **Guidance** | PBGC Notice 93-1, Part: GA, Section 45-2, Date: 1/8/93 entitled PBGC Records Management Program Records Disposition Authority dated 11/13/86 and 3/6/84 |
| **Procedure Owner** | Document Management Center (DMC) |

### Click Here for More Information...

TP 18.1 Action Steps: Ship to FRC from DMC

**Prepare Files for Shipment**

## TP 18.1 Action Steps: 04/28/97
## Ship to FRC from DMC (Document Management Center)

1 The DMC receives records from the Divisions for shipment to the FRC (non-vested participants, participants who have received lump sums, and participants deceased over six months). When the File room Manager determines that there are enough participant files accumulated, begin processing the files for shipment by cataloging/inventorying the files on the database in the fileroom. Normally the files are shipped at the end of each calendar year, but may be shipped more frequently if the need arises or less often if there are few files to go.

2 The Division should verify that SSC has made all lump sum payments or that user defined data has been entered showing the participant is deceased. If the files are for non-vested participants, verify that they are in Pay 3000/PRISM as non-vested. Note that plans with a DOPT prior to 1/1/85, the non-vested participants are not in the system, nor will they be added.

3 Ensure that a BDL was mailed to each vested participant. Some non-vesteds may have received BDLs explaining they were non-vested and would not be receiving a benefit, but, in many cases, the non-vested participants will not have been sent BDLs.

4 Ensure that each participant file has been imaged by IPS.

5 When the DMC Manager determines that there are enough participant files accumulated, begin processing the files for shipment by cataloging/inventorying the files on the database in the DMC. Normally the files are shipped at the end of each calendar year but may be shipped more frequently if the need arises or less often if there are few files to go.

6 Box the files. Keep files from a single plan together and in alphabetic order.

7 Complete a Form SF-135, Records Center Request for Archives and return it to the FRC.

8 Update the DMC database with the index and location of the files from the SF-135.

9 Contact FRC to arrange for them to pick up prepared files.

**Prepare Files for Shipment**

## TP 18.2 Ship to FRC from STCD

**02/07/97**

Action Steps

| | |
|---|---|
| **Purpose** | Ship non-participant files to the Federal Records Center for safekeeping. |
| **Time Reporting (BMPRS)** | Document Management Center<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Records no longer needed at PBGC. |
| **Output and Recipient** | Records boxed and shipped. |
| **Control Issues** | STCD ships all non-participant files for IOD, including plans which were investigated by PPD but not terminated, plans which were terminated with sufficient assets for all benefit liabilities (standard terminations), and plans which requested a determination as to their coverage under PBGC's plan termination insurance provisions. |
| **Important Concepts** | Records going to the FRC should only include those for which PBGC will have no foreseeable use. |
| **Guidance** | PBGC Notice 93-1, Part: GA, Section 45-2, Date: 1/8/93 entitled PBGC Records Management Program Records Disposition Authority dated 11/13/86 and 3/6/84 |
| **Procedure Owner** | STCD Manager or designee (file clerk) |

## Click Here for More Information...

TP 18.2 Action Steps: Ship to FRC from STCD

## TP 18.2 Action Steps: Ship to FRC from STCD

02/07/97

1. Non-participant files may be forwarded to STCD from PPD or appropriate TPD, or may be files from STCD case processing activities.
2. When enough files have accumulated to justify a shipment, inventory the files, box them and prepare for shipment.
3. Enter accession and box number in CAS, which provides files' location at the FRC.
4. Complete a Form 135, Records Center Request for Archives, to be returned to FRC with files.
5. Contact FRC to arrange for them to pick up files.

**Prepare Files for Shipment**

## TP 18.3 Forms, Letters, Memos, etc.

09/04/98

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

**Form 135, Records Center Request for Archives**

# TP 19. Process Woodwork Person

TP 19. Overview

TP 19.1 Research Participant Entitlement Eligibility

Forms, Letters, Memos, etc.

**Process Woodwork Person**

## TP 19. Overview

**01/10/97**

A woodwork person can be defined as one who claims possible entitlement to a benefit from a particular plan who has not been included in the final valuation. They are so named because they seem to come from "out of the woodwork" unexpectedly. PBGC may become aware of a woodwork person during final valuation, but not include him or her in the final valuation because the necessary determination regarding the person's status (whether he or she is a participant and, if so, the entitlement to and amount of the benefit) cannot be completed until after final valuation. Valuation should not be delayed for the determination on the status of a woodwork person.

Many, if not most, people who contact PBGC to inquire about a possible benefit entitlement under a specific plan are not plan members or they are non-vested plan members. Generally PBGC's DOPT valuations include all participants. Use the procedures and questions here to uncover why an individual was not included in the DOPT valuation. Usually it is possible to explain non-entitlement based on the participant data and the provisions. Occasionally, though, there may be participants who are overlooked, usually because records were lost, illegible, or unavailable. If the TPD case team auditor knows that there are missing records, that information should be shared with the team so that they are aware of the potential for woodwork people.

Some woodwork persons contact PBGC with claims of possible entitlement from a plan which terminated and was not trusteed by PBGC, because it was determined or reported to be sufficient for either guaranteed benefits or benefit liabilities. PBGC may also learn of the existence of this type of woodwork person through the audit processes of STCD.

After learning that the participant exists, it is necessary to investigate whether the person is eligible for benefits. The procedures provide guidance on conducting such an investigation. The participant may be asked to provide information, including information about their employment history with the plan sponsor. Once the person is accepted as vested and eligible, PBGC must take all of the processing steps to begin benefit payments. The valuation and account master records have to be adjusted to reflect the change/addition of the participant.

## TP 19.1 Research Participant Entitlement Eligibility 05/18/2001

Action Steps

| | |
|---|---|
| **Purpose** | To determine if a person is a participant in the plan, vested, and entitled to benefits. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Inquiry from a person who may be a participant. |
| **Output and Recipient** | A decision on whether the person is entitled to benefits.<br>Notification of the participant as to his/her status.<br>Updates to PRISM.<br>Benefit payments, when due. |
| **Control Issues** | All claims must be validated with evidence which shows that the person was a participant in the plan and was vested. The primary proof for this is normally a salary history from SSA, or may be W-2's or other federal or state tax information, if available.<br>There should always be a written determination of the person's entitlement eligibility. It may be a BDL telling the person that there is no entitlement and why, or a BDL explaining that there is entitlement and what will happen next. |
| **Important Concepts** | Initial contact may be by letter, telephone, or in person. It frequently happens soon after BDLs go out. Former employees who do not receive BDLs may hear of PBGC from friends and decide to inquire about their benefit eligibility.<br>Even if the person was a long time employee, he or she may not have been a participant. For example, a salaried employee would not be eligible for the union hourly workers' plan. Other examples include: a person who terminated employment before the plan was in existence; or a person who terminated employment prior to being eligible for vested benefits. |
| **Applicable Guidance** | ATM II: Participant and Plan Data, Section C |
| **Procedure Owner** | PLS or FBA, Actuary |

## Click Here for More Information...

TP 19.1 Action Steps: Research Participant Entitlement Eligibility

**Process Woodwork Person**

## TP 19.1 Action Steps: 02/18/2005

## Research Participant Entitlement Eligibility

1 When an inquiry is made, get the following information from the person:

- Full name
- Address
- Telephone number
- SSN
- Date of birth (DOB)
- Company and plan name (as much information on the plan as possible, in case there is more than one plan)
- Date of hire
- Date of termination of employment (DOTE)
- Any breaks in service
- Salary information (W-2's), if applicable
- Type of work that the person did
- How the person heard about PBGC

2 **Explain to the person that you will have to research the plan and that you may have to contact them to get more information.** Explain that there will be an official determination made and that the person will get written notification of the decision.

3 **Review the Monthly Plan Listing.** Find the appropriate plan or plans.

4 **Research the PRISM data base.** Search under both the name and the SSN. Be sure to check variants of the name. For example, for the name Joseph Michael Woodworker, the possibilities might include, but would not be limited to:

| | | |
|---|---|---|
| Joseph Michael Woodworker | J. M. Woodworker | M. J. Woodworker |
| Michael Joseph Woodworker | Michael J. Woodworker | Mike Woodworker |
| Joseph M. Woodworker | Joe Woodworker | Joe M. Woodworker |

5 **If a variant of the name is there, check to see if it might be the person who inquired.** Double check the SSN and any other pertinent information.

6 Review the plan file (IPS).

- Check the names on the ASD spreadsheets, if final.
- Research the plan provisions and vesting requirements. Ensure that the plan is the one which was in effect when the person terminated employment; later versions would not apply.
- Check the applicable dates. For example, was the plan effective during the time of employment?

- Check the types of employees who were covered by the plan.
- Check all related plans

7 Create a PRISM record for the person. Code as a woodwork person and as status code A.

8 Make an initial determination of the person's status.

- If it can be determined at this time that the person is not entitled to benefits, prepare a memo for record of the justification and place it in the file. Prepare and send a BDL denying entitlement.
  - If the person was a plan participant, but not vested and, therefore, not entitled to benefits, use the Non-vested Letter, PRISM ALG 416.
  - If the person was never a plan participant, send the non-member BDL, ALGS 421.
  - No further action is necessary.
- If it cannot be determined why the individual did not appear as a participant on the DOPT valuation, send a Plan Participation Information Request Letter (PCM 511). The attached forms should include:
  - Authorization to Obtain Earnings Data from the SSA, Form 581
  - Form 709 – Plan Participation Information

9 **Review returned documents for completeness.** Acknowledge receipt, using the Acknowledgment Letter (ALGS 530). If there are incomplete answers, ask for more information by writing what is needed in the 'message' area.

10 **If it still cannot be determined from a review of the completed Form 709 – Plan Participant Information and other information whether the person is or is not entitled to benefits, review the 709 and determine if the person's date of hire and termination meet the plan's service requirement. If they do, request employment and earnings data from the SSA.** See TP 26: Request SSA Data

11 **When returned, review the SSA Employment and Earnings Data.** If it appears that the person is entitled to benefits, meet with the rest of the case team and present the facts to them. Once the team reaches consensus, prepare a final memo for record.

**Note** SSA will only provide earnings information up to the Taxable Wage Base for a year.

If a participant claims earnings were in excess of that amount, look for supporting documentation such as W-2's or other federal or state tax records. If no further documentation can be provided, consult with the actuary on how to proceed. Multiplying the first quarter's earnings by 4, and using the product as the annual amount may be appropriate. The Actuarial Technical Manual provides some guidance on estimating salaries when no data is available (see Chapter 11.C).

12 Do one of the following depending on the status of the plan:

- **Estimated:**
  - Advise the plan auditor to add the participant to the participant database. Forward relevant participant data to the auditor. If more information is needed from the participant, see Process 9.13 Notify Participants.
  - Change to the correct type and status in PRISM Customer.
  - If it appears that the participant may be eligible for an immediate benefit, ask the plan Actuary to calculate the benefit and provide a benefit statement.
  - If eligible, advise the participant and send a BAP, using an ALGS 200 series letter.

- **Final:**
  - Ask the plan Actuary to calculate the benefit and provide a benefit statement.
  - Update PRISM with the present value(PV) using PRISM Val/IDL.
  - Change to the correct type and status in PRISM Customer.
  - Send the appropriate BDL (ALGS 400 series).

**Process Woodwork Person**

## TP 19.2 Forms, Letters, Memos, etc.

**09/26/2000**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

**Acknowledgment Letter - PRISM ALGS 530**

**Form SSA-581 - Authorization to Obtain Earnings Data from the SSA**

**BDL, Nonmember (PRISM ALGS 421)**

**BDL, Nonvested (PRISM ALGS 416)**

**Form 709 - Plan Participation Information**

**Plan Participation Information Request Letter (PRISM ALG 511)**

# TP 20. Put New Payee in Pay Status

TP 20. Overview

TP 20.1 Receipt and Review of Benefit Application Package (BAP)

TP 20.2 Request Information Missing from Benefit Application Package (BAP)

TP 20.3 Put in Pay Status

Forms, Letters, Memos, etc.

# Put New Payee in Pay Status

## TP 20. Overview

02/18/2005

Payees are put into pay status by PBGC in groups or individually.

**Groups of participants:**

- When the Director of IOD or the Executive Director of PBGC authorizes paying participants prior to trusteeship.
- At Plan Assumption, following trusteeship IOD assumes responsibility for payment of all retirees currently in pay status.

This technical procedure does not cover moving an entire group into pay status. See Process 9: Plan Assumption for actions required for the above situations.

**Individuals:**

- Upon becoming eligible for benefit payments, whether the plan's valuation is not yet complete (estimated plan) or the valuation is complete (final plan).
- Upon the death of a participant, an eligible survivor or beneficiary is put in pay status once entitlement is determined. (The survivor or beneficiary may also be eligible for a retroactive payment of benefits that were payable to the participant, but not made prior to death.) See TP 05: Process Deaths.
- Upon receipt of a completed application for benefits from an eligible alternate payee, see TP 13.3: Make QDRO Payments.
- Upon determination that a woodwork person is eligible for benefits.

**All new payees:**

When processing an individual payee under any of these circumstances, a complete and accurate benefit application (Form 700- Application for Pension Benefits or 720 - Application for Lump-Sum Payment) is required. However, an application may not be needed to pay a lump sum that is less than $200. To help ensure that the annuity applications are accurately and quickly completed, IOD staff makes follow up telephone contact to verify receipt and offer assistance within one to two weeks (7 - 14 days) after mailing. The Customer Contact Center often mails applications out; however, the phone POC (TPD or FBA) makes the follow up phone contact. The CSR establishes a CCN record with "action required" that notifies the case team that the annuity benefit application (Form 700) was sent.

| Note | A follow up phone call is not required when a Form 720 – Application for Lump Sum Payment is sent. |
|---|---|

When processing a participant for payment, ensure that the person is eligible, all participant forms and associated information are complete and correct and that participant and spouse (as applicable) have signed the forms within the appropriate timeframes. For benefit applications received on or after March 6, 2000, the maximum guaranteeable benefit is adjusted upward for a participant whose age is greater than 65 at the later of retirement date or DOPT. The late retirement factors available from the Actuarial Technical Manual are used to adjust the maximum guaranteeable benefit upward. Effective for March 2002 payments, all interest calculations are completed by PBGC and may no longer be requested from SSC.

Verify the calculations are correct, and then prepare the transaction on PRISM and forward it for authorization. If back payments are owed and a special check must be prepared, the annuity record

must be prepared before the special check transaction is prepared. The authorizer authorizes a special check at the same time as the annuity payment. See TP 28: Authorize Financial & Non-Financial Transactions through PRISM.

Once the authorization is done, provide confirmation to the customer of the expected benefit payment amount and date. The confirmation may be in writing (ALGS 300 or 500 series as appropriate) or by phone call, documented to CCN.

Procedures for a surviving spouse or estate are essentially the same.

**Large Back Payments:** If a customer entitled to an annuity is also entitled to a back payment that becomes a large back payment, there are some different steps. We provide the participant with a Form 720 - Application for Lump-Sum Payment, and the accompanying Special Tax Notice. The participant elects their payment method (direct, rollover or partial rollover) by completing the application, and the payment is processed as a Lump Sum in PRISM. (All other back payments are processed as Special Payments.)

**QDRO Payments:** See TP 13: Domestic Relations Order Handbook.

**Woodworks:** If the woodwork person is determined to be a participant entitled to a benefit in a trusteed plan, the participant is sent a benefit application and processed like other participants in that plan. If a woodwork person is determined to be due benefits based on participation in a plan that was not trusteed by PBGC (this determination is made by STCD), information and documentation regarding the participant and benefit eligibility is forwarded to TSD. TSD processes the participant in this non-trusteed plan. See TP 19: Process Woodwork Person for more information.

**Put New Payee in Pay Status**

## TP 20.1 Receipt and Review of Benefit Application Package (BAP) 03/19/2004

Action Steps

| | |
|---|---|
| **Purpose** | To ensure a Benefit Application Package (BAP) is complete and accurate, and all forms have timely signatures. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required input and Source** | Report from PRISM Forecaster listing customers entitled to go into pay status within three months.<br>Participant request to go into pay status. |
| **Process Output and Recipient** | Benefit Application Package completed accurately by customer provided to PBGC. Completed PRISM Customer, Forms and Valuation updated. |
| **Control Issues** | • All forms must be complete and correct with timely signatures. Signatures on application form (Form 700) generally must be within 90 days of the annuity starting date for annuity payments. If the participant did not date the application, use the DMC receipt date. For details on acceptable signatures, see Appendix J: Participant Forms Information.<br>• If a lump sum or annuity application is originally incomplete, the application must be completed within 6 months of PBGC's written notice that the application must be completed.<br>• Most PBGC pension payments must be paid through EDD; therefore, direct deposit information is requested on Form 700 - Application for Pension Benefits. |
| **Important Concepts** | • Promptly process BAPs as high priority immediately upon receipt. Customers are advised to expect first payment within 90 days of receipt of a completed application, however, our goal is to pay customers within 60 days of receipt of a completed benefit application package or the annuity starting date if later. (Remain aware of cut-off dates.)<br>• If processing delays occur, an application may still be processed if the first payment date will occur more than 90 days after receipt of the completed application. Staff should first contact the payee to confirm that their information has not changed.<br>• The completion date entered into PRISM Forms is the date a complete benefit application package was received by PBGC, or an incomplete application was made complete.<br>• Participant benefit applications and related forms are processed as mail (imaged to the participant file (IPS) upon receipt at PBGC, with notice provided through ScoRe). See also TP 10: Respond to Correspondence.<br>• PRISM Forecaster replaces the monthly status report in use in IOD prior to the implementation of PRISM. |

- PBGC pays lump sums of $200 or less (including interest) without a benefit application if participant data are reliable (see IOD Policy Bulletin 99-6: Payment of Very Small Benefits). If participant data are questionable, request a signed lump sum application before making the payment. Note: Federal tax is not withheld on these payments.

**Guidance**

Check Schedule Key Dates

PBGC Operating Policy Manual 5.4-6: Annuity Options for Lump Sum Benefits

PBGC Operating Policy Manual 8.5-1: Signature by Mark

IOD Policy Bulletin 99-6: Payment of Very Small Benefits

**Procedure Owner**

PLS, PBA, FBA

## Click Here for More Information...

TP 20.1 Action Steps: Receipt and Review of Benefit Application Package (BAP)

## TP 20.1 Action Steps: 03/19/2004
## Receipt and Review of Benefit Application Package (BAP)

1 Receive notification that a participant is ready to begin receiving benefits. This could come from a letter or telephone call from the participant, or from a report run through PRISM Forecaster.

2 If notified directly by the participant, verify that the participant is entitled to benefits from the plan and eligible for retirement. Review PRISM and IPS to see if there is a record for the participant.

- If not entitled or unable to verify, prepare and send the Plan Participation Information Request Letter (PRISM ALGS 511) to the person and wait for response. Do not continue this procedure. See Technical Procedure 19: Process Woodwork Person and follow that procedure.
- If entitled and eligible for commencement of benefits, review the participant file (IPS) to determine whether there is a Benefit Application Package (BAP) in the file.
- If covered, but not eligible for commencement of benefits yet, contact the participant and explain that he or she is not yet eligible to receive benefits. (Refer to the Benefit Determination Letter or any other letters previously sent to the participant explaining the date payments may commence.) Explain when he or she will first be eligible and what to do at that time to ensure that benefit payments start. Direct the participant to call the Customer Contact Center to request a Benefit Application Package (BAP) or write PBGC a letter. If contact with the participant is by phone, follow up with a letter and ensure it is imaged to the participant's file (IPS). Do not continue with this procedure.

3 If a benefit application is not found in IPS, prepare and send a Benefit Application Package using the appropriate PRISM ALGS letter. If sending an annuity application (Form 700), make a follow up telephone call within one to two weeks of mailing the BAP to the customer, confirming receipt of the application and offering assistance.

**Note** Processing staff use their own participant tracking methods to ensure timely completion of this task. Options include establishing tasks in MS Outlook with the appropriate deadlines, or developing participant spreadsheets to track steps.

5 Verify that the BAP has an acceptable signature (see Appendix J: Participant Forms Information), and that the form(s) and related information are all complete and correct. Guidelines include

| Participant Information Requested | Processing Notes |
|---|---|
| J&S Waiver | • Notarized spousal consent is required if the participant elects not to receive a J&S.<br>• The spousal and notary's signature dates must match.<br>• The spouse's signature generally must be within 90 days of the annuity starting date. |
| Proof of age for the participant | • Spouse's proof of age is needed only if the |

| | |
|---|---|
| and spouse (for J&S annuity) -2- | participant chose a J&S annuity.<br>• Participant's proof of age always needed. (see Appendix G: Acceptable Proofs of Age) |
| Marriage Certificate -2- | • Only needed if participant is married. |
| EDD election | • If EDD information is not completed, take follow up action with the participant.<br>• A telephone call following up on the missing information, documented to CCN, or an Acknowledgement Letter 530, indicating the missing information is needed.<br>• Do not delay processing the participant's application for EDD information. |
| Tax withholding information | • Apply default withholding (married individual claiming three withholding exemptions) if tax withholding information is missing.<br>• Do not delay processing the participant's application if tax withholding information is missing or incomplete. |
| Signature(s) | • For annuity benefits, the participant and spouse's signature generally must be within 90 days of the annuity starting date. (Form 700)<br>• Lump sum and annuity applications originally received incomplete must be completed within 6 months of PBGC's written request for the missing information<br>• If the participant did not date the application, use the DMC receipt date. |

-1- If the annuity starting date is more that 90 days from the signature date on the application, the application may not be used unless a retroactive annuity starting date is granted under Policy 5.2-4. (If a J&S is being waived, the spouse's signature must also be within 90 days of the annuity starting date.) If a retroactive annuity starting date is not granted, send a new annuity application to the participant and explain why the original application cannot be processed.

-2- Photocopies of source documents are acceptable. Original source documents are no longer required, however, PBGC reserves the right to request an original if there is doubt about the integrity of the document. Whenever PBGC receives originals, they must be returned to the participant..

6 Confirm that all required information is received before processing the payment:

- If any information other than tax-withholding or EDD is missing or incomplete, do not process the participant into pay status until this information is received. Contact the participant by phone and follow up with the ALG 530 - Acknowledgment Letter. Specify the missing information and advise the participant that it should be provided as soon as

possible.

- If the participant does not provide the missing information within six months from the date of PBGC's written request, the application becomes stale-dated and may not be processed. Send the participant a new benefit application package and advise that it must be completed before the benefit can be paid.

**7** If the benefit application package is completed correctly and signatures are timely, prepare and send an ALG 531 – Complete Application Acknowledgement. Customize letter to advise about missing EDD or tax-withholding information in the letter, if applicable.

**Note** Customer Service Guidelines apply to all Acknowledgment Letters

**8** Review the participant file (IPS). Ensure that any special conditions, circumstances, or forms of benefits from the plan documents are documented in the participant file (IPS), if applicable. Also ensure that the ASD memo, ASD spreadsheet, and all applicable forms are present.

**9** Update PRISM Customer, PRISM Forms and PRISM Valuation with data obtained from BAP and ASD spreadsheet, if data are missing.

**10** Update PRISM Forms to record a communication that a BAP has been received.

**11** Enter the completion date in PRISM Forms under 'Update a Form' - Application for Benefits. The completion date is the date PBGC received ALL the information required to put the new payee into pay status, including completed forms and any required proof documents.

**12** Verify that all customer communications have been documented in IPS or CCN. See TP 31, Document Telephone Calls.

**Put New Payee in Pay Status**

## TP 20.2 Request Information Missing from Benefit Application Package (BAP)

**05/30/2003**

**Action Steps**

| | |
|---|---|
| **Purpose** | Request information missing from application for benefits. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>PBA Administer Benefits<br>FBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required input and Source** | Incomplete benefit application package. |
| **Process Output and Recipient** | Request to the applicant for missing/incomplete information. |
| **Control Issues** | Unlocatable Spouse (spousal consent required) - In all communications with the participant and spouse (written or verbal, documented in CCN), do not reveal any information about the other party. Insert instructions to this effect in the participant's and spouse's IPS file. |
| **Important Concepts** | **Timing**: Spouse's Response to PRISM ALGS 529, Advice to Spouse of Survivor Benefit – 30 days from date of letter. |
| **Guidance** | IOD Policy Bulletin 03-3 |
| **Procedure Owner** | PLS, PBA, FBA |

### Click Here for More Information...

TP: 20.2 Action Steps: Request Information Missing from Benefit Application Package (BAP)

**Put New Payee in Pay Status**

## TP 20.2 Action Steps: 05/30/2003

## Request Information Missing From Benefit Application Package (BAP)

Follow guidelines in the table below to request missing/incomplete information.

| If incomplete/incorrect information is -- | Do the following -- |
|---|---|
| **Spousal Consent** | |
| A married participant chose a form of benefit other than the plan's automatic form | Contact the participant by phone or send ALGS 530 to advise him/her that we cannot pay the requested form of benefit unless the spouse waives the survivor benefit. If the applicant simply missed the section, return only the relevant pages of the application (election and beneficiary sections) to be completed. |
| — If participant advises, he/she is legally separated from or abandoned by the spouse | Request a court order confirmation. If the participant does not provide a court order, put the participant into pay as a married participant. |
| — If the participant advises that the spouse cannot be located | Advise the participant that we will try to locate the spouse and request the spouse's SSN, DOB and maiden and married names. If the SSN is provided, search for the spouse using the on-line Participant Locator and other search tools, see TP 33: Locate Customer Address. Information retrieved from Participant Locator verifies if the SSN is correct, for example, name(s) and DOB associated with SSN.<br><br>If the participant cannot provide the requested information, treat the participant as married. |
| • If the SSN is incorrect | Contact the participant again and ask for the correct SSN. If a different SSN is provided, process once more through Participant Locator. |
| • If spouse cannot be located with verifiable SSN | Treat the participant as unmarried. On the other hand, if the SSN is unverifiable, treat the participant as married. |
| • If an address is obtained for the spouse | Prepare and send PRISM ALGS 529, Advice to Spouse of Survivor Benefit (includes waiver form). The letter tells the spouse that the participant applied for benefits and that he/she is entitled to a survivor benefit unless waived. The spouse is asked to respond within 30 days of the date of the letter. |
| • Advice to participant of the spouse's decision | If the spouse waives the benefit, the participant may choose any form of benefit. If the spouse does not waive the benefit, pay the participant the plan's automatic form of benefit for a married participant. |
| • If spouse's DOB is not | Treat the spouse as the same age as the participant to |

| | |
|---|---|
| available | calculate the participant's benefit. |
| **Federal Tax Withholding Election – periodic payments** | Customize and send ALGS 531. If the payee wishes to elect withholding, he/she will call the Customer Contact Center who will send ALGS 521 with Form 719, Election to Withhold FIT from Periodic Payments. |
| **Method of receiving payments - EDD** | Customize and send ALGS 531. The payee may call the Customer Contact Center with information to change the payment method to EDD. |
| **For all other missing information or proof documents** | Customize and send ALGS 530 to indicate the missing information. |

**Put New Payee in Pay Status**

## TP 20.3 Put in Pay Status

**03/19/2004**

Action Steps

| | |
|---|---|
| **Purpose** | To place an eligible participant, surviving spouse, beneficiary or alternate payee in pay status. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Completed BAP worksheet or Benefit Statement Recalculation System ( BSRS) recalculation system (RS) printout. For alternate payee, a QDRO. |
| **Process Output and Recipient** | New Payee into pay status with correct benefit amount, expected payment and date confirmed to customer by telephone call or in writing. |
| **Control Issues** | PRISM Forms screens must be complete. Incomplete data entry will result in rejection of transaction by SSC, even if authorized at PBGC. Particular attention may be required to ensure that the Periodic Election and EDD screens are completed correctly. |
| **Important Concepts** | PBGC pays interest on estimated lump sums from DOPT to the time of the estimated lump sum payment. PBGC pays participants due lump-sum amounts less than $200 (including interest) without a benefit application if participant data, including address, are reliable (see IOD Policy Bulletin 99-6: Payment of Very Small Benefits). Be aware that participants who received an estimated lump-sum distribution may be due a residual benefit amount at a later date. All interest calculations are completed by PBGC effective from March 2002 payments. Interest calculations may no longer be requested from SSC.<br><br>PBGC's policy to adjust the maximum guaranteeable benefit upward became effective for benefit applications received on or after March 6, 2000. The upward adjustment is for participants whose age is greater than 65 at the later of retirement date or DOPT. The late retirement table available from the Actuarial Technical Manual is used to adjust the maximum guaranteeable benefit upward. Verify benefit payments are authorized and then provide confirmation in advance to customer in writing or phone call of the expected date and of amount. |
| **Guidance** | ATM III: Benefit Calculations, Section F, 5. Late Retirement a) - PBGC Late Retirement Factors (Table)<br><br>IOD Policy Bulletin 00-6<br><br>IOD Policy Bulletin 00-3<br><br>IOD Policy Bulletin 99-6: Payment of Very Small Benefits<br><br>IOD Policy Bulletin 97-7<br><br>PRISM Training/Users Manual |
| **Procedure Owner** | PLS, PBA, FBA |

**Click Here for More Information...**

TP 20.3 Action Steps: Put in Pay Status

## TP 20.3 Action Steps: Put in Pay Status

01/19/2005

1 Input the required variables to the recalculation system (RS) or the worksheet formula. Take the variables from the participant information (probably the application) and from the participant's file (IPS). Incorporate other factors, such as early retirement, late retirement and J&S factors, as applicable. Perform the calculation and determine the benefit. (As appropriate refer to IOD Policy Bulletin 97-7 for guidance about payment of interest on late benefit payments.)

- Estimated benefits may be payable as a lump sum, if the present value of the benefit as of DOPT is $5,000 or less. Look at the present value of the benefit ($5,000 or less), not the amount of the resulting check which includes both the benefit and interest on the benefit to determine whether a lump sum may be paid. (See Process 19.4: Determine Overpayment/Underpayment for Lump-Sum.) A residual benefit amount may be due upon completion of the final valuation. IOD computes the residual annuity amount in accordance with PBGC's lump-sum assumptions and the ratio of the residual benefit to the total benefit.
- Add interest from DOPT to the date of payment to determine the estimated lump sum amount. If an estimated lump sum is payable to a participant, PBGC pays the estimated lump sum benefit (exclusive of the plan 4022(c) amount) with interest. The estimated lump-sum calculation, and the related interest factors, must be approved by the case team actuary, and documented to the participant file.
- If early retirement, use the RS to determine the new amount. If there is an annuity record on PRISM, the actual amount and payment dates will typically be different from the expected amount and date, which reflects normal retirement.

2 Create a payment record or transaction. Go to PRISM Benefits to update or create the benefit type. Determine whether the payment will be a lump sum or an annuity. Determine whether the annuity will be paid monthly or annually. If the monthly annuity is $50.00 or less, set up an annual payment. (PRISM permits annual payments effective the first of any month. Prior to PRISM's 11/97 implementation date, annual payments were made only in November of each year.)

- If there is an annuity record and the amount and dates are correct, forward the record for authorization. If the amount and/or dates do not match current information, make and save the change(s) and forward for authorization.
- If there is no annuity record, create an annuity record. Save the record in PRISM, then forward for authorization.
- If the benefit will be a lump sum, create a lump sum transaction, SAVE and forward for authorization.
- If paying a residual benefit amount, create another lump-sum payment or set up the annuity payment in PRISM Benefits, save the transaction and forward for authorization.

See TP 28: Authorize Financial & Non-Financial Transactions through PRISM.

**Note** Ensure the appeals period has expired before payment of a final lump sum benefit (except as otherwise provided by IOD PB 99-6: Payment of Very Small Benefits. A participant may not waive his or her right to appeal under §4003 to allow for earlier payment.

3 Document the calculation (RS printout or manual calculation worksheet) to the participant's file (IPS).

4 Determine if any back payments are due based on the participant's actual retirement date vs. expected retirement date. Use PACs to calculate payments and any applicable interest. If the new payee is a surviving spouse and the benefit is final, determine whether an overpayment occurred, and a recoupment may be necessary. See Technical Procedure 07: Recoup Overpayments.

5 If back payments are due, determine interest in accordance with IOD Policy Bulletin 97-7, and create a Special Check transaction using PRISM Benefits, or when processing a Large Back Payment, create a lump sum transaction in PRISM Benefits. (See also Process 19.3: Determine Net Overpayment/Underpayment for Annuities and Process 19.4: Determine Overpayment/Underpayment for Lump-Sums.).

6 After the benefit and all appropriate payments have been authorized, confirm the expected benefit payment amount and date in writing (ALGS 300 or 500 series), or by telephone documented to CCN. See TP 31.2 Document Outgoing Telephone Calls.

**Surviving Spouse, Beneficiary or Estate**

Note that the only difference in procedures for a surviving spouse or beneficiary is that there must be a recalculation to ensure that the benefit is correct for the circumstances. For a back payment check to a surviving spouse, beneficiary or an estate, see Technical Procedure 05.4: Determine Benefits Due Survivor, Beneficiary or Estate. There are rules governing to whom the check is made payable.

**Domestic Relations Order**

1 Refer to TP 13: Domestic Relations Order Handbook when an alternate payee submits a completed application for benefits.

2 After the benefit and any other payment due have been authorized, confirm the payment amount(s) and date(s) to the alternate payee and participant, if necessary, in writing or by telephone documented in CCN. See TP 31.2: Document Outgoing Telephone Calls.

## TP 20.4 Forms, Letters, Memos, etc.

05/30/2003

Note After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

**Acknowledgment Letter – PRISM ALGS 530**

**Advice to Spouse of Survivor Benefit – PRISM ALGS 529**

**Form 700 - Participant Application for Pension Benefits**

**Form 703 – Application for Elective Lump-Sum Payment**

**Form 705 – Beneficiary Application for Pension Benefits**

**Form 706 – Beneficiary Application for Pension Benefits – Optional Forms**

**Form 720 - Application for Lump-Sum Payment**

**Complete Application Acknowledgement - ALG 531**

**Plan Participation Information Request Letter (PRISM ALG 511)**

**PRISM ALGS - 200, 300 & 500 Series letters**

# TP 21. Change Benefit/Payment Amount

TP 21. Overview

TP 21.1 Identify Changes to Pay System

TP 21.2 Implement Change

 Forms, Letters, Memos, etc.

**Technical Procedures** **Browse Overviews:** 

**Change Benefit/Payment Amount**

## TP 21. Overview

**03/05/99**

This technical procedure outlines the processing associated with changes to a payee's total benefit and/or net payment, including the necessary revisions to PRISM. These changes may occur at anytime in response to a variety of situations. Changes to a payee's benefit and/or payment typically occur within the following broad categories:

- Changes In Total Benefit (Gross Amount )
- Changes To The Net Payment

**Change Benefit/Payment Amount**

## TP 21. Overview: 02/18/2005

## Changes in Total Benefit (Gross Amount)

Some changes to a payee's gross benefit may require opening an account for a new payee. Examples of instances that require the establishment of a new account include putting a surviving spouse or beneficiary into pay upon the death of a participant or an alternate payee into pay at the proper time. To open a second account, see TP 20: Put New Payee in Pay Status.

Change in a payee's gross benefit amount may occur at any time in response to any of the following situations:

- **Plan Assumption**

  When PBGC assumes payment responsibility for a plan (See Process 9: Plan Assumption), benefit payments for participants in pay status may be adjusted (cutback) to reflect estimated guaranteed benefits. This process is described in Process 10: Adjust Benefits.

- **Change in estimated benefit**

  PBGC does not usually change estimated benefits until it issues BDLs. However, if the error would increase the participant's benefit by $5 per month or more, the estimated benefit should be revised. (See IOD Policy Bulletin 96-1.)

- **Final amount in Benefit Dtermiation Letter differs from estimated benefit**

  | | |
  |---|---|
  | Annuity: | the benefit may be increased or decreased. |
  | Lump-sum: | PBGC pays a residual benefit amount (see IOD Policy Bulletin 00-6) or recovers an overpayment, see TP 06: Recover Overpayments. |

  The benefit adjustment, also called the 45-day change, is described in Process 19: Issue BDLs and Make Adjustments to Payments and is based on outputs from the Valuation Processes.

- **Benefit corrected following successful appeal**

  If a participant successfully appeals a BDL, any required change in the benefit is also an adjustment. Adjustments resulting from appeals are included in Process 20: Respond to Appeals Notices and PEAD Referrals.

- **Revised benefit based on error**

  A "final" benefit may be changed to correct an error identified by PBGC. PBGC does not change a benefit unless it documents and explains the error. Generally, any error discovered will be corrected in the first year after the BDL is final. After that, there are limits on changes. See PBGC Operating Policy Manual 5.8-1 and IOD Policy Bulletin 96-3 for further information on the issuance of revised Benefit Determination Letters.

- **Payments suspended when proper documentation not received timely**

  Benefits may be suspended if a current payee does not provide a completed application or other necessary documents. See Process 13.1: Verify Data from Returned Forms

- **Benefit change resulting from form of payment**

  A Participant is receiving a form of benefit payment that automatically requires that the benefit be adjusted upon a certain event or at a certain age. One example of this payment method is the Social Security Leveling Option. Participants may also have a benefit form that includes a temporary supplemental payment, once the period for the temporary supplement expires, the

benefit amount will have to be adjusted.

- **Benefit change resulting from QDRO**

  A participant's benefit may be reduced by the amount stipulated in the QDRO for the alternate payee, see TP 13: Domestic Relations Order Handbook.

- **Change in payment frequency**

  If a payee receiving an annual payment requests a change in their payment frequency to monthly, PBGC will make the change, provided the monthly benefit amount is at least $20.

# TP 21. Overview: Changes To The Net Payment 01/19/2005

There are also changes that affect the net payment but not the gross benefit. In some of these situations, the difference between the net payment and the gross benefit is accounted for in PRISM as a deduction that is assigned to another account or payee. Other types of situations involving a change in the net payment do not necessarily require entry of a deduction into PRISM. Changes to the net payment include:

- **QDRO the other words**

  A QDRO may specify payment to an alternate payee who is a dependent (child support). For this type of QDRO, a deduction is made from the participant's benefit, see TP 13.3: Make QDRO Payments.

- **Net Overpayment/ Recoupment**

  PBGC needs to recoup a net overpayment made to the payee (this change would usually happen at the same time as a downward adjustment to the gross benefit amount). For more details see Technical Procedure 7: Recoup Overpayment .

- **Change in tax withholding**

  A payee elects to change the withholding amount for Federal Income Tax.

- **Internal Revenue Service (IRS) tax levy**

  The IRS issues a tax levy on the participant's income. IRS tax levies are processed and implemented by State Street Corporation (SSC). If received by PBGC, the documents are forwarded to SSC. Change to a payee's benefit as a result of an IRS tax levy is implemented by changes to PLUS (made by SSC), rather than by changes to PRISM (made by IOD staff).

**Change Benefit/Payment Amount**

## TP 21.1 Identify Changes to Pay System

**01/19/2005**

Action Steps

| | |
|---|---|
| **Purpose** | Determine required changes to payee records in PRISM and the PRISM applications needed to effect the change in benefit payment or amounts. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Required Input and Source varies according to the necessary change and includes: QDRO – QDRO Benefits; Adjustment to Estimated Pay Amount - Adjustments to Guaranteed Benefits Memo; BDL - Adjust to Final Pay - Valuation Close Out Report; Appeal - PEAD decision; BDL Correction - Notice from actuary or PEAD; Non-response to a PBGC request for a completed application or other documents from a current payee; Death of a payee; Payee request to change payment frequency from an annual payment to a monthly payment. Notice of queued changes - PRISM Forecaster report (replaces status report). |
| **Output and Recipient** | Change(s) to PRISM Forms and/or PRISM Benefits, transmitted to paying agent (SSC). |
| **Control Issues** | Ensure correct pay source is used. For automatically queued changes associated with BDLs, verify that no appeal has been filed. If so, refer to Process 20: Respond to Appeals Notices and PEAD Referrals. IRS tax levy received directly from the IRS that indicates the levy is authorized to attach retirement benefits should be scanned to participant's file (IPS) and the original forwarded to SSC for implementation of the change through PLUS.<br>A spouse's consent may be required for a benefit reduction due to a court order, fiduciary breach or plan loan. Refer any such cases to OPSS. |
| **Important Concepts** | Familiarity with PRISM applications is necessary. |
| **Guidance** | PBGC Operating Policy Manual 6.7-1<br>Training/ Users Manual<br>IOD Policy Bulletin 03-3 |
| **Procedure Owner** | PLS, PBA, FBA |

## Click Here for More Information...

TP 21.1 Action Steps: Identify Changes to Pay System

# TP 21.1 Action Steps: Identify Changes to Pay System

01/19/2005

1 Review payee information to determine the type and effective dates of the needed change, confirm the payee is in pay status and to identify the current pay source:

- PRISM Benefits
- Participant file (IPS)
- CCN Records

2 In PRISM Benefits select Update a Benefit Payment and then select View Benefit Summary. Select the annuity screen and carefully review all benefit information. Verify that the appropriate pay source is available to implement the necessary change.

Note — If a payee's record has already used both estimated benefit pay sources [E1 and E2] and a new estimated pay source is needed, modifications must be made to the existing pay sources. The most recent estimated pay source should be moved to E1 so that the change to be made can be entered into E2. These modifications may not be made by a user, and an e-mail request for a revision should be the referred to the PRISM User Support Group [TSD].)

3 If implementing a change as a result of a QDRO, ensure that benefit payment stipulations in the QDRO are met, see TP 13: Domestic Relations Order Handbook.

4 If making changes as a result of a recoupment situation, use PACS to determine the amount to recoup and recoupment end date. Follow instructions of TP 7: Recoup Overpayment to determine for recoupment deductions.

## TP 21.2 Action Steps: Implement Change

01/19/2005

1 Upon receipt of a properly documented change in benefit amount and determination of the type of change, enter the new amount and payment dates in the next available pay source. Ensure the correct pay source is used.

2 Take appropriate action in PRISM Benefits to implement change:

- For changes as a result of a QDRO, see TP 13: Domestic Relations Order Handbook.
- For changes in federal tax withholding, for which PBGC has received notice from the participant, enter the new information in PRISM Forms and complete a new Periodic Election Form. (This is an example of a change to payments that **does not** require entry to PRISM Benefits.)
- For IRS levies, have the form scanned in the participant's file, and forward the **original** to SSC for processing, using the *IRS Levy Transmittal (Irslevy.doc)*. (The IRS Levy deduction field in PRISM **is not** used). PBGC does not notify the participant prior to the change in benefit amount because the IRS notification to the taxpayer is considered sufficient notice. IRS levies include a statement that the levy does not permit the attachment of retirement type funds, (which includes pension benefits paid by PBGC) unless the IRS indicates a specific authorization by checking a box and providing an additional signature on the levy. This box must be checked and the signature must be provided for PBGC to honor the levy. If the levy does not have this authorization, contact the IRS immediately to get a levy that indicates that PBGC may honor it or have it retracted. (NOTE: THE benefit must be in pay status before the levy can be honored. See PBGC Operating Policy Manual 6.6-2.) No modifications to PRISM are required, SSC makes (manual entry) changes to PLUS to implement an IRS Levy.
- To change an annual payment to a monthly payment in response to a participant's request, change the frequency code in PRISM Benefits to reflect monthly payments (frequency code - 40) and use the next pay source with the correct monthly amount and BEGIN and END dates.
- To suspend a benefit if a participant does not complete and return Form 701 – Payee Information Form (PIF) within 90 days, change the status field in PRISM Benefits to "suspended pay" (status code - 2).

3 If a change was made to PRISM Benefits, forward the record for authorization. See TP 28: Authorize Financial & Non-Financial Transactions through PRISM.

## TP 21.3 Forms, Letters, Memos, etc.

**09/22/99**

Note After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Form 719 - Election to Withold Federal Income Tax from Periodic Payments***

***IRS Levy Transmittal***
Irslevy.doc

# TP 22. Secure Records

TP 22. Overview

TP 22.1 Secure Records

Forms, Letters, Memos, etc.

## TP 22. Overview

**05/31/96**

Use this procedure *only* when it has been determined that records are in danger of being lost, disposed of, or destroyed. Often, this will come in the form of a call from an outside contact, such as a participant, or the plan administrator notifying PBGC that the company is abandoning the plan. A common scenario is when management of the building where records are stored is evicting the tenant who is custodian of the records or auctioning the bankrupt company's office furniture in an effort to recover back rent or other debt owed.

It may be necessary to secure records before *or* after trusteeship. When occurring before trusteeship, PPD makes a task referral to a TPD and the divisions work together to secure the records. When occurring after trusteeship, the TPD secures the records alone.

Technical Procedure

**Secure Records**

## TP 22.1 Secure Records

**05/31/96**

Action Steps

| | |
|---|---|
| **Purpose** | Protect plan and participant records to ensure that required records are not lost or destroyed. |
| **Time Reporting (BMPRS)** | PPD Processing<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Location of records, contact person |
| **Output and Recipient** | Secured records |
| **Control Issues** | Monitor status of security of records (verify periodically) |
| **Important Concepts** | PPD attempts to arrange for records to be secured by the plan administrator or bankruptcy trustee. If loss of records is imminent, PPD (if prior to termination) and TPD will attempt to secure them. In emergency cases, work closely with the TPD manager, any regional FBA that might be of assistance, and PPD. |
| **Guidance** | ERISA 4003 grants PBGC the right to investigate defined pension plans and subpoena necessary materials. |
| **Procedure Owner** | TPD auditor and division manager. If the case is still in PPD, the TPD auditor works with the person in PPD assigned to the case. |

## Click Here for More Information...

TP 22.1 Action Steps: Secure Records

## TP 22.1 Action Steps: Secure Records

05/31/96

1 Call the plan sponsor/administrator or bankruptcy trustee to establish location(s) of records. For small numbers of records, arrange for them to be shipped to PBGC.

2 Explain the importance of the records, and request that they be safeguarded. Suggest a time frame within which PBGC will obtain copies of the records. It may be necessary to take an emergency field trip, have a regional FBA make an emergency field trip, or to have the plan administrator store records in a warehouse at PBGC's expense. Coordinate all emergency field trips with the TPD manager.

- If making an emergency field trip, follow Procedure 11.3 Conduct Preliminary Field Audit.
- If having a regional FBA secure the records, establish contact between the FBA and the plan administrator or other custodian of the records and explain that the FBA is acting as PBGC's representative in securing the records.
- If arranging to have records stored at PBGC expense, contact the plan administrator to arrange movement of records to a storage facility. Obtain information about the location and phone/fax numbers of the storage facility and establish contact with the facility's administrator. Send a follow-up letter documenting the conversation and put a copy of the letter in the plan file. If arranging storage requires making a field trip, follow Procedure 11.3 Conduct Preliminary Field Audit. If possible, avoid using storage completely by doing the field audit at once.

3 Depending on the number of participants in the plan, it may be possible to bring the secured records back to PBGC or the FBA office at least temporarily. If the volume of records is large enough that space will be a problem, arrange for storage at a storage rental facility near the current location of the records. When selecting a site, keep in mind that the place where records are located may also be the place where those building the database will have to work.

Browse Documents: 

## TP 22.2 Forms, Letters, Memos, etc.

05/31/96

Note After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

**None**

# TP 23. Coordinate Large Cases

TP 23. Overview

TP 23.1 Coordinate & Process Large Cases

Forms, Letters, Memos, etc.

## TP 23. Overview

**11/16/99**

A Large Case is defined as a plan or group of plans with 1000 participants or $5 million or more of UBL . The cases may come from either PPD or CFND, depending on the amount of the UBLs. Once it is certain that the case will be recommended for termination and trusteeship, the PPD Manager or CFND Department Director will notify the Large Case Coordinator in writing and recommend that a Large Case Working Group (LCWG) be formed.

The LCWG is an interdepartmental working group. Its membership includes the Large Case Coordinator and representatives from PPD or CFND, OGC, CPAD, FOD/Treasury Division (FOD/TD), FOD Controller Operations Division, Investment Accounting Branch (FOD/COD/IAB), and the assigned TPD case team. Anyone else with specific skills or knowledge may be invited. The LCWG seeks to identify legal and policy issues up front and to seek resolution early in the processing cycle. Another separate, but very important function of the LCWG is to keep the Office of the Executive Director informed on the status of the case. The Large Case Coordinator serves as the Chair of the LCWG. Large Cases will have a FBA and an actuarial contractor assigned.

The LCWG meets on a regular basis to discuss the case and actions relating to it. These meetings begin prior to the case going to the Trusteeship Working Group (TWG) and continue, as needed, until the plan is closed. The LCWG tries to anticipate any problems and move to prevent or solve those problems before they affect the case. By focusing on the problematic plan issues early, it is possible to speed up the processing, thus providing better information for PBGC's financial statements, as well as improved customer service to a large number of participants.

IOD has committed to holding on-site meetings with participants on all Large Cases. The meetings are held where there is a large concentration of the plan's participants (see Technical Procedure 14: Hold Participant Meeting). The Participant Meetings are planned, directed and presented by the Large Case Coordinator, the TPD case team, and the FBA assigned to the case.

**Coordinate Large Cases**

## TP 23.1 Coordinate and Process Large Cases 11/16/99

Action Steps

| | |
|---|---|
| **Purpose** | To ensure that large cases are given the priority and resources needed. |
| **Time Reporting (BMPRS)** | [See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Identification of a plan or family of related plans that meet the Large Case definition (1000 participants or $5 million or more UBL).<br>Decision that there will be a recommendation to the TWG for PBGC to terminate and trustee the plan(s). |
| **Output and Recipient** | Formation of the LCWG.<br>Coordination and cooperation between all departments involved with the case.<br>Priority for resources assigned to the case. |
| **Control Issues** | Once a plan or family of plans is identified as a Large Case, all plan level communications will include the Large Case Coordinator as an information addressee.<br>The Large Case Coordinator will oversee the maintenance of the Large Case and FBA Processing Summary. This tracks information on the case and the status of all actions related to case processing. This is updated on a regular basis (approximately quarterly) with information provided by the TPDs and FBAs. |
| **Important Concepts** | Actions required on a Large Case are essentially the same as for all other plans. However, there is a significantly larger amount of planning and coordination involved. In most situations there are more communications required in Large Cases because of the number of participants involved and the large amount of underfunding.<br>Large Cases have much higher visibility both inside and outside of PBGC. They receive the attention of the Office of the Executive Director on a frequent basis.<br>There is normally an FBA and Actuarial Contractor for large cases. |
| **Guidance** | N/A |
| **Procedure Owner** | Large Case Coordinator, LCWG members |

## Click Here for More Information...

TP 23.1 Action Steps: Coordinate and Process Large Cases

# TP 23.1 Action Steps: 02/18/2005

# Coordinate and Process Large Cases

The following is the normal processing for any case. Each process is presented by its number and name in the procedures manual. It is noted wherever a Large Case creates exceptions or additions to the procedures in any given process.

## Pre-Termination Processes

1 **Process 1: Determine Type of Case, Assign & Begin Gathering Data**

- Provide a "heads-up" notice to the Large Case Coordinator, if possible

2 **Process 2: Gather Plan and Sponsor Information**

- Provide a "heads-up" notice to the Large Case Coordinator, if possible

3 **Process 3: Determine Financial Condition of Plan and Identify CG**

- Provide a "heads-up" notice to the Large Case Coordinator, if possible

4 **Process 4: Make Recommendation**

- Notify Large Case Coordinator as early as possible
- Proceed with **Process 4.4: Form Large Case Working Group**
  - Establish the Large Case Working Group and schedule first LCWG Meeting
  - Brief the LCWG on all aspects of the case, plan sponsor and status of the termination
  - Complete a *Plan Fact Sheet (Factsht.doc)* and a *Case Contact Sheet (Contacts.doc)* for the case
  - Assign duties and ok target dates within the LCWG
  - Investigate for potential policy, legal or publicity problems
  - Target transfer of payments to SSC

5 **Process 5: Route Recommended Termination**

- Provide a copy of the draft TDR to the Large Case Coordinator

6 **Process 6: Monitor Plan**

- Keep Large Case Coordinator advised

7 **Process 7: Initiate PPD/TPD Coordination**

- This may be replaced by the LCWG meetings

## Initial TPD Processes

1 **Process 8: Assign TPD Case Team & Begin Processing**

- As soon as the plan is trusteed, notify the Large Case Coordinator, CPAD, and FOD /Treasury Division (FOD/TD)
- All Large Cases and FBA plans will have a plan specific workplan with all processing scheduled. Use the *Target Dates Checklist (Trgtdate.doc).* Each will also be scheduled on

the FBA workplan where the targeted completion date will mirror the case workplan and the Large Plan and FBA Summary.

- Contract for FBA and actuarial contractors (if not already done earlier)
- Plan and hold Participant Meeting (see Technical Procedure 14: Hold Participant Meeting ). Awarding of contracts for FBA and actuarial contractor early will provide assistance for the FBA and TPD in preparing for the meetings (need abstract, estimated calculation, and cutbacks ASAP).

  This may be done later, but should be done as early as possible
- Use ALGS for any large scale communications or mass mailings to participants

2 **Process 9: Plan Assumption**

- Use ALGS for any mailings to participants

3 **Process 10: Adjust Benefits**

- Use ALGS for any large scale communications or mass mailings to participants

### Audit Processes

1 **Process 11: Develop Audit Program**

2 **Process 12: Obtain & Evaluate Participant & Plan Document Data**

- The Plan Document and Source Document Audits will normally be scheduled and completed separately from the Participant Data Audit.
- Because of the high visibility of the Large Plans, keep the LCWG apprised of the status of the audits. This provides information to other departments for planning for the task they are assigned.

3 **Process 13: Verify Data for Participant Database**

- Use ALGS for any large scale communications or mass mailings to participants
- Assistance may be provided at the Participant Meeting

4 **Process 14: Determine Controlled Group and Net Worth**

5 **Process 15: Audit Plan Assets**

### Valuation Processes

1 **Process 16: Value Recoveries & Allocate to Claims**

2 **Process 17: Prepare Actuarial Case Report & Software**

### Notification of Benefits Processes

All benefit changes will be communicated to the participants with a clear explanation of change. This also includes notification of estimated benefit amount and date of first payment.

1 **Process 18: Identify Types of BDLs for Case**

2 **Process 19: Issue BDLs and Make Adjustments to Payments**

- Use ALGS for any mailings to participants

3 **Process 20: Respond to Appeals Notices and PEAD Referrals**

Case Closure Processes

1. **Process 21: Close Plan**
2. **Process 22: Review Closed Plan**
3. **Process 23: Transfer Plan to Ongoing Administrator**

## TP 23.2 Forms, Letters, Memos, etc.

**11/16/99**

Note After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Case Contact Sheet***
Contacts.doc

***Plan Background Information Sheet***
Lgcsinfo.doc

***Plan Fact Sheet***
Factsht.doc

***Request for Large Case Working Group Memo***
LCWGREQ.doc

***Target Date Document***
Trgtdate.doc

## TP 24. Determine Net Worth


TP 24. Overview

TP 24. Workflow for Technical Procedure 24

TP 24. Definitions: Determine Net Worth

TP 24.1 Obtain and Review Information

TP 24.2 Document Zero Net Worth Determination

TP 24.3 Value by Earnings/Investment (Capitalized-Income) Method

TP 24.4 Select and Apply Discount Rate

TP 24.5 Value by Transactions (Market Approach) Method

TP 24.6 Value by Book Value (Net Assets or Cost Approach) Method

TP 24.7 Determine Final Value

Forms, Letters, Memos, etc.

# TP 24. Overview

**02/07/97**

This chapter provides guidance for making a net worth determination in respect to viable, on-going businesses, including those which have filed for protection under Chapter 11 of the Bankruptcy Code. It assumes the person performing the analysis has already analyzed the company's business plan and projections, completed the financial analysis, and is familiar with all the relevant facts in respect to the company. This analysis would have included activities performed as part of Process 3: Determine Financial Condition of Plan & Analyze Controlled Group.

ERISA states that net worth is "determined on whatever basis best reflects. . . the current status of the (employer's) operations and prospects at the time chosen for determining the net worth" and "increased by the amount of any transfers of assets made by the (employer) which PBGC determines to be improper." The term "net worth" refers to ERISA 4062(c)(1) in which PBGC's recovery on the underfunding of a terminated plan depends on the value of the employer.

The statute gives PBGC wide latitude in the methods it uses to determine net worth. PBGC's regulation offers guidance. It states "an employer's net worth is equal to the fair market value of the employer at date of plan termination." This has been interpreted to mean the fair market value of the enterprise (the entire company) which is the cash equivalent price at which the entire business might reasonably be sold.

According to ERISA, fair market value is determined exclusive of any liability owed *to PBGC* as insurer arising from the termination of a pension plan; that is, a liability claim based on the "net worth" of the employer. This is different from due and unpaid employer contributions (DUEC) claims which are liabilities of the employer *to the plan* which PBGC collects as successor trustee.

PBGC's net worth regulation, 29 CFR 4062.4(c), provides that fair market value be determined according to nine factors:

- A *bona fide* sale of, agreement to sell, or offer to purchase or sell the business of the employer.
- A *bona fide* sale of, agreement to sell, or offer to purchase or sell stock or a partnership interest in the employer.
- If the stock in the employer is publicly-traded, the price of such stock.
- The price/earnings ratios and prices of stocks of similar trades or businesses.
- The employer's economic outlook, as reflected by its earnings and dividend projections, current financial condition, and business history.
- The economic outlook for the employer's industry and the market it serves.
- The appraised value, including the liquidating value, of the employer's tangible and intangible assets.
- The value of the equity assumed in a plan of reorganization of an employer in a proceeding under Chapter 11 of the Bankruptcy Code. See Appendix C: Bankruptcy Overview for details on bankruptcies.
- Any other factor relevant in determining the employer's net worth.

Note that many assets which must be valued in order to make a net worth determination will qualify as "hard to value" assets. For details on how IOD manages the valuing of such assets, see Process 15.3: Value Hard-To-Value Assets.

Net worth in this context refers to the value of a company and not the financial statement amount representing total stockholders' equity. PBGC's regulation at 29 CFR 4062.4(c) states that "fair market value shall be determined on the basis of the (factors listed) to the extent relevant; different factors

may be considered with respect to different portions of the person's operations." In other words, PBGC uses a mixed, or "eclectic", approach, and value is determined by choosing from among the methods.

Many companies for which PBGC must perform a net worth analysis will be in Chapter 11 bankruptcy. An advantage of the bankruptcy process is the debtor's ability to cancel "executory contracts." This is key element from a valuation point of view. Executory contracts commit the debtor to buy goods on a long-term, fixed cost basis. These contracts can become very onerous if competitors can obtain the same goods or services at a much lower cost and the company's ability to cancel such a contract can substantially improve its financial and competitive position.

**Fair market value** of a company which has terminated its pension plan is determined exclusive of any liability owed to PBGC as insurer arising from the termination of a pension plan; for example, under ERISA, the unfunded guaranteed benefit (UGB). DUEC are owed to the pension plan and not to PBGC; therefore, they are not excluded from liabilities of the business. In preparing a valuation, remove any liabilities for the pension plan other than DUEC; for example, from the balance sheet any unfunded pension liabilities which PBGC guarantees and from projected free cash flows any costs attributable to the terminated plan. The cost of terminating a plan is a business expense and included in the liabilities of the employer.

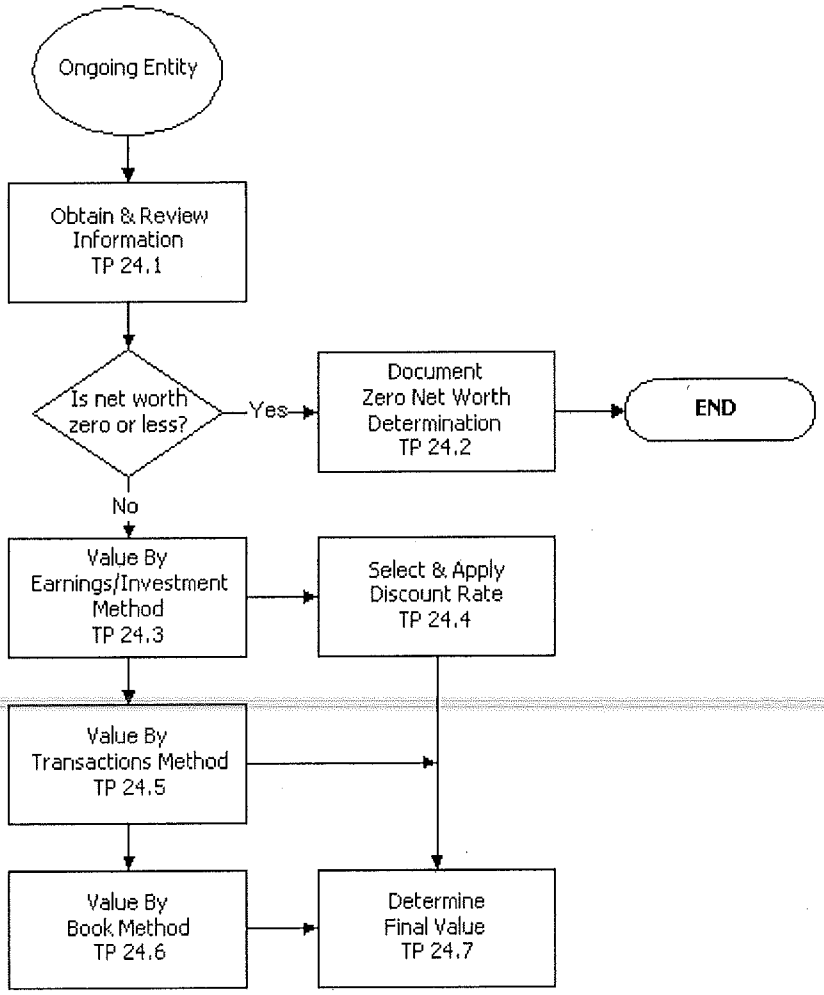
**Reorganization value** is a) the enterprise value of a viable, on-going company in Chapter 11, b) which will be able to propose a plan or reorganization (POR) acceptable to the creditors which it can fund c) that reflects the reduction in the value of its pre-petition claims.

Net worth determinations or valuations are part of PBGC's administrative record.

Browse Workflows:

## TP 24. Workflow for Technical Procedure 24

09/13/96



# TP 24. Definitions: Determine Net Worth

02/07/97

### Close Corporation

Close corporations are privately owned companies whose shares are inactively traded, or companies whose publicly traded share price either is not applicable in the determination of its value or has serious limitations which require a more thorough valuation analysis.

### Current Earnings

Earnings of a company in the most recent period, say the last twelve months, the most recent quarter, or those expected over the next twelve months. Current earnings are important to persons to whom a short time horizon is important such as investment bankers pricing an initial underwritten public offering, one company seeking to acquire another through merger, a company interested in being acquired, and traders.

### Cyclical Earnings

Cyclical earnings are earnings of companies whose results are affected by fluctuations in the nation's economy. The prices of stocks of cyclical companies often are found to be high relative to their earnings at the low point of a recession, and lower when normalized earnings are used as a measure.

### Earning Power

Equivalent to "earning capacity," a term which appears in Revenue Ruling 59-60. "Normalized earnings" is the same as earning power.

### Free Cash Flow

Free cash flow is defined as the net cash flow available after taking into account all cash inflows and outflows.

### Improper Transfer

A transfer of assets by the employer which PBGC determines based on facts and circumstances were transferred for the purpose of and with the effect of avoiding or limiting employer liability.

### Temporary Earnings

Earnings depressed by a temporary factor such as a long strike. Earnings may also increase by a temporary factor; for example, when the demand for a company's product increases sharply at a time the industry's capacity to produce it is well below the new demand. This occurred during the 1970s when oil prices soared and the demand for fiberglass insulation leaped.

### Types of Approaches to Valuation

Normally, three approaches are used to value a business enterprise. The value determined by each approach is usually given a different weight in arriving at a final conclusion. The three valuation approaches are:

- **earnings/investment (capitalized-income) approach**
- **transactions or market approach**
- **book value, net assets, or cost approach**

**The earnings/investment approach** derives value from earnings, or free cash flows, an investor expects the business to generate. PBGC's regulation refers to this approach when it states that fair market value is determined on the basis of nine factors listed in PBGC Regulation

at 29 CFR 4062.4(c), one of which is "the price/earnings ratios and prices of stocks of similar trades or businesses."

**The transactions or market approach** values a company by comparing prices which were paid for companies in the same or a similar line of business to the company being valued. PBGC's regulation refers to this approach in the first three factors listed in the regulation, summarized as follows: "a *bona fide* sale of . . . the business," "a *bona fide* sale of . . . stock . . . in the employer," and "the price of such stock (of the employer)."

**The book value, net assets, or cost approach** appraises a company's assets and liabilities. PBGC's net worth regulation refers to this approach when it states "the appraised value, including the liquidating value, of the employer's tangible and intangible assets" is a factor which determines its value.

The economic outlook, the history of the business, its current financial condition, and any other factors relevant in determining value support the three approaches. These factors and others are covered in Revenue Ruling 59-60 (Rev. Rul. 59-60, 1959-1 C. B. 237) which is applicable for the most part to the preparation of an enterprise value.

Making a net worth determination normally requires using all three approaches (earnings/investment; transactions; net assets). If not using all three, explain the omission.

**Determine Net Worth**

## TP 24.1 Obtain and Review Information

**09/22/99**

Action Steps

| | |
|---|---|
| **Purpose** | Ensure that PBGC has sufficient information to make a valid net worth determination. |
| **Time Reporting (BMPRS)** | PPD Processing<br>Net Worth<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | All materials already collected, either by PPD or TPD. |
| **Output and Recipient** | Complete set of materials necessary for making net worth determination. |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | 29 CFR 4062.4(c)<br>PBGC Operating Policy Manual 7.2-1 |
| **Procedure Owner** | Auditor/Financial Analyst |

## Related Topics:

TP 24.1 Action Steps: Obtain and Review Information

## TP 24.1 Action Steps: Obtain and Review Information

09/22/99

1 Obtain from the plan file all documents collected by PPD or OGC relating to the contributing sponsor and all identified members of any relevant controlled group.

2 Review the documents to verify that they provide a complete picture of the financial situation of the sponsor and controlled group members. Remember that controlled group members may include rental property if one or more persons claim business expense deductions and/or depreciation for the property in their Federal Tax Returns. Refer to Appendix A. Master List of Documents to Obtain.

- If the company is in Chapter 11 bankruptcy and the company has been rehabilitated and is viable and ongoing, obtain a Disclosure Statement (DS) and Plan of Reorganization (POR). Note that valuing a company in Chapter 11 assumes that the POR is "feasible" from a financial point of view and that the debtor will continue in business and be able to meet its obligations as set forth in the POR.

3 Request additional information if necessary.

**Note Ongoing Entities in Chapter 11 Bankruptcy**

Filing for protection under Chapter 11 of the Bankruptcy Code allows a debtor to prevent creditors from foreclosing on assets, to seek credit from lenders by being able to grant the highest priority in repayment, to stabilize the business and to negotiate an extension and compromise (relaxation of terms and reduction in the face amount) of its debts. A key aspect of the bankruptcy process from a valuation standpoint is the relaxation of terms and the reduction in the face amount of debts. These become gains to the debtor.

PBGC's net worth regulation cites one factor which deals directly with companies that have filed for Chapter 11 bankruptcy. It is the "value of equity assumed in a plan or reorganization of an employer in a proceeding under Chapter 11 of the Bankruptcy Code." Among other matters, this part of the regulation means that PBGC may share in the net worth that arises from the extinguishing of debt.

**Determine Net Worth**

## TP 24.2 Document Zero Net Worth Determination 09/13/96

Action Steps

| | |
|---|---|
| **Purpose** | Document finding that an entity's net worth is zero. |
| **Time Reporting (BMPRS)** | PPD Processing<br>Net Worth<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Entity with zero net worth. |
| **Output and Recipient** | Zero Net Worth Determination Memo. |
| **Control Issues** | If there is any doubt that the entity's net worth is zero, follow the full net worth determination procedures. |
| **Important Concepts** | Many companies obviously have zero net worth. In cases where this can be clearly demonstrated with minimum effort, documentation of the determination is still required but in-depth analysis need not be done. |
| **Guidance** | N/A |
| **Procedure Owner** | Auditor |

## Related Topics:

TP 24.2 Action Steps: Document Zero Net Worth Determination

## TP 24.2 Action Steps: 09/13/96
## Document Zero Net Worth Determination

I. Prepare the *Zero Net Worth Determination Memo (Zeronw.doc)*. Complete the narrative section with a complete description of all investigation performed that led up to the zero net worth determination. Attach copies of all relevant documents to the memo, and list them as attachments.

II. Route the completed memo to the team leader for review. Upon approval, the team leader forwards the memo to the division manager.

**Determine Net Worth**

# TP 24.3 Value by Earnings / Investment (Capitalized-Income) Method

**09/13/96**

Action Steps

| | |
|---|---|
| **Purpose** | Arrive at a value based on future earnings. |
| **Time Reporting (BMPRS)** | PPD Processing<br>Net Worth<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Estimates of future earnings or free cash flows and historical earnings. |
| **Output and Recipient** | Value figure for the company based on projected future earnings. |
| **Control Issues** | N/A |
| **Important Concepts** | The value of a viable, on-going business rests in large part on an estimate of its future earnings or free cash flows. Analysis focuses on future earnings because these are expected to produce the returns on which an investor/purchaser bases his investment/buy decision. While historical earnings may be a guide to future earnings, the focus remains on the future. |
| **Guidance** | N/A |
| **Procedure Owner** | Auditor |

## Related Topics:

TP 24.3 Action Steps: Value by Earnings/Investment (Capitalized-Income) Method

## TP 24.3 Action Steps: 09/13/96

## Value by Earnings / Investment (Capitalized-Income) Method

When using this method, place a value on a company by selecting a multiplier to apply to the estimate of the company's earning power.

The discounted cash flow (DCF) approach is a method whereby future free cash flows are discounted to their present value.

Sometimes PBGC receives a company's business plan and detailed projections. These projections usually cover five years. After an analysis of the projections, which begins with an examination of historical results, an analyst places a value on a company by discounting projected free cash flows to their present value.

Note: If the company being valued is in Chapter 11 Bankruptcy, it will be difficult to rely on earnings (probably losses) in the period before a company filed for protection. However, by the time the debtor has filed a DS and POR, it has established that it has earning power. The debtor has a business plan and projections that support its DS and POR and has made them available to PBGC. If the business plan and projections are reasonable, they can be used as a basis for projecting a stream of equity cash flows. Adjustments may be made to the debtor's projections such as segregating assets to be disposed of to fund the POR or subsidiaries to be sold as part of the restructuring. Other outcomes may be simulated. Most often equity cash flows among the debtor and its creditors depend on a final compromise (or reduction) of debts. If necessary, refer to Process 15.3 Value Hard-To-Value Assets.

I. Define the earnings to use in valuing the business. Investors emphasize the importance of long-term earnings rather than current earnings or estimates of earnings over the next twelve months. A company's "earning power" is an estimate of a company's future earnings based on the expectation that future earnings will approximate their past level unless extraordinary conditions intervene.

II. Eliminate nonrecurrent items. Straight earnings per share have drawbacks. A per-share figure mixes operating profits; depreciation, which may be calculated differently among companies; taxes which may reflect different elections and interest and debt expense, which reflect a firm's capital structure. Earnings per share focuses on the value of a share of common stock and steers analysis away from considering the company as a whole including all factors that influence value.

- If there are sold or discontinued operations, excludes revenues, cost of sales, and an estimate of the operations portion of the sales, general and administrative expenses.
- If there are interest and debt expenses, treat them separately in preparing *pro forma* financial statements and projections.

4 Select and determine an earnings multiplier by which to multiply the estimate of earnings to yield a value.

- The most frequently used multiplier is a price/earnings ratio. This ratio is defined as share price divided by per-share earnings reported by the company for the most recent four quarters. It is also share price times all common stock outstanding divided by net profit after tax. A price/earnings ratio or earnings multiplier incorporates two variables into a single figure: the capitalization or discount rate and expectations about the company's earnings. A capitalization rate is one used to calculate the present value of a periodical payment or annuity into one payment or sum equivalent to the present value. The reciprocal of a price earnings ratio can be used as a capitalization rate, if one can reasonably anticipate that the company's earnings will be level in perpetuity. If this is not the case, the multiplier needs to incorporate an amount to reflect expectations about the

company's earnings. Be careful when applying a price/earnings multiplier to the earnings of a company in a cyclical industry: if emphasizing current earnings, the multiple chosen to apply to the earnings at or near the top of the business cycle is different (lower) than the multiple chosen to apply to current earnings near the bottom of the cycle.

- Use earnings before interest and taxes (EBIT), or earnings before interest, taxes, depreciation, and amortization (EBITDA), also known as "operating profit".
- Consider using primary cash flow (earnings + depreciation and amortization) or operating cash flow (EBIT + depreciation and amortization +/- changes in working capital - normal expenditures) as a multiplier only in unusual cases.

5 If using an earning multiplier:

- Begin selecting a price/earnings ratio by estimating the ratio for Standard and Poor's (S&P) 400 Industrial Index, a proxy for the stock market. S&P makes available its 400 Index earnings and dividends for the past four quarters and an estimate of earnings and dividends for the next year.
- Estimate a price/earnings ratio for an S&P Industry Group Index. To select a price earnings ratio for a publicly traded company, examine the most recent price/earnings ratios and the ranges of price/earnings ratios in the past of the company being valued as well as those of the most closely comparable companies. To select a price earnings ratio for a close corporation, a company for which there are no publicly traded securities, the process is the same, except one infers a price/earnings ratio from data on price and earnings of closely comparable, publicly traded companies.
- Consider the basic factors which influence the price/earnings ratio of the company being valued and comparable companies in the context of the historical record. Some factors are:
- stability in historical earnings and growth in expected earnings,
- financial leverage,
- expected capital expenditures and the return management expects to receive on its investments, and
- corporate size.

6 Discount cash flows. A company's business plan and projections usually cover five years. On the assumption that this material will contain the projections, make any necessary reasonable adjustments and use them as a basis for valuing the company. When such projections are not available, prepare projections to use as a basis of valuing the company. The projections themselves may need to be recast into free cash flows. The value of a viable, on-going business is the sum of the present values of its free cash flows projected over a forecast period (forecast period value) and the capitalized value of the free cash flows beyond the forecast period (residual or terminal value). The discounted cash flow (DCF) method of determining value, therefore, begins with an estimate of the company's free cash flows over a forecast period, usually five years, and the free cash flows beyond the forecast period, an amount assumed to be constant. The stream of forecasted cash flows is discounted back to its present value; the cash flow beyond the forecast period is capitalized and then discounted back to its present value. The company's value is the sum of the two amounts: the forecast period value and residual or terminal value.

7 Analyze projections to insure that they reflect the prospects of the business. Projections are usually prepared on a more than likely optimistic and pessimistic basis. Choose from the two definitions of cash flow (total capitalization - common equity and market value of debt), depending on whether or not it is necessary to obtain a value for the equity or the enterprise. The definition of free cash flow to determine the value of common equity is a) net profits after taxes, b) plus depreciation and amortization c) less net fixed capital additions and incremental

working capital. To determine the value of total capitalization is the same for common equity, except that interest expense after taxes is added to free cash flow. After determining enterprise value, deduct the value of debt to arrive at the value of equity.

**Determine Net Worth**

## TP 24.4 Select and Apply Discount Rate

**09/13/96**

**Action Steps**

| | |
|---|---|
| **Purpose** | Select and Apply a Discount Rate |
| **Time Reporting (BMPRS)** | PPD Processing<br>Net Worth<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Projections from Value by Earnings/Investment (Capitalized-Income) Method |
| **Output and Recipient** | Discounted valuation figure. |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | N/A |
| **Procedure Owner** | Auditor/Financial Analyst |

Select the discount rate to apply to the free cash flows in order to arrive at their present value. There are several methods, including: a) the capital asset pricing model ("CAPM"), b) dividend discount model, c) reference to historical stock and bond market data, and d) capitalization rate comparison.

## Related Topics:

TP 24.4 Action Steps: Select Discount Rate Using CAPM

TP 24.4 Action Steps: Select Discount Rate Using Dividend Discount Model

TP 24.4 Action Steps: Select Discount Rate Using Reference Method

TP 24.4 Action Steps: Select Discount Rate Using Capitalization Rate Comparison Method

**Determine Net Worth**

## TP 24.4 Action Steps: 09/13/96
## Select Discount Rate Using CAPM

The capital asset pricing model (CAPM) is a means to select a discount rate. When using the CAPM, the discount rate is called the cost of capital. The principal advantage of the CAPM is that it sets forth a framework to estimate a discount rate. Conceptually, the cost of common equity capital is the return the company must offer investors to persuade them to invest in the company. The return has three components:

a) a return equal to a return on an investment with no risk; that is, the risk-free rate,

b) a return equal to a return one would receive by investing in common stocks in general; that is, the "market risk premium" and

c) a return equal to the risk of investing in a particular company.

**The CAPM may be expressed as follows:**

$Y = Rf + \beta(Rm-Rf)$

Where:

Y = Cost of capital

Rf = Risk free rate (usually yield to maturity on long-term U.S. Treasury Bonds)

$\beta$ = ("Beta") Coefficient of an individual stock with the overall market.

Rm = market rate of return (expected return on S&P 400 for 10+ years)

This formula also expresses the cost of capital for business risk (the cost of common equity in a debt-free company).

**Rf - Risk Free Rate**

Since an investor can choose to invest funds with no risk by investing in U.S. Treasury Bonds, a company must offer an investor the expectation of earning a return at lest equal to one obtainable without risk. Though there are different viewpoints, the yield to maturity on 30-year U.S. Treasury bonds is a good starting point. The rate on U.S. Treasury bills is too volatile.

**Market Risk Premium**

An investor expects a return greater than a risk free one to compensate for assuming the risk of investing in common stock. The risk of investing in common stocks ("market risk") is measured by the return an investor expects to receive by investing in a diversified portfolio of common stocks. The "market risk premium" is the amount by which the return on the overall market exceeds the risk free rate. The task is to estimate the return on the stock market. This return, which is composed of expected capital gains and dividends, is implicit in the stock market level at the time of the valuation. As a practical matter S&P makes available for its 400 Index the last four quarter's earnings and dividends and an estimate of the earnings and dividends for the next year. This information provides a market multiple (and information on dividends) as a starting point.

**$\beta$ - Beta**

Investing in the stock of one company is riskier than investing in the overall stock market. An investor expects a return that compensates him for assuming that risk. A statistical term called Beta is placed in the CAPM to estimate the sensitivity of the price of a common stock of a particular company to the price movements in the stock market. The riskiness of a stock is indicated as follows:

- If Beta =1, the stock's return fluctuates identically with the market's return.
- If Beta >1, the stock's return varies more than the market's return.
- If Beta <1, the stock's return varies less than the market's return.

Sometimes it is difficult to obtain Beta statistics. A good starting point is to look at the companies covered by the ValueLine service (or S&P Stock Reports/tear sheets). If ValueLine or S&P does not follow the company, Beta figures for public companies that might be expected to have the same degree of market risk (such as similar industries and situations) may be helpful. A review of Betas of companies that are only generally comparable may be useful to gain an appreciation of the size and range of this statistic. By fitting some of the Betas into the CAPM formula, an analyst will be better prepared to estimate the cost of capital. Another way to estimate business risk is to consider the factors which influence a price/earnings ratio other than leverage.

**Cost of Capital**

The cost of capital for a company with debt can be determined as follows:

| | (1) | (2) | (3) |
|---|---|---|---|
| | After-Tax Cost | Proportion | (1) X (2) |
| **Debt** | | | |
| **Equity** | | | |
| **Total** | --- | --- | |

Where after-tax cost refers to the after-tax cost of debt and proportion refers to the proportion of debt and equity in the company's capital structure.

The product is the weighted average cost of capital. It is the cost of debt and equity weighted by the proportions of debt and equity which management plans to maintain over time (management's target capital structure).

The principal advantage of the CAPM is that it sets forth a short and simple framework to estimate a discount rate.

**Determine Net Worth**

## TP 24.4 Action Steps: 09/13/96

## Select Discount Rate Using Dividend Discount Model

The dividend discount model specifies that the cost of common equity capital is equal to

$$\frac{d}{V} + g$$

where **d** is the expected dividend amount in the next period,

**V** is the value of the stock (hence $\frac{d}{V}$ is the dividend yield in percent), and **g** is the expected growth rate in dividends.

**Determine Net Worth**

## TP 24.4 Action Steps: 09/13/96

## Select Discount Rate Using Reference Method

Reference to historical stock and bond market data enables an analyst to construct a scale, the bottom rung of which provides a range of risk free returns, the next a range of market returns, and the final rung a range of returns to compensate for the risks of the company being valued.

**Determine Net Worth**

## TP 24.4 Action Steps: 09/13/96

## Select Discount Rate Using Capitalization Rate Comparison Method

The capitalization rate comparison method is one whereby the analyst uses the reciprocal of a price earnings ratio plus a provision for growth.

**Determine Net Worth**

## TP 24.5 Value by Transactions (Market Approach) Method 09/13/96

Action Steps

| | |
|---|---|
| **Purpose** | Value a company by comparing prices which were paid for companies in the same or a similar line of business to the company being valued. |
| **Time Reporting (BMPRS)** | PPD Processing<br>Net Worth<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Information on prices recently paid for companies in the same of similar lines of business |
| **Output and Recipient** | Value based on comparison with sales of similar companies |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | N/A |
| **Procedure Owner** | N/A |

Determine which of the four variants to the transactions approach to use and apply that method.

- **Aggregate Market Value Method**. Arrives at an estimate of value by multiplying the market price of a comparable company's common stock by the number of its common shares outstanding to arrive at a value of its equity and by adding to this amount the market value of any preferred stock and debt to arrive at a value of its total capital.
- **Mergers and Acquisition Method**. Arrives at an estimate of value by analyzing the prices and terms paid for similar companies which have been acquired.
- **Stock and Bond Method**. Arrives at an estimate of value by reference to the market values of the company's own securities and
- **Direct Comparison Method**. Arrives at an estimate of value by reference to the terms of its own sale or a *bona fide* offer to buy.

Note that companies in Chapter 11 are not valued on the basis of comparison with other companies in Chapter 11. The task is to find comparable companies which are not in Chapter 11 and measures of value to infer the value of the debtor. If necessary, refer to Process 15.3 Value Hard-To-Value Assets.

## Related Topics:

TP 24.5 Action Steps: Value by Aggregate Market Value Method

TP 24.5 Action Steps: Value by Merger and Acquisition Method

TP 24.5 Action Steps: Value by Stock and Bond Method

TP 24.5 Action Steps: Value by Direct Comparison Method

**Determine Net Worth**

## TP 24.5 Action Steps: 09/13/96
## Value by Aggregate Market Value Method

The aggregate market value of equity method is often used in valuing the debtor while the mergers and acquisition method is used to value ongoing subsidiaries of the debtor which have not filed for protection under Chapter 11.

I. Select a comparable company.

II. Multiply the market price of the comparable company by the number of common shares outstanding. The resulting figure is the value of its equity.

III. Add the market value of any preferred stock and debt to the equity value. The resulting figure is the value of its total capital.

**Determine Net Worth**

## TP 24.5 Action Steps: 09/13/96
## Value by Merger and Acquisition Method

Establishing value by referencing to the sale of entire companies is an approach often referred to as the "merger and acquisition" method. It begins by selecting companies in the same or similar business which were sold or merged at or shortly before the valuation date. From these transactions are extracted the measures of value that can be applied to the company being appraised. The first step in the process is the computation of the purchase price. In addition to cash and stock, it may include debt and other obligations assumed.

Commonly used measures of value relate the purchase price (PP) to measures such as: PP to most recent 12 months earnings or PP to weighted average three year earnings. Therefore it is appropriate to add a premium since the aggregate market value method covers all the common shares outstanding. This view is supported by citing merger and acquisition of companies which appear comparable to the company being valued and which contain a premium over pre-bid market prices.

To add a premium for control requires justification. The following need to examined to determine whether the company being valued is capable of being sold in its entirety; companies which have been acquired and for which a premium have been paid are sufficiently comparable; timeframe of the comparable acquisitions corresponds to that of the company being valued. The merger and acquisitions market is very cyclical and premiums paid in one period may not be paid in another; financing for a deal is available on terms that would make it "doable"'.

**Determine Net Worth**

## TP 24.5 Action Steps: Value by Stock and Bond Method

09/13/96

From time to time it is useful to value a publicly traded company on the basis of the prices paid for its own securities, a method called the "stock and bond" method This is the same as the aggregate market value method, except the market prices of common stock and debt are those of the company being valued.

Be aware that there are technical difficulties such as the determination of the equivalent market price of non-traded equity and debt securities as well as bank loans and the like.

**Determine Net Worth**

## TP 24.5 Action Steps: 09/13/96
## Value by Direct Comparison Method

Direct evidence of value comes from actual or proposed transactions in respect of the entire company or a major portion of it such as sale of 100% of the common stock of the company being valued; *bona fide* offer to buy the common stock of the company being valued; or sale of 100% of a company that is closely comparable. Variants of these methods are acceptable if they present the best evidence of value for example, an offer to buy that might be challenged as not meeting the standards of being *bona fide*.

Sometimes the direct comparison method can be used. In the case of a textile company which had filed for Chapter X, the company was valued by reference to a *bona fide* offer to buy made by a competitor immediately before the date of plan termination.

**Determine Net Worth**

# TP 24.6 Value by Book Value (Net Assets or Cost Approach) Method

**09/13/96**

**Action Steps**

| | |
|---|---|
| **Purpose** | Arrives at a value by determining the market value of all major assets and liabilities of a company. |
| **Time Reporting (BMPRS)** | PPD Processing<br>Net Worth<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Identity of assets and liabilities of company. |
| **Output and Recipient** | Value figure based on combined value of all assets and liabilities. |
| **Control Issues** | N/A |
| **Important Concepts** | The book value approach is based on the premise that an investor will not pay more for an asset or group of assets than it would cost the investor to buy and assemble. |
| **Guidance** | N/A |
| **Procedure Owner** | Auditor |

Use the book value approach is in determining the value of asset based companies, companies engaged in asset conversion activities ("asset converters"), and close corporations. The book value approach arrives at a value by determining the value of liabilities as well as assets. To illustrate, at times long term debt which carries a coupon at a rate much lower than the prevailing market is "marked to market;" that is, valued at market to reflect a decrease in its value. This decrease may be viewed as an addition to equity.

For bankruptcies, keep in mind that the net assets or book value approach arrives at a value by determining the market value of all major assets and liabilities. Sometimes the value is, in effect, an adjusted book value.

Given the peculiarities of companies in Chapter 11 bankruptcy, it may be necessary to give little weight to the market value of assets in the valuation of a profitable company in Chapter 11 if the debtor's assets are highly specialized. In contrast, it may be necessary to assign heavy weight to assets in the valuation of a company with a record of losses whose future cash flows are difficult to project. One consideration in choosing the net assets approach was the existence of a market for the products and related assets such as permits, patents, or privileges of use. If necessary, refer to Process 15.3 Value Hard-To-Value Assets.

Follow the book value procedure appropriate for the type of company.

## Related Topics:

TP 24.6 Action Steps: Determine Book Value of Asset Converters

TP 24.6 Action Steps: Determine Book Value of Asset Based Enterprises

TP 24.6 Action Steps: Determine Book Value of Close Corporation

**Determine Net Worth**

## TP 24.6 Asset Converters

**09/13/96**

## Action Steps: Determine Book Value of:

Asset converters are companies which undergo major changes in the composition or mix of their assets and liabilities and take steps such as to: sell, divest, distribute or liquidate an important part of their operations or assets; refinance, restructure (loan workout) or reorganize (through Chapter 11) their debt.

In contrast to asset converters are "strict going concerns" which are large, stable, and seasoned enterprises engaged in continuous operations of a particular type to be financed in the future in a bout the same way they have been in the past. Most of the largest companies in the U.S. are strict going concerns. These companies seldom engage in merger and acquisition activities, contests for control, or major financial restructuring or recapitalizations. Use of the book value approach is much less important in valuing "strict going concerns."

**Determine Net Worth**

## TP 24.6 Asset Based Enterprises 09/13/96

## Action Steps: Determine Book Value of:

The value of some companies is closely tied to their assets. Some examples are:

- Financial, natural resource and real estate companies such as banks and casualty insurers, crude oil producers, and mining companies.
- Companies, usually smaller ones, which are regularly bought and sold on the basis of a formula or a proxy of one. Typically, these companies include small manufacturers in specific industrial sectors which are dominated by local and regional firms which are bought and sold on the basis of so many dollars for each percentage of market share. Local and regional brewers once sold on the basis of their capacity (number of barrels).
- Companies with valuable intangible assets, such as a franchise, government permit, operating authority, exclusive contract, or concession. Professional sports teams have value on the basis of their franchises as well as the psychological value from the ownership from a trophy asset. Radio and television broadcasters derive value from their FCC licenses which are government permits to operate within certain media markets.

**Determine Net Worth**

## TP 24.6 Close Corporation

09/13/96

## Action Steps: Determine Book Value of:

Using the book value approach is especially important in determining the value of close corporations or privately owned businesses. Earnings, at times, appear inadequate. While this may reflect poor returns, there may be other causes. Owner-managers exercise prerogatives unavailable to other executives. Owner-managers focus on building asset values rather than on increasing reported earnings. Some owner-managers accept returns that are lower than ones that would be accepted by professional managers. As a result, prices paid for many close corporations are based importantly on their asset values.

In respect to a close corporation which is managed by its owner, consider the effect of the owner's departure. Regarding professionally managed businesses, which have a cadre of executives who will remain after the sale, profits may need to be adjusted to reflect the owner/manager's salary and perquisites. Regarding a personally managed business, one which is an extension of the owner, value is importantly a function of asset value.

A key element in the bankruptcy process from a valuation point of view is the relaxation in the terms and the reduction in the face amount of debts when a settlement is negotiated among the debtor and its creditors.

**Determine Net Worth**

## TP 24.7 Determine Final Value

**09/22/99**

Action Steps

| | |
|---|---|
| **Purpose** | Determine actual net worth figure. |
| **Time Reporting (BMPRS)** | PPD Processing<br>Net Worth<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Results of three separate valuations and a rationale for weighting, or not weighting. |
| **Output and Recipient** | TPD net worth figure, documentation of rationale for weighting or not weighting figures. |
| **Control Issues** | N/A |
| **Important Concepts** | N/A |
| **Guidance** | PBGC Operating Policy Manual 7.2-1 |
| **Procedure Owner** | Auditor |

## Related Topics:

TP 24.7 Action Steps: Finalize Values, Weight Conclusions, and Determine Net Worth

## TP 24.7 Action Steps: 09/13/96

## Finalize Values, Weight Conclusions, and Determine Net Worth

1 Determine the final Components of Value

- Separate assets which are not needed in the business and value them separately, and then add their value to the value of the operating business. Undeveloped real estate usually falls in this category as do improper transfers.
- Add the value of assets which are not needed in the operating business such as undeveloped real estate, assets held for sale, and improper transfers.

2 Compare values resulting from different methods. Sometimes each of the values obtained from the three approaches will be close. They are not required to be.

- If each of the values are *not* close to one another, check the work for computational accuracy and the reasons behind key decisions that affect value.
- If the values remain apart, decide which approach(s) produce the most supportable value. In other words, weight each value. Greatest weight is usually placed on a value derived from the earnings/investment/DCF approach if the company is a "strict going concern," but the greatest weight has been attached to other approaches to value on-going companies. This is particularly true in cases where the company has received a bona fide offer for a principal asset close to the date of valuation.

3 Search for additional value. Sometimes an ongoing company shows a negative net worth on its balance sheet, and this may present a problem in determining its value. The first step is to search for value. Several of the most promising things to look for are:

- hidden assets: for example, in the case of a regional brewer, the hidden values were in the unused capacity of a new brewery, a recognizable brand name and stable market share.
- liabilities which may be disregarded: Corporations have limited liability and creditors cannot seek recovery on debts beyond the assets of the corporation with whom they conducted business. Therefore, a parent is not liable for the debts of its wholly owned subsidiary (unless the parent guaranteed them).

4 Make allowances for controlled group relations. One of the easiest ways to gain an understanding of the intercompany relations among a parent and subsidiaries or any group whose financial reports are presented on a consolidated basis is to obtain a copy of their consolidated statements. These statements set forth the financial results of the individual entities and summarize intercompany accounts. To illustrate, in one case a west coast manufacturer of heating equipment unwisely acquired an east coast manufacturer in the same line of business. The east coast firm failed and was liquidated, but its deficit net worth did not reduce the value of its west coast parent, except to the extent the parent wrote off its investment and a small amount of advances to its subsidiary. In another example, PBGC established that the deficit of one company, a truck maker, in a controlled group did not reduce the positive net worth of other members in the group.

5 Adjust for investments, off balance sheet items, and improper transfers

- Add the current value of marketable securities not needed for working capital to the value of the company as a separate component. The treatment of assets held for sale depends on the use of the proceeds. If the proceeds are to be used as working capital or to fund a plan of reorganization, the value of the assets would not be added to the value of the company.

- Sometimes off balance sheet assets can have considerable value. If material, their value would be added to the value of the company.
- The value of assets transferred with the effect of avoiding or limiting employer liability are added to the value of the company. The determination whether the assets were improperly transferred is made by PBGC on a facts and circumstances basis

6 Adjust for corporate finance and value. A company's capital structure and its ability to finance its operations has a major bearing on its value.

7 Determine the company's "Net Worth" Liability to PBGC and document it in the Net Worth Audit Report.

## TP 24.7 Action Steps: 09/13/96
## Finalize Values, Weight Conclusions, and Determine Net Worth

1 Determine the final Components of Value

- Separate assets which are not needed in the business and value them separately, and then add their value to the value of the operating business. Undeveloped real estate usually falls in this category as do improper transfers.
- Add the value of assets which are not needed in the operating business such as undeveloped real estate, assets held for sale, and improper transfers.

2 Compare values resulting from different methods. Sometimes each of the values obtained from the three approaches will be close. They are not required to be.

- If each of the values are *not* close to one another, check the work for computational accuracy and the reasons behind key decisions that affect value.
- If the values remain apart, decide which approach(s) produce the most supportable value. In other words, weight each value. Greatest weight is usually placed on a value derived from the earnings/investment/DCF approach if the company is a "strict going concern," but the greatest weight has been attached to other approaches to value on-going companies. This is particularly true in cases where the company has received a bona fide offer for a principal asset close to the date of valuation.

3 Search for additional value. Sometimes an ongoing company shows a negative net worth on its balance sheet, and this may present a problem in determining its value. The first step is to search for value. Several of the most promising things to look for are:

- hidden assets: for example, in the case of a regional brewer, the hidden values were in the unused capacity of a new brewery, a recognizable brand name and stable market share.
- liabilities which may be disregarded: Corporations have limited liability and creditors cannot seek recovery on debts beyond the assets of the corporation with whom they conducted business. Therefore, a parent is not liable for the debts of its wholly owned subsidiary (unless the parent guaranteed them).

4 Make allowances for controlled group relations. One of the easiest ways to gain an understanding of the intercompany relations among a parent and subsidiaries or any group whose financial reports are presented on a consolidated basis is to obtain a copy of their consolidated statements. These statements set forth the financial results of the individual entities and summarize intercompany accounts. To illustrate, in one case a west coast manufacturer of heating equipment unwisely acquired an east coast manufacturer in the same line of business. The east coast firm failed and was liquidated, but its deficit net worth did not reduce the value of its west coast parent, except to the extent the parent wrote off its investment and a small amount of advances to its subsidiary. In another example, PBGC established that the deficit of one company, a truck maker, in a controlled group did not reduce the positive net worth of other members in the group.

5 Adjust for investments, off balance sheet items, and improper transfers

- Add the current value of marketable securities not needed for working capital to the value of the company as a separate component. The treatment of assets held for sale depends on the use of the proceeds. If the proceeds are to be used as working capital or to fund a plan of reorganization, the value of the assets would not be added to the value of the company.

- Sometimes off balance sheet assets can have considerable value. If material, their value would be added to the value of the company.
- The value of assets transferred with the effect of avoiding or limiting employer liability are added to the value of the company. The determination whether the assets were improperly transferred is made by PBGC on a facts and circumstances basis

6 Adjust for corporate finance and value. A company's capital structure and its ability to finance its operations has a major bearing on its value.

7 Determine the company's "Net Worth" Liability to PBGC and document it in the Net Worth Audit Report.

## TP 24.8 Forms, Letters, Memos, etc.

**09/13/96**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Zero Net Worth Determination Memo***
Zeronw.doc

# TP 25. Determine & Announce Small Plan Recovery Ratio (SPARR)

TP 25 Overview

TP 25.1 Determine the SPARR

TP 25.2 Announce the SPARR

Forms, Letters, Memos, etc.

**Determine/Announce Small Plan Average Recovery Ratio (SPARR)**

## TP 25. Overview

**12/07/2001**

This technical procedure describes how PBGC determines the Small Plan Average Recovery Ratio (SPARR). It also describes the information used to determine the SPARR, and when and how it is announced within PBGC.

The SPARR is the average recovery ratio of PBGC's recovery experience for all distress terminations and PBGC-initiated terminations, regardless of plan size or sufficiency with TID's in a five-fiscal-year period.

The SPARR is used to determine the plan 4022(c) amount for SPARR plans. (See 17.3 Determine Plan 4022(c) Amount and 17.4: Determine 4022(c) Benefits Payable.)

**Determine and Announce SPARR**

## TP 25.1 Determine the SPARR

**08/23/2002**

Action Steps

| | |
|---|---|
| **Purpose** | Determine the Small Plan Average Recovery Ratio (SPARR) for a particular year. |
| **Time Reporting (BMPRS)** | Special Projects<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | CAS SPARR Report from OASD provides Assets, Benefit Liabilities, and recovery amounts for SPARR Plans. |
| **Process Output and Recipient** | Small Plan Average Recovery Ratio (SPARR) for a year, expressed as a percentage, rounded to second decimal point.<br>Plan 4022(c) amounts, individual 4022(c) amounts for participants. |
| **Control Issues** | N/A |
| **Important Concepts** | Once calculated, a SPARR is fixed. The SPARR for any given year will not be updated to include a plan for which the final value of recoveries is determined after the SPARR Calculation Date. Also, once calculated, the SPARR for any given year will not be updated to reflect a subsequent adjustment to the value of a recovery for a plan. The adjustment will be reflected in any SPARR calculated after the date of the adjustment. TPDs update the Plan Assets milestone and Recovery milestone in CAS to provide accurate data elements for the SPARR. TPDs provide MCU with each plan's recovery valuation and allocation by copy of Recovery Determination Memo (See Process 16.4: Document Recovery Values). There is a SPARR for each year, beginning with the FY 1991 SPARR which applies to Plans with a termination initiation date on 12/18/90 through 9/30/91. See Appendix H: Historical SPARR Information. |
| **Guidance** | PBGC Operating Policy Manual 6.7-1<br>PBGC Operating Policy Manual 8.2-1<br>ERISA 4062(b), 4063, 4064 |
| **Procedure Owner** | MCU, SPARR Coordinator, OASD |

## Click here for more information

TP 25.1 Action Steps: Determine the SPARR

Technical Procedure

**Determine and Announce SPARR**

## TP 25.1 Action Steps: Determine the SPARR

**08/23/2002**

I. Throughout the fiscal year (12 month period ending September 30), MCU maintains records of final recovery valuations and allocations received from the TPDs. (See Process 16.4: Document Recovery Values). These amounts are provided to MCU by copy of the Recovery Determination Memo. This summary of recoveries should include "zero recovery" determinations.

II. Prior to the SPARR calculation date, request from OASD the CAS SPARR Report as of the SPARR calculation date. The report will include **all** plans that have a termination initiation date within the applicable five-year SPARR period. Note that the calculation of a FY SPARR will be done as of a SPARR Calculation Date. (See Appendix H: Historical SPARR Information for historical listing of SPARR's and exceptions to the general rule for the SPARR Calculation date.) However, assets, liabilities, and recovery amounts finalized and used in the prior FY SPARR will be fixed for all subsequent applicable FY SPARR calculations.
**Example:** For calculation of the FY 1996 SPARR, the CAS SPARR Report should include all SPARR plans with a termination initiation date of 10/1/90 through 9/30/95.

III. Verify data on CAS SPARR Report against information on Recovery Determination Memos provided throughout the year by TPDs. Resolve any discrepancies.

IV. Ensure that the following information is available to perform the calculation:

| **Data element (sum for all plans as of DoPT)** | Source |
|---|---|
| **CAS Assets figure (Assets)** | CAS SPARR Report |
| **CAS Benefit Liability (BL) figure** | CAS SPARR Report |
| **Unfunded Benefit Liability (UBL) [BL - Assets = UBL]** | Calculated using CAS SPARR Report |
| **Recovery totals for plans, (from TPD's) - sum of all PBGC recoveries on its employer liability claims under sections 4062(b), 4063, or 4064** | CAS SPARR Report (verified against MCU's summary from Recovery Determination Memos) |

**Note** CAS amounts will represent accurate asset amounts as the TPDs update the Plan Asset milestone prior to preparation of the Recovery Determination Memo (see Process 16.4: Document Recovery Values).

**8** Within 20 days of the applicable SPARR Calculation Date, calculate the SPARR (expressed as a percentage rounded to the hundredth decimal), using the information identified and verified above, as follows:

**Recovery Totals** **divided by** **UBL's Totals** **=** **SPARR**

**9** Prepare the *SPARR Notification Memo (Sparrnot.doc)* from MCU Manager, through the Director of IOD to the Deputy Executive Director and Chief Operating Officer notifying them of the calculated SPARR.

**Determine and Announce SPARR**

## TP 25.2 Announce the SPARR

**08/23/2002**

Action Steps

| | |
|---|---|
| **Purpose** | Announce and publish the SPARR within PBGC. |
| **Time Reporting (BMPRS)** | Procedure Review and Maintenance<br>General Policy Analysis<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Determination of the SPARR. |
| **Process Output and Recipient** | IOD Policy Bulletin announcing the SPARR, updated Appendix H: Historical SPARR Information. Annually announced in PBGC Operating Policy Manual as a policy bulletin. |
| **Control Issues** | N/A |
| **Important Concepts** | The SPARR is an important input into PBGC's determination of participants' termination benefit. |
| **Guidance** | PBGC Operating Policy Manual 6.7-1 |
| **Procedure Owner** | OPSS, TSD |

## Click here for more information

TP 25.2 Action Steps: Announce the SPARR

**Determine and Announce SPARR**

## TP 25.2 Action Steps: Announce the SPARR

**06/06/97**

### OPSS

1 Draft IOD Policy Bulletin that announces the SPARR.

2 Publish Policy Bulletin in online PBGC Operating Policy Manual, and announce to staff via an all IOD e-mail.

### TSD

1 After Policy Bulletin is published, update Appendix H: Historical SPARR Information.

2 List changes in ***Recent Content Updates*** section of online IOD Procedures Manual, and announce to staff via an all IOD e-mail when update published.

## TP 25.3 Forms, Letters, Memos, etc.

06/06/97

Note After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***SPARR Notification Memo***
Sparrnot.doc

# TP 26. Request SSA Data

TP 26 Overview

TP 26.1 Initiate Request SSA Data

TP 26.2 Request SSA Earnings/Employment Data

TP 26.2 Manage and Safeguard SSA Data

Forms, Letters, Memos, etc.

08/31/2001

↑Top
Processing and Managing SSA Data Requests
Authorizing SSA Data Requests
Overview: SSA Data Requests Summary

PBGC requests earnings and employment data from SSA so that:

- TPDs and FBAs may determine whether a participant who was not included in a trusteed plan's final valuation is entitled to a benefit. See TP 19: Process Woodwork Person.
- TPDs and FBAs may determine the correct benefit amount for a participant when PBGC is unable to collect or verify adequate earnings and employment data from other sources as part of its audit processes.
- STCD may determine a possible woodwork person's entitlement to benefits or correct benefit amount in sufficient plans, as part of their review of sufficient terminated plans.

## Authorizing SSA Data Requests

The SSA Form 581, Authorization to Obtain Earnings Data From the Social Security Administration, used by PBGC to request the data generally requires the participant's (or beneficiary's) signature. The participant's signature is only valid for 60 calendar days. If the signature is by a **mark** and the date is on or after July 25, 2000, ensure the requirements of PBGC Operating Policy Manual 8.5-1: Signature by Mark are met if the signature was **not** notarized. See Appendix J: Participant Forms Information for additional information about acceptable signatures. Once the signed form is reviewed by the processing unit (TPD, FBA, STCD or other department) to ensure accurate completion by the participant, the original form is promptly forwarded to the SSA inbox in PSB. (Note: Photocopies are not acceptable and will be returned.)

Whenever possible, PBGC staff will get a participant's signature on SSA Form 581, Authorization to Obtain Earnings Data From the Social Security Administration Form authorizing the request. There are some circumstances when a signature cannot be obtained after reasonable efforts. PBGC will process SSA data requests for these individuals provided the request has been signed by an IOD Division Manager, Associate Division Manager or other PBGC Department Director (an authorized PBGC official).

## Processing and Managing SSA Data Requests

PBGC first attempts to obtain the necessary SSA information through SSA Online (direct terminal access). PSB/TSD has the direct terminal access, and is the central point in PBGC for all agency SSA information requests (including other departments, like PEAD). Information that cannot be obtained through online access is obtained by forwarding the written requests to SSA. SSA then does the necessary research to obtain the information and mails a response back to PBGC.

PSB's responsibilities include processing and managing the inventory of all SSA requests, including the safeguarding of certain SSA responses as required by PBGC Directives, IM 10-2: Safeguarding of Tax Returns and/or Tax Return Information ..., and IM 10-3: Safeguarding of Information. Employment information obtained from SSA without the participant's signature **is not** subject to safeguarding. Earnings data obtained from SSA without the participant's signature is subject to safeguarding.

SSA responses that must be safeguarded cannot be imaged. Therefore, all SSA mail received by the DMC is handed directly to PSB. PSB reviews the SSA mail, determines what responses are subject to safeguarding, logs all responses into the SSA Request Inventory spreadsheet, and all safeguarded responses into SSA Safeguarded Data spreadsheet. All SSA responses except for

safeguarded SSA earnings data are returned to DMC for mail processing. (See TP 10: Respond to Correspondence.)

Safeguarding requirements require close coordination between FBA staff TPD staff when safeguarded earnings data is requested, as only HQ staff can access safeguarded information. Work products (ex. spreadsheets, databases, memos) that reference safeguarded information must also be safeguarded. Generally, work products may specify conclusions (ex. average compensation) based on safeguarded information (ex. earnings information for specified years) without having to be safeguarded. PBGC's Safeguard Officer provides training to staff on safeguarding requirements.

**Overview: SSA data requests summary**

| | **Employment Data** | **Earnings Data** |
|---|---|---|
| **Available for whom?** | Anyone with SSA covered employment | Anyone with SSA covered employment |
| **How requested? (See question sheet)** | **Preferred**: Form 581, Authorization to Obtain Earnings Data From the Social Security Administration - signed by participant (or their beneficiary, with copy of death certificate)<br>**Less Preferred**: Form 581, Authorization to Obtain Earnings Data From the Social Security Administration signed by *an authorized PBGC official* | **Preferred**: Form 581, Authorization to Obtain Earnings Data From the Social Security Administration - signed by participant (or their beneficiary, with copy of death certificate)<br>**Less Preferred**: Form 581, Authorization to Obtain Earnings Data From the Social Security Administration signed by *an authorized PBGC official* |
| **Available where?** | SSA Online generally for data from 1978 through present.<br>Paper request to SSA for research when data not available online | SSA Online generally for data from 1978 through present.<br>Paper request to SSA for research when data not available online |
| **How long does it take?** | Online - 5 business days for PSB to process request and submit response to DMC for imaging, or to e-mail requestor if data must be safeguarded. (DMC images data from PSB as mail.)<br>Referred to SSA - 5 days for PSB to refer to SSA. 60 business days (3 months) generally for SSA to complete their research and respond to PBGC | Online - 5 business days for PSB to process request and submit response to DMC for imaging, or to e-mail requestor if data must be safeguarded. (DMC images data from PSB as mail.)<br>Referred to SSA - 5 days for PSB to refer to SSA. 60 business days (3 months) generally for SSA to complete their research and respond to PBGC |
| **Safeguarded?** | No | Yes - only when request authorized by PBGC signature and there is no participant or beneficiary signature |

Request SSA Data

# TP 26.1 Initiate Request for SSA Data

08/31/2001

Action Steps

| | |
|---|---|
| **Purpose** | To secure necessary authorization to allow PBGC to obtain earnings and employment data from SSA so to determine a person's entitlement to benefits and/or correct benefit amount. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Determination that earnings or employment records are incomplete for a participant, and that other sources for data are not available. |
| **Process Output and Recipient** | Completed Form 581, Authorization to Obtain Earnings Data From the Social Security Admin from woodwork person or other participant returned to PBGC.<br>Completed Form 581, Authorization to Obtain Earnings Data From the Social Security Admin signed by *an authorized PBGC official* for a request that does not have a woodwork person's or other participant signature. |
| **Control Issues** | Ensure the form is completed accurately. If a beneficiary is claiming benefits, ensure that the form is completed to request the necessary earnings or employment information **for the participant**. The original of the form with the original signature is submitted to PSB. For details on acceptable signatures, see Appendix J: Participant Forms Information. Photocopies of the form are not acceptable and will be returned. A photocopy of the death certificate must be provided with the form to SSA if the participant is deceased, and should be requested from the customer if not already available from PBGC records (IPS). Do not forward incomplete forms to PSB, return them to participant or beneficiary for completion.<br>For earnings/employment requests lacking a participant or other customer's authorizing signature, an *authorized PBGC official (*IOD Division Manager, Associate Division Manager, a PBGC Department Director or Deputy Director) may authorize the request. Only earnings data requests that lack the participant's signature are subject to safeguarding rules and controls. See TP 26: Overview SSA Data Requests Summary.<br>PSB is the agency central point for processing these requests. It receives and manages all agency requests and responses. |
| **Important Concepts** | Safeguarding requirements require close coordination between FBA staff and TPD staff when safeguarded earnings data is requested, as only HQ staff can access safeguarded information.<br>**Timing:** Prompt processing of Form 581, Authorization to Obtain Earnings Data From the Social Security Administration is necessary as the requestor's signature is valid for only 60 calendar days. PSB's target is to complete online requests within 5 days of receipt, depending on |

| | |
|---|---|
| | volume of requests. Unless safeguarding requirements apply, the results are immediately forwarded to DMC. DMC images the response as received mail, and provides notification through ScoRe. Generally the results may be viewed through IPS 2-3 days after submission to DMC. |
| **Guidance** | Follow safeguarding procedures for tax returns received from IRS and stored in Safeguard Room. See PBGC Directive on Safeguarding of Tax Returns and/or Tax Return Information Disclosed by the IRS (IM 10-2) and Safeguarding of Information (IM 10-3) available in hard copy or from PBGC's intranet (see PBGC Directives from intranet home page).<br><br>PBGC Operating Policy Manual 8.5-1: Signature by Mark |
| **Procedure Owner** | PLS, PBA, FBA, STCD |

## Click here for more information

TP 26.1 Action Steps: Initiate Request for SSA Data

# TP 26.1 Action Steps: Initiate Request for SSA Data

08/31/2001

1 If the participant's address is known, prepare Plan Participation Information Request Letter (PRISM ALG 511) with Form 581, Authorization to Obtain Earnings Data From the Social Security Administration, or other letter as appropriate to the individual. (The beneficiary of a deceased participant may sign a request form.)

2 If the participant's address is unknown, make all reasonable attempts to determine the correct address, see TP 33: Locate Customer Address.

- If the participant' address is found, prepare and send Plan Participation Information Request Letter with Form 581, Authorization to Obtain Earnings Data From the Social Security Admin for signature. (The beneficiary of a deceased participant may sign a request form.)
- If the participant cannot be located, or other circumstances make it impossible to obtain the participant's signature on the form, prepare a Form 581, Authorization to Obtain Earnings Data From the Social Security Admin and submit to *authorized PBGC official* for signature. Go to action step 4.

**Note** It is always preferable to have the participant sign the request for data. Earnings data from SSA that is requested without the participant's signature is subject to safeguarding. See TP 26: Overview: SSA Data Requests Summary.

3 Follow up as necessary with the participant about returning the completed form. Due to it's time sensitivity (60 days for validity of signature), it's useful to make follow up requests after about 15 days.

4 When a signed form is received, review it for accuracy and that it has been completed and signed by the participant or beneficiary. Ensure that the signature is acceptable, as described in Appendix J: Participant Forms Information. If necessary, return to customer for signature. **Do not** forward incomplete forms to PSB.

**Note** Be aware that often a beneficiary or surviving spouse will complete the request form improperly, providing their name and social security number instead of the deceased participant's. If this is not caught by the requestor and is forwarded to PSB, the request will be processed as written. The error will not be discovered until the response is returned to the requestor with the data received for the wrong individual. The process will need to be re-done, beginning with sending out a new form to the beneficiary or surviving spouse to be completed properly and signed. This results in delayed processing.

5 After the completed form has been signed by the participant or *authorized PBGC official* send the original of the completed Form 581, Authorization to Obtain Earnings Data From the Social Security Admin to the SSA Data inbox in PSB for processing.

6 In situations where the request is signed by *an authorized PBGC official*, continue to make efforts to have a request signed by the participant. Once a request has been signed by the participant forward it to the SSA Coordinator, the SSA data will no longer have to be safeguarded. See TP 26.3: Manage and Safeguard SSA Data.

Request SSA Data

## TP 26.2 Request SSA Earnings/ Employment Data 09/26/2000

Action Steps

| | |
|---|---|
| **Purpose** | Obtain earnings and/or employment data from SSA. |
| **Time Reporting (BMPRS)** | Special Projects<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Completed SSA Form 581, Authorization to Obtain Earnings Data From the Social Security Admin from TPD, FBA, STCD, or other PBGC department. |
| **Process Output and Recipient** | Earnings and/or employment data from SSA for the requested period. Determination whether the data must be safeguarded.<br>• If not subject to safeguarding, the data is imaged to participant file ( IPS), notification of receipt provided to IOD requestor by ScoRe.<br>• If subject to safeguarding, the requestor is notified of receipt by the SSA Coordinator. |
| **Control Issues** | Requests that cannot be completed through online access are forwarded to SSA. |
| **Important Concepts** | Original signatures are required on the Form 581, Authorization to Obtain Earnings Data From the Social Security Admin. The form is reviewed by processing unit prior to submission to SSA inbox in PSB, however if upon receipt PSB believes a form is incomplete (ex. missing a SSN, or a death certificate) or improperly completed, the initiator of the request is promptly contacted by e-mail to pick up the original of the form.<br>Safeguarding requirements require close coordination between FBA staff and TPD staff when safeguarded earnings data is requested, as only HQ staff can access safeguarded information.<br>**Timing:** The requestor's signature is valid for only 60 calendar days. PSB's target is to complete online requests within 5 days of receipt, depending on volume of requests. The online query results are immediately forwarded to DMC and imaged as received mail. Generally the results may be viewed through IPS 2-3 days after submission to DMC.<br>**Exceptions:** If safeguarding is required, the initiator is notified by e-mail that the data is in the SSA Safeguard Room. Also, if request is from STCD, PEAD or other department, initiators receive e-mail notification of receipt from PSB. Requests that cannot be completely answered from the online SSA database are forwarded to SSA. If a response is not received from SSA within 60 days, PSB follows up on these outstanding requests. |
| **Guidance** | Follow safeguarding procedures for tax returns received from IRS and stored in Safeguard Room. See PBGC Directive on Safeguarding of Tax Returns and/or Tax Return Information Disclosed by the IRS (IM 10-2) and Safeguarding of Information (IM 10-3), available in hard copy or from PBGC's intranet (see PBGC Directives from intranet home page). |
| **Procedure** | SSA Coordinator, PSB |

**Owner**

## Click here for more information

TP 26.2 Action Steps: Request SSA Earnings/ Employment Data

# TP 26.2 Action Steps: Request SSA earnings/ employment data

09/26/2000

1 Enter the request into SSA Request Inventory spreadsheet. Record whether the data will be subject to safeguarding, (see TP 26: Overview SSA Data Requests Summary), and if so, enter request into the SSA Safeguard Inventory.

2 Review Form 581, Authorization to Obtain Earnings Data From the Social Security Admin for accuracy and completeness. If form is not completed or the signature is more than 60 calendar days old, send e-mail notification to HQ initiator to pick up form, or return to FBA in overnight mail. If returned, update SSA Request Inventory spreadsheet to show request returned.

**Note** If requested by HQ staff , or if the HQ staff does not pick up the form within 48 hours of e-mail, return form by interoffice mail.

3 Log into SSA Online and query the SSA database for the relevant information.

4 Print results and notify requestor of results.

**IOD requests (excluding STCD)**

- If data is not safeguarded: Forward printout of results to DMC for imaging. (DMC processes as received mail, and provides notification to the requestor through ScoRe that SSA data has been received and may be viewed in IPS.) If insufficient data is available online, notify requestor that the request is being forwarded to SSA for additional research.
- If data is safeguarded: Contact initiator by e-mail and notify them that the results have been received and are available in the Safeguard Room. If insufficient data is available online, notify requestor that the request is being forwarded to SSA for additional research.

**other dept requests (PEAD) & STCD**

- If data is not safeguarded: contact initiator by e-mail that results have been received and may be picked up from PSB. If requested, or if the staff does not pick up the form within 48 hours of e-mail, return form by interoffice mail. If insufficient data is available online, notify requestor that the request is being forwarded to SSA for additional research.
- If data is safeguarded: Contact initiator by e-mail and notify them that the results have been received and are available in the Safeguard Room. If insufficient data is available online, notify requestor that the request is being forwarded to SSA for additional research.

5 Update the SSA Request Inventory spreadsheet and as appropriate, the SSA Safeguard Inventory spreadsheet, with details about the online search results and notice to user (date submitted to DMC or notice provided to requestor).

6 If no information or only incomplete information is available from SSA Online, send original form to SSA by Federal Express and file a copy of form in "pending with SSA" binder, and update the SSA Request Inventory spreadsheet and as appropriate, the SSA Safeguard Inventory spreadsheet.

| Note | The Document Management Center **does not** immediately image mail from SSA as some of the data is subject to safeguarding. All SSA responses are directly delivered by DMC in a sealed envelope to the SSA Data inbox in PSB. The SSA Coordinator quickly reviews the SSA responses and updates the SSA Request Inventory spreadsheet and SSA Safeguarded Data Inventory spreadsheet for receipt of data. The SSA Coordinator sorts the responses into safeguarded and non-safeguarded responses, and separates out non-IOD (PEAD) and STCD requests that are non-safeguarded. |
|---|---|

**7** If data is not safeguarded, return the SSA responses (except PEAD & STCD requests) to DMC for imaging, and entry to ScoRe. Update the SSA Request Inventory spreadsheet and move copy of Form 581, Authorization to Obtain Earnings Data From the Social Security Administration to the finalized binder. No further action is required by SSA Coordinator with respect to these requests. Send the PEAD & STCD requests to the respective department or division.

**8** If data is safeguarded: Contact initiator by e-mail and notify them that the results are in and available in Safeguard Room.

**9** Each month, review SSA Request Inventory spreadsheet for requests that have been outstanding for more than 60 business days. When requests are more than 60 business days old, send written inquiry for status to SSA.

**Request SSA Data**

## TP 26.3 Manage and Safeguard SSA Data

**09/26/2000**

Action Steps

| | |
|---|---|
| **Purpose** | Track all agency requests for data from SSA, and safeguard data in accordance with PBGC directives. |
| **Time Reporting (BMPRS)** | Safeguard IRS Documents<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Receipt of SSA information that must be safeguarded.<br>Request for safeguarded SSA information.<br>Notice that a participant (or beneficiary of a deceased participant) has authorized a request for SSA data that was previously only authorized by a PBGC official. |
| **Process Output and Recipient** | Proper safeguarding of SSA data, and maintenance of SSA Safeguard Data inventory spreadsheet.<br>Formerly safeguarded SSA information provided to DMC for imaging to IPS. |
| **Control Issues** | The SSA Data Safeguard room is managed in accordance with PBGC directives. The room includes direct terminal access for certain SSA data. Individuals may access safeguarded data only after receipt of training as outlined in PBGC's directives. Any work product (ex. spreadsheet, database, internal memo) that specifies the safeguarded data, **must also be safeguarded**, although that is not required for determinations made as a result of safeguarded information. |
| **Important Concepts** | SSA Coordinator makes the determination as to whether data must be safeguarded. Earnings information obtained from SSA without a participant's signature is subject to safeguarding. Other SSA data, whether received from direct online access or a mailed response, **is not** subject to safeguarding. See TP 26:Overview: SSA Data Requests Summary. Safeguarding requirements require close coordination between FBA staff and TPD staff when safeguarded earnings data is requested, as only HQ staff can access safeguarded information. Some safeguarded information may cease to require safeguarding if the participant's signature is later obtained. |
| **Guidance** | SSA Coordinator follow safeguarding procedures described in PBGC Directive's on Safeguarding of Tax Returns and/or Tax Return Information Disclosed by the IRS (IM 10-2) and Safeguarding of Information (IM 10-3). (Available in hard copy or from PBGC's intranet, see PBGC Directives from intranet home page). |
| **Procedure Owner** | SSA Coordinator, PSB |

## Click here for more information

TP 26.3 Action Steps: Manage and Safeguard SSA Data

# TP 26.3 Action Steps: Manage and Safeguard SSA Data

09/26/2000

## Checkout of Safeguarded SSA Information

1 Upon request by processing staff to access records, check out safeguarded SSA data to authorized staff.

2 Ensure requestor has received the necessary training provided by PBGC's Safeguard Officer.

## Change safeguarded status of SSA Information

1 Upon receipt of a properly completed Form 581, Authorization to Obtain Earnings Data From the Social Security Admin for an SSA data request with the participant's or beneficiary's signature that was previously authorized by a PBGC official, update the SSA Safeguard Inventory to indicate that the data is no longer safeguarded.

2 Submit the original Form 581, Authorization to Obtain Earnings Data From the Social Security Admin, **and** the SSA data to the DMC for imaging.

3 Update the SSA Request Inventory spreadsheet to indicate the original request (safeguarding applied) has been superceded, and that the data has been forwarded to DMC.

Note After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

*Form SSA-581 - Authorization to Obtain Earnings Data from the SSA*

*PBGC Form 262- Access Authorization for IRS Safeguarded Information*

*PBGC Form 273 - Debriefing for IRS Safeguarded Information*

*Plan Participation Information Request Letter (PRISM ALG 511)*

# TP 27. Run Personal Interest Conflict System (PICS)

TP 27: Overview

TP 27.1: Run Federal Employee PICS Cross Match

TP 27.2: Report Federal Employee PICS Cross Match Results and Secure Records

TP 27.3: Prepare Contract Employee PICS Memo

TP 27.4: Query IPS and Update PICS Inventory Report

Forms Letters Memos

## TP 27. Overview

**04/05/2002**

IOD maintains a Personal Interest Conflict System (PICS) that alerts PBGC to conflict of interest situations arising from a federal or contract employee's access to their own or, a relative's entitlement records in a trusteed plan. Through PICS, IOD secures the records to prevent the employee from accessing personal data. When a conflict of interest is identified, IOD will take action to secure the pertinent records and to restrict access to them. The participant's file **is not** imaged, and the paper participant file is kept secured in BPAB. Any imaged participant record established in IPS prior to the identification of a personal interest conflict is closed and may not be viewed by staff. Prevention of personal interest conflicts is managed by the PICS Coordinator in TSD/BPAB.

**Federal Employees:** The PICS Coordinator identifies any potential conflict of interest with federal employees through a quarterly cross match of personnel records against participant records. The results of this quarterly cross match is reported to all PBGC Department Managers and IOD Division Managers.

**IOD Contract Employees:** The contract Principals ensure that an employee with a personal interest conflict is identified and disclosed to the PICS Coordinator at the earliest possible date, and that all necessary action is taken to secure the contract PICS employee's records. Each quarter, the PICS Coordinator reminds contract Principals of their PICS responsibilities. IOD contract employees covered through this process include: IOD's FBAs, In-house Benefit Administration staff, contract auditors, contract actuaries, and contractors developing and/or maintaining PRISM and/or its ancilliary systems.

**Run Personal Interest Conflicts System**

## TP 27.1 Run Federal Employee PICS Cross Match 01/11/99

Action Steps

| | |
|---|---|
| **Purpose** | Identify all federal employees with a personal conflict of interest. |
| **Time Reporting (BMPRS)** | Special Projects<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Human Resource Department (HRD) electronic report. Participant database (GENESIS). |
| **Process Output and Recipient** | Identification of current PBGC employees with personal interest conflicts. |
| **Control Issues** | Employees with personal interest conflicts are restricted from accessing or modifying their participant file (paper or IPS), or those of relatives. |
| **Important Concepts** | Employees are responsible for disclosure of conflicts of interest. PBGC also is proactive in its attempts to ensure adequate safeguards of data to prevent financial loss to the corporation. |
| **Guidance** | N/A |
| **Procedure Owner** | PICS Coordinator |

## Click here for more information...

TP 27.1 Action Steps: Run Federal Employee PICS Cross Match

**Run Personal Interest Conflicts System**

## TP 27.1 Action Steps: 06/09/2000
## Run Federal Employee PICS Cross Match

I. Within 30 days of each calendar quarter (12/31, 3/31, 6/30 and 9/30) , prepare and send a request to HRD for payroll database extract of employees (names and SSN and department/division identification), including all federal employees (full-time, part time, seasonal etc.).

II. HRD will provide report quickly, normally within 10 days of request. Make follow up request if no response within 14 days, and request firm date by which report can be prepared.

III. Upon receipt of file from HRD, run cross matching against participant database (GENESIS).

IV. Upon determination of matches (current PBGC employee listed as a participant in GENESIS), compare the federal employee cross match against the PICS Inventory Report (maintained and updated each quarter).

V. Verify continued existence of all previously reported cross matched PICS cases
– or –
resolve current status if former cases do not show up on current cross matched list.
(Example: Employee has terminated since last report date.)

VI. Refer to the Workflow diagram at the beginning of this technical procedure to determine the next action.

# TP 27.2 Report Federal Employee PICS Cross Match Results and Secure Records 04/05/2002

Action Steps

| | |
|---|---|
| **Purpose** | Notify all PBGC Department Managers and IOD Division Managers of their employees with conflicts of interest. Request action to secure records as necessary. |
| **Time Reporting (BMPRS)** | Special Projects<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Results of Federal Employee PICS Cross match. |
| **Process Output and Recipient** | Notify PBGC Management of federal employees with personal interest conflicts (PICS employees) or affected plans. Secure PICS employees participant records. |
| **Control Issues** | N/A |
| **Important Concepts** | PICS employees may be employed in any PBGC department. PICS participant paper records should only be secured in BPAB. Any PICS employee records created in IPS should be closed by the PICS Coordinator. |
| **Guidance** | N/A |
| **Procedure Owner** | PICS Coordinator, BPAB, PBGC Management |

## Click here for more information...

TP 27.2 Action Steps: Report Federal Employee PICS Cross Match Results and Secure Records

**Run Personal Interest Conflicts System**

## TP 27.2 Action Steps: 08/23/2002

## Report Federal Employee PICS Cross Match Results and Secure Records

**PICS Coordinator**

I. Prepare a memo to each PBGC Department Manager and IOD Division Manager, providing quarterly Federal Employee PICS Cross Match results.

- If manager has no personal interest conflicts (participants or plans), inform them of the results (no matches).
- If manager has previously identified PICS employees, inform the manager of the previously identified situation, and provide confirmation that participant(s) paper folder(s) remains secured in BPAB (based on most recent PICS Inventory Report), and no further action is required with respect to the identified PICS employee.
- If a manager has one or more employees or plans that have newly identified PICS employees, identify the participant and/or case to manager. Inform manager that the participant's paper file must be forwarded to BPAB, as soon as possible (preferably no later than 3 business days) or, if no paper file exists, a written statement to that effect must be forwarded within the same time frame to the PICS Coordinator.

**10** Send Federal Employee PICS Cross Match results memo. Provide copy of memo to BPAB Chief.

**11** Monitor receipt of all participant files. Follow up after 10 days from the date of the memo for any files (or statements) not received.

**12** If any responses are outstanding after two weeks from date of memo notify BPAB Chief and TSD Manager of status.

**13** Refer to the Workflow diagram at the beginning of this technical procedure to determine the next action.

Run Personal Interest Conflicts System

## TP 27.3 Prepare Contract Employee PICS Memo 04/05/2002

Action Steps

| | |
|---|---|
| **Purpose** | Identify IOD's relevant contract staff with personal conflicts of interest. |
| **Time Reporting (BMPRS)** | Special Projects<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Current PICS Inventory Report. |
| **Process Output and Recipient** | Identification of current IOD relevant contract employees with personal interest conflicts (PICS employees) and affected plans. Secure PICS Employees' participant records. |
| **Control Issues** | Employees with personal interest conflicts are restricted from accessing or modifying their personal file (paper or IPS), or those of relatives. |
| **Important Concepts** | PBGC does not maintain personnel records (names, SSNs) for each employee of a contractor. Disclosure of conflicts of interest should be made by the contract Principal to the PICS Coordinator when first recognized. New contract employees are required to complete a Conflict of Interest Statement and Recusal Form which must be filed with the PICS Coordinator ***within two weeks of their hire date***. PBGC is proactive in its attempts to ensure adequate safeguards of data to prevent financial loss to the corporation. Any PICS employee records created in IPS should be closed by the PICS Coordinator. |
| **Guidance** | N/A |
| **Procedure Owner** | PICS Coordinator, Contract Principals |

### Click here for more information...

TP 27.3 Action Steps: Prepare Contract Employee PICS Memo

**Run Personal Interest Conflicts System**

## TP 27.3 Action Steps: 04/05/2002
## Prepare Contract Employee PICS Memo

**PICS Coordinator**

1 Within 30 days of review the end of each calendar quarter (12/31, 3/31, 6/30 and 9/30), review of the prior quarter's PICS Inventory Report.

2 Prepare the Quarterly Contract Employee PICS Memo. Include in or with the memo:
- Basic Information about PICS.
- Copy of the PICS Inventory Report - applicable portion for each Contractor.
- Copy of Conflict of Interest Statement and Recusal Form.
- Description of IOD's Contract Principals' and contract employees' obligations under PICS.

   a Ensure each employee has signed, or signs a Conflict of Interest Statement and Recusal Form (within 2 weeks of date of hire), and forwards signed form to PICS Coordinator.

   b Provide to the PICS Coordinator all paper participant file material for employees listed on the PICS Inventory Report.

   c Once a PICS contract employee is identified, within 2 weeks forward to PICS Coordinator the participant paper file, if any. If no paper file exists, provide written statement (e-mail is acceptable) to PICS Coordinator of the newly determined PICS employee and confirm that no paper file exists.

   d Respond (e-mail) within 2 weeks to the Contract Employee PICS Memo identifying any new PICS contract employees (separately forwarding the paper participant records) or verifying that no new PICS contract employees have been identified.

   e If a PICS Employee terminates employment, notify the PICS Coordinator within **2 weeks**

3 Prepare memo and distribute by e-mail and provide each contract office their current PICS Employee listing. Provides copies to BPAB Chief and relevant COTRs

4 Monitor responses to memo. After 10 days, send e-mail to each non-respondent Contract Principal *and COTR* notifying them that no response has been received. Provide response deadline again (14th day after date of memo). Copy BPAB Chief and TSD Manager.

5 Following two week period, report any non-respondent contract groups to BPAB Chief and TSD Manager.

6 Refer to the Workflow diagram at the beginning of this technical procedure to determine the next action.

**Run Personal Interest Conflicts System**

## TP 27.4 Query IPS and Update PICS Inventory Report 04/05/2002

Action Steps

| | |
|---|---|
| **Purpose** | Ensure all PICS records are secured. |
| **Time Reporting (BMPRS)** | Special Projects<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Results of Federal Employee Cross match. Responses from Contract Principals to the Quarterly Contract Employee PICS Memo. IPS records. Prior quarter's PICS Inventory Report. |
| **Process Output and Recipient** | Participant IPS records are secured. Updated PICS Inventory Report. |
| **Control Issues** | N/A |
| **Important Concepts** | PICS employees (federal or contract) paper records are secured by PICS Coordinator. IPS records for PICS employees should be compared against the content of the paper file. IPS records should be periodically queried to ensure that additional PICS employee records have not been imaged, or if imaged have been closed. Thus, the records may be re-activated if the PICS employee situation changes and the participant records are no longer required to be secured. The PICS Coordinator may directly close records in IPS. |
| **Guidance** | N/A |
| **Procedure Owner** | BPAB, IPS Reindex Team |

### Click here for more information...

TP 27.4 Action Steps: Query IPS and Update PICS Inventory Report

**Run Personal Interest Conflicts System**

## TP 27.4 Action Steps: 04/05/2002
## Query IPS and Update PICS Inventory Report

I. Verify that all PICS paper files identified as secured in BPAB on prior quarter's PICS Inventory Report are still secured. Follow up on any discrepancies.

II. Compile list of newly identified PICS employees, from Contract Principals' responses and Federal Employee PICS Cross Match results.

III. Update prior quarter's PICS Inventory Report with newly identified PICS employees (federal and contract). Document whether or not paper files exist and the date paper participant files were received.

IV. Query IPS for all newly identified PICS employees. Compare the contents of paper file against IPS participant records.

V. If any records are on IPS but not in the paper participant file, print these documents.

VI. Once the paper participant file includes copies of all IPS participant information, "close" these records from IPS.

VII. If and when an individual ceases to be a PICS employee, request that their IPS records be reactivated. Prepare the *IPS Plan and Participant File Correction Form (Ips-chg.doc)*, and submit to the IPS Reindex Team for processing.

## TP 27.5 Forms, Letters, Memos, etc.

09/04/98

Note After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Conflict of Interest Statement and Recusal Form***
Available from PICS Coordinator in TSD

***IPS Plan and Participant File Correction Form***
Ips-chg.doc

# TP 28. Authorize Financial & Non-Financial Transactions through PRISM


TP 28. Overview

TP 28. Overview: Authorizable Electronic Transactions

TP 28. Overview: Authorization Levels Table

TP 28.1 Initiate Authorizable Electronic Transactions

TP 28.2 Authorize or Reject Electronic Transaction

TP 28.3 Request Temporary PRISM Authorizer

TP 28.4 Request Targeted PRISM Authorizer (Inclusions)

TP 28.5 Confirm PRISM Authorizers/Levels

 Forms, Letters, Memos, etc.

## TP 28. Overview

**05/13/2005**

Authorization is the final step in the transmission of new or changed payee records to SSC. Through authorization, necessary controls are provided as a second person (often of higher level) reviews and approves a change or a new payee record. In this technical procedure, authorization of electronic transactions is described. There are other data changes (manual changes) that may require approval of a second party and are not handled through PRISM.

The electronic transactions that must be authorized through PRISM before transmission to PLUS at SSC include financial and non-financial transactions. All additions or changes made in PRISM Benefits are considered financial and require authorization. Changes made in PRISM Customer (such as change to SSN or name) are examples of non-financial transactions that require authorization. Deaths are recorded in PRISM Customer, but are considered financial transactions and require authorization.

Some authorizable transactions must be "'forwarded" by the initiator using the FORWARD button in PRISM Benefits. Other transactions are self-forwarding, meaning they are automatically forwarded by PRISM to the queue of an authorizer to approve or reject a transaction using PRISM Authorizer. Transactions that require authorization are described in Overview - Authorizable Electronic Transactions Table.

There are 5 authorization levels, described in TP 28: Overview - Authorization Levels Table. PRISM assigns each transaction to an authorizer of the appropriate level who is part of the case team. These assignments are done randomly amongst the available authorizers. Some cases may have a limited number of targeted authorizers available for a plan - at least two at levels 1, 2 and 3. These cases are determined by management and established through a request to the PRISM Access and Authorization Administrator (BPAB/TSD).

Each PRISM authorizer is responsible for ensuring adequate coverage (back up) during absences or other times of unavailability, particularly if scheduled close to or through the relevant financial cut-off date. Requests for a temporary PRISM authorizer are forwarded to the PRISM Access and Authorization Administrator (RSD) for assignment.

Changes to a payee's home or bank address and federal tax withholding are examples of transactions that are self-forwarding and **do not** require authorization. They are not described in this procedure. For information about address changes, see TP 04: Process Address Changes. These changes are automatically sent to the queue of transactions for monthly transmission to PLUS at SSC.

**Authorize Financial & Non-Financial Transactions through PRISM**

## TP 28. Overview: Authorizable Electronic Transactions

**08/31/2001**

| Action Type | PRISM Application Used | Transaction Type | Initiator Forwards or Self-Forwarding |
|---|---|---|---|
| **SSN Change** -1- | Customer | Non-Financial | Self Forwarding |
| **Name Change** -1- | Customer | Non-Financial | Self Forwarding |
| **DOD Input** | Customer | Financial | Self Forwarding |
| (see TP 05: Process Deaths) | | | |
| **New Payee into Pay** | Benefits | Financial | Initiator Forwards |
| (see TP 20: Put New Payee into Pay) | | | |
| **Other Benefit Related Change** | Benefits | Financial | Initiator Forwards |
| (see TP 21: Change Benefit/ Payment Amount) | | | |
| **Estimated to Guaranteed** | Benefits | Financial | Initiator Forwards |
| (see TP 21: Change Benefit/ Payment Amount) | | | |
| **New EDD** | Forms & Benefits | Financial | Initiator Forwards |
| (see TP 04:2 Make or Change EDD Election) | | | |
| **Any other payment destination** | Forms & Benefits | Financial | Initiator Forwards |
| (see TP 04: Process Address Changes) | | | |

-1 Changes to a customer's social security number or name in PRISM may be made by a PLS/PBA or FBA in response to new or updated information received at PBGC, or after identification of an error in PRISM vs. documentation in IPS.
If notice of the "correct" name or SSN is first received by phone (CSC routes these calls to phone POCs for processing) and the information is not supported by existing documentation in IPS, the POC requests that the customer provide supporting documentation for PBGC's records. Once the supporting documentation (e.g. a copy of a Social Security card) is received, the POC updates PRISM. **In all cases, IPS will have documentation supporting the name or SSN in PRISM.**

**Authorize Financial & Non-Financial Transactions through PRISM**

## TP 28.1 Initiate Authorizable Electronic Transactions 05/13/2005

Action Steps

| | |
|---|---|
| **Purpose** | Ensure completed electronic transactions are implemented in PRISM through the authorization process. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>PBA Administer Benefits<br>FBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Ensure that the submitted transaction is complete and accurate. Provide supporting documentation to the authorizer, if requested. Documents are available to validate the authorization (IPS). |
| **Process Output and Recipient** | Supporting document provided to authorizer, as necessary. Approval will result in the implementation of the transaction. Rejection will require follow-up and corrective action. |
| **Control Issues** | Verification of all data before authorization to maintain PBGC's control & auditing standards. |
| **Important Concepts** | Level 5 transactions require preparation of memo supporting the change. The memo requires review and approval by Division Management prior to forwarding transaction in PRISM for authorization at the BAPD Director or Deputy Director Level, so that the memo is received coincident with receipt of the transaction for authorization. Ensure transactions are forwarded sufficiently in advance of the cut-off date for the appropriate check cycle to ensure processing. If initiator notes a problem with a transaction, alert the authorizer to reject the transaction so the necessary change may be made and the transaction may be re-forwarded for timely authorization. |
| **Guidance** | Check Schedule Key Dates<br>PRISM Training/Users Manual |
| **Procedure Owner** | PLS, PBA, FBA |

### Click here for more information...

TP 28.1 Action Steps: Initiate Authorizable Electronic Transaction

## TP 28.1 Action Steps: 03/05/99
## Initiate Authorizable Electronic Transaction

1 Review transaction and determine correct authorization level, see TP 28: Overview - Authorization Levels Table. Consult check schedule to determine appropriate cut-off date for the applicable month and transaction type.

2 Prepare any supporting required documentation for authorizer:

- If transaction is an authorization level 5, prepare *Level 5 Authorization Memo (Lev5auth.doc)* summarizing the reasons for the transaction.

**Note** Submit this memo to TPD Management for concurrence prior to forwarding transaction on PRISM for authorization by the Level 5 authorizer.

- If transaction is at authorization levels 1 through 4, prepare any supporting documentation required by TPD's management. Consult with TPD Management for specifics on supporting documentation requirements - may include hard copies of back up material or special folder in IPS (if this feature is available at the initiator's location).

3 Query PRISM Observer to determine assigned authorizer, and follow up with authorizer, if necessary, to ensure transaction is authorized before the cut-off date.

**Authorize Financial & Non-Financial Transactions through PRISM**

## TP 28.2 Authorize or Reject Electronic Transaction 05/13/2005

Action Steps

| | |
|---|---|
| **Purpose** | To review and approve or reject changes to payee records in PRISM. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>PBA Administer Benefits<br>FBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Use PRISM Browser for information on transaction and participant's file (IPS) for supporting documentation. The initiator should also provide the authorizer with supporting documentation. |
| **Process Output and Recipient** | Approved (authorized) transaction transmitted to SSC. Rejected transaction returned to the initiator. |
| **Control Issues** | Careful review to assure quality service to the payee and to maintain PBGC's auditing and internal controls. |
| **Important Concepts** | Authorize transactions prior to cut-off date for the monthly check cycle. |
| **Guidance** | Check Schedule Key Dates<br>PRISM Training/Users Manual |
| **Procedure Owner** | Authorizer (see TP 28: Overview Authorization Levels Table) (PBA, PLS, Team Leader, Division Managers & Associate Managers, BAPD Deputy Director, BAPD Director) |

### Click here for more information....

TP 28.2 Action Steps: Authorize or Reject Transaction

## TP 28.2 Action Steps: 08/25/2000
## Authorize or Reject Electronic Transaction

I. Review record submitted to verify correct data and processing. Use PRISM applications, IPS and any supporting documentation submitted by initiator. Level 5 authorizations are always accompanied by the *Level 5 Authorization Memo (Lev5auth.doc).*

II. Contact initiator with any questions about transaction.

III. Take action:

- If transaction is correct, authorize it in PRISM.
- If transaction is not correct, reject it in PRISM. Notify the initiator by e-mail that the transaction has been rejected and why.

**Note** If a transaction requires modification it must be rejected, so that the initiator may make the necessary modifications. Once modified the transaction is resubmitted for authorization. Authorizers may not modify transactions, only approve or reject them.

**Authorize Financial & Non-Financial Transactions through PRISM**

## TP 28.3 Request Temporary PRISM Authorizer

**05/13/2005**

Action Steps

| | |
|---|---|
| **Purpose** | Ensure that PRISM authorizers have temporary backups as needed, so that our customers' PRISM transactions are timely authorized. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>PBA Administer Benefits<br>FBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Determination that a PRISM Authorizer requires backup, request sent to PRISM Access and Authorization Administrator (RSD) (with notice to TPD or FBA managers as appropriate). |
| **Process Output and Recipient** | Temporary PRISM Authorizer assigned by PRISM Access and Authorization Administrator (RSD). |
| **Control Issues** | A temporary authorizer must meet the criteria established in TP 28 Overview: Authorization Levels Table. Assignment as a temporary authorizer does not permit a user to authorize transactions that they initiated. |
| **Important Concepts** | Authorizers absent during critical periods of the check cycle should request that the PRISM Access and Authorization Administrator (RSD) assign a temporary authorizer. Ensure the e-mail request sent to the PRISM Access and Authorization Administrator requesting assignment of a temporary authorizer is sent by, or copied to all three relevant parties: permanent authorizer, temporary authorizer, and a manager. |
| **Guidance** | Check Schedule Key Dates<br>PRISM Training/Users Manual |
| **Procedure Owner** | Authorizer (see TP 28 Overview: Authorization Levels Table)<br>(PBA, PLS, Team Leader, Division Managers & Associate Managers, BAPD Deputy Director, BAPD Director)<br>PRISM Access and Authorization Administrator (RSD) |

## Click here for more information

TP 28.3 Action Steps: Request Temporary PRISM Authorizer

## TP 28.3 Action Steps: 05/13/2005

## Request Temporary PRISM Authorizer

I. Once an authorizer determines that they will not be available (ex. due to scheduled absence, travel etc.), prepare an e-mail to the PRISM Access and Authorization Administrator (RSD).

The e-mail should specify:

- Name of Permanent Authorizer
- Name of Temporary Authorizer
- Effective begin date
- Effective end date
- Confirmation that the Temporary Authorizer meets the appropriate authorization level criteria, or request exception to criteria.

The e-mail should be sent by or copied to:

- Permanent Authorizer
- Temporary Authorizer
- Division Management Team Member, or FBA Supervisor/ Manager (FBA)

**14** The PRISM Access and Authorization Administrator sends an e-mail response (to the same three) confirming he established the temporary authorizer in PRISM.

**Authorize Financial & Non-Financial Transactions through PRISM**

## TP 28.4 Request Targeted PRISM Authorizer (Inclusions) 05/13/2005

Action Steps

| | |
|---|---|
| **Purpose** | Establish case specific PRISM authorizers, as needed, so that our customers' PRISM transactions are efficiently authorized by knowledgeable staff. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>PBA Administer Benefits<br>FBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Determination by management that a case requires targeted authorizers for PRISM transactions. Request sent to PRISM Access and Authorization Administrator (RSD). |
| **Process Output and Recipient** | Assignment of the requested targeted PRISM authorizers by PRISM Access and Authorization Administrator (RSD). |
| **Control Issues** | Targeted PRISM authorizers may be assigned for levels 1, 2 and 3. The individuals **must** meet the criteria established in TP 28 Overview: Authorization Levels Table, and a plan must have **at least 2** targeted authorizers at each level.<br>RSD periodically performs queries to verify that the plans have at least 2 individuals named at the first three levels. |
| **Important Concepts** | Targeted PRISM Authorizers are used on specific cases when management has determined it advisable to assign staff that are familiar with plan specifics. |
| **Guidance** | Check Schedule Key Dates<br>PRISM Training/Users Manual |
| **Procedure Owner** | TPD or FBA Management<br>PRISM Access and Authorization Administrator (RSD) |

## Click here for more information

TP 28.4 Action Steps: Request Targeted PRISM Authorizer (Inclusions)

**Authorize Financial & Non-Financial Transactions through PRISM**

## TP 28.4 Action Steps: 05/13/2005
## Request Targeted PRISM Authorizer (Inclusions)

**Management Team Member or FBA Manager/ Supervisor/Team Leader**

1 Prepare e-mail request to the PRISM Access and Authorization Administrator (RSD). The e-mail should specify:

- Case name
- Case number
- Names of targeted authorizers and authorization levels

**Prism Access And Authorization Administrator**

2 Review e-mail and ensure:

- Request is from appropriate management levels
- Authorizers meet criteria in T.P. 28 Overview: Authorization Levels Table
- At least 2 authorizers are identified for each level

3 After implementing request, send e-mail response to requestor (and cc: newly assigned targeted PRISM authorizers) confirming that the requested action has been implemented.

**Authorize Financial & Non-Financial Transactions through PRISM**

## TP 28.5 Confirm PRISM Authorizers/Levels

**05/13/2005**

Action Steps

| | |
|---|---|
| **Purpose** | Verify the authorization levels for all types of PRISM Authorizers are appropriate as outlined in the TP 28. Overview: Authorization Levels Table. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | A list of every PRISM authorizer by name, user id, their maximum authorization level and type, organization and job title from Genesis. |
| **Process Output and Recipient** | Verification that all PRISM authorizers meet the established criteria for their assigned levels. |
| **Control Issues** | To ensure adequate separation of duties, the PRISM Access and Authorization Administrators **do not** participate in running the authorizers listing, or verifying same, they only implement the changes provided to them. |
| **Important Concepts** | Include **all** PRISM Authorizers in confirmation process, including but not limited to Regular; Auto-Authorizers; Temporary; Targeted (Inclusions) and Queue Monitors. The manager for each listed authorizer confirms and validates the assigned level. A Prism Authorizer may have multiple types of Authorization responsibilities. For example, someone may simultaneously be a Regular PRISM Authorizer, a temporary Authorizer, a targeted Authorizer and a Queue Monitor. The level for each type must be confirmed or corrected in this process.<br><br>**Timing:** Authorization confirmations are conducted quarterly by the 7th calendar day of each quarter. BAPD Management and FBA Principals respond within 7 calendar days of receipt of the listing. The PRISM Access and Authorization Administrator implements authorization level changes within 3 workdays of receipt. The Quarterly Authorization Confirmation Summary Report is submitted to the RSD Manager by the 30th calendar day of the quarter. |
| **Guidance** | n/a |
| **Procedure Owner** | PLS Advocates (RSD), PRISM Access and Authorization Administrator |

## Click Here for More Information...

28.5 Action Steps: Confirm PRISM Authorizers/Levels

## TP 28.5 Action Steps: 05/13/2005
## Change Confirm PRISM Authorizers/Levels

### PLS Advocate

1 Obtain a list of all PRISM authorizers. Ensure list includes all types of PRISM authorizers:
- Permanent,
- Temporary,
- Targeted,
- Queue monitors,
- And any others.

2 By 7th day of the quarter, sort and separate report (spreadsheet) by BAPD Divisions and FBA. Prepare the "Prism Authorizer Quarterly Confirmation" e-mail and send (by e-mail) to all Division Managers, and FBA principals, requesting that they validate or correct all listed authorizers within 7 calendar days. Include by cc, the BPB Chief (all messages) and FBA COTRs for their respective FBAs.

3 Monitor responses to message. After 5 calendar days, send e-mail reminder to each non-respondent Division Manager or Contract Principal (and COTR) of deadline to respond (7 days from first notice) and that no response has been received. Copy BPB Chief and RSD Manager.

4 After 7 calendar days, report any non-respondent Division Manager or Contract Principal (and COTR) to BPB Chief and RSD Manager for appropriate action.

5 Forward each authorization level change request immediately upon receipt to the PRISM Access and Authorization Administrator requesting that the change be implemented to the PRISM Authorization structure.

6 Prepare Quarterly Authorization Confirmation Summary Report to the RSD Manager (cc BPB Manager, and PRISM Access and Authorization Administrator). Report summarizes the confirmation process followed and lists any outstanding non-respondents, and describes all changes.

### PRISM Access and Authorization Administrator

7 Implement authorization level change requests within 3 workdays of receipt.

8 Confirm to the PLS Advocate (and responding BAPD Manager or FBA Principal) that the change has been made.

**Authorize Financial & Non-Financial Transactions through PRISM**

## TP 28.6 Forms, Letters, Memos, etc.

**03/08/2002**

Note After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Level 5 Authorization Memo***
Lev5auth.doc

# TP 29. Request Off-Cycle Payment

TP 29. Overview

TP 29.1 Determine Need for Off-Cycle Payment Request

TP 29.2 Approve/Disapprove Off-Cycle Payment Request

TP 29.3 Track Off-Cycle Payment Requests

 Forms, Letters, Memos, etc.

# TP 29. Overview

**11/07/2000**

Benefit payments are processed through PRISM, according to the monthly check cycle. These payment requests are electronically transmitted each month from PBGC to PLUS at SSC. TPD and FBA staff are responsible for timely and accurate entry and authorization of participant information in PRISM following the check cycle deadlines, so that proper participant payments are made timely. See TP 20: Put New Payee into Pay Status, TP 21: Change Benefit Payment Amount and TP 28: Authorize Financial & Non-Financial Transactions through PRISM for information about payments made following the monthly check cycle.

Occasionally, a participant will not receive an expected payment. When this occurs, the TPD or FBA determines the reason for the non payment and takes action to correct the situation. If a payment is missed, PBGC will request that SSC issue a payment outside the normal monthly check cycle, referred to as an off-cycle check or payment.

An off-cycle payment can be:

- A monthly or annual annuity
- A special payment for back payments
- A lump sum payment

An off-cycle payment is requested when non-payment occurs due to either of the following reasons:

- **System issue**. A payment transaction failed in PRISM or there was an error or technical problem in the transmission process to the PLUS system;

  — or —

- **Processing issue unrelated to systems.** An expected payment was not processed before the cut-off date and an off-cycle payment is necessary to meet our commitment to the customer(s).

In all cases, the customer record is established in PRISM (if not done previously), then the TPD or FBA prepares the Off-Cycle Payment Request and submits it with supporting documentation directly to TSD for approval. The FBA forwards a copy of the request to the TPD DM and the plan's contract monitor at the same time the original is forwarded to TSD. The TPD DM will contact TSD directly if it is determined that the FBA's request should be returned, and TSD returns the unprocessed request to the TPD. TSD reviews all requests weekly, and records all action taken, approved, disapproved, or returned to TPD. Approved requests are forwarded to SSC. Disapproved requests are returned to the requesting Division or FBA Manager.

Technical Procedures

**Request Off-Cycle Payment**

## TP 29.1 Determine Need for Off-Cycle Payment Request 02/17/2004

Action Steps

| | |
|---|---|
| **Purpose** | Determine reason expected payment was not made through PRISM. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Non payment of expected payment. Knowledge and/or documentation of payee's situation or system issues for failed payment. |
| **Process Output and Recipient** | Off-cycle payment request with supporting documentation to TSD. |
| **Control Issues** | The customer record must be fully established in PRISM prior to submitting an Off-Cycle Payment Request. For an annuity payment, establish an annuity record using PRISM Benefits with payments scheduled as of the next available payment date. (This ensures the customer receives the expected first payment through an off-cycle check, and thereafter receives all expected annuity payments.) For a lump sum payment, create a customer record only. |
| **Important Concepts** | PRISM team provides written verification that the electronic process failed and a recommendation for an off-cycle payment request. TSD returns a disapproved request to the Division or FBA Manager. Most FBA requests are sent directly to TSD (subject to the authorization levels, See TP 28: Overview: Authorization Levels Table). TSD processes the requests unless TPD DM notifies TSD to return the request to the TPD. Do not forward off-cycle payment requests to TSD for approval that would result in payment materially earlier than the original expected payment date.<br><br>**Weekly Schedule:** Tuesday noon is the deadline to submit off-cycle payment requests to TSD Manager for payment that week, and for a TPD DM to ask TSD to return (not process) a request from an FBA. TSD sends approved Off-Cycle Payment Request Memoranda to SSC in Tuesday's overnight mail and forwards authorized data entry forms to DMC, Washington, DC, Attention: BPAB Manual Collection Box.<br><br>BPAB collects all manual data entry forms from the BPAB Manual Collection Box in the DMC, Washington. BPAB staff inputs the data from manual forms into NBX. |
| **Guidance** | IOD Policy Bulletin 97-7<br>Check Schedule Key Dates |
| **Procedure Owner** | PLS, PBA, FBA, Division Management |

**Click here for more information:**

TP 29.1: Action Steps: Determine Need for Off-Cycle Payment

# TP 29.1 Action Steps: Determine Need to Request Off-Cycle Payment

02/17/2004

## PLS, PBA, FBA

1 Query PRISM Browser to verify that a customer record has been established, and screen 202 (ledger) to verify that the payment has not been made or is not scheduled to be made on the correct date (for lump sum payments) or on the correct beginning date (for annuities). Use PRISM Tickler to determine whether a payment has been authorized.

2 Determine whether reason for non-payment is due to system issues (PRISM, transmission to PLUS), or a processing issue unrelated to systems (payment not authorized by cut-off date). The next few steps may be inapplicable for non-payments due to system issues, if the system issues cannot be resolved in a reasonable period of time.

3 If the reason is a system issue related to PRISM or transmission to PLUS, contact the Data Correction Team (TSD) and determine whether issues can be resolved in time for expected payment date. If not, the Data Correction team sends e-mail recommendation to initiator stating that it is necessary to request an off-cycle payment.

4 For annuity payments, establish an annuity payment in PRISM following Technical Procedure 20: Put New Payee into Pay Status, and Technical Procedure 28: Authorize Financial & Non-Financial Transactions through PRISM. The BEGIN date will be the first available payment date after the missed payment, automatically determined by PRISM Benefits.

**Example:** Payments should begin 2/1, but are not on ledger. Establish 3/1 as the beginning date for the annuity payment.

5 Verify payment is authorized.

6 Prepare an *Off-Cycle Payment Request Memo (Offcyreq.doc)* for the off-cycle payment, and detail the reason for non-payment. Complete the required data entry form(s) manually or electronically in WORD and attach supporting documentation. A complete request may include:

- E-mail from Data Correction Team indicating system issue could not be resolved and off-cycle payment is required
- Screen prints from PRISM (ledger and customer record)
- Special Check, PBGC Form 490
- Lump Sum Check, PBGC Form 491 and/or
- Annuity Check, PBGC Form 487

**Note** Complete PBGC Monthly Benefits Adds and Updates, PBGC Form 487, **only** for the missed annuity payment. Subsequent annuity benefits will already be authorized in PRISM unless there are exceptional continued system problems that prevent the payment, in which case additional off-cycles may be required until the problem is resolved.

7 Submit to TPD or FBA Management for signature. Ensure that the manual data entry form(s) with original signature(s) are provided to TSD Manager.

| | |
|---|---|
| **Note** | For FBA requests:<br>• If the dollar amount of request is up to authorization level 2 (FBA Manager), forward one original and two copies directly to TSD. Also, send copies of the request and attachments to the TPD DM and the plan's contract monitor.<br>• If the dollar amount of the request is above authorization level 2 (FBA Manager), forward the original with attachments to the TPD DM. The TPD DM will sign and forward the original with two copies directly to TSD. |

**TPD or FBA Managers**

8 Review Off-Cycle Payment Request and supporting documentation to ensure the request is complete and correct. If yes, sign request and forward original and two copies to the off-cycle check request inbox in TSD, room 7116. If no, return request to staff (PLS, PBA, FBA that prepared the request) for processing.

| | |
|---|---|
| **Note** | The TSD Manager and other designees in TSD must approve off-cycle requests before the transaction data are entered into NBX. |

Technical Procedures

**Request Off-Cycle Payment**

# TP 29.2 Review and Approve/Disapprove Request For Off-Cycle Payment

**02/17/2004**

Action Steps

| | |
|---|---|
| **Purpose** | Review request and approve or disapprove off-cycle payment request. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Off-Cycle Payment Request and supporting documentation from TPD or FBA. |
| **Process Output and Recipient** | Approved request forwarded to SSC to issue payment to the payee. Disapproved request returned to TPD or FBA with explanation. |
| **Control Issues** | TSD tracks all off-cycle payment requests, approved, disapproved, or returned to TPD.<br>BPAB performs quality control by comparing data entered in NBX with approved data on manual data entry forms to rule out NBX data input errors. |
| **Important Concepts** | The TSD Manager and other designees in TSD are the only signatures SSC accepts for off-cycle payment requests. The requesting Division is responsible for imaging the request after approval or disapproval by TSD.<br>**Weekly Schedule:** Tuesday noon is the deadline to submit off-cycle payment requests to TSD Manager for payment that week, and for a TPD DM to ask TSD to return (not process) a request from an FBA. TSD sends approved Off-Cycle Payment Request Memoranda to SSC in Tuesday's overnight mail and forwards authorized data entry forms to DMC, Washington, DC, Attention: BPAB Manual Collection Box. |
| **Guidance** | N/A |
| **Procedure Owner** | TSD, TPD, FBA |

## Click here for more information

TP 29.2 Action Steps: Review and Approve/Disapprove Request For Off-Cycle

**Request Off-Cycle Payment**

## TP 29.2 Action Steps: 02/17/2004

## Review and Approve/Disapprove Request For Off-Cycle Payment

### TSD

1 Review Off-Cycle Payment Request and supporting documentation, if any, to ensure complete information and explanation is provided. Verify that a customer record has been established (supporting document will include screen prints), and verify the payment has not been made or is not scheduled to be made using PRISM Browser and the Ledger Payment Error Log (provided by BPAB). For annuities, verify that the future stream of payment has been authorized.

2 Contact requesting division or FBA if request is incomplete or more information is needed (Example – incomplete forms). Determine whether to approve or disapprove off-cycle payment request. (Note: Requests are disapproved if it is determined no longer necessary, as the payment was made or is scheduled to be made on the expected payment date.)

3 If request is disapproved, initial and date original and both copies, and indicate disapproved. Return original to requesting Division, keep one copy for TSD, and discard third copy.

4 If the request is approved, initial and date original and both copies, and indicate approved. Place approved Off-Cycle Payment Request Memoranda in SSC inbox to be mailed overnight and forward authorized data entry forms to DMC, Washington, DC, Attention: BPAB Manual Collection Box.

5 **FBA request only** - if TPD asks that the request be pulled and not be processed, initial and date both copies, indicate returned unprocessed to TPD at their request . Forward the original to TPD, keep one copy for TSD, and return third copy to FBA. (This ensures the FBA is aware TSD did not process the off-cycle payment request.)

### TPD or FBA

6 Upon receipt of an approved Off-Cycle Payment Request, confirm to the customer the expected benefit amount(s) and date(s) in writing (ALGS 300 or 500 series) or by telephone documented to CCN. See TP 31.2 Document Outgoing Telephone Call. For customers with continuing annuity payments (must be authorized prior to submitting Off-Cycle Request), confirm the annuity as well.

7 Upon receipt of approved or disapproved Off-Cycle Payment Request from TSD, ensure that it is imaged with supporting documentation to the participant file (IPS). The FBA is responsible for imaging an FBA request that TSD returns unprocessed to the TPD.

### TSD/BPAB

8 Collect all off-cycle data entry forms from the BPAB Manual Collection Box in DMC.

9 Enter data from manual forms into NBX.

10 Compare NBX data with manual forms to rule out input errors.

11 Conduct quality review/audit of data entered into NBX.

12 Transmit off-cycle file to SSC weekly on Tuesday.

**Request Off-Cycle Payment**

## TP 29.3 Track Off-Cycle Payments and Requests 02/18/2005

Action Steps

| | |
|---|---|
| **Purpose** | Track all off-cycle payment requests to facilitate management reporting and planning. Ensure that all approved off-cycle payment requests are made. |
| **Time Reporting (BMPRS)** | Special Projects<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required input and Source** | Off-Cycle Payment Requests. |
| **Process Output and Recipient** | Updated PRISM Off-Cycle Check. Monthly notification to MCU by e-mail of all approved off-cycle payment requests. |
| **Control Issues** | PBGC's internal and management controls require accurate and timely input of all off-cycle payment requests in PRISM Off-cycle Check. The availability of data pertaining to off-cycle requests is necessary for post payment balancing. |
| **Important Concepts** | PRISM Off-cycle Check is a PRISM application to store data on all off-cycle payment requests. RSD updates Off-cycle Check weekly and provides management reports as requested. RSD also maintains a temporary file (purged periodically) of its copies of all requests. |
| **Guidance** | PRISM Off-Cycle Check User Manual |
| **Procedure Owner** | RSD |

## Click here for more information

TP 29.3 Action Steps: Track Off-Cycle Payments and Requests

## TP 29.3 Action Steps: 11/07/2000

## Track Off-Cycle Payments and Requests

I. Each week, update PRISM Off-Cycle Check with all approved off-cycle payment requests. The required data entry input fields are:

- Participant's SSN
- Participant's first and last name
- Participant's plan number and plan name (selected from drop-down menu)
- Amount of requested payment
- Date TSD received the Off-cycle Payment Request Memo
- Name of person submitting the request
- Name of originating TPD/FBA
- Name of originating TPD/FBA Manager
- Payment type (selected from drop-down menu - annuity, special, lump sum)
- Approver's name
- Date of approval
- Target date that the paying agent will make the payment

**15** Input information (same as in 1, except for the final three bullet points) for disapproved requests and also in the following:

- Date Off-cycle Payment Request is returned to originator
- Comments on the reason for the rejection of the Off-cycle Payment Request

**16** After the monthly ledger load, use PRISM Browser, screen 202, to determine whether approved off-cycle payments were made for the correct amounts and dates. Update PRISM Off-Cycle Check with findings, including any discrepancies between expected payment amount and date, or expected payment not made. If an expected payment is not reflected on the ledger, check with the Reconciliation Administrator, BPAB, if the payment is in the Ledger Payment Error Log. If the payment is not there, follow up with SSC and advise the requesting TPD/FBA of the findings.

**17** Update the record in PRISM Off-Cycle Check with changes necessary as a result of any follow-up action that the TPD/FBA takes, and add the reasons for the changes in the comment area.

**18** Provide to MCU monthly by e-mail the number of approved off-cycle payment requests forwarded to SSC.

**19** Provide information on off-cycle payment requests on an ad hoc basis.

## TP 29.4 Forms, Letters, Memos, etc.

02/17/2004

Note After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Off-cycle Payment Request Memo***
Offcyreq.doc

***Annuity Check, PBGC Form 487***

**Front of Form:** 487.doc

**For Instructions on Back:** 487Back.doc

***Lump Sum Check, PBGC Form 491***

**Front of Form:** 491.doc
**For Instructions on Back:** 491Back.doc

***Special Check, PBGC Form 490***

**Front of Form:** 490.doc
**For Instructions on Back:** 490Back.doc

# TP 30. Reconcile Funding

TP 30. Overview

TP 30.1 Reconcile Funding to SSC with Actual Payments

Forms, Letters, Memos, etc.

# TP 30. Overview

**06/18/2004**

## Background

IOD, in fulfilling its mission to pay pension benefits, contracted with State Street Corporation to be its paying agent. IOD staff uses the PRISM suite of applications to store information on participants, beneficiaries and alternate payees, and to place them in pay status upon eligibility for payment. SSC uses the PLUS system to store authorized payees' records, and to perform the actual payment functions.

IOD processes benefit payments according to the monthly check schedule. This means that putting new payees into pay and adjustments to payments and related transactions are entered and authorized in PRISM by the scheduled cut-off date. The authorized transactions are transmitted from PRISM to PLUS. SSC acknowledges the transmitted files, and after necessary intermediate actions such as sending to TSD an error file and receiving corrections thereafter, SSC does the monthly check run. This acknowledgment process applies to all check runs including lump-sums, SIDs, etc. The check run creates the Participant Payment Report (PPR) which gives the amount required to make the payments to PBGC's payees.

## Funding and Reconciliation

SSC requests funds to cover it's PBGC check runs, as needed. Each funding request is reconciled by the TSD Funding Reconciliation Administrator.

SSC faxes the Funding Request Form to IOD. This form breaks down the total amount required by payment types. Payment types may include annuities, lump sums, special checks, Rettig settlement payments and/or 4049 Trust lump sums. After reviewing and approving the funding request, IOD sends a Wire Transfer Request – SSC Benefit Funding to FOD to transmit the funds to SSC's designated account.

SSC sends all documents to support the funding request(s), within five business days after the check run. TSD's Funding Reconciliation Administrator reviews the documents to ensure the figures agree with the funding request for both **benefit payments** and **non-benefit payments.** The benefit payment figures are reconciled with PRISM payment ledgers. Non-benefit payments represent funds wired to SSC that do not produce ledgers. These funds are reconciled with the funding backup documentation. Reasons for non-benefit payments include but are not limited to:

- Refunds of multiple returns of funds by the paying agent to PBGC's trust account;
- Over withholding of taxes; and
- Recovery collection errors.

# TP 30.1 Reconcile Funding to SSC with Actual Payments 06/18/2004

Action Steps

**Purpose**

Reconcile the benefit-funded amount(s) with amounts posted to PRISM payees ledgers and reconcile the non benefit-funded amount(s) with funding backup documentation.

**Time Reporting (BMPRS)**

Special Projects

[See Appendix E: IOD Time Reporting (BMPRS)]

**Required Input and Source**

- Funding Request Tracking Log maintained in IOD.
- Funding requests from SSC with supporting documents such as the Participant Payment Reports (a separate report for each category of payment, e.g., annuities, lump sums, special checks, replacement or stale dated checks).
- Funding requests from SSC for off-cycle payments include as supporting documents copies of the off-cycle payment requests from TSD with payees' information and amounts paid.
- Totals by category of payment from PRISM ledgers obtained by a database query.

Additional SSC documents that may be included in funding request for non-benefit payments include:

- Reconcilement Correction Request Sheet
- Outstanding Check Reconciliation Listing
- Purge Sheet with input date and record number
- Memorandum in re: *Returns of Benefit Payments for CDA # xxxxxxxxx*, listing record numbers and totals for individual Purge Sheets
- Pension Check Request
- Front and back copies of checks
- Purged Check list
- Copy of PBGC Check Action Request Form (CARF)

**Process Output and Recipient**

Memorandum outlining the results of the reconciliation with attached spreadsheet summarizing the funding amounts with the actual payments reflected on PRISM payment ledgers by type.

**Control Issues**

IOD ensures that SSC receives sufficient funds to cover payments.

The reconciliation is part of PBGC's internal control process to ascertain that funding and payments are reconciled.

**Important Concepts**

All types of payments are reconciled - annuities, lump sums, special payments, SID and 4049 trusts payments. This process only applies to payments SSC makes for PBGC.

| | |
|---|---|
| | **Timing:** The funding reconciliation is done **after** the payments have been issued, and is completed no later than the 15th of the month after the payment month. |
| **Guidance** | N/A |
| **Procedure Owner** | TSD's Funding Reconciliation Administrator, Senior Contract Auditor, BPAB |

## Click here for more information

Actions Steps: TP 30.1 Reconcile Funding to SSC with Actual Payments

## TP 30.1 Action Steps 06/18/2004

## Reconcile Funding to SSC with Actual Payments

For each benefit funding request's reconciliation:

1 Review the summary portion of the SSC Participant Payment Reports (PPR) and supporting documentation, as needed, for completeness and accuracy.

- Compare funding requests to PRISM ledgers.
- Analyze and reconcile figures, using lotus worksheet developed for this purpose. The worksheet compares funding request(s) to SSC documentation, and to PRISM ledgers, and flags variances. Required input in the worksheet are:
  - Control totals from SSC Funding Request(s)
  - Control totals from Funding Backup - PPR summaries and other SSC supporting documents.
  - Totals by category from PRISM ledgers obtained by a database query.

2 Reconcile the PRISM payment ledger figures with the SSC PPRs and other supporting documents to ensure that actual payments agree with the funded amount(s) for all payments funded during the period.

3 If there are variances, contact SSC, determine the reason for the variance and resolve it.

4 Prepare *TSD Funding Reconciliation Memo (Fundrec.doc)* and submit to BPAB Chief and TSD Manager for their signatures, and then to IOD's Deputy Director.

5 If the memo reflects any variances, after resolution, prepare a revised *TSD Funding Reconciliation Memo (Fundrec.doc)* and submit through TSD management to IOD's Deputy Director.

For each non-benefit payment (NBP) funding request's reconciliation:

1 Review the funding backup documentation and determine reason for the non-benefit payment.

2 Check the customer record on the paying agent's benefit payment system to ensure that a ledger entry for the requested funds does not exist.

3 Update the spreadsheet in the Documentation and the PRISM Ledger sections. Use the designation NBP to record the NBP data.

## TP 30.2 Forms, Letters, Memos, etc.

**09/30/99**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***IOD Wire Transfer Request - SSC Benefit Funding Memo***
Reqfund.doc

***TSD Funding Reconciliation Memo***
Fundrec.doc

# TP 31. Document Telephone Calls

TP 31. Overview

TP 31.1 Document Incoming Telephone Calls

TP 31.2 Document Outgoing Telephone Calls

TP 31.3 CCN Call Records Guidelines

Forms, Letters, Memos, etc.

# TP 31. Overview

**03/10/2000**

Excellent customer service is a basic pledge of PBGC. IOD demonstrates its commitment to excellent customer service in many ways, including its timely and thorough responses to participant telephone calls and correspondence. (For details about correspondence processing in IOD, see TP 10: Respond to Correspondence.) IOD utilizes Customer Communications Network (CCN) to record and track **all** incoming and outgoing participant calls.

## Customer Service Center

IOD's Customer Service Center (CSC) in TSD is often a participant's first telephone point of contact with the PBGC. The 800 number (1-800-400-PBGC, or 1-800-400-7242) and a TTY connection (Federal relay service at 1-800-877-8339) is provided to participants with most standard communications, including participant brochures, all ALG letters and the participant newsletters. CSC phones are staffed from 8am to 5pm (eastern time) each work day. Regardless of whether the plan is at HQ or at an FBA, participants are provided with the 800 number. Customer Service Representatives (CSRs) direct calls to the appropriate staff member in the TPD or FBA (telephone POC in the plan's CAS Team) when they are unable to satisfy the participant.

CSRs are trained and empowered to handle a wide range of participant services and whenever possible will resolve the participants inquiry in the initial phone call. The CSC receives as many as 20,000 calls in a single month.

## Processing a call

Upon receipt of a call from a participant, the CSR (or other IOD call recipient) utilizes the participant's SSN or name to access basic information about the participant through CCN and initiates a CCN record. Each telephone call is logged into CCN and closed in CCN using one or more disposition codes that identify the call type and action taken. Outgoing telephone calls to or about a participant are also recorded in CCN.

More than one disposition code may be used with a single participant call. The CCN record (sometimes referred to as call log) is a vital part of IOD's system of records. It is the **only** record of the participant's call or request to the agency and documents any action taken or information provided. No imaging is required to document the telephone call. The call history feature in CCN permits staff to research IOD's history of telephone contact with a participant. Each staff member is responsible for ensuring that the contents of the call record accurately and completely reflect the details of the participant call.

# TP 31.1 Document Incoming Telephone Calls

05/18/2001

Action Steps

| | |
|---|---|
| **Purpose** | Establish accurate agency record of a participant communication. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits (TPD/TSD)<br>FBA Administer Benefits (TPD/TSD)<br>PBA Administer Benefits (TPD/TSD)<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Incoming telephone call from a participant or about a participant. |
| **Process Output and Recipient** | Call record established in CCN, participant inquiry resolved and record completed. |
| **Control Issues** | Management periodically samples CCN call records for accuracy and thoroughness to verify that PBGC's commitment to excellent customer service is being met. Use accurate disposition codes to ensure accuracy of management reporting. |
| **Important Concepts** | All participant calls received or initiated by IOD (headquarters and FBAs) are recorded in CCN. Ensure mandatory fields and information are completed for each call; see TP 31.3: CCN Call Records Guidelines for specifics. Call records in CCN are the only record of participant calls to IOD. No imaging of CCN logs is needed. The call history feature in CCN permits staff to research IOD's history of telephone contact with a participant. |
| **Guidance** | CCN Help Text<br>Customer Service Standards |
| **Procedure Owner** | All IOD (CSC, FBA, TPD, TSD) |

## Click here for more information

TP 31.1 Actions Steps: Record Incoming Telephone Calls

## TP 31.1 Action Steps: 03/10/2000

## Document Incoming Telephone Calls

1 Open CCN to establish call record and determine call type. Refer to TP 31.3: CCN Call Records Guidelines.

2 If possible to fully resolve participants issue, take the requested action or provide the requested information. Document action taken or information provided in the CCN record, noting the specifics of any information given and the source of that information. Close the record in CCN using the appropriate disposition codes. If the record is coded Information Only, and no action is required by the processing group (FBA or TPD) a copy of the CCN record is sent to all members of the plan's CAS team.

Regardless of whether the call is completely handled in the CSC or is routed to a processing group, the call is completely documented in CCN. See TP 31.3: CCN Call Records Guidelines for guidelines on some general categories of calls and the type of specific information to be recorded.

3 If unable to complete the call, refer to the appropriate party within the agency and advise the participant of the referral and when to expect a return call. Forward through CCN the log indicating action required.

4 Upon receipt of a referred call, contact the caller and resolve their inquiry. Update the CCN record and close the call using the appropriate disposition code(s). Ensure that all mandatory fields in CCN have been completed, and that other facts were recorded - in actions taken or comments fields. If you are unable to resolve the issue at the present time, the call will be tracked in the "pending" call box until the issue is resolved and the call is closed.

# TP 31.2 Document Outgoing Telephone Calls

05/18/2001

Action Steps

| | |
|---|---|
| **Purpose** | Establish accurate agency record of a participant communication. |
| **Time Reporting(BMPRS)** | FTE Administer Benefits (TPD/TSD)<br>FBA Administer Benefits (TPD/TSD)<br>PBA Administer Benefits (TPD/TSD)<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Outgoing telephone call to a participant or about a participant. |
| **Process Output and Recipient** | Call record established in CCN, participant inquiry resolved and record completed, or call referred and record updated. |
| **Control Issues** | Management periodically samples CCN call records for accuracy and thoroughness to verify PBGC's commitment to excellent customer service is being met. Use accurate disposition codes to ensure accuracy of management reporting. |
| **Important Concepts** | All participant calls received or initiated by IOD (headquarters and FBAs) are recorded in CCN. All participant calls received or initiated by IOD (headquarters and FBAs) are recorded in CCN. Ensure mandatory fields and information are completed for each call, see TP 31.3: CCN Call Records Guidelines for specifics. Call records in CCN are the only record of participant calls to IOD. No imaging of CCN logs is needed. The call history feature in CCN permits staff to research IOD's history of telephone contact with a participant.<br><br>Telephone calls **initiated** by IOD staff to participants and their representatives are recorded in CCN in addition to incoming calls received by the CSC or others. This does not include return and follow up calls made in response to a participant's initial call. These are documented as actions taken in response to the participant's initial phone call, and recorded in CCN with that initial call record. |
| **Guidance** | CCN Help Text<br>Customer Service Standards |
| **Procedure Owner** | All IOD (CSC, FBA, TPD, TSD) |

## Click here for more information

TP 31.2 Action Steps: Document Outgoing Telephone Calls

## TP 31.2 Action Steps: 03/10/2000

## Document Outgoing Telephone Calls

1 Open CCN and establish call record based on reason for call.

2 Record basics of conversation, any promised action or data given. After completed, document action taken or information provided in the CCN record, noting the specifics of any information given and the source of that information. Close the record in CCN using the appropriate disposition codes.

See TP 31.3: CCN Call Records Guidelines for a list of sample categories of participant calls and examples of the specific information required to be recorded in CCN.

# TP 31.3 CCN Call Records Guidelines

07/27/2001

**Standard practice for all calls:** Verify the identify of the caller (only the participant or their authorized representative may make certain requests or receive certain information) and verify with the caller that PBGC's information about how to reach them is correct - name, SSN, mailing address & telephone number. Any changes to this information should be made immediately.

| CALL TYPE | call typically completed by... | BASIC ELEMENTS DOCUMENTED IN CCN<br>**MF** = mandatory CCN field, completed by IOD staff, if not automatically completed by database.<br>**OA** = other action, includes information provided to caller, by IOD staff. |
|---|---|---|
| **Administrative Requests** | | |
| **Residential Address Change**<br>(For processing instructions, see TP 04: Process Address Changes .) | CSC | **MF**<br>• Street Address, City, State, Zip Code, Country Code |
| **Electronic Direct Deposit**<br>sign up or change<br>(For processing instructions, see TP 04: Process Address Changes .) | CSC | **MF**<br>• ACH Bank Routing Number,<br>• ACH Account Number,<br>• ACH Account Type (savings, checking)<br>**OA**<br>• Date of first payment by EDD or to new bank |
| **Banking Address**<br>paper checks mailed to bank<br>(For processing instructions, see TP 04: Process Address Changes .) | CSC | **MF**<br>• Street Address, City, State, Zip Code, Country Code<br>• Bank Account Number<br>**OA**<br>• Date first payment will be mailed to bank |
| ***I need a replacement check(s).*** | CSC | **MF**<br>• Date original check(s) issued.<br>**OA**<br>• CARF completed and forwarded (original and one copy) to SSC to stop check(s) and to issue replacement(s).<br>• SSC verifies checks not cashed and issues replacements, and sends a copy of the updated CARF to the DMC. |
| **Status Calls** | | |

| | | | |
|---|---|---|---|
| ***What is the status of my plan?*** | CSC transfers to TPD / FBA | **MF** | • DOB<br>• DOH<br>• DOTE |
| | | **OA** | • Has valuation been completed?<br>□ If no, when expected?<br>• Has BDL been sent?<br>□ If yes, what date?<br>□ If no, when expected?<br>• Enter any information given to participant in "Actions Taken" field in CCN. |
| ***What is the status of my check(s)?*** | CSC | **OA** | • If more than 10 days after the first of a month and caller has not received expected check, see "issue replacement check". |
| ***What's the status of EDD request?*** | CSC | **OA** | • Query PRISM and provide results expected first EDD |
| ***What is the status of my benefit application package (BAP)?*** | CSC transfers to TPD / FBA | **MF** | • DOB<br>• DOH<br>• DOTE |
| | | **OA** | • Date BAP received.<br>• Date acknowledgment letter sent.<br>• BAP complete?<br>□ IIf yes, date payments will commence.<br>□ If no, what actions are required for completion.<br>• Date form(s) and letter sent to participant.<br>• Any additional information provided to participant or commitments made (i.e. "will call back". ) |
| ***What is the status of my appeal?*** | CSC, may be transferred to PEAD or | **MF** | • Appeals Number.<br>• Appeal open/closed. |
| | | **OA** | • Transfer based on whether appeal open (to PEAD) or closed (TPD/ FBA). |

| | | | |
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| | or TPD / FBA | | • If closed, will or has a corrected BDL been sent?<br>• Provide date.<br>• Date appeal decision effective. |
| ***When am I eligible for benefits?***<br><br>If estimated benefit calculation is requested, see TP 32: Provide Estimated Benefit Calculation for processing instructions. | CSC transfers to TPD / FBA | **OA** | comments, including:<br>• Whether entitled to benefit.<br>• Amount and form of benefit.<br>• Annuity Starting Date<br>• Normal Retirement Date.<br>• Spouse's date of birth.<br>• All other participant data taken by telephone (DOB, DOH, DOTE), wage information. |
| ***When will*** BDL ***be issued?*** | TPD / FBA | **OA** | comments include:<br>• Benefit Amount.<br>• Benefit Effective Date.<br>• Normal Retirement Date.<br>• Date BDL is or will be sent. |

**Forms & Letters**

| | | | |
|---|---|---|---|
| ***Letters - I never received my BDL (or other document).*** | CSC transfers to TPD/FBA | **OA** | comments include:<br>• Document requested<br>• Date ALG 540: BDL cover letter (or other document transmittal) sent. |
| ***Please send an application, or other forms or information.***<br><br>(For information about participant forms, see Appendix J: Participant Forms Information.) | CSC | **OA** | comments include:<br>• Forms or information requested by participant<br>• Date forms & cover letter, or other information sent.<br>• If application inappropriate (as participant is not yet eligible), date for participant to contact PBGC to request application. |

**Inquiries**

| | | | |
|---|---|---|---|
| ***Where's my check?*** | CSC | **MF** | • Date check issued. |
| | | **OA** | • CARF completed (for stop payment), when appropriate. |

| | | | |
|---|---|---|---|
| **Death Notification or Inquiry**<br><br>(For processing instructions, see TP 5: Process Deaths.) | TPD / FBA | **MF** | • Date of Death.<br>• Identify of caller (name, telephone number & address if different than participant). |
| | | **OA** | comments include:<br>• Surviving Spouse/Beneficiary/Estate Payment due? (Y/N)<br>• Spouse's date of birth, if applicable.<br>• Benefit Amount due to above & form.<br>• Date acknowledgment letter is sent.<br>• Date PAB mailed, if applicable. |

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**Out Going Calls**

| | |
|---|---|
| **Confirming expected benefit payment** | • Call may be made in lieu of or in addition to 300 or 500 series letter. Provide the date and amount of payment(s). |
| **Follow up on annuity application** | • Call is made 7-14 dates after Form 700 - Application for Pension Benefits is sent. |

## TP 31.4 Forms, Letters, Memos, etc.

**03/10/2000**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

**None**

# TP 32. Provide Estimated Benefit Calculations

TP 32. Overview

TP 32.1 Receive Request, Gather Initial Information

TP 32.2 Determine and Provide Estimated Calculation

Forms, Letters, Memos, etc.

## TP 32. Overview

**01/19/2005**

When requested, IOD provides written estimated benefit calculations to participants, surviving spouses, beneficiaries and alternate payees. IOD gathers all necessary information to calculate an accurate estimated benefit and provides the requestor a response as soon as possible.

Customers request estimated benefits by telephone or in writing (via letter, fax or e-mail). They may request this information for advance planning purposes, or to determine whether to elect to receive an early retirement benefit (if applicable under their plan) or a normal retirement benefit from PBGC. After receipt of an estimated benefit calculation, these customers may file a benefit application and request to be put into pay status. This process is described in TP 20 Put New Payee into Pay Status.

Accurate and timely provision of estimated benefits to customers is one of the many ways IOD demonstrates its commitment to excellent customer service. These calculations are provided as soon as possible to the customer. If an estimated benefit tool (includes BET) has been prepared for the plan (developed in Process 10.6: Prepare Estimated Benefits Calculation Tool), **or** IOD has recent plan calculations from the prior plan administrator or actuary, the commitment is to respond to the participant's request within **15 business days** of the request, or receipt of all necessary information, if later.

An estimated benefit calculation is personal benefit information subject to Privacy Act considerations, and may only be provided to the individual entitled to the benefit, or to their authorized representative, see PBGC Operating Policy Manual 8.4-1: Power of Attorney and Guardianship. Spouses of participants, children and other relatives are not entitled to the information unless the participant gives written permission (unless the person is the beneficiary of a deceased participant), and a request is made under the Freedom of Information Act (FOIA). The Disclosure Officer in CPAD handles FOIA requests. A spouse or a former spouse having a Domestic Relations Order prepared often make this type of request, and if the request is received by IOD staff, the alternate payee is directed to CPAD (Disclosure Officer) for assistance. For information about processing these orders, see TP 13: Domestic Relations Order Handbook.

Upon receipt of a telephone request in the CSC for an estimated benefit, the CSR collects basic information about the participant and/or caller (when the caller is not the participant). Like all telephone calls, this is recorded in CCN, see TP 31: Document Telephone Calls. Once the call is routed to them, the PLS, PBA, or FBA assigned to the case assumes responsibility of responding to the request. Written requests are routed directly to the PLS, FBA or PBA assigned to the case, who contact the requestor to collect any additional information needed and maintain responsibility for the participant request through completion.

Once all necessary participant and plan information is available, the estimated benefit is calculated using one of these methods, in the following preferred order:

- an estimated benefit calculation tool (includes BET), if available.
- recent prior plan administrator's calculations that have been approved by the PBGC actuary, if available.
- PBGC actuary provides individual calculation.

Generally, the PLS, FBA or PBA provides the estimated benefit and reviews the supporting information by telephone, documented through CCN. This is followed by a written response that specifies the estimated benefit calculation, (clearly identifies the information as estimate) and provides an estimated benefit calculation sheet.

**Provide Estimated Benefit Calculations**

## TP 32.1 Receive Request, Gather Initial Information 05/18/2001

**Action Steps**

| | |
|---|---|
| **Purpose** | Verify estimated benefit requestor entitled to information, collect necessary information to complete calculation. |
| **Time Reporting (BMPRS)** | FTE Estimated Benefit Calculations<br>FBA Estimated Benefit Calculations<br>PBA Estimated Benefit Calculations<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Written or verbal inquiry from a participant, surviving spouse, beneficiary, alternate payee for an estimated benefit amount. |
| **Process Output and Recipient** | All participant and plan information necessary to perform estimated benefit calculation for eligible participant determined and received by PBGC. Determination that requestor may receive this personal benefit information. |
| **Control Issues** | PBGC will ask the necessary questions to verify that the requestor is entitled to the information, and determine whether the participant is eligible for an estimated benefit amount from the plan.<br>Spouses of living participants, children and other relatives are not entitled to a participant's personal benefit information without written permission from the participant. Then their request for information may be made under FOIA. CPAD handles FOIA requests. Potential alternate payees may request benefit information as part of the preparation of a Domestic Relations Order. If received in IOD, direct the requestor to CPAD.<br>Regardless of the method of inquiry (phone, e-mail, fax, letter) all communications with the participant and information used to provide the benefit calculations are fully documented, either imaged to IPS (includes e-mail correspondence) or recorded in CCN. |
| **Important Concepts** | Although estimated benefits **are estimates**, PBGC is sensitive to the customer's reliance on these calculations in their planning and decisions about whether to retire, and strives to provide the most accurate calculation possible. When Benefit Determination Letters are issued, underpayments are made to the customers (see Process 19: Issue BDLs & Make Adjustments to Payments), and overpayments may be repaid through recovery or recoupment (see TP 06 Recover Overpayments, and TP 07 Recoup Overpayments). Complete and accurate data are critical to ensure that PBGC's timely estimated benefit calculations are accurate.<br>**Timing:** PBGC's goal is to always respond to the requestor(s) as soon as possible. In many cases that will be within 15 business days of the estimated benefit calculation request, or receipt of all necessary information, if later. |
| **Guidance** | Customer Service Standards<br>PBGC Operating Policy Manual 8.4-1<br>Prism ALGS Letters (electronic manual in IOD Manuals System) |
| **Procedure** | PLS, PBA, FBA |

**Owner**

## Click here for more information...

TP 32.1. Action Steps: Receive Request, Gather Initial Information

**Provide Estimated Benefit Calculations**

## TP 32.1 Action Steps: 05/18/2001

## Receive Request, Gather Initial Information

A. Telephone request B. Written request

### A. Telephone request

**CSR or PLS, PBA or FBA**

A telephone request for an estimated benefit calculation amount may be received at the CSC or directly by the PLS, PBA, or FBA. As with all customer telephone calls, IOD follows the standard steps of gathering or verifying basic information about the caller and/or participant. See TP 31: Document Phone Calls, for information about call processing.

1 Verify that the caller is the participant, surviving spouse or beneficiary, or authorized representative (see PBGC Operating Policy: 8.4-1 Power of Attorney and Guardianship). If not, no information may be provided to the caller. If the caller requests the information under FOIA, direct the caller to CPAD.

Request the following information from the caller (including the standard call verification procedure):

- Full Name
- Address
- Sex
- Telephone number day & evening
- Social Security Number (SSN)
- DOB
- DOH
- Date of Termination of Employment (DOTE)
- Marital Status
- Spouse's name, if married
- Spouse's DOB
- Date participant wants to retire
- Plan Name and case number

2 If originally received in the CSC, as outlined in TP 31.1: Document Incoming Phone Calls, the request is forwarded to the responsible staff, telephone point of contact (POC) for the plan.

**PLS, PBA or FBA.**

3 First verify whether the plan's status is final or estimated. (A plan is referred to as "final" when its valuation has been completed and Benefit Determination Letters issued. Otherwise, a plan is referred to as "estimated", therefore participant benefits are estimated.) If the plan is final, the benefit may be provided through accessing the archives. Provide a telephone response to the participant (recording the relevant information in CCN,) and follow up with a letter confirming the information provided.

4 In addition to the information outlined in 2 above, additional information is necessary to calculate an accurate benefit estimate. Consult with the plan actuary to develop a complete list of data needed for the estimated benefit calculation, and ensure that this list of data elements is imaged to the plan file (IPS).

Some examples of additional information that may be necessary:

- Transfer between hourly and salaried
- Break in service information, if applicable
- Date of plan participation
- Earnings information (W-2's), if applicable*

* If the requestor is unable to provide enough supporting employment or earnings data, information may need

to be obtained from SSA, if possible. For more information, see TP 26 Request SSA Data

5 Determine status of the plan and whether an estimated benefit calculation can be made.

**Note** In some instances, it may be too early in the case processing cycle to provide this information. For example: There may not be an estimated benefit calculation tool (includes BET) for the plan. See Process 10.6: Prepare Estimated Benefit Calculation Tool. There may not be (reliable) prior plan administrator or actuary's benefit calculations available for the plan, and the plan document audit and plan abstract are not yet completed, or is not available for the plan. See Process 12.1 Finalize Plan Document Audit, and Process 12.2 Prepare Plan Abstract.

6 **If an estimated calculation may not be provided at this time,** notify the requestor that the PBGC is still gathering information about the plan necessary to perform the calculation. The initial provision of this information may be made by telephone (documented to CCN), see TP 31.1: Document Incoming Phone Calls.

7 If PBGC has trusteed the plan but has not yet obtained sufficient records, ask the requestor if he or she has copies of any of the following:

- Benefit statement from the employer/ plan administrator
- Summary Plan Description
- Summary of Material Modifications (SMM)
- pension plan document and/or amendments
- collective bargaining agreement
- union book(s)
- employee handbooks that reference the pension

If the requestor has any or all of these documents, ask them to provide copies to the PBGC.

8 Check PRISM, IPS and/or any other plan database or information to determine whether all information needed to calculate the estimated benefit amount is available. If additional information is needed, contact the requestor by telephone, following TP 31: Document Phone Calls. If unable to contact by telephone, prepare Information Request for Estimated Benefit, available through PRISM ALGS.

9 If the requested information is not received within 15 days, follow-up is appropriate. If efforts to obtain the necessary participant information are unsuccessful, consult with division management about whether to send a final letter advising that until the requested information is provided, PBGC will not be able to provide the estimated benefit calculation, and will not make any further follow up efforts.

10 The TPD case team is responsible for completing the required work that will permit an accurate estimated benefit calculation.

11 Go to TP 32.2 Calculate and Provide Estimated Benefit

### B. Written request - PLS, PBA or FBA (mail POC for plan)

Most letter are received by the DMC, and notification sent to the processing unit (TPD, FBA) through ScoRe. Requests may also be e-mailed. If an e-mail request or letter is directed to someone on the case team other than the plan's mail POC, the request is routed to the plan's mail POC. See also TP 10 Respond to Correspondence.

1 First verify whether the plan's status is final or estimated. (A plan is referred to as "final" when its valuation has been completed and Benefit Determination Letters issued. Otherwise, a plan is referred to as estimated, therefore participant benefits are estimated.) If the plan is final,

the benefit may be provided through accessing the archives. Provide a telephone response to the participant (recording the relevant information in CCN,) and follow up with a letter confirming the information provided.

2 Verify that the requestor is the participant, surviving spouse or beneficiary, or authorized representative (see PBGC Operating Policy: 8.4-1 Power of Attorney and Guardianship). If not, no information may be provided to the requestor. If the requestor would like to request the information under FOIA, direct them to the Disclosure Officer in CPAD.

3 Determine status of the plan and whether an estimated benefit calculation can be made.

**Note** In some instances, it may be too early in the case processing cycle to provide this information. For example: There may not be an estimated benefit calculation tool (includes BET) for the plan. See Process 10.6: Prepare Estimated Benefits Calculation Tool. There may not be (reliable) prior plan administrator or actuary's benefit calculations available for the plan, and the plan document audit and plan abstract may not yet be complete. See Process 12.1: Finalize Plan Document Audit, and Process 12.2 Prepare Plan Abstract.

4 **If an estimated calculation may not be provided at this time,** notify the requestor that the PBGC is still gathering information about the plan necessary to perform the calculation. The initial provision of this information may be made by telephone (documented to CCN), see TP 31: Document Telephone Calls.

5 If PBGC has trusteed the plan but has not yet obtained sufficient records, ask the requestor if he or she has copies of any of the following:

- Benefit statement from the employer/ plan administrator
- Summary Plan Description (SPD)
- Summary of Material Modifications (SMM)
- pension plan document and/or amendments
- collective bargaining agreement
- union book(s)
- employee handbooks that reference the pension

If the requestor has any or all of these documents, ask them to provide copies to the PBGC.

6 Review the request and determine what information is needed to provide the estimated benefit calculation. Consult with the plan actuary to develop a complete list of data needed for the calculation, and ensure that this list of data elements is imaged to the plan file (IPS). The following provides a listing of some of the information that may be necessary to complete the calculation and contact the participant:

- Full Name
- Sex
- Social Security Number (SSN)
- DOH
- Marital Status
- Spouse's DOB, if married
- Plan name and number
- Date of plan participation
- Transfer between hourly and
- Address
- Telephone number day & evening
- DOB
- Date of termination of employment (DOTE)
- Spouse's name, if married
- Date participant wants to retire
- Break in service information, if applicable
- Earnings information (W-2's), if applicable*

salaried

* If the requestor is unable to provide enough supporting employment or earnings data, information may need to be obtained from SSA, if possible. For more information, see TP 26 Request SSA Data

**7** Check PRISM, IPS and/or any other plan database or information to determine whether all information needed to calculate the estimated benefit amount is available. If additional information is needed, contact the requestor by telephone, following TP 31.1: Document Incoming Phone Calls. If unable to contact by telephone, prepare Information Request for Estimated Benefit, available through PRISM ALGS.

**8** If the requested information is not received within 15 days, follow-up is appropriate. If efforts to obtain the necessary participant information are unsuccessful, consult with division management about whether to send a letter advising that until the requested information is provided, PBGC will not be able to provide the estimated benefit calculation, and will not make any further follow up efforts.

**9** Until able to provide calculation, follow Customer Service Guidelines in providing updates to the participant including when the final response may be expected.

**10** The TPD case team is responsible for completing the required work that will permit an accurate estimated benefit.

**11** Go to TP 32.2 Calculate and Provide Estimated Benefit

## TP 32.2 Determine and Provide Estimated Calculation 02/07/2003

Action Steps

| | |
|---|---|
| **Purpose** | Promptly calculate and provide accurate estimated benefit upon request. |
| **Time Reporting (BMPRS)** | FTE Estimated Benefit Calculations<br>FBA Estimated Benefit Calculations<br>PBA Estimated Benefit Calculations<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | All participant and plan information necessary to complete estimated benefit calculation from plan records or requestor. Determination of the method of calculating the estimated benefit, in preferred order:<br>• using prepared benefit estimated tool.<br>• using prior plan administrator (or actuary's) calculations.<br>• PBGC actuary provides individual calculation. |
| **Process Output and Recipient** | Estimated benefit calculation provided to the requestor by telephone, followed by written notification, all fully documented to CCN and IPS. Requestors not entitled (non-vested) may receive Benefit Determination Letters. |
| **Control Issues** | Regardless of the method of inquiry (phone, e-mail, fax, letter) all communications with the participant are fully documented, either imaged to IPS (includes e-mail correspondence) or recorded in CCN. |
| **Important Concepts** | Although estimated benefits are estimates, PBGC is sensitive to the customer's perspective, and strives to provide the most accurate calculation possible. Complete and accurate data are critical to ensure the accuracy of the estimated benefit calculations. Responses to participants provide the **monthly benefit amount**. If a participant applies for benefits or is immediately eligible at the time the estimated calculation is provided, then the lump sum distribution amount may be provided.<br>Participants eligible for retirement may be put into pay on an estimated basis, with adjustments made after Benefit Determination Letters are issued. An eligible participant may request to begin to receive retirement benefits when they are notified by phone of the estimated benefit amount. If so, include the appropriate benefit application form with the Response to Inquiry for a Benefit Estimate, ALGS 305. Make a follow up phone call to customer confirming receipt of the annuity application and offer assistance (7-14 days after sending application).<br>**Timing:** PBGC's goal is to always respond to the requestor(s) as soon as possible, however, when an estimated tool is available or PBGC has prior calculations, an estimate is be provided no later than 15 business days after receipt of all required information. (Exceptions to this 15 day response target must be brought to the attention of division management.) |
| **Guidance** | Customer Service Standard<br>Prism ALGS Letters (electronic manual in IOD Manuals System) |

| | |
|---|---|
| **Procedure Owner** | PLS, PBA, FBA, actuary |

## Click here for more information

TP 32.2 Action Steps: Determine and Provide Estimated Calculation

**Provide Estimated Benefit Calculations**

## TP 32.2 Action Steps:

## Determine and Provide Estimated Calculation 02/07/2003

**A. Use estimated benefit calculation tool** **B. Use prior calculation**
**C. Actuary calculates individual estimated benefit**

### A. Use Estimated Benefit Calculation Tool

1 Use the estimated calculation tool to calculate the estimated benefit. (Most estimated benefit tools will produce a benefit calculation sheet. If not, prepare a *PBGC Estimated Benefit Calculation Sheet (Estbenst.doc).)*

2 Submit the calculation for peer review or review by the actuary if desired, or as required by division management. (FBAs follow the plan's TPD's guidelines.)

**Note** If it's determined that the requestor is a non-vested participant who is not eligible for any benefits from PBGC, including a 4022(c) benefit, an early Benefit Determiation Letter may be issued, in response to this request. (See 19.1 Review List of Participants Eligible for Early BDLs for information.)

3 Contact the requestor by telephone and provide the estimated benefit amount, and review the supporting information. If the requestor is eligible for an early retirement benefit or a normal retirement benefit, inform them that an application will be provided. Complete the CCN log (either the original request if originally requested by phone, or the new log prepared for the outgoing call - see TP 31.1: Document Incoming Phone Calls) with the estimated benefit amount(s) and close the call log. Inform the requestor that the estimated benefit and supporting information upon which it was based will be confirmed in writing.

4 Prepare and send the Estimated Benefit Request Response (ALG 305) with the estimated benefit calculation sheet. Include the appropriate benefit application form if an eligible participant, beneficiary or alternate payee requests one. See Appendix J: Participant Forms Information for listing of forms and their usage.

**Note** The Estimated Benefit Request Response (ALG 305) is always customized for the specific request, and must be printed locally so that the benefit calculation sheet can be included with the letter. Retain a copy of the estimated benefit calculation to submit for imaging.

5 If a benefit application is sent, establish a tickler to make a follow up telephone call within one to two weeks of mailing the application to the customer, confirming receipt of the application and offering assistance.

**Note** Processing staff use their own tickler methods to ensure timely completion of this task. Options include establishing tasks in Outlook with appropriate deadlines, or developing participant spreadsheets to track steps.

6 To complete request: ensure that all communications with participant have been documented to CCN and IPS. (This includes the list of data elements needed for the estimated calculation, the estimated benefit calculation sheet or the *PBGC Estimated Benefit Calculation Sheet (Estbenst.doc)* and all correspondence including e-mails with the requestor.)

### B. Use Prior Calculation

**Note** The prior plan administrator or actuary's calculation **must be verified by the case actuary**. The actuary provides this verification either by individually checking a prior calculation before it is provided, or by sampling the calculations for the plan and verifying that the calculations are accurate, and may be used. The actuary's written approval of either the individual calculation or the plan's calculations are clearly documented to the appropriate file in IPS (participant or plan), including the signature and date of approval.

1 Use the prior calculations to determine the estimated benefit. (Be aware of possibility for benefit adjustments, [substantial owner reductions, the phase-in rule, maximum guaranteeable benefit], and consult with the actuary as needed.) Prepare a *PBGC Estimated Benefit Calculation Sheet (Estbenst.doc)*.

2 Submit for peer review and/or review by the actuary, if desired, or as required by division management. (FBAs follow the plan's TPD's guidelines.)

**Note** If it's determined that the requestor is a non-vested participant who is not eligible for any benefits from PBGC, including a 4022(c) benefit, an early Benefit Determination Letter may be issued, in response to this request. (See 19.1 Review List of Participants Eligible for Early BDLs for information.)

3 Contact the requestor by telephone and provide the estimated benefit amount, and review the supporting information. If the requestor is eligible for an early retirement benefit or a normal retirement benefit, inform them that an application will be provided. Complete the CCN log (either the original request if originally requested by phone, or the new log prepared for the outgoing call - see TP 31: Document Phone Call) with the estimated benefit amount(s) and close the call log. Inform the requestor that the estimated benefit and supporting information upon which it was based will be confirmed in writing.

4 Prepare and send the Response to Inquiry for a Benefit Estimate (ALG 305) with the estimated benefit calculation sheet. Include the appropriate benefit application form if an eligible participant, beneficiary or alternate payee requests one. See Appendix J: Participant Forms Information for listing of forms and their usage.

**Note** The Estimated Benefit Request Response (ALG 305) is always customized for the specific request, and must be printed locally so that the benefit calculation sheet can be included with the letter.

5 If a benefit application is sent, establish a tickler to make a follow up telephone call within one to two weeks of mailing the application to the customer, confirming receipt of the application and offering assistance.

**Note** Processing staff use their own tickler methods to ensure timely completion of this task. Options include establishing tasks in Outlook with appropriate deadlines, or developing participant spreadsheets to track steps.

6 To complete request, ensure that all communications with the participant and in support of the calculation are documented to IPS and CCN. (This includes the list of data elements needed for the estimated calculation, the actuary's specific approval of the prior benefit calculation or the approval of the prior calculations **for the plan**, peer review and approval of calculation if done, the estimated benefit calculation sheet or the *PBGC Estimated Benefit Calculation Sheet (Estbenst.doc)*, and all correspondence including e-mails with the requestor.)

**C. Actuary Calculates Individual Estimated Benefit**

1 Submit all information previously determined necessary to calculate the estimated benefit to the case actuary, and request the estimated benefit calculation.

**Actuary**

2 Complete the calculation and provide to PLS, with supporting information. Alternatively, if possible, prepare and provide an early estimated calculation tool. (Review Process 10.6: Prepare Estimated Benefits Calculation Tool.)

3 Submit the calculation for peer review as desired, or as required by or as required by division management.

**Note** If it's determined that the requestor is a non-vested participant who is not eligible for any benefits from PBGC, including a 4022(c) benefit, an early Benefit Determination Letter may be issued, in response to this request. (See 19.1 Review List of Participants Eligible for Early BDLs for information.)

**PLS, PBA, FBA**

4 If an estimated benefit tool is provided, see TP 32.2A: Determine and Provide Estimated Calculation, Use estimated benefit calculation tool.

5 Review the calculation and prepare a *PBGC Estimated Benefit Calculation Sheet (Estbenst.doc)*. As needed, obtain actuary's concurrence with the benefit calculation sheet.

6 Contact the requestor by telephone and provide the estimated benefit amount, and review the supporting information. If the requestor is eligible for an early retirement benefit or a normal retirement benefit, inform them that an application will be provided. Complete the CCN log (either the original request if originally requested by phone, or the new log prepared for the outgoing call - see TP 31: Document Phone Calls) with the estimated benefit amount(s) and close the call log. Inform the requestor that the information will be confirmed in writing.

7 Prepare and send the Response to Inquiry for a Benefit Estimate (ALG 305) with the estimated benefit calculation sheet. Include the appropriate benefit application form if an eligible participant, beneficiary or alternate payee requests one. See Appendix J: Participant Forms Information for listing of forms and their usage.

**Note** The Estimated Benefit Request Response (ALG 305) is always customized for the specific request, and must be printed locally so that the benefit calculation sheet can be included with the letter.

8 If Form 700 - Application for Pension Benefits is sent, establish a tickler to make a follow up telephone call within one to two weeks of mailing the application to the customer, confirming receipt of the application and offering assistance.

**Note** Processing staff use their own tickler methods to ensure timely completion of this task. Options include establishing tasks in Outlook with appropriate deadlines, or developing participant spreadsheets to track steps.

9 To complete request: ensure that all communications with the participant and in support of the calculation are documented to IPS and CCN. (This includes the list of data elements needed for the estimated calculation, the actuary's benefit calculation, the *PBGC Estimated Benefit Calculation Sheet (Estbenst.doc)*, and actuary's concurrence if done, and all correspondence including e-mails with the requestor.)

## TP 32.3 Forms, Letters, Memos, etc. 02/07/2003

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Form 700 - Participant Application for Pension Benefits***

***Form 705 – Beneficiary Application for Pension Benefits***

***Form 706 – Beneficiary Application for Pension Benefits – Optional Forms***

***Form 720 - Application for Lump-Sum Payment***

***Form SSA-581 - Authorization to Obtain Earnings Data from the SSA***

***PBGC Estimated Benefit Calculation Sheet***
Estbenst.doc

***Response to Inquiry for a Benefit Estimate (ALG 305)***

# TP 33. Locate Customer Address

TP 33. Overview

TP 33.1 Determine Need for Customer Address

TP 33.2 Search for Updated Customer Address

TP 33.3 Locate Address Resource Guidelines

Forms, Letters, Memos, etc.

# TP 33. Overview

**02/18/2005**

One of PBGC's missions is to "Provide for the timely and uninterrupted payment of pension benefits to participants and beneficiaries." Thus, timely location of participants who may be due benefits is critical to fulfillment of our mission.

### Collecting Participant Information

When PBGC trustees a pension plan, we obtain as much information about participants and their current whereabouts as possible from the plan sponsor, and/or the plan administrator. PPD's initial case processing includes collection of basic participant information prior to formal trusteeship, see Process 04. 6 Initiate Request for Participant Data.

Although initially PPD and later the TPD requests this information from the prior plan administrator, or employer or any other potential resource, records may be incomplete or simply not up to date because participants may have moved and failed to keep their pension plan or former employer informed of address changes.

### Communicating with Participants

In addition to needing participant information in order to pay benefits when due, as part of IOD's commitment to customer service, IOD strives to maintain ongoing communications with participants in trusteed plans. This process includes:

- Providing the initial notice of trusteeship of the plan, see Process 9.13 Notify Participants
- Ongoing efforts to obtain required information in order to value the plan and determine the participant's benefits
- Providing annual updates to non-payees in estimated plans, see TP 36: Prepare Annual Update Letter.
- Issuing newsletters to participants - separate newsletters are prepared and sent at least annually to the payee population and deferred vesteds
- Issuing Benefit Determination Letters to participants, see Process 19: Issue BDLs & Make Adjustments to Payments
- Sending advance notices of retirement eligibility, and upcoming benefit changes (as identified by running PRISM Forecaster reports)

### Notice of Missing Addresses

In addition to simply not receiving the customer's home address when records are initially collected, PBGC often learns that a customer's address is no longer current when mail is returned, mainly correspondence or PBGC Newsletters. As of early 2000, IOD's mail is sent with "Address Service Requested" from the U.S. Postal Service. If the post office has a forwarding address on file, it is provided to PBGC (also see TP 04: Process Address Changes for additional information.)

### Searching for Missing Addresses

Once notice is received by PBGC that a mailing address is no longer current, PBGC's records (IPS, CCN, PRISM) are all reviewed to determine whether the address used is the most current address on file, and if not, the customer address is updated in PRISM and coded as R (invalid address). Once our records have been reviewed, the next step is to utilize the various resources available to locate the

addresses.

IOD staff has access to a variety of resources, including:

- Phone disc (on LAN)
- Prepare a plan mailing (customize the Generic Custom Letter in ALG) looking for the "unlocatable participants" - may be either to plan participants, or an employee or retiree organization (more likely with larger plans)
- Numerous free internet resources that are useful to locate people
- Participant Locator - an IOD desktop system that permits staff to query a commercial database. Used when other resources are unsuccessful or are impractical to use (ex. common names "John Smith," or large volumes).

In all events, the searches and results are documented to the participant's file (IPS). When a participant's address cannot be located, the address is coded in PRISM as R (invalid address). PRISM is periodically queried for invalid addresses, which are swept into the Pension Search Directory.

**Locate Customer Address**

## TP 33.1 Determine Need for Customer Address 08/11/2000

**Action Steps**

| | |
|---|---|
| **Purpose** | Determine that PBGC does not have a current participant address. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Missing information in the case records - participant name and/or SSN, and no address.<br>Notice that PBGC may not have current correct address for a customer.<br>• returned correspondence<br>• returned newsletters |
| **Process Output and Recipient** | Verification that PBGC does not have participant's current address (CCN, IPS, PRISM) |
| **Control Issues** | Addresses in PRISM should be traceable to a source in PBGC's records, e. g. CCN or IPS (participant or plan). |
| **Important Concepts** | Before searching for a customer's address, IOD first verifies whether an earlier written or telephone notice of an address change from the customer was not entered into PRISM.<br>Effective late 1999, an address change entered into CCN is automatically transmitted to PRISM. Earlier telephone notifications required processing like written notifications, through updates to PRISM Customer. See TP 04: Make Address Changes.<br>Upon receipt of a notice of an incorrect address, ensure the home address in PRISM is coded R (invalid address). PRISM is periodically queried for invalid addresses, which are swept into the Pension Search Directory.<br>A correct address in PRISM is coded V (valid address). An address in PRISM that has been determined to be incorrect is coded R (invalid address). There is no need to enter 'unlocatable' in a customer's PRISM address fields. |
| **Guidance** | ERISA 4050<br>29 CFR 4050: Missing Participants<br>PBGC Fact Sheet - Pension Search Program<br>(hard copies in CPAD, or see PBGC's Home Page on the internet) |
| **Procedure Owner** | PLS, PBA, FBA, DMC |

## Click here for more information

TP 33.1 Action Steps: Determine Need for Customer Address

**Locate Customer Address**

## TP 33.1 Action Steps: 08/11/2000

## Determine Need for Customer Address

A. Incomplete Information B. Returned Mail C. DMC

### A. Incomplete Information

1 Review CCN and IPS to determine if any participant address information has been received that was not transmitted to PRISM.
- If address information is found, go to step 2.
- If no address is located, proceed to step 3.

2 Check customer record in PRISM to see if the address information in CCN or IPS has been entered. If not, update using PRISM Customer. See TP 04 Process Address Changes. No further action under this technical procedure required.

3 Update address following TP 33. 2 Search for Updated Customer Address

### B. Returned Mail

1 Returned mail to PBGC includes:
- returned correspondence
- returned newsletters

2 Mail is sent by PBGC using "Address Service Requested." This means when mail is sent to a wrong address, it is returned with any forwarding address on file with the U.S. Postal Service. Not all mail is returned with a forwarding address, and additional research and/or processing is required in order to determine the customer's address.

### C. DMC

1 Review returned mail and sort into two groups: forwarding address provided, and no forwarding address provided.

2 For mail with forwarding address, process change of address following TP 04: Process Address Changes. No further action under this technical procedure required.

3 For mail with no forwarding address provided, research participant record. First, check the address in PRISM to ensure the mailing address used matches the address listed in PRISM. If the addresses **do not** match, and there's no indication that the PRISM address is incorrect, no further action under this technical procedure required. Otherwise, code the home address R (invalid address) using PRISM Customer.

**Note** There are several possibilities where the PRISM address and the mailing address are not the same. Some examples:
- PBGC received a change of address notification from the customer or other source **after** the mailing was prepared.
- A piece of mail may have been prepared outside of ALG and the wrong address used.

4 Review CCN and IPS to determine if any participant address information has been received that supersedes the address used in the mail. If yes, update following TP 04: Process Address Changes.

5 If not, search for address following TP 33.2: Search for Updated Customer Address.

**Locate Customer Address**

## TP 33.2 Search for Updated Customer Address

**02/07/2003**

**Action Steps**

| | |
|---|---|
| **Purpose** | Locate the home address for a participant or other customer. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Incorrect or missing address for customer. |
| **Process Output and Recipient** | If correct home address for customer determined, PBGC records documented, and address updated following TP 04: Process Address Changes.<br>If correct home address for customer is not found, code address in PRISM as R (invalid address) |
| **Control Issues** | Addresses in PRISM should be traceable to a source in PBGC's records, e. g. CCN or IPS (participant or plan).<br>Document through a memo to the participant's file (IPS) unsuccessful attempts. taken to locate the address.<br>Participant Locator is for official use only. |
| **Important Concepts** | PBGC creatively uses a variety of resources to find customers including:<br>• phone disc (on LAN)<br>• plan mailings looking for the "unlocatable participants"<br>• people locators available on the internet<br>• Participant Locator<br>Once the address is located, update the customer's address in PRISM, following TP 04: Process Address Changes. Thereafter letters prepared through ALG and other communications like newsletters will be sent to the correct address. Once we establish the correct customer address, PBGC's ongoing communication efforts with the participant and returned mail operations reduce the likelihood of the participant later becoming unlocatable.<br>After all in-house efforts have been made and it's determined that the participant is unlocatable, the PRISM address is coded as R (invalid address). There is no need to enter 'unlocatable' in a customer's PRISM address field.<br>PRISM records with invalid addresses are periodically swept into the Pension Search Directory.<br>A correct address in PRISM is coded V (valid address). |
| **Guidance** | ERISA 4050<br>29 CFR 4050: Missing Participants |

PBGC Fact Sheet - Pension Search Program

(hard copies in CPAD, or see PBGC's Home Page on the internet)

**Procedure Owner** PLS, PBA, FBA, DMC

## Click here for more information

TP 33. 2 Action Steps: Search for Updated Customer Address

## TP 33.2 Action Steps: 08/11/2000
## Search for Updated Customer Address

1 Collect data available for the customer:

- name (first, last, middle initial)
- social security number
- case number
- last known address

2 Research external resources for participant address (and telephone number when available). Refer to TP 33.3: Locate Address Resource Guidelines for available resources. If unable to locate through resources other than Participant Locator, or other resources are determined inappropriate or ineffective (ex. due to common names "John Smith", or a large volume of customers), prepare a *Participant Address Search Summary Memo (Padsrch.doc)* documenting the actions taken or decisions about using the different resources and image it to the participant file (IPS).

3 If address cannot be located through other methods, search using Participant Locator.

**Note** DMC researches addresses only using Participant Locator.

| 4 | **If results are. . . .** | **Do the following. . .** |
|---|---|---|
| | Address located | • Print and image results<br>• Update Address information in PRISM, follow TP 04: Process Address Changes |
| | No Address Located | • Print and image results<br>• Update address in PRISM - code R (invalid address). PRISM records with invalid addresses periodically swept into the Pension Search Directory. |

## TP 33.3 Locate Address Resource Guidelines 08/11/2000

| Method | Cost Considerations | Usage Comments |
|---|---|---|
| Plan specific correspondence | Postage cost | • Prepare customized ALG letter - with list of unlocatable participants in letter, or as attachment.<br>• If attachment to ALG letter used, printing must be done locally to hand stuff enclosure<br>• Letter(s) may be sent to plan's participants (document to participant file [IPS]), or to an organization (retiree association, union) (document to plan file [IPS]) |
| Internet Resources **-1-** | No cost to PBGC (use free search services) | • Use with ≤ 10 searches.<br>• Document searches to file (IPS).<br>• Requires name or telephone number.<br>• Often can narrow search by city, state etc.<br>• Can be creatively used to locate relatives and therefore locate customer.<br>• Does not require (and cannot use) SSN.<br>• Often provides telephone number.<br>• Should be contacted by phone to verify identification whenever possible, prior to sending correspondence or updating PRISM. |
| Phone Disc **-2-** | No per unit cost to PBGC | • Use with ≤ 10 searches.<br>• Document searches and results to file (IPS).<br>• Phone Disc is divided by regions, must know region in order to search effectively.<br>• Document searches to file (IPS).<br>• Requires name or telephone number.<br>• Often can narrow search by city, state etc.<br>• Does not require (and cannot use) SSN.<br>• Provides telephone number.<br>• Should be contacted by phone to verify identification whenever possible, prior to sending correspondence or updating PRISM. |
| Participant Locator **-3-** | Fee per search | • Document searches and results to file (IPS).<br>• If 250+ searches, contact PSB to coordinate an electronic search. |

- Requires SSN, name and PBGC Case number.
- Data results stored in PBGC database.

---

**-1-** Internet Resources include the various people locators services. Some useful sites include:

| | |
|---|---|
| AT & T Anywho Info | http://www.anywho.com |
| Info space | http://www.infospace.com |
| Dogpile (white pages | http://www.dogpile.com |

Also see People Locators in PBGC Intranet (OGC links or IOD links)

**-2-** Available on the LAN, no password needed. No access form required.

**-3-** Available on the LAN, uses PRISM password. Effective June 2000, 2 users per IOD Division and FBA Location are provided access. Contact Help Desk for access form.

## TP 33.4 Forms, Letters, Memos, etc.

**08/11/2000**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Participant Address Search Summary Memo***
Padsrch.doc

# TP 34. Request DMC Services

TP 34. Overview
TP 34.1 Order Supplies From DMC
TP 34.2 Submit Documents for Imaging
TP 34.3 DMC Document Submission Guidelines
Forms, Letters, Memos, Etc.

# TP 34. Overview

**02/18/2005**

The Document Management Center (DMC) provides numerous services to IOD staff (headquarters and FBAs). IOD divisions and FBAs have a designated point of contact (POC) with a backup that is responsible for interacting with the DMC.

## Supplies

The DMC is the central location for Headquarters and FBA) staff to order a variety of supplies used for participant correspondence and benefit processing. These supplies include but are not limited to:

- Brochures
- Envelopes (all sizes)
- 4042(d) package material - folders, PBGC Magnets (for more information, see Process 9.13 Notify Participants)
- IOD Participant forms (for more information, see Appendix J: Participant Form Information)
- Manual transactions forms (PLUS Forms)

The TSD Supply Request Form lists all available supplies and quantities of each that may be obtained from the DMC.

When a processing unit requires supplies in excess of the stated quantities, these large volume requests are submitted either directly to the DMC Analyst (TSD/PSB) for FBAs or through the DMC POC for the TPD, with approval from the TPD/FBA Manager.

## Imaging

Another important service provided by the DMC is scanning (or imaging) the paper records we collect and create to the Image Processing System (IPS). The (virtual) files in IPS are separated into plan and participant files. See TP 16: Establish & Maintain Plan & Participant Files for information about the organization of content in these "files". Through IPS, staff accesses the information necessary to accomplish all plan and participant processing. IPS replaces paper files in most instances, see TP 27: Personal Interest Conflict System for information about paper files that IOD maintains due to personal interest conflicts.

DMC performs all plan file scanning, and most participant file scanning. (Some FBAs have the necessary equipment to do participant scanning at their sites.) All relevant documents collected from the plan administrator, sponsor and other sources are indexed and submitted by the POC to the DMC to be scanned. As additional records are received, the POC submits these additional documents, referred to as "adscans", to the DMC with the appropriate requests forms.

Generally, within 4 days the images may be viewed in IPS, although this can vary depending on volume and equipment. The DMC processes as many as 110,000 images a month. After scanning and indexing, the paper records are stored temporarily by the DMC or FBA, according to the date they were scanned (chronological order). These are referred to as plan or participant "chrons" or "chron files". The participant chron files are destroyed after three months.

In addition to TPDs and FBAs, other divisions in IOD (ex. OPSS) and other PBGC departments (ex. OGC, PEAD) may collect information that is stored in IPS. These groups coordinate their document submission with the processing staff in the TPD rather than directly with DMC. The DMC also provides imaging service to STCD operations, however, their imaging procedures are not covered in this technical procedure.

**Request DMC Services**

## TP 34.1 Order Supplies from DMC

**09/29/2000**

**Action Steps**

| | |
|---|---|
| **Purpose** | Maintain adequate supplies to allow TPDs and FBAs to provide necessary services to customers. |
| **Time Reporting (BMPRS)** | N/A |
| **Required Input and Source** | Headquarters: TSD Supply Request Form submitted to DMC window by the TPD POC (or back up).<br>FBAs: e-mail specifying supply request to DMC Analyst. |
| **Process Output and Recipient** | Requested supplies issued to requestor. |
| **Control Issues** | Coordinate in advance with DMC Manager for a large volume supply request. FBAs deal directly with DMC (no COTR approval is needed). |
| **Important Concepts** | Each TPD POC and each FBA is responsible for monitoring their division's supply levels to ensure adequate stock. Periodically check supplies and purge obsolete supplies. DMC maintains adequate stock to provide specified quantities of supplies. **Timing:** Headquarters' request are processed immediately upon receipt at DMC window (7th floor).FBA requests are processed within one (1) business day of receipt of e-mail (sent in overnight mail). |
| **Guidance** | N/A |
| **Procedure Owner** | IOD, TSD, PSB, DMC |

## Click here for more information

TP 34.1: Action Steps: Order Supplies from DMC

## TP 34.1 Action Steps: 09/29/2000

## Order Supplies from DMC

**Note** If the volume of supplies requested exceeds the pre-printed amount specified on the *Technical Service Division Supply Request Form (Suplyreq.doc)*, get a TPD Division Manager approval on the request first, then submit the order to the DMC Analyst (TSD/PSB) for approval.

### Headquarters

1. Review supplies (periodically) to determine needed stock.
2. Prepare the *Technical Service Division Supply Request Form (Suplyreq.doc)*. Form is also available in hard copy, located at the DMC window DMC (7th floor).
3. Submit completed *Technical Service Division Supply Request Form (Suplyreq.doc)* at DMC window for processing.
4. Normal volume request are processed immediately by DMC and supplies provided to the TPD/TSD staff.

### FBAs

1. Review supplies (periodically) to determine needed stock.
2. Prepare e-mail specifying supply request (items requested and amount of each) to the DMC Analyst (TSD/PSB).
3. Requests are acknowledged and the actual supplies sent including any quantities not currently available that will be shipped later are confirmed by return e-mail (usually from DMC staff). Supplies are mailed to the FBAs within one (1) business day of the DMC e-mail.

## TP 34.2 Submit Documents for Imaging 06/29/2001

Action Steps

| | |
|---|---|
| **Purpose** | Organize, properly identify and submit all pertinent plan and participant records for electronic storage in IPS, so that PBGC's records are complete and accurate and readily accessible to users. |
| **Time Reporting (BMPRS)** | N/A<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Documents that should be maintained in the plan or participant files, often from outside sources: prior plan administrator, plan sponsor or participants. |
| **Process Output and Recipient** | Properly segregated, batched and indexed documents submitted to DMC for scanning so that electronic images of document available in IPS. |
| **Control Issues** | Attach the correct IPS Scanning Request Form to each batch of participant and/or plan documents submitted to DMC. Ensure that previously scanned documents are not mixed in with to-be scanned documents, and that duplicate copies of documents are not submitted to DMC to avoid the confusion and expense of duplicate images. Each TPD and FBA has a POC (and back up) to interact with DMC. (Observe all TP 34.3: DMC Document Submission Guidelines). |
| **Important Concepts** | Effective 2/01 the Image Processing System (IPS) is the official repository for imaged versions of the plan and participant paper files. Paper case files are no longer maintained as participant records. |
| **Guidance** | Indexing Guidelines (IPS)<br>IPS Users Manual |
| **Procedure Owner** | DMC POC |

## Click here for more information

TP 34.2: Action Steps: Submit Documents for Imaging

## TP 34.2 Action Steps: 06/29/2001
## Submit Documents for Imaging

**TPD/FBA**

1 Upon receipt of documents that require imaging, prepare a *IPS Scanning Request - Participants (IPS-part.doc)* or *IPS Scanning Request - Plan (IPS-plan.doc)* as appropriate and batch all related documents together following TP 34.3: DMC Document Submission Guidelines.

2 If documents have been indexed by other case team members, briefly review to ensure that the TP 34.3: DMC Document Submission Guidelines were followed.

3 Make any necessary adjustments.

4 Submit to the DMC window.

**DMC**

5 Assigns barcode tracking number to the IPS Scanning Request (participant or plan). Provide a copy to POC at window or through inter-office mail.

**Note** The POCs use the barcode on the IPS Scanning Request to access the DMC tracking system and verify that the status of the submitted request.

**TPD/FBA**

6 Within a reasonable period of time after submission, follow TPD management guidelines for performing a spot check on IPS for submitted documents. FBAs follow the plan's TPD's management guidelines.

7 If any errors are noted, work with DMC to resolve until all required documents are properly indexed and available in IPS.

# TP 34.3 DMC Document Submission Guidelines 06/29/2001

- Keep Participant and Plan Documents separate.
- Ensure previously scanned documents are not mixed in with new submissions.
- Review material carefully before submitted for imaging to eliminate multiple copies of documents.
- Legibly complete the IPS Scanning Request (participant or plan).
- Participant Documents - Group multiple documents for the same participant or beneficiary together.
- Participant Documents - Annotate each participant document with the SSN and case number written **in black ink**.

| Type of Document | Usage Comments |
|---|---|
| **Participant** | • Separate unscanned from scanned documents.<br>• Submit only unscanned documents.<br>• Match the plan number and SSN number matches from the outside and inside of a plan folder (applicable when hard copy participant folders are being submitted).<br>• May submit an unlimited number of documents with one IPS Request Form.<br>• Use *IPS Scanning Request - Participants (IPS-part.doc).* |
| **Part Ad-Scan (Loose Docs)** | • For multiple participants in the same plan, segregate and group the documents by participant and plan number.<br>• May submit up to 50 documents with one IPS Request Form.<br>• Use *IPS Scaning Request - Participants (IPS-part.doc).* |
| **Plan Add-scans (Loose Docs)** | • Make sure the correct plan index bar code sheet is attached to the plan documents to be scanned. **(Make sure it is correct and has eight digits)**<br>• If returning Plan file(s), do not place unscanned plan documents inside the plan file case(s).<br>• May submit up to 25 documents with one IPS Request Form.<br>• Use *IPS Scanning Request - Plan (IPS-plan.doc).* |
| **Missing Participant Project (MPP)-Participants** | • For multiple participants in the same plan, segregate and group them by participant and plan number.<br>• Write the plan number and SSN across the top of each document (**in black ink only**).<br>• May submit up to 50 documents with one IPS Request Form.<br>• Missing participant documents are only submitted by TPD5. |

- Use *IPS Scanning Request - Participants (IPS-part.doc).*

**Missing Participant Project (MPP)- Plans**

- Attach the correct Plan Index Bar Code sheet to the plan document to be scanned.
- Write across the top of the first page of the unscanned plan document the plan number and SSN (**in black ink only**).
- Missing participant documents are only submitted by TPD5.
- Use *IPS Scanning Request - Plan (IPS-plan.doc).*

## TP 34.4 Form Letters, Memos, etc

**09/29/2000**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***IPS Scanning Request - Participants***
IPS-part.doc

***IPS Scanning Request – Plan (MUST be printed on Yellow paper)***
IPS-plan.doc

***Technical Service Division Supply Request Form***
Suplyreq.doc

# TP 35. Update FBA Workplans

TP 35. Overview

TP 35.1 Update FBA Workplan

TP 35.2 FBA Workplan Guidelines

Forms, Letters, Memos, Etc.

## TP 35. Overview

**08/31/2001**

This FBA assignment is done after PPD or CFND has requested the procurement of an FBA, in anticipation of the plan's termination and trusteeship by PBGC. Once the plan is assigned to an FBA and a TPD case team, the FBA Workplan is developed by the team, see Process 7.1: Initiate TPD Involvement, and Process 8.2 Assign TPD Case Team. These plans are generally referred to as FBA plans in IOD. The FBAs primary responsibility is participant processing, although they work closely with the TPD Case Team on any assigned case processing activity.

This FBA assignment is done as the plan transfers from PPD or CFND to the TPDs. Once the plan is assigned, the FBA Workplan is developed by the team, see Process 8.2 Assign TPD Case Team. The FBA Workplan is a tool to plan and track the processing steps of each case and is updated as of the close of each quarter. Each quarter, the team meets to review the progress of the case and works together to review and update the FBA Workplan. The updated FBA Workplan is forwarded to the FBA Manager for approval. Once approved and returned to TPD Management, it is submitted to the FBA COTR Coordinator in the Management Coordination Unit (MCU), and provided to the entire case team and the FBA COTR.

## TP 35.1 Update FBA Workplan

10/20/2000

Action Steps

| | |
|---|---|
| **Purpose** | Report on completed case processing activities and establish target dates for future case processing for FBA plans. |
| **Time Reporting (BMPRS)** | Administrative Support<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required input and Source** | Status of case from case team members. |
| **Process Output and Recipient** | Quarterly updated FBA Workplan, approved by TPD Manager, concurred with by FBA Manager, and submitted to FBA COTR Coordinator (MCU). |
| **Control Issues** | FBA Workplans are approved and concurred with through e-mail. Signatures are not required. Use FORWARD in the e-mail approval/ concurrence process so that the FBA Workplan (an electronic file) is attached. REPLY to e-mail will not accomplish this. |
| **Important Concepts** | Schedule team meetings with sufficient time to allow the workplan to be updated, approvals received and submissions made by the quarterly deadline. TPD and FBA Managers are involved in the team meeting process. FBAs have cases with each TPD, and must participate in the case team discussion regarding workplan updates so that they can effectively plan and coordinate the timelines for all their cases.<br>**Timing:** Updated FBA Workplans (with FBA concurrence) are due to the FBA COTR Coordinator (MCU) by the 15th day of the month after the close of the prior quarter. Updated FBA Workplans are due to the FBA Manager for concurrence by the 10th of the month after the close of the prior quarter. |
| **Guidance** | N/A |
| **Procedure Owner** | TPD Case Team, Team Leader has lead responsibility |

## Click here for more information

TP 35.1 Action Steps: Update FBA Workplan

## TP 35.1 Action Steps

10/20/2000

## Update FBA Workplan

### Team Leader

1 Schedule Case Team Meeting, including FBA staff. Use video conferencing if available, if not, use telephone conferencing for FBA staff. Ensure that all team members have copies of the FBA Workplan to review and are available for meeting, including TPD and FBA Management.

**Recommendation:** TPDs may find it useful to schedule one long meeting with each FBA to discuss all FBA Workplans they have with the particular FBA. Each plan's case team members attend for the discussion regarding their particular plans.

### Case Team

2 **Meeting**: Review the *FBA Workplan (FBAWorkplan.xls)* and ensure that it reflects all completed activities for the previous quarter and establishes target dates for accomplishing future activities, particularly in the next two fiscal year quarters. Observe TP 35.2: FBA Workplan Guidelines.

3 Update the workplan and route to TPD Management designee (DM, ADM, or Team leader) for review and approval.

### TPD Management designee

4 Review the updated FBA Workplan, and once approved **FORWARD** the electronic file via e-mail to the FBA Manager (and cc TPD Management members) for review and approval.

### FBA Manager

5 Review final updated FBA Workplan and concur. Communicate concurrence through an e-mail message (using **FORWARD)** returning the transmittal e-mail back to the TPD Management designee, concurring with the attached workplan as submitted.

**Note** The FBA Manager and staff will have participated in the team meeting and planning of updated target dates to the workplan.

### TPD Management designee

6 **FORWARD** the approving e-mail from the FBA Manager (with the final approved updated FBA Workplan and FBA Manager concurrence) to FBA COTR Coordinator (MCU), with cc's to all case team members and the FBA COTR.

**Update FBA Workplans**

## TP 35.2 FBA Workplan Guidelines

**10/20/2000**

s

| Questions | Answers |
|---|---|
| When is the updated FBA Workplan due to the FBA for concurrence? | • 10/01 through 12/31 - due 10/10 *<br>• 01/01 through 03/31 - due 01/10 *<br>• 04/01 through 06/30 - due 04/10 *<br>• 07/01 through 09/30 - due 07/10 * |
| When is the updated FBA Workplan with FBA concurrence due to the FBA COTR Coordinator (MCU)? | • 10/01 through 12/31 – due 10/15 *<br>• 01/01 through 03/31 – due 01/15 *<br>• 04/01 through 06/30 – due 04/15 *<br>• 07/01 through 09/30 – due 07/15 * |
| Who receives the final FBA Workplan? | Updated FBA Workplans are submitted by TPD Manager to FBA COTR Coordinator (MCU), all case Team Members and the FBA COTR. |
| What changes may we make to the workplan? | • Address any special circumstances, including tasks not specifically addressed in the FBA Workplan, using footnotes and comments in the final section.<br>• Do not make any other changes in the FBA Workplan. |
| What type of dates do we use for Target and Completion Dates? | • Target and Completion Dates are required for numbered task items.<br>• Target and Completion dates for subordinate line items is at team's option.<br>• Target dates for first two quarters (minimum) specified by date/month.(02/17)<br>• Target dates for 3rd and 4th quarters specified by quarter. (02/2004)<br>• Target dates beyond 12 months specified by FY. (FY 2004) |
| What team members do we identify in the FBA Workplan? | All case tem members and their telephone numbers or extensions should be listed on the FBA workplan. Includes:<br>• Auditor<br>• Actuary<br>• PLS/PBA<br>• FBA<br>• Team Leader<br>• FBA COTR |

| | |
|---|---|
| | • Technical Monitor<br>List the individual's name when responsible for a line item.(Ex. Jane Doe, rather than actuary.) |
| Who is responsible for updating the FBA Workplan? | The case's Team Leader (per CAS assignment) is responsible for ensuring that the FBA Workplan is updated each quarter. |

* or next business day if the date falls on a weekend or Federal Holiday

## TP 35.3 Forms, Letters, Memos, etc.

**10/20/2000**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***FBA Workplan***
FBAWorkplan.xls

# TP 36. Prepare Annual Update Letter

TP 36. Overview

TP 36.1 Prepare Annual Update Letter

Forms, Letters, Memos, Etc.

## TP 36. Overview

**02/18/2005**

Providing regular written updates to our customers about the status of their plan is one of the many ways IOD demonstrates its commitment to excellent customer service, and is part of PBGC's ongoing communications with customers. (See the overview in TP 33: Locate Customer Addresses.) Following trusteeship of a pension plan, about once a year following the date customers receive their Trusteeship Notification Packages (see Process 9.13 Notify Participants), the case team meets to review the status of the case and to develop the content of the Annual Update Letter (ALG 545).

TPD Management reviews their case inventory each quarter and identifies the targeted plans and case teams for the upcoming quarter.

Annual Update Letters are generally sent to all non-payees in all estimated plans, as identified by the TPD Management. The Annual Update Letter generally provides the status of the case and may also be used to assist in efforts to locate unlocatable participants. When a plan is close to sending out Benefit Determination Letters, the TPD Management may determine that an Annual Update Letter is not appropriate.

## TP 36.1 Prepare Annual Update Letter 08/31/2001

Action Steps

| | |
|---|---|
| **Purpose** | To inform participants of the progress made since PBGC trusteed their pension plan. |
| **Time Reporting(BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required input and Source** | Identification of plan to receive an Annual Update Letter from TPD Management.<br>Status of case from case team members. |
| **Process Output and Recipient** | Final content of Annual Update Letter (ALG 545) to be mailed to non-payees. |
| **Control Issues** | Case team determines the content of annual update letters. Division Manager concurs with the provision, timing and content of the Annual Update Letter. |
| **Important Concepts** | Ongoing communication with participants promotes good customer service with deferred vesteds. The annual update letter may be used to locate unlocatable participants by asking other plan members for their assistance. These ongoing communication efforts with the participant and returned mail operations reduce the likelihood of the participant later becoming unlocatable.(See TP 04: Process Address Changes and TP 33: Locate Customer Addresses.)<br>**Timing:** Annual update letter provided during the period beginning when the Trusteeship Notification Packages are sent through the date Benefit Determination Letters are provided. The Annual Update Letter is provided around the first anniversary of sending the Trusteeship Notification Packages, and annually thereafter. If a plan is very close to sending BDLs(expected to be mailed within 6 months or less), an Annual Update Letter may not be necessary. Case teams may also consider the timing the Annual Update Letter so that is it sent at a different time than the deferred vested's newsletter(s). |
| **Guidance** | N/A |
| **Procedure Owner** | TPD Case Team, Team Leaders have lead responsibility |

## Click here for more information

TP 36.1 Action Steps: Prepare Annual Update Letter

## TP 36.1 Action Steps: 08/31/2001

## Prepare Annual Update Letter

**Team Leader** - quarterly

1 Verify the plan is still estimated and that Benefit Determination Letters are not scheduled to be issued for at least six months.

2 Schedule case team meeting, including FBA staff (using video or teleconferencing). Remind each team member to familiarize themselves with the status of the case as a whole and their particular responsibilities for the case.

3 Verify with Management that an Annual Update Letter (ALG 545) is appropriate for the plan, and that the recipients are all non-payee customers.

**Case Team**

4 **Meeting**: Review the Annual Update Letter (ALG 545), and determine the content of the letter. If the case has unlocatable participants, consider incorporating the list of unlocatable participants into the letter or as a separate attachment in ALGS

5 Agree as a team on the content of the Annual Update Letter (ALG 545), then submit to TPD Division Manager for concurrence.

6 After TPD Manager concurs on the letter, the mail POC for the case is responsible for the preparation and mailing of letter of letter through ALG, see TP 15: Prepare and Mail Letters.

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Annual Update Letter PRISM ALGS 545***

# TP 37. Develop and Implement Customer Recovery Action Plan

TP 37. Overview
TP 37.1 Develop Customer Recovery Action Plan
TP 37.2 Implement Customer Recovery Action Plan
TP 37.3 Customer Recovery Action Plan Checklist
TP 37.4 Customer Recovery Action Plan
Forms, Letters, Memos, Etc.

## TP 37. Overview

**09/28/2001**

Two of the essential components to IOD's commitment to excellent customer service are:

**Prevention** of customer concerns and unmet expectations; and

**Swift smooth recovery** when an unforeseen incident occurs.

It is IOD's goal to prevent **all** potential customer problems and reduce their impact if they do occur. This technical procedure is followed if a potential customer problem is foreseen or has occurred that impacts or will impact more than **50** participants or may negatively reflect upon PBGC.

Although various controls exist to prevent mistakes, anomalies may nonetheless occur due to processing or system failures. Each situation will be unique and responsible staff immediately consults with the responsible division management if they believe there is a plan that has a potential or realized problem.

Responsible staff is any person who has knowledge of a possible or actual problem involving several participants in a specific plan or plans. It may involve a plan at any stage of processing, therefore, the manager(s) may be from PPD, TPD and/or TSD.

Regardless of whether IOD is being proactive to prevent a possible incident or is reacting to a specific occurrence, our response is first the rapid development and implementation of a "Customer Recovery Action Plan". After completion we conduct a de-briefing of all parties and summarize our findings to eliminate similar future occurrences and provide an action plan to pursue or implement any recommendations.

IOD's focus is to first fix the situation and then to prevent future incidents. Staff will generally do the following:

- Assess situation and scope
- Notify the appropriate internal parties, including as appropriate:
  - Case Team
  - Division Manager (based on case ownership: TPD, PPD and/or TSD)
  - Customer Service Center (CSC)
  - IOD Management as appropriate
  - Support Divisions needed (ex.: TSD for ALGS, offsite fulfillment/DMC and CSC)
  - Large Case Coordinator (if a large case)
- Develop and implement plan for resolution
  - Develop Customer Service Script
  - Develop case-specific ALGS letter(s)
  - Identify and obtain additional resources needed
- Document problem and successful resolution to the plan file (IPS)
- Debrief involved parties and make recommendations for change to prevent similar incidents, including process or system controls, staff training etc.

**Develop and Implement Customer Recovery Action Plan**

## TP 37.1 Develop Customer Recovery Action Plan 09/28/2001

Action Steps

| | |
|---|---|
| **Purpose** | Determination that a potential problems exists or could occur that affects a significant number of participants and can be rectified or prevented with timely action. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits (TPD/TSD)<br>FBA Administer Benefits (TPD/TSD)<br>PBA Administer Benefits (TPD/TSD)<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Recognition or anticipation by a staff member of an event that has or may negatively impact a group of customers, generally 50 or more. |
| **Process Output and Recipient** | Case specific Customer Recovery Action Plan developed and approved by responsible Division Manager, with concurrence from supporting divisions/departments. |
| **Control Issues** | Be alert to the potential for customer problems and initiate action whenever possible to prevent their occurrence. Customer Recovery Action Plans are fully documented by memo to the plan file (IPS). |
| **Important Concepts** | The decision to notify each successive level of management is made according to reporting levels and continues based on the significance/scope of the situation. Tailor the Customer Recovery Action Plan to fit each unique situation. Division Managers are responsible for approving the final plan. Perform thorough analysis to determine how the incident occcured and recommend or implement processing or system changes to prevent future occurrences.<br>**Timing:** Provide alternate recommendations to Division Manager within 1 business day of recognition of event. Participation in a Customer Recovery Action Plan generally takes precedence over other processing activities, consult with management as needed to reschedule other priorities. |
| **Guidance** | N/A |
| **Procedure Owner** | PPD staff, TPD/FBA Case Team, other involved staff |

## Click here for more information

TP 37.1 Action Steps: Develop Customer Recovery Action Plan

## TP 37.1 Action Steps: 09/28/2001

## Develop Customer Recovery Action Plan

1 Assess the nature of the problem and its impact. Determine the number of affected participants and how they are or will be impacted by PBGC's action. (Ex. - incorrect information provided, date or amount of payments issue, improper payments by prior administrator.)

**Note** Some customer problems may occur due to actions by external parties (Ex: prior paying agent not making promised payments or making additional payments in error). IOD assumes responsibility for initiating a Customer Recovery Action Plan regardless.

2 Notify Division Management and case team members.

3 Management establishes team meeting. The team develops alternate response scenarios and determines preferred recommendations, including identification of specific staff to manage these responses. Use TP 37.3: Customer Recovery Action Plan Checklist for guidance about responsible parties. See also TP 37.4: Develop and Implement Recovery Action Plan - Examples for guidance on developing alternate responses.

4 Brief Division Manager of situation and recommended action. If situation involves a case that is still pre-trusteeship, ensure that the PPD and TPD managers are apprised. One manager may assume responsibilty for overseeing the Customer Recovery Action Plan or they may jointly assume this reponsibility.

5 The responsible Division Manager approves/selects the Customer Recovery Action Plan and ensures all relevant parties and activities have been identified and notified to ensure a smooth operation.

**Develop and Implement Customer Recovery Action Plan**

## TP 37.2 Implement Customer Recovery Action Plan 09/28/2001

Action Steps

| | |
|---|---|
| **Purpose** | Implement approved Customer Recovery Action Plan. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits (TPD/TSD)<br>FBA Administer Benefits (TPD/TSD)<br>PBA Administer Benefits (TPD/TSD)<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Customer Recovery Action Plan approved by Division Manager. |
| **Process Output and Recipient** | As described in action plan, may include:<br>• incident specific Customer Service Center scripts provided to CSC;<br>• incident specific customer letter (ALGS) with apology and resolution mailed to customers; and/or<br>• benefit payment related action/correction taken in PRISM. |
| **Control Issues** | Customer Recovery Action Plans are fully documented by memo to the plan file (IPS). Name the point of contact in any customer letter. |
| **Important Concepts** | Perform thorough analysis to determine how the incident occurred and recommend or implement processing or system changes to prevent future occurrences.<br><br>**Timing:** Provide alternate recommendations to Division Managers within 1 business day of recognition of event. Implement Customer Recovery Action Plan immediately upon approval. Develop CSC Scripts and distribute to staff immediately. Develop ALGS letter(s) immediately and coordinate with PRISM ALGS administrator to establish the earliest possible mail date, see TP 15: Prepare and Mail Letters. |
| **Guidance** | N/A |
| **Procedure Owner** | TPD/FBA Case Team, other involved staff |

## Click here for more information

TP 37.2 Action Steps: Implement Customer Recovery Action Plan

## TP 37.2 Action Steps: 09/28/2001

## Implement Customer Recovery Action Plan

Team members and specific responsibilities are outlined in the approved Customer Recovery Action Plan.

1. Team members follow actions and timeframes according to the approved Customer Recovery Action Plan.
2. Notify responsible Division Manager upon completion of each action in the plan.
3. Division Manager verifies that process has been completed according to plan and monitors customer feedback from the phone POC's and CSC for two weeks, or until related calls or inquiries abate, if later.
4. Within 14 days of completion, establish a meeting with all involved parties to analyze the incident that occurred or was averted. Assess as a team whether recommendations for system enhancements/development or operational changes (procedures, staffing, training) are appropriate.
5. Within 30 days of completion, the Division Manager prepares a memo to the file describing the Customer Recovery Action Plan, including:
   - the incident;
   - the approved Customer Recovery Action Plan;
   - results of the plan - e.g. number of customer inquiries before and after the plan was implemented;
   - copy of any customer scripts;
   - congressional or press inquiries, contacts from the PRO's office; and/or
   - results of analysis including whether changes are being made (e.g. reviewing procedures with staff, scheduling systems training) and/or recommended (e.g. system development/enhancement) and plans to accomplish these recommendations.
6. Provide copy of the final memo to the IOD Director (attachments do not need to be provided) and ensure the complete memo is imaged to the plan file (IPS).

## TP 37.3 Customer Recovery Action Plan Checklist 09/28/2001

| Operation/ System | Staff | Circumstances |
|---|---|---|
| Customer Service Center (CSC) | CSC Analyst (TSD), CSC Supervisor(s), TSD Manager | Incident that may trigger calls customer inquiries. |
| Document Management Center (DMC) | DMC Analyst (PSB/TSD), PSB Chief, TSD Manager | Incident requiring local fulfillment, or special mail or data entry processing. |
| Automated Letter Generation System (ALGS) | ALG System Administrator, PSB Chief, TSD Manager | Incident requiring ALGS related research, assistance with expediting a special ALGS mailing, including off-site fulfillment |
| OASD | OASD Manager and Supervisors | To provide necessary system support, including LAN/WAN activity, and/or to coordinate support from IRMD. |
| OPSS | OPSS Manager | To coordinate legal or policy support from OPSS, CPRD and/or OGC. |
| PPD | PPD Manager and Supervisor | Incident involving a plan that is still assigned to PPD. **-1-** |
| IOD Management | Department Director, Deputy Director | As judged necessary by Div. Manager based on case specifics. **-1-** |
| Office of Executive Director | Chief Operating Officer, Office of Executive Director | As judged necessary by Dept Director or Deputy based on case specifics. **-1-** |
| CPAD | Department Director | To prepare for press or congressional inquiries and/or provide specialized communication pieces. As judged necessary by Div. Manager based on case specifics. **-1-** |
| Problem Resolution Office | PRO | As judged necessary by Div. Manager based on case specifics. **-1-** |

**-1-** Typically for information only, not action.

## TP 37.4 Customer Recovery Action Plan

09/28/2001

**Examples of possible customer incidents that will elicit action.**

Although each plan is developed individually, the following steps are likely required with most incidents involving customers:

- Determine a TPD/FBA POC for customers;
- Name POCs in any customer communications;
- Notify the Customer Service Center about incident and all Customer Recovery Action Plan activity; and
- Develop script for CSC and other team members.

**Examples**

| Examples: Customer Scenarios: pre and post-incident | Sample Customer Recovery Action Plan | Sample Analysis and Recommendation |
|---|---|---|
| **post:** ALG Letter intended for one customer mistakenly mailed to multiple participants.<br>(user error). | Provide listing of affected customers.<br>Develop brief letter of apology and retraction and mail immediately. | Evaluate whether ALG letter request process followed IOD's procedure.<br>TPD Management revise their internal ALG authorization process.<br>Retraining of staff. |
| **post:** Duplicate payments (overpayments) determined when PPA mistakenly pays retiree benefits after plan assumption date, and PBGC pays benefits.<br>(user, system or ppa error) | Provide listing of affected customers.<br>Adjust payments in PRISM to suspend payments for subsequent month and then resume.<br>Draft brief letter of explanation with date of next payment and that no action is required. | Evaluate whether communication with prior paying agent was correct and provided according to IOD's procedure.<br>Determine how error occurred, reviewing correct procedures with staff as necessary. |
| **pre or post:** Expected payments are delayed due to unforseen system or processing error(s).<br>(user or system error) | Provide listing of affected customers.Prepare off-cycle payment requests.Draft brief letter of explanation and apology for delayed payment and provide new date of payment (if action cannot be taken in time to provide timely payments through off-cycle process). | Evaluate whether processing or system errors caused incident.<br>Management will review correct procedures with staff if cause is determined to be processing error(s). |

| | | |
|---|---|---|
| **pre:** Customers have been improperly overpaid by ppa or plan administrator - exs. incorrect entitlement determinations, incorrect calculations.<br><br>(pre-PBGC error) | Consult with OPSS as necessary for decisions about novel payment issues.<br><br>Determine correct benefit amounts for individuals in pay at DOTR.<br><br>Prepare advance letter with explanation of benefit adjustments.<br><br>Notify CSC in advance of mailing, and CPAD and/or PRO depending on scope.<br><br>Prepare for customer inquiries on this topic when planning a participant meeting (See TP 14: Hold Participant Meeting). | |

## TP 37.5 Forms, Letters, Memos, etc.

**09/28/2001**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

**None**

## TP 38. Administer PRISM Integrator Application

This IOD technical procedure is maintained in hard copy in TSD and describes:

- Need for this PRISM application and its function in benefit payment processing
- How to generate transactions and create file for the Paying Agent
- How to coordinate error correction with the Data Correction Team (TSD)
- How to report activities and final transaction disposition

This Technical Procedure is available to the responsible parties. Anyone else needing to view this procedure should contact the TSD Manager.

# TP 39. Prepare Early Estimated Benefits for a Case

TP 39. Overview

TP 39.1 Prepare Benefit Estimation Tool for Early Case Estimates

TP 39.2 Issue Early Estimated Benefits for a Case

Forms, Letters, Memos, Etc.

## TP 39. Overview

**03/19/2004**

PBGC recognizes the importance of providing customers with accurate and timely benefit information ***as soon as possible***. In addition to providing individual benefit estimates when requested by customers (see TP 32: Provide Estimated Benefit Calculations), PBGC automatically determines estimated benefits for **all** non-payee participants in a case and notifies each participant of their estimated benefit amount. -1-

PBGC notifies participants with estimated benefits below the cash-out level ($5,000 or less as of DOPT -2-) that they are eligible for an immediate lump sum distribution **or** a deferred annuity. Once the final valuation is completed, underpayment/overpayments are determined and Benefit Determination Letters are prepared and issued to all participants. See Process 19: Issue BDLs and Make Adjustments to Payments for more information.

After the participant data audit and plan abstract are completed, the actuary begins completion of the "final" Benefit Estimation Tool (BET) -3-. With the audited participant database, the BET is used to develop highly accurate estimated Title IV benefits for all participants in the plan.

Using BET, the actuary prepares a print file for loading to ALG. The PLS, PBA and/or FBA prepares estimated benefit letters (EBLs) to be mailed to the non-payees. The BOYLE attachment is provided to all, and the Form 720: Application for Lump-Sum Payment is provided as appropriate.

Eligible customers may respond by electing distribution of their estimated lump sum, and are processed in accordance with TP 20: Put New Payee into Pay Status.

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**Footnote** -1- Effective for plans with a DOTR on or after 10/1/2001.

**Footnote** -2- Participants whose lump sums are less than $200 (including interest) are not eligible for annuities. These benefits are paid automatically without an application if participant data, including address, are reliable (see IOD Policy Bulletin 99-6: Payment of Very Small Benefits).

**Footnote** -3- Virtually all plans will use BET to develop these estimates, however, exceptions may be determined on a case by case basis by management, documented with a memo to the case file from the TPD Division Manager.

**Prepare Early Estimated Benefits for a Case**

## TP 39.1 Prepare Benefit Estimation Tool for Early Case Estimates 12/19/2001

**Action Steps**

| | |
|---|---|
| **Purpose** | Generate the necessary files and reports to determine estimated benefit amounts<br>(Title IV benefit) for a plan's non-payees, prior to completion of the actuarial valuation. |
| **Time Reporting (BMPRS)** | FTE Actuarial Valuation<br>Contractor Actuarial Valuation<br>FTE Review of Actuarial Contractor Actuarial Valuation<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required input and Source** | Final Participant Database, final plan abstract. |
| **Process Output and Recipient** | Benefit Statement Print File from the Final BET, Estimated Benefit Listing for all non-payees. |
| **Control Issues** | This step is initiated after completion of the plan abstract (Process 12.2: Prepare Plan Abstract) and the participant data audit (see Process 12.6: Build Participant Database.) |
| **Important Concepts** | Estimated Benefits are developed (using BET) for all cases with a DOTR on or after 10/1/2001, unless another method is determined by TPD Management and documented to the case file (IPS). The estimate is of the Title IV Benefit (not the termination benefit) for all non-payees. These "early"estimates facilitate PBGC's offering an immediate lump-sum distribution if a non–payee is eligible for a cash-out, rather than requiring they wait until attainment of early or normal retirement age, or PBGC's issuance of Benefit Determination Letters (after the plan's actuarial valuation is complete). |
| **Guidance** | ERISA Sections 4022, 4044 and PBGC Regulations, including:<br>29 CFR 4022: Benefits Payable in a Single-Employer Plan<br>Subpart A - General Provisions, Guaranteed Benefits<br>Subpart B - Limitations of Guaranteed Benefits<br>Subpart D - Benefit Reductions in Terminating Plans<br>(for copies of regulations, see Legal Info on PBGC's home page: www.pbgc.gov)<br>ACT1 Toolkit User's Manual |
| **Procedure Owner** | Actuary, contract actuary |

## Click here for more information

TP 39.1: Action Steps: Prepare Benefit Estimation Tool for Early Case Estimates

**Prepare Early Estimated Benefits for a Case**

## TP 39.1 Action Steps: 03/08/2002

## Prepare Benefit Estimation Tool for Early Case Estimates

The plan abstract is an output of Process 12.2: Prepare Plan Abstract. The Participant Database is an output of Process 12.6: Build Participant Database. Once these have been completed, as applicable (case has DOTR on or after 10/1/2001) the team actuary initiates this process. If a contract actuary is involved in this process, the case team actuary is responsible for the review and approval of the work product.

**Case Actuary/ Contract Actuary**

1 Use Valtool to calculate estimated Title IV Benefit amounts per ERISA 4022 (and 4044 if possible), implementing appropriate limitations (e.g., accrued at normal limitation, maximum guaranteeable benefit, and phase-in rule).

2 Program the BET to produce BOYLE attachments for mailing with the estimated benefit letters (EBLs) for participants.

**Case Actuary**

3 Sample the estimated benefit amounts and BOYLE attachments to ensure quality and accuracy.

4 Provide approved samples to TPD Management for approval, documented to case file (IPS).

5 Generate listings for five groups of non-payees:

- those eligible to apply for an estimated de-minimis lump sum distribution with an annuity option;
- those eligible for an estimated lump sum without completing an application (less than $200 including interest);
- those not eligible for a lump sum but entitled to an annuity benefit;
- non-vested participants (i.e. who may *only* be entitled to a 4022(c) benefit); and
- non-members (TPD Management may decide to issue early Benefit Determination Letters to these individuals, see Process 19.1 Review List of Participants Eligible for Early BDLs.)

**Note:** These listings contain the estimated monthly Title IV benefit at Normal Retirement Date, the estimated monthly Title IV benefit at Earliest Retirement Date, and the estimated value of the Title IV Benefit payable as a lump sum.

6 Use the BET to generate a Benefit Statement Print File.

7 Submit the Benefit Statement Print File to OASD to load on ALG. Submit the generated listings to the PLS/FBA for use in assigning appropriate letters on ALG.

8 Meet with PLS, PBA and FBA staff as appropriate to review the participant listings and results and review the BOYLE attachment designed for the plan.

# TP 39.2 Issue Early Estimated Benefits for a Case 12/19/2001

Action Steps

| | |
|---|---|
| **Purpose** | Provide accurate estimated benefit amounts to all participants not in pay status. Notify participants with de-minimis benefits of their eligibility for an immediate lump sum distribution or a deferred annuity. |
| **Time Reporting (BMPRS)** | FTE Estimated Benefit Calculations<br>FBA Estimated Benefit Calculations<br>PBA Estimated Benefit Calculations<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Benefit Statement Print File, Estimated Benefit Listing from actuary. |
| **Process Output and Recipient** | Estimated Benefit Letter (EBL) & BOYLE attachment to all customers not already in pay status. EBL includes Form 720: Application for Lump Sum Payment for customers with benefits eligible for cash-out, offering them the option of an immediate lump sum distribution or a deferred annuity. |
| **Control Issues** | Approval of Estimated Benefit Letters (EBLs) follow TPD and FBA guidelines for approval of BDLs. |
| **Important Concepts** | Estimated Benefit Letters (EBLs) are based on a final participant database and include a BOYLE attachment in support of the benefit amount(s) provided. Although estimated benefits are not subject to appeal, the participant may write in with corrections/additions to the date used in the calculation if certain information is not accurate. (They will have appeal rights when the Benefit Determination Letter is issued.) The lump sum distribution amount and the Form 720: Application for Lump-Sum Payment is sent to participants eligible for a cash-out, except as otherwise provided for "very small benefits" (IOD PB 99-6). These customers may apply for their pension benefits and will be processed into pay in accordance with existing procedures, see TP 20: Put New Payee into Pay Status. Customers who receive an estimated lump sum may subsequently receive a residual benefit amount, after the BDL is issued.<br>**Timing:** PBGC's goal is to provide estimated benefit amounts to participants in most plans approximately 1 year after trusteeship (DOTR). |
| **Guidance** | PBGC Operating Policy Manual 5.4-6: Annuity Options for Lump Sum Benefits<br>IOD Policy Bulletin 99-6: Very Small Benefits<br>ALG Letters (electronic manual in IOD Manuals System) |
| **Procedure Owner** | PLS, PBA, FBA |

## Click here for more information

TP 39.2 Action Steps: Issue Early Estimated Benefits for a Case

## TP 39.2 Action Steps: 12/19/2001

## Issue Early Estimated Benefits for a Case

Follow the guidance outlined in TP 15: Prepare and Mail Letters.

1. Review the categories of non-payees received from actuary and identify the appropriate EBL (estimated benefit letter) from ALG to use for each category.
2. Review PRISM to verify that addresses are available or that appropriate activity has been taken to locate current addresses for any customer missing an address or with an invalid address. Refer to TP 33: Locate Customer Addresses.
3. Issue Estimated Benefit Letter(s) using ALG (300 series).

**Note:** ALG will automatically provide the required attachments, BOYLE attachment for all, and a Form 720: Application for Lump Sum for those eligible for a cash-out .

4. Process any returned Form 720's according to TP 20: Put New Payee into Pay Status.

## TP 39.3 Forms, Letters, Memos, etc.

**12/19/2001**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***ALG 300 series***

***Form 720: Application for Lump-Sum Payment***

# TP 40. Change Customer Data

TP 40. Overview

TP 40.1 Request Customer Data Change

TP 40.2 Initiate Interdepartmental Data Change Requests

TP 40.3 Data Change Request Guidelines

Forms, Letters, Memos, Etc.

# TP 40. Overview

**07/23/2002**

Benefit processing staff (PLS, PBA and/or FBAs) maintain primary responsibility for customer records in PRISM, and generally implement changes and updates as needed, using the online PRISM applications. There are some instances where a necessary data change cannot be made through the online PRISM applications. Also, when a large volume of changes is needed, it may be more efficient for a TPD/FBA to request that the changes be made through the following process, rather than through using PRISM online applications.

The Data Change Team (DCT) in OASD coordinates with IRMD to accomplish the changes requested by the TPDs and FBAs, following a specific weekly schedule and process.

## Customer Data Changes

The types of data changes provided through this process include:

- Customer Linking
- Role Changes
- Status Changes
- Plan Number Changes
- Deletion of customer records
- Undeletions

## Weekly Schedule and Process

Each week, IOD staff prepare a summary of the data changes needed, using a specific spreadsheet for each ***type*** of data change. The spreadsheets are submitted by e-mail to the Data Change Team e-mail address.

DCT bundles all the users' requests into a single spreadsheet for each type of data change requested. DCT converts the consolidated spreadsheets to the required file format and then forwards these files to IRMD. IRMD staff executes the changes and notifies DCT by e-mail upon completion. DCT sends a notice back to each requestor that changes have been made.

### Verifying Expected Changes

Benefit staff requesting the data changes are responsible for ensuring their data changes have been made, and taking any necessary follow up action.

**Prepare Early Estimated Benefits for a Case**

## TP 40.1 Request Customer Data Changes

**07/23/2002**

**Action Steps**

| | |
|---|---|
| **Purpose** | Initiate request for data changes to PRISM. |
| **Time Reporting (BMPRS)** | FTE Estimated Benefit Calculations<br>FBA Estimated Benefit Calculations<br>PBA Estimated Benefit Calculations<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Determination that change(s) are needed to customer record(s) in PRISM. |
| **Process Output and Recipient** | Data Change Request Spreadsheet(s) prepared and submitted to Data Change Team via e-mail. |
| **Control Issues** | E-mail requests submitted to the DCT are copied to the case Team Leader (per CAS assignment). The necessary data elements for each type of data change are enumerated in the specified spreadsheet.<br>TPDs may establish guidelines for peer or management review of these data change requests, prior to submission to DCT.<br>Requestors are responsible for ensuring the requested data changes have been made, not the DCT.<br>Spreadsheets and e-mails relating to the changes are not required to be imaged to the participant's file in IPS. |
| **Important Concepts** | Accurate and complete spreadsheets will avoid delays in accomplishing data changes. Submit request and spreadsheet to DCT e-mail address.<br>Timing: Data changes follow a weekly schedule. Spreadsheets received by DCT by noon on Monday (first business day of the week, if later) are in PRISM database on Friday. DCT provides notice to requestors that changes have been made no later than Monday of the following week. Upon receipt of DCT's notice, requestors are responsible for verifying that changes were made (initial and date each verified change) within one month of receipt of DCTs notice, and retaining these hard copies for 12 months. |
| **Guidance** | N/A |
| **Procedure Owner** | PLS, PBA, FBA |

## Click here for more information

TP 40.1 Action Steps:Request Customer Data Changes

## TP 40.1 Action Steps: 07/23/2002
## Request Customer Data Changes

1 Identify the data elements for affected customers in one or more plans. Refer to TP 40.3: Data Changes Guidelines as needed.

2 Create the appropriate spreadsheet(s) as follows:

| Needed data change is..... | Prepare..... |
|---|---|
| Customer Linking | *Roles/Linking - Data Change Request (Rolelink.xls)* |
| Role Changes | *Roles/Linking - Data Change Request (Rolelink.xls)* |
| Status Changes | *Customer's Status - Data Change Request (Status.xls)* |
| Plan Number | *Customer's Plan Number - Data Change Request (Plannumber.xls)* |
| Deletion of customer records | *Delete Customer Record - Data Change Request (Deletion.xls)* |
| Undeletions | *Undelete Customer Record - Data Change Request (Undeletion.xls)* |

3 Carefully review spreadsheet for completeness and accuracy. Follow TPD guidelines for peer or management review. FBAs follow plan's TPD guidelines.

4 After preparation and review, submit the spreadsheet(s) to the Data Change Team via e-mail.

**Note** After receipt of a request, DCT acknowledges it and provides the expected completion date. See "Timing" specified in Important Concepts in the preceding outline of TP 40.1: Request Customer Data Changes. The DCT also sends a notice to ALL requestors (and Team Leaders) that the changes have been completed, see TP 40.2: Initiate Interdepartmental Data Change Requests.

## Complete the Following Steps Within One Month of Receipt of Notice from DCT

5 After data changes have been made, print out the applicable portion of the consolidated spreadsheets and use it to review PRISM to ensure that the expected changes have been made.

6 Print a hard copy of the list of changes. Initial and date each request verifying that the change has been made. Retain the hard copy for 12 months, and purge old records periodically.

7 Follow up with DCT as necessary to determine why any requested change was not made.

## TP 40.2 Initiate Interdepartmental Data Change Requests 07/23/2002

Action Steps

| | |
|---|---|
| **Purpose** | Consolidate IOD requests for data changes to customer records in PRISM, and coordinate the process between IOD and IRMD. |
| **Time Reporting (BMPRS)** | Special Projects<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Spreadsheets for data changes submitted by e-mail by TPDs, TSD and FBA staff. |
| **Process Output and Recipient** | IOD requests consolidated and converted to tab-delimited text files sent to IRMD, and reminder notice sent to requesters when changes have been made. |
| **Control Issues** | DCT serves as IOD's control point for managing all these customer data change requests. DCT notifies requestors when data changes have been completed, to allow requestors to ensure their expected changes have been made. |
| **Important Concepts** | DCT is **not** responsible for ensuring that expected data changes have been made, the requestors maintain that responsibility.<br>**Timing:** Data changes follow a weekly schedule. Spreadsheets received by DCT by noon on Monday (first business day of the week, if later) are forwarded to IRMD by COB on Wednesday. IRMD makes the data changes Thursday and notifies DCT by e-mail upon completion. |
| **Guidance** | N/A |
| **Procedure Owner** | Data Change Team, OASD |

## Click here for more information

TP 40.2 Action Steps: Initiate Interdepartmental Data Change Requests

## TP 40.2 Action Steps: 07/23/2002

## Coordinate Interdepartmental Customer Data Changes

1. Consolidate all spreadsheets received. Add requestor and case Team Leaders' names and request date to the spreadsheets.
2. Convert these consolidated spreadsheets to tab delimited text file and send to IRMD's POC.
3. Receive e-mail notice from IRMD that changes have been completed - generally Friday of each week, with ORACLE File Error report attached.
4. Forward consolidated spreadsheets to all requestors, as soon as possible. Include reminder that it is their responsibility to follow through and ensure their expected data changes have been made.
5. File ORACLE Error report.
6. Retain e-mail requests, consolidated spreadsheets and ORACLE Error reports for twelve months, and purge old records periodically.

# TP 40.3 Data Change Request Guidelines

04/16/2004

| Customer Data Change Request | Usage comments |
|---|---|
| **Customer Linking -** | A customer in PRISM who is not a participant, must be linked to a participant in the PRISM Family Tree. Sometimes a customer may be loaded as a participant, and it is later determined that they are actually a beneficiary. These situations are resolved through implementing a role change. See Role Changes. |
| **Role Changes -** | The most common example is a customer initially loaded as a Participant whose correct role is Beneficiary. Less common is the reverse, changing a Beneficiary to a Participant. If this role change is made, it is necessary to delete the record of whomever this customer was originally linked to (as a Beneficiary) if that person is not in the plan. See Deletion of Customer Record. |
| **Status Changes -** | There are many circumstances in which a customer's status code has to be changed. One example is when a customer has been paid his full benefit, the status code should be changed from 1 to 6. The situations are often disclosed through reports prepared as part of plan closing, see Process 21: Close Plan. |
| **Plan Number Changes -** | A customer loaded under the wrong plan number must be moved to the correct plan. If a record has already been created under the correct plan, then the incorrect record should be deleted or, if appropriate, the two records should be merged, see Merger of Customer Records. If the customer has already been established on the Paying Agent's system under the incorrect plan, email a BPAB PLS and request that they instruct the Paying Agent to correct the plan number on their system to avoid processing errors and duplicate payments. |
| **Deletion of Customer Records -** | A Customer record for someone who is not a plan member, may be deleted provided:<br>• the individual has not received a 4042(d) notice;<br>• the individual has not received a BDL;<br>• the record does not include valuation data; and<br>• the record does not include ledger data. |
| **Merger of Customer Records -** | The best way to get rid of a duplicate record is to delete it. However, there are circumstances when a duplicate customer record cannot be deleted (see requirements in Deletion of Customer Records, above). If you have a customer with two records, neither of which can be deleted, request that the records be merged by sending an e-mail to the contract support data correction team in TSD, requesting the merger. (Merger of records is not covered in this technical procedure.) |
| **Undeletions -** | It may be necessary to create a PRISM record for a customer whose record was previously deleted. If PRISM indicates the Social Security Number belongs to that person, but the record cannot be viewed in PRISM Browser, then that record was deleted and exists in the database with a deletion flag. |

## TP 40.4 Forms, Letters, Memos, etc.

**07/23/2002**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Customer's Plan Number - Data Change Request***
Plannumber.xls

***Customer's Status Code - Data Change Request***
Status.xls

***Delete Customer Record - Data Change Request***
Deletion.xls

***Roles/Linking - Data Change Request***
Rolelink.xls

***Undelete Customer Record - Data Change Request***
Undeletion.xls

# TP 41. Follow-Up on FBA Performance Reviews

TP 41. Overview

TP 41.1 Implement Corrective Actions

Forms, Letters, Memos, Etc.

## TP 41. Overview

**12/13/2002**

IOD is responsible for maintaining the contractual relationships with FBA contractors who perform IOD-related services for PBGC, as described in the contract between PBGC and the FBA. In performing its oversight role of FBA contractual relationships, IOD needs assurances that the FBAs are processing participant, survivor, alternate payee, and beneficiary transactions (both financial and customer service related) according to IOD's established policies and procedures, and in compliance with the terms of the Contract. IOD's FBA Review Program Coordinator is in the Management Coordination Unit (MCU).

IOD conducts annual Performance Reviews on most of the FBAs, under clause C.10.c (Audits by the PBGC - FBA Performance Reviews) of the FBA Contract. The procedures for conducting these reviews, through to finalization of the FBA Performance Review Report, are documented in MCU's FBA Performance Review Manual, which is maintained by MCU.

Final FBA Performance Review Reports are submitted by the TPD Manager to the FBA and senior IOD management, as determined by the Director of IOD. The Reports may contain itemized FBA and non-FBA Findings and Recommendations. MCU retains copies of the report in the FBA Review current and permanent files. The report is a confidential document. Generally, no other persons should be given copies of the reports without the consent of the Director of IOD.

Follow-up to an FBA Performance Review is an integral part of effective management, and is a shared responsibility of FBA management and PBGC. The Follow-up on FBA Performance Review process is modeled on PBGC's Notice 94-16 on Audit Follow-up Systems.

The FBA is required to establish a Corrective Action Plan to ensure prompt resolution of FBA Performance Review Findings and Recommendations, documented in the Final FBA Performance Review Report. The Corrective Action Plan is not incorporated into the Report, but is incorporated into the FBA Workplan, required under clause C.9.1 (Work Plans) of the FBA Contract. The Report contains only a statement regarding agreement or disagreement by the FBA and / or IOD Division.

A follow-up system must provide a complete record of actions taken on findings and recommendations and document their status through to closure in FBA Monthly Management Reports, required under clause C.9.2 (Monthly Management Report) of the FBA Contract. The FBA Contract COTR monitors and tracks progress on implementing and closing the corrective actions. ( TP41.1. Implement Corrective Actions)

IOD Division Managers are required to implement corrective actions for non-FBA Findings and Recommendations, as agreed upon in response to the Final Report, and within the established timeframes stated in the response. The IOD Division maintains accurate records on the resolution of recommendations in Final Reports, and informs MCU of all actions taken. When requested by MCU, the IOD Division provides appropriate documentation in evidence of implementation.

**Follow-Up on FBA Performance Reviews**

## TP 41.1 Implement Corrective Actions

**12/13/2002**

**Action Steps**

| | |
|---|---|
| **Purpose** | The FBA and/or IOD Division is responsible for implementing corrective actions, as per the FBA Performance Review Final Report and Corrective Action Plan, and tracking resolution status. |
| **Time Reporting (BMPRS)** | FBA Review<br>FBA Oversight<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | FBA Performance Review Final Report (Findings and Recommendations) |
| **Process Output and Recipient** | FBA Corrective Action Plan<br>Updated FBA Workplan<br>FBA Monthly Management Report<br>FBA Corrective Action Plan Closure Request |
| **Control Issues** | Accurate records and evidence of corrective actions taken.<br>Validation through documentation, system reviews or on-site visits. |
| **Important Concepts** | Status reporting to COTR.<br>Follow-up to FBA Reviews are conducted using FBA Performance Review Manual. |
| **Guidance** | PBGC Notice No. 94-16 provides guidelines and requirements for audit follow-up at PBGC. Resolution of audit recommendations requires designated responsibility, records of actions taken, time schedules and periodic reports. (See FBA Performance Review Manual and related exhibits, maintained by MCU.) |
| **Procedure Owner** | FBA Manager, PBGC Department Manager, FBA COTR, MCU, IOD Division Manager |

## Click Here for More Information...

TP41.1 Action Steps: Implement Corrective Actions

**Follow-Up on FBA Performance Reviews**

## TP 41.1 Action Steps: 12/13/2002

## Implement Corrective Actions

The following describes the responsibilities of the parties relating to the implementation of corrective actions, resulting from FBA Performance Reviews.

**FBA Manager**

1 Ensure timely implementation of corrective actions, documented as Findings and Recommendations in the final FBA Performance Review Report, and incorporated into the FBA's Corrective Action Plan.

2 Incorporate the recommendations in the appropriate Task section of the FBA Workplan, with target dates and assignments, as per the FBA Contract Reporting Requirements (Clause C.9.1). (See TP 35 Update FBA Workplans for details.)

3 Maintain accurate records on the resolution of the recommendations. Inform the FBA COTR ofall actions taken in the Monthly Management Report, as per the FBA Contract Reporting Requirements (Clause C.9.2).

4 Provide appropriate documentation, as evidence of implementation, when requested by the COTR.

**FBA Manager, FBA COTR**

5 Manager - Notify the COTR, with a copy to MCU, of any actual or anticipated delays in implementing corrective actions.

6 COTR - Review the notification, determine whether to approve a requested extension. Advise the TPD Manager of the delay.

7 COTR - Update the FBA Workplan to reflect any agreed changes to timelines.

8 FBA Manager - Once an action has been implemented, notify the COTR of its completion in the Monthly Management Report and provide supporting documentation.

9 COTR - Review supporting documentation provided by the FBA Manager to ensure that the corrective action is satisfactorily closed. This may require a review of system data and/or a site visit.

10 COTR - Notify the FBA Manager if it does not appear that appropriate action has been taken.

11 COTR - Once all corrective action items in the Final FBA Performance Review Report have been closed, notify MCU and request closure of the Corrective Action Plan.

**IOD Division Manager**

12 Implement corrective actions for non-FBA Findings and Recommendations, as agreed upon in response to the Final Report, and within the established timeframes stated in the response.

13 Maintain accurate records on the resolution of recommendations in Final Reports, and inform MCU of all actions taken. When requested by MCU, provide appropriate documentation in evidence of implementation.

**MCU**

14 Monitor corrective actions required by IOD Divisions.

## TP 41.2 Forms, Letters, Memos, etc.

**12/13/2002**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***FBA Workplan***
FBAWorkplan.xls

***FBA Performance Review (Findings and Recommendations)***

***FBA Corrective Action Plan***

***FBA Monthly Management Report***

***FBA Corrective Action Plan Closure Request***

# TP 42. Followup on Outstanding Checks

TP 42. Overview

TP 42.1 Prepare and Distribute Outstanding Checks Listing

TP 42.2 Take Action on Outstanding Checks

Forms, Letters, Memos, Etc.

## TP 42. Overview

**05/30/2003**

Participant checks may remain outstanding for a number of reasons, including: death, incorrect address, non-receipt, absence for vacation, or forgetfulness. SSC produces a quarterly Outstanding Checks Listing that lists all checks that have been outstanding for more than two months. OASD sorts the Listing and inserts TPD, FBA and Mail POC information, to facilitate distribution to responsible processors. The PSB Program Assistant makes the distribution by email to the appropriate Mail POCs, who coordinate any further required distributions.

The processor responsible for a plan uses the Listing to identify outstanding checks that have not been cashed more than two months after issuance, and follows up with the payee to determine the reason and what action, if any, needs to be taken. If a check has not been cashed because of:

- Death: Stop payment, initiate beneficiary or survivor payments, and recover payments made after death, if appropriate.
- Change of Address or Non-Receipt: Stop payment and reissue the check(s).
- Absence for Vacation, or Forgetfulness: Encourage the payee to cash the check(s) as soon as possible.
- Fraud: Where there is a suspicion that a death was not reported to PBGC because of fraud or forgery, see TP12: Deal with Fraud and Forgery.

The Mail POCs collect spreadsheets, annotated with follow up actions, and forward them to the PSB Program Assistant, who follows up on missing spreadsheets or incomplete follow up actions.

Checks that are outstanding for more than six months become stale dated and can no longer be cashed. Processors are notified of these through a separate "Purge Report".

**Follow-Up On Outstanding Checks**

## TP 42.1 Prepare and Distribute Outstanding Checks Listing 05/30/2003

**Action Steps**

| | |
|---|---|
| **Purpose** | Produce and distribute a quarterly Outstanding Checks Listing for follow up by responsible Mail POC, PLS, PBA or FBA. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Excel file "PBGC Outstanding mm/dd/yy" from SSC |
| **Process Output and Recipient** | Excel file "Outstanding for TSD mm/dd/yy" from OASD. |
| **Control Issues** | • Outstanding checks may indicate:<br>  • Vacation, absence or forgetfulness on the part of the participant.<br>  • Death, invalid address or a lost check event that requires PBGC action.<br>• For customer service reasons and to prevent overpayment or fraud, PBGC wants to ensure that the checks are negotiated by the payee and/or don't become stale dated.<br>• Additionally, PBGC wants to minimize the costs associated with stop check actions and reissuance.<br>• Copy the Division Manager or FBA Manager on distributions of the Outstanding Checks Listing, submissions of spreadsheets annotated with actions taken and discrepancy notifications. |
| **Important Concepts** | SSC runs the Outstanding Check Listing quarterly, in March, June, September and December. The report lists all uncashed checks, except those from the two most recent check runs and those that have become stale dated. For example, the report run in March lists all outstanding checks, for the period October through January; the Report date is labeled " January 31."<br>**Timing**:<br>• The PSB Program Assistant forwards the spreadsheet to OASD within one business day of receipt from SSC.<br>• OASD completes the expanded spreadsheet and returns them to PSB within two business days of receipt.<br>• The PSB Program Assistant forwards the spreadsheets to Mail POCs within two business days of receipt from OASD. |
| **Guidance** | N/A |
| **Procedure Owner** | SSC, TSD / PSB Program Assistant, OASD |

## Click here for more information

TP 42.1 Action Steps:Prepare and Distribute Outstanding Checks Listing

**Follow-Up On Outstanding Checks**

## TP 42.1 Action Steps: 05/30/2003

## Prepare and Distribute Outstanding Checks Listing

**SSC**

1 Produce a quarterly Outstanding Checks Listing, itemizing all uncashed checks, that are not yet stale dated, except those from the two most recent check runs. Typically, the Listing will contain checks from four months. The Report is named: "PBGC Outstanding mm/dd/yy" and is in the form of an Excel spreadsheet. The report date is the month end prior to the two most recent check runs. The spreadsheet contains the following columns for each outstanding check:

- **Acct No:** SSC Bank Account for Payee Checks
- **ID-1:** Type of Plan ("PBGC1" or "Collins")
- **ID-2:** (blank)
- **Check Number:** Check Number for the Outstanding Check
- **Issue Date:** Date on the Outstanding Check
- **Amount:** Amount of the Outstanding Check
- **Soc. Sec. No. (SSN):** Payee Social Security Number
- **Name:** Payee Name

2 Send the Outstanding Checks Listing spreadsheet to the PSB Chief as an email attachment.

**TSD / PSB Program Assistant**

3 Forward the Outstanding Checks Listing spreadsheet to OASD, as an email attachment, for insertion of the TPD, FBA and Mail POC for each outstanding check.

**OASD**

4 Import the Excel spreadsheet to an outstanding checks table, in Microsoft Access.

5 Create a new Mail POC table from the Genesis team member, case profile and case summary tables.

6 Create a new outstanding plan numbers table, by selecting unique case numbers from the outstanding checks table.

7 Match the Mail POC and outstanding plan numbers tables, creating a new FBA division table.

8 Join the FBA division and outstanding checks table to create a new "outstanding for TSD" table.

9 Export the "outstanding for TSD" table from Access to an Excel spreadsheet and send it to TSD / PSB as an email attachment. This spreadsheet contains the following additional columns for each outstanding check:

- **Case_Id:** Case Number, Including Suffix
- **Plan_Name:** Plan Name
- **Assign_Field_Benefit_Admininistrator:** Field Benefit Administrator (if applicable)
- **Assign_Division:** Assigned Division (TPDx, PPD, PTAB-S)

- **POC:** Mail Point of Contact for Plan
- **Actions Taken:** blank (for later update by user)

**TSD / PSB Program Assistant**

**10** Sort the spreadsheet by Mail POC and split into one spreadsheet per Mail POC. Send the spreadsheets by email to the Mail POCs, for distribution to the PLS, PBA or FBA, as necessary, with copies to the Division or FBA Managers. Retain the master spreadsheet and distribution emails for later follow-up.

# TP 42.2 Take Action on Outstanding Checks

05/30/2003

Action Steps

**Purpose**

Determine reasons for outstanding checks and take appropriate actions.

**Time Reporting (BMPRS)**

FTE Administer Benefits

FBA Administer Benefits

PBA Administer Benefits

[See Appendix E: IOD Time Reporting (BMPRS)]

**Required Input and Source**

Excel file "Outstanding for TSD mm/dd/yy" from OASD

**Process Output and Recipient**

(As needed:)

- Customer telephone call to payee and CCN call log entry.
- Documentation of reason for outstanding checks and action taken, or de minimis value to PSB.
- DOD in deceased payees' records in PRISM Customer.
- Address change in PRISM Customer.
- CARF to SSC for stop payment and/or reissue of check.
- ALGS Reminder Notice to payee (ALGS536).
- ALGS Intent to Suspend Notice to payee (ALGS537).
- ALGS Suspension Notice to payee (ALGS538).

**Control Issues**

Resolution for an outstanding check requires determination of the reason the check is outstanding; completion of any participant contact, stop payment, replacement or death entry actions required; and annotation of the action on the spreadsheet.

TSD / PSB will monitor that actions have been recorded for all outstanding checks.

Use specific questions to verify if the payee is alive or deceased. The questions should be those that only the payee should be able to answer correctly.

Copy the Division or FBA Manager on the spreadsheet which documents actions taken.

**Important Concepts**

The Outstanding Checks Listing is the only notification a processor receives that a check has not been cashed. Checks may be uncashed for several reasons including death, change of address, non-receipt of the checks, vacation absence, or plain forgetfulness.

Checks automatically become stale dated six months after the issue date and are returned to Treasury. These stale dated checks are listed on a Purge Report and are processed separately.

**Timing:** The processor has 30 days to complete work on the Outstanding Checks Listing and report back to TSD / PSB that the appropriate actions have been taken for each outstanding check.

| | |
|---|---|
| | TSD / PSB monitors the completeness and timeliness of actions.<br><br>If the work cannot be completed within 30 days, the TPD or FBA Manager notifies TSD / PSB of the delay and establishes a new schedule, not to exceed another 30 days. |
| **Guidance** | N/A |
| **Procedure Owner** | Mail POC, PBA, PLS, FBA |

## Click here for more information

TP 42.2 Action Steps: Take Action on Outstanding Checks

# TP 42.2 Action Steps: 05/30/2003
# Take Action on Outstanding Checks

**Mail POC**

1 Review Outstanding Check Listing and identify the plans assigned to the processor (PLS, PBA or FBA). Continue, or forward the Listing to the responsible processor. If a Mail POC is absent, the Division or FBA Manager forwards the Listing to processors.

**PLS / PBA / FBA**

**Note:** Select the checks from the oldest month for priority processing. These checks may become stale dated before processing of the Outstanding Check Listing has been completed.

2 Determine whether the payee has died. Check the payee's status code PRISM . If it is "7", DOD was received and entered. If the status code is still "1", review the payee's records in IPS and CCN and check the Deathmatch Discrepancy Report (see TP 05. 3 Use Deathmatch Program to Verify Deaths .) If a death notice was received and not processed, ensure that the information relates to the payee before processing. (See TP 05.1 Process Death Notification by Telephone or Mail.) If the payee died before the date of the check, take steps to stop payment on the check(s), record the action taken in Actions Taken and exit this procedure. (See TP 12.1 Initiate Check Action Request Form). If the form of benefit provides for survivor or beneficiary benefits, make an effort to locate the estate and beneficiary; if located, reissue to the estate or beneficiary. (See TP 05.4 Determine Benefits Due Survivor, Beneficiary or Estate.)

3 Determine whether a change in address occurred. If a change of address was found in the payee's records in IPS, but was not processed, ensure that the information relates to the payee before processing. (See TP 04.1 Make Address Changes.) Take steps to stop payment on the check(s), reissue the payment(s), record the action taken in **Actions Taken** and exit this procedure. (See TP 12.1 Initiate Check Action Request Form).

4 If the check is under $20, it is de minimis. Take no action and exit this procedure.

5 Try to contact the payee, using the payee's telephone number of record. If it is not available, see TP 33 Locate Customer Address to find a phone number.

- If someone answers the payee's phone, ask for the payee and explain the purpose of the call. If the person claims to be the payee, he/she should be able to answer the questions that only the payee could answer. If the person is the payee, advise that PBGC's records show that there are uncashed benefit check(s). Encourage them to cash the check(s). If they did not receive the check(s), or lost them, verify the address and take steps to stop payment on the check(s), reissue payment(s) and record the action taken in **Actions Taken** (See TP 12.1 Initiate Check Action Request Form).
- If the person is not the payee, seek information on the payee. If the person advises that the payee is deceased, request the DOD and ask the person to mail a copy of the death certificate to your attention. Obtain the name and address of the person. If the person is unable to respond, request that the spouse or executor contact PBGC with the information. Enter the DOD in PRISM Customer and record the action taken in **Actions Taken**. (See TP 05.1 Process Death Notification by Telephone or Mail.)

6 If telephone contact cannot be made, or the payee is uncooperative, send a letter to the payee, at the most recent address, advising of the uncashed checks. Record the action

taken in **Actions Taken**.

- If there is a single uncashed check, send a Reminder Notice (ALGS 536) requesting that the checks be cashed promptly.
- If there are multiple uncashed checks, send an Intent to Suspend Notice (ALGS537), notifying the payee that payments will be suspended if the checks are not cashed promptly and the payee does not contact the Customer Contact Center.

**Note:** SSC reconciles cashed checks every day. Between the run date of the Outstanding Checks Listing and the date a processor takes follow up action, a payee may have cashed the check. Timely processing minimizes the number of outdated listings.

The Outstanding Checks Listing from the prior quarter may be useful to the processor in identifying payees who have not cashed their checks, following a phone call or letter. However, only one month of checks will be common to the quarterly Listings.

**7** If the Reminder Notice or Intent to Suspend Notice is returned by the USPS, or the check remains uncashed on the next quarterly Listing after an Intent to Suspend Notice, change the status code to "2" in PRISM Benefits to suspend payment, and forward the record for authorization (see TP 28:Authorize Financial and Non-Financial Transaction through PRISM ). Send a Suspension Notice (ALGS 538) to the payee at the most recent address, advising of the uncashed checks and suspension action taken. Record the action taken in **Actions Taken**. If a response is received from the payee, change the status back to "1", forward the record for authorization to restore payment and issue a special check for missed payments.

**8** Ensure that all **Actions Taken** have been completed and forward the Outstanding Checks Listing spreadsheet electronically, or in hard copy, to the TSD / PSB Program Assistant, copying the Division or FBA Manager.

**9** Ensure that all calls are documented to CCN, see TP 31 Document Telephone Calls.

**TSD / PSB**

**10** Review the Outstanding Checks Report documentation of Actions Taken by the responsible processor to ensure that actions have been taken for all outstanding checks. Follow up with Mail POCs, in writing, for incomplete submissions, or spreadsheets not received within 30 days or other agreed upon deadline (not to exceed an additional 30 days).

## TP 42.3 Forms, Letters, Memos, etc.

**05/30/2003**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Reminder Notice (ALGS 536)***

***Intent to Suspend Notice (ALGS 537)***

***Suspension Notice (ALGS 538)***

# TP 43. Change Status for Inactive Participants

TP 43. Overview

TP 43.1 Identify Status Changes for Lump Sum Recipients

Forms, Letters, Memos, Etc.

## TP 43. Overview

**02/17/2004**

ASD calculates quarterly updates to PBGC's Individual Present Value of Future Benefits (IPVFB) to identify changes in liabilities of the Corporation. When a participant receives final guaranteed benefit payment via lump sum, and is not entitled to receive further benefits, the status remains "active, paying" in PRISM, potentially impacting IPVFB actuarial calculations. The purpose of this procedure is to make PRISM accurately reflect the inactive status of Customers who have received estimated or final lump sum benefit payments. An automated PRISM routine is run after the SSC lump sum payments have been processed, and the resulting ledgers have been loaded to Genesis, to change the participant status code from "active, paying" to "paid-in-full", when the lump sum principal payment amount is within 5% of the lump sum discriminator, as set during plan actuarial valuation. However, when the lump sum principal payment amount is **not** within 5% of the lump sum discriminator, or when beneficiaries have been fully paid lump sums, but who do not have a lump sum discriminator, direct action is required by the PLS to change the status code from "active, paying " to "paid-in-full". These status code changes are not allowed directly by the PRISM application and must be made through the Data Change Team, using TP40: Change Customer Data.

Additionally, PBGC management has determined that participants who have been paid an estimated lump sum distribution after trusteeship, and will be eligible for a residual benefit amount, should have their status code changed from "active, paying" to "future pay", in both the automated and manual processes above.

A Lump Sum eReport has been developed to support PLS in determining when a status code change is required from users. This report categorizes lump sum payments into five groups:

- Estimated lump sum paid, but no valuation data available
- Lump sum paid, but less than guaranteed present value to be paid
- Lump sum paid and equal to guaranteed present value to be paid
- Lump sum paid and greater than guaranteed present value to be paid
- No lump sum paid – full guaranteed present value to be paid

The procedure describes PLS, PBA or FBA status code change actions for each of these groups.

**Change Status for Inactive Participants**

## TP 43.1 Identify Status Changes for Lump Sum Recipients 02/17/2004

**Action Steps**

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|---|---|
| **Purpose** | Ascertain from the Lump Sum eReport that participants are in the correct inactive pay status. Set the status code to "paid-in-full" for participants who have been fully paid an estimated or final lump sum. Set the status code to " future pay" for participants who have been paid an estimated lump sum, but are eligible for a residual payment. |
| **Time Reporting (BMPRS)** | N/A<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | **PRISM Reports Activity:** Run PRISM Lump Sum eReport (DB 03-01P) |
| **Process Output and Recipient** | Data Change Request Spreadsheets to Data Change Team |
| **Control Issues** | Status code changes for lump sum payees should not be changed to " paid-in-full" or "future pay" until the payment has been issued by SSC. Otherwise, the status code change will take place first and SSC will be unable to issue the payment in the payment cycle.<br><br>Status code changes for lump sum payees should not be changed to " paid-in-full" or "future pay" until the related ledgers are posted to PRISM. Otherwise, the payment transaction may fail edits and be rejected, prior to the status code change, leaving the PLS, PBA or FBA unable to re-issue the payment in PRISM.<br><br>The Data Change Team notifies the requestor that requested status code changes have been completed, but the PLS, PBA or FBA is responsible for verifying that each status code change has been made, using PRISM.<br><br>For "future pay" participants who have received estimated lump sums, the IPVFB system will generate status code errors. These errors will be restricted to plans that are not IPVFB ready and will disappear when the plans are finalized, residual lump sums paid and the status code changed to "paid-in-full". During plan closing, all finalized lump sum payments should be reviewed to ensure that the status code has been changed to "paid-in-full".<br><br>The PRISM Lump Sum eReport limits user access to plans assigned in CAS.<br><br>(See TP 40: Change Customer Data for details on the schedule and procedures for submitting status code changes. |
| **Important Concepts** | **Timing**: The Lump Sum eReport should be run each month, after the lump sum ledgers have been loaded. The automatic PRISM routine to reset the status code is run immediately after the ledgers are loaded.<br><br>ASD calculates PBGC's IPVFB using PRISM status code and payment data, to identify PBGC's liabilities. The related actuarial calculations can be impacted when a participant receives a final guaranteed benefit lump sum payment, and is not entitled to receive further benefits, but remains in "active, paying" status code. The PRISM System automatically sets the status code for lump sum payees to "paid-in-full", after ledgers are loaded to Genesis from each lump sum pay cycle, for lump sum principal payments within 5 percent of the lump sum discriminator, or to "future pay" for estimated payments, without valuation |

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| | data. The purpose of status code changes by the PLS, PBA or FBA is to change the status code for participants or beneficiaries who do not yet have a lump sum discriminator, or who have received final payment that is outside the 5 percent range.<br><br>Users should select all five categories and all statuses on the eReports selection criteria for the PRISM Lump Sum eReport. |
| **Guidance** | IOD Policy Manual 5.4-6 Annuity Options for Lump Sum Benefits<br><br>IOD Policy Manual 99-6 Payment of Very Small Benefits<br><br>PRISM Lump Sum eReport User Manual and Help File |
| **Procedure Owner** | PLS, PBA or FBA |

## Click here for more information

TP 43.1: Action Steps: Identify Status Changes for Lump Sum Recipients

# TP 43.1 Action Steps: 02/17/2004

# Identify Status Changes for Lump Sum Recipients

When PBGC receives the valuation data for a Plan, the PLS, PBA or FBA makes lump sum distributions to eligible participants who have retired. This process is complicated by two factors:

- The PLS, PBA or FBA may have previously paid the participant an estimated lump sum.
- PRISM does not contain data fields to distinguish estimated from final lump sum payments.
- The Lump Sum eReport compares the **Total Lump Sum Payment** (sum of L1 and L4 pay sources) to the lump sum discriminator (**PV Amount** or Valuation Present Value of Guaranteed Benefit from VAL / IDL) for each participant, and sorts them into five payment categories:
- Estimated lump sum paid, but no valuation data available
- Lump sum paid, but less than guaranteed present value to be paid
- Lump sum paid and equal to guaranteed present value to be paid
- Lump sum paid and greater than guaranteed present value to be paid
- No lump sum paid – full guaranteed present value to be paid

The Report helps the PLS, PBA or FBA to determine status code change actions for each of these groups.

**PLS/PBA/FBA**

1 After receiving notification that the monthly lump sum ledgers from SSC have been loaded into Genesis, run the Lump Sum eReport. This Report can be selected from the **eReports-Work Load Planning – Lump Sum Report – Participant Level** menu options. Wizard options will allow selection of plans, payment categories and customer status. [See PRISM Lump Sum Report Help File for details on selection criteria.] The following steps assume selection of all categories and statuses.

2 Review the lump sum payees in each category and take actions as per the Lump Sum eReport Categories and Actions table. Some of these actions can be accomplished directly using PRISM applications, and others must be requested from the Data Change Team. The relevant items on the Report are:

- **Status:** Payee Status Code ("1" = active, paying; "3" = future pay; "6" = paid-in-full)
- **Ledger Type:** Type of Check ( "Lump Sum")
- **PV = $1750 or Less:** Present Value is $1750 or Less and the Plan is Insufficient (Lump Sum Pay Source 1)
- **PV $1751 to $5000:** Present Value is Between $1751 and $5000 and the Plan is Insufficient (Lump Sum Pay Source 4)
- **Other Lump Sums:** May be large annuity back payment or estimated lump sum (entered to the wrong pay source)
- **Total PV Payment:** Sum of Lump Sum Pay Sources 1 and 4
- **VAL PV:** Lump sum discriminator.

The Report does not distinguish whether a lump sum payment was estimated or final. [See PRISM Lump Sum eReport Help File for details on other items on the Report]

| | |
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| **Note** | The normal monthly run of the PRISM routine, to change the status code to "paid-in-full", or " future pay", processes only the ledgers from the latest lump sum pay cycle. If a lump sum payment has been reversed by SSC due to a returned check, the reversal will not likely be in the total lump sum payment used in setting the status code. On the quarter-ending runs, prior to ASD's quarterly extract for valuation of liabilities, the routine uses all lump sum ledgers issued to date. This routine will pick up any lump sum payment reversals, and change the status code back to its former value. |
| | In cases where the lump sum paid appears to be less than the guaranteed present value to be paid, check for an estimated payment in Other Lump Sums (pay source L5). Some estimated payments have been erroneously paid from this pay source. These estimated payments should be added to the Total PV Payment amount and manually compared to the VAL PV amount, in determining whether a participant has been paid in full. Care should be taken to ensure that duplicate estimated payments are not made in these circumstances. The PLS, PBA or FBA should use caution in running PRISM Reports that use status code as a selection criterion. Participants with a status code of "future pay" may have actually received payments. |

**Lump Sum eReport Categories and Actions**

| Payment Category | Payment Type on Lump Sum eReport | Action Steps |
|---|---|---|
| **Estimated Lump Sum Paid – But No Valuation Data Available** | Estimated 1 | • Change status code from "1" (active, paying) to "3" (future pay), if this has not been automatically done by the PRISM routine. (The PLS will later change the status code to "6" (paid-in-full) after valuation data is loaded and a final residual benefit amount is paid.) |
| **Lump Sum Paid, but Less Than Guaranteed Present Value to be Paid** | Estimated | • Pay the residual as a final lump sum or an annuity, using Process 19.4 Determine Overpayment / Underpayment. (The PRISM Benefits application will automatically re-set the status code to "1" (active, paying) and then the PRISM routine will automatically change the status code to "6" (paid-in-full) if the total lump sum paid is equal to the guaranteed present value to be paid.) |
| | Final 2 | • After ensuring that the correct amount was paid, change status code from "1" (active, paying) to "6" (paid-in-full). See TP40: Change Customer Data. |
| **Lump Sum Paid and Equal to Guaranteed Present Value to be Paid** | Estimated | • Change status code from "3" (future pay) to "6" (paid-in-full). See TP40: Change Customer Data. |
| | Final | • No action required. (The PRISM routine will have automatically changed the status code to "6" (paid-in-full).) |
| **Lump Sum Paid and Greater Than Guaranteed Present Value to be Paid** | Estimated | • If the difference is greater than the de minimis amount, initiate recovery action. See Process 19.4: Determine overpayment / Underpayment of a Lump Sum. |

| | | |
|---|---|---|
| | Final | • If the difference is less than or equal to the de minimis benefit amount, change status code from "1" (active, paying) to "6" (paid-in-full). See TP40: Change Customer Data. |
| **No Lump Sum Paid – Full Guaranteed Present Value to be Paid** | Estimated or Final | • If an Application for Benefits has been received, pay an annuity or lump sum. See TP20: Put in Pay Status |

1 An "estimated" payment is a lump sum payment type ("L") where there is no valuation present value of guaranteed benefit and the valuation status code is not "final".

2 A "final" payment is a lump sum payment type ("L") where there is a valuation present value of guaranteed benefit and the valuation status code is "final".

## TP 43.2 Forms, Letters, Memos, etc

**02/17/2004**

| **Note** | After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**. |
|---|---|

***Customer's Status Code – Data Change Request***
Status.xls

# TP 44. Foreign Language Services

TP 44 Overview

TP 44.1 Foreign Language Services

Forms, Letters, Memos, Etc.

## TP 44. Overview

**06/18/2004**

A *foreign language customer* is one who has difficulty understanding English and/or has expressed a preference for corresponding with PBGC in their native language, most often Spanish. The Foreign Language Support Team (FLST) facilitates effective communication between PBGC staff and foreign language customers by providing oral interpretation and translation services. The Customer Contact Center provides telephone call assistance.

# TP 44.1 Foreign Language Services

06/18/2004

Action Steps

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|---|---|
| **Purpose** | To obtain foreign language interpretation and translation services in order to communicate with customers whose preferred language is not English. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br>FBA Administer Benefits<br>PBA Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Incoming telephone calls from foreign language customers.<br>Correspondence from foreign language customers.<br>Proof documents from foreign language customers. |
| **Process Output and Recipient** | Letters, forms, statements to foreign language customers.<br>Translated proof documents and/or correspondence.<br>Spanish Translation services for participant meetings.<br>Outgoing telephone calls to foreign language customers. |
| **Control Issues** | Document calls in CCN.<br>All documentation, including the original and translated versions as well as the request to and response from FLST is imaged in IPS, by the requestor. |
| **Important Concepts** | While the majority of requests are for assistance in communicating with Spanish plan participants, assistance with any foreign language can be accommodated.<br>All standard ALG letters are available in Spanish.<br>Letters required in other languages must be requested.<br>**Timing**: All requests are typically processed within 1 to 7 days. |
| **Guidance** | N/A |
| **Procedure Owner** | PLS, PBA, FBA, CCC, FLST |

## Click here for more information

Actions Steps: TP 44.1 Foreign Language Services

## TP 44.1 Action Steps: Foreign Language Services

06/18/2004

1. Determine the type of translation/interpretation service required. For assistance with telephone calls, contact the Customer Contact Center, see table below.

   In general, FLST provides the following services:

   - Translation of participant foreign language proof documents and correspondence into English;
   - Translation/customization of standard ALG letters and enclosures;
   - Translation services of a *Summary Plan Description (Spd.doc)* into Spanish for participant meetings;
   - Translation services into Spanish for participant meetings (see TP 14: Hold Participant Meetings for additional information).

2. Compose and forward e-mail to the FLST mailbox. **All** requests for foreign language services must be submitted to the Foreign Language Services Team via e-mail. Please indicate the Service Type and Basic Requirements/Details according to the table below. Indicate the IPS document number or attach supporting documents if applicable.
3. If a delay in processing is anticipated, the FLST will forward an e-mail providing an estimate of when the request will be completed.
4. After completion of the translation, ensure that the information is imaged, including the original documents, the translations, as well as the request/response for translation services.

| SERVICE TYPE | BASIC REQUIREMENTS/DETAILS |
|---|---|
| **Telephone Calls** | |
| Incoming Telephone Call from a foreign language participant | • Place the customer's call on hold. Call the Customer Contact Center and specify the language required. Once the Customer Contact Center has secured an interpreter, conference in the customer. |
| Outgoing Telephone Calls | • Call the Customer Contact Center. Specify the reason for the call, the specific foreign language, and include relevant telephone numbers. If information is needed from the participant, please specify the details. Similarly, if specific information needs to be relayed to a participant, please provide the details. |
| **Proof Documents** | |

| | |
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| Translation of Proof Documents From Spanish | • Send e-mail to FLST<br>• Provide the participant's SSN and Plan Number<br>• Specify the document number in IPS<br>• Provide a brief description of the translation work to be performed<br>• Normal turnaround time is 1 working day |
| Translation of Proof Documents From a Foreign Language other than Spanish | • Send e-mail to FLST<br>• Provide the participant's SSN and Plan Number<br>• Specify the document number in IPS<br>• Provide a brief description of the translation work to be performed and specific foreign language required<br>• Normal turnaround time is 5 working days |
| **Translation of Customer Correspondence** | |
| Spanish letter received from participant translated into English | • Send e-mail to FLST<br>• Provide the participant's SSN and Plan Number<br>• Specify the document number in IPS<br>• Normal turnaround time is 3 working days |
| Letter in language other than Spanish received from participant translated into English | • Send e-mail to FLST<br>• Provide the participant's SSN and Plan Number<br>• Specify the document number in IPS<br>• Normal turnaround time is 5 working days |
| **Outgoing Correspondence** | |
| Customization of ALG letters/enclosures needing only small modifications in Spanish | • Send e-mail to FLST<br>• Provide the participant's SSN, Plan Number, and a brief description of the translation work to be performed<br>• Specify the letter number (e.g. 201, 402LBR). If changes have been made to the standard ALG letter, please provide a draft, by e-mail, of the letter in English. All modifications to standard letters should have prior approval from the appropriate Team Leader.<br>• Normal turnaround time is 3 working days |

**NOTE:** All standard letters are available in ALG in Spanish with the associated enclosures.

| | |
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| English letter completely translated into another language including Spanish | • Send e-mail to FLST<br>• Provide the participant's SSN, Plan Number, and a brief description of the translation work to be performed including desired language<br>• Provide a draft, by e-mail, of the letter in English. All letters should have prior approval from the appropriate Team Leader.<br>• Normal turnaround time is 7 working days |
| Review of letter composed in Spanish | • Send e-mail to FLST and attach a draft of letter<br>• Provide the participant's SSN and Plan Number<br>• All letters should have prior approval from the appropriate Team Leader.<br>• Normal turnaround time is 1 working day |

**Customer Meetings**

| | |
|---|---|
| Spanish translation services for participant meetings, including translation of Summary Plan Description. | • Send an e-mail requesting assistance for a plan. Meetings to assess customer needs will then be arranged, see TP 14: Hold Participant Meetings for additional information. |

## TP 44.2 Forms, Letters, Memos, etc.

**06/18/2004**

**Note** After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

***Summary Plan Description***
Spd.doc

# TP 45. Non-Receipt of Benefit Payment

TP 45 Overview

TP 45.1A Report of Non-Receipt

TP 45.1B Routine Assertions of Non-Receipt

TP 45.1C Non-Routine Assertions of Non-Receipt

Forms, Letters, Memos, Etc.

## TP 45. Overview

**08/19/2004**

**Action Steps**

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|---|---|
| **Purpose** | This procedure describes how to handle assertions from participants or beneficiaries that a benefit payment was due but not received.<br><br>Routine assertions involve payments made by PBGC or the pension plan administrator where supporting administrative, payment and check reconciliation data are readily available.<br><br>Non-routine assertions involve payments made by the prior plan administrator or PBGC's paying agent where administrative, payment and check reconciliation records are not readily available; are incomplete or contradictory; or are older than the records retention period. In non-routine cases, PBGC will rely heavily on plan provisions, the plan's business practices, or PBGC policy, procedures and business practices in place when the payment was issued to determine whether or not to issue a payment.<br><br>PBGC generally replaces a payment or issues a new payment once satisfied that the payment was not received. |
| **Time Reporting (BMPRS)** | FTE Administer Benefits<br><br>FBA Administer Benefits<br><br>PBA Administer Benefits<br><br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Assertion from payee of non-receipt of benefit check or Electronic Direct Deposit (EDD)<br><br>Outstanding Checks Listing<br><br>Evidence of payment: check registers, ledgers, copy of check, confirmation from prior paying agent or PBGC's paying agent.<br><br>Confirmation from PBGC's paying agent that a check has not been negotiated or EDD not posted<br><br>IPS plan and participant files |
| **Output and Recipient** | Determination of whether routine or non-routine processing applies<br><br>CCN logs<br><br>PRISM address updates<br><br>Facts & Circumstances Determination to issue/not issue a payment<br><br>Payment issued to customer<br><br>Completed Check Action Request Form (CARF), Form 478<br><br>Confirmation of Payment letter, ALGS 569 |
| **Control Issues** | 1. Insure that PBGC does not pay out more in benefits that the payee is entitled to receive.<br><br>2. Image all documents used: CARF, Fact & Circumstances Determination, etc.<br><br>3. Refer to Fraud/Forgery procedure if check was negotiated by an unauthorized party. |

| | |
|---|---|
| | 4. Document all customer telephone calls in CCN. |
| **Important Concepts** | Checks may be reported missing for a number of reasons, such as misdirected mail. Payees also may simply have forgotten that they cashed a check. Most reports do not involve fraud or forgery.<br><br>Unless the records clearly indicate that a check was not issued or received, the burden is on the payee to provide sufficient evidence that the payment was not issued in accordance with PBGC or plan procedures, or not received.<br><br>**Timing:** When requesting a check be reissued in routine cases, allow 10 days after the issue date to allow sufficient time for clearance. |
| **Guidance** | |
| **Procedure Owner** | Customer Contact Center, PLS/PBA/FBA, TPD Manager, RSD Manager |

## Click Here for More Information...


TP 45.1A Action Steps: Report of Non-Receipt

TP 45.1B Action Steps: Routine Assertions of Non-Receipt

TP 45.1C Action Steps: Non-Routine Assertions of Non-Receipt

## TP 45.1A Action Steps: 08/19/2004
## Report of Non-Receipt

When a payee notifies PBGC that a payment has not been received, initiate the procedure immediately. Document all telephone calls in CCN.

1 Obtain the following identifying information:

- Expected payment date and type (check or EDD)
- Home or financial institution address at the time the payment was issued
- The payee's explanation of why he or she doesn't believe the payment was made or received.

If the payee's address has changed, update the address in PRISM (see TP04.1 Make Address Changes.)

2 Initially, review PBGC records and determine if and when the payment was issued by PBGC' s paying agent and whether or not it was returned to PBGC. Refer to PRISM ledger, address and pay source screens.

3 Determine whether the report of non-receipt is routine-**1**- or non-routine.

**Routine** A report is considered routine if:

- The payment was issued by PBGC's paying agent (currently SSC), an interim paying agent, or the pension plan's administrator or paying agent, and
- Proof of the payment is readily available: a copy of the negotiated check can be obtained, the EDD payment can be traced to a financial account to which the payee has access, or the records clearly indicate that it was returned uncashed or purged as a stale-dated check.

For routine reports, go to TP45.1B Routine Assertions of Non-Receipt.

**Non-Routine** A report of non-receipt is considered non-routine if a copy of the negotiated check is not readily available, or the EDD cannot be traced to a financial account to which the payee has access. This most often occurs when PBGC issues a BDL to a participant who has already received a cash-out of his or her benefit from the prior plan administrator. It may also occur when PBGC issues BDLs

to participants who had previously received estimated lump sums, other large payments, or one or more pension payments. The payment may have been made before or after DOPT, and may have been issued by PBGC's paying agent (currently SSC), an interim paying agent, or the pension plan's administrator or paying agent.

For non-routine reports, go to TP45.1C Non-Routine Assertions of Non-Receipt.

**Footnote -1-** The Customer Contact Center acts only on routine reports of non-receipt of payments recently issued by PBGC'S paying agent. All other situations are logged into CCN for response by the case team's telephone point of contact..

# TP 45.1B Action Steps: 05/13/2005
# Routine Assertions of Non-Receipt

This procedure is for routine handling by the Customer Contact Center (CCC)-1-, TPDs and FBA s of assertions from payees when a benefit payment was issued but not received. The handling varies depending on whether the payment was by check or EDD. These procedures primarily apply to payments issued by PBGC's paying agent, SSC. If the payment was issued by a prior paying agent or interim agent, work with that paying agent to determine if it can be replaced and how. If the prior paying agent or interim paying agent is unable or unwilling, follow the procedures for non-routine reports (see TP45.1C Non-Routine Assertions of Non-Receipt).

1 **Checks** For SSC checks, allow at least **10** days from the issue date for clearance and reconciliation at SSC before requesting the check be reissued.

1) Call SSC to determine whether the check has been paid.
2) Prepare a Check Action Request Form (CARF), PBGC Form 478, as follows:
   - Complete the identifying information in the top section of the form, and
   - If the check was paid, check the box "If Check Paid – Forward Copy" and note the paid date and the CPCS number supplied by the SSC controller on the CARF; or
   - If the check has not been paid, check each of the following boxes: "Issue Stop-Pay Order"; "Issue Replacement Check"; and "If Check Paid – Forward Copy".
3) Forward the original and one copy to SSC. Ensure that a copy of the CARF is scanned to the participant's IPS file.
   - FBAs forward the CARF directly to SSC.
   - TPDs forward the CARF to RSD for delivery to SSC.
4) SSC will take appropriate action and return the CARF and any attachments to PBGC for imaging. The CARF originator is notified by the SCoRe report. If the check was negotiated (paid), SSC provides a copy of the check (front and back), and takes no action to replace the payment.
   - If the payment is still outstanding, SSC takes action to reissue as appropriate:
     - SSC issues a stop payment, reissues the check, and returns a photocopy of the reissued check with the annotated CARF.
     - If the check has become stale-dated and was purged, SSC issues a stop payment and reissues the check.
5) If the CARF indicates the check has been reissued, inform the participant that it has been mailed.
6) If the check was negotiated and the signature appears to be that of the payee, mail a copy of the cashed check (front and back) to the payee. Then contact the payee to confirm whether the signature is theirs.
   - If it is, no further action is needed. Document the finding in CCN.
   - If the payee states the signature is not theirs, find out if they wish to pursue replacement of the payment. If so, go to TP 12.2: Take Actions to Determine Fraud/Forgery.

2. **Electronic Direct Deposits (EDD):** It is not necessary to wait 10 days before requesting a trace on an EDD payment prior to completing the Check Action Request Form (CARF), Form 478. However, contact SSC for the status before issuing a CARF. If the payment is returned to SSC by the receiving bank because of invalid EDD information, SSC immediately cancels the EDD address on PRISM and issues a check.

   To request a trace:

   1) Prepare a CARF as follows:
      - Complete the identifying information in the top section of the form, and
      - Write "Trace" in the top right-hand area of the form to request that SSC trace the payment.
   2) Forward the original CARF and one copy to SSC. Ensure that a copy is scanned to the participant's IPS file.
      - FBAs forward the CARF directly to SSC.
      - TPDs forward the CARF to RSD for delivery to SSC.
   3) SSC will take appropriate action and return the CARF to PBGC for imaging. The CARF originator is notified by the SCoRe report.
      - If the EDD was deposited, SSC will indicate the date and to which account. SSC takes no action to replace the payment.
   4) If the EDD was deposited to the correct account (i.e., the financial institution account and routing numbers on file with PBGC when the deposit was made), advise the payee to contact that financial institution to obtain the payment.
   5) If the EDD was deposited into another person's account, research to determine the reason (whether due to an error by PBGC or SSC, or incorrect information provided by the payee). Then call SSC to coordinate the recovery and redeposit of the funds into the correct account.
      - This process can take considerable time. Ask SSC to estimate the amount of time it will take to resolve.
      - Notify the payee about the actions are needed to replace the payment and about how long the process will take.

3. **Replacement Payments Reminders**

   1) **Interest:** Generally, PBGC does not pay interest on replacement payments unless it takes more than two months from the date the payee contacted PBGC to reissue the payment (see IOD Policy Bulletin 97-7 Payment of Interest on Late Benefit Payments). If interest is due, pay the interest with a **separate** special check; do not add interest to the replacement payment. However, do **not** pay interest if the total interest is less than $1.00.
   2) **Tax Reporting:** PBGC payments are considered constructively paid when issued. Therefore, a payee's 1099 generally should not be adjusted to reflect non-receipt and replacement of a payment (e.g., in a different tax year). However, interest paid on a replacement payment is taxable the year it is paid.

**Footnote -1-** The Customer Contact Center acts only on routine reports of non-receipt of payments recently issued by PBGC's paying agent. All other situations are logged into CCN for response by the case team's telephone point of contact..

# TP 45.1C Action Steps: 05/13/2005
# Non-Routine Assertions of Non-Receipt

When a participant or beneficiary makes a non-routine assertion of non-receipt of a benefit payment, complete the *Non-receipt of Benefit Payments Facts & Circumstances Determination (FactsCircDet.doc)* to document the research, evaluation and determination of whether to pay the benefit. Image the completed and authorized document to the participant's IPS file.

In non-routine cases, PBGC relies heavily on plan provisions, plan or business practices, and PBGC policy, procedures and business practices in effect at the time of the payment to make a determination. The burden is on the payee to provide sufficient evidence that the payment was not issued or received. PBGC generally requires a Participant Application for Benefits (PAB) and various proofs before issuing payments.

**FBAs:** Prior to commencing research, contact the TPD Auditor or PLS for active cases, or the PLS in RSD for closed cases, for guidance.

**Important:** Manage customer expectations. Do not indicate whether or not PBGC will reissue the payment. Tell the customer that PBGC may require additional information from the payee, and that the research may take time, but that PBGC will keep the payee informed of its progress.

## 1 Collect Facts & Circumstances

1) Contact the payee to complete *Part I Required Information and Evidence* of the Facts & Circumstances Determination. The nature of the research to follow depends on whether the alleged payment was issued by a prior plan administrator or by PBGC.
2) If the payment was issued by the prior plan administrator, complete *Section A Payment Made by Prior Plan Administrator* to document the information collected.
3) If the payment was issued by PBGC, complete *Section B Payment Made by PBGC* to document the information collected.

   **Note:** For checks issued January 2003 and after, PBGC's paying agent (currently SSC) maintains copies of checks for 10 years from the month issued. Copies of checks issued prior to January 2003 are kept six years. SSC also maintains listings and may be able to confirm whether a payment was negotiated even if a copy is no longer available.

## 2 Evaluate and Make Recommendation

Once sufficient information is obtained, complete *Part II Determination* to document the decision of whether a payment is due.

1) A payment is **due** if evidence suggests that the payment was not issued, or not received. If a payment is due, also complete *Part III Method of Payment Determination* to indicate whether the payment should be treated as a:
   - Pre-termination liability (i.e., a benefit application dated before DOPT is on file);
   - DOPT benefit; or
   - Benefit due a woodwork person.

2) A payment is **not due** if evidence suggests that the payment was issued and there is no evidence it was *not* received.

### 3 Make Final Determination

1) Forward the Facts & Circumstances Determination to the TPD Division Manager (active cases) or RSD Division Manager (closed cases). The manager will review the document and may either concur or return it for further research. If necessary, the matter may be referred to OPSS for guidance (see TP 17.1 Answer Policy and Processing Questions).
2) Upon management's concurrence, take action on the determination (see steps 4 and 5 below).
3) Image the completed and authorized Facts & Circumstances Determination to the participant's IPS file.

### 4 Take Action if Payment is Determined Not Due

Proceed according to when the payment was issued:

1) **Payment Issued Prior to DOPT:**

   Issue a Benefit Determination Letter (BDL) (see Process 19. Issue BDLs and Make Adjustments to Cases) notifying the payee of the basis for not reissuing the payment. Consider using a Non-Member BDL for this purpose.

2) **Payment Issued On or After DOPT:**

   Issue a Confirmation of Payment Letter (ALGS 569) notifying the payee of the basis for not reissuing the payment.

### 5 Take Action if Payment is Determined Due

Proceed according to when the payment was issued or due:

1) **If Payment was Issued or Due Prior to DOPT:**

   - If the payment was **issued but not received**, the payment is treated as a pre-termination liability and paid accordingly.
   - If the payment was **not issued** and there is a benefit application dated before DOPT in the file, the payment is treated as a pre-termination liability and paid accordingly.
   - If the payment was **not issued** and there is no benefit application dated before DOPT in the file, process the person as a participant at DOPT.

2) **Payment Issued or Due On/After DOPT:**

   - If records indicate that SSC or the prior paying agent did not issue the payment, or that it was not received, reissue the payment.

### 6 Reminders

1) **Payment of Interest:** PBGC pays interest on replacement payments if the replacement is issued more than two months after the date the payee contacted PBGC (see Policy Bulletin 97-7 Payment of Interest on Late Benefit Payments). However, do not pay interest if total interest is less than $1.00. If interest is due, pay interest with a separate check - do **not** add interest to the replacement check.

2) **Taxation of Payments:** Claims that the payment was taxable when issued supports a determination that the payment was issued and received as records indicate. If a determination is made to issue a payment, pre-DOPT or post-DOPT, the payment(s) is taxable income for the year in which paid. These payments are not paid as non-taxable replacement payments, as routine assertions are. A new payment must be created.

## TP 45.2 Forms, Letters, Memo, etc.

**08/19/2004**

| **Note** | After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**. |
|---|---|

***Non-Receipt of Benefit Payment Facts & Circumstances Determination***
FactsCircDet.doc

***Check Action Request Form (CARF), Form 478***

***ALGS 569 - Confirmation of Payment Letter***

# TP 46. The Health Coverage Tax Credit (HCTC)

TP 46 Overview

TP 46.1 HCTC Inquries

TP 46.2 Monthly Transfer of HCTC Data

Forms, Letters, Memos, Etc.

## TP 46. Overview

**08/19/2004**

The Health Coverage Tax Credit (HCTC) was created by the Trade Adjustment Act of 2002 (the "Act"). The Act states that certain persons receiving PBGC benefits may be eligible for the tax credit, which can be used to pay 65% of the cost of qualified health insurance. The HCTC first became available in December 2002. Effective August 2003, eligible participants can claim the credit in advance to help pay for health insurance premiums as they become due. The HCTC program is administered by the IRS.

PBGC participants may be eligible if they are at least 55 years old and receiving benefits from PBGC (or from the prior paying agent, in plans trusteed but not yet assumed). This includes participants who received a lump sum after August 5, 2002. In addition, they must be in a qualified health plan, as defined by the Act. The 4042(d) letters informs participants of HCTC, and the brochure "Health Coverage Tax Credit" (IRS publication 4182) is a standard enclosure. Participants who are eligible may claim the tax credit beginning the first day of the month the plan is trusteed.

TP 46.1 HCTC Inquiries provides direction in handling participant inquiries received by CCC, TPDs/FBAs, and OPSS. These inquiries usually concern a participant's eligibility for the tax credit, but the procedure also covers the routing of calls from non-participants and organizations.

Each month, PBGC provides the HCTC program at IRS a list of participants who may be eligible for the credit. Within IOD, this requires coordination between TPDs, OPSS, and OASD, as discussed in TP 46.2 Monthly Transfer of HCTC Data.

**The Health Coverage Tax Credit (HCTC)**

## TP 46.1 HCTC Inquiries

**08/19/2004**

**Action Steps**

| | |
|---|---|
| **Purpose** | To reply to inquires from participants or organizations concerning the Health Coverage Tax Credit (HCTC). |
| **Time Reporting (BMPRS)** | [See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Inquiry from participant or organization concerning the HCTC program<br>Request for OPSS guidance |
| **Process Output and Recipient** | OPSS guidance (telephone inquiries) to TPD/FBA or written response (written inquiries) to participant<br>Response to participant or organization |
| **Control Issues** | Log phone inquiries in CCN<br>Use specific language provided by OPSS for written responses<br>TPDs/FBAs issue written responses concerning eligibility for the end-of-year tax credit using ALGS letter numbers 526, 527 and 528.<br>Image OPSS e-mails providing guidance to participant's IPS file |
| **Important Concepts** | Most inquires from participants will concern their eligibility for the tax credit, for which OPSS provides guidance for TPDs/FBAs to respond. General questions about HCTC and those from non-PBGC participants may be referred directly to the IRS.<br>OIT places a copy of the data it transfers each month into the shared drive, accessible to certain staff. This file assists OPSS in resolving participant inquiries concerning eligibility.<br>Inquiries from unions, governmental entities, and other organizations are referred to OPSS, who will respond or route the inquiry as appropriate. |
| **Guidance** | N/A |
| **Procedure Owner** | CCC, TPD/FBA, OPSS |

**Click here for more information**

Actions Steps: TP 46.1 HCTC Inquiries

# TP 46.1 Action Steps

08/19/2004

## HCTC Inquiries

### CCC

1 Record incoming HCTC inquiries into CCN.

2 Use scripts provided. Refer participant inquiries to the plan's telephone POC as assigned in CAS. Refer general inquiries from non-participants directly to the HCTC program at IRS at 1-866-628-4282 (TDD/TTY 1-866-626-4282).

### TPD/FBA

1 Determine the nature of the inquiry and whether to request OPSS assistance to resolve it:

- **Applying for the Tax Credit and Health Insurance questions -** For questions about how to apply for the tax credit or whether a health plan is qualified, refer the caller directly to the HCTC Program at IRS at 1-866-628-4282 (TDD/TTY 1-866-626-4282).
- **Other General Questions -** Use the Frequently Asked Questions about HCTC on PBGC's website at "http://www.pbgc.gov/trade_adjustment_act_FAQ.htm" to answer general inquiries. Also inform the caller about the website and provide the website address.
- **Participant Eligibility Questions -** If the participant states he or she was not included on the list of participants eligible for the credit provided by PBGC to the HCTC program at IRS, but should have been, determine whether the participant meets basic eligibility requirements for HCTC:

    - Is the participant at least age 55? (A participant must have attained age 55 by the second day of the month in question.)
    - Is the participant in pay status? (This includes monthly, quarterly, annual and semi-annual pay frequencies.)

  If the answer to either question is **no**, advise the participant that he/she is not eligible for the tax credit at this time and close the inquiry in CCN.

  **Note:** Individuals who received a lump sum payment on or after 08/06/2002 become eligible for the tax credit upon attaining age 55.

  If the answer to both questions is **yes**, send an e-mail to the HCTC representative in OPSS requesting guidance. Include the following participant information:

    - Name
    - SSN
    - DOB
    - Phone Number
    - Date Entering Pay Status

- Plan Name
- Case Number
- DOTR
- Details about the inquiry.
- Also indicate whether the response to the participant will be by telephone (preferred) or in writing (for which OPSS will provide specific language).

Upon receiving a response from OPSS, go to step 5.

2 **IRS Denial of End-of-Year Tax Credit** - If the participant requests evidence of their eligibility for HCTC for the previous year because they received a tax credit denial letter from the IRS, a written response is required. Research the participant's records concerning age and pay status during the applicable tax year and issue the appropriate ALGS letter below. **Important:** Use these letters only to address inquiries concerning tax credit denial letters, issued by the IRS to participants who claimed the HCTC End-of-Year tax credit on their tax returns. Do not use them for other types of inquiries.

- ALGS 526 – Ineligible for HCTC – No Benefits Paid
- ALGS 527 – Participant Eligible for HCTC
- ALGS 528 – Ineligible – Not Age 55 or Older

3 Refer inquiries from organizations such as government entities, plan sponsors, unions, congress, etc. to the HCTC representative in OPSS, who will respond or refer the caller to the appropriate office.

4 For other inquiries not listed, contact OPSS.

5 Respond to the participant based on guidance provided by OPSS:

- If responding by telephone, call the participant and close the CCN log.
- If responding in writing, use an ALGS Generic letter and the specific language provided by OPSS in the e-mail.
- On rare occasions, OPSS responds directly to the participant and provides a cc to the mail POC in CAS. Image the cc to the participant's IPS file and close the correspondence in SCoRe.

6 Image any e-mail guidance from OPSS to the participant's IPS file. Close out calls in CCN upon providing a response.

**OPSS HCTC Representative**

1 When guidance is requested concerning a participant's eligibility, check PRISM and IPS records to determine the participant's pay status, age, and other relevant information. Determine whether the plan has been trusteed, and whether payments have been assumed by PBGC or are still with the prior paying agent. Contact the TPD/FBA assigned to case (in CAS) for additional information, as needed.

2 If the participant appears to have been eligible, determine whether his/her information was transferred to the HCTC program at IRS:

- Refer to the file in the shared drive (under I:\HCTC) provided by OIT, which provides copies of monthly and year-end data that PBGC transferred to the HCTC program at

IRS.

- If there is a discrepancy - for example, PBGC's list indicates the participant's information was transferred, but HCTC does not have it - contact HCTC's Problem Resolution Group at IRS to resolve the issue.
- If there is no discrepancy – for example, both PBGC and the HCTC program show the name as transferred – request that HCTC resolve the issue.
- Once the HCTC Problem Resolution Group responds, determine the appropriate response to provide the TPD/FBA.

3 Reply to the e-mail noting the participant's status and the appropriate response. If the TPD/FBA will respond in writing, provide specific language for the letter.

4 Update the Problem Resolution Tracking Sheet.

**The Health Coverage Tax Credit (HCTC)**

## TP 46.2 Monthly Transfer of HCTC Data

**08/19/2004**

**Action Steps**

| | |
|---|---|
| **Purpose** | To provide a monthly list of participants who appear to be eligible for the Health Coverage Tax Credit (HCTC) to the HCTC Program at IRS. |
| **Time Reporting (BMPRS)** | TPD: Administer Benefits<br>[See Appendix E: IOD Time Reporting (BMPRS)] |
| **Required Input and Source** | Weekly list of newly trusteed plans, provided by MCU to OPSS |
| **Process Output and Recipient** | Monthly transfer of participant data to the HCTC Program at IRS |
| **Control Issues** | N/A |
| **Important Concepts** | PBGC provides the names of all payees who may be eligible for the tax credit to the HCTC program at IRS, including retirees, beneficiaries, and alternate payees. They may be currently receiving benefits from PBGC or a trusteed plan's paying agent on a monthly, quarterly, annual or semi-annual frequency, or have received a lump sum from a trusteed plan after August 5, 2002.<br><br>Each month, a list of eligible payees is automatically sent to the HCTC program at IRS by OIT from PRISM ledgers, first pay loads authorized in DataHub Reconciler, and other sources of electronic data (such as check ledgers from prior paying agents) not yet available in DataHub or Prism.<br><br>**Timing:** For DataHub plan assumptions, TPD targets the first pay load to be authorized in DataHub Reconciler within 60 days of DOTR. For PRISM online loads, target the first pay date within 60 days of DOTR. Provide a separate database to OASD only when target cannot be met and as requested by OPSS.<br><br>OASD provides data to OIT generally by the 20th of the month to be included in the monthly data transfer to HCTC which occurs on the 26th. |
| **Guidance** | N/A |
| **Procedure Owner** | TPD, OPSS, OASD |

## Click here for more information

Actions Steps: TP 46.2 Monthly Transfer of HCTC Data

# TP 46.2 Action Steps

08/19/2004

## Monthly Transfer of HCTC Data

**TPD**

1 For newly trusteed plans, no action is necessary if payees are loaded under the following timeframes:

- DataHub loads – The first pay load has been authorized in DataHub Reconciler within 60 days of the Date of Trusteeship (DOTR).
- PRISM online loads – Payees are loaded so that the first pay date by SSC is within 60 days of DOTR.

If these timeframes cannot be met for a plan **and** OPSS requests the payee data be provided to OASD, continue with the procedure.

2 As requested by OPSS, provide an electronic list of payees, including names, SSNs, home addresses, and dates of birth (if available) to OASD. Send the data via e-mail to HCTC.Data, and in the message note the plan name and case number. Provide the requested data to OASD as soon as practicable, but not more than 45 days following the request from OPSS. Generally, these will be plans with a large number of retirees, congressional interest, or other circumstances which require that PBGC expedite the transfer of the data. If the data is in an unfamiliar format, contact OASD to coordinate the data transfer.

3 If the data cannot be provided to OASD within 45 days of the request from OPSS, advise OPSS of the delay.

**OPSS HCTC Representative**

1 Each week, review the list of newly trusteed plans provided by MCU.

2 Send an e-mail to the manager of each TPD with a newly trusteed plan on the list. Request the following information:

- Expected date First Pay Load will be entered into DataHub
- Expected date of first payment by SSC

3 If payee data for a plan will not be authorized in DataHub Reconciler within 60 days of DOTR (for DataHub loads) or the first pay date will not occur within 60 days of DOTR (PRISM online loads), and it will be necessary to transfer retiree data to the HCTC program at IRS as soon as possible, request that the TPD provide OASD a list of payees from the plan's paying agent (as directed under TPD instructions above). This list shall include all participants in pay status at DOTR. Request that the list be provided as soon as practicable, but not more than 45 days from the date requested.

4 Track responses and follow up as needed.

5 **Respond to IRS Exceptions Report -** Resolve exceptions attributable to PBGC-provided data listed on the monthly exceptions report provided by HCTC. Since most exceptions are

due to errors on PRISM, notify the appropriate TPD of the error and request corrections, as needed.

**OASD**

1 Each month, provide to OIT a list of payees in newly trusteed plans which have been authorized in DataHub Reconciler. This list shall include participants meeting the following criteria:

- All participants receiving a monthly, quarterly, semiannual, or annual annuity who were age 55 on or before the second day of the month.
- All participants receiving a monthly, quarterly, semiannual, or annual annuity for whom date of birth is unknown.
- All participants who have received a lump sum payment of their benefit after August 5, 2002, who were 55 on or before the second day of the month.
- All participants who have received a lump sum payment of their benefit after August 5, 2002, for whom the date of birth is unknown.

**Note:** OIT must have this information by the **20th** of the month to have the data included in the monthly transfer.

2 Ensure that supplemental payee lists received from the TPDs are included in the monthly eligibility lists provided to OIT.

## TP 46.3 Forms, Letters, Memos, etc.

**08/19/2004**

| **Note** | After opening a file listed below, use **File/Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**. |
|---|---|

***ALGS 526 – Ineligible for HCTC – No Benefits Paid***
***ALGS 527 – Participant Eligible for HCTC***
***ALGS 528 – Ineligible – Not Age 55 or Older***

Appendix A

## Master List of Documents to Obtain 09/22/99

When obtaining documents from a plan administrator, plan sponsor, or third party, keep in mind that the set of documents obtained should serve the needs of all PBGC functions in relation to the case. Within IOD, PPD requires certain information in order to recommend an action in relation to a case and, within the TPDs, the auditors, actuaries, and PLS functions all require certain, but different sets of information. When a case requires assistance from OGC (whether because it is a bankruptcy, because IOD needs assistance in processing subpoenas, or because the case is being litigated), they will need certain types of information. Other organizations within PBGC, such as the Office of the Executive Director (OED), Trusteeship Working Group (TWG), Financial Operations Department (FOD), etc., also need information.

This master list is designed to present a superset of all the information that any organization in PBGC might possibly want for any type of case. Use this list as a starting point and reduce it as necessary to make it suitable for the current case. When in doubt as to whether an item is needed or not, try to get it anyway. Unless stated otherwise, request three to seven years of data. Generally, three years are sufficient, but request seven years if the OGC attorney on the case believes more data will be necessary for litigation.

Remember, document all your requests and notify all parties working on the case (PPD, TPD, OGC, FOD, etc.) when any documents come in.

### Plan Information

1 All past and present executed plan documents and amendments.

2 Documents indicating the name and address of all persons, past and present, designated or serving as Plan Administrator, Plan Fiduciary, Plan Trustee, including company Board of Directors resolutions of appointment or removal, letters of appointment or resignation, all related documents for the last three years, and all records/minutes of fiduciary, Plan Administrator, Plan and Trustee Manager.

3 All executed Trust Agreements, amendments to the Trust Agreements, and all related documents.

4 Documents indicating the name and address of the person who is custodian of plan records and documents.

5 Documents indicating the address where plan records and documents are located.

6 Documents indicating the name and address of all accountants or actuaries who have performed services for the plan for the last three years.

7 Documents relating to the Trust Funds and Plan Assets, including, but not limited to, the name and address of all persons that held or had custody of Trust Funds, all persons currently holding or having custody of Trust Funds, and the account numbers for any current Trust Fund accounts for the last three years.

8 Documents reflecting whether Trust Funds have been lent to any person for the last three years

9 Documents reflecting whether any plan participants have received lump sum distributions for all or part of their benefits for the last three years and the amount of any such distributions.

10 Documents reflecting whether there are any plan participants currently eligible for early or normal retirements who are not receiving benefits from the plan, and the amount of any such entitlements.

11 Documents relating to any request for a minimum funding waiver from the Internal Revenue Service for the last three years and, if granted, copies of Documents reflecting the terms of the waiver(s).

12 Documents reflecting whether any of the former or current directors and/or officers are, or were, vested plan participants.

13 All Form 5500s for the plan with all schedules and attachments for the last three plan years.

14 All Actuarial Valuation Reports for the plan for the past three plan years, including copies of all communications to and from the plan actuaries regarding the plan.

15 All insurance contracts used to fund the plan.

16 Listing of participant benefits (annuities) which were purchased in the past.

17 Documents relating to the plan, including but not limited to, all letters or correspondence to or from plan, plan participants, the PBGC, the Internal Revenue Service, the Department of Labor, the Company, the company/s Board of Directors, the Bank, and the Sponsors.

18 Documents related to participant benefits under the plan for the past three years.

19 Documents related to applications for benefits under the plan, and waivers of joint and survivor benefits under the plan.

20 Documents relating to the "funding policy and method" for the plan as described in the plan.

21 Documents relating to receipts and disbursements from the plan, including the amount of the receipt or disbursement, the date received or made, the identity of the payor and/or payee, and the reason for the receipt or disbursement for the last three years.

22 All annual reports of the Trustee of the plan for the last three years.

23 Documents relating to contributions to the plan for the last three years.

24 All fidelity bonds and fiduciary liability insurance policies for the plan in effect at any time during the last three years.

25 Copies of personnel and pension records for all plan participants, reflecting name, address, telephone number, age, marital status, date of birth, date of hire, employment termination date (if any), breaks in service ( if any), retirement date, and all other information relating to the calculation of benefits under the plan. When possible, obtain a sample individual's file from each of the standard participant categories (as applicable under the plan):

- Retirees
- Active participants (both vested and non-vested)
- Terminated participants (both vested and non-vested)
- Obtaining the information from these files early allows TPD auditors and actuaries to better develop a list of things they need to gather, as well as identifying the likely source documents for data elements and providing sample participants for actuaries to calculate benefits for when determining any differences between plan provisions and plan practice.

26 The application for benefits under the plan for the owners and all related documents.

27 Documents related to payment of benefits under the plan.

**Corporate Information**

1 Documents, including corporate stock record books, indicating the name(s) and address(es) of all former and current members of sponsor's "controlled group," as that term is currently defined by section 4001(a)(14) of ERISA, 29 U.S.C. § 1301(a)(14) for the last

three years.

2 Financial records of the owner(s)/sponsor(s), including audited and unaudited financial statements and personal tax returns for the last three fiscal years.

3 Corporate federal income tax returns of all controlled group members(s), including all schedules, attachments, and amendments for the last three tax years.

4 A list of all shareholders and the number of voting and non-voting shares held by each at any time during the last three years, including sponsor's stock transfer records and sponsor's corporate minute books with all corporate resolutions for the last three years.

5 All shareholder agreements, agreements to buy, sell or transfer sponsor's stock, and all documents related to any sponsor's shareholder agreements and/or buy, sell or transfer agreements for sponsor's stock entered into, dated, or in effect at any time during the last three years.

6 Complete copies of all asset sale or transfer agreements for assets, and all documents related thereto, for the sale or transfer of assets entered into, dated or in effect at any time during the last three years.

7 Complete copies of all documents relating to the cancellation, non-performance of, or closing on, any agreements described in numbers 31 and 32 above.

8 All insurance policies or contracts providing liability coverage for officers, directors, agents and employees or sponsor in effect at any time during the last three years.

9 Information about owners' spouses, children (natural and adopted), parents, and whether there are any relationships (either blood or marriage) between people on the list of owners. This is for controlled group determination.

10 Information indicating whether or not owners are employees of the plan sponsor or other controlled group members (for exclusion rules).

11 Partnership documents.

Appendix B

## Source Documents for Participant Data 05/31/96

Preferred Source Documents for Participant Data Elements

### Source Documents for Information on:

Active Non-Vested Participants and Terminated Vesteds with Creep

Active Participants

Participants Who Were Paid Out Distributions

Retirees

Terminated Non-Vested Participants

Terminated Vested Participants

Terminated Vested Participants With Creep Provisions

Appendix B

## Preferred Source Documents for Participant Data Elements 09/26/2000

**Note**

- As of 8/99, PBGC does not routinely request source documents from retirees (proof of age, dates of marriage or death)
- As of 1998, PBGC no longer requires "original" source documents [for example, birth certificates, death certificates, marriage certificates]. Copies of these source documents are acceptable. If original source documents are provided to PBGC, they are imaged and then returned to sender.
- The titles of forms listed as source documents below may vary from organization to organization. The listed titles are considered the most common and are representative of those used throughout the corporate world.

For many plans, the plan administrator or plan actuary will have much of PBGC-required data in a database format that can be easily imported to a Lotus spreadsheet or QuattroPro database. In such cases, it is more efficient to take a statistical sample of that data (mapping it back to the preferred source documents) for each data element to be used. If the statistical sample for a data element meets the requirements, then the database can be used as the primary source for that data element.

| Data Element<br>Universal Data Elements | Primary Source | Secondary Source | Other Sources/<br>Memos To The File |
|---|---|---|---|
| Name | Pension Application<br>Employee Application | Employee Application<br>Birth Certificate | |
| Social Security Number (SSN) | W-2s | Pension Application<br>Employee Application | Insurance<br>Enrollment Form<br>W-4s |
| Address | Pension Application | Employee Application | See TP 33.3 Locate Address Resource Guidelines |
| Sex | Birth Certificate /PIF | Employee Application | Insurance Form |
| Marital Status | Marriage Certificate / PIF | Employee Application | Insurance Form |
| Date Of Birth (DOB) | Birth Certificate / PIF | Employee Application | Personnel Record/ Employee Card |
| Date Of Hire (DOH) | Personnel Record/ Employee Card<br>Pension Application | Personnel Action Form | Payroll Change Form |
| Date Of Termination Of Employment (DOTE) | Personnel Record/ Employee Card | Personnel Action Form | Payroll Change Form |
| Date Of Retirement (DOR) | Pension Application | Personnel Action Form | Benefit Calculation Statement |
| Type Of Retirement<br>(ex. early, normal, disability) | Pension Application | Benefit Calculation Statement | Check Register |
| Form Of Benefit<br>(ex. SLA, J&S) | Pension Application | Benefit Calculation Statement | Check Register |
| Spousal Information | Beneficiary Designation | Employee Family | Insurance Form |

| | | | |
|---|---|---|---|
| | Form / PIF /GIF | Record | |
| Date Of Death (If Applicable) | Death Certificate / PIF | Letters Of Notice | PBGC Death Project |
| Amount Of Benefit Receiving | Pension Application | Benefit Calculation Statement | Check Register |

**Plan-Specific Data Elements**

| | | | |
|---|---|---|---|
| Hourly Rates | Hourly Rate Sheet | Payroll Change Form | Personnel Action Form |
| Salary Information | Payroll Register | W-2 | SSA |
| Pension Salary | Payroll Register | W-2 | SSA |
| Date Of Transfer Between Plans | Time Card | Personnel Action Form | Qualifying Event Notification |
| Date Of Participant Eligibility | Personnel Record | Pension Application | Benefit Calculation Statement |
| Years Of Service | Personnel Record | Payroll Register | SSA |

For union plans, a union steward might be able to provide some or all information.

Appendix B

## Source Documents for Information on: 05/31/96

### Active Non-Vested Participants and Terminated Vesteds with Creep

Collect names, SSNs, and addresses for all active non-vested participants, and make sample copies of source documents.

- birth certificates
- W2s and W4s from file, if applicable
- employment applications
- personnel action forms (or equivalent)
- payroll forms (for change in rates, dates of termination)
- insurance forms
- union records

Appendix B

## Source Documents for Information on: 04/05/2002

### Active Participants

Collect information for all active participants. Some participant information is only retained on a sampling basis to support the participant data audit, other documents should be collected to support benefit processing. See also Process 11.3: Conduct Field Audit.

**Collect samples of the following:**

- birth certificates
- W2s from file, if applicable
- marriage certificates
- employment applications
- personnel action forms (or equivalent)
- payroll forms (for change in rates, dates of termination)
- time cards
- insurance forms
- employee family records (useful for finding unlocatable participants)
- death certificates (for beneficiaries in pay status)
- exit interviews
- memos/records regarding termination
- union records
- Form I-9 (proof of eligibility to work in the U.S.A.), if available

**Collect original copies of:**

- beneficiary designation form
- any spousal consent or waiver form
- participant loan documents - loan application, loan agreement, repayment schedule.
- QDRO documents.

Appendix B

## Source Documents for Information on: 05/31/96

**Participants Who Were Paid Out Distributions**

Collect information on former participants who were paid out distributions or "cashed out," and make sample copies of source documents.

- check registers
- canceled checks
- retirement application forms (including spousal waivers, W4s, withholding forms, deductions, etc.)
- calculation sheets
- W2s from file, if applicable
- personnel action forms (or equivalent)
- payroll forms (for change in rates, dates of termination)
- death certificates (for beneficiaries in pay status)
- exit interviews
- beneficiary designation form

Appendix B

## Source Documents for Information on: 04/05/2002

### Retirees

Review retiree information, and make copies of the preferred source documents for each data element. For each data element use the preferred source, when available. As trustee of the plan, PBGC takes the original of the retirement folder (including materials used in determining entitlement and calculating the benefit) for all retirees, if the plan administrator maintained such files. It is particularly important that PBGC collects ***all*** completed benefit related forms, not just sample copies.

- retirement application forms (including spousal waivers, W4s, withholding forms, deductions, etc.)
- QDRO documents
- participant loan documents - loan application, loan agreement, repayment schedule
- birth certificates
- calculation sheets
- W2s from file, if applicable
- marriage certificates
- employment applications
- personnel action forms (or equivalent)
- any documentation identifying breaks in service and all start and end dates
- payroll forms (for change in rates, dates of termination)
- time cards
- insurance forms
- employee family records (useful for finding unlocatable participants)
- death certificates (for beneficiaries in pay status)
- exit interviews
- memos/records regarding termination
- beneficiary designation form
- Form I-9 (proof of eligibility to work in the U.S.A.), if available

Appendix B

## Source Documents for Information on: 11/01/96

### Terminated Non-Vested Participants

Collect names, SSNs and addresses for all terminated non-vested participants, and make sample copies of source documents. Note that the term "terminated non-vested participant" refers to people no longer actively employed by the company, and for whom there are records, who may not be covered by the pension plan or who may have terminated prior to completing enough service to be a deferred vested participant. Depending on whether the plan was properly amended according to ERISA amendments, PBGC ERISAfication of the plan may increase the universe of covered employees.

- birth certificates
- W2s and W4s from file, if applicable
- employment applications
- personnel action forms (or equivalent)
- payroll forms (for change in rates, dates of termination)
- insurance forms
- exit interviews
- memos/records regarding termination

Appendix B

## Source Documents for Information on: 04/05/2002

### Terminated Vested Participants

Collect information for all terminated vested participants. Some participant information is only retained on a sampling basis to support the participant data audit, other documents should be collected to support benefit processing. See also Process 11.3: Conduct Field Audit.

**Collect samples of the following:**

- birth certificates
- W2s and W4s from file, if applicable
- marriage certificates
- employment applications
- personnel action forms (or equivalent)
- payroll forms (for change in rates, dates of termination)
- time cards
- insurance forms
- employee family records (useful for finding unlocatable participants)
- death certificates (for beneficiaries in pay status)
- exit interviews
- memos/records regarding termination
- union records

**Collect original copies of:**

- beneficiary designation form
- any spousal consent or waiver form
- participant loan documents - loan application, loan agreement, repayment schedule
- QDRO documents

Appendix B

## Source Documents for Information on: 05/31/96

### Terminated Vested Participants With Creep Provisions

Pending...

Appendix C

# Bankruptcy Overview

05/31/96


Introduction

Forms of Bankruptcy Relief

Commencement of a Case

Bankruptcy Trustee

Administration of Case

Filing of Proofs of Claims

Distribution in Bankruptcy

Chapter 7 Liquidation

Chapter 11 Reorganization

## Introduction

**05/31/96**

Bankruptcy is a form of legal relief where the assets of a debtor, and creditors' claims on those assets, are gathered into a single legal proceeding. As the Supreme Court put it in 1934, one of the main thrusts of our bankruptcy system is to "relieve the honest debtor from the weight of oppressive indebtedness and permit him to start afresh." Bankruptcy also emphasizes equality of treatment for all similarly situated creditors, as opposed to a "race to the courthouse."

Bankruptcy law is federal law. Article I of the Constitution empowers Congress to establish "uniform laws on the subject of Bankruptcies throughout the United States." Congress has exercised this power. Consequently, states are preempted from enacting bankruptcy laws. The federal **Bankruptcy Code** can be found at Title 11 of the United States Code. Within each federal judicial district there is a **bankruptcy court** that has jurisdiction over bankruptcy cases.

Under Title IV of ERISA, bankruptcy is a **reportable event** that may indicate a need to terminate the debtor's pension plan. PBGC is involved in hundreds of bankruptcy cases across the country. The cases are monitored by teams of auditors, actuaries, financial analysts, and attorneys. The agency plays a key role in these bankruptcy cases because our claims are often among the largest, if not the largest.

This appendix provides an overview of the bankruptcy process for non-attorneys, emphasizing how PBGC protects the interests of plan participants and beneficiaries as well as our insurance fund when we become involved in a bankruptcy case.

## Appendix C: Bankruptcy Overview includes:

Forms of Bankruptcy Relief

Commencement of a Case

Bankruptcy Trustee

Administration of Case

Filing of Proofs of Claims

Distribution in Bankruptcy

Chapter 7 Liquidation

Chapter 11 Reorganization

## Forms of Bankruptcy Relief

05/31/96

Two Forms of Relief

Chapter 11

**Forms of Bankruptcy Relief**

## Two Forms of Relief

**05/31/96**

There are two general forms of bankruptcy relief: **liquidation**, and **rehabilitation** or **reorganization** . Liquidation relief is available under **Chapter 7** of the Bankruptcy Code. Reorganization is governed by **Chapter 11**. A Chapter 11 plan may also provide for liquidation of the debtor, and Chapter 11 cases are sometimes converted to Chapter 7 liquidations.

Most bankruptcy cases are "straight liquidations" in Chapter 7. In a Chapter 7 case, a **bankruptcy trustee**, usually a local bankruptcy attorney or accountant, is appointed by the **United States Trustee** (not to be confused with the bankruptcy trustee) to administer the liquidation of the debtor's estate. The bankruptcy trustee collects the property of the debtor, converts that property to cash, and distributes the cash to creditors. The debtor gives up all property owned at the time of the filing of the bankruptcy petition.

**Forms of Bankruptcy Relief**

## Chapter 11

**05/31/96**

Chapter 11 generally deals with reorganization, not liquidation, of the debtor's assets. In a Chapter 11 case, creditors usually look to future earnings of the debtor, not the property of the debtor at the time of bankruptcy filing, to satisfy their claims. Usually the debtor remains in possession of its property and operates its business. The debtor makes payments to creditors pursuant to a court-approved **plan of reorganization**. Upon confirmation of a plan, the debtor receives a discharge of all pre-confirmation debts. A Chapter 11 debtor may also file a **plan of liquidation**, where a sale of assets occurs before, during, or after plan confirmation.

Chapter 9 deals with bankruptcies of municipalities; Chapter 12 deals with family farmer bankruptcies; and Chapter 13 governs individual consumer bankruptcies. PBGC rarely becomes involved in these types of cases.

## Commencement of a Case

05/31/96

### Voluntary Petition

Most bankruptcy proceedings will be voluntarily initiated by the debtor by simply filing a petition. The filing constitutes the "**order for relief**."

### Involuntary Petition

An involuntary case may also be filed against a debtor by several creditors who hold claims of specified type and amount. The debtor need only be generally not paying debts as they become due, rather than insolvent.

### Relationship With State Law Remedies

Debtors and creditors sometimes resort to consensual non-bankruptcy workouts or state law remedies rather than the bankruptcy courts. State law remedies may come in the form of a state receivership action, an assignment for the benefit of creditors, or a bulk sale under the Uniform Commercial Code (CC). But where the debtor or creditors wish to obtain rights available only under the Bankruptcy Code, the parties may prefer a federal bankruptcy proceeding.

### Schedules and Statement of Affairs

Along with the petition or shortly thereafter, the debtor is required to file a **list of creditors, schedules of assets and liabilities, and a statement of financial affairs**. PBGC should routinely obtain these documents from the debtor or the bankruptcy court clerk if it appears that we will be asserting claims. Note that these schedules are not always accurate or complete.

## Bankruptcy Trustee

**05/31/96**

The principal officer of the debtor is the **bankruptcy trustee**, who acts as representative of the estate, and has the capacity to sue and be sued. In Chapter 11 proceedings, the debtor normally acts as bankruptcy trustee in the guise of "debtor-in-possession." An independent Chapter 11 trustee or examiner can be appointed upon a proper showing. The trustee has the power, with the court's permission, to employ professionals such as attorneys, accountants, actuaries and financial advisers.

# Administration of Case

12/07/2001

## Meeting of Creditors

A **meeting of creditors** must be held within a reasonable time after the filing of the petition. The meeting must be held **20 to 40 days after the order for relief**. All creditors must receive 20 days notice of the meeting. Typically, a form is used which also notifies creditors of the filing of the petition and the bar date for filing proofs of claim, and identifies debtor's counsel.

The meeting of creditors is presided over by the U.S. Trustee, and affords an opportunity to question the debtor under oath about its financial affairs. Although it is not essential for PBGC to attend the meeting, depending on the facts and circumstances, valuable information can sometimes be obtained.

## Administrative Powers

Upon the filing of a bankruptcy petition, the Bankruptcy Code imposes an **automatic stay** or injunction on virtually all legal proceedings and acts outside of the bankruptcy forum that affect the debtor or property of the debtor's **estate**. The estate is created upon the filing of the petition. Generally, it consists of all of the property of the debtor. The debtor or trustee may use, sell, or lease property of the estate so long as **adequate protection** is given to secured creditors with liens on the property. The debtor or trustee can borrow money, sometimes secured by a lien senior to pre-existing liens. And, any executory contract or unexpired lease can be assumed or rejected. Under certain circumstances the debtor or trustee can also recover **"preferences,"** that is, payments made to creditors within 90 days, or in the case of insiders, 1 year before the petition date.

### *The Automatic Stay*

The automatic stay arises instantly upon the filing of a petition. The stay is very broad and covers all judicial, administrative, or other proceedings against the debtor, including service of process. It also prohibits the enforcement of pre-petition judgments and "any act" to obtain possession of property of the estate, to create, perfect, or enforce a lien against property of the estate, and to collect, assess, or recover a claim.

The automatic stay has an exception for the government's use of its "police or regulatory powers." An action by PBGC to seek PBGC-initiated termination of a pension plan -- but not to collect or enforce termination liability -- is exempt from the automatic stay. Mere requests for information from the debtor are also not subject to the stay.

## Filing of Proofs of Claims 05/31/96

The **timely** filing of a proof of claim is generally a prerequisite to allowance and payment of claims. PBGC attorneys routinely file claims for minimum funding contributions, unfunded benefit liabilities, and premium obligations. Sometimes the claims are asserted on a contingent and unliquidated basis until the amounts of our claims and the status of the pension plan (ongoing or terminated) is determined.

In Chapter 7 cases, the **bar date** for filing claims is 90 days from the date of the meeting of creditors, which generally must be held 20 to 40 days after an order for relief is entered (in a voluntary case, the order for relief is entered on the petition date). Therefore, in Chapter 7 cases the bar date will usually be 110 to 130 days after the petition is filed. In Chapter 11 cases, the bar date is set by the court. However, a claim of a government creditor such as PBGC may always be filed up to **180 days after the date of the order for relief.**

In general, late-filed claims are not allowed unless the creditor can establish a lack of notice of the case, or, in Chapter 11 cases, lack of notice of the bar date. But PBGC may be able to establish that it did not receive proper notice, and collect on late-filed claims, even if the bar date has passed by the time we are notified about the case.

## Distribution in Bankruptcy

05/31/96

Distribution Scheme

Determination of Secured Status

Unsecured Priority Claims

Priority of PBGC Claims

Minimum Funding Contributions (DUEC)

Unfunded Benefit Liabilities (UBL)

Premiums

### Distribution in Bankruptcy

## Distribution Scheme

**05/31/96**

The general scheme of distribution in bankruptcy is that secured creditors take the value of their security, then priority claims such as administrative expenses are paid, and the residue, if any, is distributed to general unsecured creditors on a pro rata basis. In some cases, secured claims and administrative expenses exhaust the estate.

**Distribution in Bankruptcy**

## Determination of Secured Status

**05/31/96**

A secured claim is secured only to the extent of the value of the collateral or property securing the claim. If the value of the collateral is less than the amount of the claim, the amount of the deficiency is an unsecured claim. An undersecured claim then is really 2 claims - one secured, and one unsecured.

In some cases, PBGC may have secured claims and perfected liens for obligations such as delinquent minimum funding contributions under § 412(n) of the Internal Revenue Code ("IRC"), minimum funding waivers, or pre-bankruptcy contractual settlements.

**Distribution in Bankruptcy**

## Unsecured Priority Claims

**05/31/96**

The Bankruptcy Code specifies the types of unsecured claims that are entitled to priority in distribution, and the order of the priority. Four of the priority categories are relevant to PBGC's claims, as discussed below.

First priority is granted to **administrative expenses**, such as post-petition employee wages, professional fees, taxes, and other costs and expenses of the estate. PBGC typically seeks administrative priority for portions of its claims, to the extent that they arise post-petition.

Third priority is granted to employee claims for wages, vacation, severance and sick leave earned within 90 days of the petition date or the date of cessation of the debtor's business, whichever occurs first, subject to a $4,000 cap for each employee.

Fourth priority is granted to claims for contributions to employee benefit plans, which includes pension and health benefit plans, arising from services rendered within 180 days before the petition date or the date of cessation of business, whichever occurs first (the so-called "180 day claim"). The amount entitled to priority is subject to a cap. The cap is calculated by multiplying $4,000 times the number of employees covered by the plan, and then subtracting the aggregate amount of third priority wage claims with respect to such employees. Subject to these limitations, PBGC will seek fourth priority for any portion of minimum funding contributions arising within the 180-day period.

Eighth priority is granted to pre-petition "tax" claims, including excise tax claims. PBGC seeks eighth priority tax treatment for portions of its DUEC and UBL claims.

**Distribution in Bankruptcy**

## Priority of PBGC Claims

**05/31/96**

Portions of PBGC's claims are entitled to priority under the Bankruptcy Code. The priority and amount of PBGC's claims, however, is often disputed. Recently, several lower courts have ruled adversely to PBGC on these issues, reversing an earlier trend of favorable decisions. Several of these cases are currently on appeal. We continue to file our priority claims as set forth below.

**Distribution in Bankruptcy**

## Minimum Funding Contributions (DUEC)

**05/31/96**

1 **Administrative priority**, to the extent that any DUECs are attributable to the period after the petition filing date. And administrative tax priority for IRC § 412(n) DUEC claims, if the amount of DUECs attributable to the period after the petition date exceeds $1 million;

2 **Day claim**, or fourth priority, for DUECs attributable to the 180-day period before the earlier of the petition date or the date of cessation of business, subject to the limits specified in the Bankruptcy Code.

3 Any amount not entitled to priority is a **general unsecured** claim.

**Distribution in Bankruptcy**

## Unfunded Benefit Liabilities (UBL)

**05/31/96**

1. Administrative tax priority, if the plan terminates after the petition date, subject to the 30% of collective net worth of controlled group limit in ERISA § 4068.
2. Alternatively, eighth priority as a pre-petition tax claim, again subject to the 30% of net worth limit.
3. Any amount not entitled to priority is a general unsecured claim.

## Distribution in Bankruptcy

## Premiums

**05/31/96**

1. **Administrative priority**, for premiums attributable to the period after the petition filing date.
2. Any amount not entitled to priority is a **general unsecured** claim.

## Chapter 7 Liquidation 05/31/96

The simplest bankruptcy proceeding is a straight Chapter 7 liquidation. The debtor turns over its assets to a trustee who liquidates the assets and distributes the proceeds to creditors.

### Duties of Trustee

Although the court may authorize the trustee to operate a debtor's business for a limited period, the trustee's principal duty is to liquidate the assets of the estate as expeditiously as possible. The trustee may examine and object to the allowance of any claim. The trustee is obligated to furnish information concerning the debtor's estate to any party in interest. At the conclusion of the case, the trustee must file a **final report**.

### Distribution of Property of the Estate

The Bankruptcy Code sets forth a distribution scheme for Chapter 7 cases. This distribution scheme also impacts Chapter 11 cases, because the amount that a claim would receive in a Chapter 7 liquidation is the standard of fairness or "best interests of creditors test" against which Chapter 11 reorganization plans are measured.

In a Chapter 7 case, after secured creditors are paid, the liquidation proceeds are first distributed among unsecured priority claimants, in the order of priority specified under the Bankruptcy Code. Next, distribution is made to general unsecured claimants, including late-filed claims, if the creditor did not have notice or knowledge of the case in time to file a timely claim. If any further assets remain, distribution is made on other late-filed claims and then post-petition interest, in that order. Any surplus may be returned to the debtor. Rarely, if ever, are there any surplus assets.

When there are inadequate funds to pay the holders of claims in a particular class in full, the claims within the particular class are paid pro rata.

## Chapter 11 Reorganization 05/31/96

Chapter 11 is designed to rehabilitate rather than liquidate the debtor. In Chapter 11, the debtor may continue to operate its business while it attempts to work out a financial restructuring plan with its creditors. Chapter 11 proceedings are the sole means by which a business operated by a corporation can obtain a discharge of debts.

## Click Here for More Information...

Creditors Committee

Bankruptcy Trustee/Debtor in Possession

Chapter 11 Plan

**Chapter 11 Reorganization**

## Creditors Committee

**05/31/96**

Soon after the Chapter 11 petition is filed, the United States Trustee appoints a committee of unsecured creditors ordinarily consisting of the 7 largest creditors. PBGC is eligible to serve as an official Chapter 11 creditors committee member. Other committees may be appointed to represent secured creditors and equity holders.

Committees play a major role in negotiating the terms of the debtor's plan of reorganization and litigating major controversies in the case. Official committees typically employ their own financial advisers and accountants to investigate the affairs of the debtor.

### Chapter 11 Reorganization

## Bankruptcy Trustee/Debtor in Possession 05/31/96

Ordinarily in a Chapter 11 case, the debtor is the bankruptcy trustee of the estate in the guise of "debtor in possession" ("DIP"). Unless the court orders otherwise, the DIP may continue to operate its business. An independent trustee or examiner may be appointed under certain circumstances, such as cases of fraud or gross mismanagement. The duties of a Chapter 11 trustee/DIP include many of the same duties as a Chapter 7 trustee, as well as the duty to formulate and file a plan of reorganization as soon as practicable, or a liquidation plan if reorganization is not possible.

Appendix C - Bankruptcy Overview

**Chapter 11 Reorganization**

## Chapter 11 Plan

**05/31/96**

Exclusivity

Classification of Claims

Voting Requirements

Disclosure Statement

Confirmation

### Chapter 11 Plan

## Exclusivity

**05/31/96**

At the outset of the case, the debtor enjoys a **120-day exclusive period** to file a plan. If the debtor files a plan within 120 days, the exclusive period is extended to 180 days to permit the debtor to solicit acceptances to its plan. These exclusive periods may be extended for cause. Once the debtor's exclusive period expires, it's open season: any party in interest, such as a creditors committee, may file a plan. Keep in mind, however, that the plan formulation process is primarily a settlement negotiation process. Senior creditors may give up value to junior creditors in order to achieve a consensus, and recoveries may improve generally if major claims and controversies are settled rather than litigated to completion.

### Chapter 11 Plan

## Classification of Claims

**05/31/96**

In general, a plan must designate classes of claims and interests according to their relative priority. The plan must also specify whether or not each class is "impaired." A class of claims is impaired if all claims within the class are not paid in full, or if the plan otherwise alters the legal, equitable, or contractual rights to which the claim holders are entitled. Unimpaired classes are conclusively presumed to have accepted the plan. A debtor or plan proponent need only solicit votes from impaired classes.

**Chapter 11 Plan**

## Voting Requirements

**05/31/96**

Each claim holder in an impaired class may cast a vote to accept or reject a plan. Votes are tallied by class, and only the claims of creditors who actually vote are counted. A class of claims is bound if the plan is accepted by at least 2/3 in amount and more than 1/2 in number of claims held by creditors who actually voted. With respect to equity security interest holders (stockholders), the requisite majority is 2/3 in amount, i.e., 2/3 of the shares voted. If the plan does not provide for a distribution to equity, which is sometimes the case, equity classes are deemed to have rejected the plan.

**Chapter 11 Plan**

## Disclosure Statement

**05/31/96**

In order to solicit votes, the debtor or plan proponent must transmit a court-approved **disclosure statement**. Creditors are given 25-day advance notice of the hearing to approve the disclosure statement, and an opportunity to object to it. The disclosure statement must contain **"adequate information"** sufficient to permit voting parties to make an informed judgment about the plan. The disclosure

statement typically should include a description of the debtor's business, major claims and controversies, and a business plan supported by financial projections.

**Objections to confirmation** of a plan are ordinarily reserved for the confirmation hearing. In practice though, PBGC, like other creditors, often makes confirmation objections at the disclosure stage as part of the plan negotiation process.

## Chapter 11 Plan

## Confirmation

05/31/96

The **plan confirmation** process can proceed from start to finish in as little as 30 to 60 days. 25-day advance notice is required before the disclosure statement hearing. Once the disclosure statement is approved, an additional 25-day advance notice must be given for the plan confirmation hearing. However, in a "pre-packaged bankruptcy," where a plan is negotiated before the bankruptcy filing, no disclosure statement is necessary. Mailing and vote processing time could tack on as little as 10 additional days. Plan proposals are often negotiated and amended during this time on a very fast track. Coordination among PBGC attorneys, financial analysts, and case officers is crucial during the plan confirmation process.

To confirm a plan, the bankruptcy court must find that the plan has been accepted by each impaired class of claims and interests by the requisite majority vote, or alternatively, that the plan satisfies the **"cramdown"** requirements

discussed below. In addition, the bankruptcy court must determine that the plan satisfies the **"best interest of creditors"** and **feasibility** tests discussed below.

The **"best interests of creditors" test** is also known as the **Chapter 7 liquidation test**. It protects individual dissenting holders of claims or interests within a class, as opposed to dissenting classes. The test is automatically satisfied if a class has unanimously accepted the plan. If not, then each individual dissenting claim or interest holder must receive a distribution under the plan with a present value, as of the date of plan confirmation, that is not less than the amount they would receive in a Chapter 7 liquidation. To apply the test, a liquidation analysis must be performed, and the Chapter 7 distribution rules must be applied to compare a hypothetical Chapter 7 distribution to the distribution under the proposed Chapter 11 plan.

The plan must also meet a **"feasibility" test**. In other words, the financial projections and business plan must establish that the plan can be carried out according to its terms with reasonable certainty, and that it is not likely to be followed by a liquidation or further reorganization.

Under a plan, administrative priority claims must be paid in full in cash upon confirmation. Employee wage and benefit priority claims must be paid in full in cash if they reject the plan; otherwise they may receive deferred cash payments with a present value equal to the allowed amount of their claims. Tax priority claims can be satisfied through deferred cash payments over a maximum of 6 years.

Each impaired class must accept the plan by the requisite majority vote. Alternatively, the plan may be confirmed over the objection of a dissenting class in a **"cram-down."** The bankruptcy court can confirm a plan notwithstanding rejection by an impaired class, so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each dissenting class. The central concept behind cram-down is the **"absolute priority" rule:** senior classes must be paid in full before any junior classes may receive any distribution under the plan. If a dissenting class is not paid in full, no class or classes junior to the dissenting class may receive a distribution under the plan. For example, a class of unsecured claims that is not paid in full can be crammed down as long as junior equity classes receive no distribution.

Upon confirmation of a plan of reorganization, the debtor receives a **discharge** from all claims arising before confirmation. All creditors are bound by this discharge and by the terms of the plan. Claims that do not "arise" before confirmation, such as PBGC's contingent UBL claim in a case where the pension plan remains ongoing, are not affected by the discharge. In addition, a creditor who never had notice of the case may not be affected by the discharge.

Appendix D

## Maximum Guaranteeable Benefits for DOPT Years

02/18/2005

**Benefit Fiscal Years**

FY1981 - FY1990 | FY1991 - FY2000 | FY2001 - FY2005

**The limit for the dollar amount a participant may receive as a monthly benefit differs for each year (per 29 CFR 4022.22), as follows:**

| Year of DOPT | Monthly Limit ($) |
|---|---|
| 1974 | 750.00 |
| 1975 | 801.14 |
| 1976 | 869.32 |
| 1977 | 937.50 |
| 1978 | 1,005.68 |
| 1979 | 1,073.86 |
| 1980 | 1,159.09 |
| **FY1981 – FY1990** | |
| 1981 | 1,261.36 |
| 1982 | 1,380.68 |
| 1983 | 1,517.05 |
| 1984 | 1,602.27 |
| 1985 | 1,687.50 |
| 1986 | 1,789.77 |
| 1987 | 1,857.95 |
| 1988 | 1,909.09 |
| 1989 | 2,028.41 |
| 1990 | 2,164.77 |
| **FY1991 – FY2000** | |
| 1991 | 2,250.00 |
| 1992 | 2,352.27 |
| 1993 | 2,437.50 |
| 1994 | 2,556.82 |
| 1995 | 2,573.86 |
| 1996 | 2,642.05 |
| 1997 | 2,761.36 |
| 1998 | 2,880.68 |
| 1999 | 3,051.14 |

| | | |
|---|---|---|
| | 2000 | 3,221.59 |
| **FY2001 – FY2005** | | |
| | 2001 | 3,392.05 |
| | 2002 | 3,579.55 |
| | 2003 | 3,664.77 |
| | 2004 | 3,698.86 |
| | 2005 | 3,801.14 |

**Note** This listing only reflects the maximum monthly amount in dollars as a straight life benefit for each year of DOPT. Determining the maximum payable to a particular participant requires a more involved formula described in ERISA 4022 (b) (3). When applied on an individual basis, many participants may experience a lower maximum monthly limit once the formula is applied (as part of the valuation calculations). Base the adjustment to guaranteeable monthly limit on ages and benefit form in addition to the maximum dollar amount for DOPT. See the Actuarial Technical Manual procedures in Chapter IV.
For benefit applications received on or after March 06, 2000, the maximum guaranteeable benefit is adjusted upward for a participant whose age is greater than 65 at the later of the retirement date or DOPT.

Appendix E

# IOD Time Reporting (BMPRS) 08/25/2000

**Part I: Introductory Questions and Answers (see below)**

**Part II: IOD Time Reporting Categories**

**Q: What is time reporting and BMPRS?**

**A:** IOD's **B**udget, **M**anagement, **P**lanning and **R**eporting **S**ystem (BMPRS) provides a tool for each employee to easily enter their daily time reporting information, providing a record of the time and effort expended on an individual basis for IOD tasks, including:

- Processes tracked by case;
- Other Processes and Categories (includes processing activities not tracked by case, support, management and administrative activities); and
- Special Projects.

ALL IOD Divisions report time using BMPRS. Each division's management team members will extract information about their respective divisions using BMPRS report functions.

BMPRS was specifically developed for IOD to track the timeline of major trusteed plan case milestones (using CAS models) and the number of hours expended to reach these goals.

**Q: Why does IOD need time reporting?**

**A:** IOD time reporting facilitates meaningful management and budget planning and analysis, and permits IOD to estimate its future resource needs to perform necessary departmental functions in fulfillment of the PBGC and IOD missions. Time reporting also assists in setting meaningful goals across the department.

**Q: Who must report time?**

**A:** Most IOD federal and contract employees report time on an individual daily basis. The exact requirements differ for: federal employees, contract employees (non-actuarial), and actuarial contractors.

- All IOD federal employees do daily time reporting.
- All IOD contract employees (non-actuarial) do daily time reporting.
- Actuarial contractors do not do individual daily time reporting. (Entry of actuarial contractor time is the responsibility of the COTR.)

**Q: What time must be reported?**

**A:** The time reporting requirements for IOD federal and contract employees are:

- IOD federal employees' daily time will include all time worked, all scheduled time not worked (all types of leave [sick, annual, comp, credit, admin, lwop, and awol]). Generally a federal employee may easily check their daily time submitted for payroll purposes against BMPRS time reported, as the two should have the same total hours reported with the exception of federal holidays. Federal employees should not enter time on BMPRS for federal holidays unless they actually work those hours. Federal employees will report time using any appropriate category included in II.A., II.B., and II.C. of this Appendix.
- IOD contract employees' (non-actuarial) daily time will only include case processing activities. Time should not be reported for any support, administrative, managerial or special project activities. Contract employees (non-actuarial) will report time using only categories included in II.A, II.B.1., and II.B.2. of this Appendix.

- Actuarial contractors do not do daily individual time reporting. (Entry of actuarial contractor time is the responsibility of the COTR.)

  For more information about specific time reporting categories in BMPRS, see Part II: IOD Time Reporting Categories.

**Q: When must time be reported?**

**A:** BMPRS is a flexible easy to use system which allows for individual time reporting on a daily basis. It is recommended that federal and contract employees enter their time on a daily or weekly basis. However, employees' time must be entered no later than the 3rd business day after the last day of the month. Management team members will work with their staff to encourage accurate and timely reporting of time. BMPRS allows prospective entry of time, so when appropriate employees may enter their individual time in advance. Examples of appropriate circumstances for advance time reporting include scheduled leave and training. Staff should consult with supervisors about the appropriateness of advance time recording.

**Q: Who do I contact if I have questions about using BMPRS?**

**A:** BMPRS is administered by IOD, however, staff experiencing problems with the application should contact PBGC's Help Desk at x 3999.

**Q: What is the effective date of IOD Time Reporting using BMPRS?**

**A:** Individual daily time reporting by employees is required beginning May 19, 1997.

## Part II: IOD Time Reporting Categories 05/02/97

The time reporting categories available in BMPRS are generally divided into three broad types:

- Processes tracked by case;
- Other Processes and Categories (includes processing activities **not** tracked by case, support, management and administrative activities); and
- Special Projects.

## Click here for more information...

A. Processes Tracked by Case

B. Other Processes and Categories not Tracked by Case

C. Special Projects

**Part II: IOD Time Reporting Categories**

## A. Processes Tracked by Case:

**08/25/2000**

A1. Categories for processors except STCD  A2. Categories for STCD processors

## A1. Categories for processes tracked by case (processors except STCD)

To enter time in BMPRS to a case specific processing category you need to know the case you are working on and the specific sub-process or sub-technical procedure you are doing, based on the online IOD Procedures Manual. Your division manager will assign (through BMPRS assign process function) the BMPRS categories which are appropriate for your time reporting needs.

Each Process and Technical Procedure in this online IOD Procedures Manual specifies the BMPRS category(ies) which link to that specific activity. Each sub-process or sub-technical procedure outline (topic which precedes the action steps) lists the specific BMPRS category(ies) for reporting that time. To determine the correct BMPRS category for specific tasks, refer to the outline for the specific sub-process or sub-technical procedure which provides the Time Reporting (BMPRS) category(ies).

Certain BMPRS Categories tracked by case (e.g., Initiate Trusteeship, Process BDLs) are listed several times, preceded by FTE, PBA, FBA and contract. Only one of these categories will be appropriate for you through BMPRS according to the category appropriate to your specific position (federal employee = FTE, pension benefit analyst/contractor = PBA, field benefits administrator employee = FBA, contract = non-PBA or FBA contractor). It is recommended that you use the **Custom Process List** feature of BMPRS to delete those categories which are clearly inappropriate for you.

**PPD Support to TPD**

**PPD Processing**

**FTE Initiate Trusteeship Processing (TPD)**

**FBA Initiate Trusteeship Processing (TPD)**

**PBA Initiate Trusteeship Processing (TPD)**

**FTE Estimated Benefits Adjustment (TPD)**

**FBA Estimated Benefits Adjustment (TPD)**

**PBA Estimated Benefits Adjustment (TPD)**

**FTE Estimated Benefit Calculations**

**FBA Estimated Benefit Calculations**

**PBA Estimated Benefit Calculations**

**FTE Participant Data Audits (TPD)**

**FBA Participant Data Audits (TPD)**

**PBA Participant Data Audits (TPD)**

**Contract Participant Data Audits (TPD)**

**Plan Assets Audit**

**Contract Plan Assets Audits**

**Controlled Group**

**Net Worth**

**Recovery Assessment and Allocation (TPD)**

**FTE Actuarial Valuation (TPD)**

**Contract Actuarial Valuation (TPD)**

**FTE Process Benefit Determination Letters (TPD)**

**FBA Process Benefit Determination Letters (TPD)**

**PBA Process Benefit Determination Letters (TPD)**

**FTE Case Closure (TPD/TSD)**

**FBA Case Closure (TPD/TSD)**

**PBA Case Closure (TPD/TSD)**

**Case Related Policy Analysis (All Divisions)**

## A2. Categories for processes tracked by case (STCD processors)

STCD processing activities are not currently included in the online IOD Procedures Manual. BMPRS Categories for STCD processes which are tracked by case, with related functions under each category are listed here. STCD personnel should consult with STCD division management if additional detail is needed.

***Provide Technical Assistance/Reconsiderations (STCD/PTAB)***

- Administrative Reviews
- Respond to Extension Requests
- Respond to Telephone Requests
- Identify, Data Entry, Assign
- Review Documentation
- Send Appropriate Determination Letter
- Enter determination on CAS and Close

***Audit Standard Termination (STCD CAB)***

- Select Cases to Audit
- Prepare Case File for Audit
- Request Information Necessary for Audit
- Analyze Information Received
- Request Additional Information Necessary for Audit
- Select Sample
- Send Participant Letter
- Compute Benefits
- Reconcile Participant Count
- Classify Errors
- Send Enforcement Letter

- Process Audit Enforcement Reconsideration
- Enforce Action
- Send Information Letter
- Prepare Audit Summary
- Refer Woodwork to TPD
- Close Case

***Process 4071 Penalty (STCD)***

- Assess Penalty
- Administrative Review
- Send Letter

***Compliance Audit (STCD)***

- Select Cases to Audit
- Prepare Case File for Audit
- Request Information Necessary for Audit
- Analyze Information Received
- Request Additional Information Necessary for Audit
- Select Sample
- Send Participant Letter
- Compute Benefits
- Reconcile Participant Count
- Classify Errors
- Send Enforcement Letter
- Process Audit Enforcement Reconsideration
- Enforce Action
- Send Information Letter
- Prepare Audit Summary
- Refer Woodwork to TPD
- Close Case

***Manage Multiemployer Assistance (STCD)***

- Assign Case
- Gather & Analyze Data to Determine Type of Case, Needs & Costs
- Recommend Closure
- Pass to the Designated Person in OED
- Audit On-Site
- Prepare Paperwork

- Coordinate Wire Transfer & Transfer Funds
- Review Expenses & Renew Paperwork
- Determine Repayment Capability

***Case Related Policy Analysis (All Divisions)***

- Refer Policy Questions

## Part II: IOD Time Reporting Categories

# B. Other Processes and Categories not Tracked by Case 06/06/97

↑Top B1. Processes ... included in the online IOD Procedures Manual
B2. Processes ... not included in the online IOD Procedures Manual
B3. Case processing support activity
B4. Other duties, including administrative and managerial duties

To enter time in BMPRS to a category which does not track time by case, you **do not need the name of case you are working on;** you need only identify the specific activity.

Some of the categories for activities which are not tracked by case cover case processing activities, which are described in the online IOD Procedures Manual. These are reported in BMPRS on a non case specific basis (ex: Small Plan Early Warning Program, Administer Benefits). Other categories cover non case processing activities, including support functions, and various administrative and management duties.

Other Processes and Categories not tracked by case include a number of BMPRS categories which may be generally divided into four groups, as follows:

- case processes and/or procedures **included** in the online IOD Procedures Manual which are not **tracked** by case (see B1 below),
- case processes and/or procedures **not included** in the online IOD Procedures Manual which are **not tracked** by case (see B2 below),
- case processing support activities (see B3 below); and
- other duties including administrative and managerial duties (see B4 below).

### B1. Processes and/or procedures not tracked by case which are included in the online IOD Procedures Manual.

Each Process and Technical Procedure in this online IOD Procedures Manual specifies the BMPRS category(ies) which link to that specific activity. Each sub-process or sub-technical procedure outline (topic which precedes the action steps) lists the specific BMPRS category(ies) for reporting that time. To determine the correct BMPRS category for specific tasks, refer to the outline for the specific sub-process or sub-technical procedure which provides the Time Reporting (BMPRS) category(ies).

The Administer Benefits category is listed several times, preceded by FTE, PBA and FBA. Only one of these categories will be appropriate for you through BMPRS according to the category appropriate to your specific position (federal employee = FTE, pension benefit analyst/contractor = PBA, field benefits administrator employee = FBA). It is recommended that you use the **Custom Process List** feature of BMPRS to delete those categories which are clearly inappropriate for you.

- FTE Administer Benefits (TPD/TSD)
- FBA Administer Benefits (TPD/TSD)
- PBA Administer Benefits (TPD/TSD)
- Small Plan Early Warning Program (PPD)

### B2. Processes and/or procedures not tracked by case which are not included in the online IOD

- FTE Review of Contract Auditor Participant Data Audits
- FTE Review of Contract Auditor Plan Assets Audits
- FTE Review of Contractor Actuarial Valuation
- Process Standard Terminations (STCD SPCB/PTAB)
- Verify Coverage
- Process Incomplete Filing
- Process Non-Compliant Filing
- Process Compliant Filing
- Create and Update Standard Termination Case Files
- Determine if Qualified for MPP
- Send Acknowledgment
- Data Entry/Task Referral to TPD5

### B3. Case processing support activity

Some support activities are highly specialized work, with only certain individuals associated with these departmental functions. Other support activity is performed only by a specific division or group.

**The following lists all BMPRS Categories for case processing support activities and a description of activity covered by that category.** Consult with your division management if you need further guidance in determining the appropriate category(ies) for your support activities.

- **Contract Management (Non-FBA).** Includes management and COTR time spent assisting in the procurement, invoicing, and control of contractor activities. Time spent managing contractor activities in relation to billable work by those contracts, is classified as management or by the type of work.
- **Document Management Center.** Includes all document management center such as: mail distribution; file storage, retrieval, and maintenance; all image processing system operations; and physical file security.
- **FBA Oversight.** Includes all COTR, FBA Review and other activities associated with managing FBA contracts.
- **FBA Review.** Annual FBA review program conducted by TPDs in TSD.
- **Financial Statement Support/Annual Support/Budget Follow-Up.** Includes work relating to the valuation of the corporation's liabilities for future benefits for financial statement purposes and accompanying audits; annual report activities, and audit follow-up; PPD estimated recoveries; auditor Follow-Up; attending financial related meetings such as CWG, MWG
- **General Policy Analysis.** Includes researching, drafting, and reviewing Policy materials as well as coordination with Policy organizations outside of IOD (CPRD and OGC) in relation to actual or proposed statutory or regulatory changes, pension and guarantee issues figuring in the media, or in response to Congressional or public inquiry covering more than one case; meetings on Policy issues. All Policy analysis related to particular participant(s) or a particular case should be tracked under Case-Related Policy Analysis.
- **Insurance Support.** Includes time spent analyzing insurance contracts and related

documents, discussing same, and preparing related reports. Also includes time spent assisting TPDs with insurance issues.

- **Litigation Support: DUEC/UBL.** Includes time spent determining DUEC and UBL amounts, performing related analyses, and discussing same. Also includes time spent assisting OGC with related litigation.
- **Litigation Support: Non-DUEC/UBL.** Includes time spent assisting OGC with litigation that does not involve DUEC or UBL claims
- **Management Advisory Activities.** Includes management planning, performance measurement, management control reviews; budgeting activities, and quality assurance.
- **OGC Support.** Includes time spent on review of disclosure statements, plan of reorganization analysis for non PPD cases, and inquiry on potential case openings.
- **Procedure Review and Maintenance.** Includes development of procedures, preparation of manuals, and commenting on procedures.
- **Safeguard IRS Documents.** Includes all activities related to the processing, tracking, and control or tax returns received from the IRS in response to an official PBGC request to an IRS disclosure office.
- **Technical Review.** Includes time spent on providing technical advice, giving FBAs technical guidance, or serving as a technical expert outside of own division; also covers review of cases which can include supervisory, manager, or peer review. Can also include professional advice provided to outside callers and the general public.
- **Training Development**. Includes the time expended in the preparation of course materials, instructor guides, and presentation of training.

**B4. Other duties, including administrative and managerial duties.**

General administrative duties, including items such as leave and training are provided for in these categories.

- **Administrative Support.** Includes time spent in preparing paperwork, tracking, reporting and liaison related to general administrative functions such as: personnel (except as included in supervision and team management), procurement, preparation of travel documents and travel planning, property management, space management, and commenting on directives and other non-Policy documents
- **FTE Training.** Includes the time expended attending formal or informal training classes (e.g., briefings) and professional meetings devoted to training.
- **Leave.** Includes all annual, sick, administrative, leave and LWOP taken during the month, credit hours, and compensation time.
- **Miscellaneous Duty Time.** Other duty time that is devoted to work that is non-case and non-project related, including functions such as: staff and townhall meetings, Corporate Committee meetings and focus groups; completing surveys, reading clips, background information, and professional journals, etc.; and activities such as being a CFC worker.
- **Team Management/Supervision/Personnel/HRD.** Includes time expended on supervisory, team management, personnel, and HRD duties by management team officials, and persons acting in their capacity.

**Part II: IOD Time Reporting Categories**

## C. Special Projects

**07/11/97**

BMPRS permits the user to record time for **Special Projects**. Division Managers in IOD establish specific Special Projects against which people may record time. There are Special Projects which are applicable **only** to employees within a single division, and there are **cross-divisional** Special Projects which involve staff across more than one division in IOD.

Project names established for single division projects will include the division's acronym at the **beginning** of the project name. These single division special project names indicate that only members of the named division should charge time against that special project in BMPRS. Project names established for cross-divisional projects may have a particular division's acronym at the **end** of the project name. These cross divisional special project names indicates that any IOD employee who expends time on that project may charge time against that special project in BMPRS.

BMPRS Special Projects for employees of a single division will be established by the respective Division Manager. BMPRS Special Projects for employees across divisions will be established by the respective Project Manager, and made available within a division by the Division Manager. You should consult with your supervisor and/or division management if you need clarification on the Special Projects available to you on BMPRS, or if you believe a Special Project needs to be established for your time reporting needs.

Appendix F

## Alternate Sources for Plan Information 08/11/2000

The following are types of information and some potential sources. There may be other alternate sources available. Use this list as a starting point. Keep in mind that alternate sources may provide questionable information and attempt to verify the information through more than one source. Make an official request to the appropriate party for each type of information:

| Type Of Information | Source |
|---|---|
| **Actuarial Statements** | Actuaries |
| **Benefit Calculation Of Participants** | Actuaries, DoL 5500s |
| **Company Financial Affairs History** | Attorneys, Accountant, Bank |
| **Corporate Information** | Court House Records, State Corporations Office |
| **Corporate Minutes** | Corporate Officials, Corporate Attorneys |
| **Documentation Of Assets** | Actuaries, Bank, Insurance Companies, Accountants |
| **Employee Information** | Union Representatives, Ssa, IRS, State Unemployment Offices, , Plan Actuaries, Accountants, Other Participants |
| **Information On Substantial Owners** | Attorneys, 10K Filings, Corporate Tax Return Schedule K, Personal Tax Return, Partnership Tax Return Schedule K1, Board Of Directors Minutes |
| **Location Of Plan Assets** | Plan Administrator, Corporate Officials, Accountants |
| **Miscellaneous Information/Records** | Long-Time Employees |
| **Participant Addresses** | See TP 33.3 Locate Address Resource Guidelines, Union |
| **Pay History** | Accountants, State Unemployment Office, SSA, IRS, Payroll Contractors, Actuaries |
| **Payroll Ledgers** | Accountants |
| **Plan Documents** | Actuaries, Union Representatives, DOL |
| **Basic Bargaining Agreements** | Union Representatives, Attorneys |
| **Tax Returns** | Accountants, Attorneys, IRS, Corporate Officials |
| **Financial Statements** | Corporate Officials, Accountants |

Appendix G

## Acceptable Proof of Age

10/18/2002

**When do we require proof of age documents from our customers?**
Proof of age is required from customers unless they retired prior to DOTR. (The exclusion of pre-DOTR retirees was effective 8/99.)

**Do we require original proof documents from our customers?**
Generally copies are acceptable, and we do not require original documents from our customers. However, we may request originals or certified copies of any proof documents, for example when we suspect the document may have been altered.

**What document(s) are acceptable as proofs of age?**
Customers are advised that we will accept a copy of any one of the following documents that provide the individual's date of birth:

- Birth certificate.
- Baptismal certificate or other church record.
- U.S. passport, expired or current.
- Permanent Residence Card (Green Card).
- U. S. Certificate of Naturalization.

**Is a driver's license an acceptable proof of age?**
No, we do not accept driver's licenses.

**What other documents are acceptable for proof of age?**
If one of the above is not readily available, customers are directed to the CSC for guidance about alternate proofs of age that we accept. Customers are advised that PBGC will accept any two from a list of alternate proofs of age.

**Do we accept two of the same type of documents for alternate proofs of age?**
No. We require two different types.

**Must each document include the individual's date of birth?**
**One** of the two documents **must** provide a date of birth. It is preferable that both documents provide date of birth, but if that is not available, one alternate document may specify "age" that validates the date of birth provided in another alternate document.

**What alternate proofs of age are acceptable?**

- A notarized statement by the doctor or midwife who was present at the birth indicating the date of birth as shown in the medical records.
- A statement from the local office of the Social Security Administration showing the amount of the Social Security benefit being received and the date of birth of the recipient. A Social Security card is not acceptable proof.
- A military record of service.
- A marriage certificate, certified as correct by the custodian of the record.
- A vaccination record.
- A school record, certified as correct by the custodian of the record.
- A copy of a birth certificate of the participant's child showing the participant's age at the time of birth.

- An accepted application for life insurance. This must be sent to PBGC by the insurance company.
- An employment record, certified as correct by the custodian of the record.
- A labor union card, certified as correct by the custodian of the record.
- Records of any fraternal organization to which the participant belongs, certified as correct by the custodian of the record.
- An official record of a foreign government or foreign church, certified as correct by the custodian of the record.
- A census transcript showing the participant's age. The participant may obtain this document from the US Census Bureau by requesting a census search using a US Census Bureau Form BC600. This is submitted to the Census History Staff, Bureau of the Census, Washington, DC. A fee is charged by the US Census Bureau. The participant must know the correct street address and name of the head of household at the time of the census.
- A petition for Naturalization of Certificate of Citizenship.
- An immigration visa or application for Permanent Residence.
- Foreign passport, expired or current.

Appendix H

## Historical SPARR Information

02/18/2005

The Small Plan Average Recovery Ratio is determined by IOD (see TP 25: Determine and Announce the Small Plan Average Recovery Ratio (SPARR). Once it has been determined by the SPARR Coordinator, it is formally published in IOD/PBGC through a PBGC Policy Bulletin.

**SPARR Calculation Table**

| SPARR Year | SPARR Calculation Date | Covers Final Recoveries in Plans with Termination Initiation Dates in the Calculation Period | | Applies to Plans with Termination Initiation Dates | | Summary of Calculated SPARRs | |
|---|---|---|---|---|---|---|---|
| | | Start | End | Start | End | SPARR | PBGC Policy Bulletin No. |
| FY 1991 | 8/30/96 | 12/18/87 | 9/30/90 | 12/18/90 | 9/30/91 | 12.01 | 97-2 |
| FY 1992 | 3/31/97 | 12/18/87 | 9/30/91 | 10/1/91 | 9/30/92 | 7.73 | 97-3 |
| FY 1993 | 6/30/97 | 12/18/87 | 9/30/92 | 10/1/92 | 9/30/93 | 7.44 | 97-5 |
| FY 1994 | 9/30/97 | 10/1/88 | 9/30/93 | 10/1/93 | 9/30/94 | 7.04 | 98-1 |
| FY 1995 | 9/30/97 | 10/1/89 | 9/30/94 | 10/1/94 | 9/30/95 | 7.22 | 98-1 |
| FY 1996 | 9/30/98 | 10/1/90 | 9/30/95 | 10/1/95 | 9/30/96 | 7.90 | 99-1 |
| FY 1997 | 3/31/99 | 10/1/91 | 9/30/96 | 10/1/96 | 9/30/97 | 5.98 | 99-5 |
| FY 1998 | 9/30/99 | 10/1/92 | 9/30/97 | 10/1/97 | 9/30/98 | 6.84 | 00-2 |
| FY 1999 | 9/30/2000 | 10/1/93 | 9/30/98 | 10/1/98 | 9/30/99 | 8.01 | 01-1 |
| FY 2000 | 9/30/2001 | 10/1/94 | 9/30/99 | 10/1/99 | 9/30/2000 | 4.58 | 02-1 |
| FY 2001 | 9/30/2002 | 10/1/95 | 9/30/2000 | 10/01/2000 | 9/30/2001 | 4.94 | 03-1 |
| FY 2002 | 9/30/2003 | 10/1/96 | 9/30/2001 | 10/01/2001 | 9/30/2002 | 9.60 | 04-1 |
| FY 2003 | 9/30/2004 | 10/1/97 | 9/30/2002 | 10/01/2002 | 9/30/2003 | 7.86 | 05-1 |

Appendix I

## Maintaining Participant Data records 02/18/2005

IOD maintains participant data in PRISM, and IPS. The IPS is the official repository for participant files. Throughout the processing of a plan, PBGC collects, reviews and audits the participant information necessary to pay participant benefits, and documents the source of the information to the appropriate file (plan or participant).

Accurate data is paramount to ensure that participants receive the correct termination benefit. In addition, the participant data in an important element of PBGC's financial statements, as PRISM provides data used to value PBGC's PVFB. Participant data is received by PBGC throughout the processing cycle of plan (Processes 1 through 23), as well as on an individual participant basis. (See various Technical Procedures for individual participant processing guidance.)

In order to ensure a high level of quality and accuracy of the information stored in PRISM, participant data elements are added to PRISM at specific points in the plan processing cycle. Also the sources of this participant data, (see Appendix B: Preferred Source Docs for Participant Data and Appendix G: Acceptable Proof of Age), is based on the processing cycle of the plan.

A number of factors, including the type of information, the type and status of participant, and the source of the information, determine when participant data is loaded into PRISM. Similarly, these factors determine where the source documentation is imaged - to the plan file or the participant file (IPS).

The plan-based requests and processing of participant data generally occur following these four major categories of processing, and are detailed within the indicated processes.

- PRE-TERMINATION PROCESSES
- PPD requests certain basic participant and payee data when it is (reasonably) certain that the plan will be trusteed. (See Process 4.6 Initiate Request for Participant Data) The information is forwarded to the TPD when the plan is transferred.
- INITIAL TPD PROCESSES
- Following trusteeship, the TPD requests participant and payee data as part of its initial processing in order to assume payment responsibility for the plan and load non-payee information into PRISM. (See Process 9: Plan Assumption)
- AUDIT PROCESSES
- The TPD (and/or FBA ) reviews and collects participant data on its field trips to perform the source document audit and participant database audit. (See Process 12: Evaluate Plan Documents & Participant Data and Process 13: Verify Participant Database.)
- VALUATION PROCESSES Intro.ValuationProcesses
- Following completion of the actuarial valuation, complete participant records are loaded to PRISM through ADT. The ADT process in managed by the ADT Coordinator in OASD. With limited exceptions, the ADT load does not overwrite any preexisting data in PRISM. This is the final stage of plan based participant record activity.

ADT Data Load - Data Elements/ PRISM Fields completed

Appendix I

## ADT Data Load - Data Elements/ PRISM Fields completed 11/25/98

**The ADT Transaction Files are as follows**

1 Deferred as of DOPT (annuitants, lump sums & optional lump sums)

3 Retirees as of DOPT

4 Beneficiaries as of DOPT

5 Nonvested

6 Return of Employee Contributions

| | Data Element * | Valuation Database Source Transaction File | 1 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|---|
| * | Payee's SSN | CusNum | ✓ | ✓ | ✓ | ✓ | ✓ |
| * | Payee's Name | FName, LName, MName | ✓ | ✓ | ✓ | ✓ | ✓ |
| * | Monthly Benefit at EURD in normal single form and begin date (begin date is also loaded as end date) | GBEUAS, BDEUAS<br>EUD supplement(s), if present, are combined with the level benefit so as to form up to 3 pay streams | ✓ | ✓ | ✓ | | |
| * | Present Value of the Return of Employee Contributions | PVRetEEC | | | | | ✓ |
| * | Date of Termination of Employment | DOTE | ✓ | ✓ | | ✓ | ✓ |
| * | Date of Hire | DOH | ✓ | ✓ | | ✓ | ✓ |
| * | Payee's Date of Birth | DOB (SDOB for M4) | ✓ | ✓ | ✓ | ✓ | |
| | Date of Retirement | DOR | | ✓ | | | |
| * | Payee's Sex | PSex (SSex for M4) | ✓ | ✓ | ✓ | ✓ | |
| | Retirement Type | RetTyp | ✓ | ✓ | ✓ | | |
| * | PSA Waiver | PRSAC | ✓ | ✓ | | | |

| | | | | | |
|---|---|---|---|---|---|
| | Code | | | | |
| * | Spouse J&S Waiver Code | SJSWC | ✓ | ✓ | |
| | Actual Benefit Form | Anuty, SPc and Mths. | | ✓ | ✓ |
| | XRD Monthly Supplement Amount, Start Age, End Age & Benefit Form(up to two supplements) | Amounts: PT4Sp1 & PT4Sp2 | ✓ | ✓ | ✓ |
| | | Start/End Ages: 1-character code based on SAge1, EAge1, SAge2 & Eage2 | | | |
| | | Form: AnutySp1 & AnutySp2 (0=SLA, 1=Same as XRD form) | | | |
| | **This is used only by IPVFB** (2403-ASD1). This is duplicated as the 1st 10-characters of 2504-ASD3) | | | | |
| | XRD Benefit Form | Anuty, SPc and Mths | ✓ | ✓ | ✓ |
| | Free Surviving Spouse Benefit Amount, Start Age, End Age and Eligibility End Age (up to two separate benefits) | Amounts: PSIBen & PSMin | ✓ | ✓ | |
| | | Start/End/Eligibility End Ages: 1-character code based on SAgPSIBen, EAgPSIBen, EEAgPSIBen, SAgPSMin, EAgPSIMin, EEAgPMen | | | |
| | **This is used only by IPVFB** (1st 10 characters of 2405-ASD2). This is duplicated as the 2nd 10-characters of | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 2504-ASD3) | | | | | |
| J & S Popup Amount. **This is used only by IPVFB** | JSPopup | ✓ | ✓ | | |
| XRD Benefit Limit. **This is used only by IPVFB** | PopLim | | | | |
| XRD Monthly Benefit Amount, Start Date, and Form | PT4Lev, XRD, Anuty, Mths, SPc | ✓ | ✓ | ✓ | |
| Months of Service | VS for nonvesteds, CS for vesteds | ✓ | ✓ | ✓ | ✓ |
| Payee's Age Nearest Birthday at DOPT | ANB (SANB for M4) | ✓ | ✓ | ✓ | ✓ |
| Lump Sum Discriminator Amount (when compared to deminimus determines if a lump sum is to be paid, and if so the amount of that lump sum) | PVT4B (less PVRetEEC if present) | ✓ | ✓ | ✓ | |
| ERD Monthly Benefit in Normal Single Form Amount & Start Date. Not loaded for Post-DOPT Retirees | GBERD, BDERDLev | ✓ 1 | | | |
| EURD Monthly Benefit in Normal Single Form Amount & Start Date | GBEUAS, BDEUAS | ✓ 1 | | | |

| | | |
|---|---|---|
| NRD Monthly Benefit in Normal Single Form Amount & Start Date | GBEUAS, NRD | ✓ 1 |
| Normal Single Benefit Form | AnutyNSF | ✓ 1 |

**Footnote 1** **ERD, EURD and NRD information not loaded for Post-DOPT Retirees**

*** Data Element** **NOT overwritten if a value is already in PRISM**

Appendix J

Participant Forms

## Participant Forms Information

02/07/2003

**How are participant forms used?**

IOD uses participant forms to:

- Collect information to determine:
  - entitlement to benefits
  - amount of benefits
  - when to begin paying benefits
  - what type of benefit to pay (form and/or frequency of benefits)
  - who is authorized to take actions on behalf of a participant, and what actions may be taken
- Administer:
  - debt collection and review requests for hardship consideration
  - benefit processing

**How do I prepare or provide participant forms?**

- All participant forms are available through PRISM ALGS and are standard enclosures to the appropriate letter templates.
- In exceptional circumstances when ALGS is not appropriate (participants not loaded into PRISM), hard copies are available from the DMC. See TP 34.1: Order Supplies from DMC

**Where are samples of the participant forms?**

- Participant forms and other enclosures may be viewed and printed from the ALGS Letters file in IOD's electronic manual system (available ALG Enclosures)
- Some participant forms are available through PBGC's website (www.pbgc.gov) .

**Whose signature is acceptable?**

- The participant's, beneficiary's, spouse's, alternate payee's (only for his/her documents)
- The legal guardian of any of the above
- The designated representative in a Power of Attorney (POA) subject to limitations, see PBGC Operating Policy Manual 8.4-1: Power of Attorney and Guardianship

**Is any other form of signature acceptable?**

Yes, effective July 25, 2000, IOD accepts a notarized **Signature by Mark** such as a X. A **Signature by Mark** that is not notarized must meet the following criteria to be accepted:

- two witnesses, who know the person making the mark, sign and date the document at the time the mark is made
- one of the two witnesses states that he/she is a disinterested party; someone who will **not** receive a direct financial benefit from the witnessed document

For a Power of Attorney (POA) that is **not** notarized:

- the representative of the person who makes the mark cannot be a witness

- neither of the two witnesses is required to state that he/she is a disinterested party

See PBGC Operating Policy Manual 8.5-1: Signature by Mark for more information on a disinterested party.

## Click Here for More Information...

Participant Forms Summary

Appendix J

**Participant Forms**

## Participant Forms Summary

**02/07/2003**

700 701 702 703 705 706 707 709 710
713 714 715 717 718 719 720 721 722 SSA 581

| Form # | Form Title | Usage Comments |
|---|---|---|
| **700** | Participant Application for Pension Benefits | • Post-DOPT participants use this to apply for annuity benefits<br>• Gives the participant the option to elect form of benefit<br>**Includes:**<br>• Designation of Beneficiary for Annuity Benefit<br>• Spousal consent to elected benefit form and beneficiary<br>• Federal Tax Withholding Election<br>• Method of Receiving benefit payments<br>• Description of Benefit Options from PBGC – Your Benefit, Your Choice |
| **701** | Payee Information Form (PIF) | • Sent to payees as part of the data collection/verification process<br>• Designation of beneficiary included for any amounts that may be due at death. |
| **702** | General Information Form (GIF) | • Sent to plan participants and beneficiaries not yet receiving benefits (or entitlement undetermined) as part of the data collection/verification process.<br>• Designation of beneficiary included for any amounts that may be due at death. |
| **703** | Application for Elective Lump-Sum Payment | • Sent to missing participants and cash balance plan participants with lump-sum entitlements of more than $5,000.<br>• **Spousal consent is required** for an "elective" lump-sum distribution.<br>**Includes:**<br>• Lump-Sum Payment Election<br>• Spousal consent to receive a consensual lump-sum benefit<br>• Participant Election of direct payment or rollover<br>• Special Tax Notice Regarding PBGC Lump-Sum Payments<br>• EDD election does not apply. |
| **705** | Beneficiary Application for Pension Benefits | • Eligible spouses of deceased participants, alternate payees ( **shared payment – QDRO)** and all beneficiaries (such as C&C benefits or optional forms) use this form to apply for benefits.<br>**Includes:**<br>• Federal Tax Withholding Election<br>• Method of Receiving benefit payment |
| **706** | Beneficiary Application for Pension Benefits – Optional Forms | • QPSA spouses and alternate payees (**separate interest QDRO**) use this form to apply for benefits.<br>**Includes:** |

| | | |
|---|---|---|
| | | • Election of Benefit Form<br>• Designation of Beneficiary<br>• Federal Tax Withholding Election<br>• Method of Receiving benefit payments<br>• Description of Benefit Options from PBGC – Your Benefit, Your Choice |
| **707** | Designation of Beneficiary | • Used to designate a beneficiary for annuity benefits payable at death and/or benefits due at death such as back payments and de minimis benefits owed. |
| **709** | Plan Participation Information | • Sent to a woodwork participant to collect information to enable IOD to determine entitlement to benefits. |
| **710** | Application for Electronic Direct Deposit | • Payees use this form to choose EDD or change financial institutions.<br>• Sent at payee's request. |
| **713** | Return of Employee Contributions | • Participants use this form to elect the return (refund) of employee contributions.<br>**Includes:**<br>• Spousal consent.<br>• Federal Tax Withholding Information. |
| **714** | Surviving Spouse Election for Return of Participant Contributions | • Surviving spouses use this form to elect return (refund) of the participant's employee contributions or leave the contributions with PBGC for a full monthly survivor benefit.<br>**Includes:**<br>• Surviving Spouse Election.<br>• Federal Tax Withholding Information. |
| **715** | Power of Attorney | • Participant/beneficiary or alternate payee authorizes another individual to perform actions on his/her behalf.<br>• Alternative POAs meeting PBGC's requirements are accepted.<br>• See PBGC Operating Policy Manual 8.4-1: Power of Attorney and Guardianship for more information including requirements for alternative POAs. |
| **717** | Monthly Payment Election Form | • Sent to a participant receiving an annual payment to change to monthly benefits.<br>• Sent at payee's request. |
| **718** | Installment Payment Agreement | • Sent to a debtor to recover overpayments.<br>• Debtor executes forms and returns it to FOD. |
| **719** | Election to Withhold FIT from Periodic Payments | • Sent to payees who request a change to federal tax withholding. |
| **720** | Application for Lump-Sum Payment | • Sent to post-DoPT participants, beneficiaries and alternate payees who are eligible for a cash-out or a Large Back Payment.<br>• J&S Waiver Provisions do not apply.<br>• Includes participant election for payment destination.<br>• Includes Special Tax Notice Regarding PBGC Lump-Sum Payments<br>• EDD election does not apply. |

| | | |
|---|---|---|
| **721** | Estate or Non-Spouse Beneficiary Application for Taxable Single Payment | • Sent to an estate or non-spouse beneficiary who is entitled to a single payment.<br>• Includes Federal Tax Withholding election. |
| **722** | Financial Statement of Debtor | • Sent to debtors who are seeking PBGC's consideration to waive or reduce their debt. |
| **SSA 581** | Authorization to Obtain Earnings Data from SSA | • Form signed by participant authorizes SSA to provide PBGC with earnings and employment data.<br>• Sent as needed, usually when there is insufficient information to determine benefit eligibility of amount of benefits. |

Appendix K

**IOD's Record Management**

## K.1 Introduction

**08/23/2002**

### *Why Do I Need To Know About Records Management?*

Records Management rules (policies, procedures, etc.) apply to all federal employees and government contractors providing support for various processing functions and/or records storage. Records Management is performed daily throughout IOD and is conducted in accordance with the information in this Appendix, see also App K.7: Records Management Guidance.

### *What is Records Management?*

Records management is defined as:

"the planning, controlling, directing, organizing, training, promoting, and other managerial activities involved with respect to records creation, records maintenance and use, and records disposition in order to achieve adequate and proper documentation of the policies and transactions of the Federal Government and effective and economical management of agency operations."

### *Who is responsible for PBGC/IOD Records Management?*

FASD delegates responsibility to each PBGC department to manage their records in accordance with PBGC procedures and federal law.

TSD manages IOD's records management program. Each IOD division is responsible for managing the paper records within its custody, according to the established policy and procedures and federal law. OASD, as the IOD LAN Manager, provides for the management and preservation of IOD's electronic records.

### *What is a record?*

Simply stated, a record is:

- Any type of documentary material, regardless of medium (i.e. paper, electronic),
- Made or received by an agency of the US Government,
- Preserved or appropriate for preservation, as
- Evidence to document Agency activities or actions.

A more formal explanation is found at 36 CFR:

"all books, papers, maps, photographs, machine-readable materials, or other documentary materials, regardless of physical form or characteristics, made or received by an agency of the United States Government under Federal law or in connection with the transaction of public business and preserved or appropriate for preservation by that agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the Government or because of the informational value of data in them..."

Note that a record may be classified as a permanent or temporary record. See Appendix K.2: Description of IOD Records.

### *Is everything IOD collects or creates a record?*

No. Organizations collect other pieces of information or duplicates of records to aid them in their work. These are known as "non records" and the formal definition includes:

"library and museum material made or acquired and preserved solely for reference or exhibition

purposes, extra copies of documents preserved only for convenience of reference, and stocks of publications and of processed documents are not included in the definition of a record."

***Where can I learn more about Records Management?***

This Appendix provides the following information:

K.2: Description of IOD Records

K.3: Records Creation and Filing

K.4: Records Disposition

K.5: Storing and Retrieving Records

K.6: Records Security and Privacy

K.7: Records Management Guidance - references applicable guidance, including PBGC directives and websites.

## K.2 Description of IOD Records 08/23/2002

**Federal**. Records in IOD are not limited to plan and participant case files, but include the majority of documents, e-mail, word processing, spreadsheet, forms, and other materials created or received from the public and used in the processing of terminated pension plans and other daily operations. There are two major groups of federal records: administrative and program.

**Administrative records** are those that are common to all agencies and offices and relate to the internal administration and "housekeeping" activities, and include:

- travel vouchers;
- space requests;
- telephone bills;
- personnel actions; and
- audit reports.

**Program records** are those that document the unique mission and functions of PBGC, and include:

- IOD participant records;
- IOD plan files;
- premium payments;
- PRISM data;
- tracking logs;
- spreadsheets;
- actuarial service requests;
- copies of congressional correspondence;
- check action request forms (CARF); and
- trial balance reports and related e-mail.

Records are created and maintained in three media: paper, microform, and electronic. Electronic can be further described as either computer, image or telephonic.

**Contractors.** FBAs and other contractors may also maintain their company's administrative records relating to contract services for IOD. These records are **not** federal records and should **not** be co-mingled with federal records.

**Company.** IOD copies or takes possession of pension-related records from companies whose pension plans have been or may be terminated. PBGC should not become the de facto custodian of company records, so generally only duplicates should be taken.

**Value.** Records are classified as temporary or permanent for the purpose of records disposition. Most records are temporary and can be destroyed. Permanent records are those considered so valuable that they must be preserved by the National Archives. For example, the National Archives considers records relating to policies, procedures, regulations, and organization of an agency as permanent regardless of format or media.

**Non Records**. Organizations often have documents and materials that are not federal records, but these still must be managed. IOD's non-records include:

- training handouts;

- printouts of images or documents from PRISM and IPS used for reference; and
- e-mail messages created and held in the PBGC corporate wide e-mail system or printed out and which are purely personal or for information only.

| | |
|---|---|
| **Note** | Non-records are NOT an office's copy of a record where that office used the record for a transaction, but is not the office of record. |

## K.3 Records Creation and Filing

**08/23/2002**

**Creation**. The division in which a record is created or for which the division is directly responsible is designated as the Office of Record. With the exception of Plan and Participant Files (see App K.4 Records Disposition) the Official Record is also designated by the responsible division.

**Filing**

**File Types.** Files are created and maintained in paper, microform, or electronically. There are four basic types of files in IOD:

- case (plan, participant, special projects, contracts, personnel, etc.);
- general subjects files;
- chronological files (controlled correspondence, imaged source records; copies of correspondence kept for reference); and
- working files which usually relate to cases or projects.

**Duplicate records**. Offices are discouraged from filing duplicates because these duplicates must then be managed. The Office of Record is responsible for the official record. If you have a copy for information only, do not maintain this longer than you need.

**Updating Plan Files**. TPDs and STCD may audit or review the paper version of a Plan File. This may require adding documents to the file. At no time should the integrity of the paper version of terminated plan files be compromised since this information is also maintained on IPS. All new documents for non-standard pension plan terminations and standard termination woodwork cases must be provided to the DMC for imaging.

## K.4 Records Disposition

08/23/2002

Records disposition means the determination of whether an item is a record or not; whether it is permanent or temporary, and if temporary, a time frame for how long to keep a record. That decision is included in a record schedule. A record schedule includes a description of a record; a broad description of the media; and the time frame for destroying the record (if temporary) or transferring the record to the National Archives for storage (if permanent).

A disposal time frame is based on agency business needs for the information or a specific legal requirement. Only the Archivist of the United States can approve a schedule and grant disposal authority. Records cannot be destroyed without a schedule. Unauthorized destruction of records can result in criminal penalties (18 USC 2071).Records schedules are also referred to as: Disposition schedules, Schedules and Records Disposition Schedules. Records schedules for PBGC are available from FASD.

- **General Records Schedules**. For the convenience of managing administrative records throughout the government, the National Archives has created General Records Schedules (GRS) that describe common records, such as Travel Authorizations. GRS designate a minimum time for an agency to maintain these records. No approval is needed to destroy records that are covered by the GRS. FASD has provided a copy of these schedules on-line in the PBGC Intranet, see App K.7 Records Management Guidance.
- **IOD Records Schedules**. The existing records schedules for IOD do not fully reflect all of IOD operations. Some schedules are published in the *PBGC Records Disposition Handbook* , 1992. IOD's new records schedules are currently at the National Archives for review and approval. Until further notice, offices should continue to keep their records unless they are covered by a General Records Schedule or an existing IOD schedule that still meets management requirements. If there are questions regarding whether a document or item is a record, contact TSD or FASD for guidance.

**IOD's Participant Files' record schedule** (as approved from the National Archives) provides the following:

- **Participant Files (electronic).** IPS is the official repository of Participant Files. Therefore, for all operational and legal purposes, the electronic version of the Participant Files is the official record. An electronic record for a participant will be maintained online until the participant receives his/her final payment. At that time the record will be moved off-line and held for an additional 7 years and then erased.
- **Participant Files (paper).** Individual participant paper files should no longer be created or maintained. "Sealed" individual participant files may be shredded.
- **Paper "chrons"** containing participant related documents that are created daily as a result of scanning will only be maintained for a minimum of 3 months but no more than 6 months after scanning in order to allow for audit and data verification. Paper chron files are established and maintained in the DMC and other scanning locations (FBAs and plan specific processing sites, for example).
- **Shredding and recycling**. Place sensitive non-records and records eligible for disposal in shred bins. Place all other non-records and records eligible for disposal in the recycle boxes at your desks or at designated recycle locations.
- **Electronic records on the <C:> drive**. Whenever a computer is upgraded or changed for some reason, federal employees and contract employees must remove records from the C drive and place them on the LAN in their portion of the H drive. No records or non-records can be maintained on the C drive of a leased computer. OASD must ensure that any computers that are returned do not contain record materials. If records are found, then

OASD must notify the division manager where the computer was located. The division manager will arrange for the records to be reviewed and disposed of in accordance with an approved records schedule or incorporated into active records in the division.

- **Electronic records on the <H:> drive**. One week before a federal employee or contract employee leaves IOD, he/she should discuss with their supervisor the disposition of records held on his/her portion of the H drive. These records can be transferred to another employee, held for review, or disposed of in accordance with an approved records schedule. The supervisor should request OASD to transfer the electronic records in question into a folder with a new password.
- **E-mail**. E-mail of a personal nature or for information only is considered a non-record and can be erased. E-mail on topics covered by a General Records Schedule can be erased according to the individual schedules. Program related e-mail must be reviewed to determine if it is covered by a records schedule before erasure.

## K.5 Storing and Retrieving Records

08/23/2002

### Sending records to the National Archives for Storage

Currently, the National Archives' Records Centers will accept scheduled records only in paper, film, CD-ROM for publications, SGML, XML and ASCII text.

For records transfers from Headquarters staff, the steps are generally:

- Notify TSD/PSB in writing one month before files are ready for transfer;
- Provide an inventory of the contents in each box.
- Identify the appropriate records schedule.
- TSD/PSB prepares an SF 135 and contacts FASD for transfer of the records.

**Exception:** STCD separately sends standard termination, multiemployer, reportable event, and coverage case files to the National Archives.

### Notification of future destruction.

The National Archives will notify FASD of planned destruction of a scheduled record stored either at the Washington National Records Center or one of the regional Records Centers. FASD will forward destruction notices to TSD/PSB who will review the destruction with the Office of Record and approve or refuse. TSD/PSB will notify FASD of its decision. FASD will notify the National Archives.

### Retrieving records stored at the National Archives

To retrieve records from the National Archives, contact either STCD or TSD/PSB (depending on the record) with your request for retrieval from either the Washington National Records Center or a regional Records Center. Using the National Archives online records inventory system, TSD will research whether the records are still in storage and respond to the request. If records are available, TSD or STCD will submit a request to the appropriate National Archives Records Centers.

To retrieve a file plan stored onsite, contact the DMC.

See also TP 18. Prepare Files for Shipment.

## K.6 Records Security and Privacy 08/23/2002

Because of the sensitive nature and amount of the information IOD works with, it can become easy to take access for granted. The information held in IOD files is sensitive and corporate confidential, thus access must be controlled. Paper files containing participant, company or other plan related information are not to be left in the open or stored in semi-public areas such as conference rooms and hallways. Original plan file materials being held by TPDs must be maintained in locked cabinets when not being used. Tax return information is maintained in a locked vault.

PBGC has published guidance (primarily directives) about the security of records. See App K.7: Records Management Guidance for references and links.

Appendix K

**IOD's Record Management**

## K.7 Records Management Guidance

**08/23/2002**

**Records Management home page on PBGC's Intranet**
http://intranet/records_management/default.cfm

**National Archives and Records Administration (NARA) website:**
http://www.archives.gov/index.html

See also 36 CFR and 44 USC 3101, available at the NARA website.

**PBGC Directives are available from the PBGC's Intranet home page**
http://intranet/dirpoldel/default.cfm

**Records Management Directives**

IM 15-1, PBGC Records Management Program (1/8/93)
IM 05-1, Electronic Recordkeeping Management Program (3/17/92)

**Information Security**

IM 05-02, Automated Information Systems Security Program (9/29/93);
IM 05-03, Personal Computer and Local Area Network Security Policy and Standards (9/29/93);
IM-10-02, Safeguarding of Tax Returns and/or Tax Return Information Disclosed Pursuant to Section 6103 of the Internal Revenue Code (10/10/97).

Appendix L

**Field Benefit Administrators (FBAs)**

## Overview - Field Benefit Administrators

**08/23/2002**

***What is a Field Benefit Administrator (FBA)?***

A Field Benefit Administrator (FBA) is a contract office Ain the field@ that works with IOD to provide participant and benefit processing services and assistance to case processing. Currently there are eleven FBA offices. Specific information about the FBA offices, including locations and designated contact persons are included in the Customer Service Center Manual, see PBGC Field Offices - the FBAs.

***When does IOD use an FBA?***

IOD usually decides to designate a plan as an FBA plan based the number of participants. Action to initiate procurement of an FBA usually takes place in the early stages of case processing, see Process 4.7 Request FBA Procurement. Process 7.1: Initiate TPD Involvement describes the assignment of a case team on CAS, including the FBA.

***What does an FBA do?***

The FBA provides services as requested by PBGC throughout the cycle of a plan, most falling under the following categories:

- Gathering and maintaining participant data;
- Performing Participant processing;
- Processing Benefit Determination Letters (BDLs);
- Performing Plan closing; and
- Ongoing administration activities of closed plans.

***Do FBAs share the IOD Systems?***

Each FBA has a LAN (local area network) that is connected to the PBGC network through the Corporation's WAN (wide area network). The WAN is jointly administered by IRMD, FASD and IOD ( OASD). Through the WAN, the field offices have access to most systems that are available at HQ.

***How are FBA activities documented to IPS?***

The FBAs all have on site scanning capability to image any participant documents and correspondence to IPS they might receive. (Participants are directed to respond to IOD=s P.O. Box, and most participant mail is processed for all field office through the DMC. However, exceptions often occur.) Imaging to **plan files (IPS)** cannot be done at FBAs, the material must be shipped to headquarters for imaging by DMC. See also TP 34: Request DMC Services.

***What is a Contracting Officer's Technical Representative (COTR)?***

A COTR is a government employee who provides technical expertise and program advice in the supervision of the FBA=s contract with PBGC. The COTR works with the FBA in managing its resources to attain goals and objectives, such as meeting the Corporation=s goals for customer satisfaction. COTRs assist in many other ways, such as providing FBA workload planning, reviewing monthly reports, and budgeting, among others.

***What is a Contract Monitor?***

A Contract Monitor oversees a specific **plan**, unlike the COTR who is responsible for a particular FBA **office**. Each FBA plan has a contract monitor (typically the PLS on the case team) who has responsibility for overseeing and providing technical expertise and advice on the plan specific issues that may arise.

Apendix M

**IRS Disclosure Offices**

## IRS Disclosure Offices

**05/13/2005**

During IOD's case processing, staff may request tax return information from the IRS, see Process 1.2: Begin Collecting Data and Process 14.2: Perform Controlled Group Analysis.

Send all requests for tax returns (Forms 990, 1040, 1120, 1120s, 1065, W-2) to the following address:

Internal Revenue Service
EP Classification Office
31 Hopkins Plaza
Room 1520
Baltimore, MD 21201

Telephone No. (410) 962-0690

Appendix N

Our Service Pledge

## Our Service Pledge

05/02/2003

**Our customers deserve our best effort as well as our respect and courtesy.**

On the first call from you, our customer, we will say:

- what we can do immediately, and what will take longer,
- when it will be done, and
- who will handle your request.

We will call you if anything changes from what we first said, give you a status report and explain what will happen next.

We will have staff available from 8:00 a.m. - 5:00 p.m. Eastern Time to answer your calls. If you leave a message, we will return the call within one workday.

We will acknowledge your letter within one week of receipt.

Appendix O

**Acceptable Proof of Marriage**

## Acceptable Proof of Marriage

**05/13/2005**

### When do we require proof of marriage documents from our customers?

PBGC's Participant Application for Pension Benefits (Form 700) asks whether the participant is currently married and requires the marriage date and proof of marriage. The General Information Form (Form 702) asks whether the participant was married when the plan terminated and requires the marriage date and proof of marriage. The Payee Information Form (Form 701) asks whether the participant was married when they retired and requires the marriage date, but does not require proof of marriage. If a participant retired prior to the DOTR, PBGC does not generally require proof of marriage.

### Why do we require proof of marriage?

The purpose of the marital proof is that PBGC will pay the plan's automatic form for a married participant (the QJSA), as of the participant's application date, unless the participant waives the QJSA, with spousal consent [see PBGC Operating Policy Manual 5.4-7 Annuity Benefit Forms]. Additionally, PBGC provides a qualified pre-retirement survivor annuity (QPSA) to a surviving spouse of any participant with vested benefits that dies before retirement [see PBGC Operating Policy Manual 5.7-2 QPSAs in Plans Terminating on or After 08/23/84 ].

### Do we require original proof documents from our customers?

Generally, copies are acceptable; original documents are not required. However, we may request originals, certified copies, or notarized copies of any proof documents, if we suspect the document may have been altered. Originals, notarized and certified copies are returned.

### What types of marriage does PBGC recognize?

PBGC recognizes the following types of marriage:

- Ceremonial: A marriage that is performed in public, by an authorized official or clergy, in accordance with the laws of the location where the marriage occurred.
- Common Law: A permanent, exclusive union as husband and wife, entered into by mutual consent, without a formal ceremony. In some states, cohabitation is required.
- Indian Tribal or Custom: A marriage where the parties were subject to a tribal government at the time of the marriage, the parties had been following tribal customs and laws, and the marriage was in accordance with tribal customs and laws.
- Chinese Custom: A marriage that took place in China and met the Chinese procedural requirements of law and custom.
- Deemed or Putative: A marriage that would have been valid, except for a legal impediment.

The validity of a marriage is determined by the law of the place where it occurred. Details on acceptable proofs for the various types of marriage are provided below. Image all marriage proof documents to the participant's file in IPS. [See TP16.3: Maintain Participant File.]

### What document(s) are acceptable as primary proofs of a Ceremonial Marriage?

We will accept any one of the following documents as proof of the couple's ceremonial marriage:

- Marriage certificate.
- Copy of a public record of the marriage, which was certified by the custodian of the record.
- Copy of a religious record of the marriage, which was certified by the custodian of the record.
- Foreign records, based on church or civil records, issued pursuant to the foreign law.

**What alternate proofs of marriage are acceptable for a Ceremonial Marriage?**

Before accepting alternative proofs of a Ceremonial Marriage, have the participant (or spouse, if the participant has died) request proof of marriage from the custodian of the record (civic or religious).

If no primary proof document can be obtained, the following secondary documents will be accepted by PBGC, **provided they identify the parties as married**. Two documents must be provided, each from a different category listed below.

- Property deeds or titles, indicating joint ownership as tenants by the entirety.
- Bank accounts, or automobile title, held jointly.
- Immigration records, passports, foreign passports, expired or current immigration visas, Applications for Permanent Residence and Petitions for Naturalization of Certificate of Citizenship.
- A will, signed and properly witnessed.
- An accepted application for life insurance. This must be sent to PBGC by the insurance company.
- An IRS tax return, showing status as married, filing jointly, or married, filing separately. (Financial information is not needed and should be blocked out to preserve privacy.)
- An employment record, or labor union card, certified as correct by the custodian of the record.
- Records of any fraternal organization to which the participant belongs, certified as correct by the custodian of the record.
- A census transcript, identifying the relationship of the requestor to the head of household. The participant may obtain this document from the US Census Bureau by requesting an "age search", using the "Application for Search of Census Records" form BC- 600 submitted to the Census History Staff, Bureau of the Census, Washington, DC. A fee is charged by the US Census Bureau. The participant must know the correct street address and name of the head of household at the time of the census.
- Newspaper account of the wedding, including newspaper name and publication date.
- A signed statement from clergy who performed the ceremony.
- Signed statements from two witnesses or attendees, under penalty of perjury.
- Proof of an SSA determination on the existence of the marriage.
- SSA-795 ("Statement of Claimant or Other Person") describing the church, person performing the ceremony and witnesses.
- A declaration, signed by both spouses, under penalty of perjury.

**What if the marriage ceremony occurred under the laws of a foreign country?**

The preferred proof of a foreign marriage is an official document that verifies the marriage ceremony occurred under the laws of that country. IOD Policy Bulletin 96-2 Verifying Age or Marriage for Applicants from Certain Countries must be followed. If the participant or payee cannot provide an official document, the case should be referred to the OPSS marriage issues coordinator, who will coordinate with the OGC supervisor, if necessary by sending an email to the MarriageProofs mailbox.

**What if the marriage was a Common Law rather than a Ceremonial Marriage?**

State laws govern the recognition of common law marriage, including the type of proof required. PBGC Operating Policy Manual 5.7-4 Payment of Benefits to Common-Law Spouses identifies PBGC's recognition of common law marriages, in accordance with documentation requirements and decisions from the Office of General Counsel. Applicants should be encouraged to submit the

following types of documents in support of an OGC decision:

- SSA-754-F4 (Statement of Marital Relationship) from each spouse.
- SSA-753 (Statement Regarding Marriage) from blood relatives of each spouse.

The case should be referred to the OPSS marriage issues coordinator, who will coordinate with the OGC supervisor by sending an email to the MarriageProofs mailbox. (See the SSA Program Operations Policy Manual for additional information on state laws regarding the recognition of common law marriages, specifically policy GN 00305.075 State Laws on Validity of Marriages Entered into Without a Ceremony.)

**What proofs may be accepted for other types of marriage?**

Proofs for other types of marriages must be referred to the OPSS marriage issues coordinator, who will coordinate with the OGC supervisor, if necessary by sending an email to the MarriageProofs mailbox.

The following guidelines on acceptable proofs are intended to assist the processor in determining the types of supporting documentation to request.

For an Indian Tribal or Custom Marriage, if the tribe is known to provide for licensing or ceremonial requirements, request this documentation. Otherwise, request Indian tribal rolls as evidence.

For a Chinese Custom Marriage, if the spouse's application claims Ceremonial Marriage to the participant, and the participant confirms this in writing, this is normally accepted as sufficient proof. If one party is deceased or lives outside the U.S., request alternate proofs of a Ceremonial Marriage, as above, or the following, with a notarized translation:

- Three-generation papers.
- Certificate of village elder.

A Deemed or Putative Marriage is accepted if there was a marriage ceremony, the applicant participated in good faith, the couple was living together, the impediment relates to a previous marriage that has not been dissolved and there is no living legal spouse entitled to benefits. Request alternate proofs of a Ceremonial Marriage, as above.

**If the participant has been married multiple times, which marriage do we require proof of?**

PBGC's presumption is that the relevant marriage is that as of the time a participant applies for a benefit, or at the time of death in the case of a QPSA. If a prior marriage was in effect as of the DOPT, you should check for a QDRO on Form 701 or 702.

**Whom can I contact for guidance?**

For guidance on marriage proofs, contact the OPSS marriage issues coordinator by sending an email to the MarriageProofs mailbox. The coordinator may provide guidance, make a determination, or request additional evidence. The coordinator will forward claims for Common Law, Indian Tribal or Custom, Chinese Custom and Deemed or Putative marriage to the OGC supervisor for guidance, after receiving supporting documentation. OPSS may supplement current IOD procedures with the SSA Program Operations Policy Manual. [See http://policy.ssa.gov/poms.nsf/aboutpoms for the SSA Website and the SSA Program Operations Policy Manual or select the policy GN 00305 Proof of Marital Relationship.

All marriage proof guidance should be imaged to the participant's file in IPS. [See TP16.3: Maintain Participant File.]

Appendix P

**eReports**

## eReports Information

**04/16/2004**

### What is eReports?

- eReports is a series of web-based reports designed to provide authorized users with current and accurate participant-related data.
- eReports replaces PRISM reports. This means that the report database will be refreshed with new data every night, instead of once a week.

### How is eReports used?

- eReports is used to monitor and manage Benefit Determination Letter issuance, participant data, benefit payments, etc.
- Reports may be generated on demand, providing the user with access to current data to better manage benefit processing.

### What are the benefits of using eReports?

- Report data is current, originating from a database which is refreshed with PRISM data every night.
- Valuable tool for users to identify where data needs to be updated.
- All reports may be downloaded and exported to another application for further customization.
- A series of related reports are available at one user interface screen.
- Reports support IOD's management coordination efforts by summarizing overall performance and production activities.

### How do I access eReports?

- From PBGC's Intranet, type "**eReports**" (or http://ereports) in the address line.
- The user's original PBGC LAN login information is used to authorize access to the eReports application, eliminating the need for a second login.
- Security controls limit access to authorized PRISM users, which include Pension Law Specialists (PLSs), Pension Benefit Administrators (PBAs), Field Benefit Administrators, etc. The automatic list of Plans that may be reported for individual Users is based on their Team Assignments in the Case Administration System. To request access to reports on additional plans, users complete an eLAN Access Request Form.

### Click Here for More Information...

eReports Summary

eReports

## eReports Summary

04/16/2004

Benefit Change Completion Report | Customer Data Report | Forecaster Report

Letter Information Report | Lump Sum Report | Unissued BDL Report

| Report Name | Usage Comments |
|---|---|
| **Benefit Change Completion Report** | • The Benefit Change Completion Report identifies participants in Pay status "1" (active pay) who have been issued a Benefit Determination Letter (BDL) but have pending benefits administration activities. Users may sort the pending activities into the following groupings:<br>◦ Pending Pay Source Changes<br>◦ Pending Special Checks<br>◦ Pending Recoupments<br>◦ All Pending Changes Sorted by Type. |
| **Customer Data Report** | • The Customer Data Report lists key data elements for all Customers in a specifically requested Pension Plan. The data elements are reported for all the Participants in the Plan, and includes their family members.<br>• The Customer Data Report is used throughout the life of the Plan, assisting the user in managing participant data. |
| **Forecaster Report** | • The Forecaster Report provides information on participants that have or will have benefit changes within the next 30, 60, 90, and 365 days. It lists customers who are eligible for normal retirement, as well as pending benefit and deduction changes for retirees. Users may sort the pending activities into the following groupings:<br>◦ Pension Pay Source Changes<br>◦ Pension Deduction Changes<br>◦ Future Payments.<br>• The Forecaster Report is used throughout the life of the Plan, and is a valuable tool in ensuring participant payment data is accurate, and when certain actions need to be taken. |
| **Letter Information Report** | • The Letter Information Report provides users with information on whether Customers are ready to receive certain types of Benefit Determination Letters. This report also indicates if a benefit statement is on file and provides an overview of the Plan's Participant payment statuses.<br>• The Letter Information Report enables users to easily identify Customers who require locator action and manage the |

remaining Customers according to the types of Benefit Determination Letters they should receive based on: Payment Frequency, Customer Type, SSN, and Name.

**Lump Sum Report**

- The Lump Sum Report groups customers into one of five categories, comparing the Present Value of their Guaranteed Benefit to the total lump sum paid as of the report date. Staff actions in response to this report are outlined in TP 43: Change Status for Inactive Participants.
- The Lump Sum Report allows users to quickly identify customers paid an estimated Lump Sum distribution and determine the appropriate follow-up action to be taken.

**Unissued BDL Report**

- The Unissued Benefit Determination Letter report captures and lists participants or their beneficiaries that are eligible for a Benefit Determination Letter but have not yet received one.
- The Unissued Benefit Determination Report is used after the guaranteed benefits for Customers are determined.

Appendix Q

**BAPD Systems**

## Introduction

**02/18/2005**

This appendix provides a brief overview of Benefit Administration & Payment Department (BAPD) Systems. BAPD Systems handle Plan and Participant data. Plan data contains multiple participants; while, Participant data contains individual data within a plan.

If you experience any problems while using the systems below, please contact the Help Desk.

ACT - Actuarial Calculation Toolkit

Archive

Ariel

BMPRS - Budget, Management, Planning and Reporting System

CAS - Case Administration System

CCN - Customer Communication Network

CRM - Customer Relationship Management

Datahub

eALGS - Automated Letter Generation System

IPS - Image Processing System

PACS - Payment Adjustment Calculation System

Participant Locator

PRISM - Participant Record Information System Management

Appendix Q

**BAPD Systems**

## Actuarial Calculation Toolkit

**02/18/2005**

The ACT system (ACTv5) is used by actuaries to define how a plan is valued and how benefit statements for that plan should be generated. ACT also allows the actuary to define how a plan's benefit estimation calculation is to be completed, prior to final valuation.

Actuaries use ACT to take basic data from the Participant Data Audit Report, which includes the finalized participant and perform the valuation. Once the valuation is complete:

- ACT data is provided to other systems such as ADT (Automated Data Transfer) and Datahub, to load the data into the paying database – Genesis;
- Benefit statements for each customer is loaded into eALG (Automated Letter Generation) system, so that Benefit Determination letters can be sent to customers; and
- All files related to that particular plan are archived and are made available through the Archive system.

ACT includes the following tools:

- ValTool – The Valuation Spreadsheet Tool;
- DRS – The DOPT Report System;
- A Design Tool - BET (Benefit Estimation Tool and BSRS - Benefit Statement and Recalculation System); and
- A Runtime Tool – BET (Benefit Estimation and BSRS - Benefit Statement and Recalculation System).

The Ariel system is replacing ACT for valuing and administering new plans (DOTR on or after October 1, 2004) beginning October 2004. ACT will continue to be used to complete plans started in ACT before October 2004 and for related benefits administration.

Click on the link below for more information:

http://intranet/standards_manuals/manuals/ACT

Appendix Q

**BAPD Systems**

## Archive

**02/18/2005**

The Archive system stores all the historical data for a case including as applicable, electronic payment data from a plan's prior paying agent, the electronic source data used to build the participant database, the sampled participant database and the finalized participant database and the finalized plan valuations. The Archive system allows you to select a case and then view or copy any particular file associated with that case. Users can also access more than one case at a time.

The Archive system is the permanent storage location of BAPD's case-related software, including actuarial valuation spreadsheets, Benefit Statement, and Recalculation Programs.

Click on the link below for more information:

http://intranet/standards_manuals/manuals/Archive

Appendix Q

**BAPD Systems**

## Ariel

**02/18/2005**

As with ACT, Ariel is used to perform PBGC valuations and benefit calculations. It contains parameter-driven software that is able to handle virtually all plan designs and formulas. Ariel also has features to ensure system and data integrity including a full audit trail, data validation capabilities, and multiple security levels.

The Ariel system allows integration and loading of plan data to be performed multiple times or at various stages of case processing. Integration begins when the Ariel Plan Analysis Document (APAD) is sent to OASD. The TPD and OASD work closely during the integration and data loading stages of Ariel.

BAPD began using Ariel in 2004 for select cases and is planned to ultimately replace ACT.

Click on the link below for more information:

http://intranet/benefits/systems/Ariel%20Web/default.cfm

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**BAPD Systems**

## BMPRS

**02/18/2005**

The Budget, Management, Planning and Reporting System (BMPRS) enables the user to record their daily time reporting information. The system was specifically developed for BAPD to track the timeline of major trusteed plan case milestones and the number of hours expended to reach the goals.

It provides a record of the time and effort expended for BAPD tasks, including:

- Processes tracked by case;
- Other processes and categories (includes processing activities not tracked by case, support, management and administrative activities); and
- Special projects.

Click on the link below for more information:

http://intranet/standards_manuals/manuals/bmprs/default.cfm

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**BAPD Systems**

## Case Administration System (CAS)

**02/18/2005**

The Case Administration System (CAS) tracks the events and inquiries that affect the viability of a pension plan. CAS is a suite of applications for BAPD and other departments that supports:

- Workflow, case and sponsor information;
- Milestone processing;
- TPD case processing team assignment data to other BAPD mission critical systems such as PRISM, IPS, CCN, and eALGS; and
- Other functions that underlie PBGC's trusteed case processing.

CAS maintains plan, financial, statistical, and other case-specific information for single employer and multi-employer plan terminations. CAS ensures efficient and accurate case processing and provides a flexible, easy-to-use interface that can rapidly accommodate changes in business requirements.

To access the application you need a User ID and Password.

Click on the link below for more information:

http://intranet/benefits/systems/cas/default.cfm

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**BAPD Systems**

## Customer Communication (CNN)

**02/18/2005**

The Customer Communications Network (CCN) is a tracking/action system that is used to log and track incoming calls made by pension participants to PBGC. These calls are logged and forwarded to Headquarters or FBA staff as appropriate for action. Supervisors have the ability to generate aging reports to monitor progress on outstanding calls. The CCN delivers manual transactions to the Genesis database and email notifications to Microsoft/Exchange Outlook.

The Customer Communications Network (CCN) also tracks outgoing calls initiated by BAPD staff to participants and their representatives. Return and follow up calls made in response to a participant's initial call are documented as actions taken in response to the participant's initial phone call, and recorded in CCN with that initial call record.

For additional information about staff usage of Customer Communications Network (CCN) to document customer phone calls, see TP 31: Document Telephone Calls.

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**BAPD Systems**

## Customer Relationship Management (CRM)

**02/18/2005**

The Customer Relations Management (CRM) system facilitates sharing of customer information across Departments and enables PBGC to better capture and measure its ability to meet customer service expectations. Specifically, the CRM application provides:

- Integrated workflow and tracking of customer contacts across channels;
- Synchronization with PBGC's systems that currently track and manage customer data; and
- Views into IPS/FileNet, Appeals Data, and Payment History Data.

When fully deployed, CRM will replace CCN.

Click on the link below for more information:
http://intranet/groups/initiatives/crm/whatis.cfm

Appendix Q

**BAPD Systems**

## Datahub

**02/18/2005**

Datahub is a subset of the PRISM Suite of Applications. The Datahub Applications allow BAPD to enter participant and payment data for newly trusteed plans, and for loading final valuation data. Once the participant data has been acquired and converted to MS Access tables, OASD will process and load the data into the Datahub database.

Specifically, Datahub enables BAPD to:

- Load new participant payment data;
- Load Status 9A participant data;
- Load final valuation data;
- Evaluate the state of the data;
- Edit the data to meet evaluation criteria;
- Reconcile the data to existing PRISM database data; and
- Update the PRISM database with the new (authorized) data.

Click on the link below for more information:

http://testintranet/intranet/benefits/systems/datahub/dataHubAdm/index.cfm

Appendix Q

**BAPD Systems**

## Automated Letter Generation System (eALGS) 02/18/2005

The eAutomated Letter Generation (eALG) System represents a totally re-engineered Automated Letter Generation (ALG) System. In addition to allowing the user to prepare a letter to a customer or large number of customers quickly using standardized letter templates; and customize letters as needed; eALG provides the user with:

- An Intranet, browser-based application;
- Access to the PRISM database directly, thus eliminating the dependency on the Retro-PRISM database;
- New security requirements based on prioritization by the PBGC;
- Improved system stability by focusing on increasing the overall reliability and maintainability of its sub-systems with no loss in the level of service and functionality of the current system;

Continuation of the current level of integration with the following PBGC operations:

- PBGC off-site fulfillment
- Customer Communications Network (CCN)
- Image Processing System (IPS)
- PRISM Reports
- Case Administration System (CAS)
- OASD (Import Benefit data, Val Patch and ADL)

To access the application you need a User ID and Password.

Click on the link below for more information:
http://intranet/benefits/systems/pamt/eALG

Appendix Q

**BAPD Systems**

## Image Processing System (IPS)

**02/18/2005**

The Image Processing System (IPS) is an on-line repository for those BAPD plan and participant documents necessary for benefit determination and administration. The documents are available on-line for review as an electronic file.

IPS is primarily used to manage PBGC plan and participant documents. The IPS translates paper documents into digital images that are then saved and stored on optical disks. These digital images are retrieved at end user workstations using the index information assigned during the scanning process (SSN and/or Plan Number). Plan number and doc type are the key indexes. Participant data includes plan number, doc type, and SSN for each participant. System users can perform a participant name search to retrieve the plan name. IPS delivers confirmations of submitted letters to the eALG.

Click on the link below for more information:

http://testintranet/IOD/iodmanuals/frame.htm

Appendix Q

**BAPD Systems**

## Payment Adjustment Calculation System (PACS) 02/18/2005

The Payment Adjustment Calculation System (PACS) is a web-based application used to determine whether a recoupment or a refund is applicable to a participant. It calculates:

- The amount of interest PBGC owes on backpayments and lump sums;
- The amount we will recoup or recover from anyone we have overpaid; and
- The amount of benefit that we pay in PBGC's optional Benefit Forms.

PACS is also used to process case level and participant level data and calculate benefit adjustments arising from underpayments and/or overpayments resulting in any of the following:

- Back payments or recoupment;
- Interest for lump sum payments; and
- Optional forms of benefit.

The Ariel System will also be used to calculate optional forms on new plans.

Anyone who has access to CAS and/or PRISM may access all the functions in PACS.

Click on the link below for more information:
http://pacs/Help/pacs/h_getting_started.htm

Appendix Q

**BAPD Systems**

## Participant Locator

**02/18/2005**

The Participant Locator is a BAPD desktop application used to locate BAPD customer addresses. The application permits staff to send queries to a commercial database for an individual's addresses. The participant's name, SSN and PBGC case number are required to enter a query. Participant Locator stores PBGC search results in a database, and first checks the existing database for the participant information before sending the search off to the external agent.

For additional information about staff usage of the Participant Locator application, see TP 33: Locate Customer Address.

Appendix Q

**BAPD Systems**

## PRISM Application Suite

**02/18/2005**

The PRISM Application Suite is PBGC's automated system for Customer Information and benefit payment. It is an integrated information system developed to support PBGC's Benefit Administration & Payment Department (BAPD) in administering pension plan customers. There are approximately 20 applications, including Datahub, described above, that make-up the PRISM suite. These applications are divided into the following 3 categories:

- Manual data entry & automated bulk transactions
- Administrator access
- Reporting applications currently not part of PRISM reports.

The PRISM Application Suite also provides an automated interface to State Street Corporation (SSC) — the PBGC paying agent — by sending payment request information to SSC and retrieving actual payment information from SSC. These data are stored in the PRISM Genesis Database. The PRISM Genesis database is the repository for customer-related information including:

- Benefit calculation and valuation
- General customer information (name, address, SSN, etc.)
- Benefit administration (information obtained via standard PBGC forms)
- Customer payment information.

The PRISM Redesign team has been tasked to re-engineer the core PRISM Application Suite applications (Customer, Forms, Benefits, VAL/IDL and Authorizer).

The new application, named **Spectrum**, will enable Trusteeship Processing Divisions (TPDs) and Field Benefit Administrators (FBAs) to enter, update, and view data in one application, streamlining the data entry process and expediting benefit payments. The re-engineering effort will produce a web-based BAPD benefits administration application utilizing multi-tier architecture.

Click on the link below for more information:

http://intranet/benefits/Systems/prismredesign/default.cfm

Appendix R

## Federal Tax Withholding

05/13/2005


I. Introduction to Federal Tax Withholding
II. Annuity or Periodic Payment Tax Withholding and Reporting
III. Lump-Sum or Non-Periodic Payment Tax Withholding and Reporting
IV. Other Tax Withholding Considerations
V. Mandatory Withholding Requirements - Invalid TIN
VI. Non-Resident Alien Tax Withholding Requirements
VII. Processing a Change to a Federal Tax Withholding Election
VIII. Returned Form 1099
IX. Requests for Replacement or Revised Form 1099
X. Additional Resources

# I. Introduction to Federal Tax Withholding

### What is the purpose of Tax Withholding?

PBGC is required to withhold Federal Income tax from pension benefit payments, for both annuity and lump-sum payments. Tax withholding is done in anticipation that a taxpayer will have a tax liability. Federal taxes, but not state or local, are withheld from pension payments. The taxpayer may have a tax liability for which he or she is responsible. The liability may be more than, less than, or equal to the tax withheld.

### What does PBGC require from the Payee?

To fulfill its tax withholding and reporting responsibilities, PBGC requires a Taxpayer Identification Number (TIN). A valid TIN is a Social Security Number (SSN) issued by the Social Security Administration (SSA), or an Individual Taxpayer Identification Number (ITIN) issued by the Internal Revenue Service (IRS). It is illegal to use a TIN that belongs to another person, including a deceased spouse.

**a. When a TIN is Available**

| Recipient | Use the |
|---|---|
| Participant | Participant's SSN/ITIN |
| Spouse | Spouse's SSN/ITIN |
| Non-spousal Beneficiary | Beneficiary's SSN/ITIN |
| Estate | Deceased payee's SSN or Estate's ITIN |

**b. When a TIN is Not Available**

If a TIN is not available for use, mandatory tax withholding rules apply (refer to section V. Mandatory Withholding Requirements - Invalid TIN).

**NOTE**: PBGC cannot refuse to make payments if the payee does not provide a valid TIN. Always encourage the taxpayer to get a valid TIN. A PBGC-generated ID number (i.e., Dummy SSN) is **not** a valid TIN and should only be used as a last resort. If a PBGC-generated ID number is used, mandatory tax withholding rules will be applied to the payee's benefit.

**c. Applying for a TIN**

For information on applying for a Social Security Number, refer payees to the SSA at http://www.SSA.gov, or 1-800-772-1311. Applicants residing in the U.S. will complete Form SS5. If the applicant lives outside the U.S., they must use Form SS5FS.

Payees who do not qualify for a SSN can apply for an Individual Taxpayer Identification Number which is issued by the IRS. Refer payees to http://www.IRS.gov or 1-800-929-1040 for additional information. Applicants will be required to complete Form W-7, Application for IRS Individual Taxpayer Identification Number, and attach a copy of their federal income tax return, showing they are receiving pension benefits from PBGC or proof they are due pension benefits from PBGC, and original proof of identity documents.

## II. Annuity or Periodic Payment Tax Withholding and Reporting

Annuities are subject to Federal Income tax withholding and reporting and are treated as wages for withholding purposes. Note that employee contributions are usually made on an after-tax basis and therefore are NOT considered for withholding purposes. PBGC must withhold Federal income tax on annuities unless the taxpayer elects otherwise. There are multiple withholding options available to the taxpayer for having tax withheld.

### i. Tax Withholding Methods for Annuities for Taxpayers Residing in the U.S.

The following tax withholding methods are available to taxpayers residing in the U.S.:

**a. No Withholding**

With this option, the taxpayer:

- elects not to have tax withheld
- must provide a home address in the U.S., and
- must have the payment delivered to a U.S. address.

**b. Withholding Allowance Method**

The taxpayer elects to have their tax calculated using IRS Tax Tables, based on designated marital status and number of allowances.

- Nothing is withheld if the annuity is less than the minimum amount in the Tax Tables.
- This method is preferred by the IRS.

**c. Fixed Dollar Amount**

The taxpayer elects how much tax to withhold.

**d. Withholding Allowance Plus Fixed-Dollar Amount**

The taxpayer elects to have their tax calculated using IRS Tax Tables, based on a designated marital status and number of allowances, **and** requests an additional amount be withheld.

**e. Election Unknown/No Election Received**

If no election is received from the taxpayer, PBGC must still pay the annuity. An automatic or default withholding is applied, based on a marital status of 'married' with three (3) exemptions.

**NOTE:**

- Special tax withholding rules apply to payees who live outside the U.S. (refer to section VI. Non-Resident Alien Tax Withholding Requirements).
- During the plan assumption process, participant withholding elections are captured from existing payment records (see Process 9: Plan Assumption).

### ii. IRS Reporting Requirements for Annuities

**FORM 1099-R**

PBGC reports pension payments to the Internal Revenue Service (IRS) on Form 1099-R. The taxpayer also receives a copy of this form for use in filing their income tax return.

- In the year PBGC assumes payment, the payee will receive 1099s from prior paying agent(s) and PBGC's paying agent (SSC). PBGC's 1099s only includes payments made by PBGC's paying agent. The prior plan administrator and interim paying agent are responsible for issuing 1099s for the payments they made.
- For tax purposes, PBGC's payments are considered "constructively paid" as of the issue date, usually the first of the month.
- PBGC may not always know the taxable amount of an annuity payment therefore, as allowed under IRS rules, 1099s issued by PBGC show the "taxable amount as not determined."

**Category of Distribution Codes for Annuity Payments**

Category of distribution codes indicate to the IRS and the taxpayer how the annuity should be treated for taxation purposes and what if any, special tax treatments may apply. PBGC/SSC currently uses Codes 2 and 7 for annuity payments based on the taxpayer's age (please ensure that appropriate records have the correct date of birth). Other codes used include Code 3, disability, and 4, Death Benefit.

**Code 2** – Early distribution (Taxpayer is Under Age 59 ½), exception applies.

- The annuity is an exception to the 10% Early Distribution Tax because, while the participant is under age 59 ½, as of December 31, the payment is a periodic payment or the taxpayer is an Alternate Payee under a QDRO. (For additional information on the 10% Early Distribution Tax, refer to section IV. Other Tax Withholding Considerations.)

**Code 3** – Disability

- The participant is receiving a disability pension payment from the plan.
- PBGC must:
  - Determine whether the participant meets the requirements of PBGC's Disability Policy to receive disability payments (see PBGC Operating Policy Manual 5.9-1 ).
  - Notify SSC that PBGC has determined that the participant is receiving a disability pension and that Code 3 applies.

**Code 4** – Death Benefit

- The payment is being made to a surviving spouse or other beneficiary and special tax treatment may apply.

**Code 7** – Normal Distribution (Taxpayer is Aged 59 ½ or older)

- The annuity is not subject to the 10% Early Distribution Tax because the participant is age 59 ½ or older as of December 31.
- PBGC must determine if the participant is/will be age 59 ½ or older as of December 31 of each year.
- Used by default usually at plan assumption and/or when date of birth (DOB) is unknown/blank. Send DOB to SSC to correct.

## III. Lump-Sum or Non-Periodic Payment Tax Withholding and Reporting

PBGC refers to all non-periodic payments as "lump-sum" payments. These payments include:

- Present value distributions
- Refunds of mandatory employee contributions
- Large benefit rollovers (LBRs)
- Payments to estates
- Other payments that cannot be paid as special pension payments.

PBGC lump-sums may or may not be a total distribution as defined by the IRS (i.e., the distribution or payment in one tax year of a plan participant's entire balance from all of the employer's qualified plans of one kind).

For Lump-Sum Payments, all or part of a lump-sum payment may be taxable income. The taxable portion of the lump-sum payment is subject to Federal income tax withholding and reporting. The nontaxable portion is not subject to tax withholding, but must be reported to the IRS.

The amount of tax withheld from a lump-sum payment depends on a number of variables, including:

- Taxable portion of the lump-sum
- Method of payment
- Withholding method elected
- Whether the lump-sum is rollover-eligible.

**Rollover Eligible** – Lump-sum payments to the plan participant, surviving spouse, and alternate payee under a QDRO who is a spouse or former spouse generally are rollover eligible.

- Only the taxable portion of a lump-sum payment may be rolled over, however,
- The non-taxable portion of a refund of EEC may also be rolled over if accounted for separately.

**Not Rollover Eligible** – Non-taxable lump-sum payments and lump-sum payments to non-spousal beneficiaries and estates are not rollover eligible. Generally, PBGC must withhold taxes from lump-sum payments; the taxpayer can only elect "No Withholding" if the payment is NOT rollover eligible.

For more information on lump-sum payments:

- i. Tax Withholding Methods for Lump-Sum Payments
- ii. Summary of Lump-Sum Payment Tax Withholding Options
- iii. IRS Reporting Requirements for Lump-Sum Payments

# IV. Other Tax Withholding Considerations

### 10% Tax on Early Distributions

This tax applies to plan participants under age 59 ½ at the time a lump-sum payment is made unless:

- Participant was age ≥ 55 at **actual** DOTE.
- Payment is a disability benefit.
- Payment is due to the death of the plan participant and is made to the surviving spouse, non-spousal beneficiaries or estates.
- Payment is made to an alternate payee under a QDRO.
- IRS levy applies to the payment.

Additional exceptions may apply.

Generally the 10% Tax on Early Distributions does not apply to PBGC annuity payments.

### Alternate Payees Under a Qualified Domestic Relations Order (QDRO)

Alternate payees who are spouses or former spouses under a QDRO generally are subject to the same tax treatment and have the same withholding options as the participant for either an annuity or a lump-sum payment.

### Special Tax Treatments

Special Tax Treatments such as capital gains treatment and/or 10 year averaging, may be available for non-periodic or lump-sum payments when:

- The participant was born before 1936.
- The lump-sum is a total distribution. (As defined by the IRS, a total distribution is the distribution of a participant's "account balance" within one tax year. When distributed, no further payments are due the participant and/or surviving spouse or beneficiaries.)
- The taxpayer will not receive any additional benefits such as monthly or survivor benefits.
- Payment is made directly to the taxpayer.

**NOTE:** Alternate payees under a QDRO, surviving spouses, beneficiaries and estates may use these special tax treatments if the above rules are met. Any subsequent payment, such as a residual lump-sum paid outside the tax year in which the estimated benefit was paid, is not eligible for the special tax treatments.

### Large Benefit Back Payments

Large benefit back payments are annuity back payments or underpayments owed the taxpayer. Large benefit back payments may be paid as "special payments" or as large benefit rollovers (LBRs).

- Special payments are paid similarly to annuity payments. However, the Taxpayer can elect a tax withholding method for the special payment that is different from the method selected for the annuity. The tax withholding is based on the number of months for which the special payment consists, instead of a single monthly payment. However, if the number of months is

not given, the payment is treated as a single monthly payment.

- LBRs are large benefit back payments in which the back payment is more than three times the amount of the participant's current or future monthly benefit and is more than $5,000 including interest. LBRs are paid as lump-sums and are subject to the rollover rules that apply to other lump-sums.
- Large benefit back payments may not be subject to some of the special tax treatments, such as 10-year averaging or capital gains treatments, which apply to other types of lump-sum payments.

## V. Mandatory Withholding Requirements – Invalid TIN

If a payee does not have a valid TIN, mandatory withholding applies regardless of the payee's tax withholding election. In addition, tax treaty benefits cannot be applied.

### Annuity or Periodic Payments

- **Residence within the U.S.** – PBGC applies an automatic or default withholding using a **marital status of 'single' with zero (0) exemptions**, regardless of actual marital status or number of exemptions.
- **Residence Outside the U.S.** – 30% Non-Resident Alien withholding is automatically applied (notify SSC).

### Lump-Sum or Non-Periodic Payments

- **Direct Rollover** (regardless of U.S. residency) to another U.S. qualified pension plan or traditional IRA – No tax withholding is applied.
- **Direct Payment: Residence within the U.S.**

  Rollover eligible – 20% withholding is automatically applied

  Not rollover eligible – 10% withholding is automatically applied
- **Direct Payment: Residence outside the U.S.** - 30% Non-Resident Alien withholding is automatically applied (notify SSC).

(Refer to Section VI. Non-Resident Alien Tax Withholding Requirements if the payee lives outside the U.S.)

**NOTE:** If a PBGC-generated ID number (i.e. Dummy SSN) is being used, these mandatory withholding rules must be applied.

## VI. Non-Resident Alien Tax Withholding Requirements

Non-resident alien tax withholding applies to all payees who live outside the U.S. regardless of whether they are a U.S. citizen or of their resident alien status.

"No withholding" elections from payees who live outside the U.S. generally cannot be honored; most other withholding elections are generally acceptable.

If "No withholding" is elected by a non-resident alien, PBGC applies a 30% withholding rate.

### i. Annuities

If a payee who lives outside the U.S. elects "No withholding", SSC will automatically apply 30% withholding.

If a payee who has elected "No withholding" moves outside the U.S., SSC will automatically apply 30% withholding unless an election to withhold is entered.

Payees living outside the U.S. may elect one of the following options:

- Withholding Allowance Method
- Fixed Dollar Amount
- Tax Treaty Withholding, if applicable.

### ii. Lump-Sum Payments

#### a. Rollover Eligible

- Eligible rollovers to another qualified retirement plan or traditional IRA are not taxed.
- 30% mandatory withholding applies to direct payments.
- Tax treaty rates can be used if applicable.

#### b. Not Rollover Eligible

- SSC, or paying agent, withholds 30% of the lump-sum payment for federal income tax if "No Withholding" is selected.
- To avoid the default 30% withholding the taxpayer must elect:
    - 10% withholding, or
    - Tax Treaty withholding, if applicable.

### iii. Tax Treaty Elections

Payees may elect withholding under a tax treaty for either annuity or lump-sum payments by submitting a completed IRS Form W-8BEN to SSC.

- The payment will be taxed under the rate provided by the tax treaty.
- Tax may not be withheld based on the tax treaty for a given country; many countries do not tax pension payments.

**NOTE:** The payee must have a valid TIN to qualify for tax treaty benefits. A PBGC-generated ID number (i.e. Dummy SSN) cannot be used to qualify for tax treaty benefits.

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## VIII. Returned Form 1099

If mail is returned, the following steps occur (refer to TP 04.1 Action Steps: Make Address Changes for additional information).

1 The Postal Service will forward a 1099 if a current forwarding order is on file at the Postal Service.

2 The Postal Service will return a 1099 to SSC if the forwarding order has expired.

- If the Postal Service provides a forwarding address, SSC will change the address in PRISM and remail the 1099.
- If the Postal Service does not provide a forwarding address, SSC will review PRISM Browser for a new address. If there is a new address, the 1099 is sent to that address.
- If the address has not changed, the 1099 will be sent to the Customer Contact Center (CCC). The CCC will hold the 1099 pending a request from the payee for the 1099. The CCC will use locator services if necessary to locate the payee.

## IX. Requests for Replacement or Revised Form 1099

### i. Requests for a Replacement or Duplicate Form 1099

1 If a participant contacts the Customer Contact Center and reports non-receipt or requests a duplicate 1099, the CCC will confirm the mailing address; enter the correct address in PRISM if necessary (refer to TP 04: Process Address Changes); and mail the 1099 in the pending file or replacement 1099.

2 If the participant contacts the TPD or FBA to request a duplicate 1099, confirm the address and make any necessary change in PRISM (refer to TP 04: Process Address Changes) if necessary, and send an e-mail request for the duplicate to **1099** "that is the email address".

### ii. Requests for Revised Form 1099

1 If the participant requests a revised Form 1099, refer the request to the appropriate PLS or FBA for a decision, who will determine if the request is warranted, e.g. Disability, Death.

2 If appropriate, the request will be forwarded to the SSC for processing.

## X. Additional Resources

The Forms and Publications section of the IRS website, http://www.irs.gov/formspubs/index.html, can also be consulted for additional information on this topic. The following documents are particularly useful:

- IRS General Instructions for Forms 1099-R and 5498
- IRS Publication 15 (Circular E), Employer's Tax Guide (Including Wage Withholding and Advance Earned Income Credit Payment Tables)
- IRS Publication 54 Tax Guide for U.S. Citizens and Resident Aliens Abroad
- IRS Publication 515 Withholding of Tax on Nonresident Aliens and Foreign Entities
- IRS Publication 519 U.S. Tax Guide for Aliens
- IRS Publication 575 Pension and Annuity Income

**V. Premium Compliance Evaluation Program**
**Revised: July 27, 2015**
**Owner: Audit Coordination/Follow-up and Compliance Evaluation Division**
**Corporate Controls and Reviews Department**

## 1. Purpose:

To document the audit procedures followed by the Corporate Controls and Reviews Department (CCRD) in the Premium Compliance Evaluation Program.

## 2. Background:

Under Title IV of the Employee Retirement Income Security Act of 1974 (ERISA), as amended, the Pension Benefit Guaranty Corporation (PBGC) conducts a Plan Termination Insurance program that is designed to protect the retirement benefits of about 44 million workers and retirees without the use of tax dollars from the general fund of the U.S. Treasury. PBGC's revenue is derived from insurance premiums paid by more than 30,000 insured pension plans, investment income, and recoveries from employers responsible for terminated underfunded defined benefit plans. Single-employer pension plans pay a basic flat-rate premium applied on a per participant basis. Underfunded single-employer pension plans pay an additional variable rate premium based on the amount of underfunding. The premium for the multiemployer program also has a basic flat-rate premium applied on a per participant basis. The PBGC premium program relies on data reported by plan administrators.

PBGC established its Premium Compliance Evaluation (PCE) program to determine whether premium amounts were accurately calculated, paid timely and reported in compliance with sections 4006 and 4007 of ERISA, as amended, and the PBGC's premium regulations (29 Code of Federal Regulations (CFR) Parts 4006 and 4007), including testing the validity of the participant count, the flat-rate premium, and the variable rate premium reported on the PBGC Premium Forms and related schedules. PBGC's authority to conduct premium compliance evaluations can be found in sections 4003 and 4007 of ERISA.

All defined benefit pension plans under the Plan Termination Insurance program are eligible for evaluation. CCRD follows a risk-based approach in determining enforcement efforts and uses electronic data comparisons of premium filings and other data to identify anomalies and potential noncompliance with premium regulations requiring further review. The amount of premiums paid, prior compliance issues, and other factors are also considered. Generally, plans are selected from this list for further evaluation. A particular evaluation will generally focus on a single plan year but can be expanded if problems are noted.

In conducting evaluations, CCRD must also ensure that information reported on the required PBGC Premium Forms is accurate and consistent with supporting documentation. Furthermore, CCRD must determine whether the plan timely filed required PBGC Premium Forms in accordance with PBGC regulations.

PBGC also offers compliance assistance to promote greater awareness of PBGC premium rules and to assist plan professionals who contact PBGC for guidance. By helping to ensure that all covered plans pay their required share of the insurance program costs, the PCE program helps to protect the pension insurance program for the benefit of all premium payers.

3. **Authority:**

   a. 29 United States Code (U.S.C.) §1301, *et seq.*, Title IV of the Employee Retirement Income Security Act of 1974 (ERISA), Public Law 93-406, as amended.

   b. 29 Code of Federal Regulations (CFR) Part 4003, *Rules for Administrative Review of Agency Decisions.*

   c. 29 CFR Part 4006, *Premium Rates.*

   d. 29 CFR Part 4007, *Payment of Premiums.*

4. **Applicable Documents and Forms**

   A. Plan Selection Dashboard

   B. Letter of Inquiry

   C. Initial Information Request

   D. Actuarial Valuation Report

   E. Sampling Methodology Plan

   F. Review Plan

   G. Premium Payment Instructions

   H. CPA Monthly Status Report

   I. CPA Final Report

   J. Initial Determination Letter

   K. Final Letter

5. **Roles and Responsibilities:**

   A. **Director, CCRD:** The Director of CCRD is responsible for conduct of a premium compliance evaluation program to ensure that insured plans are calculating and paying premiums in compliance with Title IV of ERISA and its implementing regulations, and supporting corrective action when instances of non-compliance are established. If a Plan Administrator seeks reconsideration of an Initial Determination Letter, the Director of CCRD signs the Final Letter.

   B. **Deputy Director, CCRD:** The Deputy Director, CCRD, is responsible for ensuring the effective execution responsibilities of the Director, CCRD, in the absence of the Director, and for oversight of the Division Manager.

**Manager, Audit Coordination/Follow-up and Compliance Evaluation Division:** The responsibilities of the Director, CCRD, for conduct of a premium compliance evaluation program have been assigned to the Manager, Audit Coordination/Follow-up and Compliance Evaluation Division (Division Manager). Working through the Director and Deputy Director, CCRD, the primary responsibilities of the Division Manager are (1) to ensure all premium compliance evaluation responsibilities of the

Director, CCRD, are performed in a competent and timely manner, and (2) to oversee and approve the work of the premium compliance evaluation team. Specific responsibilities of the Division Manager include the following:

- Assisting CCRD management with the selection of contractor support.
- Approving the selection of plans to perform the evaluation.
- Reviewing and approval the Initial Determination Letter.

C. **Team Leader:** The Team Leader supports the Division Manager in directing premium compliance evaluation activities and provides leadership to the actuaries and contractors executing the evaluations. The Team Leader responsibilities include overseeing the planning of the pension plan premium audit program, reviewing the Actuary's test work, and reviewing the recommendations or findings discovered during the review.

D. **Actuary:** The Actuary performs the evaluation of the Plan. The Actuary's duties include the following:

- Planning and preparing the yearly PBGC pension plan premium audit program.
- Working with contract support to prepare the Plan Selection Dashboard.
- Making recommendations for future audits and premium program improvements.
- Developing actuarial techniques, formulas and methods to verify premium calculations.
- Reviewing pension plan premium audits performed by contractor support.
- Monitoring contractor support including reviewing the review plan, reviewing monthly status reports, and reviewing workpapers, work programs, and reports.

E. **Financial Operations Department (FOD):** The FOD is responsible for the accounting of PBGC funds. FOD maintains the premium receivable records and premium filings. Also, FOD ensures that the premiums that are deemed owed and due are collected.

F. **Plan Administrator (PA):** The PA is a representative of the Plan (generally hired by the trustee) and is responsible for electronically signing the online premium filing and certifying that the filing has the correct participant count and premium amounts.

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## 6. Premium Compliance Review Procedures

There are three types of reviews CCRD may conduct: letters of inquiry, limited reviews, and on-site evaluations. PBGC usually sends a letter of inquiry when a clarification is needed regarding an aspect of a premium filing. If more complicated issues are involved, CCRD will conduct a limited review. This level of review typically requires the submission of the plan document and certain records by the plan for more detailed analysis and discussion with plan representatives. CCRD may also conduct on-site examinations, which are broader in scope and include direct verification of evidence supporting the calculation of the premium paid. CCRD generally uses contract support to conduct the on-site examinations.

### A. Risk Assessment and Planning

#### *1. Risk Assessment*

- The Actuary will use the Plan Selection Dashboard (generally prepared with contract support) to identify anomalies in premium activity or identify plans that appear to be at risk (Click here for a sample of the Plan Selection Dashboard). A current to prior year comparison of the dashboards will be performed and documented to gain further insight into risk and identify program improvements. Dashboard results should be filtered based on participant count (e.g., 10,000+) and potential for underreported premiums (e.g., $100,000+).
- Examples of risk that are considered in the identification of potential at risk plans are as follows:
  - Skipped Premium Filing for Plan years.
  - Change in Plan Participant count that is greater than 25%.
  - New plans on the largest variable rate premium (VRP) and Flat rate premium (FRP) list.
  - Plans that filed Form 5500 but no Premium Filing for the same Employer Identification Number (EIN)/Plan Number (PN)/Plan Year Commenced (PYC).
  - FRP or VRP calculated incorrectly.
  - Market value of Assets or premium funding target on the Premium Filing does not match Form 5500 or Schedule SB (actuarial information).
  - Single or multi designation on Premium Filing does not match prior year Form 5500 designation.

- The Actuary will use the results of the dashboard to select plans to review and select the appropriate type of review for each. The plans selected for evaluation will be formally documented in a plan selection memorandum to the Division Manager.
- The Actuary will meet with the Division Manager and Team Leader to discuss the selections made in the plan selection memorandum and determine which plans will be sent to contract support and which plans will be reviewed by CCRD staff.
- If contract support is necessary, the Actuary will follow the specific contract requirements and provide timely documentation to the Procurement Department sufficient to obtain contract support, as needed.

2. *Planning*

- The Actuary prepares a Letter of Inquiry that will be sent to the PA. The Letter of Inquiry will explain the objectives of the evaluation. (Click here for a sample Letter of Inquiry).
- The Actuary will prepare the Initial Information Request to obtain the following information (Click here for a sample Initial Information Request):

  - Background information such as a brief history of the plan, organizational chart, a listing of all defined benefit plans, listing of all employee's information, internal auditors' and independent accountants' reports, etc.).
  - Documents including a copy of the original plan document and all subsequent amendments, a certification of assets by the trustee, etc.
  - A narrative of how the plan participant count was derived and how the number was calculated for applicable classifications.
  - A narrative that describes the sponsor's payroll processing system.
  - Actuarial valuation and assumptions which includes copies of previous actuarial valuation reports from previous years and a description of the availability of actuarial calculation worksheets and supporting records. (Click here for a sample Actuarial Valuation Report)
  - Department of Labor/IRS forms including copies of the IRS Form 6559, transmitter report of magnetic media filing, and the IRS Form 5500 (with all required attachments such as Schedule H, Schedule SB, and audited financial statements).

- Various electronic data records (e.g., participant, payroll, Schedule SSA).

- The Team Leader will review the Letter of Inquiry and the Initial Information Request to ensure that all required information is included. As evidence of review, the Team Leader will send the documents to the PA. The PA will have 60 days to provide the requested information.
- The PA will provide the information requested by CCRD. In some cases, the PA may request additional time to provide the requested information.
- If Contract Support is utilized, Contract Support will host an entrance conference with the PA, CCRD members, and other stakeholders to ensure that all parties are familiar with the scope of the agreed-upon procedures. Also, the staff members will introduce themselves and establish a point of contact for obtaining any additional data for the review. Furthermore, Contract Support will gain an understanding of the Plan's background (listed above). The PA will be given an opportunity to ask questions, if necessary.
- Contract Support will prepare a detailed review plan that will list the steps to perform the evaluation. The review plan will be submitted to the Actuary for review and approval.
- The Actuary will review the plan to ensure that the steps are within PBGC objectives. The Actuary will ask questions or request additional details, if necessary.
- For all premium compliance evaluations, the Actuary will create a service request (SR) in the Premium Practitioner System (PPS) upon initiation of each evaluation. The CCRD manager will reconcile the PPS SR to the PCE list at least on a semi-annual basis.

B. **Fixed-rate Premium (FRP) Review Procedures (Fieldwork)**

PBGC's Premium Payment Instructions may be found on PBGC's public website at www.pbgc.gov/prac/prem/premium-payment-instructions-and-addresses.html. There are multiple versions of the instructions. Select the version that is applicable to the plan you are reviewing. The instructions include a section on "How to Count Participants". Read the instructions (a) to determine who should be included in and excluded from the participant count and also (b) to determine the Participant Count Date. Generally, the Participant Count Date is the last day of the plan year preceding the Premium Payment Year. However, this is not the case for a new plan, a newly-covered plan, and certain mergers and spinoffs. Generally, the participant count includes actives, terminated vested, retirees, and survivors. The plan document describes when an employee is eligible for participation in the Plan (Click here for sample Premium Payment Instructions).

3. *Fixed-rate Premium Testing*

- The Actuary or contract support will perform the following steps during the evaluation:
  - For plans using payroll hours to determine eligibility for participation, test payroll hours and the participation determination.
  - Test selected individuals with breaks in service and carefully analyze periods of service.
  - Test selected individuals who were cashed out.
  - Identify if there are participants that were not cashed out and for which the plan has benefit liabilities (e.g. the participants were not paid out and irrevocable annuities were not purchased). Verify that they are included in the participant count.
  - Test selected individuals who were terminated to determine if the individuals were properly included in or excluded from the participant count.
  - When applicable, obtain a copy and read the irrevocable commitment documentation.
  - Test whether selected individuals receiving periodic payments or listed on Form 1099-R were appropriately classified as participants and included in the participant count.
  - Test whether separated participants included on the Form 5500 Schedule SSA (Social Security Administration) were appropriately classified as participants and included in the participant count.
  - If the plan merged or consolidated at the beginning of the premium payment year or anytime during the preceding year:

a. Based on PBGC account history records, assess whether the number of participants transferred into the plan reasonably approximates the number leaving the transferor plan.

b. To determine the impact on the participant count, compare the merged plan document to each plan document in effect immediately prior to the merger.
   - If it is determined that leased or contract employees represent more than 20% of the non-highly compensated workforce, develop suggested audit tests in coordination with CCRD.
   - Test any other relevant participant count related plan provisions (e.g. transfers from an hourly plan to a salaried plan where the plan states that the transferred participants maintain a benefit liability in the hourly plan.)

- If there is evidence of double counting of participants or any other errors in the participant count in the plan's favor, this should be brought to the Plan's attention for their review and follow-up. This may be included in the report as a finding. Note: sometimes an individual may be eligible for two benefits from the same plan (e.g. their own benefit and their spouse's death benefit).
- Document and evaluate the results of the Participant Count Testing. Generally, the Plan is given an opportunity to provide explanations for the unmatched people (e.g., people who received a W2 or a 1099R who were not included in the participant count). The number of unmatched people is narrowed down and sampling may be performed. In consultation with CCRD, determine whether a) additional testing should be performed, b) any identified errors should be projected to the universe from which a sample was selected, or c) only the identified errors should be reported.

C. **Variable Rate Premium (VRP) Review Procedures (Fieldwork)**

If the Plan is not eligible to claim an exemption from the VRP, then the premium is calculated based on the Plan's unfunded vested benefits (UVBs). The unfunded vested benefit calculation is also explained in the PBGC's Premium Payment Instructions. The services of an enrolled actuary are needed to verify the UVBs. PBGC will determine which cases need the UVBs verified (see review procedures for plans claiming exemption at *2. Plans Claiming an Exemption from VRP Testing,* below).

The Premium Payment Instructions include a section on "How To Determine Unfunded Vested Benefits". For this calculation, the Premium Funding Target (PFT) and the Fair Market Value (FMV) of assets are measured on the funding valuation date for the Premium Payment Year. For large plans, this date is generally the first day of the plan year. This is called the UVB Valuation Date. An enrolled actuary is needed to determine the PFT.

*1. VRP Testing*

The Actuary or contract support will perform the following steps during the evaluation:

*Market Value of Assets Review Procedures*

The determination of the Fair Market Value of Plan Assets is outlined in the Premium Payment Instructions under "How to Determine Unfunded Vested Benefits". Note: any averaging method adopted for funding purposes is disregarded for premium purposes. For premium purposes, the market value of assets is measured on the UVB Valuation Date and adjusted to account for contribution receipts using the same methodology as is used for funding purposes. Read the Premium Payment Instructions to determine the adjustments for 1) prior year contributions and 2) current year contributions. The asset value used to determine unfunded vested benefits is identical to the market value of assets required to be reported on the UVB Valuation Date Form 5500 Schedule SB.

a. Review the independent auditor's financial statement report that supports the assets used for the VRP calculation or exemption. If this independent auditor's financial statement report discloses that a limited scope audit was performed due to the certification of the asset by a financial entity:

   i. Verify that the certifying entity is authorized to issue the certification (See 29 CFR 2520.103).

   ii. Request and examine the original certification and the certifying entity's statement of the value of the assets that were not audited by the independent auditor.

   iii. Compare the certifying entity's reported value of assets to the value that is shown on the independent auditor's financial statement. Document differences and obtain an explanation from the plan administrator.

b. Compare the assets shown on the Form 5500 Schedule SB and the Form 5500 Schedule H to the Market value of assets as of the UVB valuation date shown on the Premium Filing. For adjustments for prior year and current year contributions, follow the Premium Payment Instructions "How to Determine Unfunded Vested Benefits – Fair Market Value of Plan Assets".

   i. Determine the Market Value of Plan Assets on the UVB Valuation Date. Review the Audited Financial Statements, the Actuarial Valuation Report, and the Form 5500 including the Schedule SB and the Schedule H.

   ii. Make any necessary adjustments for prior year contributions.

   iii. Make any necessary adjustments for current year contributions.

c. Determine if the "Market value of assets (adjusted for prior year and current year contributions) as of UVB valuation date" is correct.

   i. Is the asset value consistent with the audited Financial Statements? Note any discrepancies.

   ii. Were plan contributions properly included and excluded? Note any problems.

   iii. Were the correct interest rates used to make the adjustments? Note any problems.

d. Summarize any discrepancies between the Premium Filing "Market value of assets (adjusted for prior year and current year contributions) as of the UVB valuation date" and the Form 5500 Schedule SB asset value. Note any other problems.

e. Identify any hard to value assets where independent market valuations are not readily available (such as loans receivable, real estate interests, partnership interests, etc.) and compute the total market value. Note any exceptions.

If considered to be material, and after coordinating with CCRD, perform the following steps, as necessary.

i. Contact the sponsor or plan administrator for documentation supporting current market valuations – document the source and date of the most recent valuations.

ii. For loans receivable, read loan collection/performance data and document the effect of any loan receivable valuation exceptions on the plan's funded status.

f. Summarize the results of the Market Value of Assets Review Procedures. For any noted exceptions, develop a narrative for inclusion in the draft letter, including any needed recommendations and consider the results in connection with calculations related to the VRP or the related exemptions.

*Discount Rate Review Procedures*

Compare the Discount Rates shown on the PBGC Comprehensive Premium Filing to the VRP Discount Rates published at www.pbgc.gov/prac/interest/vrp.html. The Actuary will use the first day of the premium payment year for large plans. See the "Premium Funding Target" discussion within the "How To Determine Unfunded Vested Benefits" section in the Premium Payment Instructions for the allowable discount rates. Identify and investigate variances. Note any problems.

Assess the overall reasonableness of the interest rate assumptions used in valuing plan assets, the method used to value assets, and any other assumptions related to the asset valuation. If it is determined that assumptions do not appear reasonable or within accepted actuarial standards of practice, then discuss the issue with the plan's enrolled actuary and assess whether further work is warranted. Work performed in connection with the Market Value of Assets Review Procedures discussed above should also be considered.

Unfunded Vested Benefits (UVBs) Review Procedures Obtain a copy of the Following documents: 1) PBGC Comprehensive Premium Filing for the plan year under review, 2) Plan document and amendments in effect as of the UVB valuation date, generally the first day of the plan year for large plans, 3) Form 5500 including Schedule SB and attachments (e.g. assumptions, methods, audited Financial Statements) as of the UVB valuation date, and 4) Actuarial Valuation Report (AVR) as of the UVB valuation date.

i. Obtain the services of an enrolled actuary to verify the UVBs. For purposes of this document, we will call this actuary the "Reviewing Actuary".

ii. In coordination with CCRD, the auditing firm, and the PA, contact the Plan's enrolled actuary to obtain an understanding of the key assumptions used in determining the adequacy of the plan's funding and to respond to any initial concerns.

iii. The Reviewing Actuary should talk to the Plan actuary to determine an efficient way to verify the UVBs. This discussion should include 1) how easy/hard it is to access and transfer the data, and 2) which categories of participants have the highest percentages of liabilities. CCRD should also be involved in this discussion.

iv. The Reviewing Actuary must submit: 1) the proposed method of verifying the UVBs to PBGC, and 2) the estimated cost of this review.

v. CCRD reviews the Reviewing Actuary's proposed UVB review method and estimated cost, and either concurs or asks for a revised plan.

vi. The Reviewing Actuary submits a report of his/her findings to CCRD and the auditing firm, including the methods used to verify the UVBs, data used for the calculation, any data problems, any data and assumptions that could not be verified, the overall reasonableness of the assumptions used to calculate the UVBs (e.g. discount rates, mortality assumptions, other assumptions), and the validity of the UVB calculation. Note any problems. These findings are included in the draft letter.

*2. Plans Claiming an Exemption from the VRP Testing*

a. Plan claimed an exemption due to "No Vested Participants"

i. If the plan under evaluation is a new plan, read the plan document vesting provisions to see if past service was granted for benefit accruals and vesting purposes. Also, read the Actuarial Valuation Report (AVR) for the current plan year to determine if the AVR indicates that there were no vested benefit liabilities as of the first day of the plan year.

ii. If the plan under evaluation is an ongoing plan (not a new plan), read the AVR for the prior plan year and assess why there are no vested benefit liabilities. If the answer is not apparent, ask the plan administrator why and evaluate the reasonableness of the explanation. Consult with the plan's enrolled actuary, if necessary.

iii. For any noted exceptions, develop a narrative for inclusion in the draft report including any needed recommendations.

b. Plan claimed an exemption as a 412(e)(3) Plan

i. Document the Plan's explanation of how it qualifies for this exemption and compare the explanation to the Internal Revenue Code (IRC) Section 412(e)(3) requirements and regulations. Evaluate whether additional procedures are warranted.

ii. For any noted exceptions, develop a narrative for inclusion in the draft report including any needed recommendations.

c. Plan claimed an exemption because the Plan filed for a Standard Termination prior to the Premium Payment Year. For a standard termination, a notice is first sent to the participants, and then a Form 500 is sent to PBGC. When the termination is completed, PBGC receives a Form 501.

i. Obtain a copy of the notice that was provided to participants, any plan amendments (or other documentation, such as Board Meeting Minutes) pertaining to the plan termination date, the Form 500 and the Form 501, as applicable.

ii. Determine whether the Plan termination date is on or before the premium snapshot date. If the termination was aborted or if it was completed after the premium snapshot date, the exemption is not valid.

iii. For any noted exceptions, develop a narrative for inclusion in the draft letter, including any needed recommendations.

d. **Plan Administration and Enrolled Actuary Certification Review Procedures (Fieldwork)**

- On the Comprehensive Premium Filing, verify that the PA has signed and dated the filing. Note any problems.
- On the Comprehensive Premium Filing, verify that the Enrolled Actuary has signed and dated the filing. If the plan is exempt from the variable rate premium, no signature is required. Note any problems.
- If an Enrolled Actuary was required to sign the Comprehensive Premium Filing under evaluation, verify the professional status of the enrolled actuary who signed

the form.

- If certification [by the PA or the Plan Enrolled Actuary] is required and was not made, ask the PA or the Enrolled Actuary why it was not made and document the explanation. Note that the filings are now electronic and the signatures may be kept in the hard copy files at the PAs and Plan Enrolled Actuary offices.

e. **Review Procedures for FRP, VRP and Other Related Evaluations for Contract Support (Fieldwork)**

- The PA will provide the requested information to Contract Support for review.
- Throughout the fieldwork phase, Contract Support will provide a Monthly Status Report to the Contracting Officer Representative (COR). The COR will use the Monthly Status Report as a tool to monitor Contract Support's activity.
- Contract Support is required to document the test work through the use of work papers. Should the Contract Support identify routine findings during the course of the audit, then these findings should be shared with the PA with the provision that all findings are subject to CCRD review upon finalization of the report. If non-routine findings (e.g. fraud indicators or other similar conditions) are discovered, then Contract Support shall coordinate with the Actuary prior to discussing the matter with the PA.

f. **Concluding, Reporting, and Correcting**

- The Actuary or contract support shall summarize the results of its procedures. If any exceptions are noted, the Actuary will develop a narrative for inclusion in the report including any needed recommendations. In addition, the Actuary will assess whether the review should be expanded into other plan years based on the following:
  - Whether or not the participant count was significantly different from the count reported by the plan, or if there is a systemic error affecting past years.
  - Whether or not the VRP was calculated in error, was based on faulty information, or if there is reason to believe that a similar error occurred in past years.
  - Whether or not the plan was able to provide supporting documentation for the plan year under evaluation.
  - Materiality of findings.
  - Size of the plan.
  - Costs involved with expanding testing, and;
  - Availability of funding.
- The Actuary will document all test work, sampling methodologies, findings

and observations, conclusions, and recommendations in TeamMate. The Actuary will submit the work to the Team Leader for review.

- The Team Leader will review the test work and provide review notes, if necessary. The Actuary may need to revise or clarify existing work papers (or report) to reflect the review comments.
- When the evaluation is complete, the Actuary will either close the PPS service request previously opened or transition the SR to FOD/CCD for collections and compliance work based on the results of the premium compliance review. The CCRD manager will reconcile the PPS SR to the PCE list at least on a semi-annual basis.
- If Contract Support is used, they will summarize the results of the procedures and prepare a draft narrative for inclusion in a letter. Any findings should follow the format of condition, criteria, cause, effect, and recommendation. After this work and the draft report have been reviewed by a Partner of the firm, the contractor will submit the completed workpaper package and draft report for the Actuary to review. The draft report and work program will be fully cross-referenced to the workpapers to aid in the review. All findings will include details as to the condition noted, the cause, the criteria used, the effect, and the recommended action. As a result of this review process, Contract Support may need to perform additional procedures, adjust or clarify existing workpapers or the report to reflect review comments provided by the Actuary.
- The Actuary will save Contract Support's workpapers in TeamMate and sign off as evidence of review.
- Contract Support will conduct an exit conference with the PA. The contractor will also provide the PA with a written summary of the findings and request a written response. This process will provide the plan sponsor an opportunity to comment on the results and to provide any additional data or information for audit consideration. Initial results are subject to adjustment if the contractor's responses provide a sufficient basis to warrant such adjustments. CCRD may participate in the exit conference, if necessary. (CCRD will conduct the conference if Contract Support is not involved with the evaluation.)
- The Actuary will read the PA's response and review any related supporting documentation, and determine whether any changes to the findings are necessary. Prepare a rebuttal to the PA's comments, if needed. Contract Support will prepare a final report that includes the PA's response and Contract Support's comments on the response. (Click here for a sample CPA Final Report.)
- After considering the PA's response, an Initial Determination Letter will be prepared by the Actuary. The letter will include the PA's response and the comments on the response. The Actuary will submit the letter to the Team

Leader for review and approval (Click here for a sample Initial Determination Letter.)

- The Team Leader will review the Initial Determination Letter and provide review notes for the Actuary to make the necessary changes. When the report is finalized, it will be sent to the Division Manager for review.
- When the evaluation is complete, the Actuary will either close the PPS service request previously opened or transition the SR to FOD/CCD for collections and compliance work based on the results of the premium compliance review. The CCRD manager will reconcile the PPS SR to the PCE list at least on a semi-annual basis.
- The Division Manager will submit the report to the Deputy Director for final review and distribution. The Deputy Director will sign the report and submit to the PA.
    - If the report presents findings that include an amount due to PBGC, the PA will have the opportunity to seek reconsideration of the Initial Determination Letter within 30 days of the letter date. If the PA believes that the use of the General Rule Method would result in a lower premium amount, the PA is required to submit all schedules and documentation to support the calculation as part of the package.
    - When the PA submits a request for consideration, the package will be evaluated by the Director of CCRD.
    - The Director of CCRD will review the package and make a determination as to whether a modification of the amount due is needed. The Director of CCRD may contact the compliance evaluation team for assistance to review the records, if necessary.
    - Once the Director of CCRD reaches a decision, s/he will send an email to communicate the final decision of the reconsideration to the compliance evaluation team.
    - The Actuary will prepare the Final Letter based on the Director of CCRD final decision. The Actuary will send the Final letter to the Team Leader for review and approval.
    - The Team Leader will review the Final Letter to ensure all relevant information is included. The Team Leader will send the Final Letter to the Division Manager for review.
    - The Division Manager will review the Final Letter to ensure its accuracy and send to the Director of CCRD for signature.
    - The Director of CCRD will sign the Final Letter and send it to the PA.

- The Actuary will perform closing actions to ensure that the documents are properly saved and stored. The actions are as follows:
  - File a copy of the signed letter(s) in TeamMate.
  - Include a printed copy of the final letter, cross-referenced in TeamMate.
  - Include hardcopy printouts of the documentation file indexes, including the supplemental listing of electronic files (unless an acceptable electronic workpaper system is in place and PBGC has continuing access to these files).
  - Ensure all electronic files are "read only" and, if necessary, compressed for final storage.
  - Two complete sets of electronic engagement documentation must be prepared. The "original" set should be stored in TeamMate. The "archive" set is to be stored separately from the engagement documentation file on removable media such as CD-ROM or diskette.
  - Verify that electronic files stored on removable media are not corrupted and can be copied and restored from the archive.
  - Securely enclose the "original" set of electronic files in the engagement documentation file.
  - Ensure that the plan submitted an amended filing for agreed-upon findings. If no amended filing is received, coordinate with FOD as to amount due.
- When the evaluation is complete, the Actuary will either close the PPS service request previously opened or transition the SR to FOD/CCD for collections and compliance work based on the results of the premium compliance review. The CCRD manager will reconcile the PPS SR to the PCE list at least on a semi-annual basis.
- CCRD will rely on FOD process procedures to collect the funds from the Plan. CCRD will assist FOD, if necessary.

g. **Refund Request Review Procedures**

- FOD will send the Actuary a case file containing amended and original premium filings for one or more plan years and any other documentation that FOD collected (e.g. correspondence from the Plan, Account History, etc.)
- The Actuary will review the information provided and retrieve additional information such form 5500 Schedule SB, audited financial statements, and other relevant documents from the Department of Labor's EFast computer system and PBGC's online premium filing system.

- If necessary, the Actuary will contact the PA via email to get other supporting information such as data files and ask questions for further clarification.
- The Actuary will review the information and may require the assistance of a policy actuary or a PBGC lawyer for his/her opinion on the matter.
- After the completion of the review, the Actuary will draft an email to FOD outlining the specifics of the case. The Actuary will render an opinion as to whether FOD should pay the requested refund or deny the requested refund.
- The Actuary will send the email of the opinion to FOD and save a copy in the case file along with any supporting documentation supplied by the PA.
- The Actuary shall return the original case file to FOD.

# Pension Benefit Guaranty Corporation

# Office of Benefit Administration (OBA) Operations Manual

Last Revised:
February 27, 2017

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# OBA Operations Manual Introduction

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# PBGC/OBA and Case Processing

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## PBGC Background

**07/01/2016**

The PBGC protects the pension benefits of 44 million Americans in 27,500 private-sector pension plans. The agency is directly responsible for paying the benefits of more than 1.5 million people in failed pension plans.

PBGC was established by Title IV of the Employee Retirement Income Security Act (ERISA) in 1974, to encourage the growth of defined benefit pension plans, provide timely and uninterrupted payment of pension benefits when a plan sponsor develops problems, and maintain pension insurance premiums at the lowest level possible to carry out the Corporation's obligations. OBA is the operations arm of PBGC, with the functions of identifying and investigating plans that present a potential risk to PBGC, recommending plans that should be terminated, and administering the pension benefits in those plans that are terminated and trusteed.

PBGC and its programs are financed through premiums collected from companies that sponsor defined benefit plans, investment returns on PBGC assets, plan assets from terminated plans, and recoveries from employers responsible for underfunded terminated plans.

Under the single-employer insurance program, a company can voluntarily seek to terminate its plan using either a standard termination or a distress termination procedure. Additionally, PBGC can seek a PBGC-initiated termination of a plan without the employer's consent when necessary to protect the interests of the plan participants, the plan, or PBGC. PBGC must seek termination if a plan cannot pay current benefits. If a PBGC-insured multi-employer plan is unable to pay benefits when due, PBGC provides the plan with financial assistance to continue paying participants their guaranteed benefits, generally in the form of a loan.

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# OBA Case Processing

**07/01/2016**

The procedures outlined in this manual are designed to apply to most of the cases processed by OBA. OBA may occasionally need to deviate from certain procedures to address situations that fall outside the norm or for efficiency. For situations where OBA is deviating from the procedures, documentation to the file (participant or plan as appropriate) must be prepared and approved.

A deviation from procedures for plan-level processing may be approved by the responsible OBA manager. To document an approved plan deviation, the responsible OBA manager will sign a memorandum that describes the proposed changes to procedures and will include:

- What the deviation is, specifically identifying the actions that are being taken in lieu of the identified procedures.
- The rationale for deviating from procedures and how the deviation ensures an appropriate level of controls are met.

After the memorandum has been signed, the OBA manager will ensure it is imaged to IPS in the corresponding section and will concurrently provide a copy to MCD.

A deviation from procedures that is applicable to participant processing may be approved by a Federal Supervisor or higher level and the documentation to support this must be imaged to the participant file. In addition to the appropriate level of approval, the documentation will include:

- What the deviation is, specifically identifying the actions that are being taken in lieu of the identified procedures.
- The rationale for deviating from procedures and how the deviation ensures an appropriate level of controls are met.

### Pre-Termination Processing by CFRD

While the *OBA Operations Manual* does not document CFRD procedures, the information in this subsection provides high-level background information for how CFRD processes a case before transferring to OBA. CFRD receives a case through a reportable event notice, a distress termination application, or some other action that highlights a potential problem with a plan. CFRD notifies the CFRD Audit Supervisor of the need for CSD assignment and notifies CSD that the case is ready for assignment. When a decision to terminate and trustee a plan is final, CFRD notifies the plan administrator and the sponsor. Responsibility for the terminated plan is then passed to a CSD.

CFRD usually completes the controlled group and net worth determinations before terminating the plan and reports the results in the *TWG Memo* to the CMD. If CFRD does not complete the determinations before termination, CFRD is responsible for completing the determinations for CSD.

If during the time the case is in CFRD and payees are not receiving benefits and it is certain that the plan will be recommended for termination, CSD is brought into the process to initiate action to begin paying participants through the prior paying agent or PBGC's paying agent. CSD also works with CFRD to assist in gathering information needed later.

If the plan meets the large case criteria, the Chairperson of the OBA Large Case Working Group schedules a meeting for the plan.

### OBA Processing

When the terminated plan is transferred to CSD from CFRD, CMD assigns a Case Team and pre-trusteeship processing begins (see Process 8 Pre-Trusteeship Processing). PBGC assumes payment responsibility (see Process 9 Plan Assumption) and adjusts benefit levels to an estimated guaranteed level in accordance with PBGC maximums and plan provisions (see Process 10 Benefits Adjustments). An account is set up at PBGC's paying agent and assets are transferred to PBGC's paying agent from the prior paying agent.

At the same time, the Case Team begins to collect and analyze the required data for plan processing and to build the

Case Team participant database (see Process 11 Data Collection and Analysis). The data collected, along with the information obtained by CFRD, serves as the basis for building the participant database, finalizing the *Plan Document List* and *Data Elements and Sources List*, and updating the *Plan Summary*. After collecting and analyzing the participant data, the DMD begins building the participant database and building reports (see Process 13 Participant Database Construction and Reporting). If the plan has 500 or fewer participants, follow Process 12 Small Plan Database Construction and Analysis, which expedites building the database.

The next step in case processing is to perform the plan asset evaluation. The purpose of the plan asset evaluation procedure is to ensure that PBGC has identified all assets and liabilities of the plan; identify potential instances of fraud, fiduciary breach and party-in-interest transactions; and determine the value of the plan's assets at ▸DOPT.

The next step in the process (for non-▸SPDRR plans) is to ensure CFRD values any recoveries that have been made or agreed to, and to allocate the money recovered (see Process 17 Actuarial Valuation). This allocation includes ▸DUEC, unpaid premiums, ▸UBL, and funds to be allocated for participant benefits from actual recoveries. For plans with ▸unfunded nonguaranteed benefits (UNB) of $20 million or less, MCD calculates allocation according to the ▸SPARR in accordance with ▸ERISA 4022(c). The actual recovery for each of these SPARR plans is factored into SPARR figures for subsequent years.

The Case Team actuary and the contract actuary, if one is involved, prepare the final valuation. This is the present value of each participant's benefit and the total present value for the entire plan. The valuation processes also provide the information necessary for developing benefit statements and for sending ▸BDLs.

At the same time, CSD is preparing to send BDLs explaining the final benefit level to the individual participants (see Process 19 Benefit Determination Letters). Once the participants have had the chance to review and appeal the determination (see Process 20 Appeals Correspondence), the final adjustments are made to benefits, if required. For participants who have received a net underpayment while being paid an estimated amount, PBGC sends a check for the amount of accumulated difference plus interest. For those who received net overpayments, CSD applies recoupment procedures against payees with a continuing stream of payments or takes recovery action against those who are not eligible to receive future benefits from PBGC.

After the BDLs have been sent and all that remains is post-valuation administration of the benefits, CSD closes the case (see Process 21 Plan Closing) and the close-out group in CSD reviews the closed plan to ensure that all actions have been completed (see Process 22 Closed Plan Review). The case is then passed to the post valuation administration contractor to manage the plan under PBGC direction.

Operating day-to-day throughout the entire cycle of case processing involves interaction with participants. Participants retire and apply for benefits, others die, some move and many have questions. Many types of other activities occur that require investigation and responsive action. Most of this is accomplished by the ▸CCC and/or the benefit processing staff.

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# Process Groups within OBA Case Processing

**07/01/2016**

The manual groups the processes used to perform case processing tasks into seven categories, as each section describes.

**In this Section**

Pre-Trusteeship Process (8)
Initial Processes (9–10)
Participant Database Processes (11–13)
Evaluation Process (15)
Valuation Process (17)
Notification of Benefits Processes (19–20)
Case Closure Processes (21–22)

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## Pre-Trusteeship Process (8)

**07/01/2016**

This section describes OBA's initial steps from assigning the Case Team through effecting trusteeship for a case. The Case Team holds a coordination meeting with CFRD, then assesses the available information and begins the case work plan. The Case Team's auditor and actuary create documents for preparation for building the database. CFRD prepares the Trusteeship Agreement, which is sent to the plan administrator or outside signatories. Once both the outside signer and a PBGC representative (the Supervisory Case Management Analyst) have signed the agreement, trusteeship is effective.

The order of the procedures given is a normal progression of a case; however, PBGC may trustee the plan at any time.

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## Initial Processes (9–10)

**07/01/2016**

This section describes OBA's assumption of benefit payment responsibility and making adjustments to ensure that benefits are being paid in accordance with Title IV ERISA guarantees. Under certain circumstances, benefit payments may take place prior to the termination and trusteeship of a plan.

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## Participant Database Processes (11–13)

**07/01/2016**

This section describes the Case Team's efforts to collect the required data for plan processing and to build the participant database. The Case Team begins collecting and analyzing the available data and then works with TRMD to build and test the database. Testing and documentation requirements can change depending on the size of the plan.

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## Evaluation Process (15)

**08/30/2011**

This section describes the process for completing the plan asset evaluation. Together with the participant database, this evaluation serves as an input in determining the value of benefits payable by PBGC.

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## Valuation Process (17)

**08/30/2011**

The purpose of the valuation process is to determine the present value of each participant's benefit and the composite present value for the entire plan. PBGC uses the resulting plan present value figure in determining PBGC's overall liability and for financial statements. The valuation process also provides the information necessary for developing benefit statements, which explain the data, assumptions, and variables used in calculating each participant's benefit and for sending BDLs. The activities constitute the final analysis of all of the information collected in earlier processes and create a meaningful presentation of PBGC's liabilities and each participant's final benefit amount.

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## Notification of Benefits Processes (19–20)

**08/30/2011**

Once the value of the benefits is known, the notification of benefits processes are the means of informing each participant of the amount of his or her benefit. They also provide additional information about the appeal rights provided by law. This is done through the ▸BDLs and other correspondence. After the appeal period has expired, any necessary adjustments are made and the paid benefit amounts are shifted from estimated status to final status.

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## Case Closure Processes (21–22)

**07/01/2016**

The case closure processes are basically a review to ensure that all required actions for a plan have been completed according to relevant policy and procedures. This is the opportunity to find and correct any errors. The last step in the process is for OBA to transfer ongoing administrative management of benefits to an outside contractor. These outside contractors continue the administration of benefits under PBGC policies and procedures.

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# Technical Procedures

**07/01/2016**

Technical Procedures (TPs) are usually event-driven activities rather than case-driven activities occurring at a specific point in case processing. TPs may be performed one or more times in the life of a case, or may not be performed at all (for example, balancing occurs periodically, while holding a participant meeting may not occur at all). Multiple divisions can perform TPs (for example, ▸CSD and ▸BPD coordinate to process off-cycle payments).

TPs may be plan activities (for example, TP 61 Successor Plan Determinations) or individual/group participant activities (for example, TP 13 Domestic Relations Order and State Agency Orders). When a TP is applicable to a specific process, the *OBA Operations Manual* provides a link in the process and/or procedure steps to the appropriate TP.

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# Appendices

**07/01/2016**

The Appendices provide additional information on specific topics, including background information, reference material, list of job aids, and list of OBA systems.

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# Benefit Payments Division Processes

**07/01/2016**

The Benefit Payments Division (BPD) Processes section covers the payment-related tasks performed by BPD, occasionally in conjunction with the other divisions of OBA.

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# OBA Operations Manual Layout

**07/01/2016**

This section details what comprises the *OBA Operations Manual* and what each component of the manual contains. In addition, this section identifies the most prominent page layout for processes and technical procedures (TPs).

**In this Section**

Manual Layout
Page Layout of Processes and Technical Processes

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## Manual Layout

**07/01/2016**

This table describes, in order, the different components that make up the layout of the *OBA Operations Manual*. These components map to the top-level (unexpanded) items in the left navigation pane.

**Manual Layout Table**

| Table of Contents | Description |
|---|---|
| OBA Operations Manual Introduction | Provides the background of PBGC and ▸ERISA, an overview of ▸OBA core processing, and the Case Team processing model. In addition, this section covers the different process groups followed during case processing. |
| Recent Content Updates | Provides a list of the latest publication updates to the *OBA Operations Manual.* |
| Historical Content Updates | Provides listings of all updates made to the Operations Manual. This section is grouped by processes, technical procedures, appendices and Glossary, and all other miscellaneous updates made within the manual post-2006. This section also lists the updates made pre-2006, grouped in the same manner. |
| Interim Procedures and Guidance | Contains procedures that may supersede existing procedures in the manual, but were not available in time for the publication to implement within the procedures. |
| Core Case Processing:<br>• Pre-Trusteeship Process<br>• Initial Processes<br>• Participant Database Processes<br>• Plan Asset Evaluation<br>• Valuation Process<br>• Notification of Benefits Processes<br>• Case Closure Processes | Contains the processes to perform case processing tasks, divided into seven categories (see Process Groups within OBA Case Processing). |
| Technical Procedures | Contains procedures which are usually event-driven rather than case-driven activities occurring at a specific point in case processing. TPs may be performed one or more times in the life of a case, or not at all. |
| Appendices | Provides additional information on specific topics, including background information, reference material, list of job aids, and list of OBA systems. |
| Benefit Payment Division Processes | Contains payment-related tasks performed by ▸BPD, occasionally in conjunction with other divisions of OBA. |

# Page Layout of Processes and Technical Processes

**08/30/2011**

This section provides the page layout of the different components that make up a process and its associated procedures.

**In this Section**

Overview Layout
Procedures in Processes and Technical Procedures Layout
Resources Layout

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**Overview Layout**

**08/30/2011**

The Overview consists of non-procedural background information regarding a process or technical procedure (TP), such as summaries of and links to relevant policies and a statement of the purpose of the process. The Overview also contains a high-level summary of the process and an explanation of how it may connect to or interact with other processes.

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**Procedures in Processes and Technical Procedures Layout**

**03/27/2014**

A procedure represents a single task within a process or technical procedure (TP) and provides:

- Information users need to correctly perform the required tasks.
- Sufficient guidance to ensure uniform application throughout the divisions.
- Efficient and consistent application of PBGC policy and regulations across all cases and as they affect participants.

A procedure can also have sub-procedures that break a complex or long procedure into more manageable, smaller sub-procedures.

In most cases, the procedures and sub-procedures are meant to be followed in the order listed in the Table of Contents left-side navigation pane. However, some procedures and sub-procedures are non-sequential, high-level tasks related to the process or TP. Refer to the workflow for specific flow of each process and many TPs.

The following paragraphs describe the different sections of a procedure.

**Key Information Table**

The Key Information table provides the purpose, guidance, and procedure owner for each procedure.

| | |
|---|---|
| **Purpose** | The purpose of the procedure. |
| **Guidance** | Laws, regulations, and policies that dictate how and why PBGC performs the procedure and with the required authority. |
| **Procedure Owner** | Who is responsible for performing the procedure. For many procedures, the owner is identified as the "Case Team" to emphasize group ownership of the procedure. For others, the owner is identified as the actuary, auditor, EBLS, or other specific role. |

**Procedure**

The procedure is the sequence of steps the user follows to accomplish the task of the process or TP.

**Sub-procedures**

If the procedure involves a large number of steps or logically divides into sub-tasks, the manual divides the procedure into sub-procedures.

If there are multiple alternate methods to accomplish the task, the manual also divides the procedure into multiple sub-procedures and describes the different alternate methods and when to perform each sub-procedure.

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**Resources Layout**

**08/30/2012**

The Resources pages contain the forms, letters, and memos identified in the procedures of the process, which are also links, listed alphabetically. In addition, the Resources pages contain the ▸eALG letters and forms identified in the procedures of the process. While these file and form names are not links, there is a link to the eALG Correspondence Help so the user can access the letters and forms.

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Historical

**02/27/2017**

**Recent Content Updates Table**

| Section | Date | Description |
|---|---|---|
| **Process 9.4** Initiate First Pay and Customer Data Loads | 02/27/17 | **Added** an example of inaccurate plan administrator data, in which payments that appear to continue to a deceased participant are actually being made to the beneficiary. |
| **TP 5.4D** Expedite Payments to Contingent Beneficiary | 02/27/17 | **New** section added on initiating payments to certain contingent beneficiaries of deceased participants without requiring a benefit application or proof documents. |
| **TP 20.3C** Issue Annuity Payment | 02/27/17 | **Revised** to reference new TP 5.4D Expedite Payments to Contingent Beneficiary, to remove references to eALG letters, and to consolidate steps and to make general edits. |
| **TP 28** Overview for Approve Financial & Non-Financial Transactions through Approval Service | 02/27/17 | **Revised** to reflect that the FBA/PVA Supervisor approves payments at level 20 (formerly level 10), and that CSD Manager and Branch Managers and OBA Management and Program Analyst (GS 15) approve at level 40; and to remove Case Management Division staff as approvers. |
| **Participant Services Department Processes** | | |
| **Transmit Approved Transactions to PBGC's Paying Agent** | 02/27/17 | **Revised** to say that Data Integrity is permitted within two business days (rather than the previous one business day) to distribute errors to users. The *File Generation Checklist* and the *How to Check Line Count* exhibit mentioned in this topic were updated.<br><br>**Added** new *Death Process E-mail* exhibit. |

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# Historical Content Updates

This section includes updates made to processes and technical procedures from 2012 to the present. For updates made to processes and technical procedures prior to 2006, see Historical Content Updates (Pre-2006). For updates made to processes and technical procedures from 2006-2011, see Historical Content Updates (2006-2011).

**In this Section**


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Processes 11–15
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Technical Procedures 1–10
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Historical Content Updates (Pre-2006)
Historical Content Updates (2006-2011)


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# Processes 8–10

**10/28/2016**

**Processes 8–10 Table**

| Process | Date | Change |
|---|---|---|
| **Process 8** Overview for Pre-Trusteeship Processing | 08/28/14 | **Revised** to reflect that the TWG Chairperson's office (previously the COO) sends the trusteeship agreement to outside signers, and to add a paragraph advising that, when imaging or archiving to plan and participant files, to follow TP 16 Plan and Participant File Maintenance. |
| | 11/26/13 | **Revised** to indicate the TPD Manager executes the Trusteeship Agreement. |
| | 09/26/13 | **Revised** to indicate the TPD Manager executes the Trusteeship Agreement. |
| **Process 8.2** Assess Available Records/Information | 08/30/16 | **Revised** to list the Procedure Owner as Auditor, DCB (not DCD). |
| **Process 8.4** Assign Milestones in CMS | 03/29/12 | **Renamed** from Receive Case from DISC, and **revised** to remove steps not related to assignment of CMS milestones, which are expanded. |
| **Process 8.5** Plan Case and Create Case Work Plan | 03/29/12 | **Revised** to add cross-reference to *BAPD Progress Reporter in Oracle Primavera P6 Interim Guidance*. |
| **Process 8.6** Begin Plan Document List, Plan Summary, and Participant Data Elements List | 03/29/12 | **Revised** to remove the requirement for concurrence on the Plan Summary. |
| **Process 8.7** Effect Trusteeship | 11/21/14 | **Revised** to remove Deputy Chief of Benefits Administration, BAPD as recipient of the *Trusteeship Agreement Transmittal Memo* with attachments. |
| | 08/28/14 | **Revised** to reflect that the TWG Chairperson's office (previously the COO) sends the trusteeship agreement to outside signers; to update the title of the Deputy Chief of Benefits Administration, BAPD; and to remove "4042(d)" from references to the trusteeship notification letter to participants. |
| | 11/26/13 | **Revised** with minor edit. |
| | 09/26/13 | **Revised** to indicate the TPD Manager (previously the Auditor) executes the Trusteeship Agreement and completes the rest of the procedure, while noting that the auditor may sign the agreement if it is prepared for the auditor's signature. |
| **Process 8.8** Complete DUEC Milestone and Update the Recovery Milestone | 11/21/14 | **Revised** to remove the reference to Process 15.10B Value Due and Unpaid Employee Contributions. |
| **Process 8.9** Resources for Pre-Trusteeship Processing | 03/29/12 | **Added:**<br><br>*BAPD Progress Reporter in Oracle* |

| | | |
|---|---|---|
| | | *Primavera P6 Interim Guidance* |
| **Process 9** Overview for Plan Assumption | 08/28/14 | **Revised** to add a paragraph advising that, when imaging or archiving to plan and participant files, to follow TP 16 Plan and Participant File Maintenance. |
| | 03/27/14 | **Renamed** from Initial TPD Processes. |
| **Process 9** Workflow | 11/26/13 | **Revised** to reflect current processing. |
| **Process 9.1** Ensure Uninterrupted Payments | 08/28/14 | **Revised** with updated titles Deputy Chief of Benefits Administration, BAPD and Chief of Benefits Administration and Director, BAPD, and state that the latter approves all requests to pay benefits prior to trusteeship; and to reflect the current routing process. |
| | 06/27/13 | **Revised** to replace title Deputy Director of Operations (DDO) with Chief Operating Officer (COO). |
| | 11/30/12 | **Revised** to specify the reference to the *Benefit Funding Memo*. |
| | 03/29/12 | **Revised** to indicate that the Deputy Director for Operations approves payments before trusteeship, and with miscellaneous edits. |
| **Process 9.1B** Ensure Uninterrupted Payments for Plans Not Yet Trusteed | 08/28/15 | **Revised** to clarify that CFRD advises BAPD about participants out of pay status; to reflect the retitled memo BAPD uses to request authorization of payments before trusteeship; and to reference a sample memo. |
| | 09/26/13 | **Revised** to correct the acronym for the COO, and for miscellaneous edits. |
| | 11/30/12 | **Revised** to require the determination of the pre-trusteeship authorization date; to cross-reference payment procedures; to indicate actions taken by the Front Office and Deputy Director of Operations; and to require implementation and documentation of payment actions after the plan is trusteed. |
| | 03/29/12 | **Revised** to indicate that the Deputy Director for Operations approves payments before trusteeship; that participants out of pay status includes newly eligible retirees; and with miscellaneous edits. |
| **Process 9.2** Prepare and Transmit Funding Memo | 08/28/15 | **Revised** with new steps to obtain the paying agent's latest check register or other documentation validating the payment amounts to compare with the plan administrator's list of payees, and to attach the supporting documentation to the *Benefit Funding Memo*. |
| | 11/30/12 | **Revised** to clarify that funds may be sent to a plan's paying agent or interim custodian. |
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| | 03/29/12 | **Revised** to note that the *Benefit Funding Memo* requires the date of trusteeship or indication that trusteeship is pending, and that the memo authorizing pre-trusteeship payments must be attached; and to clarify that the case team is to be notified when the memo is imaged. |
| **Process 9.3** Obtain Participant Payment Data | 03/27/14 | **Revised** to remove references to the Health Coverage Tax Credit. |
| | 08/26/13 | **Revised** to clarify that if there are no retirees, the Plan Assumption Milestone is updated here to reflect this. |
| | 11/30/12 | **Revised** to add references to new Appendix A Sensitive Information. |
| | 08/30/12 | **Revised** to include payee benefit forms among the list of items to request from the prior paying agent. |
| | 04/30/12 | **Revised** to indicate that payment assumption is to occur as soon as practicable but no later than 180 days after DOTR. |
| **Process 9.4** Initiate First Pay and Customer Data Loads | 03/30/15 | **Added** a step to notify the case team by e-mail once the payees are loaded in Spectrum. |
| | 08/28/14 | **Revised** to add a step to ensure that the data load review and approval are documented, and for minor edits. |
| | 03/27/14 | **Revised** to remove references to the Health Coverage Tax Credit. |
| | 11/26/13 | **Revised** to clarify that the Plan Assumption Milestone is updated and finalized once the payee and customer data loads are approved. |
| | 09/26/13 | **Revised** to clarify that the Plan Assumption Milestone is updated and finalized once the payee and customer data loads are approved. |
| | 06/27/13 | **Added** cross-reference to new TP 16.4 Archive Electronic Files. |
| | 08/30/12 | **Revised** to update archiving instructions, to note that benefit forms are to be included in the First Pay Load if available, and to require that the reason and approval be documented if payments will not assumed within 180 days of DOTR. |
| **Process 9.5** Notify Participants | 03/30/16 | **Revised** to remove the step to advise affected payees that multiple payments from the prior plan administrator will be consolidated into a single payment when PBGC assumes payment responsibility. |
| | 11/20/15 | **Removed** redundant hyperlinks. |
| | 08/28/14 | **Revised** to remove "4042(d)" from references to the trusteeship notification |

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| | | letter to participants. |
| **Process 9.5A** Notify Payees | 08/30/16 | **Revised** to clarify that if a payee who was suspended for non-receipt of the PIF is due a back payment that is greater than $5,000 and more than three times the monthly benefit, the back payment is treated as a Large Reimbursement. |
| | 03/27/14 | **Revised** to remove references to the Health Coverage Tax Credit. |
| **Process 9.7** Verify Data from Returned Forms | 08/28/14 | **Revised** to remove "4042(d)" from references to the trusteeship notification letter to participants. |
| **Process 9.8** Resources for Plan Assumption | 08/28/15 | • **Added:**<br>  • *Authorization to Pay Participants before Trusteeship*<br>  • *Authorization to Pay Participants before Trusteeship Sample*<br>• **Removed:**<br>  • *Authorization to Place Participants in Pay Status Prior to Trusteeship* |
| | 11/30/12 | **Removed** obsolete privacy guidance document. |
| | 03/29/12 | **Added:**<br>*Affidavit of Identity*<br>**Removed:**<br>*Pre-Trusteeship Letter Analysis Memo* |
| **Process 10** Overview for Benefit Adjustments | 08/28/14 | **Revised** to add a paragraph advising that, when imaging or archiving to plan and participant files, to follow TP 16 Plan and Participant File Maintenance. |
| **Process 10.1** Analyze Plan Documents | 09/30/16 | **Revised** to state that any participant eligible for a plan-provided early unreduced benefit will be entitled to receive it retroactively to the earliest eligibility date on or after DOPT, regardless of any previous notifications. |
| **Process 10.4** Identify Current Payees for Benefit Adjustments | 09/26/13 | **Revised** to direct that an electronic copy of the completed *Estimated Benefit Adjustments Analysis Memo* be provided to the TPD Operations Manager, BAPD instead of the Deputy Director, BAPD. |
| | 06/27/13 | **Revised** to provide an example of when additional benefit adjustments may be necessary, and state that they must be approved by the TPD Manager and that an addendum to the Estimated Benefit Adjustments Analysis Memo is to be used for this purpose. |
| | 03/28/13 | **Revised** to allow for approval of a manually prepared benefit statement by e-mail or memo, and to note that either may be used to approve multiple benefit |

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| | | statements; and to add steps for the EBLS/FBA to image copies of the benefit statements and approval document. |
| | 12/20/12 | **Revised** to require approval by a GS-13 or higher grade actuary of a manually prepared benefit statement. |
| **Process 10.5** Prepare Estimated Benefits Calculation Tool | 03/28/13 | **Revised** to require that a BET prepared by a GS-12 or lower grade actuary be approved by a GS-13 or higher actuary via the TPD BET Checklist. |
| **Process 10.6** Resources for Benefit Adjustments | 12/20/12 | **Added** the *Manual Benefit Statement Approval Memo*. |
| | 03/29/12 | **Removed:**<br><br>*Pre-Trusteeship Letter Analysis Memo* |

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# Processes 11–15

**03/30/2016**

**Processes 11–15 Table**

| Process | Date | Change |
|---|---|---|
| **Process 11** Overview for Data Collection and Analysis | 08/28/14 | **Revised** to add a paragraph advising that, when imaging or archiving to plan and participant files, to follow TP 16 Plan and Participant File Maintenance. |
| | 03/29/12 | **Revised** to remove reference to finalizing the *Plan Summary*. |
| **Process 11.1** Hold Strategy Meetings | 06/27/13 | **Revised** to clarify that LCWG references are to the BAPD Large Case Working Group (BAPD LCWG). |
| | 11/30/12 | **Revised** to reference to new Appendix A Sensitive Information. |
| | 03/29/12 | **Revised** to remove reference to TP 14 Hold Participant Meetings and update the cross-reference to renamed Process 11.3. |
| **Process 11.2** Perform Site Visit | 06/27/13 | **Revised** to state that if the DMC will participate in the site visit, the auditor is to advise the DMC COR by e-mail once the trip dates are set and provide a minimum of two weeks' notice whenever feasible. |
| **Process 11.2A** Perform Pre-Site Visit Tasks | 11/30/12 | **Revised** to reference to new Appendix A Sensitive Information. |
| **Process 11.2B** Conduct Interviews | 03/29/12 | **Revised** to remove reference to TP 14 Hold Participant Meetings. |
| **Process 11.2C** Review On-Site Documents | 11/30/12 | **Revised** to reference to new Appendix A Sensitive Information. |
| | 03/29/12 | **Revised** to make the *Master List of Documents to Obtain* available directly from the procedure and not through Appendix A. |
| **Process 11.3** Finalize the Plan Document List and Data Elements for Participant Database Construction | 03/29/12 | **Renamed** and **revised** to remove references to finalizing the *Plan Summary.* |
| **Process 11.3B** Finalize Data Elements for Participant Database Construction | 03/29/12 | **Renamed** and **revised** to remove steps to finalize and image the *Plan Summary*. |
| **Process 11.4B** Review Electronic Data | 06/27/13 | **Replaced** archiving instructions with reference to new TP 16.4 Archive Electronic Files. |
| | 03/29/12 | **Revised** to specify location for archiving e-data and to remove the reference to finalizing the *Plan Summary.* |
| **Process 11.5** Resources for Data Collection and Analysis | 11/30/12 | **Removed** obsolete privacy guidance document. |
| **Process 12** Overview for Small Plan Database Construction and Analysis | 08/28/14 | **Revised** to reflect changes involving: the auditor's role in determining the plan population and documenting the process; |

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| | | requiring another auditor to test if the auditor builds the database; requiring a full e-data review; use of statistical instead of judgmental sampling; and providing written instructions for building the database. Revised also to add a paragraph advising that, when imaging or archiving to plan and participant files, to follow TP 16 Plan and Participant File Maintenance. |
| **Process 12.1** Construct Participant Database for Small Plan | 08/28/14 | **Revised** to require the following: statistical sampling, verification of e-data with source data; updates to the Data Elements and Sources List (as needed); written instructions for building the database; testing once 10% of the database is completed; and providing the auditor a summary of the results of the database construction. |
| | 06/27/13 | **Replaced** archiving instructions with reference to new TP 16.4 Archive Electronic Files. |
| | 03/29/12 | **Revised** with a new step to archive e-data in original format and to which location. |
| **Process 12.2** Test Participant Database for Small Plan | 11/20/15 | **Revised** to state that if a 100% review will be completed, the results are to be documented in the *Participant Data Review Work Paper Summary* once the database is error-free. |
| | 08/28/14 | **Revised** to require statistical sampling of the database; to remove references to documents previously used for judgmental sampling; to require the auditor (not the Database Builder) to prepare the SPDCA Report and update the list of documents referenced or attached; and to require review of the report by the Audit Technical Reviewer. |
| | 06/27/13 | **Added** cross-reference to new TP 16.4 Archive Electronic Files. |
| **Process 12.3** Resources for Small Plan Database Construction and Analysis | 08/28/14 | **Revised** to remove *Certification of Database Review* and *Certification of Electronic Data Review* and samples of each, and the *SPDCA Report Sample*. |
| **Process 13** Overview for Participant Database Construction and Reporting | 08/28/14 | **Revised** to add a paragraph advising that, when imaging or archiving to plan and participant files, to follow TP 16 Plan and Participant File Maintenance. |
| **Process 13.3A** Finalize Reasonable Test and Spectrum Reconciliation | 06/27/13 | **Replaced** archiving instructions with reference to new TP 16.4 Archive Electronic Files. |
| **Process 13.3B** Prepare Database Construction Report and Participant Review Summary | 03/29/12 | **Revised** to direct the auditor to obtain the most recent *Plan Summary* from the actuary. |
| **Process 15** Plan Asset Evaluations | 06/27/13 | **Revised** throughout with notes indicating |

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| | | which plans are to be completed using the current procedures or the new procedures posted on the PBGC Portal, and provide a link to the latter. |
| **Process 15** Overview for Plan Asset Evaluations | 03/29/12 | **Revised** to restate the purpose of the plan asset evaluation and define the meaning of fair market value within the context. |
| **Process 15.3** Perform Initial Analysis | 11/30/12 | **Revised** to reference to new Appendix A Sensitive Information. |
| | 03/29/12 | **Revised** to include the table formerly in Appendix F Alternate Sources of Plan Information. |
| **Process 15.8** Prepare for Site Visit and/or Telephone Conference | 11/30/12 | **Revised** to reference to new Appendix A Sensitive Information. |
| | 03/29/12 | **Revised** to make the *Master List of Documents to Obtain* available directly from the procedure and not through Appendix A. |
| **Process 15.10B** Value Due and Unpaid Employer Contributions | 03/29/12 | **Revised** to add steps for the auditor to update, and management to finalize, the Recovery Valuation Milestone. |
| **Process 15.13** Prepare Plan Asset Evaluation Report | 03/29/12 | **Revised** to move the step to obtain concurrence on the *Plan Asset Evaluation Report* and *Form 1108 Plan Asset Reconciliation* from before to after updating CMS. |
| **Process 15.14** Reconcile Plan Assets with FOD/IAB | 03/29/12 | **Added** cross-reference to new TP 16.4 Archive Electronic Files. |
| **Process 15.15** Resources for Plan Asset Evaluation | 11/30/12 | **Removed** obsolete privacy guidance document. |

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# Processes 16–17

**11/20/2015**

**Processes 16–17 Table**

| Process | Date | Change |
|---|---|---|
| **Process 17** Overview for Actuarial Valuation | 08/28/14 | **Revised** to add a paragraph advising that, when imaging or archiving to plan and participant files, to follow TP 16 Plan and Participant File Maintenance. |
| | 11/26/13 | **Revised** to indicate that the TPD Manager is to advise OPSS by the end of the second and fourth quarters of the fiscal year (previously, by the end of each quarter) to update the plan-specific web page if BDLs have not been issued within three years of DOTR, and to specify the information needed. |
| | 09/26/13 | **Revised** to indicate that the TPD Manager should notify OPSS by the end of each quarter to update the plan-specific web page if BDLs will not be issued within three years of DOTR. |
| **Process 17.1** Create V1 File in ValTool | 06/27/13 | **Revised** to update the Guidance section. |
| **Process 17.1G** Calculate Benefits for the Benefit Statements | 06/27/13 | **Revised** to add steps specific to participants who 1) died post-DOPT, 2) were paid lump sums by PBGC, 3) have a partially purchased annuity, and 4) have a QDRO. |
| **Process 17.7** Review Actuarial Case Report and Software by Actuarial Technical Expert | 06/27/13 | **Revised** with new step for the Actuarial Technical Expert to review sample benefit and retirement statements for compliance with guidance in the ATM, and ensure the benefit statements reflect the most current Spectrum data and other events that impact the termination benefit or lump sum amount. |
| **Process 17.8** Finalize Actuarial Case Report Package & Review | 11/26/13 | **Revised** to require that the ASD approval e-mail be included when the *Actuarial Case Report* is submitted for imaging. |
| **Process 17.9** Perform Final Software Review | 03/27/14 | **Revised** to specify references to the "TPD" team leader or case team due to proposed organizational updates. |
| **Process 17.10** Perform Software Closeout (OASD) | 06/27/13 | **Added** cross-reference to new TP 16.4 Archive Electronic Files. |
| | 03/29/12 | **Revised** to include Valuation (ADT) Load: Data Elements/Spectrum Fields table formerly in Appendix I. |
| **Process17.12** Provide Post-Valuation Actuarial Assistance | 03/27/14 | **Revised** to remove DOPT Present Value information from the list of potential Spectrum fields to update due to a revised or corrected benefit statement. |
| | 06/27/13 | **Added** new section to manual. |

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# Processes 18–20

**11/20/2015**

**Processes 18–20 Table**

| Process | Date | Change |
|---|---|---|
| **Process 19** Overview for Benefit Determination Letters | 03/30/15 | **Revised** to indicate that limited-scope BDLs may be used after BDLs are issued as well as before; and to remove references to corrected BDLs. |
| | 11/26/13 | **Revised** to indicate that the TPD Manager is to advise OPSS by the end of the second and fourth quarters of the fiscal year (previously, by the end of each quarter) to update the plan-specific web page if BDLs have not been issued within three years of DOTR, and to specify the information needed. |
| | 09/26/13 | **Revised** to indicate that the TPD Manager should notify OPSS by the end of each quarter to update the plan-specific web page if BDLs will not be issued within three years of DOTR. |
| | 06/27/13 | **Revised** to state that for any case that will require more than three years from DOTR to issue BDLs, the TPD Division Manager is to advise OPSS to update the Web page for the plan. |
| **Process 19.1** Create Early BDL Database and Issue Early BDLs | 11/26/13 | **Revised** to replace obsolete archiving guidance with a reference to TP 16.5 Archive Electronic Files. |
| **Process 19.2** Review Actuarial Case Report and Issue BDLs | 08/28/15 | **Revised** to reference Policy 5.4-10 Small Benefit Payments, and to add steps to pay lump-sums of less than $200 including interest if PBGC has reliable and sufficient data on the participant. |
| | 03/30/15 | **Revised** to clarify that a benefit adjustment resulting from a BDL must be reflected in the payment no later than 90 days after the expiration of the appeal period; to indicate that the threshold for annuity benefit decreases changes to $1 or more for plans trusteed after 10/1/14; and to remove references to corrected BDLs. |
| | 08/28/14 | **Revised** to clarify that a BDL to a pre-DOPT retiree with a non-level benefit form is to include a benefit statement, and the BDL is to be customized. |
| | 11/26/13 | **Revised** to mention that all recovery BDLs, including those involving *de minimis* write-offs, require follow-up according to TP 6 Recover Overpayments. |
| | 03/28/13 | **Revised** to require that a BET prepared by a GS-12 or lower grade actuary be |

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| | | approved by a GS-13 or higher actuary via the TPD BET Checklist. |
| | 11/30/12 | **Revised** to correct a policy reference, and to remove the step to pay large reimbursements without an application when an election is not received within 30 days of the BDL. |
| | 08/30/12 | **Revised** to add a note to not issue a BDL to a participant whose Eligibility Status code is Undetermined in Spectrum. |
| **Process 19.3** Determine Net Overpayment/Underpayment for Annuities | 03/30/15 | **Revised** to indicate that the "$5 Rule" for benefit decreases applies to plans trusteed before 10/1/14, and for plans trusteed later, the tolerance is less than $1. |
| | 03/27/14 | **Revised** to clarify that if a participant was underpaid before DOPT and has a post-DOPT net overpayment, the amounts do not offset. |
| | 04/30/12 | **Revised** to update reference to renamed TP 7 Recoupment. |
| **Process 19.4** Determine Net Overpayment/Underpayment for Lump Sums | 03/30/15 | **Revised** to add a reference to policy 5.4-9 Lump-Sum Benefit Payments. |
| | 11/26/13 | **Revised** to add a step to refer to TP 6 Recover Overpayments after issuing BDLs involving de minimis write-offs. |
| | 04/30/12 | **Revised** to replace $500 de minimis with administrative de minimis of less than $25 due to policy changes, and updated cross references to recovery procedures. |
| **Process 19.5** Issue Revised Benefit Determination Letter | 03/30/15 | **Retitled and revised** to remove references to and processing steps for corrected BDLs (in accordance with policy 5.8-1 Benefit Corrections). |
| **Process 19.6** Issue Limited-Scope BDLs | 03/30/15 | **Revised** to indicate that limited-scope BDLs may be used after (as well as before) the final BDL to address certain issues, and to reference policy 5.8-1 Benefit Corrections. |
| **Process 19.9** Resources for Benefit Determination Letters | 08/28/15 | **Added** Policy 5.4-10 Small Benefit Payments. |
| | 03/30/15 | **Removed** *eALG 410 series Corrected BDL*. |
| | 11/30/12 | **Revised** to correct a policy reference. |
| **Process 20.1** Respond to Acknowledgment of Appeal or Extension Request | 09/26/13 | **Revised** to note that benefits processed while an appeal is pending are to be based on the most recent BDL, not a previous one; and to reformat the section. |
| **Process 20.2** Respond to Appeal Closing Memo | 08/28/15 | **Removed** references to Corrected BDLs (eALG 410). |
| **Process 20.3** Respond to Appeals Division Referral | 08/28/15 | **Removed** references to Corrected BDLs (eALG 410). |
| **Process 20.5** Act on Notice of Similarly Situated Participants | 08/28/15 | **Removed** references to Corrected BDLs (eALG 410). |

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# Processes 21–23

**11/20/2015**

**Processes 21–23 Table**

| Process | Date | Change |
|---|---|---|
| **Process 21** Overview for Plan Closing | 06/27/13 | **Revised** to allow for plans with 100 or fewer participants to be referred for closing once 45 days have elapsed since the last BDL was issued. |
| **Process 21.2** Check Participant BDL Status | 09/26/13 | **Revised** to remove step to ensure help letters have been sent in efforts to locate participants. |
| | 06/27/13 | **Revised** to allow for plans with 100 or fewer participants to be referred for closing once 45 days have elapsed since the last BDL was issued. |
| **Process 21.4** Check Completeness of Participant Records on PBGC Image Viewer and Spectrum | 03/30/15 | **Removed** an obsolete step on removing access to Image Viewer files for PICS participants, and to replace a reference to PICS with Conflict of Interest. |
| **Process 21.5** Prepare Plan History | 06/27/13 | **Revised** to clarify that LCWG references are to the BAPD Large Case Working Group (BAPD LCWG). |
| | 08/30/12 | **Revised** to clarify memoranda references. |
| **Process 22.2** Review Closed Plan | 03/30/15 | **Revised** to replace a reference to PICS with Conflict of Interest procedures. |

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# Technical Procedures 1–10

**01/31/2017**

**Technical Procedures 1–10 Table**

| Technical Procedure | Date | Change |
|---|---|---|
| **TP 1** Customer E-Mail Management | 08/30/12 | **Added** new section to manual. |
| **TP 1** Identify Controlled Group | 03/29/12 | **Removed** from the manual since BAPD no longer performs this function. |
| **TP 2** Overview for Administrative Correction of Benefit Overpayments | 03/30/15 | **Removed** the reference to written demand for payment (letter of indemnification). |
| **TP 2** Administrative Correction of Benefit Overpayments | 04/30/12 | **New** section added to consolidate procedures for correcting overpayments by administrative correction, benefit suspension, ACH reclamation, and written demand for payment (letter of indemnification). |
| **TP 2** Identify Ability to Fund Plan | 03/29/12 | **Removed** from the manual since BAPD no longer performs this function. |
| **TP 2.2** Suspend Benefits to Correct Overpayment | 03/27/14 | **Revised** to clarify that the procedure applies to both duplicate payments and overpayment due to death. |
| **TP 2.3** Initiate ACH Reclamation | 09/30/16 | **Updated** with reference to latest version of *PLUS Web Manual*. |
| | 06/27/13 | **Added** note to refer requests for non-benefit payments to RSD/BPB for processing. |
| | 08/30/12 | **Revised** to reference *PLUS Web Manual*. |
| **TP 2.4** Initiate Written Demand for Payment (Letter of Indemnification) | 03/30/15 | **Removed** from the manual. |
| | 06/27/13 | **Added** note to refer requests for non-benefit payments to RSD/BPB for processing. |
| | 08/30/12 | **Revised** to reference *PLUS Web Manual*. |
| **TP 2.4** Resources for Administrative Correction of Benefit Overpayments | 09/30/16 | **Updated** with reference to latest version of *PLUS Web Manual*. |
| | 03/30/15 | **Renumbered** from 2.5.<br>**Removed:**<br>• *Letter of Indemnification*<br>• *Letter of Indemnification Instructions*<br>• *Sample Letter of Indemnification* |
| **TP 2.5** Resources for Administrative Correction of Benefit Overpayments | 08/30/12 | **Revised** to reference *PLUS Web Manual*. |
| **TP 3** Plan Expenses | 03/30/15 | **Revised** in entirety to reflect updates based on the interim procedures issued by e-mail on 12/31/14 and subsequent developments to change the routing and |

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| | | approval process for invoice payments; to merge the processes for payments from the Trust Fund and the Revolving Fund; to require use of the revised and expanded *Concurrence to Pay Plan Expenses* and the new transmittal slip for all invoices; and for various edits. |
| | 09/26/13 | **Renamed** from TP 3 Manage Plan Related Termination Expenses. |
| **TP 3.** Overview for Plan Expenses | 09/26/13 | **Revised** to reflect the new procedure title and process. |
| **TP 3.1** Pay Plan Expenses | 09/26/13 | **Revised** to require that invoices for plan expenses be tracked on a spreadsheet; that a new checklist be completed for each invoice, and approved based on the amount and cumulative total of invoices received; that a new concurrence memo to the BAPD Deputy Director be prepared for payment of an invoice for a plan with cumulative invoices of more than $50,000; to clarify imaging requirements; and to make various other clarifications and edits. |
| **TP 3.2** Resources for Plan Expenses | 09/26/13 | **Revised** to reflect the new procedure title, and to add the *Concurrence to Pay Plan Expenses* and *Plan Expense Invoice Payment Checklist*. |
| **TP 4** Participant Addresses and EDD Elections - Overview | 08/28/14 | **Revised** to clarify that addresses are not changed until verified, and for various miscellaneous edits. |
| | 08/30/12 | **Revised** to address the Outbound Call Campaign administered by the DMC. |
| **TP 4.1** Process Returned Mail for Address Changes | 08/28/14 | **Revised** to remove redundant detail and obsolete references, and for various miscellaneous edits; and to completely revise TP 4.1B Verify Participant Addresses with the new process using the *Address Verification Letter*. |
| | 08/30/12 | **Revised** to clarify the DMC's processes, and to remove references to the LexisNexis locator tool. |
| **TP 4.1B** Verify Participant Addresses | 03/29/12 | **Revised** to consolidate and reorder the processing steps so that the *Participant Address Search Summary Memo* is prepared after (not before) the LexisNexis search; to remove the guidelines table; and for miscellaneous edits. |
| **TP 4.2** Update Participant Addresses | 08/28/14 | **Revised** to remove TP 4.2C Update Participant Address Based on Notification to SSC for obsolescence; and for various clarifications and miscellaneous edits. |
| | 06/27/13 | **Revised** to state the customer's e-mail address is to be requested or confirmed and updated in CRM, if available. |
| | | **Revised** to indicate that the payee's |

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| **TP 4.3** Make or Change EDD Elections | 06/27/13 | name must be on the account receiving payments by electronic direct deposit, and that the customer's e-mail address is to be requested or confirmed and updated in CRM, if available. |
| | 08/30/12 | **Revised** to clarify the DMC's processing of address changes based on whether the request is from the participant or authorized representative. |
| **TP 4.4** Administer the Outbound Call Campaign | 08/30/12 | **New** section added to manual. |
| **TP 4.4** Resources for Participant Addresses and EDD Elections | 03/29/12 | **Added:**<br>*Participant Address Search Summary Memo* |
| **TP 4.5** Resources for Participant Addresses and EDD Elections | 08/28/14 | **Revised** to add *Address Verification Letter*, and remove references to obsolete guidance. |
| **TP 5.1B** Process Report of Death by Mail | 11/30/12 | **Revised** to correct references to steps within the procedure. |
| **TP 5.4A** Determine Whether Continuing Benefits are Due | 11/20/15 | **Revised** to reference TP 20.5E Spousal Consent in cases where the surviving spouse challenges the benefit form. |
| | 11/21/14 | **Revised** with minor edits to clarify language. |
| **TP 5.4B** Determine Contingent Annuitant | 03/29/12 | **Added** note to contact OPSS if a slayer exception may apply to a beneficiary. |
| **TP 5.5A** Determine Eligibility for Preretirement Survivor Annuities | 11/21/14 | **Revised** with minor edits to clarify language. |
| | 03/29/12 | **Added** note to contact OPSS if a slayer exception may apply to a beneficiary. |
| **TP 5.5B** Issue Notification of Qualified Preretirement Survivor Annuities | 12/22/16 | **Removed** steps to call the surviving spouse within 15 days of mailing the benefit application if it has not been received. |
| | 08/28/15 | **Revised** to note that an application is not required if the total payment with interest is less than $200 and PBGC has reliable and sufficient information on the beneficiary. |
| | 03/28/13 | **Revised** to reflect policy changes requiring that a completed application be received within 180 days of the date of PBGC's letter mailing the application for the customer to retain the requested annuity starting date. |
| **TP 5.5C** Determine Pre-Retirement Equity Act Survivor Annuities | 12/22/16 | **Removed** the step to call the surviving spouse within 15 days of mailing the benefit application if it has not been received. |
| | 03/29/12 | **Added** note to contact OPSS if a slayer exception may apply to a beneficiary. |
| **TP 5.6B** Notify Beneficiary of Other Amounts Owed | 11/20/15 | **Revised** to clarify the letter to send a surviving spouse depending on whether |

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| | | the payment is rollover eligible. |
| | 08/28/15 | **Revised** to note that an application is not required if the total payment with interest is less than $200 and PBGC has reliable and sufficient information on the beneficiary. |
| | 03/28/13 | **Revised** to remove the note concerning taxation of lump sums of less than $200, since it is not relevant to this procedure. |
| | 11/30/12 | **Revised** the note to change from "$1,000 or less" to "less than $200" the amount of the total payment for which an application may not be required. |
| | 03/29/12 | **Added** note to contact OPSS if a slayer exception may apply to a beneficiary. |
| **TP 5.6C** Determine Lump-Sum Death Benefits | 03/29/12 | **Added** note to contact OPSS if a slayer exception may apply to a beneficiary. |
| **TP 5.7A** Determine Beneficiary when Date of Death is on or after June 1, 2002 | 09/26/13 | **Revised** to re move information about the Defense of Marriage Act (DOMA) and direct that situations involving same-sex marriages or civil unions be referred to OPSS. |
| | 04/30/12 | **Revised** extensively in accordance with updated Policy 8.6-1 and to emphasize use of the *Beneficiary Determination for Deaths on or after June 1, 2002* form to document the determination. |
| | 03/29/12 | **Added** note to contact OPSS if a slayer exception may apply to a beneficiary. |
| **TP 5.7B** Determine Beneficiary when Date of Death is before June 1, 2002 | 11/21/14 | **Revised** with minor edits to clarify language. |
| | 03/29/12 | **Added** note to contact OPSS if a slayer exception may apply to a beneficiary. |
| **TP 6** Overview for Recover Overpayments | 11/26/13 | **Revised** the Recovery Not Due to Death Summary Table to add references to specific procedures. |
| **TP 6.1** Perform Initial Recovery Actions | 09/30/16 | **Updated** with reference to latest version of *PLUS Web Manual*. |
| **TP 6.1A** Recovery Due to Benefit Determination Letter | 08/28/15 | **Removed** steps for requesting and referencing a recovery tracking number. |
| | 11/26/13 | **Revised** to remove mentions of write-offs for overpayments of less than $25. |
| **TP 6.1B** Recovery Due to Benefit Determination Letter (Overpayment Less than $1,000) | 11/26/13 | **Revised** to require that all debts that will be written off, regardless of the amount, be referred to the Recovery Team in RSD. |
| | 03/28/13 | **Revised** to require that an acknowledgment e-mail from the eCARF system be imaged to the participant file within five days of the acknowledgment. |
| | 08/30/12 | **Revised** to remove the *Debt Write-off* |

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| | | *Memo* and add steps to print the Debt Write-Off/Discharge eCARF acknowledgment e-mail and image to file. |
| **TP 6.1C** Recovery Due to Death | 08/28/15 | **Removed** the step to advise RSD about full payment if a tracking number was issued. |
| | 03/30/15 | **Removed** steps concerning written demand for payment (letter of indemnification). |
| | 08/28/14 | **Revised** to clarify that a written demand for payment should not be attempted if the reclamation fails for reasons other than insufficient funds. |
| | 11/26/13 | **Revised** to require that all debts that will be written off, regardless of the amount, be referred to the Recovery Team in RSD. |
| | 06/27/13 | **Added** notes stating that 1) requests for non-benefit payments are to be referred to RSD/BPB, and 2) if the beneficiary is due a back payment and is known to be the debtor for the post-death payments, the back payment may be offset by the debt. |
| | 03/28/13 | **Revised** to clarify that an acknowledgment e-mail from the eCARF system be imaged to the participant file within five days of the acknowledgment (not from making the determination). |
| | 11/30/12 | **Revised** to refer users to death processing procedures instead of a following step if the stop payment on a check is successful. |
| | 08/30/12 | **Revised** to remove the *Debt Write-off Memo*, add steps to print the Debt Write-Off/Discharge eCARF acknowledgment e-mail and image to file, and to remove the step to send the eALG 515 to the debtor. |
| **TP 6.1D** Other Recovery Situations | 11/26/13 | **Revised** to require that all debts that will be written off, regardless of the amount, be referred to the Recovery Team in RSD. |
| | 03/28/13 | **Revised** to require that an acknowledgment e-mail from the eCARF system be imaged to the participant file within five days of the acknowledgment. |
| | 08/30/12 | **Revised** to add examples of situations where the procedure may apply; to add that requests for installment payments, debt waivers, and other non-routine requests are to be referred to OPSS; to remove the *Debt Write-off Memo*; and to add steps to print the Debt Write-Off/Discharge eCARF acknowledgment |

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| | | e-mail and image to file. |
| **TP 6.2** Process Recovery Referrals | 09/30/16 | **Updated** with reference to latest version of *PLUS Web Manual*. |
| | 08/30/12 | **Revised** to reference *PLUS Web Manual*. |
| | 04/30/12 | **Renamed, renumbered** and **revised** to require that debts of $10,000 or more be referred to OGC, that requests for administrative review be referred to the BPB Branch Chief, to consolidate procedures for processing requests for debt waivers and installment payment plans, and to add a separate section on processing installment payment agreements, which must generally be for no more than 36 months (from 60). |
| **TP 6.2A** Process Recovery Referrals | 08/28/15 | **Removed** the step to provide a tracking number to a TPD/FBA/PVA requestor. |
| | 03/27/14 | **Revised** to replace completing a write-off memo with documenting the tracking tool and imaging the closeout report; and to enable the BPB Branch Chief to apply discretion in writing off debts of $200-1,000. |
| | 11/26/13 | **Revised** with a new step to write off all debts of less than $25, and to use discretion in writing off debts of up to $200 if it appears the recovery cost would exceed the debt amount. |
| | 06/27/13 | **Added** note indicating that new cases are added to the monthly report to FOD, and to reference new TP 6.4F Monthly Recovery Report to FOD. |
| | 03/28/13 | **Revised** to require that cases be referred to OGC only after the appeal period expires. |
| | 08/30/12 | **Revised** with new steps to include the the Debt Write-Of/Discharge eCARF when writing off a debt, to require research on debts over $10,000, to address the impact of partial payments on the total debt amount, to distinguish processing according to when the payee was notified of the debt, to require including a recommendation when referring a request for administrative review, and to make general clarifications and edits. |
| **TP 6.2B** Process Debt Waiver and Payment Plan Requests | 08/30/12 | **Revised** to require including a recommendation when referring a debt over $5,000 to BPB Branch Chief. |
| **TP 6.2C** Use Subpoena to Identify Payment Recipient | 03/27/14 | **Revised** to replace completing a write-off memo with documenting the tracking tool and imaging the closeout report. |
| | 06/27/13 | **Added** step to issue the *Request for Funds Letter* if the bank reports that |

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| | | funds are available (whether or not debtor is identified). |
| | 03/28/13 | **Revised** to state that when issuing a subpoena, to include a CRM 516CC Customer Communication Letter - Recovery Use ONLY if the receiving bank is known to frequently request a customer communication letter. |
| | 08/30/12 | **Revised** with new steps for following up with the bank, to address situations where funds are not available, and to include the the Debt Write-Off/Discharge eCARF when writing off a debt. |
| **TP 6.2D** Process Estates, Trusts, and Other Legal Entities | 03/27/14 | **Revised** to replace completing a write-off memo with documenting the tracking tool and imaging the closeout report. |
| | 08/30/12 | **Revised** to address partial payments and to add a new step to complete the Debt Write-Off/Discharge eCARF when writing off a debt. |
| **TP 6.2E** Process Installment Payment Agreements | 03/27/14 | **Revised** to replace completing a write-off memo with documenting the tracking tool and imaging the closeout report. |
| | 08/30/12 | **Revised** to remove the requirement to not allow more than 36 months for a payment plan unless so directed by OGC. |
| **TP 6.2F** Monthly Recovery Report to FOD | 08/28/15 | **Revised** to require delivery of the *Recovery of Benefit Overpayments (death) A/R Report* to FOD/GAB by the fifth (from the third) business day of the month. |
| | 06/27/13 | **Added** new section. |
| **TP 6.3** Resources for Recover Overpayments | 09/30/16 | **Updated** with reference to latest version of *PLUS Web Manual*. |
| | 09/26/13 | **Removed** *eALG 514 Advice to Debtor.* |
| | 06/27/13 | **Added** *Request for Funds Letter.* |
| | 04/30/12 | **Renumbered** and **revised** to remove indemnification letters since the process was moved to TP 2, and to add new eALG letters *522 Cover Letter for Form 722* and *515 Request for Overpayment under $1,000 (Recovery)*. |
| **TP 7** Overview for Recoupment | 04/30/12 | **Renamed** section and revised to reflect that administrative correction is no longer covered in this section. |
| **TP 7** Recoupment | 04/30/12 | **Renamed** section to reflect that administrative correction is no longer covered in this section. |
| **TP 7.1A** Determine Net Overpayment | 04/30/12 | **Revised** with updated reference to administrative correction procedures. |
| **TP 7.1B** Determine Exceptions to the 10% Recoupment Reduction Limit | 08/30/12 | **Revised** to clarify section D. Termination Benefits in Excess of the |

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| | | Maximum Insurance Limitation (MIL) and add the *Worksheet for Application of Variance on 10% Cap on Recoupment*. |
| **TP 7.3** Resources for Recoupment | 04/30/12 | **Renamed** and **renumbered**. |
| **TP 8.1** Process Check | 03/30/16 | **Removed** the requirement to use a specific shipping service. |
| **TP 10** Overview for Income Verification Requests | 03/30/15 | **Revised** to mention that annuitants can request and print income verifications from MyPBA. |
| | 08/30/12 | **Revised** to address the DMC's role; to update the criteria for perfected requests to include written consent that is signed and dated, and that a third-party requestor need not be a supervisor or manager; and to state that a participant's request is not to be denied but handled as non-perfected. |
| | 03/29/12 | **Revised** to acknowledge that the process also applies to the TPDs. |
| **TP 10** Workflow for Income Verification Requests | 11/26/13 | **Revised** to address current processing. |
| **TP 10.1** Respond to Income Verification Requests Received by TPD/PVA/FBA | 11/20/15 | **Corrected** internal step references. |
| | 03/30/15 | **Added** a step to inform callers receiving annuities that they can request and print income verifications from MyPBA. |
| | 09/26/13 | **Revised** to remove the requirement for a payee to send a written request an IV letter to the payee, and for minor edits. |
| | 08/30/12 | **Revised** to clarify the processing flow, to add a step to verify the requestor's identity, and to emphasize that requests must be in writing. |
| | 03/29/12 | **Renamed** and **revised** to acknowledge that the process also applies to the TPDs. |
| **TP 10.4** Resources for Income Verification Requests | 09/26/13 | **Removed** *PBGC Income Verification Form.* |

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# Technical Procedures 11–20

**01/31/2017**

**Technical Procedures 11–20 Table**

| Technical Procedure | Date | Change |
|---|---|---|
| **TP 12.1A** Single Monthly Check - Determine Fraud/Forgery | 03/30/15 | **Revised** to require that correspondence intended for PBGC's paying agent be routed through the BPB Management Analyst. |
| **TP 12.1B** Multiple Monthly Checks - Determine Fraud/Forgery | 03/30/15 | **Revised** to require that correspondence intended for PBGC's paying agent be routed through the BPB Management Analyst. |
| **TP 12.1C** Lump Sums, Special Checks – Determine Fraud/Forgery | 03/30/15 | **Revised** to require that correspondence intended for PBGC's paying agent be routed through the BPB Management Analyst. |
| **TP 13** Overview for Domestic Relations Orders and State Agency Orders | 11/30/12 | **Revised** to summarize changes effective 11/01/12. |
| **TP 13.1** Review Domestic Relations Order from Prior Plan Administrator | 11/30/12 | **Revised** to add step to create IPS and Spectrum records for the alternate payee; to clarify handling of a QDRO previously submitted to the plan administrator but not forwarded to PBGC; to indicate that a DRO is to be disqualified if the participant previously received an lump-sum distribution; to clarify the time a hold is placed on a participant's being put into pay status according to the status of the DRO; to add a step to place a 60-day hold on a pending participant application for benefits if a state order is received; to list additional situations where a DRO should be referred to OPSS; and to indicate that a copy of the QDRO is not to be sent without prior approval from OPSS, OCC or Disclosure Division. |
| **TP 13.1B** Update Spectrum for Qualified Domestic Relations Orders | 09/26/13 | **Revised** to implement the new process for obtaining approval on and routing the *PBGC QDRO Deduction Instructions to Paying Agent*. |
| **TP 13.2** Review Domestic Relations Orders | 11/30/12 | **Revised** to add step to create IPS and Spectrum records for the alternate payee; to clarify handling of a QDRO previously submitted to the plan administrator but not forwarded to PBGC; to indicate that a DRO is to be disqualified if the participant previously received an lump-sum distribution; to clarify the time a hold is placed on a participant's being put into pay status according to the status of the DRO; to add a step to place a 60-day hold on a pending participant application for |

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| | | benefits if a state order is received; to list additional situations where a DRO should be referred to OPSS; and to indicate that a copy of the QDRO is not to be sent without prior approval from OPSS, OCC or Disclosure Division. |
| **TP 13.3** Implement Qualified Domestic Relations Orders | 11/30/12 | **Revised** to add a step to create IPS and Spectrum records for the alternate payee, and to add a step to issue a benefit application to an alternate payee. |
| **TP 13.4** Make Qualified Domestic Relations Order Payments | 11/30/12 | **Revised** to add new step to check IPS for a copy of the QDRO before proceeding, and to follow up as needed; to add a new step for addressing inquiries on external payment agreements from interested parties; to distinguish payment processing based on whether a BDL has been issued, and if so on whether there is an appeal; to distinguish handling of a shared payment order if the participant is reported deceased; and to note that payments to alternate payees are not to be suspended because the participant cannot be paid or there is no separate Spectrum record for the alternate payee. |
| **TP 13.4B** Make Qualified Domestic Relations Order Payments in Spectrum | 09/26/13 | **Revised** to implement the new process for obtaining approval on and routing the *PBGC QDRO Deduction Instructions to Paying Agent*. |
| **TP 13.5** Release Benefits for Domestic Relations Order | 11/30/12 | **Revised** to clarify that PBGC does not suspend any portion of a payee's benefit upon receipt of a draft DRO or California joinder, but does prohibit a participant from entering pay status while a signed or draft DRO or other state order is under review. |
| **TP 13.6** Resources for Domestic Relations Orders and State Agency Orders | 11/30/12 | **Added** new eALG letters used in the section. |
| **TP 14** §436 Benefit Limitations | 11/21/14 | **Revised** throughout to indicate that ASD, not OPSS, evaluates plans impacted by §436 of the Internal Revenue Code. |
| | 08/30/12 | **New** section replaces *§436 Benefit Limitations Interim Guidance.* |
| **TP 14.1** Conduct §436 Evaluation | 03/30/15 | **Renamed and revised** to consolidate former sections TP 14.1 Conduct Preliminary §436 Evaluation and TP 14.2 Request Further §436 Evaluation, reflecting that the actuary now completes and submits the evaluation for review. |
| **TP 14.2** Summary of §436 Provisions | 03/30/15 | **Renumbered** from 14.3. |
| **TP 14.2** Request Further §436 Evaluation | 03/28/13 | **Revised** for changes to information PBGC collects and evaluates for §436 evaluations based on MAP-21. |
| **TP 14.3** Resources for §436 Benefit | 03/30/15 | • **Renumbered** from 14.4. |

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| Limitations | | • **Added:** *§436 Evaluation*.<br>• **Removed:** *Preliminary §436 Evaluation* |
| **TP 14.3** Summary of §436 Provisions | 03/27/14 | **Revised** to list the pending IRS notice about the Windsor decision, with regard to the repeal of the Defense of Marriage Act. |
| | 03/28/13 | **Revised** the table to add an Other Guidance section with rows for IRS Notice 2012-61, WRERA, and Pension Relief Act of 2006; to add additional detail under rows for 436(b) and 436(c); and to add examples for 1.436-1(k)(2). |
| **TP 14.4** Resources for §436 Benefit Limitations | 03/28/13 | **Added** IRS Notice 2012-61 Guidance on Pension Funding Stabilization under the Moving Ahead for Progress in the 21st Century (MAP-21) |
| **TP 16** Plan and Participant File Maintenance | 08/30/12 | **Revised** throughout to clarify language concerning TPD's ability to import documents to IPS, to provide examples of scanning requests forms, to make minor corrections to processing steps, to require that mail be processed the same business day it is received, to add new section (16.5) for handling requests for return of proof documents, and to indicate that paper records are to be retained for 90 days after imaging. |
| **TP 16** Overview for Plan and Participant File Maintenance | 08/28/14 | **Revised** to clarify the purpose for maintaining the files and for various other clarifications. |
| | 09/26/13 | **Revised** to mention that users must request the DMC to perform certain IPS functions (Advanced Functions) beginning the first quarter of FY 2014 once this functionality will then be is no longer available to general users. |
| | 06/27/13 | **Revised** to include information about archiving electronic sources of plan information. |
| | 11/30/12 | **Revised** to reference the new *BAPD Records Management Manual*. |
| **TP 16.1** Maintain Plan File | 08/30/16 | **Revised** instructions on having electronic documents imaged with a reference to TP 16.4 Request Advanced Functions for IPS Files. |
| | 03/30/15 | **Removed** the reference to the *IPS Scanning Request Form for Participant Documentation Sample*. |
| | 08/28/14 | **Revised** to remove TP 16.1A Image Documents to the Plan File and renumber TP 16.1B Image Documents to the Plan File as 16.1; to clarify that FBAs send plan file documents to a federal |

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| | | case team member to image; to reference the mailbox for requesting advanced functions; to clarify the process for retaining work papers; and for minor edits. |
| | 09/26/13 | **Revised** to remove mention of special requests since these are now handled as Advanced Functions. |
| | 11/30/12 | **Revised** to reference the new *BAPD Records Management Manual*. |
| **TP 16.1A** Image Documents to the Plan File | 09/26/13 | **Revised** to state that requests to have certain functions (known as Advanced Functions) performed in IPS must be submitted to the DMC beginning the first quarter of Fiscal Year 2014 once this functionality is no longer available to general users. |
| **TP 16.1B** Submit Plan File Documents to the DMC for Imaging | 09/26/13 | **Revised** to reference new TP 16.4 Request Advanced Functions for IPS Files for special requests. |
| **TP 16.2** Maintain Participant File | 03/30/15 | **Revised** to replace steps on imaging electronic files with a cross-reference to TP 16.4, and to replace the *IPS Scanning Request Form for Participant Documentation Sample* with the actual template. |
| | 08/28/14 | **Revised** to remove TP 16.2A Image Documents to the Participant File and renumber TP 16.2B Submit Participant File Documents to the DMC for Imaging as 16.2; to reference the mailbox for requesting advanced functions; and for minor edits. |
| | 11/30/12 | **Revised** to reference the new *BAPD Records Management Manual*. |
| | 03/29/12 | **Revised** to specify that both the IPS Participant Document Type and High-Level Document Type are to be used when imaging documents to the participant file. |
| **TP 16.2A** Image Documents to the Participant File | 09/26/13 | **Revised** to reference new TP 16.4 Request Advanced Functions for IPS Files for special requests. |
| **TP 16.3** Image Files to IPS | 08/28/14 | **Revised** for minor edits. |
| | 11/30/12 | **Revised** to reference the new *BAPD Records Management Manual*. |
| | 03/29/12 | **Revised** to specify that both the IPS Participant Document Type and High-Level Document Type are to be used when imaging documents to the participant file. |
| **TP 16.4** Request Advanced Functions for IPS Files | 03/30/15 | **Revised** to mention scanning electronic documents as an advanced function. |
| | 08/28/14 | **Revised** for minor edits. |
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| | 09/26/13 | **Added** new section to manual. |
| **TP 16.4** Archive Electronic Files | 06/27/13 | **Added** new section. |
| **TP 16.5** Archive Electronic Files | 03/30/15 | **Revised** to replace the *Sample Corresponding Readme.txt File* with the *Readme File Template*, with related changes to instructions. |
| | 09/26/13 | **Renumbered** from 16.4; **revised** to correct the list of Archive groups. |
| **TP 16.5** Process Participant Correspondence | 06/27/13 | **Renumbered** from 16.4. |
| **TP 16.6** Process Participant Correspondence | 09/26/13 | **Renumbered** from 16.5. |
| **TP 16.6** Process Request to Return Proof Documents | 06/27/13 | **Renumbered** from 16.5. |
| **TP 16.6** Resources for Plan and Participant File Maintenance | 11/30/12 | **Added** *BAPD Records Management Manual*. |
| **TP 16.7** Process Request to Return Proof Documents | 09/26/13 | **Renumbered** from 16.6. |
| **TP 16.7** Resources for Plan and Participant File Maintenance | 06/27/13 | **Renumbered** from 16.6; **added** *Sample Data Elements and Sources List* and *Sample Corresponding Readme.txt File*. |
| **TP 16.8** Resources for Plan and Participant File Maintenance | 03/30/15 | • **Added:**<br>  • *IPS Scanning Request Form for Participant Documentation*<br>  • *Readme File Template*<br>• **Removed:**<br>  • *IPS Scanning Request Form for Participant Documentation Sample*<br>  • *Sample Corresponding Readme.txt File* |
| | 09/26/13 | **Renumbered** from 16.7. |
| **TP 17.1** Refer Policy and Procedures Questions | 03/27/14 | **Revised** to replace COTR with COR. |
| **TP 18** Prepare Files for Shipment | 08/30/12 | **Revised** throughout to completely revise the DMC's role, to add steps for the BAPD Records Coordinator, and to remove language concerning STDC's processing. |
| **TP 18.1** Ship to FRC from DMC | 08/28/14 | **Revised** to reflect department title change from FASD (Facilities and Services Department) to WSD (Workplace Solutions Department). |
| | 09/26/13 | **Revised** to replace the reference to PBGC records management interim procedures with the *BAPD Records Management Manual*. |
| **TP 18.2** Resources for Prepare Files for Shipment | 09/26/13 | **Revised** to replace the reference to PBGC records management interim procedures with the *BAPD Records Management Manual*. |
| | | **Revised** to add a paragraph advising |

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| **TP 19** Overview for Woodwork Customers | 08/28/14 | that, when imaging or archiving to plan and participant files, to follow TP 16 Plan and Participant File Maintenance. |
| **TP 19** Woodwork Customers | 09/26/13 | **Revised** in entirety to add a new telephone questionnaire, require more proof from the customer that a benefit may be due, require more certainty before issuing a non-member BDL, and reformat according to current standards. |
| **TP 19.1** Research Participant Entitlement Eligibility | 11/26/13 | **Revised** to clarify that tax returns may be needed for years following termination of employment (not plan termination), and to add a link to the *Woodwork Customer Telephone Questionnaire.* |
| **TP 19.2** Resources for Woodwork Customers | 11/26/13 | **Added** a link to the *Woodwork Customer Telephone Questionnaire.* |
| **TP 20** Unpaid Plan Application for Annuity Payments Review Table | 03/30/15 | **Removed** from the manual. |
| | 11/21/14 | **Revised** to stress that if someone other than the participant signs the application, PBGC must recognize the individual's authority (for example, as a power of attorney) to do so. |
| | 03/28/13 | **Revised** to reflect policy changes requiring that a completed application be received within 180 days of the date of PBGC's letter mailing the application for the customer to retain the requested annuity starting date. |
| | 11/30/12 | **Revised** to add a cross-reference to plan assumption procedures for when the annuity starting date is before DOTR. |
| **TP 20** Unpaid Plan Application for Lump Sum Payment Review Table | 03/30/15 | **Removed** from the manual. |
| | 11/21/14 | **Revised** to stress that if someone other than the participant signs the application, PBGC must recognize the individual's authority (for example, as a power of attorney) to do so. |
| | 08/30/12 | **Revised** to address the impact of section 436 on processing these applications. |
| **TP 20** Form 700 Participant Application for Pension Benefits Review Table | 09/30/16 | **Revised** to state that a participant who is eligible for either early unreduced retirement benefits or a level benefit may elect an ASD retroactive to the earliest allowable retirement date at any time, regardless of previous notifications and subject to working retirement rules. |
| | 08/28/15 | **Revised** to require that spousal consent be based on an informed decision, and that the payee's name be on the EDD account. |
| **TP 20** Form 700 Annuity Application Review Table | 03/28/13 | **Revised** to indicate that users are to request, not require, and residential address when a post office box is |

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| | | provided at the mailing address; and to reflect policy changes requiring that a completed application be received within 180 days of the date of PBGC's letter mailing the application for the customer to retain the requested annuity starting date. |
| **TP 20** Form 705 Beneficiary Application for Pension Benefits Review Table | 08/28/15 | **Revised** to require that the payee's name be on the EDD account. |
| **TP 20** Form 706 Beneficiary Application for Pension Benefits – OF Review Table | 09/30/16 | **Revised** to state that a beneficiary may begin receiving benefits retroactive to the later of the month following the participant's death and the participant's earliest allowable retirement date and may elect it at any time, regardless of any previous notifications. |
| **TP 20** Form 721 Application for Lump-Sum Payment -- Non-Spouse Beneficiary or Estate Review Table | 11/21/14 | **Revised** to stress that if someone other than the participant signs the application, PBGC must recognize the individual's authority (for example, as a power of attorney) to do so. |
| **TP 20** Overview for Benefit Payments | 08/28/15 | **Clarified** the example of a pre-DOPT plan application for benefits to mean an annuity application. |
| | 06/27/13 | **Removed** a statement that small benefit payments may be made without a benefit application in some instances. |
| **TP 20.1** Determine Eligibility and Issue Application | 11/20/15 | **Revised** to state that an estimated *de minimis* benefit is payable in a lump sum if the individual reaches EPRD and applies, even if working for the DOPT employer; and to contact Ask OPSS if a participant who has not reached EPRD requests immediate payment claiming hardship. |
| | 08/28/15 | **Clarified** that a final *de minimis* lump-sum benefit is payable after the BDL is issued once the payee reaches EPRD, even if the payee is still employed with the DOPT employer. |
| | 11/21/14 | **Revised** to remove the requirement for written approval to pay a lump sum before the completion of the participant database, or to delay payment after completion of the database; to specify that an estimated *de minimis* benefit is payable if the participant reaches EPRD and applies for benefits, while a final *de minimis* benefit is payable in a lump sum after the BDL is issued, even if the participant continues to work for the DOPT employer, before NRD; and to clarify that annuity benefits may paid as soon as a complete and valid application is filed, regardless of whether the benefit estimation tool is complete. |
| | 03/28/13 | **Revised** to remove instructions for |

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| | | paying lump sums of less than $200 without an application, and to note that if all payments to an individual payee in the same tax year total less than $200, PBGC does not withhold federal income tax. |
| | 11/30/12 | **Revised** to change from "$1,000 or less" to "less than $200" the amount of the total payment for which an application may not be required. |
| **TP 20.1A** Determine Eligibility for Benefit Payments | 08/28/15 | **Removed** the reference to pre-DOPT lump-sum plan applications. |
| **TP 20.1B** Act on Individual Eligible for Lump Sum | 08/28/15 | **Revised** to note that an application is not required if the total payment with interest is less than $200, and to clarify that if the payment is estimated the payee must have reached EPRD to receive a lump sum. |
| | 11/21/14 | **Revised** to add that participant must have reached the earliest PBGC retirement date to be eligible. |
| | 08/28/14 | **Revised** to clarify the process and remove obsolete letter references. |
| **TP 20.1C** Act on Individual Eligible for Annuity | 12/22/16 | **Removed** the step to call the customer within 15 days of mailing the benefit application if it has not been received. |
| | 09/30/16 | **Revised** to state that a participant who is eligible for either early unreduced retirement benefits or a level benefit may elect an ASD retroactive to the earliest allowable retirement date at any time regardless of previous notifications of eligibility and subject to working retirement rules; and to reference TP 33 Disability Benefit Processing. |
| | 11/21/14 | **Revised** to clarify that annuity benefits may paid as soon as a complete and valid application is filed, regardless of whether the benefit estimation tool is complete. |
| | 09/26/13 | **Revised** to correct typographical error. |
| | 03/28/13 | **Revised** to reflect policy changes requiring that a completed application be received within 180 days of the date of PBGC's letter mailing the application for the customer to retain the requested annuity starting date, and for minor edits. |
| | 11/30/12 | **Revised** to add a note stating that a payee has until 90 days after the BDL date to request a retroactive early unreduced retirement date if currently eligible, or prospectively if the EURD is a future date. |
| **TP 20.2A** Solicit Applications for Participants Near Normal or Early | 08/28/14 | **Revised** the title to include the early unreduced retirement date; to add a step |

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| Unreduced Retirement Date | | to initiate letters twice annually; to reference new eALG letters 500NRD and 500EURD; and for general edits. |
| **TP 20.2A** Solicit Applications for Participants Near Normal Retirement Date | 03/28/13 | **Revised** to remove instructions for paying lump-sums of less than $200 without an application. |
| | 11/30/12 | **Revised** to change from "$1,000 or less" to "less than $200" the amount of the total payment for which an application may not be required. |
| **TP 20.2B** Solicit Application for Participants Near Required Beginning Date | 08/28/14 | **Revised** to include introductory language about required beginning dates; to add a schedule for running reports and notifying affected participants using the eALG 500RBD; and to require follow-up as needed after 30 days. |
| | 03/28/13 | **Revised** to remove instructions for paying lump-sums of less than $200 without an application. |
| | 11/30/12 | **Revised** to change from "$1,000 or less" to "less than $200" the amount of the total payment for which an application may not be required. |
| **TP 20.3A** Review Annuity Benefit Application | 09/30/16 | **Revised** to distinguish OBA's goal to process benefit applications as early as possible from the 90-day processing requirement. |
| | 08/28/15 | **Revised** to advise that if the participant elects an optional benefit form requiring spousal consent, the benefit statement must reflect the forms and amounts payable at ARD to ensure the spouse made an informed decision. |
| | 09/29/14 | **Revised** to require: use of new eALG letters specific to benefit application processing, and specific response times; keeping the CRM service request for benefit applications open until the benefit is paid or the application expires; reviewing participant IPS files for missing information; and payment within 90 days of receipt of a complete application. |
| | 06/27/13 | **Revised** to state the customer's e-mail address is to be updated in CRM, if provided. |
| | 03/29/12 | **Revised** with new step to refer to TP 44 Foreign Language Services if a proof document needs translation, and to request a clear copy of an illegible proof document. |
| **TP 20.3B** Request Missing Information for Annuity Benefit Application | 09/30/16 | **Revised** to remove usage of *eALG 530F Follow-up for Additional Documentation/Information - Benefit* |

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| | | *Application.* |
| | 09/29/14 | **Revised** to require: use of new eALG letters specific to benefit application processing, and specific response times; reminder letters to customers for missing information; keeping the CRM service request for benefit applications open until the benefit is paid or the application expires; notification of a stale-date application; and payment within 90 days of receipt of a complete application. |
| | 03/28/13 | **Revised** to reflect policy changes requiring that a completed application be received within 180 days of the date of PBGC's letter mailing the application for the customer to retain the requested annuity starting date. |
| **TP 20.3C** Issues Annuity Payment | 11/21/14 | **Revised** with a new note to consult the actuary as needed to determine a beneficiary's benefit based on a joint-and-survivor percentage. |
| | 09/29/14 | **Revised** to require the payment advice letter to be sent within five business days of the payment cutoff date, and closure of the CRM service request after the payment is approved. |
| **TP 20.4** Process Lump-Sum Applications | 11/20/15 | **Revised** to clarify that an estimated *de minimis* lump-sum payment is payable once the payee reaches EPRD, even if still working for the DOPT employer; to contact Ask OPSS if a customer requests immediate payment before EPRD claiming hardship; and to state that a final *de minimis* lump sum is payable after the BDL has been issued regardless of whether the participant has reached EPRD or is still working for the DOPT employer. |
| | 08/28/15 | **Revised** to reference Policy 5.4-10 Small Benefit Payments, and to add guidance on paying small lump-sum payments without an application. |
| | 03/30/15 | **Corrected** an internal reference. |
| | 11/21/14 | **Revised** to remove the requirement for written approval to pay a lump sum before the completion of the participant database, or to delay payment after completion of the database; to specify that an estimated de minimis benefit is payable if the participant reaches EPRD and applies for benefits, while a final de minimis benefit is payable before NRD in a lump sum after the BDL is issued, even if the participant continues to work for the DOPT employer. |
| | | **Revised** to mention the Roth IRA as a |

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| **TP 20.4A** Review Lump-Sum Applications | 11/20/15 | rollover option, and to reference Appendix R 1.3 Lump-Sum or Non-Periodic Payment Tax Withholding and Reporting for guidance. |
| | 08/28/15 | **Revised** change the period in which the *Special Tax Notice Regarding PBGC Non-Periodic Payments* must be sent before the application filing date to 180 days (from 90), and to remove the reference to pre-DOPT lump-sum plan applications. |
| **TP 20.4A** Review Lump-Sum Benefit Application | 09/30/16 | **Revised** to distinguish OBA's goal to process benefit applications as early as possible from the 90-day processing requirement. |
| | 03/30/15 | **Revised** to state that unpaid plan applications for lump-sum payments are not to be honored (in accordance with policy 5.8-1 Benefit Corrections). |
| | 09/29/14 | **Revised** to require: use of new eALG letters specific to benefit application processing; reviewing IPS files for missing information; and payment within 90 days of receipt of a complete application. |
| **TP 20.4B** Request Missing Information for Lump-Sum Payment | 09/30/16 | **Revised** to remove usage of *eALG 530F Follow-up for Additional Documentation/Information - Benefit Application*, and to remove the note about the 90-day processing requirement due to redundancy. |
| | 09/29/14 | **Revised** to require: use of new eALG letters specific to benefit application processing and specific response times; keeping the CRM service request for benefit applications open until the benefit is paid or the application expires; notification of a state-dated application; and payment within 90 days of receipt of a complete application. |
| | 11/30/12 | **Revised** to remove references to the annuity starting date and spousal consent. |
| **TP 20.4C** Issue Lump-Sum Payment | 09/30/16 | **Revised** to remove the note about the 90-day processing requirement due to redundancy. |
| | 11/20/15 | **Revised** to reference Appendix R 1.3 Lump-Sum or Non-Periodic Payment Tax Withholding and Reporting. |
| | 08/28/15 | **Revised** to state that a payment of less than $200 including interest may not be rolled over. |
| | 03/30/15 | **Revised** to remove the reference to the interim procedures for processing Roth rollovers. |
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| | 09/29/14 | **Revised** to require payment within 90 days of receipt of a complete application; the payment advice letter to be sent within five business days of the payment cutoff date; and closure of the CRM service request once the payment is approved. |
| | 06/27/13 | **Revised** to clarify the definition of a large back payment as as Large Reimbursement |
| **TP 20.5A** Discrepancies | 08/28/15 | **Removed** references to Corrected BDLs (eALG 410). |
| **TP 20.5B** Applications | 09/26/13 | **Revised** to direct that situations involving same-sex marriages or civil unions be referred to OPSS. |
| | 03/28/13 | **Revised** to reflect policy changes requiring that a completed application be received within 180 days of the date of PBGC's letter mailing the application for the customer to retain the requested annuity starting date. |
| **TP 20.5D** Marriage | 09/26/13 | **Revised** to direct that situations involving same-sex marriages or civil unions be referred to OPSS. |
| **TP 20.5E** Spousal Consent | 03/30/15 | **Revised** to distinguish a signature being notarized from being witnessed. |
| | 03/28/13 | **Revised** to reflect policy changes requiring that a completed application be received within 180 days of the date of PBGC's letter mailing the application for the customer to retain the requested annuity starting date. |
| **TP 20.5F** Lump Sums | 06/27/13 | **Revised** to remove the row in the Large Reimbursements Table addressing payments that do not meet LBR criteria. |
| | 03/28/13 | **Revised** to require an application for all large reimbursements. |
| | 11/30/12 | **Revised** to remove instructions to pay large reimbursements without an application. |
| **TP 20.5G** Payments before Trusteeship | 08/28/15 | **Revised** reference to the retitled document *Authorization to Pay Participants before Trusteeship*. |
| | 11/30/12 | **Revised** to clarify the benefits PBGC pays before trusteeship based on revised Policy 3.4-1 Benefit Payments Prior to Trusteeship; and to cross-reference the plan assumption procedures. |
| | 03/29/12 | **Revised** to clarify that PBGC pays back payments limited by the date the authorization memo permits pre-trusteeship payments; that an optional forms statement is to be included with a new application for benefits; and for miscellaneous edits. |

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| **TP 20.5I** Payments to Minor Children | 06/27/13 | **Revised** to address situations where a parental rights are terminated or a guardian is otherwise appointed, where a guardian or other party applies on a minor's behalf, and where the minor child requests or applies for benefits. |
| | 03/29/12 | **Revised** to clarify requirements for proof of guardianship, signatures, and where to mail payments. |
| **TP 20.5J** Disability Benefits | 09/30/16 | **Removed** from the manual since it was replaced by TP 33 Disability Benefit Processing. |
| **TP 20.5K** Slayer Exception | 03/29/12 | **Added** new section for handling cases in which the beneficiary is convicted for slaying the participant. |
| **TP 20.5L** Third Party Payment Requests | 08/28/15 | **Corrected** a reference to the holder of a power of attorney. |
| | 03/30/15 | **Added** this section, whose content was previously in Appendix R4. |
| **TP 20.6** Resources for Benefit Payments | 09/30/16 | **Revised** to remove *eALG 530F Follow-up for Additional Documentation/Information - Benefit Application.* |
| | 08/28/15 | • **Added:**<br>  • *Authorization to Pay Participants before Trusteeship*<br>  • Policy 5.4-10 Small Benefit Payments<br>• **Removed:**<br>  • *Authorization to Place Participants in Pay Status Prior to Trusteeship* |
| | 08/28/14 | **Revised** to add eALG letters 500EU, 500NRD, and 500EURD. |
| | 03/28/13 | **Renumbered** from 20.6. |
| **TP 20.6** Issue Small Benefit Payments | 03/28/13 | **Removed** from manual. |
| | 11/30/12 | **Revised** to reflect new subsection titles. |
| | 03/29/12 | **Added** note to contact OPSS if a slayer exception may apply to a beneficiary. |
| **TP 20.6A** Issue Lump-Sum Payments of Less than $200 | 11/30/12 | **Revised** to change from "$1,000 or less" to "less than $200" the amount of the total payment for which an application may not be required, and to reflect new subsection titles. |
| **TP 20.6B** Issue Lump-Sum Payments of $200–$1,000 | 11/30/12 | **Removed** from the manual since benefit applications are required for these payments. |
| **TP 20.6C** Resources for Benefit Payments | 09/29/14 | **Revised** to add:<br>• 531CRM<br>• eALG 530APP Request for Additional Documentation/Information -- Benefit |

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| | | Application<br>• eALG 530EXP Notice of Stale-dated Benefit Application<br>• eALG 530F Follow-up for Additional Documentation/Information -- Benefit Application<br>• eALG 530FIN Final Request for Missing Information -- Benefit Application<br>• eALG 531APP Receipt of Documents -- Benefit Application |
| **TP 20.6C** Issue Other Benefit Payments of $1,000 or Less | 11/30/12 | **Renumbered** and **renamed** as TP 20.6B Issue Other Payments Less than $200; **revised** to change from "$1,000 or less" to "less than $200" the amount of the total payment for which an application may not be required, and to reflect new subsection titles. |
| **TP 20.6D** Determine the Reliability and Sufficiency of Information for Making a Payment | 11/30/12 | **Renumbered** as TP 20.6C. |
| **TP 20.7** Resources for Benefit Payments | 11/30/12 | **Added** the Authorization to Place Participants in Pay Status Prior to Trusteeship, **removed** obsolete BDLs. |

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# Technical Procedures 21–30

**09/30/2016**

**Technical Procedures 21–30 Table**

| Technical Procedure | Date | Change |
|---|---|---|
| **TP 21** Overview for Changes in Total Benefit (Gross Amount) | 03/30/16 | **Revised** to replace instructions on changes to estimated benefits (concerning the $5 rule and subsequent benefit adjustments) with a reference to Process 10.4 Identify Current Payees for Benefit Adjustments. |
| **TP 21** Overview for Change Benefit/Payment Amount | 06/27/13 | **Revised** to state that this section also addresses changes to valuation data for non-payees. |
| **TP 21** Overview: Changes to the Net Payment | 03/30/16 | **Revised** to correct an internal reference to TP 7 Recoupment. |
| | 06/27/13 | **Revised** to remove the section on IRS levies, and reference where they are addressed in Appendix R. |
| **TP 21.1** Identify Changes to Payment System | 03/30/16 | **Revised** to correct an internal reference to TP 7 Recoupment. |
| | 11/20/15 | **Reformatted** to conform to current standards and **corrected** typographical errors. |
| **TP 22** Overview for Secure Records | 11/30/12 | **Revised** to reference the new *BAPD Records Management Manual*. |
| **TP 22.1** Secure Records | 11/30/12 | **Revised** to reference the new *BAPD Records Management Manual* and to remove reference to an obsolete privacy guidance document. |
| **TP 22.2** Resources for Secure Records | 11/30/12 | • **Added** the *BAPD Records Management Manual*.<br>• **Removed** obsolete privacy guidance document. |
| **TP 23** Overview for Coordinate Large Cases | 06/27/13 | **Revised** to clarify that references are to the **BAPD** Large Case Working Group (BAPD LCWG), and to replace references to Deputy Director of Operations with Deputy Director for Policy. |
| | 03/29/12 | **Revised** to remove references to participant meetings. |
| **TP 23.1** Coordinate and Process Large Cases | 06/27/13 | **Revised** to clarify that LCWG references are to the **BAPD** Large Case Working Group (BAPD LCWG), and to replace references to Deputy Director of Operations with Deputy Director for Policy. |
| **TP 24** Determine Net Worth | 03/29/12 | **Removed** from manual since BAPD no longer performs this function. |

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| **TP 26** Overview for Request SSA Data | 08/28/14 | **Revised** to add a paragraph advising that, when imaging or archiving to plan and participant files, to follow TP 16 Plan and Participant File Maintenance. |
| | 03/27/14 | **Revised** to clarify the reasons PBGC request SSA data; to emphasize restrictions on handling and using safeguarded data; and for miscellaneous edits. |
| | 11/26/13 | **Revised** to remove the statement indicating when information from SSA is not subject to safeguarding and the summary table. |
| | 09/26/13 | **Revised** to mention the new requirement that the customer must sign *IRS Form 8821Tax Information Authorization* for PBGC to image the earnings results into IPS, and the safeguard training requirement; and to make miscellaneous edits. |
| **TP 26.1** Initiate Request for SSA Data | 08/28/14 | **Revised** to require a marriage certificate (in addition to the death certificate) from the spouse of a deceased participant, or a power of attorney from an authorized representative; and to require a new *SSA Safeguard Tracking Form* from users when submitting signed forms to the DMC. |
| | 03/27/14 | **Revised** to list data that must be included on the forms mailed to participants; to state the time requirements for submitting the forms; to distinguish how TPDs and field offices forward return forms; and for miscellaneous edits. |
| **TP 26.2** Request SSA Earnings/Employment Data | 03/30/16 | **Removed** the requirement to use a specific shipping service. |
| | 08/28/14 | **Revised** to require attaching the *SSA Safeguard Tracking Form* when submitting forms for processing. |
| **TP 26.4** Resources for Request SSA Data | 08/28/14 | **Revised** to add *SSA Safeguard Tracking Form*. |
| | 09/26/13 | **Revised** to add *IRS Form 8821 Tax Information Authorization*. |
| **TP 27** Conflict of Interest | 11/21/14 | **New** section replaces TP 27 Personal Interest Conflict System (PICS). |
| **TP 27** Overview for Conflict of Interest | 11/20/15 | **Revised** to remove contractor employees from the process, to further define covered relationships, and to clarify language throughout. |
| | 08/28/15 | **Corrected** an internal procedural reference. |
| **TP 27** Overview of Personal Interest Conflict System (PICS) | 08/30/12 | **Revised** to remove references to paper files, to mention the role of the |

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| | | Contracting Officer's Representative, and to further explain the role of the PICS Coordinator. |
| **TP 27.1** Conflict of Interest Duties for All BAPD Staff | 11/20/15 | **Revised** to remove contractor employees from the process. |
| | 08/28/15 | **Removed** the reference to the PBGC Training Portal. |
| **TP 27.2** Conflict of Interest Monitoring for Supervisors | 11/20/15 | **Retitled** from Conflict of Interest Monitoring for Supervisors and CORs, and **revised** to remove CORs as procedure owners. |
| **TP 27.2** Conflict of Interest Duties for Supervisors and CORs | 08/28/15 | **Removed** the reference to the PBGC Training Portal. |
| **TP 27.2** Report Federal Employee PICS Cross Match Results and Secure Records | 08/30/12 | **Revised** to remove steps for processing paper files. |
| **TP 27.3** Prepare Contract Employee PICS Memo | 11/30/12 | **Revised** to clarify that all (not just new) contract employees are required to complete a *Conflict of Interest Statement and Notice of Recusal Form*. |
| | 08/30/12 | **Revised** to require that PICS employees be removed from the CMS case team from plans in which they or relatives are participants, to remove steps for processing paper files, and to add a step for the PICS Coordinator to maintain relevant documents in a secure location. |
| **TP 27.4** Query IPS and Update PICS Inventory Report | 08/30/12 | **Revised** to remove steps for processing paper files, add a step requiring verification that all PICS employee IPS files are restricted from viewing, and to clarify that restrictions are to be removed once an individual is no longer a PICS employee. |
| **TP 27.5** PICS Benefit Administration | 11/30/12 | **Revised** to clarify that for financial transactions involving PICS participants, the COR requests BPB to assign the TPD or RSD manager **temporary** oversight of the assigned approver's cue. |
| | 08/30/12 | **Revised** to add steps to coordinate with the COR when processing financial transactions, and to add steps for the COR to work the requestor and a TPD or RSD manager in having the transaction approved. |
| **TP 28** Overview for Approve Financial & Non-Financial Transactions through Approval Service | 03/27/14 | **Revised** the Approval Levels Table to reflect 2014 thresholds. |
| | 03/28/13 | **Revised** to mention that temporary approver requests are submitted via the BAPD AWA-SAT Assignments portal, and to clarify the approval levels required for data loads. |
| | 12/20/12 | **Revised** to mention requirements for the memo and checklist to accompany |

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| | | level 50 payment requests, and to update the Approval Levels Table with 2013 approval levels. |
| | 11/30/12 | **Revised** the Approval Levels Table to omit BAPD Director as an approver of Level 50 payments. |
| | 03/29/12 | **Revised** to merge the Approval Levels Table into the Overview; update the table with CY 2012 changes; and to indicate that a designee may approve a Level 50 payment. |
| **TP 28.1** Initiate Electronic Transaction that Requires Approval | 08/30/16 | **Revised** to reflect recent interim procedures for Level 50 payments requiring users to submit all documents no later than three business days before the last cutoff directly to the *Level 50 Paymt Auth* mailbox, and to remove all steps assigned to CSD management. |
| | 03/28/13 | **Reformatted and revised** to move the step reminding users to forward transactions timely from the key information table to the action steps. |
| | 12/20/12 | **Revised** to clarify differences in processing payments at levels 10-40 from level 50 payments, and to require that the new *Level 50 Payment Checklist for TPD and RSD Management* be submitted with the *Level 50 Approval Memo*. |
| **TP 28.2** Authorize or Reject Electronic Transaction | 08/30/16 | **Revised** to reflect the new titles of memoranda used for Level 50 payments and to remove the note describing ORD's role in imaging the Level 50 file. |
| | 03/28/13 | **Reformatted and revised** to move the step reminding approvers to forward or reject the transaction prior to the cutoff date from the key information table to the action steps. |
| | 12/20/12 | **Revised** to clarify differences in approving payments at levels 10-40 from level 50 payments, to require the level 50 payment approver to complete the *Level 50 Payment Approval Checklist for BAPD Front Office*, and to mention the actions taken by the BAPD Front Office staff after a level 50 payment is approved. |
| | 03/29/12 | **Revised** to indicate that assignment of a temporary approver may not exceed 14 days. |
| **TP 28.3** Request Temporary Approver | 03/28/13 | **Reformatted and revised** to reflect the new process for requesting temporary approvers via the BPB AWA-SAT Assignments portal. |
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| | 03/29/12 | **Revised** to indicate that assignment of a temporary approver may not exceed 14 days. |
| **TP 28.4** Request Approvers | 03/28/13 | **Reformatted, renamed and revised** to divide into subsections for requesting inclusions and (new) exclusions, using the BPB AWA-SAT Assignments portal. |
| **TP 28.4B** Request to Exclude an Employee from a Case (Exclusions) | 03/30/15 | **Revised** the reference to the Conflict of Interest procedures. |
| **TP 28.5** Confirm Approvers/Levels | 03/28/13 | **Reformatted and revised** to clarify the time frames for completing various steps in the procedure, and reflect the existing process using the BPB AWA-SAT Assignments portal and associated documents. |
| **TP 28.6** Resources for Approve Financial and Non-Financial Transactions through Approval Service | 08/30/16 | **Revised** to reflect the new titles of memoranda used for Level 50 payments. |
| | 03/28/13 | **Added:**<br>AWA/SAT Quarterly Confirmation Report<br>Final AWA/SAT Quarterly Confirmation Report<br>Quarterly Approval Confirmation Summary Report<br>Summary AWA/SAT Quarterly Confirmations Memo |
| | 12/20/12 | **Added** *Level 50 Payment Approval Checklist for BAPD Front Office* and *Level 50 Payment Checklist for TPD and RSD Management*. |
| **TP 29** Overview for Off-Cycle Payment | 03/30/15 | **Revised** to indicate that when the implementation of Spectrum 4.0 State B is complete, off-cycle payments will be made in the weekly check run and these procedures will be required only for those that cannot be made through Spectrum. |
| **TP 29.1** Determine Need and Initiate Off-Cycle Payment Request | 03/30/15 | **Revised** to remove the reference to the *Letter of Indemnification*, and to indicate that when the implementation of Spectrum 4.0 State B is complete, off-cycle payments will be made in the weekly check run and these procedures will be required only for those that cannot be made through Spectrum. |
| **TP 29.2** Review Off-Cycle Payment Requests | 03/30/15 | **Revised** to indicate that when the implementation of Spectrum 4.0 State B is complete, off-cycle payments will be made in the weekly check run and these procedures will be required only for those that cannot be made through |

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| | | Spectrum. |
| | 11/21/14 | **Revised** to remove an obsolete step for actions to occur on check-run day. |
| **TP 30** Monitor Continuous Eligibility For Disability Benefits | 03/28/13 | **New** section added to manual. |

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# Technical Procedures 31–40

**01/31/2017**

**Technical Procedures 31–40 Table**

| Technical Procedure | Date | Change |
|---|---|---|
| **TP 31** Overview for Congressional and Other Sensitive Correspondence | 11/20/15 | **Revised** to clarify that PBGC has a total of 10 business days to issue a response, and the division has five business days to forward the response to OPSS. |
| | 08/28/15 | **Revised** to update the title of the Project Manager/Senior Advisor to the Director, BAPD, and to state that OPEA (not the BAPD Front Office) mails the final response. |
| | 08/28/14 | **Revised** to add a paragraph advising that, when imaging or archiving to plan and participant files, to follow TP 16 Plan and Participant File Maintenance. |
| | 03/27/14 | **Revised** to mention the new routing process in BAPD. |
| | 03/28/13 | **Added** new section to the manual. |
| **TP 31.1** Respond to Congressional or Other Sensitive Correspondence | 11/20/15 | **Corrected** the name of and created a hyperlink to the OPSS Congressionals mailbox. |
| | 08/28/15 | **Revised** to update the title of the Project Manager/Senior Advisor to the Director, BAPD; to state that OPEA mails the final response; and to add a step for the BAPD Front Office to scan and forward the approved response to OPEA. |
| | 08/28/14 | **Revised** to require tracking by the Front Office; to require requesting extensions from OPSS, who contacts the Congressional office; and to remove the routing and transmittal slip and otherwise streamline the routing process. |
| | 03/27/14 | **Revised** in entirety to address the new routing process in BAPD for Congressional and other sensitive correspondence. |
| **TP 31.2** Resources for Congressional Correspondence | 03/27/14 | **Added** to the *Guidelines for Replying to Congressional Correspondence*. |
| **TP 32** Overview for Provide Estimated Benefit Calculations | 09/30/16 | **Revised** to state that a request for a benefit estimate for an annuity starting date within 180 days of the request date is considered documented request for an annuity starting date, regardless of whether the customer requests a benefit application. |
| **TP 32.1** Receive Request, Gather Initial Information | 08/30/12 | **Revised** to clarify memoranda references. |
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| | 03/29/12 | **Revised** to update references to renamed procedures. |
| **TP 32.2A** Use Estimated Benefit Calculation Tool | 12/22/16 | **Removed** the step to call the customer within one to two weeks of mailing the benefit application if it has not been received and the related note about setting up tickler methods. |
| **TP 32.2B** Use Prior Calculation | 12/22/16 | **Removed** the step to call the customer within one to two weeks of mailing the benefit application if it has not been received and the related note about setting up tickler methods. |
| | 03/28/13 | **Revised** to allow for approval by a GS-13 or higher grade actuary of a calculation prepared by the prior plan administrator or plan actuary to be documented by e-mail or memo. |
| | 12/20/12 | **Revised** to note that approval by a GS-13 or higher grade actuary is required before using a calculation prepared by the prior plan administrator or plan actuary, and that the approval must be documented to the participant's file. |
| **TP 32.2C** Actuary Calculates Individual Estimated Benefit | 12/22/16 | **Removed** the step to establish a tickler to call the customer within one to two weeks of mailing the benefit application if it has not been received and the related note about setting up tickler methods. |
| | 03/28/13 | **Revised** to allow for approval of a manually prepared benefit statement by e-mail or memo, and note that either may be used to approve multiple benefit statements; and to add steps for the EBLS/PVA/FBA to image copies of the benefit statements and approval document. |
| | 12/20/12 | **Revised** to require approval by a GS-13 or higher grade actuary of a manually prepared benefit statement, and that the approval be documented to the participant's file. |
| **TP 32.3** Resources for Provide Estimated Benefit Calculations | 03/28/13 | **Added** the Manual Benefit Statement Approval Memo. |
| | 12/20/12 | **Added** the *Manual Benefit Statement Approval Memo*. |
| **TP 33** Disability Benefit Processing | 08/28/15 | **New** section added to the manual. |
| **TP 33.2** Correct Failure to Convert Disability Benefit to Retirement Benefit | 12/22/16 | **Removed** the step to call the customer within 15 days of mailing the benefit application if it has not been received. |
| **TP 34** Overview for Requests for Supplies | 08/30/12 | **Revised** throughout with minor clarifications in processing supply requests for the DMC and its customers. |
| **TP 34.2** Process Supply Request | 03/30/16 | **Removed** the requirement to use a specific shipping service. |
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| **TP 34.3** Forecast Supply Needs | 08/30/12 | **Removed**. |
| **TP 34.3** Resources for Requests for Supplies | 08/30/12 | **Renumbered** from 34.4. |
| **TP 35.1** Maintain the Case Workplan | 03/27/14 | **Revised** to state that the TPD coordinates with ASD, as needed, to update the case work plan. |
| **TP 35.2** Resources for Case Work Plan | 03/29/12 | **Added:**<br><br>*BAPD Progress Reporter in Oracle Primavera P6 Interim Guidance* |
| **TP 36** Overview for Employee Contributions | 08/28/14 | **Revised** to add a paragraph advising that, when imaging or archiving to plan and participant files, to follow TP 16 Plan and Participant File Maintenance. |
| **TP 36.1** Evaluate Employee Contributions Provisions | 03/27/14 | **Revised** to mention that the actuary contacts OPSS if the plan provided for voluntary employee contributions. |
| **TP 36.1A** Document Employee Contributions-Related Plan Provisions | 03/27/14 | **Revised** to clarify how to proceed if the plan provides for voluntary employee contributions, mandatory employee contributions, or neither. |
| **TP 36.1B** Develop AMEC Tracking Worksheet | 09/26/13 | **Revised** to clarify what the present value of the benefit including the AMEC is used to determine, and that if the benefit is de minimis, the AMEC cannot be separately withdrawn. |
| **TP 36.2C** Issue Employee Contributions Benefit Determination Letters | 09/26/13 | **Revised** to remove the reference to small payments. |
| **TP 36.3** Process Employee Contribution-Provided Benefits | 11/20/15 | **Revised** to state the rules for withdrawals and rollovers when the total benefit, including the AMEC, is *de minimis*, and to reference the appropriate procedure according to type of benefit elected. |
| | 09/26/13 | **Revised** to clarify that if the benefit including the AMEC is a *de minimis* benefit, the AMEC cannot be separately withdrawn. and which procedures to follow according to the elected payment. |
| | 06/27/13 | **Revised** to state the customer's e-mail address is to be updated in CRM, if provided. |
| **TP 36.3A** Process Withdrawal Election before Retirement | 09/26/13 | **Revised** to clarify that the procedure is to be followed if the benefit including the AMEC is non-de minimis, and which procedures to follow if it is de minimis. |
| **TP 36.3B** Process Withdrawal Election at Retirement | 09/26/13 | **Revised** to clarify that if the benefit including the AMEC is *de minimis*, the AMEC cannot be separately withdrawn. |
| **TP 36.4** Pay Employee Contributions | 11/20/15 | **Revised** to state that a payee may also elect to receive the non-taxable portion directly and roll over the taxable portion. |
| **TP 36.4A** Make Lump-Sum Payment Including Employee Contributions | 03/30/15 | **Revised** to remove the reference to the interim procedures for processing Roth |

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| | | rollovers. |
| **TP 36.4B** Make Single-Sum Payment of Employee Contributions on or before Annuity Starting Date | 03/30/15 | **Revised** to remove the reference to the interim procedures for processing Roth rollovers. |
| **TP 36.4C** Make Single-Sum Payment of Employee Contributions after Annuity Starting Date | 03/30/15 | **Revised** to remove the reference to the interim procedures for processing Roth rollovers. |
| **TP 37.4** Customer Recovery Action Plan | 03/29/12 | **Revised** to remove references to participant meetings. |
| **TP 38** Administer Integrator Application | 03/29/12 | **Removed** from Technical Procedures, replaced by new version added to the Retiree Services Division section. |
| **TP 39** Prepare Early Estimated Benefits for a Case | 11/26/13 | **Removed** from the manual for obsolescence. |
| | 03/28/13 | **Revised** to remove instructions for paying lump-sums of less than $200 without an application. |
| **TP 39.1** Prepare Benefit Estimation Tool for Early Case Estimates | 03/28/13 | **Revised** to remove instructions for paying lump-sums of less than $200 without an application. |
| | 03/29/12 | **Revised** to update references to renamed procedures; remove obsolete Control Issues row in table; and for miscellaneous edits. |
| **TP 40** Customer Data Fixes | 11/26/13 | **Added** new section to the manual. |

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# Technical Procedures 41–50

**01/31/2017**

**Technical Procedures 41–50 Table**

| Technical Procedure | Date | Change |
|---|---|---|
| **TP 41** Follow up on FBA Performance Reviews | 06/27/13 | **Removed** from the manual due to obsolescence. |
| **TP 44** Overview of Foreign Language Services | 08/28/15 | **Corrected** the title of the Foreign Language Group. |
| | 11/26/13 | **Revised** to mention the DMC's role in facilitating communication with foreign language customers. |
| **TP 44.1** Request Foreign Language Services | 08/28/15 | **Revised** to require CRM service requests be sent to the mail POC for the Foreign Language Group (FLG), and to describe the process in which the FLG imports the completed translation into IPS in its native format for the requestor to open, save, print and mail to the customer. |
| | 03/30/15 | **Revised** the steps for obtaining translation support on incoming and outgoing phone calls, and for the DMC's handling of incoming foreign language correspondence, to reflect processing changes under the new service provider. |
| | 11/26/13 | **Revised** to reassign steps for requesting translation of incoming documents to the DMC, to move all FBA/PVA steps into the table (removing all numbered steps), and to update turnaround times. |
| | 03/29/12 | **Revised** to remove references to participant meetings, to emphasize that turnaround times will vary according to the scope and complexity of the translation, and to indicate that only CRM is to be used to request a translation. |
| **TP 45.1** Process Report of Non-Receipt | 04/30/12 | **Renamed** section and revised to remove TPD and RSD managers as procedure owners. |
| **TP 45.2** Process Routine Assertions of Non-Receipt | 04/30/12 | **Renumbered**, **renamed**, and **revised** to subdivide into sections on unpaid checks, paid checks, and electronic direct deposits, with miscellaneous edits throughout. |
| **TP 45.2A** Stop and Reissue Unpaid Check | 06/27/13 | **Added** note to refer requests for non-benefit payments to RSD/BPB for processing. |
| **TP 45.2B** Investigate Assertion of Non-Receipt of Paid Check | 03/30/15 | **Revised** to require that the check be replaced immediately if it was misdirected due to an error by PBGC at |

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| | | no fault of the customer. |
| **TP 45.2C** Investigate Assertion of Non-Receipt of Electronic Direct Deposit | 03/30/15 | **Replaced** the step to prepare a *Letter of Indemnification* with instructions to notify RSD/BPB when an EDD payment is deposited into the wrong account. |
| **TP 45.3** Process Non-Routine Assertions of Non-Receipt | 04/30/12 | **Renamed** and **renumbered** from TP 45.1C. |
| **TP 45.4** Resources for Non-Receipt of Benefit Payment | 03/30/15 | **Removed:**<br>*Stop and Reissue Payment E-mail Request* |
| | 04/30/12 | **Renumbered**. |
| **TP 46** The Health Coverage Tax Credit (HCTC) | 03/27/14 | **Removed** from the manual. |
| **TP 46** Overview for the Health Coverage Tax Credit (HCTC) | 09/30/16 | **Added** to the manual to reinstate the previous procedures for benefit processing staff. |
| **TP 47** Overview for Missing Participants | 06/27/13 | **Revised** to correct internal reference. |
| **TP 47.3B** Notify Missing Participant of Benefit Other than Purchased Annuity | 06/27/13 | **Revised** to clarify that Actuarial Support Requests are used to request benefit calculations; to remove any distinctions for processing benefits equal to or less than $200; and that not-annuity-only participants will receive a lump-sum application but will be advised in the letter of the annuity option. |
| **TP 47.4A** Review Benefit Application | 03/30/15 | **Revised** to remove the requirement that the signature and notarization dates match. |
| **TP 47.4A** Notify Missing Participants with Purchased Annuities | 06/27/13 | **Revised** to require that an applicant's signature be no more than 90 days before the application filing date. |
| **TP 47.4B** Process Benefit Payment in Spectrum | 09/30/16 | **Revised** to remove usage of the *One-Time Payment Summary*. |
| **TP 47.5A** Process Deceased Missing Participant with Benefit Greater than $5,000 | 06/27/13 | **Revised** to clarify that Actuarial Support Requests (ASR) are used to request benefit calculations, and state that an estate is to receive Form 720 and/or Form 721T. |
| **TP 47.5B** Process Deceased Missing Participant with Benefit Less than or Equal to $5,000 | 06/27/13 | Revised to to remove any distinctions for processing benefits equal to or less than $200; clarify that Actuarial Support Requests (ASR) are used to request benefit calculations, and state that an estate is to receive Form 720 *and/or* Form 721T. |
| **TP 47.8** Resources for Missing Participants | 06/27/13 | **Added** Form 721T Tax Election for Payment Not Eligible for Rollover. |
| **TP 48** Overview for MyPBA Correspondence | 03/27/14 | **Revised** to mention procedures for processing requests to disable a MyPBA account. |
| **TP 48.1** Process MyPBA Correspondence | 09/29/14 | **Revised** to specify that eALG 549 is to be mailed within 10 business days of receipt of an application, as needed: |

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| | | and to replace specific steps on processing benefit applications with references to TP 20 Benefit Applications. |
| | 03/27/14 | **Revised** to add instructions for disabling a MyPBA account based on a customer's response. |
| | 03/28/13 | **Revised** to reflect policy changes requiring that a completed application be received within 180 days of the date of PBGC's letter mailing the application for the customer to retain the requested annuity starting date. |
| | 08/30/12 | **Revised** to require that MyPBA transactions that appear in approvers' queues be approved. |
| **TP 48.2** Resources for MyPBA Correspondence | 09/29/14 | **Removed**<br>• eALG 530 Request for Additional Documentation/Information<br>• eALG 531 Receipt of Complete Documentation/Information |
| | 03/27/14 | **Added** *eALG Generic Letter*. |
| **TP 49** Overview for Power of Attorney and Guardianship | 03/30/16 | **Revised** to reference renamed policy 8.4-1 Power of Attorney. |
| **TP 49.1** Process Power of Attorney | 03/30/16 | **Revised** to reference renamed policy 8.4-1 Power of Attorney. |
| | 08/28/15 | **Revised** to advise reviewing the entire POA document for language that might affect interpretation. |
| **TP 49.1A** Non-Durable Power of Attorney | 08/28/15 | **Revised** to clarify the step for reviewing the POA document for authorizing language, which must specifically be cited in the POA checklist, and to reference new section TP 49.1 POA Authorizing Language Examples. |
| **TP 49.1B** Durable Power of Attorney | 12/22/16 | **Added** new step to review and return the checklist to the reviewer if the DPOA is not approved because authorities are indicated differently than as required by the document. |
| | 08/28/15 | **Revised** to clarify the step for reviewing the POA document for authorizing language, which must specifically be cited in the POA checklist, and to reference new section TP 49.1 POA Authorizing Language Examples. |
| **TP 49.1C** Springing Power of Attorney | 12/22/16 | **Added** new step to review and return the checklist to the reviewer if the springing DPOA is not approved because authorities are indicated differently than as required by the document. |
| | 08/28/15 | **Revised** to clarify the step for reviewing the POA document for authorizing language, which must specifically be cited in the POA checklist, |

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| | | and to reference new section TP 49.1 POA Authorizing Language Examples. |
| **TP 49.1D** POA Authorizing Language Examples | 08/28/15 | **New** section added to the manual. |
| **TP 49.2** Process Power of Attorney Revocation | 03/30/16 | **Revised** to reference renamed policy 8.4-1 Power of Attorney. |
| | 08/28/14 | **Revised** with instructions to send a new letter to the former agent advising of the revocation and to update Spectrum. |
| | 03/27/14 | **Added** new section to manual. |
| **TP 49.2** Process Guardianship and Conservatorship Requests | 06/27/13 | **Revised** to address payees in more than one PBGC plan, situations where an entity or agency is appointed guardian or more than one person is appointed, strengthen steps for reviewing the documents to confirm the guardian's authority and to ensure the document's validity, add steps for handling temporary court orders, clarify routing of decisions on acceptance and their documentation. |
| **TP 49.3** Process Guardianship and Conservatorship Requests | 09/30/16 | **Revised** to require either the court order or the letters of guardianship but not both, per revised Policy 8.4-2; and to require follow-up, allowing a reasonable time to respond, if information appears incomplete. |
| | 03/30/16 | **Revised** to address processing changes required under new policy 8.4-2 Guardianships and Conservatorships, including review of both the court order and any letters of guardianship when making a determination; to clarify language throughout; and to reference renamed policy 8.4-1 Power of Attorney. |
| | 08/28/14 | **Revised** with instructions to update new CRM screens with information on the appointed guardians and conservators and their authority. |
| | 03/27/14 | **Renumbered** from 49.2 |
| **TP 49.3** State Law Requirements for DPOAs | 11/26/13 | **Replaced** the table to update the rows for Delaware, Illinois, Michigan, and Wisconsin. |
| | 09/26/13 | **Replaced** table in its entirety to reflect changes to state laws and effective dates, and add rows for US Virgin Islands and Puerto Rico, and additional notes. |
| | 03/28/13 | **Revised** table for changes in state laws of Arizona, Arkansas and Illinois. |
| | 04/30/12 | **Revised** table to clarify that neither Montana nor North Dakota have special state rules. |
| | | **Revised** table to indicate special rules |

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| | 03/29/12 | apply to North Carolina. |
| **TP 49.4** Process Assertions of Incapacity | 03/30/15 | **Added** new section. |
| **TP 49.4** Legal Requirements for DPOAs | 08/28/14 | **Revised** with updated requirements for states Idaho, Illinois, New Jersey, and Washington; and with new or updated rules for foreign entities Brazil, British Columbia, England, Germany, Italy, Montserrat, Philippines, Portugal, Prince Edward Island, Quebec, Scotland, and Wales. |
| | 03/27/14 | **Retitled and numbered** from 49.3, and split into subsections for state and foreign law requirements. |
| **TP 49.4** Special State Rules for DPOAs | 11/26/13 | **Revised** to update the rules for Delaware, Illinois, Washington and Wisconsin, and to add a new section with rules for Michigan. |
| | 09/26/13 | **Revised** extensively to reflect new rules for certain states, include rules for additional states, and add date stamps for individual states. |
| | 03/28/13 | **Revised** to update rules for Arizona, Arkansas, California and Illinois. |
| **TP 49.4B** Foreign Law Requirements for DPOAs | 11/21/14 | **Revised** to reflect new requirements for Brazil. |
| **TP 49.5** Legal Requirements for DPOAs | 03/30/15 | **Renumbered** from 49.4. |
| **TP 49.5** Special Rules for DPOAs | 08/28/14 | **Revised** with updated rules for states Arkansas, Arizona, Delaware, Florida, Illinois, Maine, Montana, New Hampshire, Pennsylvania, Washington and Wisconsin; and with new or updated rules for foreign entities British Columbia, England, Germany, Italy, Portugal, Prince Edward Island, Quebec, Scotland, US Virgin Islands, and Wales. |
| | 03/27/14 | **Retitled and numbered** from 49.4, and split into subsections for state and foreign law requirements. |
| **TP 49.5A** Special Foreign Rules for DPOAs | 11/21/14 | **Revised** to add special rules for Brazil. |
| **TP 49.5A** Special State Rules for DPOAs | 11/21/14 | **Revised** with new rules for Illinois. |
| **TP 49.5B** Foreign Law Requirements for DPOAs | 08/28/15 | **Revised** the table with new rows for Mexico (Jalisco), Northern Mariana Islands, Poland, and Slovakia. |
| **TP 49.6** Special Rules for DPOAs | 03/30/15 | **Renumbered** from 49.5 |
| **TP 49.6** Resources for Power of Attorney and Guardianship | 08/28/14 | **Revised** to add the *CRM Power of Attorney and Guardianship Data Entry Form* and *eALG 588 POA Revocation Letter – Agent*. |
| | 03/27/14 | **Renumbered** from 49.5 |
| **TP 49.6B** Special Foreign Rules for DPOAs | 08/28/15 | **Revised** with new rules for Mexico (Jalisco), Poland, and Slovakia. |
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| **TP 49.7** Resources for Power of Attorney and Guardianship | 03/30/16 | **Revised** to reference renamed policy 8.4-1 Power of Attorney and new policy 8.4-2 Guardianships and Conservatorships. |
| | 03/30/15 | **Renumbered** from 49.6. |
| **TP 50** Overview for Plan-Specific Web Announcements | 11/26/13 | **Revised** to mention that web announcements are required when BDLs for a plan have not been issued within three years of trusteeship, and to remove language concerning participant meetings. |
| **TP 50.1** Plan-Specific Web Announcement | 11/26/13 | **Revised** to remove information about the Rhythmyx application. |
| | 06/27/13 | **Revised** to remove a reference to obsolete guidance on creating BAPD announcements, and to include the status of BDLs as an example of an announcement. |
| **TP 50.1A** Create and Publish a Web Announcement | 11/26/13 | **Revised** to note that the TPD Manager is to advise OPSS by the end of the second and fourth quarters of the fiscal year if BDLs for a plan have not been issued within three years of trusteeship, and to remove information about the Rhythmyx application. |
| | 03/29/12 | **Revised** to remove references to participant meetings. |

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# Technical Procedures 51–62

**01/31/2017**

**Technical Procedures 51–62 Table**

| Technical Procedure | Date | Change |
|---|---|---|
| **TP 51** Overview for Earnings Offsets | 08/28/14 | **Revised** to add a paragraph advising that, when imaging or archiving to plan and participant files, to follow TP 16 Plan and Participant File Maintenance. |
| | 11/30/12 | **Revised** to replace the existing section and replace *Earnings Offsets Interim Procedures*. |
| **TP 51.1** Administer Earnings Offsets before Benefit Determinations | 11/21/14 | **Revised** to update the reference the the asset evaluation procedures. |
| **TP 52** Cash Balance and Other Statutory Hybrid Plans - Overview | 08/28/14 | **Revised** to state that preparing Frequently Asked Questions is required for statutory hybrid plans only if the FAQs will be posted on the plan-specific Web site; and to add a paragraph advising that, when imaging or archiving to plan and participant files, to follow TP 16 Plan and Participant File Maintenance. |
| **TP 52.1** Prepare Frequently Asked Questions | 08/28/14 | **Revised** to state that the procedure is optional for statutory hybrid plans, and that no action is required if Frequently Asked Questions will not be prepared for the plan-specific Web page. |
| | 03/27/13 | **Revised** to clarify that statutory hybrid plans include post-PPA 2006 plans. |
| **TP 52.2** Issue Cash Balance BDLs | 03/28/13 | **Revised** to remove BDLs for lump sums of less than $200 from tables. |
| | 11/30/12 | **Revised** to remove the reference to 404L$1000CB BDL, which is no longer used. |
| **TP 52.3** Update Cash Balance Program | 06/27/13 | **Added** cross-reference to new TP 16.4 Archive Electronic Files. |
| **TP 52.4A** Provide Pre-BDL Estimated Benefit Calculations | 12/22/16 | **Removed** the step to call the customer within one to two weeks of mailing the benefit application if it has not been received. |
| | 08/28/15 | **Removed** separate steps for processing requests for information only and requests to begin benefits. |
| | 03/28/13 | **Revised** to remove instructions for paying lump-sums of less than $200 without an application. |
| **TP 52.4B** Provide Post-BDL Benefit Calculations | 12/22/16 | **Removed** the step to call the customer within one to two weeks of mailing the benefit application if it has not been received. |
| **TP 52.7** Resources for Cash Balance and | 08/28/15 | **Removed:** |

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| Other Statutory Hybrid Plans | | • *eALG 303CB Advice of Estimated Lump-Sum Payment w/Annuity Option – Cash Balance eALG*<br>• *eALG 308CB Early Estimated Deferred Vested Annuity – Early Retirement – Cash Balance*<br>• *eALG 309CB Early Estimated Deferred Vested Annuity – No Early Retirement – Cash Balance* |
| | 03/28/13 | **Revised** to remove letters for lump sum amounts of less than $200. |
| **TP 53.1A** Prepare a Working Retirement Determination | 11/20/15 | **Corrected** typographical errors. |
| **TP 53.4** Resources for Working Retirement Determinations | 11/30/12 | **Revised** to correct a policy reference. |
| **TP 54** Benefits Erroneously Paid Before Eligibility | 08/28/14 | **Revised** to add a paragraph advising that, when imaging or archiving to plan and participant files, to follow TP 16 Plan and Participant File Maintenance. |
| **TP 54.1** Provide Options to Payees Paid Before Eligible | 09/30/16 | **Corrected** the title of a memo used with the procedure. |
| | 08/28/15 | **Removed** references to Corrected BDLs (eALG 410). |
| **TP 55** ValPatch Mailings - Overview | 08/28/14 | **Revised** to remove "4042(d)" from references to the trusteeship notification letter to participants. |
| **TP 55.1A** Process ValPatch Mailing Request Containing Calculated Data | 06/27/13 | **Replaced** archiving instructions with reference to new TP 16.4 Archive Electronic Files. |
| **TP 56** Overview for Administrative Subpoenas | 09/26/13 | **Revised to** note that BAPD coordinates with OCC in issuing subpoenas. |
| **TP 56.1** Issue Administrative Subpoena | 03/30/16 | **Removed** the requirement to use a specific shipping service. |
| | 09/26/13 | **Revised** extensively with new steps to track denied requests for information or documentation and follow-up actions, to prepare a written request for the information for the division manager's signature, to issue a memo to OCC requesting assistance in obtaining the information and advice on issuing a subpoena, to prepare the subpoena and cover letter for the OCC attorney's signature, and to document the plan file; and to make minor edits throughout. |
| **TP 58** Overview for Plan Loans and Other Distributions | 11/21/14 | **Revised** to update the reference the the asset evaluation procedures. |
| | 08/28/14 | **Revised** to add a paragraph advising that, when imaging or archiving to plan and participant files, to follow TP 16 Plan and Participant File Maintenance. |
| **TP 58.1** Obtain Information about Plan Loan or Distribution | 11/21/14 | **Revised** to update the reference the the asset evaluation procedures. |

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| **TP 58.2** Determine if Distribution is a Plan Loan or Other Distribution | 11/21/14 | **Revised** to update the reference the the asset evaluation procedures. |
| **TP 58.3A** Determine Unpaid Loan Balance at Date of Plan Termination and Notify Borrower | 11/21/14 | **Revised** to update the reference the the asset evaluation procedures. |
| **TP 59.1** First Pay and Customer Data Loads | 03/30/15 | **Clarified** that a *Data Load Reconciliation Memo* is required for each data load. |
| | 08/28/14 | **Revised** to add steps to complete the *Data Load Reconciliation Memo* to document the review and approval of the data load, and for miscellaneous edits and clarifications. |
| | 09/26/13 | **Revised** to remove the step for ensuring that the EBLS has updated the Plan Assumption Milestone. |
| | 06/27/13 | **Revised** to replace the *Notification of Authorization to Make Payments Letter* with the memo, and to reflect the current routing for the memo and any corrections or updates. |
| | 03/28/13 | **Revised** to require that a surviving spouse or beneficiary's residual benefit form is to be recorded in Spectrum. |
| | 08/30/12 | **Revised** to clarify instructions for manually opening an account with PBGC's paying agent, as needed; to clarify the flow and methods for processing data loads; and to update the Guidance references. |
| **TP 60** Data Sampling - Overview | 08/28/14 | **Revised** to add a reference to Process 12.2 Test Participant Database for Small Plan. |
| **TP 60.1** Determine Items for Sample | 08/28/14 | **Revised** to state the procedure is required for all plans regardless of size, and to remove mentions of judgmental sampling. |
| **TP 60.2** Compare Samples to Source | 11/20/15 | **Revised** to state that if a 100% review was completed, the results are to be documented in the *Participant Data Review Work Paper Summary*. |
| | 08/28/14 | **Revised** to require markup indicating pass or fail when testing data elements. |
| **TP 61.1** Determine if Successor Plan Determination Needed | 08/30/12 | **Revised** to clarify that a successor plan determination is not required if the TPD can show that, regardless of a determination, PBGC limitations do not affect termination benefits; and that such a determination be documented in the *Estimated Benefit Adjustments Analysis Memo*. |
| **TP 62** Overview for USERRA Benefits | 08/28/14 | **Revised** to add a paragraph advising that, when imaging or archiving to plan and participant files, to follow TP 16 Plan and Participant File Maintenance. |
| **TP 62.1A** Determine Participant Eligibility for Additional Pension Service under USERRA | 06/27/13 | **Revised** to state the customer's e-mail address is to be updated in CRM, if provided. |

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| **TP 62.1B** Notify Participant of USERRA Eligibility | 08/28/15 | **Removed** references to Corrected BDLs (eALG 410). |
| **TP 62.3** Usage of USERRA Letter Language | 03/29/12 | **Revised** to remove language on USERRA for eALG 100-series letters. |

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# Other Updates

**10/28/2016**

**Other Updates Table**

| Other Updates | Date | Change |
|---|---|---|
| **Auditors Technical Reference Manual** | 08/28/15 | **Removed** from the Operations Manual. |
| **Global Updates** | 09/30/16 | **Revised** the Resources pages format to remove eALG references and instructions on saving files. |
| | 07/01/16 | **Revised** throughout to address changes necessitated by the November 1, 2015 reorganization of the Benefits Administration and Payment Department into the Office of Benefits Administration (OBA); renamed manual as OBA Operations Manual; and removed workflows. |
| | 11/21/14 | **Replaced** references to Policy 5.8-1 Benefit Changes with Policy 5.8-1 Benefit Corrections. |
| | 08/28/14 | **Revised** with updated titles:<br>• Deputy Chief of Benefits Administration, BAPD (previously Deputy Director, BAPD)<br>• Chief of Benefits Administration and Director, BAPD (previously Director, BAPD) |
| | 03/27/14 | **Replaced** "Case Team' "TPD Case Team" with "Case Team" and "TPD Actuary," "RSD Actuary" and "ASD Actuary" with "Actuary" except as needed to distinguish from actuaries in other offices. |
| | 09/26/13 | **Revised** multiple sections to correct title of *Spectrum User Guide* to *Spectrum User Manual*. |
| | 08/30/12 | **Replaced** DISC/Department of Insurance Supervision and Compliance with CFRD/Corporate Finance and Restructuring Department.<br>**Replaced** CIPO/Chief Insurance Program Officer with CNR/Chief of Negotiations and Restructuring.<br>**Replaced** Image Viewer and references to IPS as the system specifically used for viewing documents with PBGC Image Viewer. |
| **Historical Content Updates** | 03/27/14 | **Moved** Retiree Services Division (RSD) historical content items to the new Retiree Services Division Processes section under the Historical Content Update section. |

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| **Initial Processes** | 03/27/14 | **Renamed** from Initial TPD Processes. |
| **Interim Procedures and Guidance** | 03/30/16 | **Added** *Privacy Act Release Interim Guidance*. |
| | 03/30/15 | • **Revised** CRM Plan and Participant Alerts Interim Guidance to remove references to PICS participants.<br>• **Removed** Processing a Rollover Payment to a Roth IRA Interim Procedures. |
| | 08/28/14 | **Added** Case Processing for Plans with Asset Re-evaluations Interim Procedures. |
| | 03/27/14 | **Revised** CRM Plan and Participant Alerts Interim Guidance to replace COTR with COR. |
| | 09/26/13 | **Removed** *Streamlined Small Plan Database Construction and Analysis Pilot Procedures*. |
| | 06/27/13 | **Added** Streamlined Small Plan Database Construction and Analysis Pilot Procedures.<br>**Removed** Post-NRA Guidance on ASDs. |
| | 11/30/12 | **Removed** *Earnings Offsets Interim Procedures*, which were converted to revised TP 51 Earnings Offsets. |
| | 08/30/12 | **Added** *Processing Checks Returned for Bad Address Interim Procedures*.<br>**Removed** *§436 Benefit Limitations Interim Guidance*, which is replaced by TP 14 §436 Benefit Limitations. |
| | 03/29/12 | **Revised** *Processing a Rollover Payment to a Roth IRA Interim Procedures* to no longer require 20% federal tax withholding on these rollovers.<br>**Revised** *Overview for §436 Benefit Limitations Interim Guidance* to remove the reference to the *Pre-Trusteeship Letter Analysis Memo*.<br>**Added** *BAPD Progress Reporter in Oracle Primavera P6 Interim Guidance*. |
| **Introduction: OBA Case Processing** | 11/21/14 | **Revised** to remove the reference to Process 15 Plan Asset Evaluation. |
| | 06/27/13 | **Revised** to clarify that the referenced LCWG means the **BAPD** Large Case Working Group (BAPD LCWG). |
| | 03/29/13 | **Revised** to indicate that deviations from standard processing apply to procedures only (not policy) and must be approved by a federal Supervisor, and to remove references to plan size. Also to clarify that the plan summary is updated, not finalized, when the data is |

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| | | being analyzed. |
| **Introduction: OBA Operations Manual Layout** | 03/29/12 | **Revised** with general updates and clarifications regarding the various sections of the manual. |
| **Introduction: PBGC Background** | 03/29/12 | **Revised** to update the number of plans PBGC protects. |
| **Introduction: Pre-Trusteeship Processing (8)** | 11/26/13 | **Revised** with minor edit. |
| | 09/26/13 | **Revised** to indicate the TPD Manager executes the Trusteeship Agreement. |

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# Appendices

**01/31/2017**

**Appendices Table**

| Appendices | Date | Change |
|---|---|---|
| **Appendix A Sensitive Information** | 11/30/12 | **Added** new appendix. |
| **Appendix A Master List of Documents to Obtain** | 03/29/12 | **Removed** from the manual. |
| **Appendix A 1.3 Transfer Files Using Large File Transfer** | 11/21/14 | **Replaced** CheckItOut with GetIt. |
| **Appendix A 1.4 Ship Physical Sensitive Information** | 03/30/16 | **Removed** the requirement to use a specific shipping service. |
| **Appendix A 2.3 Receive/Transport Paper Documents** | 11/20/15 | **Added** guidance on transporting sensitive documents between PBGC headquarter locations. |
| **Appendix C BAPD Key Financial Spreadsheets Procedures** | 08/28/15 | **Added** new section to the manual. |
| **Appendix C Bankruptcy** | 03/29/12 | **Removed** from the manual. |
| **Appendix E References** | 09/30/16 | **Added** reference to *PLUS Web Manual*. |
| | 11/30/12 | **Revised** to reference the new *BAPD Records Management Manual*. |
| | 03/29/12 | **Renamed** from BAPD Job Aids. |
| **Appendix F Alternate Sources of Plan Information** | 03/29/12 | **Removed** as an appendix; table moved to Process 15.3 Perform Initial Analysis. |
| **Appendix G1 Acceptable Proof of Age** | 08/30/16 | **Revised** to clarify that an unsigned passport is acceptable if the document appears genuine and OBA has no reason to question the individual's age or identity. |
| **Appendix G2 Acceptable Proof of Death** | 03/29/12 | **Revised** to direct users to request an SSA Death Master Query from BPB instead of using the SSA Death Index to obtain proof of death. |
| **Appendix H Historical SPARR and SPDRR Information** | 10/28/16 | **Revised** to include the ratios for 2016. |
| | 11/20/15 | **Added** the SPARR and SPDRR for 2015. |
| | 08/28/14 | **Revised** to include the ratios for 2014. |
| | 09/26/13 | **Revised** tables with new rows for the FY 2013 SPARR and SPDRR. |
| | 08/30/12 | **Revised** with SPARR and SPDRR for CY 2012. |
| **Appendix I Maintaining Participant Data Records** | 03/29/12 | **Removed** from the manual as an appendix, but saved Valuation (ADT) Load: Data Elements/Spectrum Fields table and moved to Process 17.10 Perform Software Closeout (OASD). |
| **Appendix J Participant Form Information** | 03/30/15 | **Added** a Q&A to clarify that spousal consent may be notarized on or after the signature date, and that the same also applies to powers of attorney unless |

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| | | otherwise provided by state rules. |
| **Appendix J Participant Forms Summary** | 06/27/13 | **Revised** to add to table new Form 721T; to revise title and usage comments for Forms 713, 714, and 721; and title of Form 704. |
| | 03/28/13 | **Revised** to add to table new Form 721T; to revise title and usage comments for Forms 713, 714, and 721; and title of Form 704. |
| **Appendix K BAPD's Records Management** | 11/30/12 | **Removed** and **replaced** by links in pertinent sections of the manual to the new *BAPD Records Management Manual*. |
| **Appendix L Field Benefit Administrators (FBAs)** | 03/29/12 | **Removed** from the manual. |
| **Appendix M IRS Disclosure Offices** | 03/29/12 | **Removed** from the manual for obsolescence. |
| **Appendix N Correspondence and Phone Call Guidelines** | 12/22/16 | **Removed** the requirement to call the participant within 15 days of sending the benefit application. |
| **Appendix N1 Process CRM Telephone Call Records Guidelines** | 08/28/15 | **Removed** references to Corrected BDLs (eALG 410). |
| | 03/29/12 | **Revised** to add a cross-reference to Appendix R 1.9 Processing a Change to Federal Tax Withholding Election. |
| **Appendix O III Types of Marriage** | 09/26/13 | **Revised** to remove information about the Defense of Marriage Act (DOMA) and direct that situations involving same-sex marriages or civil unions be referred to OPSS. |
| **Appendix P eReports** | 03/29/12 | **Removed** as a separate appendix; content revised and integrated into Appendix Q BAPD Systems. |
| **Appendix Q BAPD Systems** | 03/28/13 | **Removed** obsolete LexisNexis section. |
| | 03/29/12 | **Revised** to include updated content of former Appendix P eReports. |
| **Appendix R 1.2 Annuity or Periodic Payment Tax Withholding and Reporting** | 09/26/13 | **Revised** to add instructions on how to proceed if a payee elects tax withholding based on percentage. |
| **Appendix R 1.3 Lump-Sum or Non-Periodic Payment Tax Withholding and Reporting** | 11/20/15 | **Revised** to state that a payee may elect to receive the non-taxable portion directly and roll over the taxable portion. |
| | 03/28/13 | **Revised** to remove instructions for paying lump-sums of less than $200 without an application. |
| | 11/30/12 | **Revised** to change from "$1,000 or less" to "less than $200" the amount of the total payment for which an application may not be required. |
| **Appendix R 1.3.1 Lump-Sum Payment Tax Withholding Options** | 11/20/15 | **Revised** the table to indicate the rollover minimum of $500 (or 100% for payments of less than $500); that the non-taxable amount is always first attributable to direct payments; and that payments of less than |

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| | | $200 may not be split between a rollover and a direct payment. |
| | 11/30/12 | **Removed** the row "Payment $200 – $1,000 per year including interest" since those payments will be treated the same as other lump sums. |
| **Appendix R 1.6 Non-Resident Alien Tax Withholding Requirements** | 08/30/12 | **Revised** and expanded with action steps for processing tax elections or non-elections from non-resident aliens. |
| **Appendix R 1.9 Processing a Change to Federal Tax Withholding Election** | 03/29/12 | **Revised** to indicate that tax elections taken by phone must be clearly documented in CRM. |
| **Appendix R 1.11 Requests for Replacement or Revised Form 1099-R** | 08/28/15 | **Revised** to indicate how users can obtain prior years' Forms 1099-R and to remove the step to request them from the CCC; to update the link for requesting corrections to Forms 1099-R; and to clarify the deadline for requesting revised forms. |
| **Appendix R 2 IRS Levies** | 03/30/16 | **Removed** the requirement to use a specific shipping service. |
| **Appendix R 4 Third Party Payment Requests** | 03/30/15 | **Revised** to move the content to new TP 20.5L and cross-reference that section. |
| | 11/21/14 | **Revised** to require requests from guardians or DPOA agents be referred to the POA Coordinator, and to Ask OPSS if the request appears valid; to mention provide instructions for sending the letter template and sample agreement that OPSS provides; to require OPSS review of completed agreements, and instructions for processing based on OPSS's determination. |
| **Appendix R 7 Request for Assignment of a Benefit Due an Incarcerated Payee** | 03/29/12 | **Added** note to contact OPSS if a slayer exception may apply to a beneficiary. |

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# Participant Services Department Processes

**09/30/2016**

This section includes updates made to the ▸Participant Services Department (PSD) Processes.

**In This Section**

Core Monthly Processes
Aftermath Processes
Recovery and Death Match Processes
Division Administration Processes
Miscellaneous Processes
Other Updates

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## Core Monthly Processes

**12/22/2016**

| Core Monthly Processes | Date | Change |
|---|---|---|
| **Funding Reconciliation** | 03/27/14 | **Revised** to note that the BPB Branch Chief reviews and approves the *Funding Reconciliation Memo* and the RSD Division Manager forwards the *Funding Reconciliation Memo* to the BAPD Front Office. |
| **Integrator** | 11/20/15 | **Replaced** Integrator procedures with Transmit Approved Transactions to PBGC's Paying Agent procedures. |
| | 11/21/14 | **Revised** the procedure to remove the after action email from the procedure and resource page. Revised the group of Integrator Reports to show that the reports are now saved in the BPB Integrator Operations Project on the Portal. |
| | 03/27/14 | **Revised** to eliminate the *Monthly Accounting Report*. |
| | 09/26/13 | **Removed** four steps and the corresponding exhibits.<br><br>**Revised** two exhibits. |
| | 06/27/13 | **Implemented** content edits throughout the Integrator Procedure and workflow. |
| | 03/28/13 | **Implemented** content edits throughout the Integrator Procedure and workflow.<br><br>**Added** three new exhibits to the Resources page.<br><br>**Updated** five exhibits with revised documents.<br><br>**Updated** one link. |
| | 11/30/12 | **Added** two additional steps after step 9 in 2. Generate Integrator Reports. |
| | 08/30/12 | **Added** the role of the Pension Administrator for reconciling monthly Integrator reports.<br><br>**Updated** the beginning of the pay cycle from the 10th to the 3rd of the month. |
| **NFDE** | 08/30/16 | **Removed** references to the BPD Reference Guide due to the document being obsolete. |
| | 08/28/14 | **Revised** the overview to note that NFDEs that end a pay source are acknowledged via e-mail by BPB within |

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| | | two business days. |
| | 03/28/13 | **Applied** style updates to the workflow per the Operations Manual Style Guide.<br><br>**Added** a section for NFDE Administration processes and included Grant or Modify NFDE Access, Re-Certify NFDE Access, and Remove NFDE Access.<br><br>**Created** three workflows representing each process and a Resources page for the new procedure. |
| | 11/30/12 | **Applied** corrections to the Overview for NFDE, Workflow for NFDE, 1. Complete Monthly Adjustment Forms, and Resources for NFDE. Added three new exhibits. |
| | 08/30/12 | **Updated** the NFDE process to include the following new procedures:<br>• Complete Monthly Adjustment Forms<br>• Complete Off-Cycle Request Forms<br>• Review and Audit Data for Quality Control<br>• Complete Lump Sum Check and Special Check Updates<br>• Rectify NFDE Data<br>• Process NBX Files<br>• Receive the Acknowledgment Reports<br>• Update PLUS for Items Not Supported by NBX/PLUS<br>• Verify Reissue Purged Check Payment NFDE Form |
| **Transmit Approved Transactions to PBGC's Paying Agent** | 10/28/16 | **Revised** the *File Generation Checklist* exhibit. |
| | 08/30/16 | **Revised** Transmit Approved Transactions to PBGC's Paying Agent procedures.<br><br>**Added** six new exhibits to the Resources page.<br><br>**Updated** three exhibits with revised documents. |
| | 11/20/15 | **Added** Transmit Approved Transactions to PBGC's Paying Agent procedures. |
| **Trial Balance** | 11/21/14 | **Revised** Reconcile Variances to display that Closeout Memo and Timeliness of Non-Compliance Report have been combined. |

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## Aftermath Processes

**08/30/2016**

| Aftermath Processes | Date | Change |
|---|---|---|
| **Aftermath Processes** | 03/30/16 | **Revised** to reflect the department and division name changes due to the reorganization. |
| **eCARF** | 11/26/13 | **Revised** with minor edits. |
| | 09/26/13 | **Renamed** and **updated** the eCARF SSC procedures.<br><br>**Updated** the eCARF workflow with a new step and the revised eCARF SSC names. |
| | 03/28/13 | **Updated** the Overview for eCARF, Workflow for eCARF.<br><br>**Added** a PBGC's Paying Agent Job Aid. |
| | 11/30/12 | **Updated** the Overview for eCARF, Workflow for eCARF, and five procedures executed by BPB staff.<br><br>**Added** a BPB Job Aid. |
| **Check Processing** | 11/26/13 | **Revised** with minor edits. |
| **Unscheduled Payments by Paying Agent** | 08/28/15 | **Revised** Key Information Table 'Guidance' to FM 05-3 Expenses Payable From Plan Assets, the Trust Fund, and the Revolving Fund; Reimbursement of the Revolving Fund. |
| | 06/27/13 | **Added** a section for Unscheduled Payments by Paying Agent. |

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## Recovery and Death Match Processes

**11/20/2015**

| Recovery and Death Match Processes | Date | Change |
|---|---|---|
| **Death Match Administration** | 11/26/13 | **Revised** with minor edits. |
| **Recovery of Benefit Overpayments** | 08/28/15 | **Revised** Subpoenas Not Honored by Banks to clarify actions taken if a financial institution does not comply with a 516 subpoena. |
| | 03/30/15 | **Revised** Close a Recovery Case procedure to reflect special instructions for the prior paying agent cases. |
| | 11/21/14 | **Added** new procedures to reflect opening a recovery case, closing a recovery case, identifying a debtor and processing OGC referrals. |
| | 11/26/13 | **Replaced** Refer Cases to Treasury for Collection (FedDebt) with Refer Cases to Treasury for Collection (CRS or FedDebt) and added information about centralized receivables services (CRS) and about contact with debtors after a debt has been referred to Treasury. |

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## Division Administration Processes

**08/30/2016**

| Branch Administration Processes | Date | Change |
|---|---|---|
| **Division Administration Processes** | 03/30/16 | **Renamed** from Branch Administration Processes.<br><br>**Revised** to reflect the department and division name changes due to the reorganization.<br><br>**Removed** Adjust SAT Approval Rules procedure. |
| **Controls** | 08/28/15 | **Revised** Overview for Controls to update the Contracts and Controls Review Department's name to Command Controls and Reviews Department (CCRD). |
| **COOP Considerations** | 11/21/14 | **Replaced** FASD with WSD to reflect the organization name change. |
| **Grant or Modify PLUS Access** | 03/27/14 | **Revised** to include the steps for creating new employee records in the BPB system Administration database. |
| **Health Coverage Tax Credit** | 03/27/14 | **Removed** from the manual for obsolescence. |
| **NBX Administration** | 11/21/14 | **Added** workflows to reflect the NBX Administration procedures. |
| | 08/28/14 | **Added** new procedure to reflect NBX Administration to the Introduction to Branch Administration. |
| **NFDE Administration** | 03/28/13 | **Added** a section for NFDE Administration processes and included Grant or Modify NFDE Access, Re-Certify NFDE Access, and Remove NFDE Access.<br><br>**Created** three workflows representing each process and a Resources page for the new procedure. |
| **PLUS Web Administration** | 08/28/14 | **Revised** the *Review PLUS Web Inactivity Report* and *Review PLUS Web Deactivation Report* to update the commonly referred to name for each of these reports. |
| | 03/27/14 | **Revised** to include the steps for creating new employees records in the BPB system Administration database. |
| | 11/26/13 | **Revised** with minor edits. |
| **Paper Check Reconciliation** | 09/26/13 | **Updated** to include a designee as a new role for COR-related activities. |
| **Payment Agent Invoice Review** | 03/27/14 | **Added** new section that indicates the Paying Agent COR completes the *Paying Agent (SSC) Invoice Review*. |

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| **Year-End Activities** | 03/27/14 | **Revised** to reassign steps to the Management Analyst. |
| | 03/28/13 | **Added** a section for RSD Year-End Activities and included a process for creating and publishing the Year-End Production Deadlines.<br><br>**Created** a workflow representing the process and a Resources page for the new procedure. |

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## Miscellaneous Processes

**01/31/2017**

| Miscellaneous Processes | Date | Change |
|---|---|---|
| **Employee Contributions** | 11/26/13 | **Revised** with minor edits. |
| | 09/26/13 | **Updated** step 4 in 1. Verify EEC/MEC Memo and Spreadsheet Data to indicate that the Branch Chief provides approval instead of the COR. |
| **IRS Levies** | 12/22/16 | **Removed** the IRS Levy Status Report exhibit and references. |
| | 10/28/16 | **Updated** the Customer Correspondence and Forms section of the Resources page with three new exhibits. These IRS exhibit letters were updated to change 'eALG' to 'CCS.'<br><br>**Revised** the *Sample Email to SSC* exhibit. |
| | 03/30/16 | **Replaced** outdated exhibit IRS Levy Log from the IRS Levies procedures. |
| | 11/20/15 | **Revised** Process IRS Levies to clarify the naming of the IRS Levy Log by payment cycle, and document that two payment cycle spreadsheets will be worked on simultaneously.<br><br>**Updated** the *Sample Email to SSC* exhibit. |
| | 08/28/15 | **Revised** Process IRS Levies to document the due date for the Paying Agent to update PLUS, add a column to the IRS Levy Log for the IRS deduction mailing address, and update exhibits IRS Levy Log and Paying Agent Service Level Agreement Review Report. |
| | 08/28/14 | **Revised** to include a step for mailing Part 3 to the IRS. |
| | 03/27/14 | **Revised** to note that BPB will determine IRS Levy calculation and notify SSC of the levy. |

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## Other Updates

**12/22/2016**

| Other Updates | Date | Change |
|---|---|---|
| **Benefits Payment Branch Processes** | 11/20/15 | **Removed** the note "**Note** If non-BPB users click a document hyperlink and receive an access denied error page, contact the Administrator of the BPB Procedures Project portal to inquire about obtaining access." from all BPB processes. |
| | 03/29/12 | **Added Subsections:**<br>IRS Levies<br>Health Coverage Tax Credit<br>Integrator<br>Employee Contributions<br>NFDE<br>Paying Agent and Spectrum Data Synchronization<br>Fleming Plan Administration<br>Post Balancer<br>Payment Schedules Development |
| **BPB Manual** | 11/29/11 | **Added subsections:**<br>Notice of Change<br>Recovery of Benefit Overpayments<br>Approval Administration<br>Controls<br>Approvers Quarterly Confirmation |
| | 08/30/11 | **Added** new section dealing with BPB processes to the BAPD Operations Manual. |
| **PSB Exhibit Relocation** | 11/20/15 | **Relocated** the PSB exhibits to the new OPSS portal location. |
| **Program Services Branch Processes** | 10/28/16 | **Removed** Integrator reference from Process Rettig Plan Payment Request. |
| | 09/30/16 | **Revised** organizational language to reflect the current OBA departmental titles and acronyms in all PSB processes. |
| | 11/20/15 | **Removed** the note "**Note** If non-BPB users click a document hyperlink and receive an access denied error page, contact the Administrator of the BPB Procedures Project portal to inquire about obtaining access." from all PSB processes. |

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| | 03/29/12 | **New** subcategory added to the manual.<br>**Added Subsections:**<br>Missing Participants Program Administration<br>Page-Collins Program Administration<br>Rettig Plan Administration |
| **Retiree Services Division Processes** | 09/30/16 | **Global Updates:**<br>**Revised** the Resources page topics to reflect the new Operations Manual template. |
| | 03/30/15 | **Restructured** Retiree Services Division Processes to add Retiree Services Division Front Office Processes section. |
| | 03/30/15 | **Added** Introduction to Customer Service Improvement Initiatives section under Retiree Services Division Front Office Processes. |
| | 11/21/14 | **Global Updates:**<br>**Replaced** CheckITOut with GetIT. |
| | 03/28/13 | **Global Updates:**<br>**Updated** instances of COTR to COR.<br>**Removed** links to the glossary term "PBGC."<br>**Standardized** the ALT text for workflow links and images, and the font type, size and color.<br>**Ensured** all arrows are straight, and verified that all text is inside the workflow box.<br>**Reordered** PBGC-specific words and phrases including EBLS/PVA/FBA and TPD/PVA/FBA per the Operations Manual Style Guide.<br>**Applied** the standard formatting to dates: MM/DD/YYYY per the Operations Manual Style Guide.<br>**Updated** all references to time using the standard format "#:##" for the numerals, and all capital letters with punctuation for A.M. and P.M.<br>**Updated** all ordinal numbers to ensure that the two letters following the number use the superscript character style.<br>**Modified** all list styles to decrease the amount of indentation so that bullets, numbers, and alpha characters align with the left edge of the preceding paragraph. |

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| | 11/30/12 | **Global Updates:**<br><br>**Standardized** the location of the BPB Portal link access disclaimer to appear closest to the paragraph containing the first instance of a BPB Portal link.<br><br>**Replaced** the term "Image Viewer" with "PBGC Image Viewer."<br><br>**Updated** the word "dropdown" to "drop-down."<br><br>**Updated** drive references to appear with the drive letter followed by a colon, a space, and the word "drive." |
| | 08/30/12 | **Global Updates:**<br><br>**Replaced** embedded exhibits with exhibits links to the portal. Exhibits are stored on the BPB Procedures Project Portal.<br><br>**Added** a notification to pages containing links to the portal. The notification states that receiving errors from the links indicate access restrictions, not necessarily a broken link.<br><br>**Added** instructions for printing large workflows.<br><br>**Reformatted** pages with multiple workflows.<br><br>**Renamed** all Forms, Letters, Memos pages as "Resources for [section title]" and added list categories for Guidance and Exhibits referenced in the sections.<br><br>**Changed** the term PAMT to BMA.<br><br>**Changed** the term SSC to PBGC's paying agent. |
| | 03/29/12 | **New** category within the manual, comprising the Benefits Payment Branch Processes and Program Services Branch Processes. |

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## Processes 1–7 (Pre-2006)

**03/30/2011**

**Processes 1–7 (Pre-2006)**

| Process | Date | Change |
|---|---|---|
| **Pre-Termination Processes (01–07)** | 10/22/97 | **Revised** path\filename throughout to reflect new subdirectory structure for exclusive PPD forms, letters, and memos (i:\wp\standard\ppd\...) |
| | 07/11/97 | **Revised** references throughout to show that Termination Decision Record (TDR) is no longer generated through CAS |
| | 10/10/97 | **Added** detail about preparing trip plan and supervisor concurrence. |
| | 02/07/97 | **Revised** to reflect PBGC reg 29 CFR 4043, published 12/02/96. |
| **Process 01.1:** Determine Type of Filing and Assign Case | 06/29/01 | **Revised** instructions for new documents and other clarifications. (Reportable Events Information List, Reportable Event Requirement Letter, Reportable Event Acknowledgment Letter, and Third Party Reportable Event Acknowledgment Letter.) |
| | 08/15/97 | **Modified** text to reflect new and revised letters. |
| | 10/11/96 | **Revised** PBGC Directive number to "IM 10-2" |
| | 10/11/96 | **Expanded** reference to PBGC 4071 policy and deleted reference to Appendix E (which was deleted) |
| **Process 01.02:** Determine Type of Case, Assign - Definitions - Distress Filing | 09/28/01 | **Updated** involuntary termination references to PBGC-initiated. |
| | 03/23/01 | **Added** new address to request tax returns for tax-exempt entities. |
| | 02/16/01 | **Updated** L.A. office address. |
| **Process 01.03:** Determine Type of Case, Assign- Definitions - Statutory Reportable Event | 09/28/01 | **Updated** involuntary termination references to PBGC-initiated. |
| **Process 01.1:** Determine Type of Filing and Assign Case | 09/28/01 | **Updated** involuntary termination references to PBGC-initiated. |
| **Process 01.2:** Begin Collecting Data | 11/08/02 | **Modified** to reflect that requests for non-exempt tax information are sent to a new centralized IRS location.<br>**Deleted** separate listings of IRS Regional Offices by State and IRS Disclosure Offices.<br><br>**Added** link to new Appendix M: IRS Disclosure Offices. |
| | 09/28/01 | **Corrected** PBGC office names only. |
| | 03/23/01 | **Added** instructions for requesting tax returns for tax exempt entities. |

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| | 12/03/99 | **Clarified** the use of Form 333 when making IRS Tax Return Requests.<br>**Revised** IRS Regional Offices by State (added note).<br>**Revised** IRS Disclosure Offices address and telephone numbers. |
| | 12/06/96 | **Added** clarifying language about coverage task referrals from PPD to STCD |
| | 10/11/96 | **Replaced** reference to Appendix E with reference to PBGC Directive on Safeguarding of Tax Returns and/or Tax Return Info Disclosed by IRS (IM 10-2) |
| | 09/13/96 | **Replaced** address for Southeast Region disclosure office (now Baltimore) & phone number for Midstates Region disclosure office in Dallas. |
| | 07/19/96 | **Added** new lists of IRS regions & disclosure offices |
| **Process 01.3:** Perform Preliminary Analysis and Contact Plan Administrator | 06/29/01 | **Modfied** to reflect new name of subsection 2.1. |
| | 08/10/99 | **Revised** to reflect updated name of Form 1109 Request for Underfunding and Minimum Funding Calculations |
| | 09/27/96 | **Revised:** If > than 5000 (previously 00) participants, forward case thru PPD Mgr to CFND Director |
| **Process 01.4:** Determine Status of Pension Related Records | 07/11/97 | **Added** text about retaining source documents to support audits |
| **Process 01.5:** Determine Probability of Trusteeship | 09/28/01 | **Updated** involuntary termination reference to PBGC-initiated and corrected missing text. |
| | 05/18/01 | **Modified** solely to incorporate use of new glossary terms. |
| | 11/16/99 | **Clarified** notification of Large Case Coordinator.<br>**Corrected** typo. |
| | 08/10/99 | **Updated** Large Case criteria |
| | 05/25/99 | **Clarified** outline, guidance section. |
| | 10/11/96 | **Replaced** reference to Appendix E with reference to PBGC Directive on Safeguarding of Tax Returns and/or Tax Return Info Disclosed by IRS |
| **Process 01.5:** Action Steps: Determine Probability of Trusteeship | 09/28/01 | **Revised** for editorial clarifications. |
| **Process 01.6:** Determine Type of Case, Assign... | 03/23/01 | **Corrected** policy reference typo. |
| | 02/13/98 | **Revised** to properly identify the Authorization to Place Participants in Pay Memos |
| **Process 01.7:** Request Attorney | 02/13/98 | **Deleted** reference to notifying OGC through CAS |
| **Process 01.8:** Forms, Letters, | | |

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| Memos | 06/28/05 | **Revised:**<br>IRS Request Letter (Irsreq.doc)<br>IRS Returns Request – Tax Exempt Entities (Irsexmpt.doc)<br>IRS Document Request - > 26 participants (IRSDOCRQ.doc)<br>IRS Document Request - < 26 participants (IRS25RQ.doc) |
| | 02/12/04 | **Revised** Pay Request Memo (M:\Helpfile\IODManual_ppd\payreq.wpd) |
| | 11/08/02 | **Revised** IRS Request Letter (i\:wp\standard\irsreq.wpd) to insert centralized address, and to change PBGC location for IRS to send requested information.<br>**Corrected** address on IRS Returns Request – Tax Exempt Entities (i\:wp\standard\irsexmpt.wpd)<br>**Revised** IRS Document Request - <26 (i\:wp\standard\ppd\irs25rq.wpd) to insert centralized address, and to change PBGC location for IRS to send requested information. |
| | 06/29/01 | **Added:** Reportable Event Acknowledgment Letter (i:\wp\standard\ppd\reackinf.wpd), Reportable Event Requirement Letter (i:\wp\standard\ppd\rereqinf.wpd), Reportable Events Information List (i:\wp\standard\ppd\re-list.wpd), and Third Party Reportable Event Acknowledgment Letter (i:\wp\standard\ppd\3rdptyre.wpd).**Deleted:**Reportable Event Information Request Letter (i:\wp\standard\ppdrepevinf.wpd), and Request for Information from Third Parties (i:\wp\standard\ppd\3rdparty.wpd). |
| | 03/23/01 | **Added**: IRS Tax Returns Request - Tax Exempt Entities (i:\wp\standard\irsexmpt.wpd) |
| | 12/03/99 | **Added** link to Form 333 - Request for Access to Tax Return Info... (i:\wp\standard\form333.wpd) |
| | 11/19/99 | **Revised** Form 333 - Request for Access to Tax Return Info... (i:\wp\standard\form333.wpd |
| | 11/08/99 | **Revised** Request for Large Case Coordinator Memo (i:\wp\standard\ppd\lcwgreq.wpd) |
| | 08/11/99 | **Revised** invalid NOIT (Form 600) Letter **i:**\wp\standard\ppd\inval600.wpd |
| | 08/10/99 | **Revised** Form 1109 (version date**:** 06/30/99). **Updated** name**:** Form 1109 Request for Underfunding and Minimum Funding Calculations |

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| | (i:\wp\standard\ppd\form1109.wpd) |
| 11/12/98 | **Revised** Non-covered Plan Letter (i**:**wp\standard\ppd\noncvred.wpd) |
| 11/12/98 | **Revised** Attorney Assignment Memo (i:\wp\standard\ppd\attrnyrq.wpd) |
| 09/29/98 | **Revised** IRS Document Request - less than 26 participants (i**:**wp\standard\ppd\irs25rq.wpd) |
| 09/29/98 | **Revised** Request for Large Case Working Group Memo (i**:**wp\standard\ppd\lcwgreq.wpd) |
| 09/29/98 | **Revised** Invalid NOIT (Form 600) Letter (i:\wp\standard\ppd\inval600.wpd) |
| 09/29/98 | **Revised** Attorney Request Memo (i:\wp\standard\ppd\attrnyrq.wpd) |
| 07/27/98 | **Revised** Trusteeship Agreement - Voluntary Termination (i:\wp\standard\ppd\tamod_vo.wpd) |
| 07/10/98 | **Revised** Valid NOIT (Form 600) Letter (i:\wp\standard\ppd\val600.wpd) |
| 06/22/98 | **Revised** Authorization to place participants in pay status (<10,000/month) (i:\wp\standard\paysta.wpd) and Authorization to place participants in pay status (>10,000 a month) (i:\wp\standard\paysta2.wpd) |
| 02/13/98 | **Added** link to Pay Request Memo (i:\wp\standard\ppd\payreq.wpd) |
| 01/22/98 | **Revised** Pay Request Memo (i:\wp\standard\ppd\payreq.wpd) |
| 01/16/98 | **Revised** Authorization to Place Participants in Pay Status Memo (>$10,000 per month) (i:\wp\standard\paysta2.wpd ) |
| 01/16/98 | **Revised** Authorization to Place Participant in Pay Status Memo (<$10,000 per month) (i:\wp\standard\paysta.wpd ) |
| 01/09/98 | **Revised** Attorney Assignment Memo (i:\wp\standard\ppd\attrnyrq.wpd) |
| 10/10/97 | **Added** IRS Document Request - 26 or more participants **-** (i:\wp\standard\irsdocrq.wpd) |
| 08/19/97 | **Replaced** WordPerfect Form 1109 (i:\wp\standard\Form1109.wpd) |
| 08/09/97 | **Added** new document (replaces CAS Form 1140) - Valid NOIT letter (i:\wp\standard\val600.wpd) |
| 08/09/97 | **Added** new document (replaces CAS letter) - Reportable Event Information Letter (i:\wp\standard\repevinf.wpd) |
| 08/09/97 | **Revised** Invalid NOIT (Form 600) Letter - (i:\wp\standard\inval600.wpd) |
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| | 08/09/97 | **Added** new document - Administrative Review Procedures (Noncompliant) **(i:\wp\standard\adrevnon.wpd)** |
| | 07/27/97 | **Revised** Trusteeship Agreement - Involuntary Termination (i:\wp\standard\ppd\tamod_in.wpd) |
| | 07/27/97 | **Revised** Attorney Request Memo (i:\wp\standard\ppd\attrnyrq.wpd) |
| | 03/19/97 | **Revised** IRS Request Letter (i:\wp\standard\irsreq.wpd) |
| | 10/18/96 | **Revised** signature to be Division Manager as required by IRS - (i:\wp\standard\irsreq.wpd) |
| **Process 02: Gather Plan and Sponsor Information** | 06/29/01 | **Modified** workflow to reflect new subsection name, only. |
| | 02/13/98 | **Revised** Overview to reference PPDs collection of Basic Participant Data |
| **Process 02.1:** Send Reportable Event/Distress Filing Letters (formerly**:** Send 30-day Acknowledgment Letter with Attachments & 14-day....) | 06/29/01 | **Renamed Subsection. Revised** instructions for four new documents and other clarifications. (Reportable Events Information List, Reportable Event Requirement Letter, Reportable Event Acknowledgment Letter, and Third Party Reportable Event Acknowledgment Letter.) |
| | 05/25/99 | **Revised** obsolete reference to CAS letter. |
| | 08/15/97 | **Modified** text to clarify various 30-day letters available. |
| **Process 02.2:** Issue Administrative Subpoena | 06/06/97 | **Revised** to include reference to new letter |
| **Process 02.3:** Request DUEC and UBL from ASD | 03/19/04 | **Added** details that reference the Contingency Working Group (CWG) Procedures. |
| | 08/10/99 | **Revised** to reflect updated name of Form 1109 Request for Underfunding and Minimum Funding Calculations, and that Form 1109E is obsolete |
| **Process 02.4:** Forms, Letters, Memos | 06/28/05 | **Revised:**<br>IRS Document Request - > 26 participants (IRSDOCRQ.DOC)<br>IRS Document Request -<26 participants (IRS25RQ.DOC) |
| | 06/29/01 | **Added:**Reportable Event Acknowledgment Letter (i:\wp\standard\ppd\reackinf.wpd), Reportable Event Requirement Letter (i:\wp\standard\ppd\rereqinf.wpd), Reportable Events Information List (i:\wp\standard\ppd\re-list.wpd), and Third Party Reportable Event Acknowledgment Letter (i:\wp\standard\ppd\3rdptyre.wpd).<br>**Deleted:**<br>Reportable Event Information Request Letter (i:\wp\standard\ppdrepevinf.wpd), |

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| | | and Request for Information from Third Parties (i:\wp\standard\ppd\3rdparty.wpd). |
| | 12/03/99 | **Added** link to Form 333 - Request for Access to Tax Return Info... (i:\wp\standard\form333.wpd) |
| | 11/19/99 | **Revised** Form 333 - Request for Access to Tax Return Info... (i:\wp\standard\form333.wpd |
| | 09/01/99 | **Added** link to Invalid NOIT (Form 600) Letter **i:**\wp\standard\ppd\inval600.wpd |
| | 08/10/99 | **Revised** Form 1109 (version date**:** 06/30/99). **Updated** name**:** Form 1109 Request for Underfunding and Minimum Funding Calculations (i:\wp\standard\ppd\form1109.wpd) |
| | 08/10/99 | **Deleted** Form 1109E (obsolete) |
| | 09/29/98 | **Revised** IRS Document Request - less than 26 participants (i**:**wp\standard\ppd\irs25rq.wpd) |
| | 04/29/98 | **Revised** Administrative Subpoena - reformatted only (i:\wp\standard\modeliod.wpd) |
| | 10/10/97 | **Added** IRS Document Request - less than 26 participants - (i:\wp\standard\irs25rq.wpd) |
| | 08/19/97 | **Replaced** WordPerfect Form 1109 (i:\wp\standard\Form1109.wpd) |
| | 07/30/97 | **Revised** Administrative Subpoena (i:\wp\standard\modeliod.wpd) |
| | 05/30/97 | **New** letter **Added:** Administrative Subpoena Cover Letter (i:\wp\standard\subcovlt.wpd) |
| **Process 03.1:** Identify Controlled Group | 09/22/99 | **Clarified** procedure with PBGC Operating Policy 7.2-1 |
| **Process 03.2:** Determine Impact of Proposed Reorganization | 09/28/01 | **Updated** involuntary termination reference to PBGC-initiated. |
| **Process 04: Make Recommendation** | 07/23/02 | **Revised** overview to more fully reflect all of Process 4's subprocesses, including new 4.8 |
| | 02/13/98 | **Revised** Overview to reference PPD's collection of Basic Participant Data and Insurance Information |
| | 10/10/97 | **Updated** to include current procedures with TAs, and coordination with TWG office. **Replaced** instructions about preparing documents through CAS. |
| | 06/06/97 | **Revised** to provide instructions for preparation of new wp documents |
| **Process 04:** Workflow | 07/23/02 | **Revised** to include all new subprocesses. |
| | 02/11/00 | **Revised** workflow for earlier additions to **Process 04**. |

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| **Process 04.1:** Determine Recommendation | 09/28/01 | **Updated** involuntary termination references to PBGC-initiated. |
| | 03/07/97 | Involuntary Terminations**: Added** item 6 to provide further direction in this process. |
| | 09/27/96 | **Added** PBGC Operating Policy Manual 3.2-1 to Guidance |
| | 09/27/96 | Third Party Trusteeship - **clarified** and **expanded** procedures for abandoned sufficient plans |
| **Process 04.2:** Close Case | 09/04/98 | **Revised** to reflect new name of TP 18 |
| | 02/13/98 | **Modified** Outline and Action Steps |
| **Process 04.3:** Action Steps, Prepare TWG Memo, TDR, NOD.... | 09/28/01 | **Updated** involuntary termination references to PBGC-initiated. |
| | 06/29/01 | **Revised** instructions to reflect new names of trusteeship agreement cover letters. |
| | 11/16/99 | **Deleted** provision of draft TWG Memo and TDR to IOD Deputy Director.<br>**Updated** FBA plan criteria. |
| | 06/04/99 | **Revised** Trusteeship Agreement - Involuntary Terminations (i:\wp\standard\ppd\tamod_in.wpd) |
| | 06/04/99 | **Revised** Trusteeship Agreement - Voluntary Terminations (i:\wp\standard\ppd\tamod_vo.wpd) |
| | 02/13/98 | **Revised** instructions regarding content of TWG Memo and Distress Determination Letter. (Separate Funding Determination Letters eliminated.) |
| **Process 04.4:** Form Large Case Working Group | 10/20/00 | **Added** link to new subsection 04.7: Request FBA Procurement. |
| | 11/16/99 | **Clarified** preparation of the Large Case Working Group Memo |
| | 08/10/99 | **Updated** Large Case criteria |
| **Process 04.5:** Request Insurance Information | 03/07/97 | **Added** a new sub-process that covers PPD's request of insurance contract valuation data. (streamlining project) |
| **Process 04.6:** Initiate Request for Participant Data (formerly**:** Request Basic Participant Data) | 10/14/98 | **Re-named subprocess (now: Initiate Request for Participant Data), and text revised** to incorporate PPDs request of payee data |
| | 09/04/98 | **Revised** to correct typographical errors only |
| | 02/13/98 | **Added** new PPD subprocess |
| **Process 04.7:** Request FBA Procurement | 04/05/02 | **Modified** to reflect preparation of FBA Procurement Request (one document). |
| | 02/16/01 | **Modified** to clarify the approval process w/in PPD. |
| | 10/20/00 | **Added** new subsection about preparing the FBA Package to procure FBA services. |
| **Process 04.8:** Refer Fiduciary | 03/28/03 | **Modified** throughout for name change - |

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| Breaches to DOL | | PWBA/ EBSA |
| | 08/09/02 | **Corrected** typo (document name) |
| | 07/23/02 | **Added** new subprocess. |
| **Process 4.9**: Forms, Letters, Memos | 08/25/04 | **Modified** Termination Decision Record Distress Termination (\ppd\tdr_dis.wpd) and Termination Decision Record PBGC-Initiated Terminations (\ppd\tdr_dis.wpd) |
| | 03/28/03 | **Modified** DOL/ EBSA Investigation Coordination Letter (I:\wp\standard\ppd\dolebsa.wpd) - name change PWBA/ EBSA |
| | 07/23/02 | **Added**: DOL/PWBA Investigation Coordination Letter (i:\wp\standard\ppd\dolpwba.wpd) |
| | 04/05/02 | **Added** FBA Procurement Request (i:\wp\standard\fbaprreq.wpd)<br><br>**Deleted** FBA Package<br><br>(i:\wp\standard\fbapack.wpd) and FBA Package Cover Memo (i:\wp\standard\fbapkmem.wpd) |
| | 12/19/01 | **Modified** the Termination and Trusteeship Decision Record PBGC-Initiated Termination (i:\wp\standard\ppd\tdr_inv.wpd) |
| | 09/28/01 | **Revised** document name: Termination Decision Record (TDR) PBGC-initiated (was "Involuntary"). |
| | 08/13/01 | **Modified** Close Case (Reportable Event) Letter (i:\wp\standard\ppd\close_re.wpd) |
| | 06/29/01 | **Revised:** Trusteeship Agreement (PBGC-initiated) Cover Letter (i:\wp\standard\ppd\tacov_in.wpd). **Revised Trusteeship Agreement and Cover Letter Names:** PBGC-initiated Termination (from "Involuntary"), Distress Termination (from "Voluntary"). |
| | 06/20/01 | **Revised:** Notice of Determination (NOD) (i:\wp\standard\ppd\nod.wpd). |
| | 04/06/01 | **Modified** FBA Package Cover Memo (i**:** \wp\standard\fbapkmem.wpd). |
| | 01/17/01 | **Modified:**<br>Trusteeship Agreement - Distress Terminations (i:\wp\standard\ppd\tamod_vo.wpd), and Trusteeship Agreement - PBGC-initiated Terminations (i:\wp\standard\ppd\tamod_in.wpd) |
| | 01/04/01 | **Modified** FBA Package (i:\wp\standard\fbapack.wpd), and FBA Package Cover Memo (i:\wp\standard\fbapkmem.wpd)**.** |
| | 10/20/00 | **Added** new documents: FBA Package (i:\wp\standard\fbapack.wpd), and FBA Package Cover Memo |

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| | (i:\wp\standard\fbapkmem.wpd) |
| 11/16/99 | **Revised** Request for Large Case Coordinator Memo (i:\wp\standard\ppd\lcwgreq.wpd), corrected document name and path/filename |
| 10/15/98 | **Revised** Administrative Subpoena Cover Letter (i:\wp\standard\subcovlt.wpd) |
| 09/29/98 | **Revised** Attorney Request Memo (i:\wp\standard\ppd\attrnyrq.wpd) |
| 09/04/98 | **Added** link to Controlled Group Notice (i:\wp\standard\ppd\cntgrnot.wpd) |
| 07/23/98 | **Added** new letter**:** Initial Participant Data Request (i:\wp\standard\ppd\inpdareq.wpd) |
| 04/27/98 | **Revised** Termination Decision Record (TDR) Involuntary Termination (i:\wp\standard\ppd\tdr_inv.wpd) |
| 04/27/98 | **Revised** Termination Decision Record (TDR) Distress Termination (i:\wp\standard\ppd\tdr_dis.wpd) |
| 04/16/98 | **Revised** Termination Decision Record (TDR) Involuntary Termination (i:\wp\standard\ppd\tdr_inv.wpd) |
| 04/16/98 | **Revised** Termination Decision Record (TDR) Distress Termination (i:\wp\standard\ppd\tdr_dis.wpd) |
| 02/13/98 | **Deleted** references to obsolete Funding Determination Letters |
| 01/16/98 | **Revised** TWG Memo (i:\wp\standard\ppd\twg.wpd) |
| 01/09/98 | **Revised** Large Case Working Group Memo (i:\wp\standard\lcwgmemo.wpd) |
| 12/18/97 | **Revised** Notice of Determination (i:\wp\standard\ppd\nod.wpd) |
| 10/10/97 | **Revised** filename of Notice of Determination (NOD) -- (i:\wp\standard\nod.wpd) |
| 10/10/97 | **Added** Administrative Review Procedures (Distress Criteria) (i:\wp\standard\adrev_dc.wpd) |
| 10/10/97 | **Added** three new Funding Determination Letter(s) - (replaced CAS letters)<br>Funding Determination (Insufficient for GBs) (i:\wp\standard\pbgctrst.wpd)<br>Funding Determination (Sufficient for BLs) (i:\wp\standard\sufasset.wpd)<br>Funding Determination (Insufficient for BLs) (i:\wp\standard\insufase.wpd) |
| 08/09/97 | **Added** new document **-** Controlled Group Notice |

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| | | (i:\wp\standard\cntgrnot.wpd) |
| | 07/22/97 | **Revised TDRs**<br>Termination and Trusteeship Decision Record (TDR) - Involuntary Termination (i:\wp\standard\trd_inv.wpd)<br>Termination and Trusteeship Decision Record (TDR) - Distress Termination (i:\wp\standard\tdr_dis.wpd) |
| | 07/27/97 | **Revised** Attorney Request Memo (i:\wp\standard\ppd\attrnyrq.wpd) |
| | 07/27/97 | **Revised** Trusteeship Agreement - Involuntary Termination (i:\wp\standard\ppd\tamod_in.wpd) |
| | 07/27/97 | **Revised** Trusteeship Agreement - Voluntary Termination (i:\wp\standard\ppd\tamod_vo.wpd |
| | 06/18/97 | **Added access to new TDR documents:**<br>Termination and Trusteeship Decision Record - Involuntary Termination (i:\wp\standard\tdr_inv.wpd)<br>Termination and Trusteeship Decision Record - Distress Termination (i:\wp\standard\tdr_dis.wpd) |
| | 06/06/97 | **Updated** Trusteeship Agreement - Involuntary Terminations (i:\wp\standard\tamod_in.wpd) |
| | 06/06/97 | **Added new** forms and letters**:** |
| | 05/17/97 | Trusteeship Agreement (Involuntary) Cover Letter (i:\wp\standard\tacov_in.wpd) |
| | 05/17/97 | Trusteeship Agreement -Involuntary Terminations (i:\wp\standard\tamod_in.wpd) |
| | 05/17/97 | Trusteeship Agreement (Voluntary) Cover Letter (i:\wp\standard\tacov_vo.wpd) |
| | 05/17/97 | Trusteeship Agreement -Voluntary Terminations (i:\wp\standard\tamod_vo.wpd) |
| | 05/16/97 | Close Case (Reportable Event) Letter (i:\wp\standard\close_re.wpd) |
| | 03/07/97 | **Added** a new standard letter--Insurance Contract Valuation Letter (PPD) **i:**\wp\standard\ppd_ins.wpd). (streamlining project) |
| **Process 05: Route Recommended Termination** | 12/07/01 | **Modified** overview to reflect 5,000 as participant limit for exempt cases (TWG) |
| | 10/10/97 | **Updated** to include current procedures with TAs, and coordination with TWG office. Replaced instructions about preparing documents through CAS. |
| | 08/15/97 | **Revised** text to refer to new document |
| | 02/07/97 | **Added** text to emphasize importance of |

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| | | reviewing TWG minutes to ensure correct DoPT is used. |
| **Process 05:** Route Recommended Termination, Workflow | 02/11/00 | **Corrected** typo. |
| **Process 05.0:**<br>Cases which are exempt from presentation to the full TWG.<br>Cases which must be presented to the full TWG. | 09/28/01 | **Updated** involuntary termination references to PBGC-initiated. |
| **Process 05.1:** Prepare Recommendation for Routing | 06/18/04 | **Revised** to clarify the NOIT/NOD dates entered in CAS. |
| **Process 05.1:** Prepare Recommendation | 05/25/99 | **Updated** action steps for exempt & non-exempt cases to provide greater details and clarify interaction with OGC |
| | 07/11/97 | **Added** latest delegation of authority memo for reference. |
| **Process 05.1A:** Prepare Recommendation for Routing - Exempt Cases | 09/28/01 | **Updated** involuntary termination references to PBGC-initiated. |
| **Process 05.1B:** Prepare Recommendation for Routing - Non-Exempt Cases (Full TWG Review) | 09/28/01 | **Updated** voluntary termination references to distress. |
| **Process 05.2:** Initiate Termination and Trusteeship | 12/07/01 | **Modified** subsection title. Added steps for PBGC to notify participants of DOPT when applicable. |
| **Process 5.3**: Forms, Letters, Memos | 08/25/04 | **Modified** Termination Decision Record Distress Termination (\ppd\tdr_dis.wpd) and Termination Decision Record PBGC-Initiated Terminations (\ppd\tdr_dis.wpd) |
| **Process 05.3:** Forms, Letters, Memos | 05/07/02 | **Modified** the Case Contact Sheet (i:\wp\standard\contacts.wpd) |
| | 12/19/01 | **Modified** the Termination and Trusteeship Decision Record PBGC-Initiated Termination (i:\wp\standard\ppd\tdr_inv.wpd) |
| | 12/07/01 | **Added** new letter: Participant DOPT Notice (i:\wp\standard\pnotdopt.wpd) |
| | 09/28/01 | **Revised** Termination Decision Record (TDR) PBGC-initiated (name only from "Involuntary"). |
| | 06/29/01 | **Revised:** Trusteeship Agreement (PBGC-initiated) Cover Letter (i:\wp\standard\ppd\tacov_in.wpd).<br>**Revised Trusteeship Agreement and Cover Letter Names:** PBGC-initiated Termination (from "Involuntary"), Distress Termination (from "Voluntary"). |
| | 06/20/01 | **Revised:** Notice of Determination (NOD) (i:\wp\standard\ppd\nod.wpd). |
| | 01/17/01 | **Modified:**<br>Trusteeship Agreement - Distress Terminations |

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| | | (i:\wp\standard\ppd\tamod_vo.wpd), and Trusteeship Agreement - PBGC-initiated Terminations (i:\wp\standard\ppd\tamod_in.wpd) |
| | 10/13/00 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd). |
| | 06/04/99 | **Revised** Trusteeship Agreement - Involuntary Terminations (i:\wp\standard\ppd\tamod_in.wpd) |
| | 06/04/99 | **Revised** Trusteeship Agreement - Voluntary Terminations (i:\wp\standard\ppd\tamod_vo.wpd) |
| | 05/25/99 | **Added** link to Case Contact Sheet (i:\wp\standard\contacts.wpd) |
| | 05/25/99 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd) |
| | 05/25/99 | **Added** link to **new** OGC Draft Transmittal (version date**:** 04/27/99) (i:\wp\standard\ppd\ogcdrtr.wpd) |
| | 07/10/98 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd) |
| | 04/27/98 | **Revised** Termination Decision Record (TDR) Involuntary Termination (i:\wp\standard\ppd\tdr_inv.wpd) |
| | 04/27/98 | **Revised** Termination Decision Record (TDR) Distress Termination (i:\wp\standard\ppd\tdr_dis.wpd) |
| | 04/22/98 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd) |
| | 04/16/98 | **Revised** Termination Decision Record (TDR) Involuntary Termination (i:\wp\standard\ppd\tdr_inv.wpd) |
| | 04/16/98 | **Revised** Termination Decision Record (TDR) Distress Termination (i:\wp\standard\ppd\tdr_dis.wpd) |
| | 02/13/98 | **Deleted** references to obsolete Funding Determination Letters |
| | 01/22/98 | **Revised** Document Transfer List Memo, **Added** case contact list (i:\wp\standard\ppd\tpdtrf.wpd) |
| | 01/16/98 | **Revised** TWG Memo (i:\wp\standard\ppd\twg.wpd) |
| | 10/10/97 | **Added** new Distress Determination Letter (s) - (replaced CAS letters) Distress Determination Letter (Criteria Met) (i:\wp\standard\discrmet.wpd) |
| | 10/10/97 | **Revised** filename-Notice of Determination (NOD) --- (i:\wp\standard\nod.wpd) |
| | 08/09/97 | **Added** new document, Termination and Trusteeship Recommendation - Transmittal Form (i:\wp\standard\tran2twg) |
| **Process 07:** Initiate PPD/TPD | 08/31/01 | **Revised** overview to reflect the more |

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| Coordination | | routine assignment of a TPD case team while the case is with PPD. |
| **Process 07.1:** Initiate TPD Involvement | 10/28/05 | **Revised** to note organizational change (PPD to DISC); that MCU will assign cases to and notify TPDs; MCU will assign team members in CAS. |
| | 08/31/01 | Revised in its entirety to describe the process of establishing a TPD case team while case is with PPD. |
| | 05/25/99 | Clarified details regarding the transfer of case information and documents. |
| | 02/13/98 | **Added** reference to include Transfer Checklist and Case Contact Sheet |
| **Process 07.2:** Forms, Letters, Memos | 05/07/02 | **Modified** the Case Contact Sheet (i:\wp\standard\contacts.wpd) |
| | 10/20/00 | **Deleted** FBA Procurement Package (i:\wp\standard\fbapack.wpd) |
| | 10/13/00 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd). |
| | 05/25/99 | **Added** link to Case Contact Sheet (i:\wp\standard\contacts.wpd) |
| | 05/25/99 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd) |
| | 07/10/98 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd) |
| | 04/22/98 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd) |
| | 02/02/98 | **Added** FBA Procurement Package (i:\wp\standard\fbapack.wpd) |
| | 01/22/98 | **Revised** Document Transfer List Memo, **Added** case contact list (i:\wp\standard\ppd\tpdtrf.wpd) |

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## Processes 8–10 (Pre-2006)

**03/30/2011**

**Processes 8–10 (Pre-2006)**

| Process | Date | Change |
|---|---|---|
| **Process 8:** Assign TPD Case Team and Initiate Processing | 08/31/01 | **Revised** overview to reflect the more routine assignment of a TPD case team while the case is with PPD. |
| | 05/25/99 | **Clarified** overview regarding payment of optional forms. |
| | 09/04/98 | **Revised** instructions regarding preparation of Executed Trusteeship Cover Letters. New WP document replaces Forms 1160 and 1159, formerly prepared through CAS. |
| **Process 8.1:** Transfer Information From DISC to TPD | 12/23/05 | **Retitled** (formerly "Transfer Information From PPD to TPD"). |
| **Process 8.1:** Transfer Information From PPD to TPD | 08/31/01 | **Modified** to add details including required input and imaging. |
| | 05/25/99 | **Clarified** details regarding the transfer of case information and documents. |
| **Process 8.2:** Establish the Case Workplan | 10/28/05 | **Replaces and retitles** current subsection; adds TPD and FBA roles in establishing case workplan using FMRS. |
| **Process 8.2:** Assign TPD Case Team | 08/31/01 | **Revised** throughout, now reflects the more routine assignment of a TPD case team while the case is with PPD, and clarifies instructions for non-FBA plan workplans. |
| | 10/20/00 | **Revised** to describe the initial preparation of an FBA Workplan. |
| | 11/16/99 | **Clarified** Large Case Coordinator involvement.<br>**Deleted** references to FBA procurement. |
| **Process 8.3:** Effect Trusteeship | 02/18/05 | **Revised** to remove **step to send an Accounts Adds & Changes form to SSC to update DOTR.** |
| | 05/18/01 | **Modified** to clarify provision of 4042(d) notice to interested parties. |
| | 11/16/99 | **Clarified** distribution list of final TAs. |
| | 10/10/97 | **Revised** instructions for preparation of Premium Information Request Memo<br>**Revised** Premium Information Request Memo (i:\wp\standard\preminfo.wpd) |
| | 07/11/97 | **Revised** TA prepared by PPD (not TPD) |
| | 06/06/97 | **Added** detail about premium information requested from FOD |
| | 03/07/97 | **Inserted** new action step 11 requesting premium information from FOD. (streamlining project) |

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| | 02/07/97 | **Added** text that DOPT may differ from date in original recommendation. |
| | 09/13/96 | **Revised** instructions with new cover ltr (cotruscl.wpd) for Court Ordered Trusteeship. Clarified use of Form 1159 and Form 1160 Trusteeship Agreement Cover Letters<br>FBA no longer in list of recipients<br>Reorganized numbering of steps |
| | 05/31/96 | **Added** controlled group members to list of interested parties for 4042(d) notification #10 |
| **Process 8.4:** Forms, Letters, Memos | 11/30/05 | **Deleted** FBA Workplan from list. |
| | 06/28/05 | **Revised:**<br>IRS Request Letter (Irsreq.doc)<br>IRS Returns Request – Tax Exempt Entities<br>(Irsexmpt.doc)<br>IRS Document Request - > 26 participants (IRSDOCRQ.DOC)<br>IRS Document Request -<26 participants (IRS25RQ.docIRS25RQ.DOC) |
| | 02/18/05 | **Revised** list. |
| | 05/07/02 | **Modified** the Case Contact Sheet (i:\wp\standard\contacts.wpd) |
| | 10/20/00 | **Replaced** FBA Workplan (I:\MSWord\xls\FBAWorkplan.xls). |
| | 10/13/00 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd). |
| | 05/25/99 | **Added** Case Contact Sheet (i:\wp\standard\contacts.wpd) |
| | 05/25/99 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd) |
| | 05/28/98 | **Revised** Court Ordered Trusteeship Agreement Cover Letter (i:\wp\standard\cotruscl.wpd) |
| | 05/28/98 | **Added** new document (replaces CAS 1159, and CAS 1160) - Executed Trusteeship Agreement Cover Letter (i:\wp\standard\extacvlt.wpd) |
| | 04/22/98 | **Revised** Document Transfer List Memo (i:\wp\standard\ppd\tpdtrf.wpd) |
| | 01/16/98 | **Revised** Document Transfer List Memo, **Added** case contact list (i:\wp\standard\ppd\tpdtrf.wpd) |
| | 10/10/97 | **Revised** Premium Information Request Memo (i:\wp\standard\preminfo.wpd) |
| | 03/07/97 | **Added** a jump to the Premium Information Request Memo (i:\wp\standard\preminfo.wpd). |

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| | | (streamlining project) |
| | 10/24/96 | **Revised** (i:\wp\standard\cotruscl\wpd), including replacement of "plan asset insufficiency" with "unfunded benefit liabilities" |
| | 09/13/96 | **Added** New letter**:** Court Ordered Trusteeship Agreement Cover Letter (i:\wp\standard\cotruscl.wpd) |
| | 07/19/96 | **Added** New document**:** Workplan.wpd |
| **Process 9:** Plan Assumption | 02/18/05 | **Replaced** entirely with new content including a new workflow. Also, renamed Process from *Assume Payment/Set Up Account* to *Plan Assumption*. |
| **Process 9:** Assume Payment/ Set Up Account | 03/08/02 | **Replaced** reference to RARE with PACS in overview. |
| | 09/28/01 | **Modified** to revise Datahub loading timeframes, and added description of 9A loading process. |
| | 09/01/99 | **Revised** Overview to incorporate details about PRISM online assumptions |
| | 05/25/99 | **Modified** throughout for clarification of payment of optional forms, imaging of documents and other details. |
| | 03/05/99 | **Added** detail regarding check cycle, and cut-off date. |
| | 10/14/98 | **Revised** Overview to describe Datahub Procedures |
| | 02/13/98 | **Revised** Overview to incorporate references to Operating Policy 5.4-4, and PBGCs policy with respect to interest payments (97-7). |
| | 01/10/97 | **Inserted** the third paragraph which describes processing for woodwork persons |
| **Process 9:** Workflow | 03/10/00 | **Replaced** workflow for additions to Process 09. |
| **Process 9.1:** Request Plan Administrator to Continue Payment Processing | 05/25/99 | **Revised** outline regarding payment of optional forms, and addition of policy manual reference. |
| | 10/14/98 | **Added** details about payment information needed |
| | 11/25/98 | **Added** details about requests for payee data. |
| **Process 9.2** Prepare and Transmit Funding Memo | 05/25/99 | **Revised**, editorial changes only. |
| **Process 9.3** Obtain Participant Payment Data | 09/28/01 | **Edited** text. |
| | 08/31/01 | **Added** reference to finalizing Plan Assumption Milestone (CAS) and Process 10.4. |
| | 09/01/99 | **Revised** to incorporate details about PRISM online assumptions |
| | | **New** subprocess details collection of |

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| | 05/25/99 | participant payment data needed for plan assumption |
| **Processes 9.4 through 9.8** | 10/14/98 | **Renumbered** to be 09.8 through 09.12 |
| **Process 9.4:** Prepare & Submit Plan Assumption Package | 09/28/01 | **Modified** to revise the Datahub timeframes for submission of plan assumption package. |
| | 09/01/99 | **Revised** to incorporate details about PRISM online assumptions |
| | 05/25/99 | **Clarified** instructions in action step 1. |
| | 10/14/98 | **Renamed** subprocess, and revised to describe initiation of Datahub Procedures by TPD |
| **Process 9.4:** Review Participant Payment Information, Map Data | 10/14/98 | **Added** Subprocess |
| **Process 9.5:** Review Participant Payment Information, Map Data | 09/28/01 | **Modified** to revise Datahub timeframes for submission of plan assumption package and data mapping. |
| | 09/01/99 | **Revised** to incorporate details about PRISM online assumptions. |
| | 05/25/99 | **Clarified** outline and action steps, esp. about imaging documents. |
| **Process 9.5:** Enter Participant Payment Data | 10/14/98 | **Added** new subprocess. |
| **Process 9.6:** Enter Participant Payment Data | 09/28/01 | **Modified** to revise Datahub timeframes for completion of data loading (by DMC or OASD). |
| | 09/01/99 | **Revised** to incorporate details about PRISM online assumptions. |
| | 05/25/99 | **Renumbered** subprocess. |
| | 10/14/98 | **Added** new subprocess. |
| **Process 9.7:** Evaluate and Reconcile Initial Payee Information Load.(formerly 09.06) | 05/25/99 | **Clarified** action steps, esp. about imaging documents. |
| | 03/05/99 | **Added** detail regarding check cycle, and cut-off date. |
| | 10/14/98 | **Added** new subprocess |
| **Process 9.8** Authorize Plan Assumption | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| | 08/31/01 | **Added** specifics about updating and finalizing Plan Assumption Milestone (CAS) to outline and action steps. |
| | 09/01/99 | **Revised** to incorporate details about PRISM online assumptions |
| | 05/25/99 | **Deleted** subprocess (obsolete, see new 09.03) |
| | 05/25/99 | **Renumbered** subprocess |
| **Process 9.8:** Transfer Data to SSB for Payments to Retirees -- Less than 200 Current Payees (Formerly 9.4) | 01/10/97 | **Revised** text to establish that **All** account adds and the loading of retirees must be done at SSB for internal control purposes. |
| **Process 9.9:** Notify Current Payees | 05/18/01 | **Deleted** reference to filepathame of |

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| | | obsolete Plan Abstract version. |
| | 08/25/00 | **Added** instructions regarding the new Preliminary Plan Summary (CSWG recommendation) |
| | 03/10/00 | **Added** information about *new* Trusteeship Notification Packages (REACH Team project) |
| | 09/22/99 | **Revised** to refer to new participant forms. |
| | 05/25/99 | **Modified** outline. |
| | 10/30/98 | **Added** details about EDD. |
| | 10/10/97 | **Revised** outline and actions steps to refer to new participant letter (PRISM ALGS), which merges Trusteeship Notice and Notice of Change in Paying Agent into a single letter for retirees. (streamlining project) |
| **Process 9.10:** Prepare and Submit 9A Participant Data | 09/28/01 | **Modified** to revise Datahub timeframes for completion of data loading (by DMC or OASD). |
| | 03/10/00 | **Renamed** subprocess, and revised to describe initiation of Datahub procedures by TPD**.** |
| | 05/25/99 | **Revised, renumbered & renamed** subprocess |
| **Process 9.10:** Reconcile Trial Check Run & Pay Participants | 05/25/99 | **Deleted** subprocess (obsolete) |
| | 04/07/99 | **Replaced** reference to PSDADJ with RARE |
| **Process 9.11:** Review 9A Participant Package | 03/10/00 | **Added** new subprocess. |
| **Process 9.12:** Enter 9A Data. | 09/28/01 | **Modified** to revise Datahub timeframes for completion of data loading (by DMC or OASD). |
| | 03/10/00 | **Added** new subprocess. |
| **Process 9.13:** Evaluate, Reconcile & Authorize 9A Data | 03/10/00 | **Added** new subprocess. |
| **Process 9.13A:** Notify Payees | 10/05/05 | **Revised** to indicate various letters may be used to notify participants; and to distinguish handling of PIFs received by mail vs. My PBA. |
| **Process 9.13B:** Notify Non-Payees | 10/05/05 | **Revised** to remove steps for processing discontinued GIFs; added steps for processing Designation of Beneficiary forms. |
| | 08/12/05 | **Revised** to remove steps for issuing follow-up letters for GIFs or data missing data. |
| **Process 9.14:** Forms, Letters, Memos | 10/28/05 | **Removed** General Information Form (GIF) from list. |
| | 02/18/05 | **Added**:<br><br>*PIF Tracking Spreadsheet* |

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| | *(PIFtracking.xls)*<br>*Plan Assumption Reconciliation Report (planasmprec.doc)*<br><br>**Deleted:** Data Entry Request Form<br>Transfer Control Sheet<br>**Revised:**<br>*Benefit Funding Memo (Funding.doc)*<br>*Concurrence Form (Concurr.doc)*<br>*Datahub - Data Mapping Instructions for Data Entry(Dhmapin.doc)*<br>*Notification Letter to Prior Paying Agent (Notifppa.doc)*<br>*Notification of Authorization to Make Payments Letter (Authpay.doc)*<br>*PA Request Follow-Up Letter (Pareqfol.doc)*<br>*PPA Information Letter (ppainfo.doc)* |
| 01/07/03 | **Modified** Notification of Authorization to Make Payments Letter - reflecting change in SSC personnel (I:\wp\standard\authpay.wpd) |
| 04/05/02 | **Modified** the Data Entry Form (i:\wp\standard\derf.wpd) |
| 08/01/01 | **Corrected** typo in Plan Assumption Authorization Verification (i:\wp\standard\assverif.wpd) |
| 06/28/01 | **Modified** Benefit Funding Memo (FOD names only). |
| 05/18/01 | **Deleted** obsolete Plan Abstract. |
| 03/14/01 | **Updated** Benefit Funding Memo (i:\wp\standard\funding.wpd) for FOD personnel changes. |
| 08/25/00 | **Added**: new document - Preliminary Plan Summary (i:\wp\standard\prelimps.wpd), and new link to Plan Abstract (i:\wp\standard\abstract.wpd) |
| 02/28/00 | **Revised** Data Entry Request Form (i:\wp\standard\derf.wpd) |
| 09/22/99 | **Revised** to refer to new participant forms |
| 09/01/99 | **Added** new Plan Assumption Authorization Verification (i:\wp\standard\assverif.wpd) |
| 08/20/99 | **Revised** Data Entry Request Form (i:\wp\standard\derf.wpd) |
| 08/20/99 | **Revised** Datahub - Data Mapping Instructions for Data Entry (i:\wp\standard\dhdmapin.wpd) |

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| | 05/25/99 | **Deleted** reference to Monthly Adds and Updates, Form 487 |
| | 05/13/99 | **Modified** Plan Administrator/Paying Agent Request Follow Up Letter (i:\wp\standard\pareqfol.wpd) |
| | 04/27/99 | **Revised** Notification of Authorization to Make Payment Letter (i:\wp\standard\authpay.wpd) |
| | 10/30/98 | **Added** references to additional participant forms and letters (PRISM ALG). |
| | 10/14/98 | **Deleted** Proposed Schedule of SSB Activities (i:\wp\standard\ssbsched.wpd) |
| | 10/14/98 | **Added** link to WordPerfect version of Account Adds and Changes Form (i:\wp\standard\acaddchg.wpd) |
| | 03/23/98 | **Revised** Benefit Funding Memo to include number of payees (i:\wp\standard\funding.wpd) |
| | 10/14/98 | **Added** new document, Datahub - Data Mapping Instructions (i:\wp\standard\dhdmapin.wpd) |
| | 10/14/98 | **Added** new document, Data Entry Request Form (i:\wp\standard\derf.wpd) |
| | 09/30/98 | **Revised** Notification of Authorization to Make Payments Letter (i:\wp\standard\authpay.wpd) |
| | 08/06/98 | **Revised** Notification Letter to Prior Paying Agent (i:\wp\standard\notifppa.wpd) |
| | 08/05/98 | **Revised** Notification of Authorization to Make Payments Letter (i:\wp\standard\authpay.wpd) |
| | 09/17/96 | **Added** "Financial Analyst, Treasury Division" as a "cc" in the Notification Letter to Prior Paying Agent -- (i:\wp\standard\notifppa.wpd) |
| **Process 10: Adjust Benefits** | 09/22/99 | **Revised** to add benefit adjustment details. |
| **Process 10:** Adjust Benefits - Workflow | 06/03/05 | **Revised** to include new processes for Datahub for benefit adjustment loads. |
| | 08/31/01 | **Revised** to reflect re-named subprocess 10.4 |
| | 05/02/97 | **Clarified** 4022(c) amount not payable as estimated benefit |
| | 02/07/97 | **Added** text to emphasize importance of documenting analysis for benefit adjustments (cutbacks). |
| **Process 10.1:** Analyze Plan Documents | 06/03/05 | **Revised** to add references and clarifications from Policy 5.2-4: Annuity Starting Dates. |
| | 08/31/01 | **Reformatted** output section of outline. |
| | 05/18/01 | **Deleted** reference to filepathame of obsolete Plan Abstract version. |

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| | 08/25/00 | **Added** instructions about new Preliminary Plan Summary, and updating CAS milestone.<br>(CSWG recommendation) |
| **Process 10.2:** Obtain Data | 10/20/00 | **Added** late retirement details about adjusting the maximum guaranteeable benefit.<br><br>**Added** links to the ATM and Policy Bulletin regarding late retirement. |
| **Process 10.3:** Analyze Data and Funding for PC3 | 12/13/02 | **Edited** for clarification. |
| | 12/07/01 | **Added** clarification in allocating to PC3 to control issues and action steps and added reference to IOD PB 00-08 in guidance. |
| **Process 10.4:** Identify Current Payees for Benefit Adjustments | 06/03/05 | **Revised** to include links to other procedures based on when the benefits are being adjusted.<br><br>**Added** steps for updating the Estimated Cutbacks/Adjustments Milestone in CAS. |
| | 02/18/05 | **Added** requirements for notifying payees of benefit adjustments; other general edits. |
| | 12/13/02 | **Edited** for clarification. |
| | 08/31/01 | **Re-named** subprocess.<br>Added specifics about finalizing Estimated Cutbacks/ Adjustments Milestone (CAS) to outline and action steps. |
| | 10/20/00 | **Added** late retirement details about adjusting the maximum guaranteeable benefit. |
| **Process 10.7**: Forms, Letters, Memos | 06/03/05 | **Renumbered** as 10.11. |
| | 05/18/01 | **Deleted** obsolete Plan Abstract. |
| | 08/25/00 | **Added**: new document - Preliminary Plan Summary (i:\wp\standard\prelimps.wpd), and new link to Plan Abstract (i:\wp\standard\abstract.wpd)<br>(CSWG recommendation) |
| **Process 10.7:** Initiate Benefit Adjustment Datahub Load | 06/03/05 | **New** subprocess describes how to request a benefit adjustment load using Datahub. |
| **Process 10.8:** Prepare Benefit Adjustment Pre-Load Data for TPD Review | 06/03/05 | **New** subprocess describes OASD's role in preparing the benefit adjustment pre-load data and the Datahub load. |
| **Process 10.9:** Review Benefit Adjustment Pre-Load Data | 06/03/05 | **New** subprocess describes how to review and authorize the benefit adjustment pre-load data. |
| **Process 10.10:** Review and Authorize Benefit Adjustment Datahub Load | 06/03/05 | **New** subprocess describes how to review and authorize the benefit adjustment Datahub load. |

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## Processes 11–15 (Pre-2006)

**03/30/2011**

**Processes 11–15 (Pre-2006)**

| Process | Date | Change |
|---|---|---|
| **Process 11**: Develop Audit Program | 02/16/01 | **Revised** Internal Controls "Assessment" to "Determination" |
| | 08/25/00 | **Clarified** correct document name (Plan Document Audit) only. |
| | 07/11/97 | **Clarified** throughout to provide strengthened instructions regarding retention of source documents as appropriate and other documentation issues |
| | 04/04/97 | **Added** clarification to preparation of Audit Working Paper Cover Sheet. |
| **Process 11.2:** Determine Scope of Audits and Prepare Audit Program | 03/28/03 | **Modified** to reflect name change - Pension and Welfare Benefits Administration / Employee Benefits Security Administration |
| | 05/18/01 | **Deleted** reference to filepathame of obsolete Plan Abstract version. |
| | 02/16/01 | **Modified** to clarify references to Internal Controls Determination and add use of new document: Internal Controls Questionnaire |
| | 08/25/00 | **Clarified** correct document name (Plan Document Audit) only. |
| | 04/07/99 | **Revised** text to reflect new path\filename of Plan Abstract (i:\wp\standard\abstract.wpd) |
| | 09/13/96 | **Clarification** that the TPD may hold participant meeting for any case, not just large cases. |
| **Process 11.3:** Conduct Field Audit | 04/05/02 | **Revised** to clarify necessity of collecting certain benefit related documents. |
| | 02/16/01 | **Modified** to incorporate the use of new document: Internal Controls Questionnaire |
| | 05/25/99 | **Clarified** output and recipient. |
| **Process 11.04**: Forms, Letters, Memos | 05/18/01 | **Deleted** obsolete Plan Abstract. |
| | 02/16/01 | **Added** Internal Controls Questionnaire (i:\wp\standard\intonqu.wpd) |
| | 01/08/01 | **Modified** Internal Controls Determination (i:\wp\standard\intcont.wpd) |
| | 08/28/00 | **Revised** Data Elements Source List (i:\wp\standard\datasrcs.wpd) |
| | 08/25/00 | **Clarified** documents' names - Plan Document Audit (i:\wp\standard\plandocs.wpd), and |

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| | | Information Request Letter (i:\wp\standard\inforeq.wpd) |
| | 05/26/99 | **Revised** Plan Documents List, typographical only (i:\wp\standard\plandocs.wpd) |
| | 04/07/99 | **Revised** text to reflect new path \ filename of Plan Abstract (i:\wp\standard\abstract.wpd) |
| **Process 12:** Obtain & Evaluate Participant & Plan Document Data, Workflow | 04/16/04 | **Modified** workflow to show that Early BDL process is initiated after completion of source document audit. |
| | 09/22/99 | **Updated** workflow for earlier revisions to Process 09 |
| | 07/11/97 | **Clarified** throughout to provide strengthened instructions regarding thorough documentation. |
| **Process 12:** Obtain & Evaluate Participant and Plan Data, Workflow | 02/11/00 | **Revised** workflow for earlier addition to Process 12, and corrected typo. |
| **Process 12.1**: Finalize Plan Document Audit | 05/18/01 | **Deleted** reference to filepathame of obsolete Plan Abstract version. |
| | 08/25/00 | **Clarified** correct document name (Plan Document Audit).<br>**Added** new instruction to finalize CAS milestone.<br>(CSWG recommendation) |
| **Process 12.2** Prepare Plan Abstract | 02/07/03 | **Added** processing guidelines on crediting military service (Policy Bulletin 00-4). |
| | 05/18/01 | **Deleted** reference to filepathame of obsolete Plan Abstract version. |
| | 08/25/00 | **Added** reference to the Preliminary Plan Summary.<br>(CSWG recommendation)<br>**Clarified** correct document name (Plan Document Audit), and added WP file pathnames. |
| | 04/07/99 | **Revised** text to reflect new path\filename of Plan Abstract (i:\wp\standard\abstract.wpd) |
| **Process 12.5:** Perform Source Document Audit | 05/25/99 | **Deleted** action step 7. |
| | 11/25/98 | **Added** details to the outline about identification of participant data elements in the process, and scanning of source documents to IPS. |
| | 07/19/96 | **Added** report file name to item 6 |
| **Process 12.6:** Build Participant Database | 05/18/01 | **Clarified** that data elements are all traceable to a source. |
| | 05/25/99 | **Modified** controls section, and clarified identification of action steps (now 12.6.A & 12.6.B). |
| | 11/25/98 | **Added** details to the outline and actions steps about establishing and updating the data shell. |
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| | 01/10/97 | **Revised** to state that FBAs should get a hard copy of the TPD's controlled group determination (or no controlled group determination) |
| **Process 12.6A:** Build Participant Database | 09/22/99 | **Corrected** typo |
| **Process 12.6B:** Build Participant Database | 09/22/99 | **Corrected** typo |
| **Process 12.7:** Audit Participant Database | 11/30/05 | **Replaced** in entirety to reflect new statistical sampling methodology. |
| | 03/28/03 | **Added** details of necessity to retain and archive sampling database and supporting documentation. |
| | 05/25/99 | **Deleted** completion of Participant Data Audit Report from output and recipient. **Deleted** action steps 7-10. |
| | 08/15/97 | **Added** statement of purpose and other clarifications. |
| | 12/06/96 | **Clarified** use of random number generator program. |
| | 07/19/96 | **Added** Output and Recipient item |
| | 07/19/96 | **Revised** items 7 & 8 in action steps |
| **Process 12.8:** Prepare Participant Data Audit Report | 11/30/05 | **Revised** to indicate that participant database audit work papers are attached to and imaged with PDA report. |
| | 05/25/99 | **New** subprocess providing details about preparation of report. |
| | 05/25/99 | **New** subprocess providing details about preparation of report. |
| **Process 12.9:** Forms, Letters, Memos | 11/30/05 | **Added** new documents:<br><br>Define Sample Size Work Paper; Select Random Sample Work Paper; Select Interval Sample Work Paper; Participant Database Audit Work Paper Summary; Participant Database Audit Checklist |
| | 01/16/05 | **Revised:** Participant Database Archiving Guidelines (PDA). |
| | 03/04/04 | **Revised** Participant Database Archiving Guidelines |
| | 03/28/03 | **Added** Participant Database Archiving Guidelines (i:\wp\standard\pdaarchiveinstructionsv1.doc) |
| | 05/18/01 | **Deleted** obsolete Plan Abstract. |
| | 08/28/00 | **Revised** Data Elements Source List (i:\wp\standard\datasrcs.wpd) |
| | 08/25/00 | **Added** new document - Preliminary Plan Summary (i:\wp\standard\prelimps.wpd). **Clarified** documents' names - Plan Document Audit (i:\wp\standard\plandocs.wpd), and Information Request Letter |

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| | | (i:\wp\standard\inforeq.wpd).<br>**Added** new link to Information Request Letter (i:\wp\standard\inforeq.wpd). (CSWG recommendation) |
| | 06/14/99 | **Revised** Locator Project Facts (i:\wp\standard\loc_fact.wpd)<br>**Revised** Locator Project Request (i:\wp\standard\locproc.wpp) |
| | 05/26/99 | **Revised** Plan Documents List, typographical only (i:\wp\standard\plandocs.wpd) |
| | 05/25/99 | **Revised** Participant Data Audit Report (i:\wp\standard\pdarept.wpd) |
| | 04/07/99 | **Revised** text to reflect new path\filename of Plan Abstract (i:\wp\standard\abstract.wpd) |
| | 07/19/96 | **Added** Participant Data Audit Report |
| **Process 13:** Verify Data for Participant Database | 02/18/05 | **Revised** Overview to remove references to mailing 4042(d) letters; other general edits.<br>**Revised** Workflow.<br>**Removed** Process 13.1 and included instructions for issuing 4042(d) letters in new *9.13 Notify Participants*.<br>**Renumbered** *Process 13.2 Verify Data from Returned Forms* to 13.1; other general edits.<br>**Renumbered** *Process 13.3 Forms, Letters, Memos, etc.* to 13.2; revised list. |
| | 04/05/02 | **Clarified** timing to send 4042(d) packages. |
| | 03/10/00 | **Added** information to overview about *new* Trusteeship Notification Packages (REACH Team project) |
| | 09/22/99 | **Revised** Overview to refer to new participant forms. Revised proof document requirements. (streamlining) |
| | 10/10/97 | **Added** detail to Process Overview, and Process 13.1 about combined letter which merges Trusteeship Notice and Change of Paying Agent into a single letter for retirees. (streamlining project) |
| | 07/11/97 | **Added** guidance (deadlines) for 4042(d) notifications to participants and follow up letters. Miscellaneous revisions to reflect Process 17 new name. Clarifications throughout to provide strengthened instructions regarding thorough documentation |
| **Process 13.1:** Send 4042(d) Letter and Data Verification Forms | 04/05/02 | **Clarified** timing to send 4042(d) packages. |
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| | 08/31/01 | **Added** specifics about updating and finalizing **new** Participant Trusteeship Letters Milestone (CAS). |
| | 03/10/00 | **Modified** to add information about *new* Trusteeship Notification Packages (REACH Team project) |
| | 09/22/99 | **Revised** to refer to new participant forms. |
| | 05/25/99 | **Changed** only to reflect renumbered subprocess. |
| | 10/30/98 | **Added** details about EDD. |
| **Process 13.1A:** Verify Data from Returned Forms - PA | 10/05/05 | **Revised** for handling My PBA correspondence; removal of GIF references; proofs no longer requested from non-payees; handling of duplicate PIFs; and misc. edits. |
| | 08/12/05 | **Revised** to indicate that items missing from GIFs need not be listed on acknowledgement letter. |
| **Process 13.2:** Verify Data from Returned Forms - Auditor | 08/31/01 | **Added** references to Policy 8.5-1 Signature by Mark and Appendix J. |
| | 08/11/00 | **Replaced** references to obsolete Locator Project with references to new TP 33: Locate Customer Address. |
| | 12/03/99 | **Added** details about preparation of Acknowledgment Letter (ALGS 530). |
| | 09/22/99 | **Revised** to refer to new participant forms. Revised proof document requirements. (streamlining) |
| | 11/25/98 | **Added** to outline additional output item of updates to PRISM. Added to action steps (PLS & auditor) details about reconciliation or addition of participant data elements from data verification forms to PRISM, and to the participant database. Added specific listing of appropriate data elements. |
| | 10/30/98 | **Added** details to action steps about EDD. |
| | 10/30/98 | **Clarified** in outline and action steps that PBGC no longer requires original source documents, copies are acceptable. (streamlining project) |
| | 07/11/97 | **Added** information about Locator Project |
| **Process 13.3:** Forms, Letters, Memos | 08/11/00 | **Deleted** Locator Project Facts (i\wp\standard\loc_fact.wpd), and Locator Project Request (i\wp\standard\locproj.wpd) |
| | 12/03/99 | **Replaced** reference to Response Card, PBGC Form 1690a with Acknowledgment Letter (ALGS 530). |
| | 09/22/99 | **Added** references to new participant forms, deleted obsolete forms |
| | 02/23/99 | **Revised** Locator Project Facts - (i:\wp\standard\loc_fac.wpd) |

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| | 02/23/99 | **Revised** Locator Project Request - (i:\wp\standard\locproj.wpd) |
| | 10/30/98 | **Added** reference to Application for EDD. |
| | 07/11/97 | **Added** two **new** documents**:** Locator Project Facts (i:\wp\standard\loc_fact.wpd), and Locator Project Requests (i:\wp\standard\locproj.wpd) |
| **Process 14:** Determine Controlled Group and Net Worth | 09/04/98 | **Added** new BMPRS code to Time Reporting section to outlines of subprocesses (topics not redated) |
| | 09/04/98 | **Revised** overview to identify PPD Manager as IOD's point of contact for settlements. |
| **Process 14.1** Review DISC Controlled Group Findings | 12/23/05 | **Retitled** (formerly "Review PPD Controlled Group Findings"). |
| **Process 14.1:** Review PPD Controlled Group Findings | 06/29/01 | **Modified** to replace IPS for paper file references. |
| | 09/22/99 | **Clarified** procedure with Policy 7.2-1, and added reference in guidance |
| | 01/10/97 | **Revised** to state that FBAs should get a hard copy of the TPD's controlled group determination (or no controlled group determination) |
| **Process 14.2:** Perform TPD Controlled Group Analysis (IRS Disclosure Offices) | 11/08/02 | **Deleted** section. Information in new **Appendix M.** |
| | 03/23/01 | **Added** new address to request tax returns for tax-exempt entities. |
| **Process 14.2**: Perform TPD Controlled Group Analysis | 11/08/02 | **Modified** to reflect that requests for non-exempt tax information are sent to a new centralized IRS location.<br>**Deleted** separate listings of IRS Regional Offices by State and IRS Disclosure Offices.<br>**Added** link to new Appendix M: IRS Disclosure Offices. |
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| | 06/29/01 | **Modified** to replace IPS for paper file references. |
| | 03/23/01 | **Added** instructions for requesting tax returns for tax exempt entities. |
| | 02/16/01 | **Updated** L.A. office address. |
| | 12/03/99 | **Revised** IRS Regional Offices by State (added note).<br>**Revised** IRS Disclosure Offices address and telephone numbers. |
| | 12/03/99 | **Clarified** the use of Form 333 when making IRS Tax Return Requests. |
| | 09/22/99 | **Clarified** procedure with Policy 7.2-1, and added reference in guidance |
| | 04/04/97 | **Added** new feature - pop-up list of IRS |

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| | | Regional Offices and list of addresses and telephone numbers for IRS Disclosure Offices. |
| **Process 14.3** Draft Request for Payment/Assist in Filing Liens | 06/29/01 | **Modified** to replace IPS for paper file references. |
| | 09/04/98 | **Revised** to include guidance about compromise and settlement authority. |
| **Process 14.4** Forms, Letters, Memos | 06/28/05 | **Revised:**<br>IRS Request Letter (Irsreq.doc)<br>IRS Returns Request – Tax Exempt Entities (Irsexmpt.doc) |
| | 11/08/02 | **Revised**<br>IRS Request Letter (i\:wp\standard\irsreq.wpd) to insert centralized address, and to change PBGC location for IRS to send requested information.<br>**Corrected** address on IRS Returns Request – Tax Exempt Entities (i\:wp\standard\irsexmpt.wpd)<br>**Revised** IRS Document Request - <26 (i\:wp\standard\ppd\irs25rq.wpd) to insert centralized address, and to change PBGC location for IRS to send requested information |
| | 06/19/02 | **Modified** Request for Payment letter (i:\wp\standard\reqpay.wpd) |
| | 03/23/01 | **Added**: IRS Tax Returns Request - Tax Exempt Entities (i:\wp\standard\irsexmpt.wpd) |
| | 12/03/99 | **Added** link to Form 333 - Request for Access to Tax Return Info... (i:\wp\standard\form333.wpd) |
| | 11/19/99 | **Revised** Form 333 - Request for Access to Tax Return Info... (i:\wp\standard\form333.wpd) |
| | 04/21/98 | **Added** new document - Administrative Review Procedures (i:\wp\standard\adrev_el.wpd) |
| | 03/11/98 | **Revised** Request for Payment Letter (i:\wp\standard\reqpay.wpd) |
| | 01/22/98 | **Revised** No Controlled Group Memo (i:\wp\standard\tpdnocg.wpd) |
| | 10/10/97 | **Deleted** No Recovery Memo (i:\wp\standard\norecov.wpd) |
| | 04/04/97 | **Added** a jump to the revised IRS Request Letter (i:\wp\standard\irsreq.wpd) |
| **Process 15:** Audit Plan Assets | 12/06/96 | **Clarified** with minor changes throughout. |
| **Process 15.1:** Perform Initial Analysis | 02/16/01 | **Modified** to incorporate the use of new document: Request for PPD Financial Analysis Assistance. |
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| | 09/04/98 | **Added** detail about Form 1108 |
| | 10/10/97 | **Revised** instructions for preparation of Premium Information Request Memo |
| | 06/06/97 | **Added** detail about premium information requested from FOD (action step 3). |
| | 06/06/97 | **Added** details regarding preparation of administrative subpoena (action step 11). |
| | 03/07/97 | **Edited** step 3 to include a reference to possible earlier request for premium information from FOD. (streamlining project) |
| **Process 15.2:** Value Plan Assets (Investment Accounts and Securities....) | 09/28/01 | **Clarified** instructions with respect to mutual funds. |
| **Process 15.2:** Value Insurance Contracts | 03/10/00 | **Deleted** links to now obsolete glossary term. |
| **Process 15.2** -Value Plan Assets | 06/06/97 | **Added** detail about valuing insurance contracts |
| **Process 15.2**Action Steps**:** Value Investment Accounts & Securities. Item #3 | 10/11/96 | **Clarified** valuing stock dividends when DOPT is between record date and date dividend is recorded. |
| **Process 15.3:** Value Hard-To-Value Assets | 02/16/01 | **Modified** to incorporate the use of new document: Request for PPD Financial Analysis Assistance. |
| **Process 15.4:** Value Plan Liabilities | 03/10/00 | **Deleted** links to now obsolete glossary term. |
| **Process 15.4:** Action Steps**:** Value Plan Liabilities | 03/07/97 | **Edited** step 1 to include a reference to possible earlier request for premium information from FOD. (streamlining project) |
| **Process 15.5:** Action Steps**:** Compute Accrued Dividends Receivable on Corporate Stocks | 10/11/96 | **Changed** "dividend date" to "ex-dividend date" |
| **Process 15.5:** Action Steps**:** Compute Proportional Interest | 01/10/97 | **Added** new section |
| **Process 15.5:** Action Steps**:** Chart To Determine Method of Computing Accrued Interest | 12/06/96 | **Clarified** with minor changes throughout. |
| | 12/06/96 | **Added** chart to determine method of computing accrued interest. |
| **Process 15.6:** Complete Plan Asset Audit Report | 03/10/00 | **Added** CAS details to output and processing steps. |
| | 08/10/99 | **Added** detail about imaging of Plan Asset Audit Report. |
| | 06/14/99 | **Revised** Locator Project Facts (i:\wp\standard\loc_fact.wpd) |
| | 06/14/99 | **Revised** Locator Project Request (i:\wp\standard\locproc.wpp) |
| | 06/14/99 | **Revised** Locator Project Facts (i:\wp\standard\loc_fact.wpd) |
| | 06/14/99 | **Revised** Locator Project Request (i:\wp\standard\locproc.wpp) |

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| | 09/04/98 | **Added** detail about Form 1108 |
| **Process 15.7:** Forms, Letters, Memos | 02/16/01 | **Added:** Request for PPD Financial Analysis Assistance **(i:\wp\standard\ppdanal.wpd)** |
| | 10/15/98 | **Revised** Administrative Subpoena Cover Letter (i:\wp\standard\subcovlt.wpd) |
| | 05/04/98 | **Added** new WordPerfect document - Form 1108, Plan Asset Reconciliation (i:\wp\standard\form1108.wpd) |
| | 04/28/98 | **Revised** Administrative Subpoena - reformatted only (i:\wp\standard\modeliod.wpd) |
| | 07/30/97 | **Revised** Administrative Subpoena (i:\wp\standard\modeliod.wpd) |
| | 07/30/97 | **Revised** Premium Information Request Memo (i:\wp\standard\preminfo.wpd) |
| | 06/06/97 | **Added** jumps to Administrative Subpoena and Administrative Subpoena Cover Letter |
| | 04/07/97 | **Revised** the Plan Asset Audit document (i:\wp\standard\planaset.wpd) |
| | 08/26/96 | **Revised** the Insurance Contract Valuation Letter (i:\wp\standard\insurval.wpd) |

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## Processes 16–17 (Pre-2006)

**03/30/2011**

**Processes 16–17 (Pre-2006)**

| Process | Date | Change |
|---|---|---|
| **Process 16:** Value Recoveries and Allocate to Claims | 10/10/97 | **Added** instruction to use new Allocation Recovery Tool (ART)<br>Clarified zero Recovery Determinations are documented in Recovery Determination Memo |
| | 12/06/96 | **Clarified** with minor changes throughout |
| **Process 16.2**: Value Recoveries and Allocate to Claims | 01/10/03 | **Deleted** requirement to provide Recovery Determination Memo to PPD |
| | 02/16/01 | **Specified** the type of CAS task referral sent. |
| **Process 16.3:** Allocate Combined Recoveries... | 02/16/01 | **Modified** to specify how to request PPD Assistance, including references to two new documents: PPD Recovery Allocation Data Form and Request for PPD Financial Analysis Assistance |
| | 11/25/98 | **Updated** details about Actuarial Recovery Tool (ART) |
| **Process 16.4:** Document Recovery Values | 01/10/03 | **Modified** to reflect that the SPARR Coordinator is in MCU (from PPD). |
| | 06/06/97 | **Added** text regarding importance of updating CAS Plan Assets Milestone |
| **Process 16.9:** Forms Letters Memos | 02/10/05 | **Updated** *Recovery* Determination *Memo (Recdeter.doc).* |
| | 12/05/02 | **Modified** Reovery Determination Memo (i:\wp\standard\recdeter.wpd) |
| | 02/16/01 | **Added** two new documents:<br>PPD Recovery Allocation Data Form (i:\wp\standard\ppdrecal.wpd), and<br>Request for PPD Financial Analysis Assistance (i:\wp\standard\ppdanal.wpd) |
| | 11/22/99 | **Revised** Recovery Determination Memo (i:\wp\standard\recdeter.wpd) |
| | 06/06/97 | **Revised** Recovery Determination Memo (additional cc to FOD) |
| | 04/13/97 | **Revised** the Recovery Determination Memo (i:\wp\standard\recdeter.wpd) |
| **Process 17:** Prepare Actuarial Case Report & Software | 03/28/03 | **Updated** Workflow |
| | 06/06/97 | **Revised** throughout in response to new Policy 6.7-1. |
| | 08/30/96 | **Changed** the order of the sub-processes in the workflow diagram |
| **Process 17.1:** Reconcile Participant Database | 03/28/03 | **Revised** to clarify required data elements & format of database |

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| **Process 17.2** Convert Participant Database to an ACT Database | 03/28/03 | **Added** new sub-section with link to ACT manual. |
| | 12/07/01 | Added clarification in allocating to PC3 to control issues and action steps and added reference to IOD PB 00-08 in guidance. |
| **Process 17.3** Determine Title IV Benefits, including Asset Allocation per 4044 | 03/28/03 | **Renumbered** |
| | 06/20/96 | **Revised** Control Issues re recovery ratio for multiple terminated plans |
| **Process 17.4** Determine Plan 4022(c) Benefits Payable | 03/28/03 | **Renumbered** |
| | 01/11/99 | **Revised** cash out limit to $5,000 in action steps |
| **Process 17.5** Determine 4022(c) Benefits Payable | 03/28/03 | **Renumbered** |
| **Process 17.6** Program BSRS | 03/28/03 | **Renumbered** |
| | 08/10/99 | **Modified** reference to ACR checklist. |
| **Process 17.7** Produce Actuarial Case Report Package | 03/28/03 | **Renumbered** and **Revised** to delete obsolete processing step |
| **Process 17.7** Action Steps**:** Finalize Actuarial Case Report Package & Review | 08/10/99 | **Modified** reference to ACR checklist. |
| **Process 17.8** Finalize Actuarial Case Report Package & Review | 03/28/03 | **Renumbered** and **Added** reference in Guidance to ACT manual. |
| **Process 17.9** Perform Software/ADT Review | 03/28/03 | **Renumbered** and **Revised** to strengthen controls and add link to ACT manual. |
| **Process 17.10** Finalize IPV-Ready Data | 03/28/03 | **Renumbered** and **Modified** to reflect correct names of reports and processing steps. |
| | 11/25/98 | **Added** details to outline about ADT load of participant data elements to PRISM. |
| **Process 17.11** Close Out Software (OASD) | 03/28/03 | **Renumbered** and **Modified** to reflect correct processing steps |
| **Process 17.12** Present Case to Team | 03/28/03 | **Renumbered** |
| **Process 17.13** Reconcile PRISM & Archived databases | 03/28/03 | **Renumbered** and **Corrected** name of sub-section |
| **Process 17.14** Forms, Letters, Memos | 03/28/03 | **Renumbered** and **Modified** to delete link to TPD Software Review Checklist and to add Incoming Case Review Checklist |
| | 04/28/98 | **Updated** TPD Software Review Checklist to support ADT utilities version 3.0A (i:\wp\standard\sc_cklst.wpd) |
| | 06/06/97 | **Added new** wp documents**:**<br>Automated Data Load (ADL) Checklist (i:\wp\standard\adlcklst.wpd) &<br>TPD Software Review Checklist (i:\wp\standard\sc_cklst.wpd) |

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## Processes 18–20 (Pre-2006)

**03/30/2011**

**Processes 18–20 (Pre-2006)**

| Process | Date | Change |
|---|---|---|
| **Process 18:** Identify Types of IDLs for Case | 09/22/99 | **Edited** and added details to guidance. |
| **Process 18.3:** Forms, Letters, Memos | 09/22/99 | **Added** reference to PRISM ALG letters |
| | 12/06/96 | **Added** access to a WordPerfect memo containing Types of Required IDLs -- i**:**\wp\standard\idltypes.wpd |
| | 05/02/03 | **Deleted** Customized BDL Cover Memo and Benefit Determination Letter (samples). |
| **Process 19:** Benefit Determination Letters - Overview | 05/13/05 | **Added** paragraph about Limited-Scope BDLs. |
| **Process 19:** Workflow | 05/13/05 | **Added** steps for issuing Limited-Scope BDLs, and revised in entirety. |
| **Process 19**: Issue BDLs & Make Adjustments to Payments - Overview | 01/19/05 | **Added** that BDLs are issued to alternate payees with certain restrictions. |
| | 04/16/04 | **Modified** workflow for revised Process 19.1 changes. |
| | 10/18/02 | **Added** details to Overview about establishing final pay sources for final benefit amounts. |
| | 02/08/02 | **Added** language about rule that interest is calculated at PBGC (not SSB). |
| | 07/27/01 | **Modified** to include residual benefit amount processing, applicable withholding rules and other clarifications. (IOD PB 00-6: Residual Lump-Sum Distributions.) |
| | 05/18/01 | **Modified** for editorial changes, including IDL/BDL and to add details about notice to an alternate payee.<br>**Added** details about resending BDLs, including use of new ALG 540. |
| | 09/22/99 | **Revised** for IDL/ benefit payment details**:**<br>• Early IDLs to non-vesteds guidance (streamlining)<br>• Large back payments<br>• Policy Bulletin 99-6, very small payments<br>• Policy Bulletin 99-4, small changes in Final Monthly Benefits<br>• Issuance of IDLs to deceased person(s) or beneficiary(ies)<br>• Clarification of timing to move estimated benefits to final in PRISM<br>• Issuance of notice to alternate payees when IDL is issued |
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| **Process 19.1:** Create Early BDL Database and Issue Early BDLs (re-named) | 04/16/04 | **Revised** the early BDL Process to include database building, auditing, and preparation of the Early BDL Audit Report. |
| **Process 19.1**: Review List of Participants Eligible for Early BDLs | 10/18/02 | **Revised** to add details including revising the look back for early BDL participants (from 5 years to 1 year prior to DOPT) and deleting reference to obsolete CAS milestone. |
| | 05/18/01 | **Modified** for editorial changes, including IDL/BDL. Renamed subprocess. |
| | 09/22/99 | **Revised** to provide guidance on Early IDLs to non-vesteds.(streamlining) |
| | 02/13/98 | **Revised** Overview to reference PBGC's policy with respect to upward adjustments to estimated benefits. |
| | 05/02/97 | **Clarified** participants eligible for possible 4022(c) amount not eligible for early IDLs |
| **Process 19.2:** Review Final Valuation Close-Out Package & Classify Participants | 05/18/01 | **Modified** for editorial changes, including IDL/BDL. |
| | 08/11/00 | **Replaced** references to obsolete Locator Project with references to new TP 33: Locate Customer Address. |
| | 09/22/99 | **Revised** for Policy Bulletin on IDLs and Back Payments for Deceased Participants (99-9) |
| | 07/11/97 | **Added** information about Locator Project |
| **Process 19.3:** Determine Net Overpayment/Underpayment for Annuities | 05/13/05 | **Removed** reference to letter 402LBR. |
| | 03/19/04 | **Revised** to clarify processing of lump sums under $200. |
| | 03/28/03 | **Added** CAS details to output and processing steps. |
| | 01/10/03 | **Added** processing guidelines on de minimis overpayments, when an appeal is filed (Policy Bulletin 03-2) . |
| | 10/18/02 | **Revised** to add "Timing", specifying that various payment activities should be completed by 90 days after the later of expiration of appeals period or Appeals Board Decision date. |
| | 03/08/02 | **Clarified** language about rule on interest calculation at PBGC<br><br>**Added** reference to PACS and the PACS Helpfile<br><br>**Replaced** details on using RARE with PACS including requirement to scan both PACS Summaries to IPS |
| | 02/08/02 | **Added** language about rule that interest is calculated at PBGC (not SSB). |
| | 06/29/01 | **Added** details about researching payment history for all situations that may require interest to be paid. |

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| | 05/18/01 | **Modified** for editorial changes, including IDL/BDL. Clarified small benefits may be paid prior to expiration of appeals period. Renamed subprocess. |
| | 09/22/99 | **Revised** for Large back payments, Policy Bulletin 99-4, small changes in Final Monthly Benefits, and clarification of timing to move estimated benefits to final in PRISM |
| | 02/13/98 | **Revised** Important Concepts and Guidance to reflect Policy Bulletin 97-7. |
| **Process 19.4** Determine Net Overpayment/Underpayment for Lump Sums | 03/19/04 | **Revised** to clarify processing of lump sums under $200. |
| | 01/10/03 | **Added** processing guidelines on de minimis overpayments, when an appeal is filed ( Policy Bulletin 03-2) . |
| | 10/18/02 | **Revised** to add "Timing", specifying that various payment activities should be completed by 90 days after the later of expiration of appeals period or Appeals Board Decision date.<br>**Added** Policy 5.4-6 to Guidance<br>**Deleted** reference to obsolete Policy Bulletin 95-5 in Guidance |
| | 03/30/02 | **Clarified** language about rule on interest calculation at PBGC<br><br>**Added** reference to PACS and the PACS Helpfile<br><br>**Replaced** details on using RARE with PACS including requirement to scan both PACS Summaries to IPS |
| | 02/08/02 | **Added** language about rule that interest is calculated at PBGC (not SSB). |
| | 07/27/01 | **Added** references to guidance, including applicable Treas. reg cite (withholding).<br><br>**Modified** processing for:<br>• residual benefit amounts, including when a new lump-sum application is required,<br>• tax withholding rules, and<br>• other clarifications.<br>(Policy Bulletin 00-6: Residual Lump-Sum Distributions.) |
| | 05/18/01 | **Modified** for editorial changes, including IDL/BDL. Renamed subprocess. |
| | 09/22/99 | **Revised** for Policy Bulletin 99-6, very small payments |
| | 01/11/99 | **Revised** cash out limit to 5,000, and add details about cash out limit to outline |
| | 02/13/98 | **Revised** Important Concepts and<br>**Added** Guidance to reflect Policy Bulletin |

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| | | 97-7. |
| **Process 19.5:** Issue Corrected or Revised Benefit Determination Letter | 03/19/04 | **Added** new subsection describes how and when to issue a revised **or** corrected BDL |
| **Process 19.6:** Issue Limited-Scope BDLs | 05/13/05 | **Added** new process for issuing Limited-Scope BDLs. |
| **Process 19.6:** Forms, Letters, Memos | 04/16/04 | **Added** Early BDL Audit Report. |
| | 07/27/01 | **Added** reference to Form 720 - Application for Lump-Sum Payment. |
| | 08/11/00 | **Deleted** Locator Project Facts (i\wp\standard\loc_fact.wpd), and Locator Project Request (i\wp\standard\locproj.wpd) |
| | 09/22/99 | **Added** reference to new PRISM ALG Letter.<br>**Deleted** obsolete PSDADJ report reference. |
| | 02/23/99 | **Revised** Locator Project Facts - (i:\wp\standard\loc_fac.wpd) |
| | 02/23/99 | **Revised** Locator Project Request - (i:\wp\standard\locproj.wpd) |
| | 07/11/97 | **Added** two **new** documents**:** Locator Project Facts (i:\wp\standard\loc_fact.wpd), and Locator Project Requests (i:\wp\standard\locproj.wpd |
| **Process 19.7:** Forms Letters Memos<br>(renumbered) | 05/13/05 | **Renumbered** – previously Process 19.6.<br>**Revised** list of documents. |
| **Process 19.8:** Forms, Letters, Memos | 1/19/05 | **Modified** to indicate that BDLs of related QDRO parties are also stayed if one party appeals. |
| | 02/17/04 | **Added** that some appeals correspondence may be referred outside of IOD. |
| **Process 20:** Respond to Appeal Notice/Make 45-Day Changes | 08/31/01 | **Added** reference to Appendix J. |
| **Process 20:** Workflow | 05/18/01 | **Modified** for editorial changes, including IDL/BDL and renamed subprocesses. |
| | 12/06/96 | **Clarified** throughout Process including new Overview, revised workflow diagram, discussions of PEAD Acknowledgement Memo and PEAD Closing Memo |
| **Process 20:** Respond to Appeal Notice/Make 45-Day Changes, workflow | 05/18/01 | **Modified** for editorial changes, including IDL/BDL and renamed subprocesses. |
| **Process 20:** Respond to Appeal Notice/Make 45-Day Changes, overview | 05/18/01 | **Modified** for editorial changes, including IDL/BDL. |
| **Process 20:** Respond to Appeals Notice and PEAD Referrals (renamed) | 07/15/05 | **Revised** with new/updated eALG letter references throughout |
| | 05/02/03 | **Revised** in its entirety, includes two new subsections. |
| **Process 20.1:** Respond to PEAD Acknowledgment of Appeal or Extension | 2/17/04 | **Added** language on notifying Recovery Coordinator when an appeal concerns a |

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| Request | | Recovery BDL. |
| **Process 20.1:** Respond to PEAD Acknowledgment Memo | 1/19/05 | **Added** step to stay BDL of all QDRO parties if one party appeals, and to notify them via ALGS. |
| | 5/18/01 | **Modified** name of time reporting categories. |
| | 5/02/03 | **Revised** to reflect updated IOD/PEAD processing including clarification of actions that may/may not be taken when an appeal is filed. |
| **Process 20.2** Respond to Appeal Closing Memo | 2/17/04 | **Added** language on sending new BDLs; that timely correspondence may appear in PBGC Image Viewer days after the appeal period ends; and on notifying Recovery Coordinator as needed. |
| | 1/10/03 | **Added** processing guidelines on de minimis overpayments, when an appeal is filed ( Policy Bulletin 03-2) . |
| | 05/18/01 | **Modified** for minor editorial changes. |
| | 05/02/03 | **Revised** to reflect updated IOD/PEAD processing and otherwise clarify processing. |
| **Process 20.2**: Respond to PEAD Closing Memo | 01/19/05 | **Added** new steps on making any necessary changes to BDLs of parties who did not appeal and notifying them via ALGS. |
| **Process 20.3:** Respond to Appeals Division Referral | 02/18/05 | **Added** statements to be included in the emails to PEAD. |
| | 01/19/05 | **Added** new steps on making any necessary changes to BDLs of parties who did not appeal and notifying them via ALGS. |
| | 05/13/05 | **Added** steps for handling RFA correspondence concerning a Limited-Scope BDL.<br>**Modified** for general edits. |
| | 02/17/04 | **Added** instructions on referrals concerning Recovery BDLs, including hardship cases; and when appeals correspondence is referred outside of IOD. |
| | 05/02/03 | **New** subsection describes processing of correspondence referred from PEAD. |
| **Process 20.3:** Forms, Letters, Memos | 12/06/96 | **Added** access to two new WordPerfect memos - acknowlm.wpd and closingm.wpd (in I:\\wp\standard) |
| **Process 20.4:** RFA Guidelines and Appeal Criteria | 05/02/03 | New subsection lists:<br>• Examples of RFA correspondence<br>• Appeal criteria |
| **Process 20.5:** Forms, Letters, Memos | 01/19/05 | **Added** new ALGS letters 615 QDRO- Stay of BDL (Appeals) and 616 QDRO – No Benefit Change (Appeals). |
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| | 05/02/03 | **Added** references to ALGS Letters.<br>**Deleted** references/links to sample PEAD correspondence. |

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## Processes 21–24 (Pre-2006)

**03/30/2011**

**Processes 21–24 (Pre-2006)**

| Process | Date | Change |
|---|---|---|
| **Processes 21 & 22** | 04/28/97 | **Replaced** Case Closure Processes (Process 21 and 22) with **New** Case Closure Processes 21, 22, 23 |
| **Processes 21 – 23** | 09/04/98 | **Revised** throughout, clarify procedures applicable to closing of FBA plans |
| **Process 21:** Close Plan | 02/17/04 | **Replaced** in its entirety to incorporate use of online Plan Closing Report and IPVFB Critical Pay Source Errors Report. |
| | 08/11/00 | **Revised Overview** to refer to new TP 33: Locate Customer Address |
| **Process 21:** Close Plan, Workflow | 02/11/00 | **Replaced** workflow for earlier revisions to Process 21. |
| **Process 21.1:** Prepare Plan History (Formerly**:** Close Plan) | 07/11/97 | **Added** clarifications about imaging additions to files which are being closed at an FBA |
| **Process 21.3:** Reconcile Participant Files/Records in IPS & PRISM (Formerly: Check and Inventory Participant Files) | 07/11/97 | **Revised** about PFI Report |
| **Process 21.6:** Check Completeness of Participant Files/Records in PBGC Image Viewer, PRISM, SCoRe, and CCN | 08/12/05 | **Revised** to remove General Information Form from list of items required in file. |
| **Process 21.6:** Check Completeness of Participant Files (IPS) | 06/29/01 | **Added** references to Process 19 for payment of interest situations. |
| **Process 21.10** Forms, Letters, Memos | 08/11/00 | **Deleted** Locator Project Facts (i\wp\standard\loc_fact.wpd) |
| | 04/30/99 | **Revised** Plan Completion Memo (i:\wp\standard\plcompme.wpd) |
| | 02/23/99 | **Revised** Locator Project Facts - (i:\wp\standard\loc_fac.wpd) |
| | 09/04/98 | **Added** link to Locator Project Facts (i:\wp\standard\locproj.wpd) |
| | 09/04/98 | **Deleted** TSD/TPD Plan Completion Checklist (i:\wp\standard\plcmpckl.wpd) |
| | 05/01/98 | **Added** new (optional) TPD/FBA Case Team - Plan Completion Checklist (i:\wp\standard\tpd-tsd.wpd) |
| | 05/01/98 | **Added** new Plan Completion Memo (i:\wp\standard\plancompme.wpd) |
| | 06/06/97 | **Replaced** IPS Plan Re-Index Request with **new** IPS Plan and Participant File Correction Form (i:\wp\standard\ips_chg.wpd) |
| **Process 21.12:** Wrap Up Plan Administration | 12/23/05 | **Revised** to clarify that TPD or FBA administers plan until the date of transfer |

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| | | to ongoing administration, and e-mails details of outstanding SCoRe or CRM actions. |
| **Process 21.13:** Forms, Letters, Memos | 03/25/04 | **Revised to put on letterhead:** TPD/FBA Case Team - Plan Completion Checklist and Plan Completion Memo. |
| | 03/19/04 | **Replaced** TPD/FBA Case Team – Plan Completion Checklist |
| | 02/17/04 | **Renumbered** and **Revised** to replace TPD/FBA Case Team - **Plan Completion Checklist** (M:\Helpfile\IOD Manual_std\tpdfbacl.doc) and **Plan Completion Memo** (M:\Helpfile\IOD Manual_std\plcomplme.doc) with current versions<br><br>**Added Quality Review Check Sheet** (M:\Helpfile\IOD Manual_std\qurecksh.doc) |
| **Process 22:** Review Closed Plan | 10/28/05 | **Revised** to note that proofs are required only from post-DOPT payees (not all non-retirees). |
| | 08/12/05 | **Revised** to remove General Information Form from list of items required in file. |
| | 02/17/04 | **Revised** in its entirety to reflect new plan closing processes. |
| **Process 22:** Review Closed Plan Workflow | 02/11/00 | **Replaced** workflow for earlier revisions to Process 22. |
| | 06/29/01 | **Added** references to Process 19 for payment of interest situations. |
| **Process 22.4:** Forms, Letters, Memos | 02/17/04 | **Added** Quality Review Checksheet (M:\Helpfile\IOD Manual\std\qurecksh.doc). |
| | 09/04/98 | **Added** Closed Plan Review Memo (i:\wp\standard\clplrmem.wpd) |
| **Process 23:** Transfer Plan to Ongoing Administration | 02/17/04 | **Updated** link to renumbered Process 21.12 |
| **Process 23.1:** Transfer Administrative Responsibility for Plan | 07/11/97 | **Added** note clarifying that imaged participant files may be more complete than paper participant files |
| **Process 23.2:** Forms, Letters, Memos | 07/27/07 | **Removed** FBA Introduction letter (eALG FBA 1, FBA2) |
| **Process 24:** Perform Ongoing Administration | 02/11/00 | **Deleted** section. |

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# Technical Procedures 1–10 (Pre-2006)

**03/30/2011**

**Technical Procedures 1–10 (Pre-2006)**

| Technical Procedure | Date | Change |
|---|---|---|
| **Technical Procedures** - Introduction to | 10/10/97 | **Added** more detail |
| **TP 01:** Identify Controlled Group | 09/22/99 | **Clarified** procedure with Policy 7.2-1 |
| **TP 01**: Identify Controlled Group,**Workflow** | 05/18/01 | **Corrected** typo. |
| | 05/18/01 | **Modified Definitions:**<br>**Reformatted** into a single topic.<br>**Added or corrected reg cites for:** Effective Control, Substantial Condition, and Attribution. |
| | 10/11/96 | **Revised** Code section number - Employee<br>**Added** reg. citation - Principal owner<br>**Added** reg. citation - Officer |
| | 08/30/96 | **Updated** the quote from 4001(a)(14)(B) |
| **TP 01.1:** Gather Documents and Identify Owners | 09/22/99 | **Added** guidance reference to Policy 7.2-1 |
| **TP 01.2:** Apply Exclusion Rules to Eliminate Excluded Interests | 05/18/01 | **Added** reg cites. |
| | 10/11/96 | **Clarified** examples 1 & 2 |
| **TP 01.3:** Apply Attribution Rules and Determine Percentages of Ownership | 05/18/01 | **Corrected** reg cite in action step 3. |
| | 10/11/96 | **Changed** reg citation on substantial restriction of spouse's interest - Step 5. (4)<br>**Changed** reg citation - Step 6, paragraph 4 |
| **TP 01.5:** Definition of Brother-Sister Corporations | 05/18/01 | **Corrected** reg cites. |
| | 08/15/97 | **Revised** examples to highlight conclusions. |
| | 10/11/96 | Definitions:<br>**Revised** Brother-Sister Corporations<br>**Revised** Combined Group<br>Procedure & Examples -<br>**Revised** the way ownership percentages are expressed throughout text<br>Example 4 - **Revised** content of chart |
| **TP 03:** Manage Plan Related Termination Expenses | 12/06/96 | **Changed** references to who maintains PBGC's Termination Expense Account for pre-trusteeship expenses (from PPD to the front Office for IOD) |
| | 07/19/96 | **Revised** completely |
| **TP 04**: Process Address Changes | 10/05/05 | **Revised** to reflect organizational change (BAPD), and to mention My PBA. |
| | 08/25/00 | **Replaced** entire tech proc. |

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| | | Revisions include:<br>• clearer outline of home address changes vs. EDD related changes<br>• streamlined processing of phone call notifications - CCN to PRISM, with ALG notification<br>• description of duties of DMC, CSC, TPDs & FBAs |
| **TP 04.1:** Make Address Changes | 08/31/01 | **Added** details regarding processing of documents signed with a mark (Policy 8.5-1). |
| | 06/29/01 | **Modified** to add details in C. SSB Notifications. |
| | 01/14/00 | **Added** link and reference to Policy 8.4-1 (▶POA). |
| | 03/07/97 | **Added** a reference to IOD Customer Service Standards in the Guidance section. |
| | 10/11/96 | **Clarified** CSC handling of telephone notification of address changes |
| **TP 04.2:** Make or Change EDD Election | 08/31/01 | **Added** details regarding processing of documents signed with a mark (Policy 8.5-1). |
| **TP 04.2:** Forms, Letters, Memos | 09/22/99 | **Added** reference to new participant form |
| **TP 05:** Process Deaths | 08/19/04 | **Modified** throughout to remove all references to the use of DARTS, including deleting **TP 5.4: Track Processing with DARTS**. |
| | 05/30/03 | **Deleted** subprocess 5.2, renumbered remaining subprocesses and revised workflow and overview to reflect these changes. |
| | 09/26/00 | **Modified** to clarify source of PRISM data compared with Deathmatch (GENESIS) |
| | 09/30/99 | **Replaced** entire technical procedure.<br>Revisions include new policy issuances:<br>• Policy Bulletin 99-8: Payments with respect to deceased participants<br>• Policy Bulletin 99-9: IDLs and Back Payments for Deceased Participants<br>Also includes details about new IOD systems:<br>• Deathmatch Deceased and Recovery Tracking System (DARTS) |
| **TP 05.1** Process Death Notification by Telephone or Mail | 08/23/02 | **Revised** instructions about when**and how CARFs are provided to SSC for "late deaths".** |
| | 05/12/00 | **Revised** to reflect that CARF original and one copy are sent to SSB |
| | 12/03/99 | **Added** details about preparation of |

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| | | Acknowledgment Letter (ALGS 530). |
| | 10/30/98 | **Clarified** to provide that PBGC does not require original death certificates, copies are acceptable. (streamlining project) |
| **TP 05.2** Determine Action on Outstanding Check Report | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| | 05/12/00 | **Modified** to show that PSB distributes entire report to the TPDs/FBAs, rather than sorting the report before distributing. |
| **TP 05.2:** Determine Action on Returned Checks | 05/30/03 | **Modified** to revise reference (to new TP 42) |
| **TP 05.3:** Use Deathmatch Program To Verify Deaths | 05/13/05 | **Updated** timeframes for taking first action and added deathmatch reporting. |
| | 03/19/04 | **Updated** to specify SSA corrections are loaded weekly |
| | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| | 10/30/98 | **Clarified** to provide that PBGC does not require original death certificates, copies are acceptable. (streamlining project) |
| | 07/03/96 | **Revised** Important Concepts – pay status by eom – return/recoup/recover overpayments |
| **TP 05.4:** Determine Benefits Due Survivor, Beneficiary or Estate | 06/03/05 | **Revised** to describe processing based on Required Beginning Dates. |
| **TP 05.04:** Track Processing with DARTS | 03/28/03 | **Modified** for revised Deathmatch report, including processing of non-payees. |
| | 09/13/02 | **Revised** outline to delete reference to Check Schedule Key Dates |
| | 09/26/00 | **Modified** to clarify source of PRISM data compared with Deathmatch (GENESIS), and update the data refresh timing (daily) |
| **TP 05.6** Determine Benefits Due Survivor, Beneficiary or Estate | 09/13/02 | **Revised** to specify how to calculate the single sum balance of future C & C payments, if elected by an estate. |
| | 08/31/01 | **Added** references to new Policy 8.5-1. |
| | 07/27/01 | **Modified** to incorporate Policy Bulletin 01-02. |
| | 03/23/01 | **Clarified** the payment of C & C benefits. |
| | 01/14/00 | **Added** link and reference to Policy 8.4-1 (▸POA). |
| | 12/03/99 | **Corrected** typos. |
| **TP 05.7** Fix Record After Incorrect Death Entry | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| | 12/03/99 | **Corrected** typo. |
| **TP 05.8:** Determine Post-Death Payments Designee | 01/10/03 | **Revised** and reformatted subsection for new Policy 8.6-1. Revisions include a new outline and two subparts (A & B) to |

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| | | distinguish processing for payments based on DOD (on or after 6/1/2002 **or** prior to that date). |
| | 12/03/99 | **Corrected** typos. |
| **TP 05.9:** Forms, Letters, Memos | 03/28/03 | **Added** reference to new 555NP ALG (Deathmatch Letter to Non-Payees). |
| | 02/11/00 | **Clarified** reference to CARF, including form number. |
| | 01/14/00 | **Deleted** reference to Deceased Processing Form (DPF) |
| | 12/03/99 | **Added** reference to Acknowledgment Letter (ALGS 530). |
| **TP 06**: Recover Overpayments | 07/15/05 | **Edits** throughout for minor changes (TSD/RSD) |
| | 12/13/02 | **Revised** in its entirety for Policy 6.4-2, including:<br>• added new hardship provision<br>• clarified only two demand letters<br>• eliminated quarterly payment option for debtors<br>• eliminated that first payment be provided with Installment Payment Agreement<br>• clarified processing when debtor is an estate |
| | 10/20/00 | **Revised** Overview to delete references to Recovery Coordinator providing quarterly report to FOD. |
| **TP 06:** Recover Overpayments | 09/29/00 | **Revised** to reflect:<br>• write-off amount now $500 (per policy change)<br>• new Tracking Request and Write off Memo<br>• first demand letter issued only for amounts over $500 |
| **TP 06:** Recover Overpayments | 06/09/00 | **Replaced** in its entirey, in response to Policy 6.4-2: Recovery of Post-DOPT Benefit Overpayments, and other operational changes. As revised, the Overview describes responsibilities of various departments, TSD's Recovery Coordinator and the new Benefit Overpayment Collection Working Group. Added three new documents. |
| **TP 06:** Recover Overpayments - Workflow | 01/14/00 | **Modified** Workflow. |
| **TP 6.1:** Determine Overpayment Amount and Debtor | 09/29/00 | **Revised** to reflect new write-off amount ($500).<br>**Added** references to new Tracking Number Request and Write off Memo. |
| **TP 06:** Recover Overpayments | 10/20/00 | **Revised** Overview to delete references to Recovery Coordinator providing |

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| | | quarterly report to FOD. |
| **TP 06.1**: Review Participant File | 01/14/00 | **Added** links in Guidance to relevant Policy references, and modified action steps. |
| **TP 06.2:** Initiate the Recovery Process | 07/15/05 | **Revised** with new/updated eALG letter references |
| | 01/19/05 | **Added** instructions to notify the Recovery Coordinator to stay the recovery process when either a QDRO participant or alternate payee files an appeal. |
| | 01/10/03 | **Added** processing guidelines on de minimis overpayments, when an appeal is filed (Policy Bulletin 03-2) . |
| | 09/29/00 | **Modified** to add details on dealing with appeals. |
| **TP 06.2:** Notify OIG and Suspend Payment (subprocess re-named) | 01/14/00 | **Renamed** subprocess and made other minor modifications. |
| **TP 06.3:** Continue the Recovery Process | 10/20/00 | **Revised** to delete provision of quarterly report to FOD. |
| | 09/29/00 | **Added** references to the (new) Tracking Number Request and Write off Memo, and the (modified) Write off Memo. |
| **TP 06.3:** Send Letter(s) | 01/14/00 | **Modified** to clarify demand letters.<br>**Added** details to important concepts and link to Policy 6.4-1. |
| | 09/22/99 | **Clarified** write off amount |
| | 08/30/96 | **Revised** Action Step 2 |
| **TP 6.4:** Forms, Letters, Memos, etc. | 07/15/05 | **Revised** with new/updated eALG letter references |
| | 12/13/02 | **Added** Estate Referral Memo (i:wp/standard/estref.wpd) |
| | 12/13/02 | **Added** reference to new PRISM ALGS letters |
| | 12/13/02 | **Modified** Tracking Number Request Memo (i:\wp\standard\rectrack.wpd) |
| | 11/14/02 | **Revised** Tracking Number Request and Write-off Memo**.**<br>**Changed** name of document to Write-off Memo(i:wp/standard/trkwroff.wpd) |
| | 11/06/00 | **Modified** Tracking Number Request and Write-Off Memo (i:\ wp\ standard\ trkwroff.wpd). |
| | 09/29/00 | **Added** new**Tracking Number Request and Write off Memo (i: \wp\standard\trkwroff.wpd)**<br>**Modified** Write off Memo (i:\wp\standard\dbtwroff.wpd) |
| | 06/09/00 | **Added:**<br>• Deceased Debtor Memo (i:\wp\standard\decdbtor.wpd) |

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| | | • Recovery Tracking Number Request Memo (i:\wp\standard\rectrack.wpd)<br>• Write-Off Memo (i:\wp\standard\dbtwroff.wpd) |
| **TP 06.4**: Determine & Take Appropriate Action | 01/14/00 | **Revised** and reformatted**to combine several topics.** |
| **TP 06.4:** Debtor submits full payment | 09/22/99 | **Deleted** reference to process made obsolete by PRISM. |
| **TP 06.5** Determine Payment Schedule (deleted) | 01/14/00 | **Deleted** - made obsolete by Interim Policy Bulletin 00-1. |
| **TP 06.5:** Determine Payment Schedule | 09/22/99 | **Added** reference to new participant form |
| **TP 06.6:** Forms, Letters, Memos, etc. (Re-numbered to **06.5**) | 01/14/00 | **Added** reference to ALGS 404R as first demand letter.<br>**Changed** second and third demand letters to ALGS 504 and 505 respectively.<br><br>**Updated** name of Form 718. |
| **TP 06.6:** Forms, Letters, Memos | 09/22/99 | **Added** reference to new participant form |
| **TP 7:** Recoup Overpayment: Overview | 01/19/05 | **Added** link to TP 13.3 -Make QDRO Payments |
| **TP 07:** Recoup Overpayments | 03/08/02 | **Replaced** references to:<br>• RARE with PACS and<br>• IDL with BDL |
| | 09/29/00 | **Updated** to reflect overpayments of $500 or less are waived (per policy change). |
| | 03/10/00 | **Revised** throughout in response to Policy 6.4-1 & Policy Bulletins 99-2, 99-4, and other operational changes. New subprocesses added regarding processing in QDRO and 4022(c) situations. |
| | 10/10/97 | **Clarified** procedure with Policy 6.4-1 |
| **TP 07.1:** Determine Net Overpayment | 03/08/02 | **Modified** to replace RARE with PACS<br><br>**Replaced** details on using RARE with PACS including requirement to scan both PACS Summaries to IPS |
| | 09/29/00 | **Updated** to reflect overpayments of $500 or less are waived (per policy change). |
| **TP 07.2:** Identify Exceptions to 10% Reduction | 03/08/02 | **Replaced** references to:<br>• RARE with PACS and<br>• IDL with BDL |
| **TP 07.2** Action Steps: Identify Exceptions to 10% Reduction | 10/20/00 | **Modified** title of Appendix D |
| **TP 7.3**: Process QDRO Related Recoupments | 01/19/05 | **Corrected** name of TP 13. |
| **TP 07.3:** Send Determination Letters (if necessary) | 09/22/99 | **Revised** outline and action steps to delete references to obsolete form |
| **TP 7.4:** Effect Recoupment and Notify Payee, if necessary | 02/17/04 | **Clarified** instructions about setting up recoupments in PRISM to ensure they |

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| | | stop timely. |
| | 01/10/03 | **Added** processing guidelines on de minimis overpayments, when an appeal is filed (Policy Bulletin 03-2) . |
| | 03/08/02 | **Modified** to delete redundant processing step<br>**Replaced** references to:<br>• RARE with PACS and<br>• IDL with BDL |
| | 02/11/00 | **Clarified** reference to CARF, including form number. |
| **TP 7.5:** Process 4022(c) Benefit where Title IV benefits are being recouped | 02/17/04 | **Clarified** instructions about setting up recoupments in PRISM to ensure they stop timely. |
| | 03/08/02 | **Replaced** references to RARE with PACS |
| **TP 07.7:** Forms Letters Memos | 09/29/00 | **Added** new Recoupment Waiver Memo (i: \wp\standard\recoupwv.wpd) |
| | 02/11/00 | **Clarified** reference to CARF, including form number. |
| | 09/22/99 | **Revised** to delete reference to obsolete form |
| **TP 08:** Process Received/Returned Check | 09/01/99 | **Revised** throughout to provide processing details including use of NEW offsite Lockbox |
| **TP 8.1:** Process Check | 05/12/00 | **Revised** for changes:<br>• in check processing for checks that need to be returned for correction<br>• the CARF original and one copy are sent to SSB.<br>• SSB returns copy of CARF to DMC with annotation of action they took.<br>• PSB review PLUSGlossPLUS ledgers after 7 business days (instead of PRISMGlossPRISM after 10 business days). |
| | 12/03/99 | **Revised** for control details about checks and CARFs between SSB and TSD. |
| **TP 8.2:** Process Bounced Check | 05/12/00 | **Revised** to reflect that CARF original and one copy are sent to SSB |
| **TP 8.3:** Forms Letters Memos | 05/12/00 | **Added** reference to Acknowledgment Letter (ALGS 530). |
| | 02/11/00 | **Clarified** reference to CARF, including form number. |
| | 12/03/99 | **Deleted** reference to Deceased Processing Form (DPF). |
| **TP 09**: Balance/Reconcile Payments - Overview | 08/12/05 | **Revised** to reflect organizational change. |
| | 02/18/05 | **Revised** overview to clarify that off-cycles are not included in the Balancer |

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| | | reconciliation and to update TSD to RSD. |
| | 06/29/01 | **Corrected** overview text. |
| | 03/23/01 | **Modified** overview to clarify that reconciliation may include certain off-cycle payments. |
| **TP 09:** Balance/ Reconcile Payments | 09/30/99 | **Replaced** entire technical procedure, now describes the use of PRISM Balancer by the Balancer System Administrator (TSD). |
| **TP 09:** Distribute PPR & Batch/Entry Sheets | 07/19/96 | **Added** new Control Issue re SSB & hardcopies of PPR |
| **TP 9.1** Resolve Payment Variances | 08/12/05 | **Revised** to clarify timing and add link to Benefit Payment Schedule. |
| | 09/13/02 | **Revised** outline to add Intranet link for Check Schedule Key Dates |
| | 05/12/00 | **Revised** to reflect that CARF original and one copy are sent to SSB |
| | 08/30/96 | **Revised** Control Issues, Important Concepts, Procedure Owner, & Action Steps |
| **TP 9.2** Forms, Letters, Memos | 02/17/04 | **Modified** names of manual data entry forms |
| | 02/11/00 | **Added** reference to CARF, including form number. |
| **TP 10:** Respond to Correspondence, Overview | 02/17/04 | **Added** reference to Directive IM-10-1: Control of Congressional and other Sensitive Correspondence |
| | 12/03/99 | **Updated** references to preparation of letters through ALGS. |
| | 12/06/96 | **Deleted** and **revised** references to correspondence routing through Customer Service Center. Changed response time from 7 days to 5 days. Clarified acknowledging versus responding. Documented sources of guidance. |
| **TP 10.1:** Sort and Set Suspense (DMC or CPAD) | 02/17/04 | **Added** details about Correspondence Control Person (CCP) and PBGC Correspondence Control Slip (PBGC 117). |
| | 12/03/99 | **Added** detail regarding DMC processing of illegible proof documents and preparation of Acknowledgment Letter (ALGS 530). |
| **TP 10.2:** Route to Appropriate Person in Division | 02/17/04 | **Added** details about Correspondence Control Person (CCP) and PBGC Correspondence Control Slip (PBGC 117). |
| | 12/03/99 | **Updated** for revised DMC mail operations including illegible proof documents and preparation of Acknowledgment Letter (ALGS 530). |
| **TP 10.3**: Review Information and Take Action | 01/19/05 | **Modified** to instruct DMC to send domestic relations orders not identified |

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| | | with a plan participant to the IOD QDRO Coordinator |
| | 02/17/04 | **Added** details about Correspondence Control Person (CCP), PBGC Correspondence Control Slip (PBGC 117) and the Sample Interim Response letter model, all from Directive IM-10-1: Control of Congressional and other Sensitive Correspondence. |
| | 02/07/03 | **Revised** terminology to refer to all benefit application forms. |
| | 05/12/00 | **Revised** to reflect that CARF original and one copy are sent to SSB |
| | 09/22/99 | **Revised** to refer to new participant forms, and other editorial changes. |
| **TP 10.5:** Mail or Route to CPAD or OIG for Review, if Required | 02/17/04 | Misc. edits for clarifications. |
| **TP 10.6:** Forms, Letter, Memos | 04/16/04 | **Clarified** that the Sample Interim Response Letter is in PBGC Directive IM-10-1 |
| | 02/17/04 | **Added** references to:<br>PBGC-117 PBGC Correspondence Control Slip ; and<br>Sample Interim Response Letter |
| | 02/07/03 | **Added** details of application for benefits forms. |
| | 02/11/00 | **Clarified** reference to CARF, including form number. |
| | 09/22/99 | **Added** reference to new participant form |

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# Technical Procedures 11–20 (Pre-2006)

**03/30/2011**

**Technical Procedures 11–20 (Pre-2006)**

| Technical Procedure | Date | Change |
|---|---|---|
| **TP 11:** Perform Trial Balance | 10/05/05 | **Revised** to reflect current processing and pay cycle changes. |
| | 11/07/00 | New Technical Procedure describes the trial balance process (pre-payment reconciliation), including duties of Reconciliation Administrator (TSD) and TPD/FBA benefit processing staff.<br>Includes 2 new WP documents:<br>• Trial Balance Fax Cover Sheet - Paying Agent (i:\wp\standard\tbcover.wpd), and<br>• Trial Balance Fax Cover Sheet - Reconciliation Administrator, TSD (i:\wp\standard\tbfaxra.wpd).<br>Includes electronic versions of 3 data entry forms that may be printed and viewed:<br>• PBGC Monthly Benefit Adds and Updates, PBGC Form 487,<br>• PLUS Lump-Sums, PBGC Form 491, and<br>• Special Check Form, PBGC Form 490. |
| **TP 11:** Manage Financial Assistance to Multiemployer Plans | 06/09/00 | **Deleted** in its entirety. Multiemployer plan processing is detailed in STCD's operating procedures. |
| **TP 11:** Manage Financial Assistance – Multiemployer | 04/04/97 | **Revised** to reflect required authorization of All funds by DED or Chair of MWG |
| **TP 11.1** Identify and Distribute Variances | 10/05/05 | **Revised** to reflect current processing and pay cycle changes. |
| | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates and delete duplicate text (error) |
| | 08/23/02 | **Added** that completed Trial Balance Variance Reports and variances in PRISM Trial Balance are reviewed by last business day of month. |
| **TP 11.2** Resolve Variances | 10/05/05 | **Revised** to reflect current processing and pay cycle changes. |
| | 02/17/04 | **Revised** to indicate that BPAB compares data entered into NBX with approved data entry forms<br>**Modified** instructions for routing of manual data entry forms<br>**Modified** names of manual data entry |

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| | | forms<br><br>**Added** instructions for BPAB on handling of manual data entry forms |
| | 09/13/02 | **Revised** outline to delete reference to intranet address only |
| | 02/16/01 | **Modified** FBA routing of documents. **Added** instructions on completing Data Entry forms for recoupment variances. |
| **TP 11.3** Forms, Letter, Memos, Etc. | 02/17/04 | **Modified** names of manual data entry forms and **corrected** file path<br><br>**Deleted** obsolete Trial Balance Fax Cover Sheet |
| | 12/18/00 | **Modified** Trial Balance Fax Cover Sheet - Reconciliation Administrator (i:\wp\standard\tbfaxra.wpd) |
| **TP 11.5:** Perform On-site Audit | 10/10/97 | **Revised** important concepts section |
| | 06/06/97 | **Changed** date for required on-site audit to within 120 days of initial payment of financial assistance |
| | 07/03/96 | **Changed** "funding memo" to "multiemployer ..." |
| | 06/20/96 | **Revised** item 7 on funding memos for wire transfers |
| | 06/20/96 | **Revised** Important Concepts on funding memos for wire transfers |
| **TP 11.9:** Determine Repayment Capability | 06/13/96 | **Revised** text of summary & action steps |
| **TP 11.10:** Forms, Letters | 07/04/96 | **Changed** "Funding Memo" to "Multiemployer ..." |
| **TP 12:** Deal with Fraud and Forgery | 09/04/98 | **Revised** to add details, including specifics of processing single missed monthly checks. |
| | 12/06/96 | **Replaced** the reference to two different letters (authlump.wpd and authmon.wpd) with a single reference to 537cov.wpd (standard cover letter) |
| **TP 12.1:** Initiate Check Action Request Form | 05/12/00 | **Revised** to reflect that CARF original and one copy are sent to SSB |
| | 02/11/00 | **Added** reference(s) to CARF with correct form number.<br><br>**Deleted** reference to obsolete CARF in wp format. |
| **TP 12.2:** Take Action to Determine Fraud/Forgery | 12/13/02 | **Revised** to clarify instructions and streamline process to prepare documents associated with missing check(s), including interactions with OIG. Implements (OIG/IOD Forms Review) a *new* interoffice mailbox to route documents for review and concurrence. |
| | 03/08/02 | **Replaced** references to RARE with PACS |
| | 05/12/00 | **Revised** to reflect that CARF original and |

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| | | one copy are sent to SSB |
| | 02/11/00 | **Added** reference to CARF with correct form number.<br><br>**Deleted** reference to obsolete CARF in wp format. |
| | 04/07/99 | **Replaced** reference to PSDADJ with RARE **Corrected** typographical errors |
| | 09/04/98 | **Replaced** 12.2 with 12.2.A, 12.2.B, 12.2.C - revised to add details with respect to processing single missed monthly checks. |
| **TP 12.3:** Stop Payment | 05/12/00 | **Revised** to reflect that CARF original and one copy are sent to SSB |
| | 02/11/00 | **Added** reference to CARF with correct form number.<br><br>**Deleted** reference to obsolete CARF in wp format. |
| **TP 12.4:** Forms Letters Memos | 12/02/02 | **Revised**:<br>Authorization to Disclose Financial Records (i:\wp\standard\form2002.wpd)<br>Affidavit for Non-Receipt of Benefit Check (i:\wp\standard\forms537.wpd)<br>Cover Letter for Form 537 (i:\wp\standard\537covl.w pd) |
| | 02/11/00 | **Added** reference to CARF with correct form number.<br><br>**Deleted** obsolete CARF in wp format (i:\wp\standard\form476.wpd). |
| | 02/05/98 | **Added** new letter - Affidavit Transmittal Letter (i:\wp\standard\tranaffid.wpd) |
| | | |
| **TP 13**: Qualify Domestic Relations Order | 01/19/05 | **Renamed** Domestic Relations Order Handbook<br><br>**Revised** in its entirety<br><br>**Added** new sub-section: QDRO Intake Program |
| **TP 13:** Qualify Domestic Relations Order | 10/30/98 | **Added** detail about PBGC QDRO Publication. |
| | 02/07/97 | **Revised** in text to reflect changes in QDRO Procedure's forms, letters, and memos. |
| **TP 13:** Qualify Domestic Relations Order | 11/20/96 | **Revised** checklist in i:\wp\standard\ qdrodet.wpd to coincide more with text of new publication "Divorce Orders & PBGC" |
| **TP 13.1**: Acknowledge Received DRO | 01/19/05 | **Renamed** Review Domestic Relations Order. |
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| **TP 13.1:** Completion of DRO | 05/18/01 | **Modified** for editorial changes. |
| **TP 13.1:** Acknowledge Received DRO | 12/03/99 | **Reformatted** to combine several topics (action steps unchanged) |
| | 12/06/96 | **Added** reference to new publication "Divorce Orders & PBGC" in guidance section |
| | 06/06/96 | **Revised** Guidance Section |
| **TP 13.2:** Review DRO and Determine if Qualified | 01/19/05 | **Renamed** Implement Qualified Domestic Relations Order (QDRO) |
| | 05/18/01 | **Modified** for editorial changes. |
| | 12/03/99 | **Revised** to reflect new name of checklist and instructions to prepare QDRO Benefits Worksheet (i:\wp\standard\QDRObnwk.wpd) when applicable. |
| | 01/11/99 | **Corrected** for typographical errors. |
| | 12/06/96 | **Added** reference to new publication "Divorce Orders & PBGC" in guidance section |
| | 12/03/99 | **Revised** to reflect new name of checklistand clarify when a participants benefit is reduced.<br>**Reformatted** to combine several topics. |
| | 12/06/96 | **Added** reference to new publication "Divorce Orders & PBGC" in guidance section |
| | 09/27/96 | **Revised** Action steps 5 & 4 specify payee types.<br>Payee type = 1 for participant<br>Payee type = 3 for alternate payee |
| **TP 13.3**: Take Appropriate Action & Inform Interested Parties | 01/19/05 | **Renamed** Make QDRO Payments |
| **TP 13.3B:** Unqualified Draft DRO | 09/22/99 | **Corrected** typo in title |
| **TP 13.3C** Take Appropriate Action & Inform Interested Parties, Qualified DRO: Participant in Pay Status | 02/07/03 | **Revised** to include instructions on use of new beneficiary application forms. |
| | 09/22/99 | **Revised** for new participant form |
| | 10/30/98 | **Added** detail about necessary participant forms. |
| **TP 13.3D:** Qualified DRO: Participant in Pay Status | 09/22/99 | **Revised** for new participant form |
| **TP 13.3E:** Unqualified DRO: Participant in Pay Status | 09/22/99 | **Corrected** typo in title |
| **TP 13.3F:** Unqualified DRO: Participant **Not** in Pay Status | 09/22/99 | **Corrected** typo in title |
| **TP 13.4** Administer QDRO Intake Program | 07/31/09 | **Revised** to reflect replacement of Datahub with TP 59: Data Load Requests procedures. |
| **TP 13.4** Forms, Letters, Memos | 01/19/05 | **Changed to** new sub-section Administer QDRO Intake Program |
| | | **Deleted** obsolete form references and |

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| | 02/07/03 | DRO, Qualified Alternate Payee Letter (obsolete).<br>**Added** details of application for benefits forms |
| | 12/03/99 | **Revised** name of checklist.<br>**Added** QDRO Benefits Worksheet (i:\wp\standard\QDRObnwk.wpd) |
| | 11/22/99 | **Replaced** checklist with Checklist for Reviewing a Domestic Relations Order (i:\wp\standard\qdrodet.wpd) |
| | 10/30/98 | **Added** reference to Application for EDD. |
| | 09/22/99 | **Added** reference to new participant form |
| | 06/16/98 | **Revised** DRO, Alternate Payee Letter (i:\wp\standard\altpayee.wpd) |
| | 09/20/97 | **Revised** letter DRO, Draft Qualified (i:\wp\standard\draftnq.wpd) |
| | 09/20/97 | **Revised** letter DRO, Qualified, Participant in Pay Status (i:\wp\standard\qalpips.wpd) |
| | 09/20/97 | **Revised** letter DRO, Qualified, Participant Due Lump Sum (i:\wp\standard\qAllmpsm.wpd) |
| | 09/20/97 | **Revised** letter DRO, Qualified, Participant Not in Pay Status (i:\wp\standard\qalpnips.wpd) |
| | 09/20/97 | **Revised** letter DRO, Qualified, Straight Life (i:\wp\standard\qalstrlf.wpd) |
| | 02/02/97 | **Revised** WordPerfect letters - deleted 2 letters, removed SSN (privacy act concerns) and revised text in remaining 19 letters. |
| **TP 13.5**: Forms, Letters, Memos | 01/19/05 | **Renumbered** - previously TP 13.4<br>**Added** new letter templates and **converted** most templates for use in e-ALG (600 series) |
| **TP 13:** Qualify Domestic Relations Order | 11/20/96 | **Revised** checklist in i:\wp\standard\ qdrodet.wpd to coincide more with text of new publication "Divorce Orders & PBGC" |
| **TP 14:** Hold Participant Meeting | 08/10/99 | **Revised** throughout to provide greater detail, added the Participant Meeting Assistant (PMA) and duties, incorporated new documents. Added new subprocess and new documents. |
| | 09/13/96 | **Clarified** that participant meetings may be indicated for cases not considered large cases. |
| **TP 14:** Hold Participant Meeting - Overview | 07/03/96 | **Added** numerous updates |
| **TP 14:** Hold Participant Meeting, Workflow | 02/11/00 | **Updated** workflow for earlier addition to TP 14. |

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| **TP 14.1** Gather Information and Determine if a Meeting is Needed | 05/25/99 | **Clarified** the preparation of Case Contact Sheet (formerly Large Case Contact Sheet). |
| | 09/13/96 | **Clarified** that participant meetings may be indicated for cases not considered large cases. |
| **TP 14.2:** Plan Meeting(s) | 05/26/06 | **Added** step to create plan-specific web announcement for plan meeting. |
| | 03/31/06 | **Revised** to replace Meeting Letter (eALG 522) with Meeting Notification (eALG 114). |
| **TP14.2B** Plan Participant Meeting | 05/18/01 | **Deleted** reference to filepathame of obsolete Plan Abstract version. |
| **TP 14.4** Analyze Participant Meeting | 08/10/99 | **New** subprocess. |
| **TP 14.5** Forms, Letters, Memos | 05/07/02 | **Modified** the Case Contact Sheet (I:\wp\standard\contacts.wpd) |
| | 10/22/99 | **Revised** Memorandum to the Executive Director (i:\wp\standard\pmedmem.wpd) |
| | 08/10/99 | **Added** Frequently Asked Questions - Participant Meetings (i:\wp\standard\faq-pm.wpd) |
| | 08/10/99 | **Added** Meeting letter - PRISM ALGS 522 |
| | 08/10/99 | **Added** Memorandum to the Executive Director (i:\wp\standard\pmedmem.wpd) |
| | 08/10/99 | **Added** Participant Meeting Summary Memo(i:\wp\standard\pmtsum.wpd) |
| | 08/10/99 | **Added** Summary Plan Description (i:\wp\standard\spd.wpd) |
| | 08/10/99 | **Deleted** Plan Background Information Sheet |
| | 08/10/99 | **Deleted** Plan Fact Sheet |
| | 05/25/99 | **Changed** name of Large Case Contact Sheet to Case Contact Sheet. |
| **TP 15:** Prepare and Mail Letter(s) to Participant(s) | 05/18/01 | **Added** details about resending BDLs, including use of new ALG 540.<br>**Modified** throughout for editorial changes (IDL/BDL). |
| | 10/20/00 | **Replaced** entire tech proc. Revisions include various ALG details:<br>• users ability to delete local Letter Requests<br>• images available in IPS one day after mail date |
| | 09/22/99 | **Clarified** details regarding preparation of ALG Letters |
| | 05/25/99 | **Revised** obsolete reference to preparation of CAS letters. |
| | 02/13/98 | **Added** detail about PRISM ALG guidance and different printing location options |

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| | 02/07/97 | **Added** text to emphasize importance of proper IDL dating. |
| **TP 15.1:** Prepare and Mail Letter(s) | 09/22/99 | **Clarified** details regarding preparation of ALG Letters |
| **TP 16:** Establish & Maintain Plan & Participant Files | 03/23/01 | **Modified** to specify that files document facts and circumstances when established procedures are not followed. |
| | 09/04/98 | **Revised** to incorporate references to PICS Employee files |
| | 08/15/97 | **Added** detail about Core participant file documentation |
| **TP 16.1:** Maintain Plan File | 09/25/09 | **Revised** to mention the new import process for imaging to the plan file, with a link to the user guide describing the process. |
| | 02/18/05 | **Added** *Plan Assumption Reconciliation Report* to list. |
| | 03/23/01 | **Modified** to specify that files document facts and circumstances when established procedures are not followed. |
| | 05/25/99 | **Added** detail to item 9. |
| **TP 16.1:** Create and Maintain Files | 03/23/01 | **Added** language regarding cross-referencing of participant files |
| | 01/10/97 | **Incorporated** new procedures on using barcodes. |
| **TP 16.3:** Forms, Letters, Memos, etc. | 09/25/09 | **Added** *IPS Import Request Form*. |
| **TP 16.3:** Maintain Participant File | 10/05/05 | **Revised** to remove GIF and proof document requirements; add requirement for proof of age for spouse/contingent annuitant; and mention My PBA. |
| | 08/12/05 | **Revised** to indicate that GIFs and proof documents are not required as of 6/30/2005.Also general edits. |
| | 01/19/05 | **Modified** information under QDRO Documents<br><br>**Reconstructed** cross-referencing sentence to include alternate payee(s) |
| | 02/07/03 | **Modified** to list all participant forms for application of benefits. |
| | 03/23/01 | **Modified** to specify that files document facts and circumstances when established procedures are not followed. |
| | 02/11/00 | **Updated** to add references to PRISM reports. |
| | 09/22/99 | **Revised** core participant documentation details to reflect new participant forms, and to reflect revisions in proof document requirements. (streamlining) |
| **TP 16.4:** Forms, Letters, Memos | 05/21/02 | **Modified** the Cross-Reference Sheet |

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| | | (I:\wp\standard\crossref.wpd) |
| | 06/06/97 | **Added** jump to the IPS Plan and Participant File Correction Form (i:\wp\standard\ips_chg.wpd) |
| | 01/10/97 | **Added** access to two WordPerfect documents: i:\wp\standard\replist.wpd (list of TPD reps for DMC) and i:\wp\standard\crossref.wpd (a reference of All beneficiaries for a participant) |
| **TP 17**: Refer Policy or Processing Questions | 07/11/97 | **Added** detail about conducting research, including resources and tools available. |
| **TP 17.1:** Answer Policy and Processing Questions (Individuals) | 09/04/98 | **Added** detail about Directives, delegations and redelegations of authority. |
| **TP 17:2:** Forms, Letters, Memos, etc. | 06/22/98 | **Updated** Pension and Benefit Expert information document (i:\wp\standard\penbenex.wpd) |
| | 07/11/97 | **Added** jump to new document: Pension and Benefit Expert information (i:\wp\standard\penbenex.wpd) |
| **TP 18:** Prepare Files for Shipment | 06/29/01 | **Revised** overview to reflect IOD's Records Management Policy. |
| | 09/04/98 | **Revised** to delete shipping records to Ongoing Administrator, including subprocess 18.3 in its entirety Renamed TP to reflect change. |
| **TP 18.1:** Ship to FRC from DMC | 04/28/97 | **Revised** procedures for shipping files to FRC from DMC and to Ongoing Administrator |
| **TP 18.2:** Ship to FRC from STCD | 02/07/97 | **Replaced** references to shipment of files from PPD with shipment of files from STCD. Included references to DMC as appropriate. |
| **TP 19:** Process Woodwork Person | 05/18/01 | **Modified** for editorial changes, including IDL/BDL. |
| | 04/07/99 | **Modified** by replacing instructions to prepare SSA requests with reference to NEW TP 26: Request Earnings Data from SSA |
| | 02/07/97 | **Added** text which describes approach to determining salary history when supporting documentation not available (participant claims earnings in excess of Social Security Taxable Wage Base). |
| | 01/10/97 | **Added** language regarding sufficient plans' woodwork participants |
| | 07/19/96 | **Changed** "Woodwork Participant" to "Woodwork Person" |
| **TP 19.1:** Research Participant Entitlement Eligibility | 07/15/05 | **Revised** with new/updated eALG letter references |
| | 11/08/02 | **Modified** action steps to describe when to create a PRISM record, send appropriate BDL, correct information and |

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| | | add PV in PRISM for estimated or final plans. |
| | 03/23/01 | **Updated** SSA Form Number. |
| | 09/26/00 | **Modified** reference to reflect revised TP 26 |
| | 12/03/99 | **Added** details about preparation of Acknowledgment Letter (ALGS 530). |
| | 09/22/99 | **Revised** to refer to new participant forms, and other editorial changes. |
| | 03/07/97 | **Added** a reference to IOD Customer Service Standards in the Guidance section. |
| **TP 19.2:** Forms, Letters & Memos | 11/08/02 | **Added** ALGletter number 421, non-member BDL<br>**Deleted** obsolete non-member letter (i:\wp\standard\nonmem.wpd) |
| | 09/26/00 | **Modified** to reflect new SSA request from (Form SSA-581) |
| | 12/03/99 | **Added** reference to Acknowledgment Letter (ALGS 530). |
| | 09/22/99 | **Added** reference to new participant form |
| **TP 20:** Put New Payee in Pay Status – Overview | 08/12/05 | **Revised** to reflect organizational changes and add link to Benefit Payment Schedule. |
| | 06/03/05 | **Revised** to describe processing based on Required Beginning Dates. |
| | 01/19/05 | **Modified** to redirect staff to the Domestic Relations Order Handbook |
| | 03/19/04 | **Revised** to clarify processing lump sums under $200 and other payment issues. |
| | 05/30/03 | **Revised** by transferring instructions about incomplete application processing to (new) TP 20.2 |
| | 02/07/03 | **Added** numbers of beneficiary applications. |
| | 03/08/02 | **Clarified** language about rule on interest calculation at PBGC<br>**Replaced** reference to RARE with PACS |
| | 02/08/02 | **Added** language about rule that interest is calculated at PBGC (not SSB). |
| | 08/31/01 | **Added** references to new Policy 8.5-1. |
| | 07/27/01 | **Revised** throughout with clarifications and new details including:<br>• residual benefit processing,<br>• specifics on processing of large back payments (Lump Sum Applications),<br>• clarification of "60 day" goal to put customer in pay,<br>• follow up customer calls on annuity |

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| | | applications, and<br>• acknowledging complete**applications with new** letter: ALG 531-Complete Application Acknow. |
| | 05/18/01 | **Reorganized** overview text. |
| | 03/23/01 | **Added** details regarding benefit confirmation process. |
| | 10/20/00 | **Added** information to Overview about adjusting the maximum guaranteeable benefit for late retirement. |
| | 09/22/99 | **Revised** overview for new participant forms |
| | 03/05/99 | **Added** detail about new TP 28: Authorize Financial & Non-Financial Transactions through PRISM |
| | 01/11/99 | **Revised throughout** to provide greater detail, including guidance on PRISM use, $5,000 cash out limit, and annual payments. As revised, TP has two subprocesses. |
| | 10/30/98 | **Added** detail about necessary participant forms. |
| | 02/07/97 | **Added** clarification to text about when a participant is **entitled** to a benefit vs. **eligible** for a benefit. |
| | 01/10/97 | **Added** language regarding sufficient plans' woodwork participants |
| **TP 20.1:** Receipt and Review of Benefit Application Package (BAP) | 10/05/05 | **Revised** to mention My PBA; indicate that electronic signature is accepted on My PBA forms; clarify when spousal consent and proof of spouse/contingent annuitant's age is needed; indicate that applications are stale dated after 90 days (not six months). |
| | 06/03/05 | **Added** two new links to Guidance section for Policy 5.2-4 Annuity Starting Dates and Policy 5.2-5 Required Beginning Dates. |
| | 03/19/04 | **Revised** to clarify processing of lump sums under $200 and other payment issues. |
| | 02/07/03 | **Added** numbers of all application for benefit forms. |
| | 10/18/02 | **Added** Policy 5.4-6 to Guidance. |
| | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| | 12/03/99 | **Added** details about preparation of Acknowledgment Letter (ALGS 530). **Corrected** typo. |
| | 09/22/99 | **Revised** for benefit payment details:<br>• New participant forms |

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| | | • Large back payments<br>• IOD PB on small payments (99-6) |
| | 03/05/99 | **Corrected** for typographical errors |
| | 01/11/99 | **New** subprocess |
| | 10/30/98 | **Added** details to outline and action steps about EDD, and other participant forms. |
| | 10/30/98 | **Clarified** in action steps that PBGC no longer requires original source documents, copies are acceptable. (streamlining project) |
| | 02/13/98 | **Revised** to incorporate Policy Bulletin 97-7 |
| | 03/07/97 | **Added** a reference to IOD Customer Service Standards in the Guidance section. |
| | 09/27/96 | **Added** text to specify payee types |
| | 05/31/96 | **Added** new Important Concepts & revised item 6 |
| **TP 20.1:** Action Steps: Receipt and Review of Benefit Application Package (BAP) | 06/03/05 | **Revised** to describe processing based on Required Beginning Dates. |
| **TP 20.2:** Request Information Missing from Benefit Application Package (BAP) | 05/30/03 | **New** subtechnical procedure, includes instructions about spousal consent issues for an unlocatable spouse. |
| **TP 20.2:** Put in Pay Status | 10/18/02 | **Deleted** reference to obsolete Policy Bulletin 95-5 in Guidance |
| | 02/08/02 | **Added** language about rule that interest is calculated at PBGC (not SSB). |
| | 06/29/01 | **Added** references to Process 19 for payment of interest situations. |
| | 03/23/01 | **Clarified** appeals period must expire before payment of final lump sum<br>**Added** phone call option and other details to benefit confirmation process. |
| | 10/20/00 | **Added** details to the outline about adjusting the maximum guaranteeable benefit upward for late retirements.<br><br>**Added** links to the ATM and Policy Bulletin regarding late retirement. |
| | 09/30/99 | **Revised** solely to refer to revised TP 05. |
| | 03/05/99 | **Added** detail about new TP 28: Authorize Financial & Non-Financial Transactions through PRISM, and corrected for typographical errors |
| | 01/11/99 | **New** subprocess |
| **TP 20.2** Action Steps: Put in Pay Status | 10/20/00 | **Modified** first action step to reflect late retirements. |
| **TP 20.3:** Put in Pay Status | 06/03/05 | **Added** two new links to Guidance section for Policy 5.2-4 Annuity Starting Dates and Policy 5.2-5 Required Beginning Dates. |

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| | | **Revised** existing links to include Policy Bulletin names. |
| | 01/19/05 | **Replaced** text under**Domestic Relations Order section with instructions to refer to TP 13 Domestic Relations Order Handbook** |
| **TP 20.3:** Put in Pay Status (formerly 20.2) | 03/19/04 | **Revised** to clarify processing of lump sums under $200. |
| | 05/30/03 | **Renumbered** |
| **TP 20.3:** Action Steps: Put in Pay Status | 06/03/05 | **Revised** to describe processing based on Required Beginning Dates. |
| **TP 20.3:** Forms Letters Memos | 02/07/03 | **Modified** to reflect correct form numbers and description.<br>**Deleted** reference to obsolete letter template. |
| | 12/03/99 | **Replaced** reference to Incomplete Information Letter (i:\wp\standard\reqinfo.wpd) with Acknowledgment Letter (ALGS 530). |
| | 09/22/99 | **Added** reference to new participant forms |
| | 01/11/99 | **Changed** section number to accommodate new TP 20.2: |
| | 10/30/98 | **Added** references to additional participant forms and letters (PRISM ALG). |
| **TP 20.4:** Forms Letters Memos(formerly 20.3) | 05/30/03 | **Renumbered** and added new ALGS 529 reference |

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# Technical Procedures 21–30 (Pre-2006)

**03/30/2011**

**Technical Procedures 21–30 (Pre-2006)**

| Technical Procedure | Date | Change |
|---|---|---|
| **TP 21:** Change Benefit Payment Amount | 05/18/01 | **Modified** for editorial changes throughout (IDL/BDL). |
| **TP 21:** Changes In Total Benefit (Gross Amount ) - Overview | 07/27/01 | **Revised** to include residual benefit amount processing (Policy Bulletin 00-6: Residual Lump-Sum Distributions). |
| **TP 21:** Change Benefit/Payment Amount | 03/05/99 | **Revised** throughout to provide greater detail, including guidance on PRISM use. Authorization level details transferred to new TP 28: Authorize Transactions. |
| | 11/25/98 | **Added** clarification about determination of the dollar amount for authorization. |
| | 07/11/97 | **Clarified** that OGC concurrence is not needed to process an IRS levy |
| | 01/19/05 | **Modified** to change name of TP 13 |
| **TP 21:** Change Benefit/ Payment Amount - Overview | 06/06/97 | **Clarified** IRS Levy processing, added **new** document IRS Levy Transmittal to SSB (i:\wp\standard\IRSLEVY.WPD) |
| | 05/02/97 | **Added** that benefits amounts may change if participant determined due 4022(c) amount. |
| | 12/06/96 | **Clarified** exceptions when payees must be notified of a change in payment amount |
| | 07/19/96 | **Added** new text in item 2, bullet 3 on tax levies |
| **TP 21.1:** Identify Changes to Pay System | 01/19/05 | **Edited** to correct reference to QDRO Benefits & to TP 13 |
| | 03/08/02 | **Replaced** reference to RARE with PACS |
| | 05/02/97 | **Added** reference to Policy to Guidance Section. |
| | 07/19/96 | **Added** new Control Issue re tax levies |
| | 05/31/96 | **Revised** Control Issues & item 2 |
| **TP 21.2:** Implement Changes | 01/19/05 | **Deleted** QDRO instructions. Now refers staff TP 13 |
| | 05/18/01 | **Deleted** obsolete guidance. |
| | 12/03/99 | **Corrected** typo. |
| | 9/22/99 | **Revised** for new participant forms |
| | 07/19/96 | **Added** new Control Issue re tax levies |
| | 07/19/96 | **Revised** step 2 re tax levies |
| **TP 21.3:** Forms Letters Memos | 09/22/99 | **Added** reference to new participant forms |
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| **TP 23:** Coordinate Large Cases | 11/16/99 | **Clarified** Large Case Coordinator involvement in Overview. |
| | 08/10/99 | **Updated** overview regarding Large Case criteria |
| | 07/03/96 | **Performed** numerous updates to these sections |
| **TP 23.1**: Coordinate and Process Large Cases | 02/11/00 | **Deleted** reference to Process 24. |
| | 11/16/99 | **Clarified** Large Case Coordinator involvement. |
| | 08/10/99 | **Updated** Large Case criteria |
| | 05/25/99 | **Changed** name of Large Case Contact Sheet to Case Contact Sheet, and other modifications. |
| **TP 23.2**: Forms Letters Memos | 05/07/02 | **Modified** the Case Contact Sheet (I:\wp\standard\contacts.wpd) |
| | 11/16/99 | **Revised** Request for Large Case Coordinator Memo (i:\wp\standard\ppd\lcwgreq.wpd), corrected document name and path/filename |
| | 05/25/99 | **Changed** name of Large Case Contact Sheet to Case Contact Sheet. |
| | 01/09/98 | **Revised** Request for Large Case Working Group Memo<br>**Revised** Large Case Working Group Memo (i:\wp\standard\lcwgmemo.wpd |
| **TP 24:** Determine Net Worth | 09/13/96 | **Added** new technical procedure (includes new letter: i:\wp\standard\zeronw.wpd) |
| **TP 24.1:** Determine Net Worth | 09/22/99 | **Clarified** procedure with Policy 7.2-1, and guidance reference |
| **TP 24.7:** Determine Final Value | 09/22/99 | **Added** guidance reference to Policy 7.2-1 |
| **TP 25:** Small Plan Average Recovery Ratio (SPARR) | 12/23/05 | **Retitled** (formerly "Determine/Announce the Small Plan Average Recovery Ratio (SPARR)"). |
| **TP 25:** Determine & Announce the SPARR | 12/07/01 | **Updated** involuntary termination reference(s) to PBGC-initiated. |
| | 03/05/99 | **Revised** time period for calculation of the SPARR |
| | 06/06/97 | **New** Technical Procedure |
| **TP 25.1:** Determine the SPARR | 08/23/02 | **Modified** to reflect that the SPARR Coordinator is in MCU (from PPD) and other edits. |
| | 10/30/98 | **Clarified** Important Concepts section. |
| | 09/04/98 | **Revised** for changes in the Policy 8.2.1 |
| **TP 25.2:** Announce the SPARR | 12/23/05 | **Removed** entire section since SPARR will not longer be issued in a policy bulletin. |
| | 08/23/02 | **Modified** to reflect that the SPARR |

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| | | Coordinator is in MCU (from PPD) and other edits. |
| **TP 25.3:** Forms Letters Memos | 11/28/05 | **Revised** *SPARR Notification Memo (Sparrnot.doc)*. |
| | 12/23/05 | **Renumbered** as 25.2. |
| | 08/15/02 | **Modified** SPARR Notification Memo (I:\wp\standard\sparrnot.wpd) |
| | 08/09/97 | **Revised** SPARR Notification Memo (i:\wp\standard\sparrnot.wpd) |
| **TP 26:** Request SSA Data | 06/03/05 | **Updated** to incorporate safeguarding guidance on intranet; organizational changes; and other misc. edits. |
| | 08/31/01 | **Updated** to reference Policy 8.5-1 Signature by Mark. |
| | 09/26/00 | **Replaced and renamed** entire technical procedure. Revised instructions include:<br>• SSA data requests w/o participant signature<br>• Safeguarding of certain SSA Data<br>• New SSA Safeguard Room<br>• PBGC's access to SSA Online (TSD only)<br>• Target response dates |
| **TP 26:** Request Earnings Data from SSA | 04/07/99 | **New** technical procedure describing how to provide and process requests to SSA for earnings and employment history |
| **TP 26.1** Initiate Request for SSA Data | 08/31/01 | **Added** references to Policy 8.5-1 Signature by Mark and Appendix J. |
| | 09/04/98 | **Deleted** this procedure. (Has been incorporated into revised Case Closure Processes.) This TP is reserved for future use. |
| | 07/11/97 | **Deleted** print options instructions throughout. **Added** detail about PFI report. |
| | 04/28/97 | **New** Technical Procedure describing how to run and use the plan closing reports referenced in Case Closure Processes. |
| **TP 27:** Personal Interest Conflict System (PICS) | 04/05/02 | **Modified** overview to specify that PICS applies to additional contract staff:<br>• in-house benefit administrators,<br>• auditors,<br>• actuaries, and<br>• PRISM systems support staff. |
| | 06/09/00 | **Modified** references in Overview to reflect transfer of operation in TSB from PSB to BPAB. |
| | 09/04/98 | **Added** new technical procedure |
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| | 01/11/99 | **Corrected** for typographical errors |
| **TP 27.2** Report Federal Employee PICS Cross Match Results and Secure Records | 08/23/02 | **Modified** to specify that PICS Coordinator requests papers files w/in 3 business days. |
| | 04/05/02 | **Modified** to specify that PICS Coordinator can close IPS records and that the PICS findings are issued directly by Coordinator. |
| | 06/09/00 | **Modified** to reflect transfer of operation in TSB from PSB to BPAB. |
| **TP 27.3:** Prepare Contract Employee PICS Memo (formerly "Prepare FBA.....") | 04/05/02 | **Renamed** subsection.<br>**Modified** to specify that PICS applies to various contract staff.<br>**Added**:<br>• Contract Principals notify the PICS Coordinator if a PICS contract employee terminates.<br>• PICS Coordinator can close IPS records.<br>• PICS findings are issued directly by Coordinator. |
| | 06/09/00 | **Modified** to reflect transfer of operation in TSB from PSB to BPAB. |
| | 04/05/02 | **Modified** to reflect that PICS Coordinator can close IPS records. |
| | 06/09/00 | **Modified** to reflect transfer of operation in TSB from PSB to BPAB. |
| **TP 28:** Authorize Financial & Non-Financial Transactions through PRISM | 10/05/05 | **Revised** for organizational changes (RSD); replaced term "cut-off date" with "deadline"; new reference to Benefit Payment Schedule on intranet. |
| | 05/13/05 | **Updated** with minor edits (TSD to RSD). |
| | 08/31/01 | **Added** details that provide relevant links from the authorizable transactions to the underlying process or tech procedure and specifics of processing name and SSN changes to PRISM. |
| | 08/25/00 | **Added** information about requesting temporary authorizers to Overview. |
| | 09/01/99 | **Revised** authorization levels for annuity payments |
| | 04/07/99 | **Added** additional detail in Overview: Authorizable Electronic Transactions |
| | 03/05/99 | **New** Technical Procedure. Provides guidance on authorization of transactions through PRISM, including details of authorization levels within IOD. Includes new document, Level 5 Authorization Memo (i:\wp\standard\Lev5auth.wpd) |
| **TP 28: Overview:** Authorization Levels Table | 05/13/05 | **Revised** to: |

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| | | Update level 5 dollar amounts.<br>Update criteria for temporary authorizers.<br>Clarify exceptions to criteria which must be approved by RSD Manager. |
| | 03/28/03 | **Modified** dollar amounts for annuity authorization levels. |
| | 08/09/02 | **Added** FBA Team Leader to Authorization Level 1 |
| | 05/12/00 | **Modified** the Level 2 authorizer description to add one FBA backup manager. |
| **TP 28.1:** Initiate Electronic Transaction that Requires Approval | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| **TP 28.2** Authorize or Reject Electronic Transaction | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| | 08/25/00 | **Edited** text to reflect addition of new subsection. |
| **TP 28.3** Request Temporary PRISM Authorizer | 05/13/05 | **Updated** references to temporary authorizer criteria and exceptions to criteria. Also included minor edits (TSD to RSD). |
| | 02/17/04 | **Revised** to specify that temporary authorizers must meet established authorizer criteria. |
| | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| | 08/25/00 | **Added** new subsection. |
| **TP 28.4:** Request Targeted Authorizer (Inclusions) | 05/13/05 | **Updated** with minor edits. |
| | 09/13/02 | **Revised** outline to add intranet link for Check Schedule Key Dates |
| | 03/08/02 | **Added** new subsection. |
| **TP 28.5:** Confirm PRISM Authorizers/Levels | 05/13/05 | **Updated** with minor edits. |
| | 03/19/04 | **New** subsection. Provides quarterly process of verifying PRISM Authorizers meet the established criteria. |
| **TP 29:** Request Off-Cycle Payment | 10/05/05 | **Revised** for organizational changes (RSD). |
| | 11/07/00 | **Modified** the overview to emphasize the importance of ensuring the customer record has been established in PRISM before requesting an off-cycle payment. |
| | 11/16/99 | **Revised** to clarify off-cycles are requested to ensure commitment to customer. |
| | 09/01/99 | **New** Technical Procedure provides guidance on requests for off-cycle payments. Includes new Request Off-Cycle Payment Memo (i:\wp\standard\offcy.wpd) |
| **TP 29.1** Determine Need for Off-Cycle | | **Revised** to indicate that BPAB compares |

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| Payment Request | 02/17/04 | data entered into NBX with approved data entry forms<br><br>**Modified** instructions for routing of manual data entry forms |
| | | **Modified** to:<br>• ensure the customer record has been established in PRISM, **and** future annuity payments authorized **before** requesting an off-cycle payment,<br>• clarify preparation of the Form 487 only for the missed annuity payment (s),<br>• more clearly describe required supporting documentation to off-cycle request. |
| | 11/16/99 | **Revised** to clarify off-cycles are requested to ensure commitment to customer. |
| **TP 29.2** Review and Approve/Disapprove Request For Off-Cycle Payment | 02/17/04 | **Modified** instructions for routing of Off-Cycle Payment Request Memoranda and manual data entry forms<br><br>**Added** instructions for BPAB on handling of manual data entry forms |
| | 05/18/01 | **Added** details about benefit confirmation process. |
| | 11/07/00 | **Modified** to ensure the customer record has been established in PRISM before approving an off-cycle payment. |
| **TP 29.2:** Review Approve/Disapprove Request for Off-Cycle Payment | 11/16/99 | **Revised** to clarify off-cycles are requested to ensure commitment to customer. |
| **TP 29.3:** Track Off-Cycle Payment Requests | 02/18/05 | **Revised** text to clarify that off-cycles are not included in the Balancer reconciliation and to update TSD to RSD. |
| | 11/07/00 | **Revised** throughout to include TSDs use of new application- PRISM Off-Cycle Check |
| **TP 29.4** Forms, Letters, Memos | 03/18/04 | **Revised** Off-Cycle Payment Request Memo |
| | 02/17/04 | **Modified** names of manual data entry forms and **corrected** file path |
| | 11/07/00 | **Added** electronic versions of 3 data entry forms that may be printed and viewed:<br>• PBGC Monthly Benefit Adds and Updates, PBGC Form 487,<br>• PLUS Lump-Sums, PBGC Form 491, and<br>• Special Check Form, PBGC Form 490. |
| | 01/19/00 | **Revised** Off-Cycle Payment Request (i:\wp\standard\offcyreq.wpd). |
| | 11/05/99 | **Revised** Off-Cycle Payment Request |

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| | | Memo (i:\wp\standard\offcyreq.wpd) |
| **TP 30:** Reconcile Funding | 06/03/05 | **Updated** to revise the timeframe to complete the funding reconciliation, and other misc. edits. |
| | 06/18/04 | **Revised** to include the reconciliation of Non-Benefit Payments funding requests. |
| | 08/23/02 | **Added** a deadline for completion of monthly reconciliation. |
| | 02/08/02 | **Updated** throughout to reflect "as needed" funding and reconciliation. |
| | 11/16/99 | **Clarified** wire transfer request name in overview. |
| | 09/30/99 | **New** Technical Procedures describes reconciliation of funding requested by SSB with requested payments. Includes 2 new documents: IOD Wire Transfer Request - SSB Benefit Funding Memo (i:\wp\standard\reqfund.wpd), and TSD Funding Reconciliation Memo (i:\wp\standard\fundrec.wpd) |
| **TP 30.1** Reconcile Funding to SSC with Actual Payments | 08/12/05 | **Revised** to reflect organizational change. |
| | 02/17/04 | **Modified** to clarify routing of TSD Funding Reconciliation Memo |
| | 11/16/99 | **Clarified** location of Funding Reconciliation Administrator. |
| **TP 30.2** Forms, Letters, Memos | 05/26/05 | **Updated:** BAPD Wire Transfer Request – SSC *Benefit Funding Memo (reqfund.doc)*;<br><br>*RSD Funding Reconciliation Memo (fundrec.doc)* |
| | 01/23/04 | **Revised** TSD Funding Reconciliation Memo (M:\Helpfile\IODManual_std\fundrec.wpd) |
| | 11/05/99 | **Revised** IOD Wire Transfer Request - SSB Benefit Funding Memo (i:\wp\standard\reqfund.wpd)<br>**Revised** TSD Funding Reconciliation Memo (i:\wp\standard\fundrec.wpd) |

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# Technical Procedures 31–40 (Pre-2006)

**03/30/2011**

**Technical Procedures 31–40 (Pre-2006)**

| Technical Procedure | Date | Change |
|---|---|---|
| **TP 31:** Document Telephone Calls | 03/10/00 | **New** Technical Procedure provides guidance on participant phone calls, emphasizing the importance of using CCN to thoroughly document the call. |
| **TP 31.1:** Document Incoming Telephone Calls | 05/18/01 | **Added** emphasis to the importance of accurate disposition codes in CCN. |
| **TP 31.2:** Document Outgoing Telephone Calls | 05/18/01 | **Added** emphasis to the importance of accurate disposition codes in CCN. |
| **TP 31.3:** CCN Call Records Guidelines | 07/27/01 | **Added** details about annuity follow up calls. |
| | 05/18/01 | **Added** new call types- details about benefit confirmation process, and responding to non receipt of BDL. |
| | 06/09/00 | **Rearranged** the call types.<br>**Added** guidelines about documenting calls relating to estimated benefits<br>(REACH Team project) |
| | 05/12/00 | **Modified** to reflect changes to check processing, and to refer to new TP 32: Provide Estimated Benefit Calculations (REACH team project) |
| **TP 32**: Provide Estimated Benefit Calculations Overview | 05/18/01 | **Modified** throughout for editorial changes (benefit determination/ letter, IDL/DBL.) |
| | 05/12/00 | **New** Technical Procedure provides guidance on processing estimated benefit requests. Includes new document: PBGC Estimated Benefit Calculation Sheet (i:\wp\standard\estbenst.wpd) (REACH Team project) |
| **TP 32**: Provide Estimated Benefit Calculations - Overview | 01/19/05 | **Modified** to change name of TP 13 |
| **TP 32.1:** Receive Request, Gather Initial Information | 10/05/05 | **Revised** to indicate organizational change (RSD), and that requests may be received via My PBA. |
| **TP 32.1:** Provide Estimated Benefit Calculations | 09/26/00 | **Modified** references to reflect revised TP 26 |
| | 08/25/00 | **Updated** time reporting categories |
| **TP 32.2:** Determine and Provide Estimated Calculation | 02/07/03 | **Revised** terminology to refer to all benefit application forms.<br>**Corrected** typographical errors. |
| | 07/27/01 | **Revised** to add follow up customer calls when an annuity application is sent. |
| | 05/18/01 | **Modified** to specify provision of Form 720 (lump sums) when applicable. |
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| | 02/16/01 | **Clarified** 15 **business** days |
| | 08/25/00 | **Updated** time reporting categories |
| **TP 32.3** Forms, Letters, Memos | 02/07/03 | **Corrected** description of application form and letter template<br>**Added** details of beneficiary application forms. |
| | 05/18/01 | **Added** references to Form 700 and 720. |
| | 09/26/00 | **Modified** to reflect new SSA request from (Form SSA-581) |
| **TP 33:** Locate Customer Address | 08/31/01 | **Added** to overview, reference to new TP 36: Provide Annual Update Letter. (REACH Team Project) |
| | 08/11/00 | **New** Technical Procedure outlines steps to locate missing or out-of-date customer addresses, including the use of Participant Locator. Includes new document Participant Address Search Summary Memo (i:\wp\standard\padsrch.wpd). |
| **TP 33:** Locate Customer Address<br>- Overview | 02/07/03 | **Corrected** reference from unlocatable participants to missing participants |
| **TP 33.2:** Search for Updated Customer Address | 02/07/03 | **Corrected** reference from unlocatable participants to missing participants |
| **TP 33.3:** Locate Address Resource Guidelines | 02/07/03 | **Corrected** reference from unlocatable participants to missing participants |
| **TP 34:** Request DMC Services | 08/12/05 | **Misc. edits** throughout existing sections; added new subsections (as listed below). |
| | 06/29/01 | **Edited** text to reflect addition of new subsection. |
| | 09/29/00 | **New** Technical Procedure provides guidance on interacting with DMC. Includes new electronic version of Technical Services Division Supply Request Form (i:\wp\standard\suplyreq.wpd) |
| **TP 34.2:** Submit Documents for Imaging | 06/29/01 | **Added** new subsection. |
| **TP 34.4:** Forms, Letters, Memos | 08/12/05 | **Renumbered** as TP 34.7 |
| | 10/03/02 | **Revised** Technical Services Division Supply Request Form (i:\wp\standard\suplyreq.wpd). |
| | 04/05/02 | **Updated** Technical Services Division Supply Request (i:\wp\standard\suplyreq.wpd) |
| | 06/29/01 | **Added** two new documents, IPS Scanning Request - Participant (i:\wp\standard\ips-part.wpd), and IPS Scanning Request - Plan (i:\wp\standard\ips-plan.wpd). |
| | 06/14/01 | **Modified:** TSD Supply Request Form (i:\wp\standard\suplyreq/wpd). |
| **TP 34.4:** Process Incoming Participant Mail | 08/12/05 | **New** subsection. |
| **TP 34.5:** DMC Preparation Code Guidelines | 10/28/05 | **Revised** to note that the GIF was discontinued 10/2005. |
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| | 08/12/05 | **New** subsection. |
| **TP 34.6:** Answer Inquiries on Proof Documents | 08/12/05 | **New** subsection. |
| **TP 35:** Case Workplan | 10/28/05 | **Replaces and retitles** current section; adds TPD and FBA roles in maintaining case workplan using FMRS. |
| **TP 35:** Update FBA Workplans | 08/31/01 | **Revised** overview to reflect the more routine assignment of a TPD case team while case is with PPD |
| | 10/20/00 | **New** Tech Proc provides guidance on the quarterly updates to FBA Workplans. Includes new electronic version of FBA Workplan (i:\MSWord\xls\FBAWorkplan.xls). |
| **TP 36:** Prepare Annual Update Letter | 08/31/01 | **New** Technical Procedure describes:<br>• what cases receive annual update letter;<br>• case team; responsibilities to develop and mail letter;<br>• new ALG 545: Annual Update Letter. (REACH Team Project) |
| **TP 36:** Prepare Annual Update Letter, Overview | 02/07/03 | **Corrected** reference from unlocatable participants to missing participants. |
| **TP 36.1:** Prepare Annual Update Letter | 02/07/03 | **Corrected** references from unlocatable participants to missing participants. |
| **TP 37:** Develop and Implement Customer Recovery Action Plan | 09/28/01 | **New** Tech Proc provides guidance about preventing and recovering from customer service challenges. (REACH Team) |
| **TP 38.2:** Coordinate with Data Integrity Team and Benefit Processing Staff for Error Corrections<br>**(Hard copy only, see TSD)** | 08/12/05 | **Revised** to reflect organizational change. |
| | 02/17/04 | **Deleted** details about processing Wheeling Pitt health deductions and made minor modifications throughout |
| | 11/02/01 | **New** Technical Procedure (hard copy only, see TSD) describes:<br>• Need for this PRISM application and its function in benefit payment processing;<br>• How to generate transactions and create file for the Paying Agent;<br>• How to coordinate error correction with the Data Correction Team (TSD); and<br>• How to report activities and final transaction disposition. |
| **TP38.2** Coordinate with Error Correction Group for Error Correction<br>**(Hard copy only, see TSD)** | 02/17/04 | **Modified** to reflect that corrections are made on manual data entry forms and sent to the Paying Agent via NBX<br>**Revised** routing of manual data entry forms |
| **TP 39:** Prepare Early Estimated Benefits for a Case | 03/19/04 | **Revised** to clarify processing of lump sums under $200. |
| | 03/08/02 | **Deleted** incorrect references to using DRS. |
| | 12/19/01 | **New** Technical Procedure describes provision of estimated benefits to **all** non-payees, including: |

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| | | • BET prepared after final participant data audit;<br>• EBLs & BOYLE attachment sent to all non-payees;<br>• Form 720 sent for eligible estimated lump sums;<br>• Estimated lump sum paid if elected by customer; and<br>• Process applies to cases trusteed on or after 10/01/2001. |

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# Technical Procedures 41–50 (Pre-2006)

**03/30/2011**

**Technical Procedures 41–50 (Pre-2006)**

| Technical Procedure | Date | Change |
|---|---|---|
| **TP 41:** Follow-up on FBA Performance Reviews | 12/13/02 | **New** Technical Procedure describes required actions following completion of FBA Performance Reviews. |
| **TP 42:** Follow Up on Outstanding Checks | 05/30/03 | **New** tech procedure describes staff processing steps in response to uncashed checks, including: preparation and distribution of report by PSB/TSD and OASD; TPD and FBA processing guidelines;timeframes for completing actions and reporting to PSB. |
| | 02/17/04 | **New** Technical Procedure provides guidance on using the new Lump Sum eReport, and making status changes in PRISM |
| **TP 44:** Foreign Language Services | 06/18/04 | **New** Technical Procedure describes translation and interpretation services. Includes:<br>Turnaround times<br>New functional e-mail box to use for service requests.<br>Specifics for requests and how to fully document to IPS. |
| **TP 45:** Non-Receipt of Benefit Payment | 08/19/04 | **New** Technical Procedure describes:<br>How to process assertions of non-receipt from our customers.<br>Whether an assertion is routine or non-routine.<br>Use of new Facts and Circumstances Determination (FactsCircDet.doc)<br>New ALG 569 Letter |
| **TP 45.1B:** Routine Assertions of Non-Receipt | 05/13/05 | **Corrected** typographical error. |
| **TP 45.1C:** Non-Routine Assertions of Non-Receipt | 05/13/05 | **Revised** to clarify when to pay interest. |
| **TP 46:** Health Coverage Tax Credit (HCTC) | 08/19/04 | **New** Technical Procedures describes:<br>How to respond to customer inquiries.<br>When to request guidance from OPSS.<br>Use of eALG 526, 527 and 538.<br>The monthly listing transferred to IRS of PBGC benefit recipients who may be eligible for the HCTC.<br>Relevant timeframes for this transfer |

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| | | process. |
| **TP 47:** Process Missing Participants | 07/15/05 | **New** Technical Procedure describes Missing Participant processing, including:<br>Entering data into systems (CAS, PRISM),<br>Notifying Missing Participants of benefits,<br>Payment of Benefits,<br>Reconciling Benefit Payments, and<br>Validating Refund Requests. |
| | 10/05/05 | **New** procedures for handling forms received via My PBA. |
| **TP 48.1:** My PBA Correspondence | 11/30/05 | **Added** link to *My PBA Users Guide*. |

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## Technical Procedures 51-61 (Pre-2006)

**03/30/2011**

No updates were made to Technical Procedures 51-61 prior to 2006.

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## Other Updates (Pre-2006)

**03/30/2011**

**Other Updates (Pre-2006)**

| Other Updates | Date | Change |
|---|---|---|
| **Global Updates (All or Most Sections)** | 12/23/05 | **Revised** acronyms to reflect organizational changes:<br>• IOD to BAPD<br>• PPD to DISC<br>• IRMD to OIT |
| **Word Documents** | 12/23/05 | **Renamed** and edited to reflect organizational change:<br>• PPD_INS.doc to DISCinsval.doc<br>• Ppdanal.doc to DISCfinanal.doc<br>• PPDRECAL.doc to DISCrecal.doc |
| **Main Table of Contents** | 12/23/05 | **Revised** with new title for TP 25: Small Plan Average Recovery Ratio (SPARR). |
| | 08/12/05 | **New** BAPD Procedures Manual User Guide added. |
| **Quick Tips button** | 02/07/97 | **Added** new Feature - access IOD Procedures Manual Inquiry/Change Request Form as jump to WordPerfect (i:\wp\standard\pm_form.wpd). |
| | 07/30/96 | **Added** info re user should remove "draft" on docs --(This topic is now "QuickTips") |
| **IOD Process and Procedures Development** | 01/10/05 | **Added** workflow to beginning of guidelines and updated process owner names. |
| **All Processes & Technical Procedures** | 04/15/05 | **Modified** throughout to implement new Word version of linked documents and standardized referencing of documents. (Topics were not re-dated to reflect changes.) |
| **PPD Workflow** | 03/19/04 | **Edited** for clarity |
| | 02/18/05 | **Modified** references to Process 9 and subprocesses to reflect new names. Topics redated. |
| **All Processes, Technical Procedures, Appendices & IOD Glossary** | 08/09/02* | **Modified** throughout for terminology changes: IDL/BDL, State Street Bank (SSB)/State Street Corporation (SSC) (*topics were NOT re-dated to reflect these changes) |
| **All Processes & Technical Procedures** | 08/10/99 | **Modified** select processes and technical procedures throughout by adding direct links to the Actuarial Technical Manual (ATM) and Actuarial Case Report Checklist (topics were re-dated to reflect change). |
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| | 04/07/99 | **Modified** select processes and technical procedures by adding direct links to the PBGC Operating Policy Manual and IOD Policy Bulletins |
| **All Processes and Technical Procedures & IOD Glossary** | 02/07/97 | PBGC regulation citations **revised** to reflect PBGC's July, 1996 re-codification (with other minor clarifications to text). |
| **All Processes and Technical Procedures** | 10/31/97 | **Modified** select processes and technical procedures to reflect new PRISM-Online applications. Deleted references to data input sheets made obsolete by PRISM-Online applications. |
| | 05/02/97 * | **Added** the Time Reporting category (ies) to the outline of each sub-process and sub-technical procedure . (*topics were not re-dated to reflect this addition) |
| **Background: ERISA and PBGC** | 12/07/01 | **Updated** involuntary termination reference(s) to PBGC-initiated. |
| **Introduction to Audit Processes** | 07/11/97 | **Edited** text that introduces audit processes |
| **Introduction** + **Manual Arrangement and Overview** | 08/31/01 | **Revised** Sub-Processes & Sub-Technical Procedures description to include reference to: CAS Activity and Timing. |
| **Introduction - Overview of Core Processing** | 11/16/99 | **Clarified** Large Case Coordinator involvement. |
| **IOD Process and Procedures Development** | 08/19/04 | **New** guidelines for IOD Process and Procedures development. Describes responsibilities of process owners, process developers and the OPSS Procedures Manual Team (PMT). |
| **Pre-Termination Processes (01-07)** | 10/22/97 | **Revised** path \ filename throughout to reflect new subdirectory structure for exclusive PPD forms, letters, and memos(i:\wp\standard\ppd\...) |
| **All WordPerfect documents** accessible through the manual | 12/06/96 | **New Feature** - Browse button through each section's final list of documents and related forms (forms \ letters \ memos) |
| | 11/01/96 | **Changed** WordPerfect letters not addressed to participants or other payees to reflect the 1200 K Street address rather than the P.O. Box. |
| **Multiple topics** | 06/20/96 | **Changed** "Manager" to "Management Team" |

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## Appendices and Glossary (Pre-2006)

**03/30/2011**

**Appendices and Glossary (Pre-2006)**

| Appendices | Date | Change |
|---|---|---|
| **Appendix B: Source Documents for Participant Data** | 10/28/05 | **Revised** to note that proof documents are requested from participants applying for benefits; removed reference to GIF. |
| **Appendix B: Preferred Source Documents for Participant Data Elements** | 04/05/02 | **Revised** in "Active Participants", "Retirees", and "Terminated Vested Participants" to clarify when certain benefit documents should be collected versus sampled. |
| | 09/26/00 | **Clarified** names of select data elements |
| | 08/11/00 | **Replaced** references to obsolete Locator Project with references to new TP 33: Locate Customer Address. |
| | 09/22/99 | **Revised** to refer to new participant forms. Revised proof document requirements. (streamlining) |
| | 10/30/98 | **Clarified** to provide that PBGC no longer requires original source documents, copies are acceptable. (streamlining project) |
| | 11/01/96 | **Clarified** the description of "terminated non-vested participants" |
| | 09/13/96 | **Reordered** the list of sources to have W2s as the primary source for obtaining SSNs |
| **Appendix C: Bankruptcy Overview** | 12/07/01 | **Updated** involuntary termination reference (s) to PBGC-initiated. |
| **Appendix D: Maximum Guaranteeable Benefits for DOPT Years** | 12/23/05 | **Added** Maximum Guaranteeable Benefit for FY 2006. |
| | 02/18/05 | **Added** maximum guaranteed benefit for DOPT year 2005. |
| | 02/17/04 | **Added** maximum guaranteed benefit for DOPT years 2002, 2003, 2004 |
| | 02/16/01 | **Added** maximum guaranteed benefit for DOPT year 2001. |
| | 10/20/00 | **Modified** title<br>**Added details to NOTE about adjusting the maximum guaranteeable benefit upward for late retirements.** |
| | 12/03/99 | **Added** maximum guaranteed benefit for DOPT year 00. |
| | 11/25/98 | **Added** maximum guaranteed benefit for DOPT year 1999 |
| | 02/13/98 | **Added** maximum guaranteed benefit for DOPT year 1998 |
| | 02/13/98 | **Added** maximum guaranteed benefit for |

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| | | DOPT year 1998 |
| | 12/06/96 | **Added** maximum guaranteed benefit for DOPT year 1997 |
| | 08/25/00 | **Added** minor updates: new BMPRS codes etc. |
| **Appendix E - Referenced Directive on Safeguarding IRS Documents** | 10/11/96 | **Deleted** text of existing PBGC directive (available elsewhere). This appendix is reserved for future use. |
| | 07/11/97 | **Clarified** time reporting for holidays and special project names |
| | 06/06/97 | **Updated** IOD Time Reporting (BMPRS) |
| | 05/02/97 | **Added** this appendix describing the Budget, Management, Planning and Reporting System |
| **Appendix F: Alternate Sources for Plan Information** | 08/11/00 | **Replaced** references to obsolete Locator Project with references to new TP 33.3: Locate Address Resource Guidelines |
| **Appendix G: Acceptable Proof of Age** | 10/28/05 | **Revised** to note that PBGC requires proof of age when participants apply for benefits. |
| | 10/18/02 | **Added** details about acceptable alternate proofs of age. |
| | 08/09/02 | **Corrected** typos. |
| | 07/23/02 | **Modified** to clarify that proofs of age must include the customer's date of birth. |
| | 05/18/01 | **Revised** to add more proofs of age to the the list of single documents permissable. Also re-written into Q & A format. |
| | 09/22/99 | **Revised** to refer to new participant forms. Revised proof document requirements. (streamlining) |
| | 10/30/98 | **Clarified** to provide that PBGC no longer requires original source documents, copies are acceptable. (streamlining project) |
| **Appendix H: Historical SPARR Information** | 12/23/05 | **Revised** with FY 2004 SPARR. Removed statement that the SPARR is published in a policy bulletin, and removed policy bulletin references to previous SPARRs. |
| | 02/18/05 | **Updated** to include FY2003 SPARR. |
| | 02/17/04 | **Updated** to include FY2002 SPARR |
| | 11/08/02 | **Updated** to include FY2001 SPARR |
| | 03/08/02 | **Updated** to include FY2000 SPARR |
| | 02/16/01 | **Updated** to include FY99 SPARR |
| | 01/14/00 | **Updated** to include FY98 SPARR |
| | 08/10/99 | **Updated** to include FY97 SPARR |
| | 10/30/98 | **Updated** to include FY96 SPARR |
| | 10/31/97 | **Updated** to include FY 1994 and FY 1995 SPARRs |
| | 08/15/97 | **Updated** to include FY93 SPARR |

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| | 06/06/97 | **New** Appendix H: Historical SPARR Information |
| **Appendix I Maintaining Participant Data Records** | 06/29/01 | **Modified** to clarify IPS is official location of participant records. |
| | 02/11/00 | **Deleted** reference to Process 24**.** |
| | 11/25/98 | **Added** new Appendix I: Maintaining Participant Data Records, includes detailed list of data elements loaded to PRISM through ADT |
| **Appendix J: Participant Forms Summary** | 09/26/00 | **Modified** to reflect new SSA request from (Form SSA-581) |
| **Appendix J: Participant Forms Information** | 12/23/05 | **Revised** description of Form 707, **added** Form 708 to table. |
| | 10/28/05 | **Revised** to remove GIF from chart. |
| | 10/05/05 | **Revised** to indicate electronic signature is acceptable on My PBA forms; misc. updates. |
| | 02/07/03 | **Modified** to include complete list of Participant Forms with brief description of their use. |
| | 10/18/02 | **Deleted** reference to obsolete Form 704: Annuity Election Form |
| | 07/23/02 | **Added** information that DMC stocks hard copies. |
| | 08/31/01 | **Added** two new Q & A's about acceptable signatures on participant documents, including the use of Power of Attorney's and signatures by mark. |
| | 01/14/00 | **New** Appendix provides information about all participant forms with usage comments. |
| **Appendix K: BAPD's Records Management** | 12/23/05 | **Retitled** (formerly "IODs Records Management"). |
| **Appendix K: IOD's Records Management** | 08/23/02 | **New** Appendix adds detailed information about Records Management, including:<br>• Description of IOD Records;<br>• Records Creation and Filing;<br>• Records Disposition<br>• Storing and Retrieving Records;<br>• Records Security and Privacy; **and**<br>• Records Management Guidance. |
| **Appendix L: Field Benefit Administrators** | 08/23/02 | **New** Appendix adds FBA information in Q & A format |
| **Appendix M: IRS Disclosure Offices** | 05/13/05 | **Updated** to correct IRS office address and other edits. |
| | 11/08/02 | **New** Appendix provides IRS addresses to use to request tax return information for tax exempt and non-exempt entities. |
| **Appendix N: Our Service Pledge** | 05/02/03 | **New** appendix describes IOD's service pledge |

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| **Appendix O: Acceptable Proof of Marriage** | 10/28/05 | **Replaced** completely, with revisions to processing claims of common law marriage (including new facts & circumstances determination); new information on ceremonial marriages; and updates based on Policy 5.7-4: Marriage Requirements. |
| | 05/13/05 | **Clarified** and other minor edits. |
| | 05/30/03 | **New** Appendix describes acceptable marriage proofs in Q & A format. |
| **Appendix P: eReports Information** | 04/16/04 | **New** Appendix describes the availability and usage of PRISM based reports. |
| **Appendix Q: BAPD Systems** | 10/05/05 | **New** section on My PBA. |
| | 02/18/05 | **New** Appendix provides overview of systems used by Benefit Administration & Payment Department (BAPD). |
| **Appendix R: 1 Federal Tax Withholding** | 05/13/05 | **Added** new appendix which provides detailed background information and guidance regarding federal income tax withholding rules. |

| Glossary | Date | Change |
|---|---|---|
| | 10/28/05 | **Added:**<br>FMRS<br>**Revised:**<br>GIF |
| | 10/05/05 | **Added:**<br>My PBA |
| | 08/12/05 | **Revised:**<br>Cut-off-Date |
| | 06/03/05 | **Added**:<br>Required Beginning Date - RBD |
| | 05/13/05 | **Added:**<br>• Limited-Scope BDL<br>• Tax Treaty<br>**Revised:**<br>Benefit Determination Letter |
| | 02/18/05 | **Added:**<br>• BAPD<br>• BPB<br>• DAS<br>• DISC<br>• eDERF<br>• Status A |

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| | | • TSD<br>**Revised:**<br>• 9A<br>• BPAB<br>• CFND<br>• IOD<br>• PPD<br>• RSD |
| | 01/19/05 | **Added:**<br>• IOD QDRO Coordinator<br>• Shared Payment Order<br>• Separate Interest QDRO<br>• DRO<br>**Deleted:**<br>QDRO Coordinator<br>**Revised:**<br>• Domestic Relations Order<br>• Qualified Domestic Relations Order<br>• Alternate Payee |
| | 08/19/04 | **Added:**<br>RSD<br>**Revised:**<br>TSD |
| | 02/17/04 | **Added:**<br>NBX |
| | 02/17/04 | **Added**:<br>• Corrected BDL<br>• Revised BDL |
| | 01/10/03 | **Added**:<br>De Minimis Overpayment |
| | 12/13/02 | **Added**:<br>• DOPT-3<br>• DOPT-5<br>• FBA Performance Review Report |
| | 10/18/02 | **Added:**<br>DOR<br>**Revised:**<br>• Cash Out<br>• De Minimis |
| | 08/09/02 | **Added:** |

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| | | SSC<br>**Revised:**<br>• Benefit Determination Letter<br>• BDL<br>• IDL<br>• Initial Determination Letter<br>• SSB<br>**Deleted**:<br>Paying Agent |
| | 07/23/02 | **Added:**<br>• DCT<br>• Proof of Age<br>• PWBA<br>**Revised:**<br>• PRISM Refresh Process<br>• Status Code |
| | 03/08/02 | **Added:**<br>PACS |
| | 02/08/02 | **Revised:**<br>PPR |
| | 12/19/01 | **Added new terms:**<br>• BOYLE<br>• DRS<br>• EBL |
| | 12/07/01 | **Modified** the following terms:<br>• small plan average recovery ratio<br>• termination<br>• termination initiation date<br>• trusteeship working group<br>• benefit overpayment<br>• standard termination<br>• distress termination<br>• distress termination process |
| | 09/28/01 | **Modified:**<br>• Involuntary Termination<br>• Termination Initiation Date<br>• Trusteeship Working Group<br>**Added:**<br>PBGC-initiated Termination |
| | 08/31/01 | **Added:**<br>Milestone |

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| | | **Revised:**<br>PBGC Benefit |
| | 07/27/01 | **Added:**<br>Residual Benefit Amount |
| | 05/18/01 | **Added:**<br>• BDL<br>• Benefit Application Package<br>• Benefit Determination Letter<br>• FBA Plan<br>• Large Case<br>• Large Back Payments<br>• STARS<br>**Revised:**<br>• Benefit Determination<br>• Initial Determination Letter<br>• Pension Search Directory |
| | 03/23/01 | **Added**:<br>NRA<br>**Corrected**:<br>GIF |
| | 09/26/00 | **Added:**<br>Safeguarding |
| | 08/11/00 | **Added new terms:**<br>• Participant Locator<br>• Pension Search Directory |
| | 05/12/00 | **Revised terms**:<br>• Benefit Determination<br>• Initial Determination Letter<br>**Added new terms:**<br>• BET<br>• Benefit Estimation Tool<br>• FOIA<br>• SMM<br>• Summary of Material Modifications |
| | 03/10/00 | **Deleted term:**<br>Benefit payable<br>**Revised terms:**<br>• 9A,<br>• Benefit Overpayment,<br>• Datahub,<br>• RARE, |

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| | | • Recoupment,<br>• Recovery,<br>• Title IV Benefit,<br>• Write Off<br>**Added new terms:**<br>• Asset Allocation,<br>• Benefit Payable with respect to the Participant,<br>• Compuserve,<br>• OASD<br>• all priority categories (1–6),<br>• PRISM refresh process,<br>• Recoupment End Date |
| | 02/11/00 | **Updated** Dummy SSN definition**.** |
| | 11/16/99 | **Added** new acronym: BPAB |
| | 09/30/99 | **Added** new terms (DARTS, status code) |
| | 09/22/99 | **Added** new participant forms terms (PIF, GIF). **Modified** controlled group (per OPM 7.2-1) |
| | 05/25/99 | **Added** new term. |
| | 03/05/99 | **Added and revised** glossary terms. |
| | 01/11/99 | **Revised** glossary terms associated with $5,000 cash out limit |
| | 01/11/99 | **Added** new terms |
| | 10/30/98 | **Added** miscellaneous terms |
| | 10/30/98 | **Revised** definition of SPARR Calculation Date in response to Operating Policy Manual 8.2-1 Valuing Recoveries. |
| | 09/04/98 | **Added** new terms.<br>**Revised** terms to reflect 29 CFR 4041 |
| | 07/11/97 | **Added** definitions |
| | 06/06/97 | **Revised** several glossary definitions |
| | 05/02/97 | **Revised** several glossary definitions (in response to Operating Policy Manual 6.7-1 [4022(c)] ) |
| | 04/04/97 | **Added** "Date of Trusteeship" to the Glossary |
| | 09/27/96 | **Clarified** several glossary definitions |
| | 08/30/96 | **Clarified** several glossary definitions |

| **Miscellaneous** | **Date** | **Change** |
|---|---|---|
| **Miscellaneous** | 2/11/00 | **Deleted** reference to Process 24 in Table of Contents, High Level TPD workflow and other areas. |

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## Processes 1–7 (2006-2011)

**11/20/2015**

**Processes 1–7 Table (2006-2011)**

| Process | Date | Change |
|---|---|---|
| **Process 1:** Determine Type of Case, Assign, & Begin Collecting Case Information | 07/25/08 | **Removed** since these processes are now performed outside of BAPD. |
| **Process 1.6:** Resolve Participants Out of Pay Status | 10/27/06 | **Revised** to remove DED from COO reference; update policy reference; and stress that paying benefits prior to trusteeship requires decision by COO or BAPD Director. |
| | 03/31/06 | **Corrected** policy reference. |
| **Process 02: Gather Plan and Sponsor Information** | 07/25/08 | **Removed** since these processes are now performed outside of BAPD. |
| **Process 02.2:** Issue Administrative Subpoena | 06/27/08 | **Removed** content and placed in "Reserved" status; content revised and moved to new TP 56. |
| **Process 3:** Determine Financial Condition of Plan & Analyze Controlled Group | 07/25/08 | **Removed** since these processes are now performed outside of BAPD. |
| **Process 04: Make Recommendation** | 07/25/08 | **Removed** since these processes are now performed outside of BAPD. |
| **Process 05: Route Recommended Termination** | 07/25/08 | **Removed** since these processes are now performed outside of BAPD. |
| **Process 6:** Monitor Plan | 07/25/08 | **Removed** since these processes are now performed outside of BAPD. |
| **Process 7:** Initiate DISC/TPD Coordination – Overview | 06/27/08 | **Revised** for system change to CMS. |
| | 10/27/06 | **Revised** with new paragraph about paying benefits prior to trusteeship. |
| **Process 07.1:** Initiate TPD Involvement | 07/11/08 | **Revised** to remove references to pre-termination processes. |
| | 06/27/08 | **Revised** for system change to CMS. |
| | 09/28/07 | **Revised** to emphasize that a Pension Analyst must be included in CMS in order for an account to be opened automatically for a plan at SSC. |

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## Processes 8–10 (2006-2011)

**11/20/2015**

**Processes 8–10 Table (2006-2011)**

| Process | Date | Change |
|---|---|---|
| **Process 8** Pre-Trusteeship Processing | 01/15/10 | **Added** new section to replace Process 7: Initiate DISC/TPD Coordination and incorporate other pre-trusteeship processes performed with new data acquisition procedures. |
| **Process 8** Overview for Pre-Trusteeship Processing | 11/29/11 | **Revised** to mention the new process for obtaining documents from TeamConnect, to clarify the sequence of events in which trusteeship occurs, and for miscellaneous edits. |
| | 11/02/09 | **Added** reference to new *Controlled Groups, Recovery Valuations, Net Worth Audits, and Plan Asset Audits Interim Guidance*. |
| | 10/27/06 | **Revised** with new paragraph about paying benefits prior to trusteeship. |
| | 03/31/06 | **Revised** to note new process for estimating recovery values. |
| **Process 8** Pre-Trusteeship Processing - Workflow | 11/29/10 | **Revised** to reflect new process structure. |
| **Process 8.1** Assign TPD Case Team | 11/29/11 | **Revised** to remove the step to update the *Data Acquisition Plan and Database Construction Outline and Documentation*; to clarify when DISC requests TPD case assignment, and for miscellaneous edits. |
| **Process 8.2** Hold Coordination Meeting with DISC | 03/30/11 | **Revised** to add DMC to the list of invitees to the coordination meeting. |
| **Process 8.2** Establish the Case Workplan | 06/30/06 | **Revised** to reflect that the PART application has replaced FMRS, and to update user guide references. |
| **Process 8.3** Hold Coordination Meeting with DISC | 11/29/11 | **Renumbered** from 8.2; **revised** to acknowledge that plan documents are now obtained from TeamConnect prior to the meeting, to update the list of persons to invite to the coordination meeting with DISC, and to remove the step to update the *Data Acquisition Plan and Database Construction Outline and Documentation*. |
| **Process 8.3** Effect Trusteeship | 11/02/09 | **Revised** format; added step to compare Trusteeship Agreement received from signer with original sent; revised cc list and added new three-day deadline for providing copies; removed step to rename plan in CMS; and misc. edits. |
| | 07/31/09 | **Revised** to reflect that BAPD now receives only two copies of the Trusteeship Agreement; to update the distribution for copies; to remove step to |

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| | | complete the Premium Information Request Memo; misc. edits. |
| | 01/31/08 | **Revised** to add Team Leader, ACLG, Treasury Division to list to receive notification of trusteeship and copy of Trusteeship Agreement. |
| | 05/26/06 | **Added** new step to verify plan information to be reflected in plan-specific webpage. |
| **Process 8.4** Receive Case from DISC | 11/29/11 | **Revised** to remove the statement that TPDs update Primavera P6 and CMS for controlled group determinations and recovery valuations, and to remove the list of specific milestones to assign. |
| | 08/30/11 | **Revised** to clarify the roles of case team and management team members; removed the following as Milestones to be assigned: DUEC, Net Worth, Controlled Group. |
| | 11/29/10 | **Renumbered** section (from 8.5) to better reflect case processing flow. **Revised** to indicate that DISC completes controlled group determinations, recovery valuations, and quarterly estimated recoveries; and to add a new step to assign CMS Milestones. |
| **Process 8.4** Estimating Recovery Values for Terminated Plans | 11/02/09 | **Added** reference to new *Controlled Groups, Recovery Valuations, Net Worth Audits, and Plan Asset Audits Interim Guidance*. |
| | 03/31/06 | **New** process for estimating recovery values. |
| **Process 8.5** Plan Case and Create Case Work Plan | 08/30/11 | **Revised** to replace reference to PART Documentation with Oracle Primavera P6 Help. |
| | 11/29/10 | **Renumbered** section (from 8.4) to better reflect case processing flow. |
| **Process 8.5** Receive Case from DISC | 03/26/10 | **Revised** to remove reference to obsolete *Document Transfer List Memo*. |
| **Process 8.5:** Forms, Letters, Memos | 03/31/06 | **Renumbered** from PR 8.4. |
| **Process 8.5A** Case Planning Concepts | 08/30/11 | **Revised** to replace PART with Oracle Primavera P6 as case planning tool; added statement to adjust processing times and completion dates for large plans; and miscellaneous edits. |
| **Process 8.5B** Create Case Work Plan | 08/30/11 | **Revised** to replace PART with Oracle Primavera P6 as case planning tool; clarified that steps may apply to contractors other than FBAs; and miscellaneous edits. |
| **Process 8.6** Begin Plan Document List, Plan Summary, and Participant Data Elements List | 11/29/11 | **Revised** to remove the step to update the *Data Acquisition Plan and Database Construction Outline and Documentation*. |
| | 08/23/10 | **Revised** to direct the actuary to obtain |

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| | | the concurrence of the Actuarial Technical Reviewer on the *Plan Summary*. |
| **Process 8.7** Effect Trusteeship | 11/29/11 | **Revised** to remove the step to update the *Data Acquisition Plan and Database Construction Outline and Documentation*. |
| | 03/26/10 | **Revised** to add the DISC Financial Analyst/Auditor to the distribution list for the *Trusteeship Agreement Transmittal Memo*. |
| **Process 8.8** Prepare CMS for Plan Asset Audit | 11/29/10 | **Added** new section to manual. |
| **Process 8.9** Forms, Letters, Memos | 11/29/10 | **Renumbered** section. |
| **Process 9** Plan Assumption | 07/31/09 | **Removed** all existing sections dealing solely with Datahub, which were replaced by the new TP 59: Data Load Requests procedures. |
| | 08/31/07 | **Revised** Overview to mention new Process 9.14. |
| | 09/29/06 | **Revised** Workflow. |
| | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| **Process 9** Overview for Plan Assumption | 03/26/10 | **Revised** to reflect Process 9.1 title change. |
| **Process 9** Overview | 07/31/09 | **Revised** to reflect replacement of Datahub with TP 59: Data Load Requests procedures. |
| **Process 9** Workflow | 03/26/10 | **Revised** to reflect Process 9.1 title change. |
| | 07/31/09 | **Revised** to reflect replacement of Datahub with TP 59: Data Load Requests procedures. |
| **Process 9.1** Ensure Uninterrupted Payments | 03/26/10 | **Retitled and completely revised** with separate sections on paying benefits for trusteed and non-trusteed plans, and to add new authorization memo for pre-trusteeship payments. |
| **Process 9.1** Request Plan Administrator to Continue Payment Processing | 10/27/06 | **Revised** with new policy reference; new step about paying benefits prior to trusteeship. |
| **Process 9.2** Prepare and Transmit Funding Memo | 03/26/10 | **Revised** to cover only processing the funding memo itself, not the provocation; to clarify required authorizations; removal of *Concurrence Form*; and to emphasize that the process must be repeated monthly until payments are assumed. |
| **Process 9.3** Obtain Participant Payment Data | 03/30/11 | **Revised** to reference *Receiving Data on non-PBGC Sanctioned Media* and direct user to process received data accordingly. |
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| | 03/26/10 | **Revised** to remove step to update the *Plan Assumption Reconciliation Report* and for miscellaneous edits. |
| | 07/31/09 | **Revised** to remove references to Datahub. |
| | 05/31/07 | **Revised** to indicate that if there are no payees it may be noted in either the Plan Assumption Reconciliation Report or the Status A Reconciliation Report. |
| **Process 9.4** Initiate First Pay and Customer Data Loads | 11/29/10 | **Revised** with new instructions to image or archive the check register used for the payee data load; to note that spousal data is to be loaded if available electronically; and to specify the Plan Assumption Milestone is to be updated once the payee data load is approved. |
| | 03/26/10 | **Added** step to update the Plan Assumption Milestone. |
| | 07/31/09 | **Renumbered, renamed, and revised** to include both First Pay and Customers, and replace Datahub references with links to TP 59: Data Load Requests. |
| **Process 9.7** Forms, Letters, Memos | 07/31/09 | **Renumbered and added** Early Plan Analysis Memo; **Removed** Preliminary Plan Summary, Plan Assumption Reconciliation Report, and Status A Reconciliation Report. |
| **Process 9.7** Review and Reconcile First Pay Pre-Load Database | 03/28/08 | **Revised** with misc. edits. |
| | 11/30/06 | **Revised** to remove steps on submitting the Plan Assumption Reconciliation Report for concurrence (these steps are being moved to Process 9.8). |
| **Process 9.8** Forms, Letters, Memos | 08/23/10 | **Removed:**<br>*Payee Data Review Memorandum* |
| | 03/26/10 | **Revised** list to reflect documents currently referenced in Process 9, using current naming conventions. |
| | 01/15/10 | **Renumbered** from 9.7. |
| **Process 9.8** Review and Authorize First Pay Datahub Load | 05/30/08 | **Revised** with new step to request Spectrum conversion. |
| | 03/28/08 | **Revised** with misc. edits. |
| | 02/28/07 | **Revised** to indicate the Plan Assumption Reconciliation Report is to be submitted prior to the first payment date, or no more than 45 days after for large plans or plans with complex benefits; and misc. edits. |
| | 11/30/06 | **Revised** to change reference to Datahub online applications to Datahub Administration System; add new step to submit Plan Assumption Reconciliation Report for concurrence (previously in Process 9.7); and indicate that TPD |

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| | | management will review the plan file to ensure the report is imaged. |
| **Process 9.9** Initiate Status A Participant Load | 07/25/08 | **Revised** to indicate that loading spousal data for non-payees is not required unless the data are available electronically. |
| | 03/28/08 | **Revised** with new steps to verify data before initiating the load; to include Miscellaneous data; and to place the data in the shared drive instead of providing by email. |
| | 11/30/06 | **Revised** to remove FBA as process co-owner. |
| | 04/28/06 | **Revised** to indicate that all data reviewers should be named on eDERF. |
| **Process 9.11** Review Status A Datahub Load | 03/28/08 | **Revised** with misc. edits for clarity. |
| | 11/30/06 | **Revised** to remove FBA as process co-owner. |
| | 04/28/06 | **Revised** with step to ensure all case team members have access to latest participant data. |
| **Process 9.12** Review and Authorize Status A Datahub Load | 03/28/08 | **Revised** with misc. edits for clarity, and with new step to advise OASD when Miscellaneous data can be loaded. |
| | 11/30/06 | **Revised** to remove FBA as process co-owner; change reference to Datahub online applications to Datahub Administration System; and add step for completing the new Status A Reconciliation Report. |
| **Process 9.13** Notify Participants | 01/31/08 | **Revised** to add references to new ValPatch procedures |
| | 01/30/07 | **Revised** to update policy reference, and to indicate that interest is added to payments missed while suspended. |
| **Process 9.13A** Notify Payees | 05/29/09 | **Revised** with new instructions on how to handle receipt of unsigned or incomplete PIFs, as well as non-receipt. Other misc. edits. |
| | 09/12/08 | **Revised** to clarify that PIFs are sent to all participants and beneficiaries in pay status at DOTR. |
| | 05/31/07 | **Revised** to indicate CRM531 letter auto-acknowledges correspondence and to revise titles of eALG 530 and 531 letters. |
| | 09/29/06 | **Revised** with new policy reference, and to state that an extension granted to issue follow-up letters requesting the PIF should be documented to the plan file; payees should be called before suspending benefits (TPD management advice is not needed); and the PIF may be faxed to reinstate payments. |
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| | 05/26/06 | **Added** steps to create plan-specific web announcement about trusteeship and the change in paying agent. |
| **Process 9.13B** Notify Non-Payees | 05/31/07 | **Revised** to indicate CRM531 letter auto-acknowledges correspondence. and to revise titles of eALG 530 and 531 letters. |
| | 09/29/06 | **Revised** to allow limited use of the General Information Form (GIF), with TPD management concurrence. |
| | 05/26/06 | **Added** step to complete new *Plan Assumption Checklist (PlanAssumpCklst.doc)*. |
| **Process 9.14** Forms, Letters, Memos | 05/31/07 | **Revised** with new titles of eALG 530 and 531 letters. |
| | 02/28/07 | **Revised**<br>*Benefit Funding Memo (Funding.doc)* |
| | 11/30/06 | **Added:**<br>*Status A Reconciliation Report (StatusArec.doc)* |
| | 09/29/06 | **Added:**<br>General Information Form (GIF) |
| | 05/26/06 | **New:**<br>*Plan Assumption Checklist (PlanAssumpCklst.doc)*. |
| **Process 9.14** Payee Data Review | 09/26/08 | **Revised** to add level income option as an example of a non-level benefit, and to add a link to the Datahub mailbox. |
| | 08/31/07 | **New** section. |
| **Process 10.2** Obtain Data | 07/28/06 | **Revised** to remove language that PBGC needs a reasonably certain proposed DOPT for pre-trusteeship benefit adjustments, and to update a policy reference. |
| **Process 10.3** Analyze Data and Funding for PC3 | 11/29/11 | **Revised** to clarify that the data formerly included in the *Checklist for Participants in Pay Status at DOPT* (removed as of this date) is actually to be included in the *Estimated Benefit Adjustments Analysis Memo*. |
| | 05/30/08 | **Revised** to replace instructions for and references to Checklist for Participants in Pay Status at DOPT *(pipsdopt.doc)* with Estimated Benefit Adjustments Worksheet *(EstBenAdjWksht.doc)*. |
| | 07/28/06 | **Revised** to add step for auditor to provide estimated asset figure to actuary; update policy reference; and remove language about early BDLs. |
| **Process 10.4** Identify Current Payees for Benefit Adjustments | 11/29/11 | **Revised** to clarify that the *Estimated Benefits Adjustment Worksheet* is optional, with formatting changes, and to indicate approval and routing of the |

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| | | *Estimated Benefit Adjustments Analysis Memo*. |
| | 08/30/11 | **Revised** to replace *Early Plan Analysis Memo (EPAM)* with *Estimated Benefit Adjustments Analysis Memo*. |
| | 07/31/09 | **Revised** with steps to complete the Early Plan Analysis Memo; **replaced** Datahub reference with TP 59: Data Load Requests procedures; misc. edits. |
| | 05/30/08 | **Revised** to replace references to Checklist for Participants in Pay Status at DOPT *(pipsdopt.doc)* with Estimated Benefit Adjustments Worksheet *(EstBenAdjWksht.doc)*; and to add step for applying substantial owner or majority owner (PPA 2006) reductions. |
| | 07/28/06 | **Revised** to list a policy bulletin and the Actuarial Technical Manual as guidance; clarify the order in which benefit reductions are applied; indicate that management concurrence is required on the benefit adjustments memo, which must be completed even if there are no adjustments; and to clarify when the Estimated Cutbacks/Adjustments Milestone may be finalized. |
| **Process 10.5** Prepare Estimated Benefits Calculation Tool | 11/29/11 | **Revised** to remove references to Ariel, and to move the step for completing *Estimated Benefits Administration Analysis Memo* (renamed from the *Pre-Benefit Estimation Analysis and Benefit Administration Memo*) to the end of the procedure. |
| | 08/30/11 | **Revised** to replace *Early Plan Analysis Memo (EPAM)* with *Plan Analysis for Pre-Benefit Estimation and Benefit Administration Memo*. |
| | 03/26/10 | **Added** step to update the Benefit Estimation Tool Milestone in CMS. |
| | 07/31/09 | **Renumbered** section; **added** step on the Early Plan Analysis Memo. |
| **Process 10.5** Inform Plan Administrator of Fiduciary Duty | 07/28/06 | **Removed** from the manual. |
| **Process 10.6** Forms, Letters, Memos | 08/30/11 | **Added:**<br>*Estimated Benefit Adjustments Analysis Memo*<br>*Plan Analysis for Pre-Benefit Estimation and Benefit Administration Memo*<br>*Pre-Trusteeship Letter Analysis Memo*<br>**Removed:**<br>*Early Plan Analysis Memo (EPAM)* |
| | 07/31/09 | **Renumbered** section; **added** Preliminary Plan Summary; **added** Early |

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| | | Plan Analysis Memo. |
| **Process 10.6** Prepare the Estimated Benefits Calculation Tool | 07/28/06 | **Revised** to state that the procedure only applies to non-Ariel cases. |
| **Process 10.7** Initiate Benefit Adjustment Datahub Load | 01/31/08 | **Revised** to reference new ValPatch procedures instead of ValPatch Overview Page. |
| **Process 10.9** Review Benefit Adjustment Pre-Load Data | 11/30/06 | **Revised** to remove FBA as process co-owner. |
| **Process 10.10** Review and Authorize Benefit Adjustment Datahub Load | 11/30/06 | **Revised** to remove FBA as process co-owner, and change reference to Datahub online applications to Datahub Administration System. |
| **Process 10.11** Forms, Letters, Memos | 05/30/08 | **Added:**<br>Estimated Benefit Adjustments Worksheet *(EstBenAdjWksht.doc)*<br>**Revised:**<br>Adjustments to Estimated Guaranteed Benefits Memo *(Adjgb.doc)*<br>**Removed:**<br>Checklist for Participants in Pay Status at DOPT *(pipsdopt.doc)* |
| | 08/31/07 | **Revised:**<br>*Adjustments to Estimated Guaranteed Benefits Memo (adjgb.doc)* |
| | 07/12/06 | **Revised:**<br>Adjustments to Estimated Guaranteed Benefits Memo (adjgb.doc)<br>**Deleted:**<br>Request Plan Administrator to Adjust Benefits Letter (Paadjben.doc) |

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## Processes 11–15 (2006-2011)

**11/20/2015**

**Processes 11–15 Table (2006-2011)**

| Process | Date | Change |
|---|---|---|
| **Process 11** Data Collection and Analysis | 01/15/10 | **Added** new section to document processes performed with new data acquisition procedures. |
| **Process 11** Develop Data Acquisition Plan and Database Construction Document | 03/27/09 | **Retitled section, and revised and reformatted** throughout to replace the Audit Program processes with the Data Acquisition processes and documentation. |
| **Process 11.1** Hold Strategy Meetings | 03/30/11 | **Revised** to refer to Receiving Data on non-PBGC Sanctioned Media and add DMC management to the list of invitees to the strategy meetings. |
| | 08/23/10 | **Revised** to direct the case team to request the assistance of a Data Specialist, if needed, to bring in data. |
| **Process 11.2** Determine Scope of Audits and Prepare Audit Program | 07/11/08 | **Revised** to remove references to pre-termination processes. |
| **Process 11.2A** Perform Pre-Site Visit Tasks | 08/30/11 | **Revised** to clarify that documents obtained at site visits are to be shipped only to PBGC's Kingstowne address. |
| | 03/30/11 | **Revised** to instruct user to prepare for data transfer according to guidance in *Receiving Data on non-PBGC Sanctioned Media* and add a step for DMC to perform analysis and prepare a data capture recommendation to the TPD case team. |
| | 03/26/10 | **Added** link to new *Trip Planning Memo Example*. |
| **Process 11.2C** Review On-Site Documents | 08/30/11 | **Revised** to clarify that documents obtained at site visits are to be shipped only to PBGC's Kingstowne address. |
| | 03/30/11 | **Revised** to reference *Receiving Data on non-PBGC Sanctioned Media*, to add steps for the DMC to image files according to the data capture recommendation, and for either the DMC or TPD Case Team to ship the files. |
| | 08/23/10 | **Revised** with new step to complete the *Post-Trip Memo*, to add to the list of documents to acquire, and to state to review the "best available" instead of "at least five" data element sources. |
| **Process 11.5** Forms, Letters, Memos | 03/30/11 | **Added:**<br><br>*DMC Data Capture Memorandum* |
| | 03/26/10 | **Added** new *Trip Planning Memo Example*, revised *Trip Planning Memo*. |

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| **Process 12** Overview for Small Plan Database Construction and Analysis | 03/30/11 | **Revised** to note that when constructing a database for a small plan, TPDs may follow procedures in Process 13 Participant Database Construction and Reporting. |
| **Process 12** Small Plan Database Construction and Analysis | 01/15/10 | **Added** new section to document processes performed with new data acquisition procedures for small plans; this section replaces previous interim procedures. |
| **Process 12** Evaluate Plan Documents & Participant Data | 03/27/09 | **Revised and reformatted** throughout to replace the existing processes, including the Participant Data Audit Report, with the new Data Acquisition processes and documentation. |
| **Process 12.1** Construct Participant Database for Small Plan | 03/30/11 | **Revised** to note that if the database review shows any errors, the database reviewer requests the TPD auditor to consult with the Auditor Technical Reviewer (ATR) about expanding the sample. |
| | 08/23/10 | **Revised** with new step to contact OASD as needed to perform a Leo data merge of Spectrum and e-data. |
| **Process 12.1** Finalize Plan Document Audit | 05/30/08 | **Revised** to refer to majority as well as substantial owners (per PPA 2006). |
| **Process 12.2** Test Participant Database for Small Plan | 08/30/11 | **Revised** to indicate there is now a single sample *Small Plan Database Construction and Analysis Report* (previously there were two). |
| | 11/29/10 | **Revised** to clarify that the auditor is responsible for reviewing the database, and therefore cannot also be the database builder; and with a new step for the auditor to archive the database. |
| | 08/23/10 | **Revised** to add a step for the auditor to review and concur on the *Small Plan Database Construction and Analysis Report*; to repeat testing until no errors are found; and to state that the auditor can prepare the *Small Plan Database Construction and Analysis Report* if someone else builds the database. |
| **Process 12.2** Prepare Plan Abstract | 05/30/08 | **Revised** ERISA and removed CFR reference; replaced reference to Checklist for Participants in Pay Status at DOPT *(pipsdopt.doc)* with Estimated Benefit Adjustments Worksheet *(EstBenAdjWksht.doc)*; revised steps for reviewing plan documents for phase-ins for PPA 2006. |
| | 03/31/06 | **Revised** to reflect the removal of Process 18 from the manual. |
| **Process 12.3** Forms, Letters, Memos | 08/30/11 | **Removed:**<br>*Small Plan Database Construction and* |

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| | | *Analysis Report Sample 2* |
| **Process 12.6** Build Participant Database | 09/25/09 | **Revised** to clarify that the auditor determines who builds the database, provides instructions and images them to the plan file, and monitors the process. |
| | 08/28/09 | **Added** references to *Leo/ACT Format User Manual* and *Database Construction Guidelines*. |
| | 07/25/08 | **Revised** to indicate that loading spousal data for non-payees is not required unless the data are available electronically. |
| **Process 12.7** Audit Participant Database | 05/26/06 | **Revised** to indicate that sub-populations are not mandatory for all plans. |
| **Process 12.8** Prepare Participant Data Audit Report | 08/25/06 | **Revised** to remove 2-day requirement when submitting report to MCU for review. |
| | 05/26/06 | **Revised** in entirety to reflect current processing, including new requirement for review by BAPD Audit Review Program. |
| **Process 12.9** Forms, Letters, Memos | 05/29/09 | **Revised** to reflect form name and/or usage changes |
| | 05/30/08 | **Removed** Checklist for Participants in Pay Status at DOPT *(pipsdopt.doc)*<br><br>Checklist for Participants in Pay Status at DOPT *(pipsdopt.doc)*<br><br>**Added** Estimated Benefit Adjustments Worksheet *(EstBenAdjWksht.doc)* |
| | 01/30/07 | **Revised:**<br>*Participant Data Audit Report (Pdarept.doc)* |
| | 06/02/06 | **Revised:**<br>*Participant Data Audit Report (Pdarept.doc)* |
| | 01/19/06 | **Revised** Participant Data Audit Report (pdarept.doc) |
| **Process 13** Participant Database Construction and Reporting | 01/15/10 | **Added** new section to document processes performed with new data acquisition procedures. |
| **Process 13** Verify Data for Participant Database – Overview | 09/29/06 | **Removed** instructional content for placement in action steps, as appropriate. |
| **Process 13.1** Verify Data from Returned Forms | 09/12/08 | **Revised** to clarify that PIFs are sent to all participants and beneficiaries in pay status at DOTR. |
| | 07/25/08 | **Revised** to indicate that loading spousal data for non-payees is not required unless the data are available electronically. |
| | 09/29/06 | **Revised** to indicate that the GIF may be used in limited circumstances; to include instructional content removed from the Overview; and misc. edits. |
| **Process 13.1A** Prepare Database and | 11/29/10 | **Revised** to indicate that the data elements list is created in Leo, and that |

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| Load Initial Data | | the auditor determines the sources for the database. |
| **Process 13.1A** Verify Data from Returned Forms - PA | 05/29/09 | **Added** reference to the new TGBR Job Aid. |
| | 04/24/09 | **Added** reference to TGBR web site as source for bank information. |
| | 03/27/09 | **Revised** to remove statement that PIFs received via MyPBA automatically update PRISM and data verification is not necessary. |
| | 05/31/07 | **Revised** with new title of eALG 530 letter and to indicate that the designation of beneficiary form is optional. |
| **Process 13.2** Verify Data from Returned Forms - Auditor | 05/31/07 | **Revised:**<br><br>eALG 530 Request for Additional Documentation/Information |
| **Process 13.2A** Monitor Participant Database in Leo | 08/23/10 | **Retitled and revised** to reflect the use of Leo in the procedure. |
| **Process 13.3A** Finalize Reasonable Test and Spectrum Reconciliation | 08/23/10 | **Revised** to state to work with OASD to archive the participant database, and updated to reflect current processing using Leo. |
| **Process 13.3B** Prepare Database Construction Report and Participant Review Summary | 08/30/11 | **Revised** to clarify that the *Data Acquisition Plan and Database Construction Outline and Documentation* is to be imaged at the same time as the completed *Database Construction Report* and *Participant Review Summary*. |
| **Process 13.3B** Prepare Database Construction and Participant Audit Summary | 03/30/11 | **Revised** to add the *Post-Trip Memo* and additional Leo Reports to the list of documents to attach or reference. |
| | 08/23/10 | **Revised** to add the Leo Reports and other documents to be referenced in the report, and that the CMS task is to be returned to TPD management. |
| | 03/26/10 | **Revised** to correct name of Participant Data Audit Milestone. |
| **Process 13.4** Forms, Letters, Memos | 03/30/11 | **Added:**<br><br>*Post-Trip Memo* |
| | 08/23/10 | Revised to standardize list in accordance with current document naming conventions. |
| **Process 14** Controlled Group and Net Worth Determinations | 11/29/10 | **Removed** from the manual. |
| | 01/15/10 | **Renamed** from Determine Controlled Group and Net Worth. |
| **Process 14** Determine Controlled Group and Net Worth | 07/28/06 | **Revised** Workflow. |
| **Process 14** Controlled Group and Net Worth Determinations - Overview | 03/26/10 | **Replaced** references to OGC with OCC. |
| | 11/02/09 | **Added** reference to new *Controlled Groups, Recovery Valuations, Net Worth Audits, and Plan Asset Audits Interim* |

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| | | *Guidance*. |
| **Process 14.1** Review DISC Controlled Group Findings | 03/26/10 | **Replaced** references to OGC with OCC. |
| | 11/02/09 | **Added** reference to new *Controlled Groups, Recovery Valuations, Net Worth Audits, and Plan Asset Audits Interim Guidance*. |
| **Process 14.2** Perform TPD Controlled Group Analysis | 03/26/10 | **Replaced** references to OGC with OCC. |
| **Process 14.3** Draft Request for Payment/Assist in Filing Liens | 03/26/10 | **Replaced** references to OGC with OCC. |
| **Process 14.4** Forms, Letters, Memos | 01/31/08 | **Revised:**<br>• Request for Payment Letter (Reqpay.doc) |
| | 01/19/06 | **Revised:**<br>• Administrative Review Procedures (Adrev_el.doc)<br>• Request for Payment Letter (Reqpay.doc) |
| **Process 15** Plan Asset Audits | 09/26/08 | **Revised** process in entirety. |
| **Process 15** Audit Plan Assets | 07/28/06 | **Revised** Workflow |
| **Process 15** Overview | 11/02/09 | **Added** reference to new *Controlled Groups, Recovery Valuations, Net Worth Audits, and Plan Asset Audits Interim Guidance*. |
| **Process 15** Plan Asset Audits - Workflow | 11/29/10 | **Revised** to reflect new section titles. |
| **Process 15.1** Create and Maintain Work Papers | 11/29/10 | **Revised** to remove references to *Plan Asset Audit DOPT Valuation Worksheets – Sample*. |
| | 03/27/09 | **Revised** to move step to use Work Paper Template from introduction to step 4. |
| | 10/31/08 | **Revised** to rename Plan Asset Audits DOPT Valuation Worksheet (Sample) *(SamplePAAValuationWorksheets.xls)* |
| **Process 15.1** Perform Initial Analysis | 07/11/08 | **Revised** to remove references to pre-termination processes. |
| | 06/27/08 | **Added** reference to new section Plan Asset Audit Reconciliation: Interim Procedures for Forms 1108 and CMS. |
| **Process 15.2** Value Insurance Contracts | 04/27/07 | **Revised** to remove references to deleted Policy 4.1-1 Value Group Insurance Contracts. |
| **Process 15.3** Perform Initial Analysis | 03/30/11 | **Added** reference to *Receiving Data on non-PBGC Sanctioned Media*. |
| | 01/30/09 | **Revised** to reference TP 58: Plan Loans and Other Distributions, and indicate that unpaid loan balances at DOPT are to be included as a plan asset. |
| **Process 15.3** Value Hard-To-Value Assets | 11/30/07 | **Revised** procedure reference. |

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| **Process 15.4** Value Plan Liabilities | 01/30/07 | **Added** new policy reference. |
| **Process 15.4A** Complete Risk Assessment | 03/26/10 | **Revised** to add OCC Assistant General Counsel and Assistant Inspector General Chief for Investigation to receive copies of the *Departmental Notification Memo*, and to specify who meets with the BAPD Audit Program Manager and who performs follow-up action. |
| | 03/27/09 | **Revised** to clarify that a risk assessment may not be needed if there is an ongoing investigation at another ERISA agency. |
| **Process 15.4B** Conduct Enhanced Plan Asset Audit | 03/26/10 | **Revised** to clarify the roles of OCC and OGC. |
| **Process 15.5:** Compare Plan Asset Statements with Form 5500s | 03/27/09 | **Revised** section title (added "Forms"). |
| **Process 15.6** Complete Plan Asset Audit Report | 06/27/08 | **Added** reference to new section Plan Asset Audit Reconciliation: Interim Procedures for Forms 1108 and CMS. |
| **Process 15.7** Forms, Letters, Memos | 06/27/08 | **Added:**<br><br>Form 1108F Plan Asset Reconciliation Form - Final<br>(Form 1108F.doc)<br><br>**Removed:**<br><br>Form 1108S Plan Asset Reconciliation - SPDRR<br>(1108S.doc) |
| **Process 15.8** Prepare for Site Visit and/or Telephone Conference | 03/30/11 | **Added** reference to *Receiving Data on non-PBGC Sanctioned Media*. |
| | 11/29/10 | **Revised** to remove mentions of controlled group and net worth audits, and the reference to the Data Acquisition resource. on the Portal. |
| **Process 15.9** Value Plan Assets | 11/29/11 | **Revised** reference to retitled Process 15.9E. |
| | 03/27/09 | **Removed** step to develop a working trial balance of plan assets as of DOPT; misc. edit. |
| **Process 15.9** Value Plan Assets | 11/29/11 | **Revised** reference to retitled Process 15.9E. |
| | 03/27/09 | **Removed** step to develop a working trial balance of plan assets as of DOPT; misc. edit. |
| **Process 15.9B** Value Investment Accounts and Securities | 03/27/09 | **Revised** to indicate that step to perform calculations to transform reported price into actual price per share is done only if needed. |
| **Process 15.9C** Value Non-Traditional Plan Assets | 03/26/10 | **Added** step to update the Hard to Value Milestone in CMS. |
| **Process 15.9D** Handle Master Trusts, Common or Collective Trusts, and Similar Vehicles | 08/30/11 | **Renamed and revised** in entirety. |
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| **Process 15.9E** Value Insurance Contracts and Other Investment Arrangements with Insurance Companies | 11/29/11 | **Retitled** and **revised** by integrating previous interim procedures to replace existing content of this section. |
| **Process 15.9E** Value Insurance Contracts | 08/30/11 | **Revised** to indicate that new Valuing Insurance Contracts and Other Investment Arrangements with Insurance Companies Interim Procedures is to be used for valuing insurance contracts. |
| **Process 15.10A** Value Participant Loans | 03/30/11 | **Updated** link to TP 58.3A Determine Unpaid Loan Balance at Date of Plan Termination and Notify Borrower. |
| | 01/30/09 | **Revised** to reference TP 58: Plan Loans and Other Distributions, and indicate that unpaid loan balances at DOPT are to be included as a plan asset. |
| **Process 15.10B** Value Due and Unpaid Employer Contributions | 08/30/11 | **Revised** to correct the example for calculating the Valuation DUEC in step 4. |
| | 11/29/10 | **Revised** to replace the term (and steps concerning) Final DUEC with Recoverable DUEC; and to clarify the formula for determining the Valuation DUEC. |
| **Process 15.11B** Calculate Interest Accruals for Securities | 03/27/09 | **Revised** to clarify calculation of semiannual interest amount. |
| **Process 15.13** Prepare Plan Asset Evaluation Report | 08/30/11 | **Renamed and revised** in entirety to include steps for completing the Form 1108. |
| **Process 15.13** Prepare Plan Asset Audit Report | 11/29/10 | **Revised** to remove obsolete reference to the Unpaid Minimum Funding Contributions and Unfunded Benefits (M&R) DUEC Valuation. |
| **Process 15.14** Reconcile Plan Assets with FOD/IAB | 08/30/11 | **Renamed and revised** in entirety to consolidate previous 15.14A, 15.14B, and Form 1108 Reconciliation Process Interim Procedure; and to move to Process 15.13 steps for completing the Form 1108. |
| **Process 15.14** Reconcile Valuation Plan Assets | 03/30/11 | **Added** cross-reference to new Form 1108 Reconciliation Process Interim Procedure. |
| | 11/29/10 | **Revised** to remove references to interim procedures, and to reflect the consolidation of the subsections. |
| | 11/02/09 | **Added** reference to new *Controlled Groups, Recovery Valuations, Net Worth Audits, and Plan Asset Audits Interim Guidance*. |
| | 12/19/08 | **Revised** to reflect revised routing of Form 1108 (F or S); that meetings will occur between BAPD Auditor and FOD Trust Accountant to reconcile asset amounts; and required sign-offs. |
| **Process 15.14A** Reconcile Plan Assets: SPDRR Plans | 11/29/10 | **Renamed and revised** to merge with previous Process 15.14B Reconcile Plan Assets: SPDRR Plans with Zero DUEC. |
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| **Process 15.14A** Reconcile Plan Assets: SPDRR Plans with DUEC Greater than Zero | 08/23/10 | **Revised** to note that if a Form 1108 is revised after being finalized by FOD, to indicate this on the form, and to number any subsequent revisions. |
| **Process 15.14B** Reconcile Plan Assets: Non-SPDRR Plans | 11/29/10 | **Renumbered** from 15.14C, since previous Process 15.14B Reconcile Plan Assets: SPDRR Plans with Zero DUEC was merged with 15.14A. |
| **Process 15.14B** Reconcile Plan Assets: SPDRR Plans with Zero DUEC | 08/23/10 | **Revised** to note that if a Form 1108 is revised after being finalized by FOD, to indicate this on the form and to number any subsequent revisions. |
| **Process 15.14C** Reconcile Plan Assets: Non-SPDRR Plans | 08/23/10 | **Revised** to note that if a Form 1108 is revised after being finalized by FOD, to indicate this on the form and to number any subsequent revisions. |
| **Process 15.15** Forms, Letters, Memos | 11/29/10 | **Added:**<br>*Form 1108 Plan Asset Reconciliation*<br>**Removed:**<br>*Form 1108F Plan Asset Reconciliation - Final*<br>*Form 1108S Plan Asset Reconciliation - SPDRR*<br>*Plan Asset Audit DOPT Valuation Worksheets – Sample* |
| | 10/31/08 | **Renamed:**<br>• Plan Asset Audits DOPT Valuation Worksheet (Sample) *(SamplePAAValuationWorksheets.xls)*<br>**Revised:**<br>• Departmental Notification Memo *(NotificationMemo.doc)*<br>• Plan Asset Audit DOPT Valuation Worksheets *(PAAValuationWorksheets.xls)*<br>• Plan Asset Audit DOPT Valuation Worksheets – Sample *(SamplePAAValuationWorksheets.xls)*<br>• Plan Asset Audit Report *(PAAReport.doc)*<br>• Risk Assessment for Fiduciary Breach and/or Conflict of Interest for Plan Asset Audit *(PAARiskAssess.doc)* |

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## Processes 16–17 (2006-2011)

**11/20/2015**

**Processes 16–17 Table (2006-2011)**

| Process | Date | Change |
|---|---|---|
| **Process 16** Recovery Valuation and Allocation | 11/29/10 | **Removed** from the manual. |
| | 12/19/08 | **Recategorized** under Audit Processes (previously under Valuation Processes). No content changes. |
| | 11/30/07 | **Renamed and revised** entire section. |
| **Process 16** Value Recoveries and Allocate to Claims | 07/28/06 | **Revised** Workflow. |
| **Process 16** Overview | 11/02/09 | **Added** reference to new *Controlled Groups, Recovery Valuations, Net Worth Audits, and Plan Asset Audits Interim Guidance*. |
| **Process 16.1** Determine Status of Recoveries | 11/02/09 | **Added** reference to new *Controlled Groups, Recovery Valuations, Net Worth Audits, and Plan Asset Audits Interim Guidance*. |
| **Process 16.6** Prepare Recovery Valuation and Allocation Memorandum | 09/12/08 | **Revised** to change UBL threshold to $25 million for (and further clarify definition of) RVG cases, and to update policy reference. |
| **Process 17** Actuarial Valuation | 03/30/11 | **Re-titled and revised** in entirety. |
| **Process 17** Actuarial Valuation Report & Software | 01/15/10 | **Renamed** from Prepare Actuarial Valuation Report & Software. |
| **Process 17** Prepare Actuarial Case Report & Software | 07/28/06 | **Revised** Workflow. |
| **Process 17.1** Reconcile Participant Database | 08/23/10 | **Revised** to remove the step to send the Reconciled Participant Database to the OASD Services mailbox to request conversion to valuation data. |
| | 05/30/08 | **Revised** to indicate "OASD Services" replaces previous mailbox used in procedure. |
| | 05/30/08 | **Revised** reference to ACT Home Page. |
| **Process 17.2** Convert Participant Database to an ACT Database | 05/30/08 | **Revised** reference to ACT Home Page. |
| **Process 17.4** Determine Plan 4022(c) Amount | 07/11/08 | **Revised** to remove references to pre-termination processes, and clarify the reference to PPA is to the act of 1987. |
| **Process 17.8** Finalize Actuarial Case Report Package & Review | 09/25/09 | **Added** reference to TP 16 for instructions on imaging to the plan file. |
| | 05/30/08 | **Revised** reference to ACT Home Page. |
| **Process 17.9** Perform Final Software Review | 09/12/08 | **Removed** reference to Novell Delivered Applications. |
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| | 05/30/08 | **Revised** reference to ACT Home Page. |
| **Process 17.10** Perform Software Closeout (OASD) | 09/12/08 | **Removed** reference to Novell Delivered Applications. |
| **Process 17.11** Close Out Software (OASD) | 05/30/08 | **Revised** reference to ACT Home Page. |
| **Process 17.13** Reconcile PRISM & Archived databases | 09/28/07 | **Replaced** reference to CMS/PRISM with CMS/Genesis. |

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## Processes 18–20 (2006-2011)

**11/20/2015**

**Processes 18–20 Table (2006-2011)**

| Process | Date | Change |
|---|---|---|
| **Process 18** Identify Types of BDLs for Case | 03/31/06 | **Removed** from the manual since this process is obsolete. Space reserved for future use. |
| **Process 19** Benefit Determination Letters | 07/28/06 | **Revised** Workflow. |
| | 03/31/06 | **Renamed** from Issue BDLs and Make Adjustments to Payments. |
| **Process 19** Overview for Benefit Determination Letters | 09/28/07 | **Added** information about and link to new optional *Letter Authorization Checklist (LetterAuthCklist.doc)*. |
| | 03/30/07 | **Added** cross-reference to new cash balance procedures. |
| | 10/27/06 | **Revised** to mention Mid-Valuation BDLs. |
| | 03/31/06 | **Revised** in entirety. |
| **Process 19** Workflow | 01/31/08 | **Revised** to include Process 19.7: Mid-Valuation Benefit Determination Letters in Workflow. |
| | 06/30/06 | **Revised** to reflect new title for Process 20: Appeals Correspondence. |
| | 03/31/06 | **Revised** to reflect renamed processes. |
| **Process 19** Issue BDLs & Make Adjustments to Payments - Overview | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| **Process 19.1** Create Early BDL Database and Issue Early BDLs | 11/29/11 | **Revised** to add participants receiving disability benefits to list of participants not to receive an early BDL. |
| | 03/26/10 | **Revised** to indicate that benefit statements are not required for participants put into pay status by the plan administrator after DOPT and before DOTR, who should receive a 400-series BDL. |
| | 05/30/08 | **Revised** to refer to majority as well as substantial owners (per PPA 2006). |
| | 01/31/08 | **Revised** to reference new ValPatch procedures instead of ValPatch Overview Page. |
| | 09/28/07 | **Added** information about and link to new optional *Letter Authorization Checklist (LetterAuthCklist.doc)*. |
| | 10/27/06 | **Revised** to mention Mid-Valuation BDLs; clarify that actuary reviews benefits in pay status but does not recalculate them; and clarify that all supporting documents are to be imaged with Early BDL Audit Report. |

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| **Process 19.2** Review Actuarial Case Report and Issue BDLs | 11/29/11 | **Revised** to list which eALG series BDLs are to be sent to participants subject to continuous eligibility monitoring; to add step for FBA Management to refer to new Process 19.8 Maintain BDL Review File for Large Plan; and for miscellaneous edits. |
| | 08/30/11 | **Revised** to clarify that work begins upon notification that the ACR is complete (not upon receipt of the report as previously stated). |
| | 03/30/11 | **Revised** to add references to *Benefit Determination Letter Templates* job aid and remove BDL chart in procedure. |
| | 11/29/10 | **Revised** to remove reference to PACS Help. |
| | 03/26/10 | **Revised** to indicate that benefit statements are not required for participants put into pay status by the plan administrator after DOPT and before DOTR, who should receive a 400-series BDL; and to specify the 401 BDL is for participants put into pay status by PBGC. |
| | 11/02/09 | **Revised** to reference Policies 5.8-1 and 5.4-10, and to procedures TP 6: Recover Overpayments and TP 7: Recoup Overpayments. |
| | 08/28/09 | **Added** reference to USERRA Interim Procedures. |
| | 09/28/07 | **Added** information about and link to new optional *Letter Authorization Checklist (LetterAuthCklist.doc)*. |
| | 03/30/07 | **Added** cross-reference to new cash balance procedures. |
| | 02/28/07 | **Revised** to indicate that benefit adjustments, must be made no late than 90 days after expiration of appeals date, and benefits must be in the guaranteed pay source by then. |
| | 03/31/06 | **Renamed** section and revised in entirety. |
| **Process 19.3** Determine Net Overpayment/Underpayment for Annuities | 11/29/11 | **Revised** to clarify that overpayments made to beneficiaries of period certain benefits are written off if the beneficiary was not notified of the payment end date. |
| | 11/29/10 | **Revised** to indicate that customers may receive monthly benefit payments of any dollar amount upon request, which may be documented in CRM (no form is needed); to add information about using the Batch PACS process for a large number of customers; and to reference the OASD Service Catalog. |
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| | 10/01/10 | **Revised** to clarify the period to be covered by the PACS calculation; to add information about the $5 rule; and to update references to policies and to PACS Help. |
| | 11/02/09 | **Revised** to reference Policy 6.4-3, and remove requirement to complete write-off memo to file where payee is advised by BDL; and misc. edits. |
| | 09/28/07 | **Revised** with updated recoupment-recovery Policy reference (6.4-1); to eliminate *de minimis* recoupment waiver for plans trusteed after 8/22/07; and to replace PRISM Benefits with Spectrum. |
| | 01/30/07 | **Revised** with instructions on using PACS, and on selecting BDL when there is both an overpayment and an underpayment. Also added new policy references. |
| | 03/31/06 | **Revised** in entirety. |
| **Process 19.4** Determine Net Overpayment/Underpayment for Lump Sums | 08/30/11 | **Revised** to reflect current process by which users issue participants with overpayments a 403-series BDL and follow up according to TP 6.1A. |
| | 11/29/10 | **Revised** to add information about using the Batch PACS process for a large number of customers, and to reference the OASD Service Catalog. |
| | 10/01/10 | **Revised** to update references to policies and to PACS Help. |
| | 11/02/09 | **Revised** to remove requirement to complete write-off memo to file where payee is advised by BDL. |
| | 12/19/08 | **Revised** with new title of Benefit Recovery Coordinator (formerly Recovery Coordinator). |
| | 09/28/07 | **Revised** with updated recoupment-recovery Policy reference (6.4-1). |
| | 01/30/07 | **Added** new policy reference. |
| | 03/31/06 | **Revised** in entirety. |
| **Process 19.5** Issue Corrected or Revised Benefit Determination Letter | 09/28/07 | **Added** information about and link to new optional Letter Authorization Checklist (LetterAuthCklist.doc). |
| | 08/31/07 | **Revised** policy reference. |
| | 06/30/06 | **Revised** to reflect new title of Policy 5.8-1 Benefit Changes and to remove reference to obsolete Policy Bulletin 96-3. |
| **Process 19.6** Issue Limited-Scope BDLs | 09/28/07 | **Added** information about and link to new optional *Letter Authorization Checklist (LetterAuthCklist.doc)*. |
| **Process 19.7** Mid-Valuation Benefit | 11/29/11 | **Revised** to remove Ariel processing |

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| Determination Letters | | steps. |
| | 07/25/08 | **Revised** to indicate "OASD Services" replaces previous mailbox used in procedure. |
| | 01/31/08 | **Revised** to reference new ValPatch procedures instead of ValPatch Overview Page. |
| | 09/28/07 | **Added** information about and link to new optional Letter Authorization Checklist (LetterAuthCklist.doc). |
| | 10/27/06 | **New** procedure. |
| **Process 19.8** Maintain BDL Review File for Large Plan | 11/29/11 | **Added** new section to manual, which replaces the interim procedures issued by e-mail on 09/02/11. |
| **Process 19.8** Forms, Letters, Memos | 03/30/11 | **Added** link to Benefit Determination Letter Templates. |
| | 05/29/09 | **Revised** to reflect form name and/or usage changes. |
| | 09/28/07 | **Added** *Letter Authorization Checklist (LetterAuthCklist.doc)* |
| | 10/27/06 | **Added:**<br>*Ariel Mid-Valuation BDL Checklist (MidValBDLck.doc)*<br>*Mid-Valuation BDLs Memo (MidValBDLmemo.doc)*<br>*Mid-Valuation BDLs Report (MidValBDLrept.doc)* |
| | 07/28/06 | **Revised** Overview to reflect that appeals correspondence is now tracked in CRM rather than SCoRe. |
| | 03/31/06 | **Revised** to specify that BAPD does not implement benefit decreases (rather than changes in general) when a BDL is appealed. |
| **Process 19.9** Resources for Benefit Determination Letters | 11/29/11 | **Revised and renamed** as part of global edit, and renumbered.<br>**Removed** *Ariel Mid-Valuation Checklist*. |
| **Process 20** Workflow | 07/28/06 | **Revised** Workflow. |
| | 06/30/06 | **Revised** to reflect new title for Process 20: Appeals Correspondence. |
| **Process 20** Respond to Appeals Notice and PEAD Referrals (renamed) | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| **Process 20** Overview for Appeals Correspondence | 08/30/11 | **Revised** to correct name of RFA correspondence from "Routed" to "Referred." |
| **Process 20.1** Respond to Acknowledgment of Appeal or Extension Request | 12/19/08 | **Revised** with new title of Benefit Recovery Coordinator (formerly Recovery Coordinator). |
| | 09/28/07 | **Replaced** reference to PRISM with |

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| | | Spectrum. |
| | 08/31/07 | **Revised** to mention new appeals forms 723 and 724. |
| | 05/31/07 | **Revised** to remove requirement that PEAD be consulted about actions while an appeal is pending, and that lump sums be paid only after ERD; and to add a reference to Spectrum. |
| | 03/30/07 | **Revised** to clarify that applications must be made complete within 90 days of date of PBGC's request. |
| | 07/28/06 | **Revised** to reflect that appeals correspondence is now tracked in CRM rather than SCoRe. |
| **Process 20.1** Respond to PEAD Acknowledgment of Appeal or Extension Request | 03/31/06 | **Revised** to update policy reference, and indicate that benefit increases can be made if an appeal is received. |
| **Process 20.2** Respond to Appeal Closing Memo | 11/29/10 | **Revised** with updated policy reference. |
| | 10/01/10 | **Revised** with updated policy reference. |
| | 08/23/10 | **Removed** steps for handling similarly situated participants, which is now covered in a separate section (Process 20.5). |
| | 11/02/09 | **Revised** to indicate that changes to the benefit should be made upon receipt of the appeal decision, without regard for providing notice to the payee. |
| | 12/19/08 | **Revised** with new title of Benefit Recovery Coordinator (formerly Recovery Coordinator). |
| | 10/26/07 | **Removed** duplicative note regarding the effect of appeals on de minimis overpayments; **added** reference to Policy 6.4-1. |
| | 08/31/07 | **Revised** to indicate that payment actions in Spectrum must be effective within 90 days, rather than taken within 30 days, of the appeal closing memo. |
| | 07/28/06 | Revised to reflect that appeals correspondence is now tracked in CRM rather than SCoRe. |
| **Process 20.3** Respond to Appeals Division Referral | 11/02/09 | **Revised** to direct follow-up with the appellant if the response will take longer than 45 days and to keep following up as needed. |
| | 12/19/08 | **Revised** with new title of Benefit Recovery Coordinator (formerly Recovery Coordinator). |
| | 07/25/08 | **Revised** to indicate recipients of eALG 532 and 533 letters have an additional 45 days to appeal (previously 30). |
| **Process 20.5** Act on Notice of Similarly Situated Participants | 08/23/10 | **Added** new section. |

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| **Process 20.6** Forms, Letters, Memos | 08/23/10 | **Renumbered** section from 20.5 and standardized list according to current document naming conventions.<br>**Added:**<br>*Similarly Situated Participants Memo* |

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## Processes 21–23 (2006-2011)

**11/20/2015**

**Processes 21–24 Table (2006-2011)**

| Process | Date | Change |
|---|---|---|
| **Case Closure Processes (21-23): Introduction** | 06/26/09 | **Revised** to reflect removal of Process 23: Transfer Plan to Ongoing Administrator. |
| **Process 21** Plan Closing | 01/15/10 | **Renamed** from Close Plan. |
| **Process 21** Close Plan | 06/26/09 | **Revised** in entirety. |
| **Process 21** Close Plan, Workflow | 07/28/06 | **Revised** Workflow. |
| **Process 21.1** Correct Plan Closing Report Errors | 11/29/11 | **Revised** to indicate that payees receiving disability or disability-based benefits are to be covered in the *Plan Completion Memo*. |
| | 08/23/10 | **Revised** to add reference to OASD Service Catalog. |
| **Process 21.1** Request Online Plan Closing Report | 07/25/08 | **Revised** to indicate "OASD Services" replaces previous mailbox used in procedure. |
| **Process 21.4** Check Completeness of Participant Records | 03/30/11 | **Replaced** "death certificate" with "Proof of Death." |
| | 11/29/10 | **Revised** with updated policy reference and to reference new customer coding guidance on the Spectrum Home page. |
| | 10/01/10 | **Revised** with updated policy reference. |
| **Process 21.4** Prepare Plan History | 05/30/08 | **Revised** to refer to majority as well as substantial owners (per PPA 2006). |
| | 11/29/11 | **Revised** to indicate that information on Late Retirement, Disability Provisions, Benefit Freeze Date, and other unusual administration issues are to be covered in the *Plan Completion Memo*. |
| **Process 21.6** Verify Plan File | 11/29/10 | **Revised** to remove references to Controlled Group and Net Worth Audit. |
| **Process 21.6** Check Completeness of Participant Files/Records on IPS, PRISM and CRM | 09/28/07 | **Revised** with updated recoupment-recovery policy reference (6.4-1). |
| | 01/30/07 | **Added** new policy reference. |
| **Process 21.8** Correct IPVFB Critical Errors | 08/23/10 | **Revised** to remove obsolete step to contact OASD if an error cannot be corrected in Spectrum. |
| **Process 21.9** Assemble and Submit Plan Completion Memo | 08/30/11 | **Revised** to update term "ongoing administration" to "post-valuation administration." |
| **Process 21.10** Forms, Letters, Memos | 03/26/10 | **Removed** *Quality Review Check Sheet* (not used in this process). |
| **Process 22** Closed Plan Review | 01/15/10 | **Renamed** from Review Closed Plan. |
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| **Process 22** Review Closed Plan | 06/26/09 | **Revised** in entirety. |
| | 07/28/06 | **Revised** Workflow. |
| | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| **Process 22** Overview for Closed Plan Review | 08/30/11 | **Revised** to update term "ongoing administration" to "post-valuation administration." |
| **Process 22.2** Review Closed Plan | 08/30/11 | **Revised** to update term "ongoing administration" to "post-valuation administration." |
| | 11/29/10 | **Revised** with new step to verify customers are coded in accordance with guidance on the Spectrum Home page. |
| | 10/01/10 | **Revised** with updated policy reference. |
| | 03/26/10 | **Added** new step for RSD/PSB to image the Plan Completion Package to the plan file, which is subject to review by RSD. |
| | 10/26/07 | **Revised** to replace reference to Val/IDL with Spectrum. |
| | 10/28/07 | **Revised** with updated recoupment-recovery policy reference (6.4-1). |
| | 01/30/07 | **Added** new policy reference; revised to list Proof of Marriage instead of Marriage Certificate. |
| **Process 23** Transfer Plan to Ongoing Administration | 06/26/09 | **Removed** section. These steps are now included in Process 22. |
| | 09/29/06 | **Revised** Workflow. |
| **Process 23.1** Transfer Administrative Responsibility for Plan | 07/27/07 | **Revised** to remove step to notify participants by letter when a plan is referred to ongoing administration. |
| | 11/30/06 | **Revised** to clarify that open questions are to be annotated in an e-mail or memo rather than the Participant File Inventory. |
| | 05/26/06 | **Added** new step to create plan-specific web announcement for transfer to ongoing administration. |
| | 07/11/97 | **Added** note clarifying that imaged participant files may be more complete than paper participant files |
| **Process 23.2** Forms, Letters, Memos | 07/27/07 | **Removed** FBA Introduction letter (eALG FBA 1, FBA2) |

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# Technical Procedures 1–10 (2006-2011)

**11/20/2015**

**Technical Procedures 1–10 Table (2006-2011)**

| Technical Procedure | Date | Change |
|---|---|---|
| **TP 1** Identify Controlled Group | 11/29/10 | **Revised** throughout to remove references to previous interim procedures, and to state that these procedures are to be used only if not completed by DISC. |
| | 09/29/06 | **Revised** Workflow. |
| **TP 1** Overview | 11/02/09 | **Added** reference to new *Controlled Groups, Recovery Valuations, Net Worth Audits, and Plan Asset Audits Interim Guidance*. |
| **TP 1.1** Gather Documents and Identify Owners | 11/02/09 | **Added** reference to new *Controlled Groups, Recovery Valuations, Net Worth Audits, and Plan Asset Audits Interim Guidance*. |
| **TP 2** Identify Ability to Fund Plan | 11/29/10 | **Revised** throughout to note that these procedures are to be used only if not completed by DISC. |
| **TP 4** Process Address Changes | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| **TP 4** Process Address Changes - Overview | 05/31/07 | **Revised** to indicate a verification letter is automatically generated to the customer when an address is changed using CRM; misc. edits. |
| **TP 4.1** Make Address Changes | 05/31/07 | **Revised** to indicate a verification letter is auto-generated when an address is changed through CRM, thus an acknowledgment letter is not necessary. References to changing addresses using PRISM removed. |
| **TP 4.1** Action Steps Make Address Changes | 04/24/09 | **Added** reference to TGBR Web site as source for bank information. |
| **TP 4.1A** Make Address Changes | 05/29/09 | **Added** reference to the new TGBR Job Aid. |
| **TP 4.2** Update Participant Addresses | 05/29/09 | **Added** reference to the new TGBR Job Aid. |
| | 04/24/09 | **Reformatted and revised** to remove statements that initial EDD payments are pre-noted; added reference to TGBR Web site as source for bank information; updated policy and procedure references; misc. edits. |
| | 09/28/07 | **Replaced** reference to PRISM with Spectrum; added reference to Spectrum User Guide. |
| | 05/31/07 | **Revised** to indicate a verification letter is auto-generated when an address is changed through CRM, thus an |

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| | | acknowledgment letter is not necessary. References to changing addresses using PRISM removed. Updated title of eALG 530. |
| **TP 4.3** Forms, Letters, Memos | 05/31/07 | **Added**<br>• eALG 530 Request for Additional Documentation/Information<br>• eALG 531 Receipt of Complete Documentation/Information |
| **TP 5** Death Processing | 03/26/10 | **Retitled and revised** all sections in entirety. |
| **TP 5** Process Deaths | 09/29/06 | **Revised** Workflow. |
| | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| **TP 5** Process Deaths - Overview | 10/26/07 | **Replaced** references to DeathMatch program with Death Processing program. |
| **TP 5** Process Deaths - Workflow | 10/26/07 | **Revised** to reflect new TP 5.3 Respond to Death Processing Program Service Requests. |
| **TP 5.1** Process Death Notification by Telephone or Mail | 11/02/09 | **Revised** table to reference eCARFs and remove directions for manual CARFs; added step for proceeding according to whether there is an overpayment. |
| | 05/31/07 | **Revised** to indicate new titles of eALG 530 and 531 letters; misc. edits. |
| **TP 5.2** Determine Action on Returned Benefit Checks | 11/02/09 | **Added** reference to TP 6 Recover Overpayments. |
| | 10/26/07 | **Removed** reference to Deathmatch procedures. |
| **TP 5.3** Respond to Death Processing Program Service Requests | 09/26/08 | **Revised** to indicate that the Death Processing program is now run the day before the final transmission to SSC. |
| | 10/26/07 | **New** section replaces TP 5.3 Use Deathmatch Program to Verify Deaths. |
| **TP 5.3A** Date of Death Loaded and Status Change to 7 - Deceased | 11/02/09 | **Added** reference to TP 6: Recover Overpayments. |
| **TP 5.4** Determine Benefits Due Survivor, Beneficiary or Estate | 01/31/08 | **Revised** with updated policy references; clarifications on handling QJSAs; links to new QJSA and FSSB guidance documents; misc. edits. |
| | 11/30/07 | **Revised** Note to correct IRC reference to 1274 (instead of 1247). |
| | 10/26/07 | **Removed** statement regarding temporary benefit suspension for surviving spouses to repay overpayments; minor edits to action steps for clarification. |
| | 01/30/07 | **Added** new policy reference. |
| | 10/27/06 | **Revised** to reflect updated QPSA policy (5.7-2). |
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| **TP 5.4A** Determine whether Continuing Benefits are Due | 08/23/10 | **Revised** to clarify language throughout, including on how to proceed when the participant's benefit would have been in pay if not for administrative delay. |
| **TP 5.5** Fix Record After Incorrect Death Entry | 10/31/08 | **Reformatted and revised** to remove references to Data Correction Team, and to direct users |
| **TP 5.5A** Determine Eligibility for Preretirement Survivor Annuities | 08/23/10 | **Revised** to clarify language on how to proceed when the participant's benefit would have been in pay if not for administrative delay. |
| **TP 5.6** Determine Post-Death Payments Designee | 01/30/07 | **Added** new policy reference. |
| | 03/31/06 | **Revised** to include new eALG letters to send to potential designees and new PBGC Payments Owed Deceased Payee Determination Form (decdpayeedet.doc) for staff to complete for all deaths that occur on and after 06/01/2002. |
| **TP 5.7** Forms, Letters, Memos | 10/26/07 | **Added:**<br>• CRM 555 Death Match Letter |
| | 05/31/07 | **Revised:**<br>• eALG 530 Request for Additional Documentation/Information<br>**Added:**<br>• eALG 531 Receipt of Complete Documentation/Information |
| | 03/31/06 | • **Added** new *PBGC Payments Owed Deceased Payee Determination Form (decdpayeedet.doc)*. |
| **TP 5.7A** Determine Beneficiary when Date of Death is on or after June 1, 2002 | 11/29/10 | **Revised** with the revised and retitled form used to document the determination, and to clarify steps on completing and imaging the form. |
| **TP 5.7B** Determine Beneficiary when Date of Death is before June 1, 2002 | 11/29/10 | **Revised** with new steps to complete and image the new determination form. |
| **TP 6.1** Determine Overpayment | 02/29/08 | **Revised** to indicate that the PACS sheet comments section should indicate "Recovery". |
| **TP 6.1** Determine Overpayment Amount and Debtor | 09/05/07 | **Revised** to indicate that PBGC does not seek to recover overpayments in instances where the PBGC notified the debtor more than six years prior. |
| **TP 6.1A** Recovery Due to Benefit Determination Letter | 03/30/11 | **Updated** lockbox address noted on checks mailed to FOD. |
| | 10/01/10 | **Revised** with new step on resending a BDL returned for bad address, and to note that correspondence may be assigned to the Recovery Team in CRM. |
| | 08/23/10 | **Revised** to indicate that Form 718 is only to be mailed by RSD, that TPDs/FBAs are not to acknowledge receipt of payments or a completed 718, |

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| | | and to emphasize that the *Recovery Referral Memo* is to be imaged to the debtor's file. |
| **TP 6.1B** Recovery Due to Death | 03/30/11 | **Updated** lockbox address noted on checks mailed to FOD. |
| | 10/01/10 | **Revised** to note that correspondence may be assigned to the Recovery Team in CRM. |
| | 08/23/10 | **Revised** to indicate that Form 718 is only to be mailed by RSD, and that TPDs/FBAs are not to acknowledge receipt of payments or a completed 718. |
| **TP 6.2B** Initiate Indemnification Request | 03/30/11 | **Revised** to indicate the procedure may also be used for ACH payments posted to the wrong account and to clarify how to obtain a bank's fax number. |
| **TP 6.3B** Process Hardship Requests | 08/23/10 | **Revised** to indicate that if the case involves a debt of less than $10,000 and there was sufficient information more than three years ago for PBGC to pursue the case, but no one did, the debt is to be written off in accordance with OGC guidance. |
| **TP 6.3C** Use Subpoena to Identify ACH Payment Recipient | 11/29/10 | **Revised** to indicate which first demand letter to send in recovery cases not involving a BDL or death. |
| **TP 6.3D** Process Estates, Trusts, and Other Legal Entities | 08/23/10 | **Revised** to indicate that if the case involves a debt of less than $10,000 and there was sufficient information more than three years ago for PBGC to pursue the case, but no one did, the debt is to be written off in accordance with OGC guidance. |
| **TP 6.3E** Process Installment Payment Requests | 10/01/10 | **Revised** to clarify steps to follow after the installment payment agreement is sent. |
| **TP 6.4** Forms, Letters, Memos | 10/01/10 | **Added**<br>*eALG 540 Cover Letter to send with copy of BDL* |
| | 03/26/10 | **Revised** list to reflect all forms referenced in TP 6. |
| **TP 6.4** Forms, Letters, Memos, etc. | 08/25/06 | **Revised** to remove reference to eALG 515 and to update names of letters 504 and 505. |
| **TP 6.5** Forms, Letters, Memos | 02/29/08 | **Revised:**<br>• LOI.dot<br>• LOI Instructions.doc |
| **TP 7** Recoupment and Administrative Correction | 10/01/10 | **Renamed and revised** in entirety. |
| **TP 7** Recoup Overpayments | 09/05/07 | **Revised** throughout to reference new recoupment and recovery Policy (6.4-1). |
| **TP 7** Recoupment and Administrative | 11/29/10 | **Revised** to remove duplicative content. |

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| Correction - Overview | | |
| **TP 7** Recoup Overpayment: Overview | 03/27/09 | **Removed** paragraph stating that if a Revised BDL is issued, recoupment does not apply to the difference between the original and revised amounts. |
| **TP 7.1** Determine Overpayment Amount | 11/29/10 | **Revised** to consolidate steps to clarify processing, and to remove information already covered in TP 7.2 Effect Recoupment and Notify Payee. |
| **TP 7.1** Determine Net Overpayment | 10/26/07 | **Removed** statement that recoupment amounts less than $500 are waived. |
| | 09/05/07 | **Revised** to indicate when to recoup or waive overpayments per revised Policy 6.4-1. |
| | 08/31/07 | **Revised** policy reference. |
| **TP 7.1B** Determine Exceptions to the 10% Recoupment Reduction Limit | 11/29/11 | **Revised** to clarify which disability payees are subject to recoupment above the 10% cap. |
| **TP 7.2** Effect Recoupment and Notify Payee | 03/30/11 | **Updated** the lockbox addresses. |
| **TP 7.2** Identify Exceptions to 10% Reduction | 09/05/07 | **Revised** with language on 25% reduction when recouping overpayments due to working retirement situations. |
| **TP 7.3** Apply Administrative Correction to Benefit Overpayment | 11/29/10 | **Revised** to direct that overpayments due to duplicate checks are to be collected by suspending benefit payments (not by issuing stop payment orders); and that letters advising payees are to be sent as soon as practicable (instead of once the payment actions are approved). |
| **TP 7.4** Effect Recoupment and Notify Payee, if necessary | 10/26/07 | **Removed** reference to particular section in Policy 6.4-1; minor edits. |
| | 09/28/07 | **Replaced** reference to PRISM with Integrator. |
| **TP 7.5** Process 4022(c) Benefit where Title IV benefits are being recouped | 09/28/07 | **Replaced** reference to PRISM with Integrator. |
| **TP 7.6** Take Appropriate Action on Payee's Response | 05/31/07 | **Revised** to indicate eALG 531 is sent to acknowledge receipt of payment. |
| **TP 7.7** Forms Letters Memos | 08/23/10 | **Removed:**<br>*Check Action Request Form (CARF)* |
| | 05/31/07 | **Revised:**<br>eALG 530 Request for Additional Documentation/Information<br>**Added:**<br>eALG 531 Receipt of Complete Documentation/Information |
| **TP 8** Process Received/Returned Check | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| **TP 8** Overview for Process | 08/30/11 | **Revised** to remove information about |

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| Received/Returned Check | | checks being received by offices other than the FBA/PVAs, since the DMC would handle them and its process is to be covered in the BPB Manual. |
| **TP 8.1** Process Check | 08/30/11 | **Revised** to cover actions only for FBA/PVA offices if a check is received. |
| | 03/30/11 | **Updated** the lockbox addresses. |
| | 05/31/07 | **Revised** to indicate revised title of eALG 530 letter. |
| **TP 8.3** Forms Letters Memos | 05/31/07 | **Revised**<br><br>eALG 530 Request for Additional Documentation/Information |
| **TP 9** Balance/Reconcile Payments - Overview | 08/23/10 | **Revised** to replace reference to PRISM Balancer with Balancer. |
| **TP 9** Balance/ Reconcile Payments | 07/27/07 | **Revised** throughout for general clarifications, to reflect processing changes due to Spectrum, and to identify specific steps for TPDs and FBAs to resolve variances. |
| **TP 9.1** Resolve Payment Variances | 08/23/10 | **Revised** to replace PRISM with Spectrum where applicable, and eCARF with CARF. |
| | 09/28/07 | **Replaced** reference to PRISM with Spectrum. |
| **TP 9.2** Forms, Letters, Memos | 08/23/10 | **Removed**:<br><br>*Check Action Request Form (CARF)* |
| **TP 10** Income Verifications | 08/30/11 | **Added** new section to manual, replacing previous TP 10 Respond to Correspondence. |
| **TP 10** Respond to Correspondence | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| **TP 10.1** Respond to Income Verification Requests Received by TPD/PVA/FBA | 11/29/11 | **Revised** to clarify authorization that is needed from the participant. |
| **TP 10.3** Action Steps: Review Information and Take Action | 08/23/10 | **Revised** to reflect that the electronic Check Action Request Form (eCARF) has replaced the paper CARF. |
| **TP 10.6** Forms Letter Memos | 08/23/10 | **Removed:**<br><br>*Check Action Request Form (CARF)*<br><br>PBGC Directive IM 10-1 |

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## Technical Procedures 11–20 (2006-2011)

**11/20/2015**

**Technical Procedures 11–20 Table (2006-2011)**

| Technical Procedure | Date | Change |
|---|---|---|
| **TP 11** Trial Balance | 08/30/11 | **Revised** section throughout to reflect current processing, systems, reports, and to include PVAs as process owners where applicable. |
| | 09/29/06 | **Revised** workflow. |
| | 04/28/06 | **Renamed** from Perform Trial Balance. |
| **TP 11** Trial Balance - Overview | 03/26/10 | **Revised** to reflect current processing and miscellaneous edits. |
| | 04/28/06 | **Revised** to indicate that TPDs and FBAs are responsible for resolving variances; misc. edits. |
| **TP 11.1** Identify and Distribute Variances | 03/26/10 | **Revised** to reflect RSD's use of Oracle Server Account e-mail; to mention false positives; to reference the Variance POC table; and with miscellaneous edits. |
| | 04/28/06 | **Revised** with misc. edits. |
| **TP 11.2** Resolve Variances | 03/26/10 | **Revised** to instruct processing staff to deliver completed Variance Resolution and NFDE forms to their division's Variance Coordinator (instead of to RSD), who images them to IPS to create CRM service requests, and with other minor edits. |
| | 09/28/07 | **Replaced** reference to PRISM with Spectrum. |
| | 04/28/06 | **Revised** to indicate that payment forms 487, 490 and 491 are now processed using NFDE instead of manually; examples of completed forms removed as appropriate to reflect NFDE processing. |
| **TP 11.3** Forms, Letter, Memos, Etc. | 04/28/06 | **Removed** manual forms now available in NFDE and Trial Balance report examples. |
| **TP 12** Fraud and Forgery | 01/27/06 | **Renamed** from Deal with Fraud and Forgery. Removed sections dealing specifically with CARF processing. |
| **TP 12** Fraud and Forgery - Overview | 01/27/06 | **Rewritten** to emphasize that this section is used only when fraud is suspected based on an investigation into non-receipt of a benefit payment. |
| **TP 12** Fraud and Forgery -Workflow | 01/27/06 | **Revised** to reflect that existing sections TP 12.1: Initiate Check Action Request Form and TP 12.3: Stop Payment have been removed since these actions are covered elsewhere. |
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| **TP 12.1** Determine Fraud/Forgery | 01/27/06 | **Renumbered** and **retitled** from TP 12.2: Take Actions to Determine Fraud/Forgery. Revised to emphasize that this process follows investigation into non-receipt of benefit payment; adds new steps to record call in CRM in each section; page reformatted. |
| **TP 12.1A** Single Monthly Check - Determine Fraud/Forgery | 08/23/10 | **Revised** to specify whether the check is to be replaced through Spectrum along with a CARF, or through NFDE. |
| | 01/30/07 | **Updated** policy reference. |
| **TP 12.1B** Multiple Monthly Checks | 08/23/10 | **Revised** to specify whether the check is to be replaced through Spectrum along with a CARF, or through NFDE. |
| | 01/30/07 | **Updated** policy reference. |
| | 10/27/06 | **Revised** to clarify which parts of Form 200 are to be completed by BAPD, and which by OIG. |
| **TP 12.1C** Lump Sums, Special Checks – Determine Fraud/Forgery | 08/23/10 | **Revised** to specify whether the check is to be replaced through Spectrum along with a CARF, or through NFDE. |
| | 01/30/07 | **Updated** policy reference. |
| **TP 12.1C** Lump Sum, Special Checks | 10/27/06 | **Revised** to clarify which parts of Form 200 are to be completed by BAPD, and which by OIG. |
| **TP 12.2** Forms, Letters, Memos | 08/23/10 | **Revised** list according to current document naming conventions. |
| | 01/27/06 | **Renumbered** from TP 12.4. |
| **TP 13** Domestic Relations Orders and State Agency Orders | 08/30/11 | **Renamed and revised** in entirety. |
| **TP 13.1** Review Domestic Relations Order (DRO) | 03/26/10 | **Clarified** that the orders from state agencies are faxed only to the OCC QDRO POC via the OCC file room and not to OPSS as well. The fax cover sheet is also revised. |
| **TP 13.3** Make QDRO Payments | 11/29/10 | **Revised** to remove instructions to send an eALG 612 letter requesting full repayment if PBGC did not timely reduce a participant's benefit upon receipt of a DRO, causing an overpayment. |
| | 10/01/10 | **Revised** to indicate to contact OPSS if PBGC does not timely reduce a participant's benefit upon receipt of a DRO causing an overpayment. |
| | 03/26/10 | **Added** reference to Appendix R: 2 IRS Levies. |
| | 05/29/09 | **Revised** in entirety with additional information and clarifications on paying QDRO benefits. |
| | 09/28/07 | **Removed** sentence indicating the QDRO Escrow deduction field is not used to process a QDRO deduction. |
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| | 01/30/07 | **Updated** policy reference, and revised to indicate when to add interest. |
| | 02/24/06 | Misc. edits. |
| **TP 13.4** Make Qualified Domestic Relations Order Payments | 03/03/11 | **Added** reference to *Receiving Data on non-PBGC Sanctioned Media*. |
| | 07/31/09 | **Revised** to reflect replacement of Datahub with TP 59: Data Load Requests procedures. |
| **TP 13.5** Forms, Letters, Memos | 11/29/10 | **Removed:**<br>• eALG 612 Request for Repayment of Overpayment |
| | 05/31/07 | **Revised:**<br>• eALG 530 Request for Additional Documentation/Information |
| | 02/24/06 | **Revised** with new OCC fax cover sheet (QDOCCfax.doc); deleted OGC fax cover sheet (QDOGCfax.doc). |
| **TP 14.2** Plan Meeting(s) | 05/26/06 | **Added** step to create plan-specific web announcement for plan meeting. |
| | 03/31/06 | **Revised** to replace Meeting Letter (eALG 522) with Meeting Notification (eALG 114). |
| **TP 14.2B** Plan Participant Meeting | 08/23/10 | **Revised** to replace Office of the Executive Director (OED) with Office of the Director (OD). |
| **TP 14.3** Hold Meeting(s) | 03/30/11 | **Revised** to instruct user to ship files in compliance with guidance in *Receiving Data on non-PBGC Sanctioned Media*. |
| **TP 14.5** Forms, Letters, Memos | 05/26/06 | **New:**<br>*Webpage Participant Meeting Announcement (WebMtgAnn.doc)*. |
| | 03/31/06 | **Revised** to replace Meeting Letter (eALG 522) with Meeting Notification (eALG 114). |
| **TP 15** Prepare and Mail Letters - Overview | 09/28/07 | **Revised** with general edits to second paragraph for clarity. |
| **TP 15.1** Prepare and Mail Letter(s) | 09/28/07 | **Added** information about and link to new optional *Letter Authorization Checklist (LetterAuthCklist.doc)*. |
| **TP 15.2** Forms, Letters, Memos | 09/28/07 | **Added:**<br>*Letter Authorization Checklist (LetterAuthCklist.doc)* |
| **TP 16** Plan and Participant File Maintenance | 08/30/11 | **Revised** in entirety to include electronic importing of documents to plan and participant files, and to consolidate imaging procedures and guideline tables (including DMC's) formerly covered in TP 34 Request DMC Services. |
| **TP 16** Plan and Participant File Maintenance - Overview | 09/25/09 | **Revised** to mention the new import process for imaging to the plan file. |
| | | **Renamed, reformatted and revised** |

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| | 04/25/08 | in entirety to reflect new IPS indexing specifications and help file, users' ability to print bar code sheets, and to remove procedures for creating and maintaining paper files. |
| **TP 16.1** Maintain Plan File | 09/25/09 | **Revised** to mention the new import process for imaging to the plan file, with a link to the user guide describing the process. |
| **TP 16.2** Maintain Participant File | 08/23/10 | **Revised** the documents list to replace the *Check Action Request Form (CARF)* with the eCARF. |
| | 03/26/10 | **Replaced** references to OGC with OCC. |
| **TP 16.3** Forms, Letters, Memos, etc. | 09/25/09 | **Added** *IPS Import Request Form*. |
| **TP 16.3** Maintain Participant File | 09/29/06 | **Revised** to indicate that the GIF may be used in limited circumstances. |
| **TP 16.4** Forms, Letters, Memos | 09/29/06 | **Added:**<br>General Information Form (GIF)<br>Payee Information Form (PIF) |
| **TP 17** Policy and Processing Questions | 11/30/07 | **Renamed** section and **revised** in entirety. |
| **TP 19.1** Research Participant Entitlement Eligibility | 10/26/07 | **Revised** to replace reference to Val/IDL with Spectrum. |
| | 05/31/07 | **Revised** to indicate when to issue updated eALG 530 and 531 letters. |
| **TP 19.2** Forms, Letters & Memos | 05/31/07 | **Revised:**<br>• eALG 530 Request for Additional Documentation/Information **Added**<br>• eALG 531 Receipt of Complete Documentation/Information |
| **TP 20** Benefit Payments | 03/26/10 | **Retitled and revised** section in its entirety. |
| **TP 20** Form 700 Annuity Application Review Table | 08/23/10 | **Revised** to add reference to the *PBGC Benefit Form Elections Job Aid*. |
| **TP 20** Form 700 Participant Application for Pension Benefits Review Table | 11/29/11 | **Revised** to clarify that proof of marriage is required if the applicant is married (not only for certain benefit forms). |
| | 08/30/11 | **Revised** title to indicate form name, and revised table to reference new section TP 20.5I, and to note the exception on paying a QJSA when the only missing information is spousal consent. |
| **TP 20** Form 703 Application for Elective Lump-Sum Payment Review Table | 08/30/11 | **Revised** title to indicate form name, and revised table to reference new section TP 20.5I Payments to Minor Children. |
| **TP 20** Form 705 Annuity Application Review Table | 08/23/10 | **Revised** to indicate that *Form 705 Beneficiary Application for Pension Benefits* does not allow benefit form elections. |
| **TP 20** Form 705 Beneficiary Application for | 11/29/11 | **Revised** to clarify that proof of marriage |

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| Pension Benefits Review Table | | is required from a surviving spouse regardless of whether the participant was a pre-DOPT retiree. |
| | 08/30/11 | **Revised** title to indicate form name, and revised table to reference new section TP 20.5I Payments to Minor Children. |
| **TP 20** Form 706 Annuity Application Review Table | 08/23/10 | **Revised** to add reference to the *PBGC Benefit Form Elections Job Aid*. |
| **TP 20** Form 706 Beneficiary Application for Pension Benefits – OF Review Table | 08/30/11 | **Revised** title to indicate form name, and revised table to reference new section TP 20.5I Payments to Minor Children. |
| **TP 20** Form 720CD Application for Lump-Sum Payment Review Table | 08/30/11 | **Revised** title to indicate form name, and revised table to reference new section TP 20.5I Payments to Minor Children. |
| **TP 20** Put New Payee in Pay Status – Overview | 05/29/09 | **Revised** with misc. edits concerning benefit applications. |
| | 03/30/07 | **Added** cross-reference to new cash balance procedures. |
| | 01/30/07 | **Revised** to update term "large back payment" to "Large Reimbursement"; and to update policy reference. |
| | 09/29/06 | **Revised** to reflect that the COO (not the Executive Director) authorizes paying participants prior to trusteeship; removed statement that the CCC mails benefit applications. |
| | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| **TP 20** Unpaid Plan Application for Annuity Payments Review Table | 11/29/11 | **Revised** to clarify that proof of marriage is required if the applicant is married (not only for certain benefit forms). |
| **TP 20.1** Receipt and Review of Benefit Application Package (BAP) | 05/29/09 | **Added** reference to the new TGBR Job Aid. |
| | 04/24/09 | **Added** reference to TGBR Web site as source for bank information. |
| | 01/31/08 | **Reformatted and Revised** with updated policy references; clarifications on handling QJSAs; links to new QJSA and FSSB guidance documents; misc. edits. |
| | 05/31/07 | **Revised** with new titles of eALG 530 and 531 letters, and to clarify their use. |
| | 03/30/07 | **Revised** to clarify that application must be made complete within 90 days of date of PBGC's request. |
| | 01/30/07 | **Revised** to indicate that the participant and spouse's (if J&S waiver) signatures on the application must be within 180 days (from 90) of the annuity starting date. |
| | 09/29/06 | **Revised** to clarify that applications submitted incomplete must be made complete within 90 days (not six months) |

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| | | of original submission date. |
| **TP 20.1C** Act on Individual Eligible for Annuity | 08/23/10 | **Revised** to add reference to the *PBGC Benefit Form Elections Job Aid*, and to clarify processing for Alternate Payees and Other Beneficiaries. |
| **TP 20.3** Action Steps: Put in Pay Status | 01/30/07 | **Updated** policy reference. |
| **TP 20.3** Put in Pay Status | 09/25/09 | **Revised** to refer users to RSD/BPB for assistance in setting up rollovers to Roth IRAs. |
| | 06/26/09 | **Revised** with directions to update Spectrum with contingent annuitant data for payees receiving a J&S benefit form. |
| | 09/28/07 | **Replaced** reference to PRISM with Spectrum. |
| | 03/30/07 | **Added** cross-reference to new cash balance procedures. |
| | 09/29/06 | **Revised** with reminder to update PRISM with the Actual Benefit Form and J&S percentage, if applicable. |
| **TP 20.3A** Review Annuity Benefit Application | 03/30/11 | **Added** reference to TP 48.1 Process MyPBA Correspondence. |
| **TP 20.5C** Benefits Offsets | 11/29/11 | **Revised** to state that all Black Lung cases are to be referred to Ask OPSS. |
| **TP 20.5E** Spousal Consent | 10/01/10 | **Revised** with updated policy reference. |
| **TP 20.5I** Payments to Minor Children | 08/30/11 | **Added** new section to manual. |
| **TP 20.5J** Disability Benefits | 11/29/11 | **Revised** to clarify actions to take for a participant who is ineligible for disability benefits; to stress that the actuary is to be consulted; and to reference the new Notice of Disability Status Change Interim Procedures. |
| **TP 20.7** Forms, Letters, and Memos | 08/30/11 | **Added:**<br><br>*eALG 302DM Estimated Benefit – New Payee – Track 2 Plan and SSA Conditioned Retirement Benefit.*<br><br>*eALG 302DP Estimated Benefit – New Payee – Track 3 SSA and/or Plan Conditioned Disability Benefit*<br><br>*eALG 302DS Estimated Benefit – New Payee – Track 1 SSA Conditioned Disability Benefit* |

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## Technical Procedures 21–30 (2006-2011)

**11/20/2015**

**Technical Procedures 21–30 Table (2006-2011)**

| Technical Procedure | Date | Change |
|---|---|---|
| **TP 21** Overview for Change Benefit/Payment Amount | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| **TP 21 Overview:** Changes to the Net Payment | 08/30/11 | **Revised** to add reference to Appendix R and with general edits. |
| **TP 21** Changes to the Net Payment - Overview | 08/23/10 | **Revised** to replace PRISM with Spectrum. |
| **TP 21** Overview: Changes in Total Benefit (Gross Amount ) | 11/29/11 | **Revised** to include cessation of eligibility for disability benefits as a cause for changes to the gross amount. |
| | 01/30/07 | **Updated** policy reference. |
| | 06/30/06 | **Revised** to remove reference to obsolete Policy Bulletin 96-3. |
| **TP 21** Change Benefit /Payment Amount | 08/31/07 | **Revised** policy reference. |
| **TP 21.1** Identify Changes to Pay System | 08/30/11 | **Revised** to remove references to pay sources. |
| | 01/31/08 | **Revised** policy references. |
| | 09/28/07 | **Replaced** reference to PRISM with Spectrum. |
| | 01/30/07 | **Updated** policy reference. |
| **TP 21.2** Implement Change | 08/30/11 | **Revised** to remove references to pay sources and otherwise reflect current processing in Spectrum. |
| **TP 21.2** Implement Changes | 07/25/08 | **Updated** policy reference (6.6-2). |
| | 09/28/07 | **Replaced** reference to PRISM with Spectrum; added reference to Spectrum User Guide. |
| | 01/30/07 | **Revised** to indicate interest is added to checks for missed payments; revised policy reference. |
| **TP 22.1** Secure Records | 03/30/11 | **Revised** with reference to *Receiving Data on non-PBGC Sanctioned Media*. |
| **TP 23** Coordinate Large Cases | 08/23/10 | Replaced in entirety. |
| **TP 23** Coordinate Large Cases - Overview | 03/26/10 | **Revised** to remove reference to CFND and to replace references to FOD/Treasury Division with CID/Asset Control and Liquidation Group. |
| **TP 25** Small Plan Average Recovery Ratio and Small Plan DUEC Recovery Ratio | 03/28/08 | **Renamed** to reference SPDRR in title. |
| **TP 25:** Overview | 03/28/08 | **Revised** to include information on SPDRR, misc. edits. |

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| **TP 25.1** Determine the Small Plan Average Recovery Ratio | 03/28/08 | **Reformatted and revised** with additional information on the SPARR, misc. edits and clarifications. |
| **TP 25.1:** Determine the SPARR | 01/31/08 | **Revised** appendix reference. |
| **TP 25.2** Determine the Small Plan DUEC Recovery Ratio | 03/28/08 | **New** section added. |
| **TP 25.3** Forms, Letters, Memos | 03/28/08 | **Renumbered** section**; replaced** SPARR Notification Memo with SPARR and SPDRR Notification Memo. |
| **TP 26.4** Forms, Letters, Memos | 08/28/09 | **Revised** to update form names. |
| **TP 27** Personal Interest Conflict System (PICS) | 05/30/08 | **Reformatted** to apply normal numbering conventions. No content changes. |
| | 09/29/06 | **Retitled, reformatted and revised** with new section on PICS Benefits Administration. |
| **TP 27** Overview of Personal Interest Conflict System (PICS)<br>- Overview | 03/30/11 | **Revised** to mention *Conflict of Interest Statement and Notice of Recusal Form*, which defines who is covered under PICS. |
| | 03/26/10 | **Revised** to mention that PICS participant records are reviewed quarterly. |
| **TP 27.1** Run Federal Employees PICS Cross Match | 03/26/10 | **Revised** with miscellaneous edits and to apply standard formatting. |
| **TP 27.3** PICS Benefit Administration | 05/31/07 | **Revised** to remove reference to SCORE for obsolescence. |
| **TP 27.4** Query IPS and Update PICS Inventory Report | 03/26/10 | **Revised** with miscellaneous edits and to apply standard formatting. |
| **TP 27.5** PICS Benefit Administration | 03/26/10 | **Revised** with miscellaneous edits and to apply standard formatting, and to clarify the roles of the EBLS/PBA/FBA and the TPD or RSD Manager/Associate Division Manager. |
| **TP 27.6** Forms, Letters, Memos | 03/30/11 | **Added**<br>*Quarterly Contract Employee PICS Memorandum*<br>**Revised** title:<br>*Conflict of Interest Statement and Notice of Recusal Form* |
| | 03/26/10 | **Revised** to apply standard formatting and with miscellaneous edits. |
| **TP 28** Overview for Approve Financial & Non-Financial Transactions through Approval Service | 08/30/11 | **Revised** to reflect current processing in Spectrum and Approval Service. |
| **TP 28** Overview | 07/11/08 | **Revised** with misc. edits. |
| | 01/30/07 | **Replaced** references to PRISM Authorizer with Approval Service. |
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| **TP 28** Overview: Electronic Transactions that Require Approval | 08/30/11 | **Removed** since this information is covered in systems documentation. |
| **TP 28** Authorizable Electronic Transactions - Overview | 01/30/07 | **Revised** with reference to CRM. |
| **TP 28** Approval Levels Table - Overview | 08/23/10 | **Revised** to add the position titles PVA Project Manager and PVA Assistant Project Manager. |
| | 03/26/10 | **Replaced** references to PA (Pension Analyst) to EBLS (Employee Benefits Law Specialist). |
| **TP 28** Authorize Financial & Non-Financial Transactions through PRISM | 01/30/07 | **Renamed** process. |
| **TP 28** Overview: Authorization Levels Table | 01/30/09 | **Updated** with approval levels for 2009. |
| | 07/25/08 | **Revised** to add RSD as level 25 authorizer in table, and to note that the RSD Manager designates the grade level for transactions approved in RSD. |
| | 07/11/08 | **Revised** with new approval levels table and edits to reflect new level codes. |
| | 01/31/08 | **Revised** with 2008 annuity level thresholds for Levels 4 and 5. |
| | 11/30/06 | **Revised** with 2007 annuity limits for levels 4 and 5. |
| | 10/27/06 | **Revised** Level 2 to include grade 13 Pension Analysts. |
| **TP 28.1:** Initiate Electronic Transaction that Requires Approval | 07/11/08 | **Revised** to reflect new approval level codes and revised memo for level 50 transactions. |
| | 01/30/07 | **Replaced** reference to PRISM Observer with Approval Service. |
| **TP 28.2** Authorize or Reject Electronic Transaction | 07/11/08 | **Revised** with misc. edits. |
| **TP 28.3** Request Temporary Approver | 03/30/11 | **Revised** to instruct that, when scheduling an absence, the approver must prepare an e-mail to the Access and Approval Administrator at least three business days prior to the absence and to add a step for management to forward this request. |
| | 01/30/07 | **Renamed** subsection, and **revised** to remove references to PRISM where authorization is concerned. |
| **TP 28.4** Request Targeted Authorizer (Inclusions) | 07/11/08 | **Revised** to reflect new approval level codes. |
| | 01/30/07 | **Renamed** subsection, and **revised** to remove references to PRISM where authorization is concerned. |
| | | **Revised** to update list of approver |

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| **TP 28.5** Confirm Approvers/Levels | 08/30/11 | types, and reflect current processing and deadlines. |
| **TP 28.5:** Confirm Authorizers/Levels | 01/30/07 | **Renamed** subsection and **revised** to remove references to PRISM where authorization is concerned. |
| **TP 28.6** Forms, Letters, Memos | 07/11/08 | **Revised** *Level 5 Approval Memo as Level 50 Approval Memo*. |
| **TP 29** Off-Cycle Payments | 03/30/11 | **Revised** to note that off-cycle payments may also be requested for ACH payments to wrong accounts and for payees whose benefits had been suspended for non-receipt of the PIF. |
| **TP 29.2** Determine Need and Initiate Off-Cycle Payment Request | 03/30/11 | **Revised** to also cover ACH payments to the wrong account. |
| **TP 29.2** Review and Approve/Disapprove Request For Off-Cycle Payment | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| **TP 29.2** Review and Track Off-Cycle Payment Requests | 08/23/10 | **Retitled, reformatted, and revised** to replace PRISM with Spectrum, and to specify the MCD contact information and PLUS verification requirements. |
| | 04/28/06 | **Renamed** section; **revised** to reflect that NFDE processing replaces manual processing of forms, and to update weekly schedule. |
| **TP 29.2** Review Off-Cycle Payment Requests | 08/30/11 | **Revised** extensively to reflect BPB's current processing. |
| **TP 29.3** Track Off-Cycle Payment Requests | 04/28/06 | **Removed** section; remaining functions consolidated with TP 29.2. |
| **TP 29.3** Forms, Letters, Memos | 08/23/10 | **Added:**<br>*Off-Cycle Checklist* |
| | 04/28/06 | **Renumbered** from TP 29.4. |
| | 04/14/06 | **Revised:** *Off-Cycle Payment Request Memorandum (Offcyreq.doc)* |
| **TP 29.4** Forms, Letters, Memos | 01/17/06 | **Revised** Off-Cycle Payment Request (Offcycreq.doc) |
| **TP 30** Reconcile Funding | 08/30/11 | **Removed** from manual since the revised process is to be covered in the new BPB Manual. |
| | 08/23/10 | **Revised** to state that SSC posts the Funding Request Form to the BAPD Portal. |
| **TP 30.1** Reconcile Funding to SSC with Actual Payments | 08/23/10 | **Revised** to remove obsolete references to PRISM and to the *Check Action Request Form (CARF)*. |
| **TP 30.2** Forms, Letters, Memos | 05/02/06 | **Revised**<br>*RSD Funding Reconciliation Memo (Fundrec.doc)* |

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## Technical Procedures 31–40 (2006-2011)

**11/20/2015**

**Technical Procedures 31–40 Table (2006-2011)**

| Technical Procedure | Date | Change |
|---|---|---|
| **TP 31** Document Telephone Calls | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| **TP 31.3** CRM Call Records Guidelines | 08/23/10 | **Revised** to update steps on issuing replacement checks using the eCARF, and added step to check PLUS first. |
| **TP 32** Overview for Provide Estimated Benefit Calculations | 11/29/11 | **Revised** to remove Ariel processing references. |
| | 08/30/11 | **Revised** to mention new estimated benefit letters to be sent to disability payees to confirm payment amount and commencement date. |
| **TP 32** Provide Estimated Benefit Calculations Overview | 10/31/08 | **Revised** to indicate that participants in certain Ariel plans can generate estimated benefit statements using MyPBA. |
| | 03/30/07 | **Added** cross-reference to new cash balance procedures. |
| | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| **TP 32.1** Receive Request, Gather Initial Information | 08/30/11 | **Revised** to mention disability and military service as items to consider for the benefit calculation. |
| **TP 32.2** Determine and Provide Estimated Calculation | 05/30/08 | **Revised** to refer to majority as well as substantial owners (per PPA 2006). |
| | 03/30/07 | **Added** cross-reference to new cash balance procedures. |
| | 05/30/08 | **Revised** to refer to majority as well as substantial owners (per PPA 2006). |
| | 03/30/07 | **Added** cross-reference to new cash balance procedures. |
| **TP 32.2A** Use Estimated Benefit Calculation Tool | 08/28/09 | **Added** references to USERRA Interim Procedures. |
| **TP 33** Locate Customer Address | 08/30/11 | **Removed** section from manual; steps for locating participant addresses are consolidated into TP 4 Participant Addresses and EDD Elections. |
| | 05/29/09 | **Revised** to replace name of search tool ChoicePoint Verifier Search with LexisNexis Verifier. |
| | 07/25/08 | **Revised** to replace Participant Locator application with ChoicePoint Verifier Search. |
| | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| **TP 33** Locate Customer Address - | 11/29/10 | **Revised** name and link to LexisNexis |

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| Overview | | Web site used for locating participant addresses. |
| | 07/11/08 | **Revised** to remove references to pre-termination processes. |
| **TP 33.2** Search for Updated Customer Address | 11/29/10 | **Revised** name and link to LexisNexis Web site used for locating participant addresses. |
| **TP 33.3** Locate Address Resource Guidelines | 11/29/10 | **Revised** name and link to LexisNexis Web site used for locating participant addresses. |
| | 01/31/08 | **Revised** to allow Participant Locator searches for 100 or more participants (from 250 or more); misc. edits. |
| **TP 34** Requests for Supplies | 08/30/11 | **Renamed** section from Request DMC Services, and replaced content with updated procedures related solely to supply requests. |
| **TP 34** Request DMC Services - Overview | 03/26/10 | **Replaced** references to OGC with OCC. |
| **TP 34.1** Order Supplies from DMC | 11/02/09 | **Revised** template for *RSD Supply Request Form* and replaced link. |
| **TP 34.5** DMC Preparation Code Guidelines | 05/29/09 | **Revised** to reflect form name changes. |
| **TP 34.7** Forms, Letters, Memos | 11/02/09 | **Revised** template for *RSD Supply Request Form* and replaced link. |
| | 02/06/06 | **Revised**<br><br>suplyreq.doc |
| **TP 35.1** Maintain the Case Workplan | 08/30/11 | **Revised** to replace references to PART with Primavera P6, and reflect related processing changes; to clarify roles of TPD case team, TPD management, and contractor management; and miscellaneous edits. |
| | 06/30/06 | **Revised** to reflect that the PART application has replaced FMRS, and to update user guide references. |
| **TP 36** Employee Contributions | 11/29/10 | **Added** new section to manual replacing previous interim procedures, assuming the section number of the annual update letters procedures, which were removed for obsolescence. |
| **TP 36.1** Evaluate Employee Contributions Provisions | 11/29/11 | **Revised** to reflect renamed document. |
| **TP 36.4B** Make Single-Sum Payment of Employee Contributions on or before Annuity Starting Date | 11/29/11 | **Revised** to reflect renamed document. |
| **TP 36.4C** Make Single-Sum Payment of Employee Contributions after Annuity Starting Date | 11/29/11 | **Revised** to reflect renamed document. |
| **TP 37.3** Customer Recover Action Plan Checklist | 03/26/10 | **Revised** to reference OCC. |
| **TP 37.4** Customer Recovery Action Plan | 08/30/11 | **Removed** row dealing with duplicate payments, which is now covered in TP 7.3 Apply Administrative Correction to |

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| | | Benefit Overpayment; and miscellaneous edits. |
| **TP 38** Administer PRISM Integrator Application | 08/28/09 | **Revised** Overview and added new Workflow and TPs 38.1 - 38.5, replacing the hardcopy edition that had been maintained in RSD/BPB and not previously published online. |
| **TP 38.1A** Suspend Transaction | 03/30/11 | **Revised** to reference Customer ID instead of SSN. |
| **TP 38.1B** Generate Transactions/Create File | 03/30/11 | **Revised** to remove the requirement that the reports be provided by e-mail. |
| **TP 38.1C** Acknowledge SSN Changes Manually | 03/30/11 | **Revised** with new step to provide the **SSN Change Report** to the Data Integrity Team Supervisor. |
| **TP 38.2** Coordinate with Data Integrity Team and Benefit Processing Staff for Error Corrections | 03/30/11 | **Revised** to remove the requirement that reports be provided by e-mail, to change the time requirement to distribute errors to Mail POCs from three to two days, and with miscellaneous edits. |
| | 09/25/09 | **Revised** to indicate that error reports from the Last Minute file are to be distributed to the Mail POCs within three business days after the Split Lump Check run. |
| **TP 38.3** Clean Queues | 03/30/11 | **Revised** to change the time requirement for cleaning queues, for providing the reports to the Data Integrity Team Supervisor, and for cleaning the error transactions from the Success and Failure queues. |
| **(Hard copy only, see TSD)** | 03/14/06 | **Revised** to reflect Data Integrity Team replaces Error Correction Group; organizational updates; updated Timetable of Events for Each Check Cycle; and new steps for large plan processing. |
| **TP 38.4** Generate and Distribute Management Reports | 03/30/11 | **Revised** to remove the requirement that the reports be provided by e-mail. |
| | 08/23/10 | **Revised** to state that the Large Payments Report is to be sent within two days (from one) after the creation of the last Integrator file. |
| **TP 40** Customer Data Fixes | 03/26/10 | **Removed** from the manual for obsolescence with advent of Spectrum 2.1. |
| | 02/29/08 | **Revised and reformatted** in entirety. |
| | 01/27/06 | **Renamed** section from Change Customer Data. |
| **TP 40** Customer Data Fixes - Overview | 01/27/06 | **Revised** to add BDL Load data fix to list; indicate requests are sent to BPB instead of Data Change Team; general edits. |
| **TP 40.1** Request Customer Data Fixes | 03/31/06 | **Revised** to clarify reasons for data fixes and to provide instructions on submitting spreadsheets. |

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| | 01/27/06 | **Renamed** section; revised to add BDL Load data fix; new names for data fix spreadsheets; removed requirement to keep hard copy of requests for 12 months. |
| **TP 40.2** Data Fix Examples and Guidelines | 07/31/09 | **Revised** to reflect replacement of Datahub with TP 59: Data Load Requests procedures. |
| **TP 40.2** Initiate Interdepartmental Data Fix Requests | 01/27/06 | **Renamed** section; revised to remove requirement to add requestors' names to spreadsheets; BPD, not DCT, requests data fixes; adds timeframe that e-mail should be sent to requestor. |
| **TP 40.3** Data Fix Request Guidelines | 01/27/06 | **Renamed** section; revised to add BDL Load as type of data fix. |
| **TP 40.4** Forms, Letters, Memos | 01/31/08 | **Revised** the following Data Fix Request documents:<br>• BDLLoad.xls<br>• Plannumber.xls<br>• Status.xls<br>• Deletion.xls<br>• RoleLink.xls<br>• Undeletion.xls |
| | 05/04/06 | **Revised:**<br>BDL Load – Data Fix Request (BDLLoad.xls)<br>Customer's Plan Number - Data Fix Request (Plannumber.xls)<br>Customer's Status Code - Data Fix Request (Status.xls)<br>Delete Customer Record - Data Fix Request (Deletion.xls)<br>Roles/Linking - Data Fix Request (Rolelink.xls)<br>Undelete Customer Record - Data Fix Request (Undeletion.xls) |
| | 03/31/06 | **Revised** to clarify that users should not modify data fix request spreadsheets. |
| | 01/27/06 | **Revised** titles of spreadsheets; added *BDL Load - Data Fix Request (BDLLoad.xls)* |

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## Technical Procedures 41–50 (2006-2011)

**11/20/2015**

**Technical Procedures 41–50 Table (2006-2011)**

| Technical Procedure | Date | Change |
|---|---|---|
| **TP 42** Outstanding Checks | 07/25/08 | **Revised** to remove requirement to pay interest on checks reissued more than 180 days from original date; clarify checks are stale-dated 180 days after date issued; and clarify interest is paid on benefit payments missed because they were suspended. |
| | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| | 01/27/06 | **Renamed** section from Follow Up on Outstanding Checks. |
| **TP 42** Overview | 04/25/08 | **Revised** in entirety for clarity and to remove steps covered in procedures. |
| **TP 42.1** Distribute Outstanding Check Report | 04/25/08 | **Renamed, reformatted and revised** to remove steps no longer performed by OASD and SSC. |
| **TP 42.2** Take Action on Outstanding Checks | 04/25/08 | **Reformatted and revised** to remove obsolete steps and for clarity. |
| | 10/26/07 | **Removed** references to Deathmatch procedures. |
| | 05/31/07 | **Revised** to clarify that interest due on a replacement payment should be paid in a special check. |
| | 01/30/07 | **Revised** to indicate when to add interest; updated policy reference; |
| | 01/27/06 | **Revised** to reflect renamed eALG letters, and to clarify when a CARF is completed. |
| **TP 42.3** Forms, Letters, Memos | 08/23/10 | **Removed**<br>*Check Action Request Form (CARF)* |
| | 01/27/06 | **Revised** with new names for eALG letters. |
| **TP 43** Change Status for Inactive Participants | 08/23/10 | **Removed** from the manual for obsolescence. |
| | 02/24/06 | **Revised** throughout to replace Data Change Team with Benefits Payment Branch, plus misc. edits. |
| **TP 43.1** Identify Status Changes for Lump Sum Recipients | 10/26/07 | **Revised** to replace reference to Val/IDL with Spectrum. |
| | 09/28/07 | **Replaced** reference to PRISM with Spectrum. |
| **TP 44** Foreign Language Services | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| **TP 44** Foreign Language Services - | | |

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| Overview | 03/26/10 | **Revised** with minor edits. |
| **TP 44.1** Request Foreign Language Services | 08/30/11 | **Revised** with new note indicating that when sending translated letters, all enclosures must also be translated. |
| | 03/26/10 | **Revised** section title, changed normal turnaround times for various services, and clarified that CRM (not e-mail) must be used for all BAPD service requests. |
| **TP 44.1** Foreign Language Services | 01/31/08 | **Revised** with instructions to use CRM instead of email to request foreign language assistance; consolidation of sections; misc. edits. |
| **TP 44.2** Forms, Letters, Memos, etc. | 03/26/10 | **Revised** with new document naming convention. |
| **TP 45** Non-Receipt of Benefit Payment – Overview | 07/25/08 | **Revised** to indicate interest is paid on replacement checks only in non-routine situations |
| | 01/30/07 | **Updated** policy reference. |
| **TP 45** Non-Receipt of Benefit Payment | 05/30/08 | **Reformatted and revised** to create a standard Overview, place Purpose, etc. table ahead of action steps sections, and standardize numbering. No content changes. |
| | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| | 01/27/06 | **Revised** with reference to the new Stop and Reissue E-mail Request form; and to allow 7 days (not 10) from date of check to request it be reissued. |
| **TP 45.1A** Report of Non-Receipt | 08/30/11 | **Revised** to include use of CRM for address changes. |
| | 03/30/11 | **Revised** to mention ACH payments to a wrong account and with minor edits. |
| | 01/27/06 | **Revised** to indicate check status should be verified in PLUS. |
| **TP 45.1B** Routine Assertions of Non-Receipt | 08/30/11 | **Revised** to mention that CCC receives and images an e-mail that the stop and reissue has been effected; to direct to PLUS for a copy of the check (instead sending a CARF to the paying agent); and to remove note about Forms 1099-R, covered in Appendix R. |
| | 03/30/11 | **Revised** to include steps for resolving ACH payments to incorrect accounts, to use PLUS to verify the status of payments, and with miscellaneous edits. |
| | 08/23/10 | **Revised** to replace instructions for processing replacement checks and EDD payments by using the eCARF rather than the CARF. |
| | 07/25/08 | **Revised** to remove requirement to pay interest on checks more than 180 days |

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| | | overdue. |
| | 01/30/07 | **Revised** to indicate interest is added if the replacement payment is over 180 days overdue. |
| | 01/27/06 | **Revised** with new steps for automated stop and reissue of payment, plus misc. edits. |
| **TP 45.1C** Non-Routine Assertions of Non-Receipt | 08/30/11 | **Revised** to indicate that PBGC's paying agent maintains copies of checks for seven years (from 10), and to use an eCARF to request copies of checks issued more than 36 months prior. |
| | 03/30/11 | **Revised** formatting of action steps. |
| | 07/25/08 | **Revised** to specify interest is paid on checks more than 180 days overdue in non-routine situations. |
| | 11/30/07 | **Revised** procedure reference |
| | 01/30/07 | **Revised** to indicate interest is added if the replacement payment is over 180 days overdue. |
| **TP 45.2** Forms, Letters, Memos | 08/23/10 | **Removed**<br>*Check Action Request Form (CARF)* |
| | 01/27/06 | **Added** *Stop and Reissue E-mail Request form (ProcessCheckAction.dot)*. |
| **TP 46.1** Respond to HCTC Inquiries | 08/30/11 | **Renamed and revised** to note that payees whose PBGC benefits are suspended may have to reapply for the tax credit, and with miscellaneous edits. |
| **TP 46.1** The Health Coverage Tax Credit - Overview | 09/28/07 | **Updated** policy reference to 5.4-7 (from 5.4-1). |
| **TP 46.2** Transfer of HCTC Data to IRS | 08/30/11 | **Renamed** section and subsections; **revised** procedures with miscellaneous edits. |
| | 07/31/09 | **Revised** to reflect replacement of Datahub with TP 59 Data Load Requests procedures. |
| **TP 47** Process Missing Participants | 05/29/09 | **Revised** to reference new forms. |
| | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| **TP 47** Overview for Process Missing Participants | 08/30/11 | **Revised** to indicate that PBGC searches for missing participants whose total benefit is $20 or more, and with other updates reflecting current processing. |
| **TP 47.1** Assign Missing Participant Plans | 08/30/11 | **Revised** to reflect current processing for case assignment. |
| **TP 47.1** Assign Missing Participants | 09/28/07 | **Removed** reference to obsolete policy 4.3-1. |
| **TP 47.3** Update Spectrum with Missing Participant Payment Information and Reconcile | 08/30/11 | **Revised** with minor edits concerning the Forest and Trees Report, and to reflect Spectrum rather than PRISM |

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| | | coding. |
| **TP 47.3** Update PRISM with Missing Participant Payment Information and Reconcile | 09/28/07 | **Replaced** reference to PRISM with Spectrum. |
| **TP 47.4** Notify Missing Participants of Benefits | 07/31/09 | **Revised** to correct letter name. |
| **TP 47.4A** Notify Missing Participants with Purchased Annuities | 08/30/11 | **Revised** to remove all but basic participant search steps, and specify to search for missing participants if their total benefit is $20 or more. |
| **TP 47.4B** Notify Missing Participants with Employer Designated Benefits | 08/30/11 | **Revised** to remove details on fields entered into eALG letters, and information on attachments. |
| **TP 47.5** Establish Benefit Payment | 08/30/11 | **Revised** to remove references to MPC Web application since only Spectrum is used, to remove benefit statement as an attachment to be approved, and to indicate the procedure is the sole responsibility of the MPP Staff (from MPU). |
| **TP 47.5** Establish Benefit Payment | 07/31/09 | **Revised** with step to issue an acknowledgment letter for benefit applications. |
| | 09/28/07 | **Replaced** reference to PRISM Tickler with Spectrum. |
| **TP 47.6** Reconcile Missing Participant Payments for the Month | 08/30/11 | **Revised** to remove the requirement to send off-cycle checks to missing participants with complete applications, or to send (and image) a benefit statement with the payment confirmation letter; and to remove steps for MPP Supervisor to run MPP Case Assignment Report or Activity Report. |
| **TP 47.8** Forms, Letters, Memos | 07/31/09 | **Updated** form names. |
| **TP 48:** My PBA Correspondence | 05/29/09 | **Revised** to reference new forms. |
| | 05/31/07 | **Revised** to indicate a benefit application must be completed within 180 days (from 90) to retain the requested annuity starting date, and with revised titles of the eALG 530 and 531 letters. |
| | 07/28/06 | **Revised** Overview to reflect that MyPBA correspondence is now tracked in CRM rather than SCoRe. |
| | 02/24/06 | **Revised** to reflect replacement of CCN functionality by CRM. |
| **TP 48** Overview for MyPBA Correspondence | 11/29/11 | **Revised** to remove Ariel references. |
| | 11/29/10 | **Revised** to remove immaterial statement. |
| | 10/31/08 | **Revised** to indicate that participants in certain Ariel plans can generate estimated benefit statements using |

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| | | MyPBA. |
| **TP 48.1** Process MyPBA Correspondence | 11/29/11 | **Revised** to include action to take upon submission of *Form 716 Certification of Social Security Disability Status* and *Form 716A Certification of Pension Plan Disability Status*. |
| | 11/29/10 | **Revised** to require that participants submitting forms 700 and 706 receive a PACS statement showing alternate benefit forms; and to clarify that MyPBA does not issue letters acknowledging address changes, etc. |
| | 03/26/10 | **Added** steps for processing lump-sum applications received via MyPBA, and renumbered some sections. |
| | 10/31/08 | **Revised** to indicate that participants in certain Ariel plans can generate estimated benefit statements using MyPBA. |
| | 07/28/06 | **Revised** to reflect that MyPBA correspondence is now tracked in CRM rather than SCoRe. |
| **TP 49.1** Process Power of Attorney and Guardianship Requests | 10/26/07 | **Added** step to complete new Durable Power of Attorney Memo to File (DPOAmemo.doc). |
| **TP 49.1A** Non-Durable Power of Attorney | 03/27/09 | **Revised** with instructions concerning NDPOAs with expiration dates, multiple holders, or successor holders; added general clarifications and misc. edits. |
| **TP 49.1B** Durable Power of Attorney | 03/26/10 | **Revised** to indicate that rejection of a DPOA that covers only health care matters does not need OPSS or OCC approval. |
| | 03/27/09 | **Revised** with instructions concerning multiple holders, successor holders, and obtaining OCC concurrence on non-approval; added general clarifications and misc. edits. |
| **TP 49.1C** Springing Durable Power of Attorney | 03/26/10 | **Revised** to indicate that rejection of a Springing DPOA that covers only health care matters does not need OPSS or OCC approval. |
| | 03/27/09 | **Revised** with general clarifications and misc. edits. |
| **TP 49.2** Process Guardianship and Conservatorship Requests | 03/27/09 | **Revised** with instructions on obtaining OCC concurrence on non-approval; misc. edits. |
| **TP 49.3** State Law Requirements for DPOAs | 11/29/11 | **Revised** table to indicate that special rules apply to State of Wisconsin. |
| **TP 49.3:** Forms, Letters, Memos | 10/26/07 | **Added** Durable Power of Attorney Memo to File (DPOAmemo.doc) |
| **TP 49.4** Special State Rules for DPOAs | 11/29/11 | **Revised** to include state rules for DPOAs executed in Wisconsin before 09/01/10 and on and after that date. |

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| **TP 50** Plan-Specific Web Announcements | 05/26/06 | **New** Technical Procedure. |

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# Technical Procedures 51-62 (2006-2011)

**11/20/2015**

**Technical Procedures 51–62 Table (2006-2011)**

| Technical Procedure | Date | Change |
|---|---|---|
| **TP 51** Earnings Offsets | 05/29/09 | **Revised** to reference new forms. |
| | 04/25/08 | **Renumbered** all sections so numbering no longer begins with Overview (formerly 51.1) but with first section with action steps. |
| | 10/27/06 | **New** technical procedure. |
| **TP 51** Overview for Earnings Offsets | 11/29/11 | **Revised** in entirety to include procedural changes required by Policy 6.2-1 Application of Earnings Offset Provisions in PBGC-Trusteed Plans. |
| **TP 51.1** Earnings Offsets in Calendar Year of Trusteeship | 11/29/11 | **Revised** to cross-reference Overview for summary of changes required by Policy 6.2-1 Application of Earnings Offset Provisions in PBGC-Trusteed Plans, and to reflect renamed document. |
| | 07/31/09 | **Added** reference to Early Plan Analysis Memo. |
| **TP 51.2** Earnings Offsets After Calendar Year of Trusteeship | 11/29/11 | **Revised** to cross-reference Overview for summary of changes required by Policy 6.2-1 Application of Earnings Offset Provisions in PBGC-Trusteed Plans. |
| **TP 51.3** Forms, Letters, Memos | 07/31/09 | **Added** Early Plan Analysis Memo. |
| **TP 52** Cash Balance and Other Statutory Hybrid Plans | 03/26/10 | **Retitled** section. |
| **TP 52** Cash Balance Plans | 03/30/07 | **New** section on processing cash balance plans added to manual. |
| **TP 52** Cash Balance and Other Statutory Hybrid Plans - Overview | 08/23/10 | **Revised** to further clarify the distinctions between cash balance and hybrid plans, and their processing. |
| | 03/26/10 | **Revised** with new description of Statutory Hybrid Plans. |
| **TP 52** Cash Balance and Other Statutory Hybrid Plans - Workflows | 08/23/10 | **Added** new, separate workflows for plan and participant processing. |
| **TP 52.1** Prepare Frequently Asked Questions | 08/23/10 | **Renumbered and retitled** section, and revised to more clearly distinguish between processing of cash balance and hybrid plans. |
| **TP 52.1** Update Cash Balance Program | 03/26/10 | **Revised** to distinguish the handling of the different types of plans. |
| | 07/25/08 | **Revised** to indicate "OASD Services" replaces previous mailbox used in procedure. |

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| **TP 52.2** Issue Cash Balance BDLs | 08/23/10 | **Renumbered** section, and clarified language on which plans are covered by this procedure. |
| **TP 52.2** Prepare Cash Balance FAQ Attachment | 03/26/10 | **Revised** to distinguish the handling of the different types of plans and to make the FAQ Table a separate page. |
| **TP 52.3** Update Cash Balance Program | 11/29/11 | **Revised** to remove Ariel references. |
| | 08/23/10 | **Renumbered and revised** to clarify language, with no changes in processing. |
| **TP 52.3** Provide Cash Balance Benefit Calculations | 03/26/10 | **Revised** to distinguish the handling of the different types of plans. |
| **TP 52.3A** Pre-BDL Estimated Benefit Calculations | 08/28/09 | **Added** reference to USERRA Interim Procedures. |
| **TP 52.4** Provide Cash Balance Benefit Calculations | 08/23/10 | **Renumbered and revised** with updated references within the procedure and other minor edits. |
| **TP 52.4** Pay Cash Balance Annuities | 03/26/10 | **Revised** to distinguish the handling of the different types of plans. |
| **TP 52.5** Pay Cash Balance Annuities | 08/23/10 | **Renumbered** section and renamed subsections, and revised internal references, and other minor edits. |
| **TP 52.5** Pay Cash Balance Lump Sums | 03/26/10 | **Revised** to distinguish the handling of the different types of plans. |
| | 09/25/09 | **Revised** to refer users to RSD/BPB for assistance in setting up rollovers to Roth IRAs. |
| **TP 52.6** Pay Cash Balance Lump Sums | 08/23/10 | **Renumbered and revised** with updated internal references. |
| **TP 52.6** Issue Cash Balance BDLs | 03/26/10 | **Revised** to distinguish the handling of the different types of plans. |
| **TP 52.7** Forms, Letters, Memos | 08/23/10 | **Revised** to standardize list in accordance with current document naming conventions. |
| | 03/26/10 | **Revised** list to reflect renamed FAQ Template. |
| | 05/29/09 | **Revised** to reference new forms. |
| | 09/28/07 | **Added** *Cash Balance FAQ Template (cbfaq.doc)* |
| **TP 53** Working Retirement Determinations | 04/27/07 | **New** technical procedures added to manual. |
| **TP 53** Working Retirement Determinations - Overview | 12/19/08 | **Replaced** by the version previously in the Interim Procedures and Guidance section. |
| | 07/25/08 | **Revised** to reference new WRD interim procedures. |
| | 09/28/07 | **Revised** to clarify that multiple determinations may be required for a plan. |
| **TP 53** Working Retirement Determinations | 05/29/09 | **Revised** to reflect new processes. |

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| - Workflow | | |
| **TP 53.1** Prepare a Working Retirement Determination | 01/30/09 | **Revised** to indicate WRD completion and imaging should be targeted for within three months of DOTR, but WRD should be completed and imaged no more than six months after DOTR; and to specify where it should be imaged. |
| | 12/19/08 | **Replaced** by the version previously in the Interim Procedures and Guidance section, with different formatting. |
| | 07/25/08 | **Revised** to indicate this procedure is superseded by new WRD interim procedure. |
| | 09/28/07 | **Revised** to clarify when a determination is needed and that it covers a given period of time; and with additional instructions on how to complete the working retirement determination form. |
| | 08/31/07 | **Added** instruction for obtaining bar code sheets. |
| **TP 53.1A** Prepare a Working Retirement Determination | 08/30/11 | **Revised** to indicate that Working Retirement Determinations may be approved by an Audit Technical Reviewer. |
| | 03/30/11 | **Revised** to indicate that OPSS concurrence is not required for the Working Retirement Determinations. |
| **TP 53.1B** Questions and Answers on Working Retirement Determinations | 03/30/11 | **Revised** to indicate that OPSS concurrence is not required for the Working Retirement Determinations. |
| **TP 53.2** Determine Participant Eligibility for Working Retirement Benefits | 05/29/09 | **Revised** in entirety to reflect updated process and move re-employment steps to new TP 53.3. |
| **TP 53.3** Act on Re-employment of Payee | 05/29/09 | **Added** new section to manual. |
| **TP 53.4** Forms, Letters, Memos | 12/19/08 | **Added** Working Retirement Determinations Form and Working Retirement Determination Desk Reference Guide previously in the Interim Procedures and Guidance Section. |
| | 07/25/08 | **Revised** to remove existing WRD form and samples and refer users to new WRD interim procedures for new documents. |
| | 09/28/07 | **Revised:**<br><br>*Working Retirement Determination Form (Workingret.doc)* |
| **TP 54** Benefits Erroneously Paid Before Eligibility | 09/26/08 | **Revised and retitled** sections and subsections to include payees who have since become eligible for benefits, and change the default option to actuarially reduced payments; both in accordance with revised policy 5.2-6. |
| **TP 54** Overview for Benefits Erroneously Paid Before Eligibility | 08/30/11 | **Revised** to specify that PBGC does not offer the option to stay in pay or restart |

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| | | benefits at a later date to a payee who was eligible for another benefit at the date he or she was erroneously placed into pay, or is erroneously receiving an early retirement restricted under a working retirement situation. |
| **TP 54.1** Provide Options to Payees Paid Before Eligible | 08/30/11 | **Revised** to indicate that a decision to use discretion to not offer a payee choices must have OPSS concurrence and is to be documented to the payee's file. |
| **TP 54.3** Forms, Letters, Memos | 09/26/08 | **Revised** document and name:<br>Benefits Paid Before Eligible Memo *(BenefitsBeforeEligible.doc)* |
| **TP 54** Payees Receiving Benefits Before Eligible | 08/31/07 | **New** section. |
| **TP 54.1** Provide Options to Payees Receiving Benefits Before Eligible | 04/25/08 | **Revised** to reflect replacement of eALG 300RO with *eALG 300NYE Estimated Benefits - Payee Not Yet Eligible*, and addition of new eALG letters *547 Advice of Reduced Estimated Benefits* and *548 Advice of Cessation of Estimated Benefits*. |
| **TP 54.3** Forms, Letters, Memos | 04/25/08 | **Added:**<br>• *eALG 300NYE Estimated Benefits - Payee Not Yet Eligible*<br>• *eALG 547 Advice of Reduced Estimated Benefits*<br>• *eALG 548 Advice of Cessation of Estimated Benefits*.<br>**Removed:**<br>• *eALG 300RO Payees Receiving Benefits for Which They Are Not Yet Eligible* |
| **TP 55** ValPatch Mailings | 08/30/11 | **Revised** in entirety to clarify the process and roles, and to require the *ValPatch Mailing Concurrence Memo* for all ValPatch mailings. |
| | 01/31/08 | **New** technical procedure. |
| **TP 55** ValPatch Mailings - Overview | 08/23/10 | **Revised** to replace PRISM reference with Genesis. |
| **TP 55.1** Submit a ValPatch Request | 08/23/10 | **Revised** to remove references to Ariel, PRISM, and specific IPS file locations. |
| **TP 56** Administrative Subpoena | 07/11/08 | **Revised** to include RSD as a procedure owner. |
| | 06/27/08 | **Added** new section, replacing Process 2.2 Issue Administrative Subpoena. |
| **TP 56** Administrative Subpoena | 07/11/08 | **Revised** to include RSD as a procedure owner. |
| | 06/27/08 | **Added** new section, replacing Process 2.2 Issue Administrative Subpoena. |
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| **TP 57** Identity Discrepancies | 09/26/08 | **Added** new Technical Procedure. |
| **TP 58** Plan Loans and Other Distributions | 03/30/11 | **Revised** throughout to add optional *Plan Loans and Distributions Tracking Spreadsheet*. |
| | 12/19/08 | **New** Technical Procedure added to manual. |
| **TP 58** Workflow for Plan Loans and Other Distributions | 03/30/11 | **Added** to procedure. |
| **TP 58** Plan Loans and Other Distributions - Overview | 03/27/09 | Misc. edits |
| **TP 58.1** Obtain Information about Plan Loan or Distribution | 03/30/11 | **Revised** to clarify that only relevant steps need to be taken if fiduciary breach is suspected. |
| | 03/27/09 | **Added** clarification that this procedure should be followed if fiduciary breach will not be pursued. |
| **TP 58.2** Determine if Distribution is a Plan Loan or Other Distribution | 03/30/11 | **Revised** to clarify that only relevant steps need to be taken if fiduciary breach is suspected. |
| | 03/27/09 | **Clarified** steps for pursuing suspected fiduciary breach; added step to have OPSS concur on determination; misc. edits. |
| | 01/30/09 | **Revised** to indicate documents supporting the determination may be attached or referenced in Image Viewer. |
| **TP 58.3** Determine Unpaid Loan Balance at DOPT and Notify Borrower | 01/30/09 | **Revised** with new steps to document and provide calculation to the auditor, and to include the loan balance at DOPT in the plan asset audit; new reference to plan asset procedures. |
| **TP 58.3A** Determine Unpaid Loan Balance at DOPT and Notify Borrower | 03/27/09 | **Replaced** "term" with "loan period"; added specifics on what the actuary should provide the auditor; specified that the full amount of the unpaid balance is included in plan assets; misc. edits. |
| **TP 58.3B** Take Action According to Borrower's Response | 03/26/10 | **Replaced** references to OGC with OCC. |
| | 03/27/09 | **Revised** with misc. edits. |
| **TP 58.4** Process Other Distribution | 03/27/09 | **Removed** step to request actuarial calculation; specified that a pre-DOPT distribution is not a plan asset; misc. edits. |
| | 01/30/09 | **Revised** to specify these distributions are not to be included in the plan asset audit. |
| **TP 58.5** Spousal Consent | 03/27/09 | **Added** explanation of when spousal consent is needed; new steps for actuary to estimate the protected survivor annuity amount; new requirement to obtain OPSS concurrence on the letter to the spouse; misc. edits. |
| **TP 59** Data Load Requests | 07/31/09 | **Added** new section. |
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| **TP 59.1** First Pay and Customer Data Loads | 11/29/11 | **Revised** to mention option to deactivate a plan at the paying agent to prevent duplicate payments, and to state that the BPB Management Analyst is to receive a copy of the e-mail to the paying agent if a plan is opened manually. |
| | 08/30/11 | **Revised** to indicate users must request archiving of data loads; that only Team Leaders can approve data loads, and they also notify the case team; and with miscellaneous edits. |
| | 03/30/11 | **Revised** with new process for sending payment authorization letter, if needed, by e-mail to paying agent. |
| | 11/29/10 | **Revised** to reference the new customer coding guidance on the Spectrum Home page; to indicate the check register is to be archived if available electronically; and that the Plan Assumption Milestone in CMS is to be updated upon approval of payee data load. |
| **TP 59.3** Miscellaneous Full Data Loads | 08/23/10 | **Revised** with reference to the OASD Service Catalog. |
| **TP 59.4** Valuation Data Loads | 08/23/10 | **Revised** with reference to the OASD Service Catalog. |
| **TP 59.5** Forms, Letters, Memos | 03/30/11 | **Removed:**<br>*Account Adds and Changes Form* |
| | 08/23/10 | **Revised** to include documents used in procedure that had not been listed previously. No documents were added or removed from the procedures themselves. |
| **TP 60** Data Sampling | 01/15/10 | **Added** new section. |
| **TP 60** Data Sampling - Overview | 08/23/10 | **Revised** to include note that if Leo was used to build the database, its audit functions are used to perform sampling. |
| **TP 60.1** Determine Items for Sample | 08/23/10 | **Revised** to reference *Leo/Act Format User Manual*, to suggest using additional judgmental sampling to for plans with more than 500 participants, and with a new step to use TP 60.2 if using Leo to create the sample, and to move the Sample Size Table to a separate page. |
| **TP 60.2** Compare Samples to Source | 08/23/10 | **Revised** to reference Leo reports to be used, and to move the Sample Size Table to a separate page. |
| **TP 60.3** Forms, Letters, Memos | 08/23/10 | **Revised** to standardize list in accordance with current document naming conventions. |
| **TP 60** Sample Size Table | 08/23/10 | **Added** new table as a section; the table was previously included with the processing steps which now link to it. |
| **TP 61** Successor Plan Determinations | 08/23/10 | **Added** new section which replaces |

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| | | previous interim procedures. |
| **TP 61** Overview for Successor Plan Determinations | 11/29/11 | **Revised** to provide additional background on successor plans and describe the three-part process. |
| **TP 61.1** Determine if Successor Plan Determination Needed | 11/29/11 | **Revised** to indicate that the determination is documented in with *Estimated Benefit Adjustment Analysis Memo* (not the *Analysis for Pre-Benefit Estimation and Benefit Administration Memo*), reference the new *Successor Plan Determinations Additional Guidance*, and clarify processing throughout. |
| **TP 61.2** Determine if Trusteed Plan is a Successor Plan | 11/29/11 | **Revised** to clarify the three-part process, further define successor plan, reference the new *Successor Plan Determinations Additional Guidance*, and for miscellaneous edits. |
| **TP 62** USERRA Benefits | 08/30/11 | **Added** new section to manual, replacing USERRA Interim Procedures. |

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## Other Updates (2006-2011)

**11/20/2015**

**Other Updates Table (2006-2011)**

| Other Updates | Date | Change |
|---|---|---|
| **All Processes, Technical Procedures** | 06/30/06 | **Revised** to reflect that the Participant and Employer Appeals Department (PEAD) has been renamed the Appeals Division, OGC. |
| **Alternate Table of Contents** | 11/29/10 | **Removed** from the manual |
| | 03/26/10 | **Revised** to reflect retitled TPs 5, 20, and 52, and removal of TP 40. |
| **Auditors Technical Reference Manual** | 08/30/11 | **Revised** to add links to training materials for auditors. |
| | 11/30/07 | **New** section added to main table of contents. |
| **Case Workflow - High Level** | 11/29/10 | **Revised** to remove Processes 14 and 16, which are no longer completed by BAPD. |
| **Forms, Letters, Memos (throughout)** | 03/31/06 | **Updated** 86 documents with the new PBGC letterhead and/or to reflect organizational changes. Revised documents have updated version date of 03/31/2006. |
| **Global Update** | 11/29/11 | **Renamed** all Forms, Letters, Memos pages as "Resources for [section title]" and added list categories for Guidance and Exhibits referenced in the sections. |
| | 08/30/11 | **Revised** terminology throughout the manual to replace Plan Asset Audit(s) changed to Plan Asset Evaluation(s), and Participant Data Audits to Participant Data Reviews. Impacts procedures titles, content and external documents.<br><br>**Reformatted** Forms, Letters, Memos pages with separate sections for eALG letters. |
| | 03/30/11 | **Revised** formatting to merge pages containing action steps with key information tables where not already done.<br><br>**Revised** references to Appendix G Acceptable Proof of Age to Appendix G Acceptable Proof of Age and Death. |
| | 12/29/10 | **Revised** to replace references to "State Street Corporation" and/or "SSC" with "PBGC's paying agent" or variants. |
| | 03/26/10 | **Replaced** Pension Analyst (PA) with |

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| | | Employee Benefits Law Specialist (EBLS).<br><br>**Replaced** references to PRISM and variants (with exception of PRISM Integrator, Trial Balance, and Balancer) to Spectrum. |
| | 01/30/09 | **Replaced** references to Management Coordination Unit (MCU) to Management Coordination Division (MCD). |
| | 01/30/09 | **Revised** to distinguish references to PBGC Case Number versus EIN/PN. |
| | 02/29/08 | **Formatting revisions** were made to various Technical Procedures to enable users to print a Word version of an entire TP from their desktops. Content was not affected. Also, table of contents pages for all TPs and Processes were reformatted in a new template to facilitate automated TOC building. |
| | 11/30/07 | **Removed** references to the BMPRS time reporting system throughout the manual. |
| | 07/27/07 | **Replaced** references to Prism Benefits with Spectrum.<br><br>**Replaced** references to CAS (Case Administration System) with CMS (Case Management System).<br><br>**Replaced** authorize (authorizer, etc.) with approve (approver, etc.) where PRISM is referenced. |
| | 08/25/06 | **Revised** to replace ALGS (and all variations) with eALG. |
| | 02/24/06 | **Revised** acronyms to reflect organizational changes:<br>• BPAB changed to BPB<br>• PSB (Participant Support Branch) changed to CCB<br>• CSRB changed to PSB (Program Services Branch) |
| | 01/27/06 | **Revised** acronyms to reflect organizational and position classification changes:<br>• CSC to CCC<br>• PLS to PA |
| **Historical Content Updates** | 03/30/11 | **Divided** into sections for pre- and post-2006 updates. |
| **Home Page** | 08/23/10 | **Added** new link to *Receiving Data on non-PBGC Sanctioned Media* guidance on protecting privacy data. |

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| **Interim Procedures and Guidance** | 11/29/11 | **Added** Notice of Disability Status Change Interim Procedures<br><br>**Removed** Valuing Insurance Contracts and Other Investment Arrangements with Insurance Companies Interim Procedures [integrated into Process 15.9E]<br><br>**Revised** §436 Benefit Limitations Interim Guidance |
| | 08/30/11 | **Added** Valuing Insurance Contracts and Other Investment Arrangements with Insurance Companies Interim Procedures, to be used instead of Process 15.9E Value Insurance Contracts.<br><br>**Added** Managing Participant Expectations for Benefit Estimates Guidance.<br><br>**Added** §436 Benefit Limitations Interim Guidance.<br><br>**Added** CRM Plan and Participant Alerts Guidance.<br><br>**Removed** Form 1108 Reconciliation Process Interim Procedure, which was merged into Process 15.14.<br><br>**Removed** USERRA Interim Procedures, which were replaced by TP 62 USERRA Benefits.<br><br>**Revised** PPA at a Glance to remove most content concerning IRC §436 limitations, now covered by new §436 Benefit Limitations Interim Guidance.<br><br>**Revised** Processing a Rollover Payment to a Roth IRA Interim Procedure to add new section on rollovers of employee contributions. |
| | 03/30/11 | **Revised** to add Form 1108 Reconciliation Process Interim Procedure. |
| | 08/23/10 | **Renamed and revised** *Controlled Groups, DUEC, Recovery Valuations, Net Worth Audits, and Plan Asset Audits Interim Guidance* to include DUEC processing and otherwise incorporate updated guidance placed on the BADP Portal by MCD on/about March 15, 2010; and to note that if a Form 1108 is revised after being finalized by FOD, to indicate this on the form and to number any subsequent revisions. |
| | 03/26/10 | **Added:**<br><br>• *Processing a Rollover Payment to a* |

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| | *Roth IRA Interim Procedures*<br>• *Refund of Mandatory Employee Contributions Interim Procedures* (replacing *Employee Contributions: Taxation of Refunds And Annuity Payments Interim Guidance*)<br>• *Successor Plan Determination Form Interim Guidance (*replacing *Successor Plan Determination Form*)<br>**Revised** *USERRA Interim Procedures* extensively throughout to add new workflow, clarify covered military service, update the questionnaire, define required tracking of USERRA participants, and to add new section on issuing applications to spouses and beneficiaries, and with numerous other edits and clarifications.<br>**Removed:**<br>*Small Benefit Payments Interim Procedures,* which was merged into the revised TP 20. |
| 01/15/10 | **Removed** *Small Plan Database Construction & Analysis Interim Procedures*. |
| 11/02/09 | **Added** *Controlled Groups, Recovery Valuations, Net Worth Audits, and Plan Asset Audits Interim Guidance* and *Employee Contributions: Taxation of Refunds and Annuity Payments Interim Guidance*.<br>**Revised** *USERRA Interim Procedures* to add reference to new Policy 5.14-2 Treatment of Benefits Earned During Military Service.<br>**Removed** *Net Worth Determinations Interim Guidance*. |
| 09/25/09 | **Added** Small Benefits Payments Interim Procedures. |
| 08/28/09 | **Revised** PPA at a Glance; **added** USERRA Interim Procedures and Successor Plan Determination Form. |
| 07/31/09 | **Removed** Data Load Request Interim Procedures, which are replaced by new TP 59: Data Load Requests. |
| 07/13/09 | **Added** Data Load Request Interim Procedures. |
| 06/26/09 | **Added** Post-NRA Guidance on ASDs. |
| 04/24/09 | **Added** five samples of completed documents to Small Plan Database Construction and Analysis Interim Procedures. |

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| | **Removed** Interim Participant Data Validation Procedures. |
| 01/30/09 | **Added** Small Plan Database & Construction Interim Procedures. |
| 12/19/08 | **Removed** Working Retirement Determination Interim Procedures and placed them into TP 53.<br><br>**Added** Net Worth Determination Interim Guidance. |
| 09/26/08 | **Removed** "Plan Asset Audit Checklist Interim Procedures" since these steps are included in the revision of Process 15: Plan Asset Audits with this publication. |
| 09/26/08 | **Removed** "Small Plan DUEC Recovery Ratio (SPDRR) (Interim Guidance)" since these steps are included in the revision of Process 15: Plan Asset Audits with this publication. |
| 09/26/08 | **Revised** "Plan Asset Audit Reconciliation: Interim Procedures for CMS" title and removed content concerning Forms 1108, since it's absorbed into revised Process 15: Plan Asset Audits. Only CMS workaround steps are retained in this interim procedure. |
| 07/11/08 | **Revised** PPA at a Glance to replace large "backpayments" with "reimbursements" and correct typos. |
| 06/27/08 | **Added** new section PPA at a Glance.<br><br>**Added** new section Plan Asset Audit Reconciliation: Interim Procedures for Forms 1108 and CMS<br><br>**Revised** Small Plan DUEC Recovery Ratio (SPDRR)to clarify the SPDRR is used to determine the *estimated* collectable portion of the DUEC that will be used for benefit calculation purposes only. |
| 03/28/08 | **Added** new Plan Asset Audit Checklist Interim Procedures with and new documents:<br><br>• *Plan Asset Audit Checklist (PAAChecklist.doc)*<br>• *Departmental Notification Memo (NotificationMemo.doc)* |
| 01/31/08 | **Revised** Participant Data Validation IPs to increase the minimum number of participants in plans for which PDVs may apply to 200 or fewer. |
| 11/30/07 | **Renamed** section (formerly "Interim Procedures"); **removed** section "Referring Policy and Processing |

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| | | Questions to OPSS" which became revised TP 17; **added** new section "Small Plan DUEC Recovery Ratio (SPDRR)". |
| | 10/26/07 | **Added** interim procedures previously provided via email for Participant Data Validations and for Referring Policy and Processing Questions to OPSS. |
| | 10/17/07 | **Removed** Interim Deathmatch Procedures for obsolescence. |
| **Introduction - Overview of Core Processing** | 08/23/10 | **Revised** to indicate that the procedures in this manual apply to 80% of the cases processed by BAPD; for the remaining 20% that require deviation from certain procedures (or policies), all deviations must be approved at a Supervisor or higher level and documented. |
| | 07/25/08 | **Revised** to separate DISC from BAPD processing, and clarify pre-termination processing is mostly performed by DISC. |
| **Introduction: Pre-Trusteeship Processing (8)** | 01/15/10 | **Revised** to account for processing and structural changes due to new data acquisition processes. |
| **Introduction to Audit Processes** | 01/15/10 | **Revised** to account for processing and structural changes due to new data acquisition processes. |
| **Introduction to Initial TPD Processes** | 01/15/10 | **Revised** to account for processing and structural changes due to new data acquisition processes. |
| **Introduction to Participant Database Processes** | 01/15/10 | **Added** new introduction for category comprising Processes 11-13. |
| **Introduction to Pre-Termination Processes** | 07/25/08 | **Revised** to indicate these processes are now performed by DISC and no longer by BAPD. |
| | 07/11/08 | **Revised** to clarify DISC's role vs. BAPD's, and with misc. edits. |
| **Introduction to Manual** | 08/30/11 | **Reformatted and revised** throughout to reflect current processing and organization of manual. |
| **Introduction to Technical Procedures** | 06/27/08 | **Added** link to new TP 56: Administrative Subpoena |
| | 10/27/06 | **Added** new TP 51: Earnings Offsets. |
| | 05/26/06 | **Added** new **TP 50: Plan-Specific Web Announcements** |
| **Main Table of Contents** | 01/15/10 | **Renamed** Pre-Termination Processes as Pre-Trusteeship Processes.<br><br>**Added** Participant Database Processes category for new Processes 11-13. |
| | 01/31/08 | **Added** TP 55: ValPatch Mailings. |
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| | 07/27/07 | **Added** new section for Interim Procedures. In this edition, Interim Deathmatch Procedures were included. |
| | 10/27/06 | **Added** new TP 51: Earnings Offsets. |
| | 09/29/06 | **Revised** with new titles for TP 27 and Appendix R. |
| | 08/25/06 | **DISC Workflow** and **TPD Workflow** buttons replaced by **Case Workflow** button; the two workflows are consolidated. |
| | 06/30/06 | **Revised** with new title of manual as BAPD Operations Manual (formerly BAPD Procedures Manual); new title for Process 20: Appeals Correspondence; and the "Quick Tips" link and page have been removed. |
| | 05/26/06 | **Added** new **TP 50: Plan-Specific Web Announcements** |
| | 04/28/06 | **Revised** to reflect new titles for TP 11 and TP 29. |
| | 03/31/06 | **Revised** to reflect new title for Process 19, removal of Process 18, and new Process 8.4: Estimating Recovery Values for Terminated Plans. |
| | 02/24/06 | **Revised** with addition of new TP 49: Power of Attorney and Guardianship. |
| | 01/27/06 | **Revised** with new titles for TPs 12, 40, and 42. |
| **Overview of Core Processing** | 11/29/10 | **Revised** to note that DISC is responsible for completing the controlled group and net worth determinations. |
| **Overview Topic** | 11/29/10 | **Revised** to remove reference to the controlled group analysis. |
| **TPD Processes Workflow** | 06/30/06 | **Revised** to reflect new name for Process 20: Appeals Correspondence. |


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| **Overview of Core Processing** | 11/29/10 | **Revised** to note that DISC is responsible for completing the controlled group and net worth determinations. |
| **Overview Topic** | 11/29/10 | **Revised** to remove reference to the controlled group analysis. |
| **TPD Processes Workflow** | 06/30/06 | **Revised** to reflect new name for Process 20: Appeals Correspondence. |


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## Appendices and Glossary (2006-2011)

**11/20/2015**

**Appendices and Glossary Table (2006-2011)**

| Appendices | Date | Change |
|---|---|---|
| **Appendix A Master List of Documents to Obtain** | 08/23/10 | **Revised** to replace Office of the Executive Director (OED) with Office of the Director (OD). |
| | 03/26/10 | **Replaced** references to OGC with OCC and applied miscellaneous edits. |
| | 01/15/10 | **Revised** introduction and reformatted list as an external Word document. |
| **Appendix D: Maximum Guaranteeable Benefits for DOPT Years** | 04/24/09 | **Revised** table to appear in reverse-chronological order. |
| | 12/19/08 | **Added** maximum guaranteeable benefit for 2008. |
| | 05/30/08 | **Reformatted and revised** to indicate maximum guarantee applies to calendar years, not fiscal; the effect of plans that enter bankruptcy on or after 9/16/06 on the MGB; update with 2008 MGB; misc. edits. |
| | 11/30/06 | **Revised** with MGB for 2007. |
| **Appendix E BAPD Job Aids** | 11/29/11 | **Revised** to remove reference to Ariel documentation. |
| | 03/30/11 | **Revised** to add references to *Benefit Determination Letter Templates* job aid. |
| | 08/23/10 | **Added:**<br>*PBGC Benefit Form Elections Job Aid* |
| | 03/26/10 | **Added** link to new CMS Milestones Job Aid. |
| | 11/02/09 | **Added** *Recovering an Overpayment Minus Federal Tax Withholding Guidance*. |
| | 08/28/09 | **Added** *Leo/ACT Format User Manual* and *Database Construction Guidelines*. |
| | 07/31/09 | **Removed** reference to Datahub Administrative System. |
| | 05/29/09 | **Added** reference to the new TGBR Job Aid. |
| | 04/24/09 | **Added** reference to the TGBR Web site. |
| | 03/27/09 | **Revised** to replace the *Adjustments to Estimated Guaranteed Benefits and Plan Analysis Memo* with the revised version, the *Early Analysis Memo*; added new *Off-Cycle Payment Checklist*. |
| | 12/19/08 | **Added** *Working Retirement Determination Desk Reference Guide* |
| | 10/31/08 | **Added:** |

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| | | *Adjustments to Estimated Guaranteed Benefits and Plan Analysis Memo*<br>*Summary of Federal Tax Withholding Requirements for PBGC Benefit Payments* |
| | 06/27/08 | **Added** references to PPD At A Glance Interim Guidance, BAPD Auditor's Processing Guideline; misc. edit. |
| | 03/28/08 | **Reformatted and revised** with new links to technical documentation. |
| | 02/29/08 | Links added to<br>• Plan File Index Bar Code Sheets<br>• Plan File Indexing Specifications<br>• eALG Correspondence Help |
| | 01/31/08 | **New** appendix provides links to various BAPD job aids and guidance documents. |
| **Appendix E: IOD Time Reporting (BMPRS)** | 11/30/07 | **Removed** content and marked space as "Reserved". |
| **Appendix G Acceptable Proof of Age and Death** | 03/30/11 | **Re-titled and revised** with new section on proof of death. |
| **Appendix G: Acceptable Proof of Age** | 08/23/10 | **Revised** to add U.S. Passport Card as an acceptable proof document. |
| | 05/31/07 | **Revised** to add adoption papers as an alternative proof of age. |
| **Appendix H Historical SPARR and SPDRR Information** | 03/30/11 | **Revised** with ratios for FY 2011. |
| | 09/25/09 | **Added** SPARR and SPDRR for FY 2010. |
| | 09/12/08 | **Updated** with the Fiscal Year 2009 SPARR and SPDRR. |
| | 01/31/08 | **Renamed** to reflect addition of SPDRR data; **revised** with latest two SPARRs; new SPDRR chart; misc. edits. |
| **Appendix H: Historical SPARR Information** | 12/19/08 | **Revised** to specify what plans the SPDRR applies to. |
| | 06/27/08 | **Added** SPARR and SPDRR for 2008. |
| | 01/30/07 | **Revised** with SPARR for FY 2005. |
| **Appendix I Maintaining Participant Data Records** | 03/26/10 | **Revised** to reflect section titles changed as a result of new data acquisition procedures, and with miscellaneous edits. |
| | 09/26/08 | **Revised** to correct ADT Transaction File codes list, and for minor edits. |
| | 07/11/08 | **Revised** to remove references to pre-termination processes. |
| **Appendix K: BAPD's Records Management** | 05/30/08 | **Revised** to standardize numbering. |
| **Appendix K: BAPD's Records Management** | 05/30/08 | **Revised** to standardize numbering. |
| **Appendix K: BAPD's Records Management** | 05/30/08 | **Revised** to standardize numbering. |

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| **Appendix K.2 Description of BAPD Records** | 08/23/10 | **Revised** to replace PRISM with Spectrum, and CARF with eCARF. |
| **Appendix L: Field Benefit Administrators** | 07/11/08 | **Revised** to remove references to pre-termination processes. |
| **Appendix M IRS Disclosure Offices** | 07/11/08 | **Revised** to remove references to pre-termination processes; misc. edits. |
| **Appendix N Correspondence and Phone Call Guidelines** | 08/30/11 | **Renamed** (from Customer Service Pledge) **and revised** to include general customer service guidelines in addition to the pledge that are not already addressed in the procedures. |
| **Appendix N: PBGC Customer Service Pledge** | 06/30/06 | **Revised** with current pledge; section also retitled (formerly "Our Service Pledge"). |
| **Appendix O: Acceptable Proof of Marriage** | 03/27/09 | **Revised** with new section on PBGC Presumption of Marriage, and to expand section on Common-law Marriage. |
| | 09/28/07 | **Revised** to clarify that proof a marriage continued is generally not needed. |
| | 05/31/07 | **Revised** with new introductory material on how proof of marriage should be documented, and whether PBGC ever requires proof a marriage has continued or ended. Added new optional *Proof of Marriage Record (proofmar.doc)* and *Proof of Marriage Record Samples (prfmarsmpl.doc)*. |
| **Appendix O I. Introduction** | 11/29/11 | **Revised** to remove statement that a spouse of a pre-DOTR retiree does not have to provide proof of marriage, and clarify that proof of marriage is required even when the spouse waives survivor benefits. |
| | 08/30/11 | **Revised** to direct users to contact OPSS if more than one person claims benefits as survivor of a deceased participant, or if the validity of a marriage is challenged. |
| | 01/31/08 | **Revised** to add links to new QJSA and FSSB guidance documents; revised policy references. |
| **Appendix O III Types of Marriage** | 08/30/11 | **Revised** to direct users to contact OPSS if more than one person claims benefits as survivor of a deceased participant. |
| | 08/25/06 | **Revised** to replace **MarriageProofs** e-mailbox with **ASK OPSS**. |
| **Appendix O IV. Ceremonial Marriage** | 08/25/06 | **Revised** to replace **MarriageProofs** e-mailbox with **ASK OPSS.** |
| **Appendix O V. Common-Law Marriage** | 01/31/08 | **Revised** policy references. |
| | 08/25/06 | **Revised** to replace **MarriageProofs** e-mailbox with **ASK OPSS**; added new material on verifying corroborating evidence of common-law marriage based on whether alleged by a participant or surviving spouse. |

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| **Appendix O VII Additional Resources** | 01/31/08 | **Revised** to add link to new QJSA guidance document; updated policy references. |
| **Appendix O VIII PBGC Presumption of Marriage** | 08/30/11 | **Revised** to direct users to contact OPSS if more than one person claims benefits as survivor of a deceased participant. |
| **Appendix P eReports** | 08/30/11 | **Revised** throughout with general updates reflecting current processing and systems terminology. |
| **Appendix Q BAPD Systems** | 11/29/11 | **Revised** to remove Ariel subsection and Ariel references. |
| | 03/26/10 | **Removed** section on PRISM Application Suite; revised section on Spectrum to reflect its full implementation. |
| | 07/31/09 | **Revised** to remove Datahub section. |
| | 05/29/09 | **Revised** to replace name of search tool ChoicePoint Verifier Search with LexisNexis Verifier. |
| | | **Revised** MyPBA section to indicate that participants in certain Ariel plans can generate estimated benefit statements using MyPBA. |
| | 07/25/08 | **Replaced** Participant Locator section with ChoicePoint Verifier Search. |
| | 11/30/07 | **Removed** section on BMPRS; **revised** links to external documents throughout. |
| | 07/27/07 | **Replaced** section on CAS with CMS. |
| | 02/24/06 | **Revised** to delete section on CCN; reflect throughout the replacement of CCN functionality by CRM. |
| **Appendix Q: BAPD Systems**<br>**Prism Application Suite** | 09/28/07 | **Replaced** reference to PRISM with Genesis. |
| | 01/30/07 | **Revised** to remove statement about reengineering of PRISM. |
| **Appendix Q LexisNexis** | 11/29/10 | **Revised** section title and name and link to the LexisNexis Web site, used for locating participant addresses. |
| **Appendix R: Assignment and Withholding From Benefit Payments** | 05/29/09 | **Revised** to reflect form name and/or usage changes. |
| | 09/29/06 | **Retitled, reformatted, and revised** with new material on the following: tax withholding for residents of Puerto Rico and other U.S. possessions; Additional Resources; Non-Allowable Deductions; new Forms, Letters, Memos page; and misc. edits. |
| **Appendix R: 1 Federal Tax Withholding** | 10/31/08 | **Revised** in entirety. |
| **Appendix R 1.1 Introduction to Federal Tax Withholding** | 08/23/10 | **Revised** to clarify making payments to participants who do not provide a TIN. |
| **Appendix R 1.2 Annuity or Periodic Payment Tax Withholding and** | 08/23/10 | **Revised** to remove obsolete note that in PRISM/Spectrum, the annuity |

| | | |
|---|---|---|
| **Reporting** | | withholding election applies to both annuities and Special payments. |
| **Appendix R: 1.2 Annuity or Periodic Payment Tax Withholding and Reporting** | 11/30/07 | **Added** sentence noting that RSD notifies users annually on how to update a disability code. |
| **Appendix R 1.3 Lump-Sum or Non-Periodic Payment Tax Withholding and Reporting** | 08/30/11 | **Revised** with new note that Required Minimum Distribution payments are always rollover eligible, and miscellaneous edits. |
| | 11/02/09 | **Revised** throughout with greater detail on lump-sum payment tax withholding and rollover vs. non-rollover eligibility. Table updated for Roth rollovers and small benefit payments. |
| **Appendix R 1.3.1 Lump-Sum Payment Tax Withholding Options** | 11/29/11 | **Revised** lump sum tax withholding table in entirety. |
| **Appendix R 1.4 Other Tax Withholding Considerations** | 08/30/11 | **Revised** to add new section titled Tax on Excess Accumulations, which concerns taxation in relation to Required Minimum Distributions. |
| | 11/02/09 | **Added** statement that early distributions are rollover-eligible. |
| **Appendix R1.5 1099-R Reporting Requirements** | 11/29/11 | **Revised** distribution codes table row for code 2 Early Distribution Exception. |
| | 11/02/09 | **Added** new detail on Roth rollovers; and misc. edits. |
| **Appendix R: 1.6 Non-Resident Alien Tax Withholding Requirements** | 11/02/09 | **Revised** to clarify withholding requirements for non-resident aliens. |
| | 09/25/09 | **Revised** to indicate lump-sum payments may be rolled into Roth IRAs, and to refer users to RSD/BPB for assistance in setting them up in Spectrum. |
| | 08/28/09 | **Revised** to remove statements that PBGC does not roll over to Roth IRA accounts, and that Roth contributions are made after-tax. |
| **Appendix R 1.11 Requests for Replacement of or Revised Form 1099-R** | 11/29/11 | **Revised** to indicate that payees have the option to complete IRS Form 5329 to avoid waiting for a new Form 1099-R. |
| **Appendix R 2 IRS Tax Levies** | 03/26/10 | **Revised** existing steps for handling levies received by the DMC, added steps for levies received in a TPD or FBA, and added new cover sheets. |
| **Appendix R 7 Request for Assignment of a Benefit Due an Incarcerated Payee** | 07/25/08 | **Updated** policy reference (6.6-2). |
| **Appendix R: 8 Forms, Letters, Memos** | 10/31/08 | **Renumbered** section. |
| **Glossary** | 03/26/10 | **Added:**<br>• Genesis<br>• Image Viewer<br>• Judgmental Sampling |
| | | |

| | |
|---|---|
| 07/31/09 | **Removed:**<br>Datahub<br>**Added:**<br>IPVFB |
| 03/27/09 | **New:**<br>• DOMA<br>• DAPDC |
| 01/30/09 | **New:**<br>• MCD<br>• EIN/PN<br>• PBGC Case Number<br>**Revised:**<br>PN<br>**Removed:**<br>• MCU<br>• EIN |
| 09/26/08 | **Added:**<br>• Closely Held Stock<br>• Common/Collective Fund<br>• Debenture<br>• Hedge Fund<br>• ITIN<br>• IAB<br>• Joint Venture<br>• Limited Liability<br>• Limited Liability Company (LLC)<br>• Limited Partnership<br>• Ongoing Concern<br>• Private Equity Fund<br>• Real Estate<br>• Real Estate Investment Trust (REIT)<br>**Revised:**<br>Auditor |
| 06/27/08 | **Revised:**<br>SPDRR Plan |
| 05/30/08 | **Revised:**<br>• Guaranteed Benefits Regulation - 29 CFR Part 4022<br>• Limitation on Guaranteed Benefits Regulation - 29 CFR Part 4022, Subpart B |

| | |
|---|---|
| | • PC4<br>**Added:**<br>Unpredictable Contingent Event Benefit (UCEB) |
| 01/31/08 | **New:**<br>• SPDRR<br>• Small Plan DUEC Recovery Ratio<br>• Free Surviving Spouse Benefit (FSSB)<br>**Revised:**<br>• Qualified Joint-and-Survivor Annuity (QJSA)<br>• SPARR<br>• EDD<br>• Termination Initiation Date |
| 10/26/07 | **Revised:**<br>De Minimis Overpayment |
| 09/28/07 | **Revised:**<br>• Pay Source<br>• PLUS |
| 07/27/07 | **Added:**<br>• Spectrum<br>• CMS<br>• Case Management System<br>**Revised:**<br>• Milestone<br>• Pay Source<br>**Removed:**<br>• PRISM Retro<br>• CAS<br>• CAS(R)<br>• Case Administration System<br>• CAS/PLUS Reconciliation System<br>• CPR |
| 05/31/07 | **Removed:**<br>DARTS |
| 04/27/07 | **Revised:**<br>• DOPT Employer<br>• Purchasing Employer<br>• Responsible Person<br>• Working Retirement |
| 01/30/07 | **Added:**<br>Large Reimbursement |

| | | |
|---|---|---|
| | | **Deleted:**<br>Large Backpayment |
| | 11/30/06 | **Consolidated** BAPD Glossary (embedded within the manual) and Unabridged Glossary (accessible from the BAPD Manuals Navigator) into a single Glossary in the manual. |
| | 08/25/06 | **Added:**<br>eALG<br>**Deleted:**<br>ALGS |
| | 06/30/06 | **Added:**<br>PART<br>**Deleted:**<br>FMRS |
| | 04/28/06 | **Added:**<br>NFDE |
| | 03/31/06 | **Revised:**<br>BPB<br>**Added:**<br>• ACR<br>• Actuarial Case Report<br>• OCC<br>• PIP |
| | 02/24/06 | **Revised:**<br>CCN<br>**New:**<br>CRM |
| | 01/27/06 | **Revised:**<br>DISC |

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**03/30/2016**

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# BAPD Progress Reporter
# in Oracle Primavera P6
# Interim Guidance

**Purpose:**

The purpose of the BAPD Progress Reporter in Oracle Primavera P6 is to allow BAPD to begin capturing both elapsed and applied time on certain plan processing activities. This tool will allow BAPD to (1) manage plan processing work more effectively, (2) manage resources, (3) make management decisions regarding plan processing, and (4) capture needed data to support budget requests.

BAPD Progress Reporter will capture time associated with plan processing milestones provided in the table below.

**Frequently Asked Questions:**

1. What is the effective date for reporting time in the BAPD Progress Reporter in Primavera (P6)?

   **Answer:** The BAPD Progress Reporter must capture time for all plans trusteed on or after January 3, 2012.

2. What about time associated with plans that are currently in Primavera?

   **Answer:** Time will be captured only on **new** plans in Primavera until further notice.

3. Who will be responsible for reporting time?

   **Answer:** During this initial implementation, staff in the TPDs, FBAs and contractors supporting this work have been trained on the use of Primavera and will be required to report time. Support divisions will begin to use Primavera once requirements have been gathered and staff is trained.

4. How do I report my time?

   **Answer:** Time will be input into the BAPD Progress Reporter module that can be accessed from the Start menu **»** Oracle **»** Primavera P6 **»** BAPD Progress Reporter.

5. When should time be submitted?

   **Answer:** Submit time each week. Time is required to be submitted by Monday at noon Eastern Standard Time (EST) for the previous week. If Monday is a holiday, time is due by Tuesday at noon (EST).
6. What time increment should be used to report time?

**Answer:** Report time in increments of 15 minutes. More than 8 hours can be input for any given day.

7. Do I have to account for my entire work day?

   **Answer:** No. Time should only be reported for actual time spent on the milestones indicated in the table below.

8. What if I did not work on any milestones for that week due to training, vacation, etc?

   **Answer:** If you have not worked on any milestones for any given week, then you should enter and submit one hour under "Non-Case Processing Time." The BAPD Progress Reporter does not allow for zero hours to be submitted.

9. If I am in an FBA Office, how will I enter my time?

   **Answer:** Each FBA Office must designate one person that will be responsible for entering time for the office into the BAPD Progress Reporter. This is a temporary solution until we can resolve the issue of having multiple resources entering time.

10. How do I submit feedback or comments regarding BAPD Progress Reporter?

    **Answer:** Comments can be sent to the following e-mail address: BAPDP6SupportTeam@pbgc.gov

| Plan Processing Milestone | Associated Tasks | Primary Role |
|---|---|---|
| Secure Records<br>• Various locations and resources can be set up | • Planning for the site visit<br>• Issuing letters associated with the site visitation<br>• Actual visit and completion of any interview documents<br>• Completion of trip report | Plan team |
| Trusteeship Agreement | • Signing the agreement<br>• Issuing letters to interested parties<br>• Notifying internal PBGC personnel<br>• Updating CMS<br>• Imaging agreement | Auditor |

| Plan Processing Milestone | Associated Tasks | Primary Role |
|---|---|---|
| Working Retirement Determination | • Completing the determination memo<br>• Providing input to the actuary for the EPAM document Communicating results to the FBA/EBLS | Auditor |
| Plan Asset Risk Assessment for Fiduciary Breaches and Conflicts of Interest | • Completion of the Risk Assessment Determination<br>• Completion of Notification memo<br>• Follow-up work requested by OGC to support investigation if needed | Auditor |
| Participant Trusteeship Letters | • Gathering data to determine participants<br>• Data Load process or support (note this could occur as an iterative process)<br>• Loading of DOB into Spectrum for MyPBA<br>• Developing PIF Tracking- Follow-up Letters | EBLS/FBA |
| Assume Payments | • 1st pay & Customer loads<br>• Information gathering from paying agent<br>• Sending paying agent letter<br>• Benefit funding prior to trusteeship | EBLS/PBA/OASD/TL |

| Plan Processing Milestone | Associated Tasks | Primary Role |
|---|---|---|
| Payee Data Review | • Identifying participants that are impacted<br>• Creating spreadsheet for miscellaneous data load<br>• Updating Spectrum<br>• Notifying participants of benefit end dates, if necessary<br>• Providing input to the EPAM document | Actuary & EBLS/FBA |
| Actuarial Upfront Work | • Initial Plan Summary<br>• Data elements listing<br>• Analysis of plan provisions<br>• Analysis of calculations<br>• Updating of Plan Provisions milestone | Actuary |
| Benefit Estimation Tool (BET) | • Creating estimation tool and testing<br>• Training on estimation tool<br>• Work with OASD on software loading | Actuary |
| Estimated Cutbacks/Adjustments | • Actuarial determination and documentation of cutbacks<br>• Estimated Benefit Adjustments Analysis Memo<br>• Data loading of cutbacks<br>• Issuance of cutback letters<br>• Adjusting benefits | Actuary, EBLS/FBA |

| Plan Processing Milestone | Associated Tasks | Primary Role |
|---|---|---|
| Source Document Audit & e-Data Audit | • Identification of best available sources-both paper and electronic<br>• Sampling of sources<br>• Documentation of results<br>• Imaging of sources in support of audit | Auditor<br><br>EBLS/FBA/DMC |
| Plan Document Listing | • Identifying plan documents<br>• Documenting available documents | Plan team member |
| Plan Asset Evaluation (valuation or final) | • Planning for work<br>• Securing records in support of audit<br>• Conducting interviews<br>• Completing plan asset evaluation report<br>• 1108 reconciliation<br>• Updating report with final recovery when needed | Auditor |
| Building Participant Database | • Request LEO<br>• Spectrum Reconciliation<br>• Reasonableness Testing<br>• Providing written instructions to database team<br>• Monitoring database activities<br>• Documenting results | Effort is led by the auditor even though activities are conducted by other team members |
| Participant Data Audit | • Statistic Audit or Judgmental Testing<br>• Archiving samples and final database<br>• Early BD audit identification & report<br>• Final PDA Report | Auditor |

| Plan Processing Milestone | Associated Tasks | Primary Role |
|---|---|---|
| Actuarial Valuation | • Preparing listing<br>• Plan memo<br>• Programming of benefits<br>• Preparing statements<br>• Preparing BSRS | Actuary |
| Software Close-out | • Completion of software close-out<br>• Support for ADT load | Actuary |
| Post Valuation | • QDRO work<br>• RFAs<br>• Support for Appeals<br>• Support for RSD<br>• Clean-up work | Actuary, EBLS/FBA/PVA |
| Issue BDs | • Early BDs<br>• Valuation BDs (all categories) | EBLS/FBA/PVA |
| Adjust benefits | • Moving participants from estimated to final | EBLS/FBA/PVA |
| Plan Closing | • Preparing plan closing report<br>• Running plan closing reports<br>• Reconciling results<br>• PVA review of Plan Closing<br>• Correction of plan closing problems<br>• RSD review of rejected plan closing | EBLS/FBA/PVA |

# Case Processing for Plans with Asset Re-evaluations Interim Procedures

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## 1. Introduction

Federal law requires PBGC to pay accurate pension benefits to participants. PBGC has a series of procedures and controls in place to ensure that it does so, and continually revises them to meet appropriate standards of accountability and law.

In circumstances where the plan asset evaluations were not conducted with sufficient rigor, PBGC will make a determination whether or not to redo an asset evaluation. In cases where asset re-evaluations are done, PBGC may or may not revise benefit determinations that have already become effective.

Policy 4.4-1 Asset Re-evaluations establishes the criteria that must be met before PBGC will undertake a re-evaluation of a completed asset evaluation. It also reiterates the circumstances under which an already effective benefit determination can be revised based on an asset re-evaluation.

These procedures provide high-level guidance on the steps required to complete the plan processing once PBGC has determined that it will perform an asset re-evaluation for the plan. The processes and work products are generally the same in purpose and execution to those associated with standard case processing; however, given the case processing work previously completed (including the issuance of benefit determinations), the procedures required will vary somewhat from those found elsewhere in the OBA Operations Manual for standard case processing.

## 2. Perform Asset Re-evaluation

Once PBGC has determined that it will perform an asset re-evaluation for a plan, the Asset Evaluation Division (AED) works to complete a re-evaluation of the plan's assets.

**2.1 AED Re-evaluates the Plan's Investment Assets.** AED performs the valuation of the plan's investment assets in accordance with Process 15 in the OBA Plan Asset Evaluation Manual. AED documents its work and the results of its valuation of the investment assets. When final, these reports are and imaged under the appropriate index in the plan file in IPS.

**2.2 AED Reconciles Assets with FOD.** Incorporating the results of AED's valuation of the plan's investment assets, AED:

- prepares the *Plan Asset Evaluation Report,* the *Form 1108 Plan Asset Reconciliation,* and the *Form 1108 Plan Asset Reconciliation* packet – including Supervisory Auditor concurrence – and updates the appropriate plan asset fields in CMS*, in accordance with Process 15.13 Prepare Plan Asset Evaluation Report;
- reconciles the plan assets with FOD in accordance with Process 15.14 Reconcile Plan Assets with FOD/IAB; and
- images all documents supporting the asset re-evaluation under the appropriate index in the plan file in IPS.

Note: Since the CMS milestones were previously finalized, the Auditor must submit a request to the CMS Business Representative (and copy the MCD manager) to have the asset screen updated by a CMS database administrator.

**2.3 Asset Re-evaluation Working Group.** When unusual situations are encountered in the process of performing an asset re-evaluation that do not clearly represent errors in the original asset evaluation, but that could impact the results of the asset re-evaluation – such as pre-termination liabilities discovered after the original plan asset evaluation was complete and that were not accounted for in the assets allocated to benefits – the issue should be presented to the Asset Re-evaluation Working Group (ARWG) for resolution.

To present an issue to the ARWG, the Supervisory Auditor provides a memo presenting the issue and recommending a resolution, with any necessary supporting documentation, to the MCD manager, who serves as chair of the ARWG. The MCD manager reviews the memo and forwards to the ARWG for consideration if appropriate.

- Any issue requiring a new decision will be forwarded to the ARWG for consideration.
- Any changes to recovery values will be forwarded to the ARWG for review before they are forwarded to the Recovery Valuation Group for consideration. (See Policy 8.2-1 Valuation and Allocation of Recoveries and Process 15.10B Value Due and Unpaid Employer Contributions for more information on valuing recoveries.

### 3. Revise Actuarial Valuation

Once the Plan Asset Re-Evaluation is complete, the case actuary analyzes the impact of the revised asset value on the actuarial valuation of the plan.

**3.1 Plan Asset Re-evaluation Results in Changes to Participant Benefits.** If the case actuary determines (with Supervisory Auditor concurrence) that the revised asset value will result in changes to participant benefits, the case actuary prepares a revision to the Actuarial Case Report, documenting the analysis and the changes to participant benefits (and other relevant calculations reported in the Actuarial Case Memo), generally following the procedures in Process 17 Actuarial Valuation, modified as appropriate.

Upon completion and approval of the revised Actuarial Case Report, the CSD issues Revised or Corrected Benefit Determinations as applicable, taking into consideration Section H. Determining whether to revise a benefit determination that has become effective of Policy 4.4-1 Asset Re-evaluations, and generally following the procedures in Process 19 Benefit Determination Letters, modified as appropriate.

Any relevant work products and supporting documentation should be imaged under the appropriate index in the case file in IPS.

**3.2 Plan Asset Re-evaluation does not Result in Changes to Participant Benefits.** If the case actuary determines (with Supervisory Auditor concurrence) that the revised asset value will not result in changes to participant benefits, the case actuary prepares a revision to the Actuarial Case Report documenting its analysis and the determination that the Plan Asset Re-evaluation does not result in any changes to participant benefits.

Upon completion and approval of the revised Actuarial Case Report, any relevant work products and supporting documentation should be imaged under the appropriate index in the case file in IPS.

## 4. Customer Communications

Given the sensitive nature of asset re-evaluations and the potential changes to large numbers of participants, great care should be paid to our customer communications regarding the process and its outcomes. Customers of our communications related to asset re-evaluations can include:

- Participants and beneficiaries, and their attorneys;
- Unions representing employees of the plan sponsor;
- Members of Congress;
- PBGC's Office of the Inspector General (OIG);
- The press.

PBGC's communications with our customers may include:

- Telephone conversations;
- Individual letters responding to inquiries from participants, beneficiaries, or their attorneys;
- Benefit Determination Letters (BDLs);
- Letters responding to inquiries from members of Congress;
- Letters or memos to the OIG;
- Press releases;
- Plan-specific website announcements.

**4.1 General Communications Guidelines.** In general, the CSD should follow the guidelines below when preparing written communications related to an asset re-evaluation:

- The CSD should consult with PPD when preparing any written communications other than routine responses to individual participants.
- Inquiries from attorneys representing participants should be forwarded to an attorney for review and response.
- Inquiries from members of Congress should be handled in accordance with TP 31 Overview for Congressional and Other Sensitive Correspondence.
- Any communications with the OIG should be directed through the OBA front office.
- The CSD should keep participants informed of significant developments in the asset re-evaluation process through plan-specific website announcements. CSD must consult with PPD when posting announcements to the plan-specific website.
- Plan-specific website announcements should be dated, assigned an expiration date for removal if appropriate, and should be monitored for continued relevance and accuracy.

## 5. Resources for Case Processing for Plans with Asset Re-evaluations

### Policies

- Policy 4.4- Asset Re-evaluations
- Policy 5.8-1 Benefit Changes
- 6.3-1 Underpayment Reimbursement and Interest Payments
- 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery
- 6.4-3 Computation and Netting of Post-DOPT Overpayments and Underpayments
- Policy 8.2-1 Valuation and Allocation of Recoveries

### Procedures

- New Asset Evaluation Procedures and Documents
- Process 15 Plan Asset Evaluation
- Process 17 Actuarial Valuation
- Process 19 Benefit Determination Letters
- Plan File Indexing Specification Guide

### Communications

- TP 31 Overview for Congressional and Other Sensitive Correspondence
- eALG Correspondence Help
- Plain Writing

# CRM Plan and Participant Alerts Interim Guidance

**07/01/2016**

CRM Alerts are created to provide information that CSRs (CCC) should be aware of when speaking to customers. Alerts may be created for individual participant records or plan-wide.

- A **Participant Alert** is a message affixed to a specific participant's CRM record. Participant Alerts are used to indicate, for example, a customer's password or information that should not be updated, such as an EDD address. Participant Alerts may be requested by anyone connected with the plan, including the case team, management, or Problem Resolution Officer.
- A **Plan Alert** is a message affixed to the CRM record of every participant in a plan. It should be general and applicable to all or most plan participants. Plan Alerts are used to indicate, for example, MyPBA availability, when benefit estimates will be available, or when trusteeship packages will be mailed. Plan Alerts must be requested by PSD management.
- Use the following instructions to create CRM Alerts as needed. CRM Alerts can be created for any size plan and should certainly be used for larger and more complex plans. When establishing an alert, identify the situation or event affecting the plan or participant and provide instructions for how it should be handled.

**Important:** Do not read CRM Alerts to participants. They are intended only for the reference of the CSR or other OBA staff.

Please contact the CCC COR with any questions about requesting a CRM Plan or Participant Alert.

**In this Section**

Request a CRM Participant Alert
Request a CRM Plan Alert

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## Request a CRM Participant Alert

**03/30/2015**

Anyone associated with a plan may request a ▸CRM Participant Alert.

1. For each alert, prepare an e-mail to the CCC Issues Mailbox and copy Valerie Ramsey (▸COR).
   - In the subject line, enter `CRM Participant Alert Request`.
   - In the body, include:
     - Customer ID Number, name, and plan number.
     - Alert activation date.
     - Alert deactivation date, if determined.

       If this date is not included in the original request, the requester is responsible for notifying the ▸CCC when the alert is no longer needed.
     - Alert message in clear, concise language containing no more than 240 characters. See ▸Sample Language for Common Participant Alerts.

   The CCC notifies the requester by e-mail when the alert has been activated.
2. To deactivate an alert for which an end date was not included in the original request, or to end the alert early, again prepare an e-mail to the CCC Issues Mailbox and copy Valerie Ramsey (COR):
   - In the subject line, enter `CRM Participant Alert Deactivation Request`.
   - In the body, include:
     - Customer ID Number, name, and plan number.
     - Alert activation date.
     - Alert deactivation date.
     - Alert message.

**Note** The CCC reviews all alerts on a quarterly basis to determine if deactivation may be necessary. If so, the CCC sends an e-mail to the requester with the scheduled deactivation date and proceeds to deactivate the alert unless asked to do otherwise.

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## Request a CRM Plan Alert

**07/01/2016**

Only a ▸PSD management may request a ▸CRM Plan Alert. Staff from other offices (for example, ▸PPD or MCD) may initiate an alert by contacting PSD management.

**TPD Management Team Member or FBA/PVA Supervisor**

1. For each alert, prepare an e-mail to the CCC Issues Mailbox and copy the ▸CCC ▸COR:
   - In the subject line, enter `CRM Plan Alert Request.`
   - In the body, include:
     - Plan name and case number.
     - Alert activation date.
     - Alert deactivation date, if determined.

       If an end date is not included in the original request, the requester is responsible for notifying the CCC when the alert is no longer needed.
     - The alert message in clear, concise language containing no more than 240 characters. See ▸Sample Language for Common Plan Alerts.

   The CCC notifies the requester by e-mail when the alert has been activated.
2. To deactivate an alert for which an end date was not included in the original request, or to end the alert early, again prepare an e-mail to the CCC Issues Mailbox and copy the CCC COR:
   - In the subject line, enter `CRM Plan Alert Deactivation Request`.
   - In the body, include:
     - Customer ID Number, name, and plan number.
     - Alert activation date.
     - Alert deactivation date.
     - Alert message.

**Note** The CCC reviews all alerts on a quarterly basis to determine if deactivation may be necessary. If so, the CCC sends an e-mail to the requester with the scheduled deactivation date and proceeds to deactivate the alert unless asked to do otherwise.

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# Managing Participant Expectations for Benefit Estimates Guidance

**07/01/2016**

To assist the ▸EBLS/▸FBA/▸PBA in managing the participant's expectations for a benefit estimate prior to the availability of ▸BET, use the *Benefit Estimate Tracking Spreadsheet* as a tool to document, prioritize, and track the participant's request for a benefit estimate. Within the spreadsheet there are two worksheets:

- Tracking worksheet: Use for tracking and prioritizing each benefit estimate request.
- Guidelines worksheet: Use for entering data for calculating the priority code due dates on the Tracking worksheet.

Discuss with the team, specifically the actuary, the expected time frame for completion of requests based on the plan and participant data available and document in the Guidelines worksheet for automatic calculation of due dates in the Tracking worksheet.

The *Benefit Estimate Tracking Spreadsheet* also contains calculations that determine the priority code based on the participant's current age. Always review the priority code and override the calculation if necessary (for example, ▸QDROs or Hardships). There are three priority codes, A, B, and C, based on the following criteria:

- **Priority Code A**:
  - Expectation for Actuarial Completion: Complete first and as soon as possible.
  - Criteria for Priority Code A:
    - Participant is age 70½
    - Participant eligible for an immediate retirement
    - Benefit affected by a Domestic Relations Order with pending court date
    - Beneficiary waiting to go into pay
    - Hardship case
- **Priority Code B**:
  - Expectation for Actuarial Completion: As soon as possible after Priority A.
  - Criteria for Priority Code B:
    - Participant currently/soon eligible to retire (within 90 days)
- **Priority Code C**:
  - Expectation for Actuarial Completion: When the BET is available or earlier if possible.
  - Criteria for Priority Code C:
    - Participant not eligible to retire within 90 days
    - Eligibility unknown: For this situation, the EBLS/FBA places a request in the **FBA Comments** column for ▸CSD to research if participant is eligible.

**Note** If the EBLS/FBA determines a participant is not eligible for a benefit (for example, they do not appear to be a plan member) and the participant disagrees, treat the participant the same as Priority Code C: Eligibility Unknown participants.

Use the following steps to manage the expectations of participants who request a benefit estimate before the BET is available using the *Benefit Estimate Tracking Spreadsheet* tool.

**EBLS/FBA**

1. Create a *Benefit Estimate Tracking Spreadsheet* for the plan including all data elements needed to produce a benefit estimate:
   - Consult the actuary for a list of the required data elements.
   - Update the data in the Guidelines worksheet for due date calculations on the Tracking worksheet.
   - Refer to the Benefit Estimate Tracking Sample Spreadsheet to start the spreadsheet, adding or deleting data

elements (columns) as necessary.

2. Upload the *Benefit Estimate Tracking Spreadsheet* to the portal project for updates and maintenance.
3. For each benefit estimate request received (by telephone, mail, or through MyPBA), enter the requesting participant's information in the *Benefit Estimate Tracking Spreadsheet*.

   Contact the participant for additional information, as needed.
4. Verify the priority code for each request based on the criteria in the **Estimate Priority Assigned by FBA** column of the *Benefit Estimate Tracking Spreadsheet*.

   Override the **Estimate Priority Assigned by FBA** column, if necessary (for example, QDROs or Hardships).
5. Add any non-routine actions required by the actuary in the **FBA Comments** column of the *Benefit Estimate Tracking Spreadsheet*.
6. Notify the participant of when to expect the benefit estimate, either by phone on initial phone call or by sending an *eALG Generic Letter* (for every participant or by specific priority).
7. Notify the actuary of all pending requests in the spreadsheet on a regular basis based on an agreed upon method of communication within the team.

**Actuary**

8. Review the *Benefit Estimate Tracking Spreadsheet* to ensure there is enough data to perform the calculation and check the **FBA Comments** column of the *Benefit Estimate Tracking Spreadsheet* for any required actions.

   If there is not enough information to complete the calculation, in the **Actuary Comments** column of the spreadsheet document the additional data needed.
9. When there is enough information, calculate the benefit estimate requests by Priority Codes.
10. Prepare the Estimated Benefit Statement and include the following message, adjusted as appropriate, on each benefit estimate produced:

    "PBGC used the data below to compute your estimated monthly payment. We will send you a formal determination of your benefit when we have collected all data and reviewed all provisions of your plan."
11. Place the Estimated Benefit Statement in the appropriate folder in the portal project (for example, Calculation Estimates folder).

**EBLS/FBA**

12. Upon retrieving the benefit estimate from the appropriate folder in the portal project, issue the benefit estimate with an *eALG 305 Response to Inquiry for a Benefit Estimate* or other cover letter, as appropriate.
13. Close the service request in ▶CRM.
14. Update the **Date Received from Actuary** column in the *Benefit Estimate Tracking Spreadsheet*.
15. Once BET is available:
    - Generate benefit estimates, in batches if appropriate, to the participants on the spreadsheet who have not yet received them and update the *Benefit Estimate Tracking Spreadsheet*.
    - Follow normal processing for issuing benefit estimates. See TP 32 Provide Estimated Benefit Calculations.

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# PPA At A Glance

**07/01/2016**

PPA 2006, signed into law on August 17, 2006, includes a number of provisions that significantly affect the administration of benefits in plans trusteed by PBGC.

**Shutdown Benefits:**

**New Rule:** Benefits payable because of shutdowns or similar events are phased-in from the date of the shutdown. Special rules apply to participants earning "creep" service.

> **Note** PPA placed additional benefit restrictions on payment of shutdown or other UCEB when the plan is underfunded. See Benefit Restrictions on Underfunded Pension Plans (IRC §436 limitations), below.

**Effective:** Shutdowns or similar events on or after 07/27/2005.

**Example:** The facility where Sam worked shutdown 08/01/2007, and the plan terminated 12/01/2007. Sam would have been entitled to $750 per month at his ERD of 10/01/2007 if the shutdown had not occurred. However, because of the shutdown, his plan benefit at his ERD is $1,000 per month. The $250 per month benefit payable because of the shutdown is phased in at 0% because the shutdown occurred within one year of DOPT.

**Action:** Notify ASK PPD of any affected plans. Apply new phase-in rules to cutbacks, estimated benefit calculations, and final benefit calculations.

**Majority Owners:**

**New Rule:** The "Substantial Owner 30-year phase-in" no longer applies, replaced by a 10-year phase-in for Majority Owners (50% or more ownership). The phase-in rate = X/10, where X = the number of full years the plan was in effect as of DOPT.

**Effective:** NoIT or NoD on or after 01/01/2006.

**Example:** Theresa owns 50% of the ABC company stock. Her guaranteed benefit (after applying the Max and Phase-in) would be $2,100 per month if she were not a majority owner. The ABC plan was in effect for 8 years as of DOPT. Therefore, Theresa's guaranteed benefit is $1,680 (8/10 x $2,100).

**Action:** The *OBA Operations Manual* has been updated with relevant changes. Apply new phase-in rules for Majority Owners.

**Bankruptcy:**

**New Rule:** The BPD is treated as DOPT for PBGC guarantees and calculation of benefits in PC3 for plans that terminate while the plan sponsor is in bankruptcy.

> **Note** PPA placed additional benefit restrictions on benefits and payments when the plan sponsor is in a period of bankruptcy and the plan is underfunded. See Benefit Restrictions on Underfunded Pension Plans (IRC §436 limitations), below.

**Effective:** Bankruptcies filed on or after 09/16/2006.

**Example:** The XYZ Pension Plan plan was created effective 01/01/2003. The plan sponsor filed for bankruptcy 8/1/2007. The plan terminated 2/2/2008 while the sponsor was still in bankruptcy. Benefits are subject to $80/80% phase-in because the plan was only in effect four full years as of BPD. In addition, the 2007 Maximum Guarantee applies, not the

2008 Max.

**Action:** Apply new phase-in rules to cutbacks, estimated benefit calculations, and final benefit calculations. See Policy 5.14-1 Benefits in PPA 2006 Bankruptcy Plans.

**Rollovers by Non-Spouse Beneficiaries:**

**New Rule:** Non-spouse beneficiaries, but not estates, may elect to have a lump-sum benefit or "large back payment" paid directly into an "inherited" ▸IRA.

**Effective:** Distributions made on or after 01/01/2007.

**Action:** Procedures for making non-spousal rollovers are located in Appendix R Assignment and Withholding from Benefit Payments, sections 1.3 Lump-Sum or Non-Periodic Payment Tax Withholding and Reporting and 1.3.1 Lump-sum Payment Tax Withholding Options.

**Rollovers to Roth IRA:**

**New Rule:** A lump sum may be rolled directly into a Roth IRA; however, the rollover is not tax-free.

**Effective:** Lump sums paid on or after 01/01/2008.

**Action:** Contact ASK PPD for guidance on paying a lump sum in a rollover to a Roth IRA.

**SPARR:**

**New Rule:** PPA revised the five-year "SPARR Period" for the ▸SPARR. It is now the five full fiscal years ending with the *third* fiscal year before the fiscal year in which termination was initiated for the plan.

**Effective:** NoIT or NoD on or after 09/16/2006.

**Example:** The QRS Plan has a NoIT of 05/01/2010; therefore, the five-year period for the SPARR consists of fiscal years 2003 - 2007.

**Action:** See Policy 6.7-1 4022(c) Amounts, and TP 25.1 Determine the Small Plan Average Recovery Ratio and Appendix H1 Historical SPARR Information for more guidance.

**SPDRR:**

**New Rule:** PPA created the Small Plan ▸DUEC Recovery Ratio (SPDRR). Similar to the SPARR, this allows PBGC to use the ratio to determine the value of DUEC for termination benefit valuation purposes. This ratio is determined over the "SPDRR Period" which is the five full fiscal years ending with the *third* fiscal year before the fiscal year in which the termination was initiated for the plan. The "Valuation DUEC Recovery" is determined by multiplying the plan DUEC by the appropriate SPDRR.

**Effective:** Plans in which the total amount of ▸UNGB as of DOPT does not exceed $20 million, and have a NoIT or NoD on or after 09/16/2006.

**Example:** The JKL Plan has a NoIT of 5/1/2007. UNGB = $8 million. The SPDRR is 28.42. Therefore, the "Valuation DUEC Recovery" is $2,273,600 ($8,000,000 x 28.42).

**Action:** See Policy 6.7-2 DUEC Recovery Amounts, and TP 25.2 Determine the Small Plan DUEC Recovery Ratio and Appendix H2 Historical SPDRR Information for more guidance.

**Distributions during Working Retirement:**

**New Rule:** Plans can amend to allow participants age 62 and older to receive pension payments while continuing to work for the plan sponsor.

**Effective:** 2007 and later plan years.

**Action:** Notify ASK PPD of any trusteed plans that allow early retirees to continue working.

**Cash Balance Plan Termination:**

**New Rule:** Variable rate plans must amend plan provisions to fix (freeze) interest rates and mortality upon termination.

**Effective:** Cash Balance plans terminating during/after 2008 plan year.

**Action:** Notify ASK PPD and ASD of any cash balance plans trusteed after 01/01/2008.

**Benefit Restrictions on Underfunded Pension Plans (IRC §436 limitations):**

**New Rule:** Section 436 places restrictions on certain benefit accruals and payments based on the plan's AFTAP.

**Effective:** Plans with DOPT on or after the first day of the plan year beginning in 2008 (for example, 01/01/2008 for a calendar year plan).

**Action:** Follow procedures in Process 10.1 Analyze Plan Documents to determine if the limitations potentially apply and, if so, follow procedures in TP 14 436 Benefit Limitations to evaluate the impact, if any, on PBGC's calculation and administration of the plan's benefits.

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# Privacy Act Release Interim Guidance

**03/30/2016**

The ▸Privacy Act of 1974 generally prohibits PBGC personnel from releasing information about a customer from PBGC records ("Privacy Act information") to anyone other than the customer. Unless PBGC has an acceptable release, Privacy Act information may not be disclosed to a third party in a telephone call or in writing. Disclosures of Privacy Act information are prohibited to third parties even if they are family members.

A third party authorized to receive Privacy Act information is referred to as an "authorized contact." A Privacy Act release allows the authorized contact to receive information from PBGC. It does not authorize the third party to take actions for the customer, such as signing an application or making other changes to the customer's record. If a customer wants to allow someone to *take actions on his or her behalf*, the customer should appoint said individual to serve as his or her agent through a power of attorney. (See TP 49 Power of Attorney and Guardianship to process a ▸POA.)

If a customer wishes to authorize another person to receive Privacy Act information from PBGC, the customer may authorize PBGC through the following approaches.

- **Written release:** PBGC will determine whether someone is an authorized contact for a customer when a written release signed by the customer is provided. PBGC will notify the customer about whether the written release is sufficient to meet the requirements of the Privacy Act. The elements of an acceptable Privacy Act Release are in Written Privacy Act Releases.
- **One-time telephone call**: Often, a PBGC customer contacts PBGC with a third party on the telephone line – for example, a customer may call with a child or spouse on the telephone call. With the customer's permission, PBGC may discuss Privacy Act information during the telephone call with the customer and the third party. The oral permission granted by the customer is effective only for the duration of the phone call and the customer's request to include the third party in the phone call is documented in the call notes. This is permissible as it is considered a release of Privacy Act information to the customer. PBGC may not send any written information to the third party.

  A customer may not orally authorize that PBGC provide Privacy Act information to a third party independently. When a customer wishes to authorize someone to receive Privacy Act information independently, the customer must provide a written release. If requested, PBGC will provide the customer with information about what is needed for an acceptable Privacy Act release. This is covered in Privacy Act Disclosures in Phone Calls.
- **Privacy Act Breaches**: PBGC must report a possible breach within 60 minutes of identifying a situation in which there has been a Privacy Act breach, such as disclosing Privacy Act information to a third party. Refer to Appendix A.4 Reporting a Breach of Sensitive Information.

**In this Section**

Written Privacy Act Releases
Privacy Act Disclosures in Phone Calls

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## Written Privacy Act Releases

**03/30/2016**

| | |
|---|---|
| Purpose | To determine whether a document is an acceptable release under the Privacy Act of 1974 and respond to the customer. |
| Guidance | Privacy Act of 1974<br>Directive IM 10-3 Protecting Sensitive Information<br>Directive IM 05-9 Information Privacy Program<br>Privacy Resources |

Upon receipt of a document in which a customer appears to authorize another party to speak with PBGC and receive any ▸Privacy Act information about the customer, take the following actions:

1. Identify the customer and any plans in which the customer may participate.

   **Note** The ▸SSN, ▸CID, or plan name and number are not required on the release, although PBGC staff will need to identify same to process.

2. Review the document. There is no standard format in which it must appear. If the document is labeled or formatted in any way as a power of attorney (▸POA), consult with the local POA Coordinator to confirm whether it should be processed as a POA. If so, review and process it according to TP 49 Power of Attorney and Guardianship and discontinue this process.
3. Determine whether the written release is an acceptable Privacy Act release or not by ensuring each of the following elements is contained:
   a. Name of customer
   b. Name of the person(s) or entity to be the authorized contact
   c. Customer's signature, which must:
      i. Be notarized, or
      ii. Include a "penalty of perjury" declaration.

      Example: "I declare under penalty of perjury that I am John Doe."
   d. Statement of purpose of the release
      i. Example: "I would like my daughter Jane Doe to be able to discuss my PBGC pension."
      ii. Example: "I authorize you to speak with my wife about how my pension was calculated by PBGC and when I can begin to receive it."
4. Consult with the supervisor if assistance is needed to ensure that any of these requirements are met. The supervisor will refer to ▸PPD via Ask PPD (see TP 17 Policy and Processing Questions) if assistance is needed. PPD will consult with legal (▸OGC) as needed.
5. If the release is unacceptable, prepare a letter to the customer advising that the document was reviewed and cannot be accepted and state the explicit reason. The customer may also be contacted by phone and advised about the deficiency; however, the letter must be sent unless a new acceptable release is received prior.

   **Note** A copy of the letter **may not** be provided to the proposed "authorized contact."

6. If the release is determined acceptable (contains all the necessary elements), prepare a letter to the customer advising that the document was reviewed and PBGC will disclose information within the scope of the stated purpose to the named authorized contact.

   Send a copy of the letter to the authorized contact.
7. The release terminates upon:
   a. Notice by the customer, or
   b. Completion of the stated purpose of the release.

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## Privacy Act Disclosures in Phone Calls

**03/30/2016**

| | |
|---|---|
| Purpose | To interact with customers and third parties by telephone when requested to do so by customers in a method that is acceptable under the Privacy Act of 1974. |
| Guidance | Privacy Act of 1974<br>Directive IM 10-3 Protecting Sensitive Information<br>Directive IM 05-9 Information Privacy Program<br>Privacy Resources |

Generally, PBGC may only independently disclose ▸Privacy Act information to a third party by telephone when the person or third party is explicitly authorized as a guardian, conservator, or an agent in a power of attorney, or through a written release under the Privacy Act that meets the requirements of Written Privacy Act Releases.

Absent one of these authorizations, PBGC staff **may not independently disclose** Privacy Act information to any third party by phone or in writing. However, when a customer contacts PBGC by phone with a third party on the call, the customer may advise that he wishes to permit PBGC to disclose Privacy Act information during the phone call. When a customer advises PBGC that he wishes to temporarily (i.e., for the duration of a phone call) include a third party in a phone discussion with PBGC that may involve Privacy Act information, follow these steps:

1. Request customer follow normal process of validating identity.
2. When customer indicates a third party is participating in the call, verify the following with the customer and document in ▸CRM:
   a. Name of the third party
   b. Relationship if available
   c. Phone number if available
3. Advise both parties that PBGC will disclose Privacy Act information during this phone call per the customer's request, but that this will only occur during the phone call with the customer on the line.
   a. The third party may not call PBGC independently and receive Privacy Act information in subsequent phone calls unless the customer is again on telephone and advises this is authorized. The third party may not call PBGC independently and receive Privacy Act information in subsequent phone calls unless the customer is again on telephone and advises this is authorized.
   b. Provide information about a written release if appropriate, including the necessary items that must be addressed in the release. See Written Privacy Act Releases.
4. Document the phone call in CRM.

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# Processing Checks Returned for Bad Address Interim Procedures

07/01/2016

Envelopes containing checks mailed to PBGC customers currently bear the return address of PBGC's paying agent (SSC). Beginning with checks issued during the September-October 2012 timeframe, these envelopes will instead bear the DMC's return address. This will require some processing changes for the DMC and benefit processing staff for checks that are returned for bad address, as described in the following interim procedures.

**DMC**

1. Scan the returned envelope and check with Doc ID **4E Home Address Change Request** (use **4H Returned Pension Checks** if the returned envelope indicates the payee is deceased).

   This creates an "action required" CRM Service Request (SR).

2. Classify the check in IPS DM Verify as follows:

   - Check Type = **PE**
   - IPS Comments = **PE4E** (use **PE** if payee is reported deceased)

3. Reassign the SR to the Mail POC for the plan with specific comments (for example, "Returned pension check, forwarding address not provided on envelope, please invalidate address in Spectrum."
4. Shred the check.

**Mail POC and/or Benefit Processing Staff**

5. Upon receipt of the SR, proceed according to whether the returned check indicates the payee is deceased:

   - If not reported deceased, proceed to step 6.
   - If the payee is reported deceased:

     - For the returned check, prepare an eCARF to stop payment and return to trust.
     - Process the SR as a report of death according to TP 5 Death Processing. No further action is needed for this interim procedure.

6. Attempt to contact the customer by telephone for the new address (or to verify a forwarding address provided by the USPS). Use available information in the payee's IPS file, CRM, and from available locator search engines as needed to obtain the phone number.

7. Proceed based on the success of the attempted voice contact:

   **Voice Contact Established:**

   - Update the payee's address in CRM. This generates CRM acknowledgement letters to the new and old address.
   - Prepare an eCARF to stop payment and reissue the check to the new address. See TP 45.2A Stop and Reissue Unpaid Check.

   **Voice Contact Not Established:**

   - For the returned check, prepare an eCARF to stop payment and return to trust.
   - Code the address Invalid in Spectrum.
   - Suspend the payee's benefit payments in Spectrum until voice contact is established and a valid address provided.

8. Close the SR.
9. Upon receipt of a verified address and establishing voice contact with the payee:

   - Record the contact and update the address in CRM.
   - Resume annuity payments.
   - Issue a back payment with interest for payments missed while benefits were suspended.

**03/27/2014**

This section describes ▸OBA's initial steps from assigning the Case Team through effecting trusteeship for a case. The Case Team holds a coordination meeting with ▸CFRD, then assesses the available information and begins the case work plan. The Case Team's ▸auditor and ▸actuary create documents for preparation for building the database. CFRD prepares the Trusteeship Agreement, which is sent to the ▸plan administrator or outside signatories. Once both the outside signer and a PBGC representative (the Supervisory Case Management Analyst) have signed the agreement, trusteeship is effective.

The order of the procedures given is a normal progression of a case; however, PBGC may trustee the plan at any time.

**In this Section**

Process 8 Pre-Trusteeship Processing

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# Process 8 Pre-Trusteeship Processing

**In this Section**

8. Overview for Pre-Trusteeship Processing
8.1 Assign Case Team
8.2 Assess Available Records/Information
8.3 Hold Coordination Meeting with Corporate Finance and Restructuring Department
8.4 Assign Milestones in CMS
8.5 Plan Case and Create Case Work Plan
8.6 Begin Plan Document List, Plan Summary, and Participant Data Elements List
8.7 Effect Trusteeship
8.8 Complete DUEC Milestone and Update the Recovery Milestone
8.9 Resources for Pre-Trusteeship Processing

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## 8. Overview for Pre-Trusteeship Processing

**07/01/2016**

The Pre-Trusteeship Processing section describes ▸OBA's initial steps from assigning the Case Team through effecting trusteeship of the plan. The Case Team retrieves and reviews pertinent documents placed into TeamConnect by ▸CFRD, holds a coordination meeting with CFRD, and begins the case work plan. CFRD prepares the Trusteeship Agreement, which the ▸TWG Chairperson's office sends to the ▸plan administrator or outside signatories. The Trusteeship Agreement is subsequently executed by the Supervisory Case Management Analyst, ▸CMD and the plan is trusteed.

The order of the procedures within Pre-Trusteeship Processing is the normal progression of a case; however, the plan may be trusteed at any time.

Getting an early start on ▸participant and plan processing is imperative to reduce the overall case cycle time. Efficient case processing facilitates improved customer service, as OBA is able to deliver participants better information earlier about the termination of the plan and their ▸benefits.

**Documenting Plan and Participant Files**

When archiving documents or imaging documents to plan or participant files, follow instructions in TP 16 Plan and Participant File Maintenance.

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## 8.1 Assign Case Team

**07/01/2016**

| | |
|---|---|
| **Purpose** | To assign a case to a Case Team. |
| **Guidance** | N/A |
| **Procedure Owner** | Supervisory Case Management Analyst, CMD |

The ▸CFRD Analyst Supervisor notifies ▸MCD that the case is ready for assignment to an ▸OBA Case Team.

Generally, CFRD requests assignment to a case upon starting the *Trusteeship Working Group Memo* (a process that can take one or more months). CFRD requests ▸CMD assignment earlier if any of the following are true:

- The pension/personnel records are in jeopardy (for example, sponsor liquidation, cessation of operations with no ongoing controlled group).
- ▸Participants are out of pay status or the plan has insufficient assets to pay benefits that are currently due.

1. Assign the Case Team and ▸FBA, if applicable, to the case.
2. Notify the Case Team and FBA, if applicable, via ▸CMS task referral e-mail of the assignment.
3. Notify CFRD of the case assignment.
4. Upon receipt of the CMS task referral e-mail, assign the following Case Team members:
   - Case Management Analyst
   - ▸Actuary (As needed, coordinate with ASD to assign the actuary.)
   - ▸Auditor
   - ▸EBLS

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## 8.2 Assess Available Records/Information

**08/30/2016**

| | |
|---|---|
| **Purpose** | To obtain, review, and assess all available records, documents, and other information related to the case placed into TeamConnect by CFRD. |
| **Guidance** | N/A |
| **Procedure Owner** | Auditor, DCB |

Prior to the coordination meeting, the Case Team reviews all documents obtained from TeamConnect. This serves as a starting point for determining the information needed to process the plan.

1. Review all available documents, which includes documentation retrieved from TeamConnect.
2. Use the *Master List of Documents to Obtain*, editing as needed, to identify documents already in PBGC's possession and those still needed.
3. Use the edited *Master List of Documents to Obtain* as a work paper to inventory the documents received to date and to list documents still needed to process the case.

   Update the *Master List of Documents to Obtain* throughout the case processing cycle as new information becomes available.

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## 8.3 Hold Coordination Meeting with Corporate Finance and Restructuring Department

**07/01/2016**

| | |
|---|---|
| **Purpose** | To hold a coordination meeting between CFRD and the assigned Case Team. |
| **Guidance** | N/A |
| **Procedure Owner** | Case Management Analyst, CMD |

1. Schedule a meeting between CFRD and the assigned Case Team upon receipt of the e-mail from CFRD, and invite the following stakeholders and/or persons with knowledge of the plan:
   - **Corporate Finance and Restructuring Department (CFRD)**: CFRD Analyst, CFRD actuary, CFRD attorney, and CFRD supervisor or designee. If the CFRD senior analyst is invited, then CFRD supervisor is not necessary.
   - **Office of Benefits Administration (OBA)**: Auditor, actuary, EBLS, Supervisory Case Management Analyst, CMD, and ADM.
   - OCC: Staff attorney
   - FOD/IAB: Trust accountant
   - FOD/CID: Financial analyst, if needed
   - DMC
2. Based on information obtained in assessing the available documents and information (see Process 8.2 Assess Available Records/Information), discuss the following at the meeting:
   a. Status of plan sponsor
   b. Security of records
   c. Whether any participants are out of pay status
   d. Timing issues:
      - How quickly the termination/trusteeship process is moving
      - Status of settlement discussions, if applicable
   e. Status and location of plan assets
   f. List of any legal or policy issues (for example, working retirement issues, shut-down determination, and any known fiduciary breach).
   g. Availability of plan sponsor. Consider the following three possible scenarios:
      - **OBA Contact Allowed**: CFRD has requested all the information that it needs for the termination process. OBA can contact sponsor directly for selected information after CFRD provides introduction to sponsor. CFRD and OBA should agree on parameters of OBA's information request. In general, this will probably be limited to the information necessary to calculate a participant's benefit and to records security.
      - **OBA Contact with CFRD Involvement**: CFRD will need to be involved in any contact with sponsor. To avoid possible misunderstandings regarding the direction of the case, prior to plan termination OBA should not directly contact the CFRD actuary without first checking with the assigned CFRD analyst/auditor. In addition, CFRD should be kept in the loop regarding any substantive discussions involving OBA and OCC.
      - **No OBA Contact Allowed**: No contact with plan sponsor by OBA. This generally involves large cases where sensitive discussions/negotiations are in progress. If not appropriate for OBA to contact sponsor directly, OBA/CFRD should reach an agreement on what information CFRD requests on behalf of OBA, assuming the plan goes forward for termination. CFRD may itself not be able to reach the appropriate persons to whom the request should be directed, as compliance may be elusive or non-existent.
3. Document meeting minutes in a work paper and include the following information:
   - Date of meeting
   - Attendees
   - Discussion items
   - Contact list: name, title, description of responsibilities, phone numbers, and e-mail addresses

- Action items
- Issues and concerns

4. Continue to monitor TeamConnect for additional documents related to the case.
5. Review all documents to prepare for the data acquisition strategy meetings (see Process 11 Data Collection and Analysis).

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## 8.4 Assign Milestones in CMS

**07/01/2016**

| | |
|---|---|
| **Purpose** | To assign applicable milestones to Case Team members in CMS. |
| **Guidance** | CMS Job Aids and User Guide<br>*CMS Milestones Job Aid* |
| **Procedure Owner** | Case Management Analyst, CMD |

Once the plan is approved for termination, CFRD officially transfers the case to OBA in CMS. Once this transfer takes place, the case becomes the responsibility of OBA. OBA can contact the plan sponsor and other appropriate parties directly (even if direct contact was not previously allowed by CFRD prior to the transfer).

Once trusteeship is approved, CFRD finalizes the Term/Trusteeship Decision Recommendation Milestone in CMS and forwards the case to CMD.

**Note** CFRD completes the controlled group determinations, recovery valuations, and quarterly estimated recoveries for all plans with a TID on or after 10/01/2008.

1. Using the *CMS Milestones Job Aid* as guidance, assign applicable CMS milestones to the appropriate Case Team members.

   Before assigning asset-related milestones, complete step 2 to determine the estimated UNGBs.
2. Consult with the actuary to determine the estimated UNGBs and then answer the **SPDRR Determination** question (UNGB is less than or equal to $20 Million or UNGB is greater than $20 Million) on the Valuation Plan Assets (Benefits Calculation Purposes) screen in CMS:
   - If the plan's UNGBs are less than or equal to $20 Million, the TID is on or after 09/16/06, and DUEC is greater than zero, select **Yes**.
   - If the plan's UNGBs are less than or equal to $20 Million, the TID is on or after 09/16/06, and DUEC is equal to zero:
     a. Select **No**.
     b. Type the comment `The UNGBs for this case are less than or equal to $20 million; however this case has zero DUEC.`
   - If the plan's UNGBs are less than or equal to $20 Million and the TID is before 09/16/06:
     a. Select **No**.
     b. Type the comment `The UNGBs for this case are less than or equal to $20 million; however this case is pre-PPA legislation and would not be considered a SPDRR case.`
   - If the plan's UNGBs are greater than $20 Million, select **No**.
3. To complete the assignment of the asset-related milestones, make the following determination so that CMS makes available the correct plan asset milestone for assignment to the auditor:
   - Plan UNGBs are less than or equal to $20 Million, assign the Valuation Plan Asset Milestone only.
   - Plan UNGBs are greater than $20 Million, assign the Final Plan Asset Milestone and the Recovery Milestone.

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## 8.5 Plan Case and Create Case Work Plan

**07/01/2016**

| | |
|---|---|
| **Purpose** | To plan for the case and create the case work plan. |
| **Guidance** | *OBA Progress Reporter in Oracle Primavera P6 Interim Guidance*<br>CMS Job Aids and User Guide<br>Oracle Primavera P6 Help |
| **Procedure Owner** | Case Management Analyst, CMD; Supervisory Case Management Analyst, CMD |

Use the following procedures to prepare for and plan a case and then to create the work plan for the case.

**In this Section**

8.5A Case Planning Concepts
8.5B Create Case Work Plan

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## 8.5A Case Planning Concepts

**07/01/2016**

### Supervisory Case Management Analyst, CMD

Planning is an essential part of successful case processing. It is important that the Case Team understand all plan goals and objectives and obtain necessary resources, including persons with the required skills, equipment, and contract resources necessary to complete the milestones and tasks for the plan. To effectively manage the case process, it is necessary for each Case Team member to be actively involved, provide regular feedback on progress and accomplishments, establish regular communication with the management team, act quickly to deal with problems, keep the project on track, and keep all other Case Team members informed of meeting team goals. The overall goal for each case is to issue accurate ▸Benefit Determination Letters as soon as practicable, which enables ▸OBA to provide better customer service by delivering information to the ▸participants earlier about their plan benefits.

### Use Available Tools for Planning

▸Oracle Primavera P6 is OBA's official case processing (project) planning tool, used for all plans in the inventory that shows target and actual start date, task duration, and target and actual completion dates for all major ▸CMS milestones. The case work plan is used to plan, update, and track all activities related to processing the case. This work plan should be continuously updated with revised targets and actual completion dates for all major case processing tasks throughout the case processing life cycle.

Adjust processing times and completion dates as needed for large cases.

### Evaluate Milestone Dates

The team's understanding of the plan is important to know when beginning this process. It is also important to note that this is an iterative process. The plan for processing the case should be re-evaluated every month to determine if the team is on track to completing the case in a timely manner. In addition, additional information that continues to come in may affect certain target dates for certain milestones. Example questions to ask when projecting target dates are:

- Do individual team members have the necessary time to devote to the case?
- Are there any policy and/or procedural concerns that apply to this case?
- Is the participant data readily accessible and complete?
- Is the database building team trained and knowledgeable on Leo and the required reporting?

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## 8.5B Create Case Work Plan

**07/01/2016**

**Supervisory Case Management Analyst, CMD or Employee Benefits Manager, CSD**

1. Review the team assignments in ▸CMS and ensure that all required disciplines are assigned, including ▸auditor, ▸actuary, and ▸EBLS/▸PBA/▸FBA if applicable. Designate mail and telephone ▸POCs and make other assignments as needed.
2. Create the new case work plan in ▸Oracle Primavera P6.
3. Meet with the Case Team, including staff that support the case, to establish target completion dates for case processing milestones.
4. Enter dates agreed upon and update in ▸P6.
5. Forward the case work plan to the FBA and other contractors (if any) within seven calendar days.

**FBA and Other Contract Management**

6. Review the data in P6 and enter comments or create "what-if" scenarios as needed.
7. Return the case work plan to Supervisory Case Management Analyst, ▸CMD within seven calendar days.

**Supervisory Case Management Analyst, CMD or Employee Benefits Manager, CSD**

8. Review any comments made by the FBA or other contractors and make necessary changes. Approval of the case work plan establishes the initial baseline.
9. Maintain the case work plan through plan closing according to TP 35 Case Work Plan.

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## 8.6 Begin Plan Document List, Plan Summary, and Participant Data Elements List

**07/01/2016**

| | |
|---|---|
| **Purpose** | To begin creating plan documents, such as *Plan Document Listing*, *Plan Summary*, and the Participant Data Elements Listing in the *Data Elements and Sources Listing*. |
| **Guidance** | N/A |
| **Procedure Owner** | Auditor DMD; Actuary, ASD |

After assessing the plan records and information in house, determine if there is enough information to begin drafting the *Plan Document List*, *Plan Summary*, and the Participant Data Elements list in the *Data Elements and Sources List* document. As additional information is received, update these documents accordingly. The documents are finalized later in the case life cycle.

- **Plan Document List**: Contains all plan documents in PBGC possession. The *Plan Document List* is a complete history of the plan documents needed to determine benefits for participants in the plan. Plan documents can include any official document that contains or refers to provisions of the plan. In addition to the plan itself and any amendments, plan documents may include board of directors' resolutions and collective bargaining agreements. Minutes from board meetings where pension plan was discussed may also be valuable sources of information.
- **Plan Summary**: A summary of all relevant plan provisions and contains information necessary to build the participant database and calculate participant benefits.
- **Participant Data Elements List:** Based on the *Plan Summary* and contains the data elements necessary to build the participant database and calculate participant benefits. Use the *Data Elements and Sources List* to list the data elements required for the plan. For detailed lists of the types of data elements often required for plans with certain characteristics, consult Appendix B Preferred Source Documents for Participant Data Elements. Depending on plan provisions, it may also be necessary to add data elements not appearing in the appendix.

**Auditor**

1. Begin the draft *Plan Document List*.
   - List all documents starting from ▸DOPT in reverse chronological order.
   - Include all documents that affect the plan, including board of directors' resolutions and collective bargaining agreements that refer to the plan. In some cases, pension board minutes contain information that can be used if documents are not signed and dated.
   - Ensure that the descriptive name used in the *Plan Document List* is the same as the name used on the document itself.
2. List and record information for each document, including:
   - Name
   - Effective date
   - Adoption date and/or execution date
3. Submit the *Plan Document List* to the actuary.

**Actuary**

4. Review the *Plan Document List* and all plan documents.
5. Begin the *Plan Summary* based on information from the *Plan Document List*.
6. Create the Participant Data Elements list in the *Data Elements and Sources List.*
7. Classify the participants and identify what data is needed for each type of participant.

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## 8.7 Effect Trusteeship

**07/01/2016**

| | |
|---|---|
| **Purpose** | To effect trusteeship of the plan. |
| **Guidance** | ERISA 4041<br>ERISA 4042 |
| **Procedure Owner** | Case Management Analyst, CMD |

The Trusteeship Agreement is the written agreement between PBGC and the ▸plan administrator or the plan administrator's duly authorized representative terminating a plan and appointing PBGC as trustee. Once the Trusteeship Agreement is executed, PBGC assumes all responsibility for the pension plan.

The Trusteeship Agreement is prepared by ▸CFRD and mailed to the plan administrator or outside signatories by the TWG Chairperson's office. Both originals of the Trusteeship Agreement must be signed. The second signature (of the Supervisory Case Management Analyst) executes the agreement and establishes the Date of Plan Termination (▸DOPT) and Date of Trusteeship (▸DOTR).

If the signed Trusteeship Agreement is not received within 30 days of the mailing date, the Supervisory Case Management Analyst should contact the Office of Chief Counsel (▸OCC) staff attorney to determine what further steps are needed for follow-up. The goal is to sign the Trusteeship Agreement as soon as it is received and to notify all PBGC stakeholders promptly.

CMD receives two original Trusteeship Agreements signed by the outside signer (generally the plan administrator) from the TWG Chairperson's office.

1. Upon receipt, review the Trusteeship Agreements by comparing the original sent by PBGC to those signed and submitted by the outside signer. There should be no changes between the two documents. If there are, the Trusteeship Agreement is invalid. Immediately contact the OCC staff attorney.
2. Once it is determined that the Trusteeship Agreement is valid, sign and date both copies. This action executes the Trusteeship Agreement.
3. Notify the Team Leader, who enters the signature date in ▸CMS to finalize the Trusteeship Agreement Milestone.
4. Prepare and send an *Executed Trusteeship Agreement Cover Letter* forwarding an original of the executed Trusteeship Agreement to the outside signer.

   **Note** For court-ordered trusteeships, prepare and send a *Court Ordered Trusteeship Cover Letter* forwarding the order.

5. Send an e-mail to the Corporate Investments Department/Asset Control and Liquidation Group (▸CID/▸ACLG) and Financial Operations Department/Controller Operations Division/Investment Accounting Branch (▸FOD/COD/▸IAB) to notify them of the PBGC date of trusteeship.
6. Within three business days of the execution, distribute a copy of both the signed Trusteeship Agreements and *Executed Trusteeship Agreement Cover Letter* sent to the outside signer with a *Trusteeship Agreement Transmittal Memo* to each of the following recipients. In lieu of hard copies, the documents may be scanned and forwarded by e-mail in PDF format.

   **Note** In the case of court ordered trusteeships, OCC already has the original. Address the *Court Ordered Trusteeship Cover Letter* to FOD/COD/IAB.

   - **original**—OCC (staff attorney assigned)
   - **copy**—plan file
   - **copy**—Branch Chief, Financial Operations Department/Controller Operations Division/Investment Accounting Branch (FOD/COD/IAB)

- **copy**—Team Leader, Corporate Investments Department/Asset Control and Liquidation Group (CID/ACLG)
- **copy**—Financial Analyst/Auditor, CFRD

7. Send the *4042(d) Notification of Trusteeship Letter to Interested Parties* letter to all ▸interested parties, as described in ▸ERISA section 4042(d).

   This letter provides the statutorily required notice that PBGC is terminating and trusteeing the plan. Interested parties on a case may include any or all of the following:

   - ▸Plan sponsor
   - Controlled group members
   - Bankruptcy trustee
   - ▸Actuary
   - Auditor
   - Union(s)
   - Bank
   - Accountant
   - Insurance company
   - Prior paying agent

   > **Note** Providing notice of trusteeship to participants is handled separately (see Process 9.5 Notify Participants).

8. Notify all Case Team members that trusteeship has been effected and provide:
   - DOPT
   - DOTR

   Ensure the correct DOPT is used as the date may differ from the date in original recommendation.

   > **Note** A plan-specific Web page is automatically created by the entry of the DOTR in CMS. For details regarding how to create a plan-specific Web announcement, see TP 50 Plan-Specific Web Announcements.

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## 8.8 Complete DUEC Milestone and Update the Recovery Milestone

**07/01/2016**

| | |
|---|---|
| **Purpose** | To capture key dates relating to bankruptcy information and to update and finalize the DUEC Milestone in CMS. Also, if applicable, to update the Recovery Milestone. |
| **Guidance** | CMS Job Aids and User Guide |
| **Procedure Owner** | Case Management Analyst, CMD |

Complete the ▸DUEC Milestone within ninety days of trusteeship to capture bankruptcy information (for example, the bankruptcy filing date), which may have an impact on further case processing activities.

**DUEC Milestone**

1. Review the *Pension Information Profile* (PIP) to identify whether ▸CFRD provided complete and correct DUEC information:
   - **▸DOPT used in DUEC calculation is correct:** Confirm the PBGC Valuation Date under Part I - Actuarial Information of the PIP matches the DOPT date in the trusteeship agreement and on the Trusteeship Agreement Milestone in ▸CMS.
   - **DOPT used in the DUEC calculation is incorrect or CFRD did not calculate DUEC:**
     a. Use *Form 1109 Request for Underfunding and Minimum Funding Calculations* to request a DUEC calculation from CFRD, through the Actuarial Services Division.
     b. Once CFRD provides the DUEC amount, update the DUEC Milestone.
2. Update the DUEC Milestone fields in CMS using the data found on the ▸identified line of the PIP:
   - **Cessation of Business**: The Date of Cessation of Business line under Part IV - Unpaid Minimum Required Contributions (in dollars).
   - **Benefit Frozen**: The Plan Frozen? line.
   - **Bankruptcy Filing Date**: The Date of Bankruptcy Filing line under Part I - Actuarial Information.
   - **Bankruptcy Exit Date**: Generally, not available in the PIP.
   - **Gross DUEC**:
     - Non-Bankruptcy Plans: The Total Unpaid Minimum Required Contributions (DUEC) line under Part IV - Unpaid Minimum Required Contributions (in dollars).
     - Bankruptcy Plans: The sum of lines under Part IV - Bankruptcy Claims (General Unsecured Claim + 180 Days Normal Cost Claim + (a)(2) Administrative Normal Cost Claim).

**Supervisory Case Management Analyst, CMD**

3. Finalize the DUEC Milestone.

> **Note** CMS does not allow users to finalize the Valuation Plan Assets Milestone or the Final Plan Assets Milestone before the DUEC Milestone is complete.

**Recovery Milestone**

**ervisory Case Management Analyst, CMD**

1. If the ▸UNGB is greater than or equal to $20 Million, send an e-mail to CFRD and the Recovery Valuation Group Chairperson of the need for recovery valuation.

   Notify CFRD six to nine months in advance to ensure timely completion of case processing.

**Case Management Analyst, CMD**

2. Once CFRD completes the recovery package and notifies the TPD, update the Recovery Valuation Milestone.

> **Note** CMS does not allow users to complete the Valuation Plan Assets Milestone or Final Plan Assets Milestone until the Recovery Valuation Milestone is final.

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## 8.9 Resources for Pre-Trusteeship Processing

**09/30/2016**

**Forms, Letters, and Memos:**

- *4042(d) Notification of Trusteeship Letter to Interested Parties*
- *Case Contact Sheet*
- *Court Ordered Trusteeship Cover Letter*
- *Data Acquisition Plan and Database Construction Outline and Documentation*
- *Data Elements and Sources List*
- *Executed Trusteeship Agreement Cover Letter*
- *Form 1109 Request for Underfunding and Minimum Funding Calculations*
- *Master List of Documents to Obtain*
- *Plan Document List*
- *Plan Summary*
- *Trusteeship Agreement Transmittal Memo*

**Customer Correspondence and Forms:**

None

**Guidance:**

- CMS Job Aids and User Guide
- *CMS Milestones Job Aid*
- ERISA 4041
- ERISA 4042
- *OBA Progress Reporter in Oracle Primavera P6 Interim Guidance*
- Oracle Primavera P6 Help
- *Plan File Indexing Specification Guide*

**Exhibits:**

None

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**03/27/2014**

This section describes ▸OBA's assumption of benefit payment responsibility and making adjustments to ensure that benefits are being paid in accordance with Title IV ▸ERISA guarantees. Under certain circumstances, benefit payments may take place prior to the termination and trusteeship of a plan.

**In this Section**

Process 9 Plan Assumption
Process 10 Benefit Adjustments

# Process 9 Plan Assumption

**In this Section**

9. Overview for Plan Assumption
9.1 Ensure Uninterrupted Payments
9.2 Prepare and Transmit Funding Memo
9.3 Obtain Participant Payment Data
9.4 Initiate First Pay and Customer Data Loads
9.5 Notify Participants
9.6 Conduct Payee Data Review
9.7 Verify Data from Returned Forms
9.8 Resources for Plan Assumption

## 9. Overview for Plan Assumption

**07/01/2016**

When assuming a new plan, a primary objective of ▸OBA is to ensure participants continue to receive their benefit payments without interruption. The Case Teams must work closely with the plan administrator and the plan's paying agent to ensure a smooth transition of the benefit administration functions to PBGC. A brief description of the process follows.

The OBA Case Team occasionally must remind the plan administrator of his or her responsibility to administer the plan during its transition to PBGC, and sometimes to request a transfer of funds from PBGC to the plan's paying agent to provide for continued payments. These processes are covered in Process 9.1 Ensure Uninterrupted Payments and Process 9.2 Prepare and Transmit Funding Memo, respectively.

For most plans, the OBA Case Team begins by obtaining from the plan administrator and/or paying agent the data needed for PBGC to assume payments (see Process 9.3 Obtain Participant Payment Data). The OBA Case Team then reviews and loads the participants to ▸Spectrum using a Data Load Request (see Process 9.4 Initiate First Pay and Customer Data Loads).

Once participants are loaded into Spectrum, the OBA Case Team notifies them of PBGC's trusteeship of their plan and requests data from them. Payees are also notified of the change in paying agent and any changes to their payments. These initial letters are covered in Process 9.5 Notify Participants. The final stage of the process is to ensure the correct Form of Benefit, Actual Retirement Date, Date of Birth, and role for each payee at Plan Assumption are recorded in Spectrum. See Process 9.6 Conduct Payee Data Review.

**Documenting Plan and Participant Files**

When archiving documents or imaging documents to plan or participant files, follow instructions in TP 16 Plan and Participant File Maintenance.

## 9.1 Ensure Uninterrupted Payments

**07/01/2016**

| | |
|---|---|
| **Purpose** | To ensure continued payments to retirees prior to PBGC's assumption of payment responsibility for plans that are trusteed or will be trusteed soon. |
| **Guidance** | Policy 3.4-1 Benefit Payments Prior to Trusteeship<br>Policy 5.4-7 Annuity Benefit Forms |
| **Procedure Owner** | EBLS |

Once PBGC trustees a pension plan, ▸OBA generally requests that the plan administrator continue to administer payments for up to three months before PBGC assumes payment responsibility through ▸PBGC's paying agent. During this period, PBGC provides funding for benefit payments for each month until payments are assumed by OBA. OBA prepares a *Benefit Funding Memo* to initiate the transfer of funds from PBGC to the plan's current paying agent. Other documentation may also be required for certain plans.

Some plans may require PBGC funding to pay benefits prior to trusteeship (for example, a plan that is abandoned, lacks staff to process new retirees, or has insufficient assets to pay current benefits). Authorization to make payments prior to trusteeship will be made in writing by the Chief of Benefits Administration, OBA or designee. The *Benefit Funding Memo* authorizes funding to ensure uninterrupted payments before PBGC assumes payment responsibility (whether before or after trusteeship); see Process 9.2 Prepare and Transmit Funding Memo.

Follow procedures based on the appropriate scenario for the plan.

**In this Section**

9.1A Ensure Uninterrupted Payments for Trusteed Plans
9.1B Ensure Uninterrupted Payments for Plans Not Yet Trusteed

### 9.1A Ensure Uninterrupted Payments for Trusteed Plans

**07/01/2016**

The most common scenario under which PBGC assumes payment responsibility for a ▸plan is when the plan is already trusteed. The case was approved for termination and transferred from ▸CFRD to ▸OBA, and the ▸plan administrator returned the signed Trusteeship Agreement, which the Supervisory Case Management Analyst signed, making trusteeship effective. OBA must now provide funding to ensure uninterrupted payments or assume payments immediately, if practicable.

**EBLS**

1. Upon trusteeship of the plan, call the plan administrator to verify that the plan administrator, or a designated representative, is still performing day-to-day administration and is willing to continue paying retirees until PBGC assumes payments. (In certain bankruptcy cases, a ▸Trustee may assume responsibility for plan administration or designate another person.)
   - If the plan administrator is no longer functional (the plan is abandoned) or is unwilling to continue administering benefits, proceed to step 2.
   - If the plan administrator is willing to continue administering benefits, proceed to step 3.
2. If the plan is abandoned or the plan administrator is unwilling to continue administering benefits:
   - Coordinate with the plan's paying agent to continue making payments, if possible. If the paying agent is willing to make payments until PBGC assumes payment responsibility, provide funding needed for the coming month's payments (see Process 9.2 Prepare and Transmit Funding Memo).
   - Expedite assumption of payment responsibility by PBGC (see Process 9.4 Initiate First Pay and Customer Data Loads).
   - If the paying agent is also not functional or is uncooperative, and there is insufficient time for OBA to assume payment responsibility:
     a. Initiate off-cycle payments to retirees (see TP 29 Off-Cycle Payment). Note that ▸payees must be loaded into ▸Spectrum and the plan account must be opened at ▸PBGC's paying agent before off-cycle payments can be made.
     b. Notify the payees via ▸eALG of the change in paying agent (see Process 9.5 Notify Participants). It may be necessary to customize the letter according to the situation.
3. If the plan administrator is willing to continue paying retirees and performing day-to-day duties, request that the plan administrator/plan sponsor:
   - Continue paying retirees.
   - Pay no ▸lump sums (applies only after the date of trusteeship (▸DOTR).
   - Refer all new retirees to PBGC so that OBA can put them into pay status through PBGC's paying agent.
   - Forward the most current monthly check register, including information about electronic payments, and the check register for each subsequent month until PBGC assumes payments.
   - Keep OBA advised of any payment changes due to deaths, pop-up or step-down benefit adjustments, etc.
4. Inform the plan administrator that PBGC will provide funding on a monthly basis, if needed, until payments are assumed.

   **Note** Once a plan is trusteed by PBGC, ▸FOD usually removes all assets remaining in the plan's account almost immediately. Therefore, a funding memo is needed to provide benefit payments for **each monthly payment** by the plan's paying agent prior to the date PBGC assumes payment responsibility. Before making the determination that a funding memo is needed, the ▸EBLS coordinates with the case team auditor who will contact the Corporate Investments Department/Asset Control and Liquidation Group (▸CID/▸ACLG) to determine if there are sufficient assets with the paying agent to pay benefits. CID/ACLG may leave funds with the paying agent to provide for a couple of months' benefit payments based on a case's specific facts and circumstances.
5. Customize and send the *Plan Administrator/Paying Agent Request Follow-up Letter* to document the call and restate all the points discussed. Image a copy to the ▸IPS plan file (see TP 16 Plan and Participant File Maintenance).
6. If necessary, initiate a funding memo (see Process 9.2 Prepare and Transmit Funding Memo).

7. Monitor the monthly check registers as received through the date ▶PSD assumes payment responsibility to verify that payees continue to receive their benefits. Identify any changes to the check register totals due to deaths, etc. Remember that participants who wish to begin receiving benefits after DOTR must apply to PBGC to be placed into pay status (see TP 20 Benefit Payments).

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## 9.1B Ensure Uninterrupted Payments for Plans Not Yet Trusteed

**07/01/2016**

This procedure covers plans that fall under either of two scenarios:

- **Plan is Still Assigned to CFRD:** The termination recommendation has not yet been approved by the Trusteeship Working Group (▸TWG) Chairperson or approving official. ▸CFRD has determined that participants are out of pay status or will be shortly and has issued a memorandum advising the Chief of Benefits Administration, ▸OBA and requesting that OBA take action to ensure uninterrupted payments. Upon approving the request, the Chief of Benefits Administration, OBA forwards the memo to the EBLS assigned to the plan to initiate funding.
- **Plan is Assigned to OBA:** The termination recommendation has been approved by the TWG Chairperson or approving official and the case transferred to OBA. Since the plan administrator has not yet returned the signed trusteeship agreement, the plan is not yet trusteed. In this scenario, either CFRD notifies OBA by e-mail or the plan administrator directly notifies the EBLS that funds are needed for benefit payments.

**EBLS, Auditor**

1. Proceed according to whether the plan is currently assigned to CFRD or OBA:
   - **Plan is Assigned to CFRD:** Upon receipt of the memo from CFRD requesting OBA to act to ensure uninterrupted benefit payments, which has been forwarded with the concurrence of the Chief of Benefits Administration, OBA, proceed to step 2.
   - **Plan is Assigned to OBA:**
     a. Initiate an *Authorization to Pay Participants before Trusteeship* memo:
        - Determine the pre-trusteeship authorization date, which is the date PBGC may make benefit payments prior to trusteeship (see Policy 3.4-1 Benefit Payments Prior to Trusteeship for guidance in determining the pre-trusteeship authorization date).
        - Review rules about what benefit payments may be made—back payments and net underpayments owed, including amounts on or after pre-trusteeship date (see TP 20.5G Payments Before Trusteeship).
        - Refer to the *Authorization to Pay Participants before Trusteeship Sample* for sample language to include in the memo.

     b. Prepare the memo to the Chief of Benefits Administration, OBA.

     c. Obtain ▸CSD management concurrence and forward the *Authorization to Pay Participants before Trusteeship* to the Chief of Benefits Administration, OBA for concurrence.

        The ▸OBA Front Office maintains a record and opens a service request to update the **OED Authorization Date** field in ▸CMS, which is the pre-trusteeship authorization date found in the *Authorization to Pay Participants before Trusteeship*. The OBA Front Office also provides a copy of the memo for the OBA Case Team to image to the plan file.

     d. Proceed to step 2.
2. Obtain information about participants out of pay status (including newly eligible retirees) from CFRD, if not yet provided.

   **Note** Specific payment information will also be requested from the current paying agent in Process 9.2 Prepare and Transmit Funding Memo.
3. Proceed according to whether there is sufficient time to load payees into ▸Spectrum to make the next payment:
   - If there is sufficient time to place the payees into pay status at PBGC's paying agent for the next payment due, do so immediately (see Process 9.4 Initiate First Pay and Customer Data Loads).
   - If there is not sufficient time to load participants and the plan has insufficient funds, use a funding memo for the next payment due (see Process 9.2 Prepare and Transmit Funding Memo).
4. At or after trusteeship, review the plan to determine whether there are post DOPT pre-trusteeship amounts still owed and make payments as soon as practicable.
5. Document in writing the completion of these payments to the plan file.

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## 9.2 Prepare and Transmit Funding Memo

**07/01/2016**

| | |
|---|---|
| **Purpose** | To send funds to the plan's paying agent or interim custodian to continue paying retirees until PBGC assumes payment responsibility. |
| **Guidance** | CMS Job Aids and User Guide |
| **Procedure Owner** | EBLS |

Use this procedure when it is necessary to provide funds to the plan's paying agent or interim ▸custodian (referred to as the plan's paying agent within the procedure) to ensure uninterrupted payments before PBGC assumes payment responsibility, whether before or after plan trusteeship. Repeat this process **each month** until ▸OBA has assumed payment responsibility.

1. Call the plan's paying agent to coordinate the transfer of funds from PBGC so that the paying agent may continue to make uninterrupted payments to retirees.
   - Explain that a letter is needed from the paying agent to PBGC requesting the exact amount of funds needed and providing other relevant information. See the *Benefit Funding Memo* for specific information that is needed.
   - Request a copy of the latest check register or similar document validating each retiree's payment amount.
2. Request that the paying agent fax or e-mail the letter and supporting documentation to expedite the process, and follow up with the original documents by mail. If the document(s) will be provided initially by e-mail, request that the data be encrypted.
3. Upon receipt of the request for funds, ensure that the paying agent has provided adequate documentation to verify the information in the letter, including the check register or other documentation validating the payment amounts. Follow up for any missing information.
4. Compare the list of current payees from the paying agent to a list provided by the ▸plan administrator.
   a. Obtain the list of current payees from ▸CFRD, which may be available in TeamConnect, or request it from the plan administrator.
   b. Annotate the check register obtained from the paying agent (for example, with check marks) to indicate that it matches the plan administrator's list.
   c. Total the number of participants on each source (the check register and the current payees list), compare the totals, and annotate the check register to indicate whether the totals agree. Research and resolve any reconciling items.
   d. Total the dollar amount of benefits on the check register and the dollar amount of benefits on the current payees list, compare the totals and indicate whether they agree by annotating the check register. Research and resolve any reconciling items.
   e. Initial and date the annotations.
5. Prepare a *Benefit Funding Memo* to initiate the transfer of funds:
   a. Indicate the ▸date of trusteeship or that trusteeship is pending, as applicable, in the *Benefit Funding Memo*.
   b. Attach the *Authorization to Pay Participants before Trusteeship* or CFRD's memo and supporting documentation to the *Benefit Funding Memo.* (Repeat this step with each *Benefit Funding Memo* submitted until such time as PBGC becomes the trustee.)

      ▸FOD requires the *Authorization to Pay Participants before Trusteeship* to process the request.
   c. Obtain the signature of ▸CSD Management and deliver the *Benefit Funding Memo* to the Chief of Benefits Administration, OBA, whose office will affix a tracking number to the memo and deliver it to Financial Operations Department, Controller Operations Division, General Accounting Branch (FOD/COD/▸GAB).

   The Chief of Benefits Administration, OBA's office also keeps a log and copies of all signed funding memos for internal control purposes.
6. Image the copy of the approved *Benefit Funding Memo* and all supporting documentation to the ▸IPS plan file and notify the case team.

7. Contact the Branch Chief, FOD/COD/GAB, to determine which staff member will act on the funding memo.
8. Request confirmation of expected date of the transfer from the assigned staff member in FOD/COD/GAB, and either a copy of the funding memo or an e-mail confirmation when it is sent.
9. Call the paying agent and give the expected date of receipt of the funds. Request a return call confirming receipt.
10. If confirmation of the transfer is not received by the expected date, call the assigned staff member in FOD/COD/GAB to confirm the date the funds were wired. If there is a change in the due date, notify the paying agent immediately.
11. Repeat this process for each monthly payment to be paid through the plan's paying agent until payment responsibility is transferred to ▸PBGC's paying agent.
12. Proceed to Process 9.3 Obtain Participant Payment Data to determine the date of and initiate OBA's assumption of payments.

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## 9.3 Obtain Participant Payment Data

**07/01/2016**

| | |
|---|---|
| **Purpose** | To obtain the data necessary for PBGC to assume payment responsibility for a plan. |
| **Guidance** | CMS Job Aids and User Guide<br><br>Policy 5.4-3 Frequency of Benefit Payments |
| **Procedure Owner** | EBLS |

1. Determine whether there are currently payees in pay status in the plan. If so, continue with this procedure. If there are no payees, proceed as follows:
   - Update the Plan Assumption Milestone in ▸CMS to indicate there are no retirees.
   - Proceed to load non-payees in the plan (see Process 9.4 Initiate First Pay and Customer Data Loads).
2. Call a case team meeting to determine the date of PBGC's first payment. Use the following considerations as general guidelines, as applicable:
   - How soon the ▸interim paying agent can provide the payee data.
   - The time it will take to complete a data load (see TP 59 Data Load Requests) and have it approved.
   - The ▸date of trusteeship (DOTR). Assume payments as soon as practicable, but no later than 180 days after DOTR.
3. Call the interim paying agent and state that ▸OBA will transfer payment responsibility to ▸PBGC's paying agent and the date of the first payment. Inform the paying agent that a letter will be sent to follow up the phone conversation, and briefly describe the items requested in both paper and electronic format (encrypted "raw" data in ASCII delimited text format) in the *Notification Letter to Prior Paying Agent*:
   - Current payee data, including plan assumption data elements needed. (This is sometimes referred to as the "successor extract" which includes a "data dictionary".)
   - Copies of check registers from the month prior to the date of plan termination (▸DOPT) through the date of the interim paying agent's final payment.
   - A list of payees who have gone into pay status since DOPT, and of payees whose benefits have ceased since DOPT (due to deaths, ▸C&C annuities which have expired, etc.).
   - A list of payees whose benefits are subject to ▸QDRO provisions, tax levies, or court attachments.
   - A list of benefit forms for all payees.
   - A list of participants with purchased annuities. If a separate list is not available, they should be clearly identified in the check register to distinguish them from the payees whose benefits PBGC will assume.

     > **Note** Always request that plan contacts encrypt electronic data before submission, if possible. See Appendix A Sensitive Information for more information.
4. Customize and issue the *Notification Letter to Prior Paying Agent* on the day of the telephone conversation. To expedite, send by fax and follow up with the original. Image a copy of the letter to the plan file (see TP 16 Plan and Participant File Maintenance), and send a copy to the following:
   - Employee Benefit Supervisor, ▸CSB
   - Management Analyst, ▸CMB
   - Branch Chief, ▸FOD/COD/▸IAB
   - Trust Accountant, FOD/COD/IAB
   - Corporate Investments Department/Asset Control and Liquidation Group (▸CID/▸ACLG)

   **Important:** Notify FOD of any change in the date of PBGC's first payment.
5. Notify the case team by e-mail of the date of PBGC's first payment.
6. Upon receipt of the payee data:
   - If the electronic data is not password protected and encrypted, scan the electronic data for viruses:

a. If the data is in an e-mail attachment, download and decrypt the attachment to a separate directory on the hard drive.

b. Scan the device or files for viruses (see Appendix A Sensitive Information for additional guidance on virus scans):
   - If the virus scan detects a security issue, or there is another reason to believe the data may be compromised, report a breach or potential breach by clicking the **Report** button on the Intranet Home page.
   - If the data is not compromised, store and transfer the data using PBGC-approved methods (see Appendix A Sensitive Information for additional guidance on best practices).

- Review the data and ensure that all the information requested is included. Follow up for any missing or incomplete data.
- Provide the list of payees to the case actuary to review for benefit adjustments (see Process 10 Benefit Adjustments).
- Each month, notify **all** case team members who will be involved in loading or reviewing the First Pay Load of any changes in the payment data. This will help to ensure that new payees receive their payments, and to prevent payments to payees who die before payment assumption.

7. Prepare to load the payees. Proceed to Process 9.4 Initiate First Pay and Customer Data Loads.

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## 9.4 Initiate First Pay and Customer Data Loads

**02/27/2017**

| | |
|---|---|
| **Purpose** | To initiate the load of First Pay and Customer data into Spectrum. |
| **Guidance** | Archive Manual<br>Benefit Payment Schedule on Intranet<br>TRMD Service Catalog<br>*Plan File Indexing Specification Guide*<br>Policy 5.4-3 Frequency of Benefit Payments<br>*Spectrum User Manual* |
| **Procedure Owner** | EBLS/PBA/FBA, Employee Benefits Supervisor |

**EBLS/PBA/FBA**

1. Upon receipt of the check register or other source of payment data that will be used for the payee data load, ensure it is archived or imaged according to the format:
   - **Electronic:** Place the source in the `I:/Software/[eight-digit PBGC case number]/Plan Assumption` directory and request ▸TRMD assistance to archive (see TP 16.5 Archive Electronic Files for guidance).
   - **Paper:** If there is not an electronic version to archive, image the paper source to the plan file (see TP 16.1 Maintain Plan File).
2. Proceed based on the type of load:
   - **Payees Only:** Proceed directly to TP 59 Data Load Requests to initiate a First Pay data load.
   - **Payees and Non-Payees in same load, or Non-Payees Only:** Continue with this procedure.

   > **Note** If available, include in the data load the form of benefit from the data the prior plan administrator or interim paying agent provided.
3. Prior to loading non-payees into ▸Spectrum, verify the accuracy of the census data provided by the plan administrator. Beginning with the census data, exclude any participant who:
   - Received his or her entire benefit as a lump sum prior to ▸DOPT.
   - Has a fully purchased annuity.
   - Died before DOPT, and whose marital status was single.
   - Separated more than one year prior to DOPT and is non-vested.
   - Otherwise does not meet requirements to be a plan member.
4. Include spousal information for non-payees in the data load if it is available electronically.
5. Using participant files obtained from the plan administrator, verify the accuracy of the revised participant listing and of the lists of participants excluded in the previous step, and make any necessary changes.

   **Examples:**

   - Data is found indicating that a participant removed in the previous step is a plan member. One example is a vested participant who died prior to DOPT and was thought to be single was actually married, and whose spouse may be entitled to a ▸QPSA.
   - A participant was thought to have received a lump sum, but plan records reveal the payment was never issued.
   - A person originally thought to be a participant was discovered to have received a lump sum of his or her entire benefit prior to DOPT, and is therefore not a plan member.
   - Payments that appear to have continued to a deceased participant were in fact made to a beneficiary whose benefit is the same amount (for example, in a J&100%S benefit form). If the beneficiary is receiving an amount greater than what the benefit form would provide, contact ▸PPD for guidance.

6. Proceed to TP 59 Data Load Requests to load the customers.
7. Notify the case team by e-mail once the payees are loaded in Spectrum.
8. Update the Plan Assumption Milestone in ▸CMS once management has approved both the payee **and** customer data loads.

**Employee Benefits Supervisor**

9. Finalize the Plan Assumption Milestone in CMS once the payee and customer data loads are approved and the milestone is updated.
10. Ensure that the review and approval of the data loads are documented in accordance with TP 59.1 First Pay and Customer Data Loads.

**EBLS/PBA/FBA**

11. If PBGC assumes payments more than 180 days after ▸DOTR:
    a. Complete a memo to file explaining the delay.
    b. Submit the memo for management concurrence.
    c. On concurrence, image the memo to the plan file in ▸IPS. See TP 16 Plan and Participant File Maintenance.

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## 9.5 Notify Participants

**07/01/2016**

| | |
|---|---|
| **Purpose** | To notify all participants of PBGC's trusteeship of the plan, and payees of the change in paying agent and changes to estimated benefit payments. Also to request data from participants. |
| **Timing** | Notify payees and non-payees of plan assumption once they are loaded into Spectrum by issuing the appropriate trusteeship notification letter. However, if the plan is not yet trusteed and payment assumption is not scheduled, first consult the Case Management Analyst.<br><br>Notify payees of the change in paying agent and any changes to their benefit payments (benefit adjustments or annualization of monthly payments) at least 30 days before the effective date. |
| **Guidance** | eALG Correspondence Help<br><br>Policy 6.3-1 Underpayment Reimbursement and Interest Payments |
| **Procedure Owner** | EBLS/PBA/FBA, Employee Benefits Supervisor |

**In this Section**

9.5A Notify Payees
9.5B Notify Non-Payees

**9.5A Notify Payees**

**08/30/2016**

**EBLS/PBA/FBA**

1. Issue the notice of trusteeship letter, notice of change in paying agent, and welcome package (▸eALG 100 series) to all ▸participants and ▸beneficiaries in pay status at the ▸Date of Trusteeship. Since various letter combinations may be used, consult the Employee Benefits Supervisor as needed to determine which to use for each ▸plan. The trusteeship letters include the ▸Payee Information Form (PIF) that each ▸payee must complete and return.
   - See TP 15 Prepare and Mail Letters for information on issuing letters.
   - See TP 4 Participant Addresses and EDD Elections if any payees have incomplete or bad addresses.
2. As directed by the Employee Benefits Supervisor, create a Web announcement informing participants of trusteeship. See TP 50.1 Plan-Specific Web Announcements.
3. Create a *PIF Tracking Spreadsheet* in Microsoft Excel and record the following items (and others as applicable) for payees who require manual follow-up letters (for example, payees who return an incomplete PIF):
   - Date of first request
   - Date of first follow-up request
   - Date of second follow-up request
   - Effective date benefits would be suspended for non-receipt of completed PIF
   - Date PIF received

   Save the spreadsheet to a shared drive for access by other Case Team members.
4. Notify payees of the change in paying agent before sending any other administrative change notifications:
   - Issue *eALG 110 Change in Paying Agent Letter - Retirees* with a target of at least 30 days before PBGC's first payment date. (Disregard if this notice was included in the initial notice of trusteeship issued in step 1.)
   - As directed by the Employee Benefits Supervisor, create a Web announcement notifying retirees of the change in paying agent. Initiate this activity with a target to publish at least 30 days before PBGC's first payment date. See TP 50.1 Plan-Specific Web Announcements.
5. Notify affected payees of adjustments to their estimated benefit payments. See Process 10.4 Identify Current Payees for Benefit Adjustments.
6. Notify any payee whose monthly payments will be converted to an annual payment by issuing *eALG 113 Notice of Conversion to Annual Payments* or by telephone. If by telephone, log the call in CRM.

   > **Note** PBGC pays monthly benefits of $50 or less on an annual basis (the annual payment being equal to 12 monthly payments). These payments are converted from a monthly to an annual basis during the Payee Data Load. However, if a payee requests monthly rather than annual payments, document the request in CRM and begin the monthly payments at the next available payment date, regardless of the amount. Contact ASK PPD with questions regarding benefit payment frequency.

7. Verify all data from the received forms. See Process 9.7 Verify Data from Returned Forms.
8. Confirm that an automated *CRM531* letter was issued to acknowledge receipt.
   - If the PIF is complete, no further acknowledgment is necessary. However, if a *CRM531* was not automatically generated, issue *eALG 531 Receipt of Complete Documentation/Information.*
   - If the PIF is not complete, continue to step 10.

   Because PIFs submitted by ▸MyPBA are automatically acknowledged by e-mail, acknowledgment by eALG is not necessary. See TP 48 MyPBA Correspondence for further information.
9. If the PIF is not received, is received without a signature, or is otherwise incomplete, select one of the following options and complete the steps. Record manual follow-up letters on the *PIF Tracking Spreadsheet.*
   - ▸PIF is not received
   - ▸PIF is received without a signature
   - ▸PIF is incomplete (other than a missing signature)

**Note** Accept the PIF with only the last four digits of the ▸SSN as complete, as long as no other identifiable information is missing and the form has a signature.

10. Upon receipt of a completed PIF from a payee whose benefit payments are suspended, proceed according to the number of payments missed while suspended:
    - Fewer than three benefit payments missed while suspended:
        a. Reinstate regular benefit payments.
        b. Issue a back payment with interest for payments missed while benefits were suspended.
    - Three or more monthly benefit payments missed (or equivalent duration for annual payees) while suspended:
        a. Issue an eALG Generic letter with an *Affidavit of Identity* requesting that the payee submit the notarized affidavit in order to have payments reinstated. Enclose a return envelope. (This step is not necessary if the payee's signature is notarized on the PIF).
        b. Upon receipt of the properly notarized affidavit or PIF, reinstate regular benefit payments.
        c. Issue a back payment with interest for payments missed while benefits were suspended. If the payment is greater than $5,000 (including interest) and greater than three times the monthly benefit, treat the payment as a ▸Large Reimbursement and send the payee a lump-sum application.

**Note** When issuing a PIF to a suspended payee who has missed three or more payments (or equivalent duration for annual payees)—for example, at plan closing—in the cover letter advise the payee that the signature on the PIF must be notarized in order for payments to be reinstated.

**Note** Do not require an *Affidavit of Identity*, or notarized signature on the PIF, when the person submitting the PIF is an approved holder of a ▸POA or a Guardian or Conservator for the payee, as evidenced by a letter in the participant file indicating that PBGC recognizes the individual as the holder, Guardian, or Conservator, and that the individual has authority to sign documents on behalf of the principal.

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**9.5B Notify Non-Payees**

**07/01/2016**

**EBLS/PBA/FBA**

1. Select the appropriate trusteeship letter:
   a. Contact the actuary to ask whether the plan has early unreduced retirement benefits.
   b. Document the response to the plan file in IPS.
   c. Select the appropriate trusteeship letter based on whether the plan offers early unreduced retirement benefits.

   If the plan offers early unreduced benefits, notify participants of the eligibility requirements using a customized *eALG 103TEU/103 TEUL Initial Notice of Trusteeship with early Unreduced Benefit Information (non payee)*.

   > **Note:** During review of the plan records, the Case Team may find that information is very limited or unreliable for certain participants, and the auditor may wish to send the *Form 702 General Information Form* (GIF) to request additional information. If management approves, the GIF may be sent with an *eALG Generic Letter* (rather than with the trusteeship letter) to those participants from whom the auditor determines additional information is needed.

2. As *Designation of Beneficiary* forms (or GIFs) are returned, reply based on whether received by mail or MyPBA:
   - **Mail:** Confirm an automated *CRM531* letter was issued acknowledging receipt. If not, and the form is complete, issue *eALG 531 Receipt of Complete Documentation/Information*. If the form is incomplete, request the missing information by sending *eALG 530 Request for Additional Documentation/Information*.
   - **MyPBA:** No response is necessary since MyPBA automatically acknowledges receipt by e-mail.
3. Once trusteeship notification letters have been issued to both payees (if applicable) and non-payees, update the Participant Trusteeship Letter Milestone in CMS.

**Employee Benefits Supervisor**

4. Finalize the Participant Trusteeship Letter Milestone in CMS after trusteeship letters have been issued to payees (if applicable) and non-payees and the milestone is updated.

**EBLS/PBA/FBA**

5. Complete the *Plan Assumption Checklist*:
   a. Prepare the *Plan Assumption Checklist*.
   b. Submit the checklist to the Employee Benefits Supervisor for concurrence.
   c. On concurrence, image the checklist to the plan file in IPS.

## 9.6 Conduct Payee Data Review

**07/01/2016**

| | |
|---|---|
| **Purpose** | To ensure that for payees with non-level or other benefit forms whose benefits will require an adjustment on a certain date, their future benefit adjustments and other relevant data are accurately recorded in Spectrum soon after trusteeship. |
| **Guidance** | *Plan File Indexing Specification Guide* |
| **Procedure Owner** | Actuary, EBLS/PBA/FBA |

**EBLS/PBA/FBA**

1. For all plans trusteed on and after October 1, 2010, target completion of the payee data review within six months of the ▸Date of Trusteeship. If additional time is needed, obtain Employee Benefits Supervisor concurrence and document to the plan file in ▸IPS (see *Plan File Indexing Specification Guide*).
2. Ask the plan actuary to determine whether the plan offered non-level or other benefit forms that may require future benefit adjustments on a certain date. Examples include:
   - Benefit forms with step-downs, such as those providing a Social Security offset until age 62.
   - Benefit forms with pop-ups on a certain date.
   - Remainders of period-certain benefits being paid to beneficiaries, such as five-year ▸Certain-and-Continuous (5C&C) benefits, that will end on a certain date.
   - Auxiliary disability benefits that convert at early or normal retirement date.

**Actuary**

3. As requested, determine whether the plan has provisions that allow for non-level or other benefit forms that may require future benefit adjustments:
   - No Future Benefit Adjustments:
     - Update the *Estimated Benefit Adjustments Analysis Memo*.
     - Notify the EBLS/PBA/FBA of the finding. No further action required for this procedure.
   - Possible Future Benefit Adjustments: Notify the ▸EBLS/▸PBA/▸FBA of the finding.

**EBLS/PBA/FBA**

4. Proceed based on the actuary's determination:
   - **Plan did not offer non-level or other benefit forms that may require future payment adjustments:** No further action is required for this procedure.
   - **Plan offered benefit forms that may require future payment adjustments:** Continue to step 5.
5. Request from the auditor a list of acceptable sources of data for payees' dates of birth, Benefit Forms, and Actual Retirement Dates. This list does not require that the *Data Elements and Sources List* be completed.
6. Using the list of source documents provided by the auditor, review the participant and/or plan files to determine whether any current payees in the plan are receiving non-level or other benefit forms that will require future benefit adjustments and proceed accordingly:
   - **No payees are currently receiving benefits that will require adjustments:** Notify the actuary that no current payees require adjustments. No further action is required for this procedure.
   - **At least one current payee will require a benefit adjustment:** Continue to step 7.
7. Prepare a spreadsheet for a Miscellaneous Data Load, including:
   - In the header of the spreadsheet:
     - Brief title indicating the purpose of the spreadsheet, such as "Payee_Data_Rev_Misc_Data_Load"
     - Load date
   - Data elements (columns) for each payee:
     - Date of Birth

- Actual Form of Benefit (on **Valuation** tab)
- Actual Retirement Date

Do not include any data changes for other payees in this data load, only those affected by future benefit adjustments.

> **Note** The ▸ARD is the date benefits are effective, which is not necessarily the same date that benefits began. For example, for a payee whose benefits began July 1, but who received a back payment for June, the ARD is June 1.

8. Prepare a spreadsheet for a Benefit Adjustment Load to process the future benefit adjustments for affected payees, regardless of the number of affected payees, including:
   - In the header of the spreadsheet:
     - Brief title indicating the purpose of the spreadsheet, such as "Payee_Data_Rev_Ben_Adj_Load"
     - Load date
   - Data elements (columns) for each payee:
     - End date for the current payment
     - Begin date for the new payment amount reflecting the adjustment (if known)

     > **Note** Some payees (for example, recipients of a Period Certain benefit) may not have a begin date.

   Do not include any data changes for other payees in this data load, only those affected by future benefit adjustments.
9. Create the load(s) in ▸Spectrum using the spreadsheets.
10. Request authorization for the load(s) from the Employee Benefits Supervisor.
11. On approval, notify the actuary that the data loads are complete.
12. Image to the plan file, archive, or request the ▸EBLS to image or archive the spreadsheet(s) and the auditor's list of acceptable source documents. See TP 16 Plan and Participant File Maintenance.

**Actuary**

13. Upon notification that the payee data review is complete, update the *Estimated Benefit Adjustments Analysis Memo*.

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## 9.7 Verify Data from Returned Forms

**08/28/2014**

| | |
|---|---|
| **Purpose** | To compare information from forms received from the participant to Spectrum data, resolve discrepancies, and update Spectrum accordingly. |
| **Guidance** | Policy 8.5-1 Signature by Mark |
| **Procedure Owner** | EBLS/PBA/FBA |

The notification of trusteeship package issued in Process 9.5 Notify Participants includes *Form 701 Payee Information Form* (PIF) for each payee to complete and return. For non-payees, optional *Form 708 Designation of Beneficiary (Not Currently Receiving Pension Benefits)* is usually enclosed. However, a *Form 702 General Information Form (GIF)* may be sent to non-payees at the case auditor's request when additional data is needed.

Choose the appropriate section based on the form received.

- 9.7A Verify Data from Payee Information Forms
- 9.7B Verify Data from General Information Forms

**In this Section**

9.7A Verify Data from Payee Information Forms
9.7B Verify Data from General Information Forms

## 9.7A Verify Data from Payee Information Forms

**07/01/2016**

**EBLS/PBA/FBA**

1. Upon receipt of a *Form 701 Payee Information Form* (PIF), verify it is completed correctly and record receipt according to Process 9.5A Notify Payees.
2. If provided on the form, record or update the customer's e-mail address in ▸CRM.
3. If the payee is a beneficiary, verify the participant information in ▸Spectrum is correct. If necessary, create a record for the participant and link it to the beneficiary's record.
4. Compare the data on the form to data already recorded in Spectrum. Update Spectrum as follows:
   - **Data is on PIF but not in Spectrum:** Update Spectrum with data from the form as needed. However, add spousal or other beneficiary data to Spectrum **only** if the payee is known to have a benefit form that provides a benefit to a contingent ▸annuitant (for example, a ▸Joint & Survivor or ▸Certain-and-Continuous benefit form). **Do not** record spousal or other beneficiary data for a payee with a benefit form that does not provide benefits to a contingent beneficiary.
   - **Data on PIF does not match Spectrum and update to Spectrum does not require approval:** Update Spectrum with data from the PIF. Review the participant's file as needed to ensure accuracy.
   - **Data on PIF does not match Spectrum and update to Spectrum requires approval (for example, Name, Date of Birth, SSN):** Attempt to resolve the discrepancy by viewing the payee's file and plan records, as applicable.
     - If the discrepancy can be resolved based on available data, update Spectrum and submit the transaction for approval. Provide the approver printouts or ▸IPS page references supporting the update, as needed.
     - If the discrepancy cannot be resolved, contact the participant for the proof or other additional information according to the discrepancy using a customized *eALG 530 Request for Additional Documentation/Information*. See TP 57 Identity Discrepancies for examples of documentation to request based on the discrepancy.
5. Upon receipt of the requested proofs:
   - Update Spectrum with the correct data.
   - Issue *eALG 531 Receipt of Complete Information/Documentation* to acknowledge receipt of the information.
6. If the ▸PIF indicates the payee is currently working, determine if there is a potential working retirement issue according to TP 53 Working Retirement Determinations.

## 9.7B Verify Data from General Information Forms

**07/01/2016**

**EBLS/PBA/FBA**

1. Upon receipt of a *Form 702 General Information Form* (GIF), compare the data on the form to data already recorded in ▸Spectrum. Update Spectrum as follows:
   - **Data is on GIF but not in Spectrum:** Update Spectrum with data from the form as needed. However, do not add spousal or other beneficiary data to Spectrum.
   - **Data on GIF does not match Spectrum and update to Spectrum does not require approval:** Update Spectrum with data from the GIF. Review the participant's file as needed to ensure accuracy.
   - **Data on GIF does not match Spectrum and update to Spectrum requires approval (for example, Name, Date of Birth, SSN):** Attempt to resolve the discrepancy by viewing the payee's file and plan records, as applicable.
     - If the discrepancy can be resolved based on available data, update Spectrum and submit the transaction for approval. Provide the approver printouts or ▸IPS page references supporting the update, as needed.
     - If the discrepancy cannot be resolved, contact the participant for the proof or other additional information according to the discrepancy using a customized *eALG 530 Request for Additional Documentation/Information*. See TP 57 Identity Discrepancies for examples of documentation to request based on the discrepancy.
2. If provided on the form, record or update the customer's e-mail address in ▸CRM.
3. Upon receipt of the requested proofs:
   - Update Spectrum with the correct data.
   - Issue *eALG 531 Receipt of Complete Information/Documentation* to acknowledge receipt of the information.
4. Follow up as needed to request GIFs that have not been received, or that were received but are missing critical data.

## 9.8 Resources for Plan Assumption

**09/30/2016**

**Forms, Letters, and Memos:**

- *Affidavit of Identity*
- *Authorization to to Pay Participants before Trusteeship*
- *Authorization to Pay Participants before Trusteeship Sample*
- *Benefit Funding Memo*
- *Estimated Benefit Adjustments Analysis Memo*
- *Notification Letter to Prior Paying Agent*
- *PIF Tracking Spreadsheet*
- *Plan Administrator/Paying Agent Request Follow-Up Letter*
- *Plan Assumption Checklist*

**Customer Correspondence and Forms:**

- *eALG 102 Second Request for Payee Information Form (PIF)*
- *eALG 104 Final Request for PIF with Payment Suspension Date*
- *eALG 110 Change in Paying Agent - Retirees*
- *eALG 112 Combined Payment Notice*
- *eALG 113 Notice of Conversion to Annual Payments*
- *eALG 530 Request for Additional Documentation/Information*
- *eALG 531 Receipt of Complete Documentation/Information*
- *Form 701 Payee Information Form (PIF)*
- *Form 702 General Information Form (GIF)*

**Guidance:**

- *Archive Manual*
- *Benefit Payment Schedule on Intranet*
- *CMS Job Aids and User Guide*
- *Plan File Indexing Specification Guide*
- *Policy 3.4-1 Benefit Payments Prior to Trusteeship*
- *Policy 5.4-3 Frequency of Benefit Payments*
- *Policy 5.4-7 Annuity Benefit Forms*
- *Policy 6.3-1 Underpayment Reimbursement and Interest Payments*
- *Policy 8.5-1 Signature by Mark*
- *Spectrum User Manual*

- *TRMD Service Catalog*

**Exhibits:**

*None*

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# Process 10 Benefit Adjustments

**In this Section**

10. Overview for Benefit Adjustments
10.1 Analyze Plan Documents
10.2 Obtain Data
10.3 Analyze Data and Funding for PC3
10.4 Identify Current Payees for Benefit Adjustments
10.5 Prepare Estimated Benefits Calculation Tool
10.6 Resources for Benefit Adjustments

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## 10. Overview for Benefit Adjustments

**07/01/2016**

A benefit adjustment is a change in the ▸benefit amount a payee receives. This process describes the initial adjustment PBGC makes as soon as possible after assuming payment responsibility for current payees. Benefit amounts for current payees at ▸date of plan termination (▸DOPT) may be decreased based on guaranteed limits. The plan ▸4022(c) amount cannot be paid as an estimated benefit.

Benefits should always be adjusted, if required, as of DOPT. Adjust payments to estimated levels as early as possible to avoid or minimize recoupment or recovery. Adjustments could theoretically occur several times during case processing. The first is the adjustment to estimated Title IV levels. This is done as early in the process as possible. Generally benefits are adjusted shortly after plan assumption process (see Process 9 Plan Assumption). Adjustments to estimated Title IV levels will always happen when PBGC is funding the payments including when PBGC is paying the benefits prior to trusteeship. Usually PBGC will only make one change prior to the completion of plan valuation; if additional adjustments are necessary they must be approved by ▸ASD management. This may occur, for example, with a large and/or complex plan whose valuation may not be completed within three years of ▸DOTR and the completed plan asset evaluation yields a result that will impact benefits.

PBGC increases participant's estimated benefits regardless of the amount (see Policy 5.8-1 Benefit Corrections).

Changes in benefit amounts may also occur at other times during case processing. See TP 21 Change Benefit Amount(s) for details. All changes in benefit amounts require that PBGC notify the participant of the change and the reason at least 30 days prior to the effective date.

**Documenting Plan and Participant Files**

When archiving documents or imaging documents to plan or participant files, follow instructions in TP 16 Plan and Participant File Maintenance.

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## 10.1 Analyze Plan Documents

**09/30/2016**

| | |
|---|---|
| **Purpose** | Determine if any non-guaranteeable benefits exist and identify any policy or legal issues likely to arise. |
| **Guidance** | 29 CFR 4022<br>*CMS Job Aids and User Guide*<br>ERISA 4022 and related laws<br>Policy 5.2-4 Annuity Starting Dates |
| **Procedure Owner** | Actuary, CPB |

1. Read all ▸plan documents to identify all plan ▸benefit requirements. These include: ▸vesting, normal retirement, reduced or unreduced ▸early retirement, ▸credited service versus vesting service, forms of ▸annuity, benefit methodology, supplemental benefits, phase-ins, spousal benefits, etc. All members of the Case Team should be involved in this activity.

   > **Note** Any ▸participant eligible for a plan-provided early unreduced benefit will be entitled to receive it retroactively to his or her earliest eligibility date on or after DOPT, regardless of any previous notifications of eligibility for the benefits (see Policy 5.2-4 Annuity Starting Dates).

2. Review the plan documents and other materials, such as plan asset statements and ▸DUEC calculations (even if estimated), ▸AVRs, and retiree information, to develop a general understanding of the plan. Make note of any special conditions that may apply, and identify the types of adjustments that may be necessary. The ▸actuary must read and study these materials (for example, identifying specific participants who are subject to adjustments and the amount of the adjustments).
   - Identify whether there are any temporary supplements (which PBGC does not guarantee to the extent that they are above the ▸accrued at normal limitation).
   - Identify whether there are any phase-in issues.
   - Identify whether there are any other non-guaranteed benefits. These may include: optional annuity forms that were not elected in writing prior to DOPT; early retirement incentives (buyouts); and incentive awards or benefits not in the plan document, but claimed as such in a collective bargaining agreement or other documents.
3. Update the Plan Provisions Milestone screens in ▸CMS as follows:
   - Benefit Formula/Eligibility - completed
   - Annuity Forms - completed
   - Plan Sponsor - updated with available information
   - Miscellaneous - completed
4. Notify the other members of the Case Team of the findings. Summarize the plan in the plan file.

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## 10.2 Obtain Data

**07/01/2016**

| | |
|---|---|
| **Purpose** | To identify the participants in pay status and those who have applied to go into pay status; to determine their benefit entitlements, benefit amounts, and effective pay dates; and to process benefit payments. |
| **Required Input and Source** | Participant data. |
| **Output and Recipient** | Identity of current payees and whether any benefits are completely or partially paid for out of purchased annuities. |
| **Control Issues** | Ensure correct name, social security number (SSN), home address, and check mailing address for all immediate eligibles. Verify the identity of current payees for whom there are purchased annuities or partially purchased annuities.<br><br>Accuracy, validity, and documentation of data are very important |
| **Important Concepts** | PBGC adjusts the maximum guaranteeable benefit upward for participants whose age is greater than 65 at the later of retirement date or DOPT. PBGC's late retirement table from the Actuarial Technical Manual, Chapter III, Section F, 5 is used to adjust the maximum guaranteeable benefit upward. |
| **Guidance** | ATM III.F.5. Late Retirement<br><br>a) - PBGC Late Retirement Factors (Table)<br><br>Policy Bulletin 00-3: Adjusting the Maximum Guaranteeable Benefit for Ages Greater than 65 |
| **Procedure Owner** | Case Team |

1. Obtain all relevant ▸participant data. At a minimum the data must include: participant name, address, ▸SSN, date of birth (DOB), ▸date of termination of employment (DOTE), ▸benefit in pay status, form of ▸annuity, ▸actual retirement date (▸ARD), spouse SSN and DOB; and benefit calculation methodology from plan or participant records. For details on obtaining data, see Process 11 Data Collection and Analysis and Process 9.5 Notify Participants.
2. If prior to trusteeship, verify with ▸CFRD the proposed ▸DOPT and their level of certainty about it being the same as the actual DOPT. If CFRD is uncertain, consider facts about the case and judge whether to continue processing or wait until CFRD has greater confidence in the proposed DOPT. When necessary, seek guidance from the Division Manager and ▸PPD.
3. Verify the name, SSN, DOB, date of hire (▸DOH), date of termination of employment (DOTE), and benefit amount for immediate eligibles against company records.
4. Identify any current ▸payees whose benefits are completely or partially paid for out of purchased annuities.
   - Contact the ▸plan administrator, account representative at the insurance company, or prior paying agent who handles the pension plan account, as required.
   - Ask whether there are purchased annuities for any of the current payees. If there are any, request a letter from the account representative identifying all those current payees by name and SSN and whether the purchased annuity is full or partial. For partially purchased annuities, request the percentage of the whole that is purchased and the corresponding dollar amount.

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## 10.3 Analyze Data and Funding for PC3

**07/01/2016**

| | |
|---|---|
| **Purpose** | Determine if any current payees identified as subject to adjustment (cut back) can receive all or part of the reduced portion of their benefits out of plan assets. |
| **Required Input and Source** | Participant data as of the date three years before DOPT (DOPT-3) and plan documents effective and adopted prior to the date five years before DOPT (DOPT-5).<br><br>Estimated asset figure obtained from the auditor. |
| **Output and Recipient** | List of participants eligible to retire or who had already retired at DOPT-3 and a benefit amount funded by assets in PC3. |
| **Control Issues** | N/A |
| **Important Concepts** | Much of the initial adjustment is based on estimates and could be subject to considerable change, for example, DUEC changes. It is very important that this analysis be documented and included in the plan file. |
| **Guidance** | 29 CFR 4044<br><br>ATM V.C. PC3 - Retirement Benefits Payable Three Years before DOPT<br><br>ERISA 4044<br><br>Policy Bulletin 00-8: Eligibility for Benefits in Priority Category 3 |
| **Procedure Owner** | Actuary, CPB |

**Actuary**

1. Obtain the estimated asset figure from the ▸auditor.
2. Determine and document in the *Estimated Benefit Adjustments Analysis Memo* each of the following for current payees at the date three years before DOPT (▸DOPT-3):
   - Whether participants' forms of benefit need to be changed due to incorrect forms of benefit offered after ▸DOPT or the ▸J&S policy.
   - Whether any current payees are:
     - Subject to ▸AAN limitations
     - Receiving benefits in excess of the ▸MGB
     - Subject to ▸P/I limitations

   If desired, use the optional *Estimated Benefit Adjustments Worksheet* for the determination.
3. Take appropriate action based on whether or not the checklists indicate that any adjustments will apply.
   - If any apply, continue this procedure.
   - If none apply, go directly to Process 10.5 Prepare Estimated Benefits Calculation Tool.
4. Determine whether any current payees subject to immediate adjustment were eligible to retire at DOPT-3 years. Calculate ▸PC3 benefits in accordance with ERISA 4044(a)(3). See the Actuarial Technical Manual, Chapter V, ▸Allocation of Assets, Section C and the outline of Process 10.3 Analyze Data for Funding for PC3. Provide the list of affected current payees and benefit amounts to the ▸EBLS for adjustments to the new amounts. Ensure that written documentation of benefit adjustments are made part of plan file. Determine whether or not early BDLs are appropriate for any participants in the plan. PBGC sends early BDLs to any participants who have been in pay status and receiving the same benefit amount for five or more years as of DOPT (other criteria are listed in Process 19.1 Create Early BDL Database and Issue Early BDLs) who are not subject to an adjustment to guaranteed maximum. If there are any participants in this category, early BDLs are appropriate. See Process 19 Issue BDLs and Make Adjustments to Payments for details.

**Auditor**

5. Upon request, provide the estimated asset figure to the actuary.
    - Review the most recent plan asset statement for reasonableness.
    - Take out of consideration any assets that may not be readily determinable (that is stock of the company, note receivable, hard-to-value assets).

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## 10.4 Identify Current Payees for Benefit Adjustments

**07/01/2016**

| | |
|---|---|
| **Purpose** | Eliminate or reduce the possibility of overpaying current payees when apparent funding level is insufficient to pay Title IV benefits. Document which pre-DOPT retirees get adjusted and why. |
| **Required Input and Source** | Decision that benefits need to be adjusted to guaranteed levels. Estimated benefit amount for each participant in pay status (current payees). List of participants eligible to retire at DOPT-3 and a benefit amount to which their current benefits will be adjusted. |
| **Output and Recipient** | List of pre-DOPT and post-DOPT retirees whose benefits are adjusted, previous benefit, adjusted benefit, and why the adjustments were made.<br><br>**CMS Activity:** Estimated Cutbacks/Adjustments Milestone finalized, after cutbacks have been implemented and advance notifications provided to affected payees. |
| **Control Issues** | N/A |
| **Important Concepts** | Adjustment of benefits to current payees is determined by the case actuary and provided to the EBLS/FBA as soon as possible following trusteeship.<br><br>PBGC adjusts the maximum guaranteeable benefit upward for participants whose age is greater than 65 at the later of retirement date or DOPT. PBGC's late retirement table from the Actuarial Technical Manual, Chapter III, Section F, 5 is used to adjust the maximum guaranteeable benefit upward. |
| **Guidance** | ATM III.F.5. Late Retirement<br><br>a) - PBGC Late Retirement Factors (Table)<br><br>*CMS Job Aids and User Guide*<br><br>Policy Bulletin 00-3: Adjusting the Maximum Guaranteeable Benefit for Ages Greater than 65 |
| **Procedure Owner** | Actuary, CPB, EBLS/FBA, CSD, Case Management Analyst, CMD |

Generally, ▸benefit adjustments will occur only once for any ▸plan. However, additional adjustments may be necessary, for example, with a large and/or complex plan whose valuation may not be completed within three years of ▸DOTR and the completed plan asset evaluation yields a result that will impact benefits. Additional adjustments must be approved by ▸ASD management.

**Actuary**

1. If completed, review the *Estimated Benefit Adjustments Worksheet* prepared in Process 10.3 Analyze Data and Funding for PC3.
2. Determine applicable adjustments:
   - Keep in mind changes to benefit limitations per ▸PPA 2006.
   - Apply PBGC benefit limitations in the following order:
     a. ▸AAN
     b. ▸MGB (Calculate Aggregate Maximum benefit, if necessary. See Policy 5.13-1 Aggregate Limit on Benefits Payable from PBGC Funds.)
     c. ▸P/I
     d. As applicable, also apply substantial (pre-▸PPA 2006) and majority owner (post-PPA 2006) benefit

reductions.

- To determine applicable §436 benefit limitations, see TP 14 436 Benefit Limitations.
- As soon as practicable, complete the *Estimated Benefit Adjustments Analysis Memo* (or create an addendum to the original memo for an additional round of benefit adjustments) and submit to the qualified actuarial reviewer with a minimum grade of GS13 for approval:
  a. Image the completed memo with approval to the plan file in ▸IPS.
  b. Provide an electronic copy to ASD management.
  c. Notify the Case Team of the memo's location in the plan file.

  If performing an additional round of benefit adjustments, also obtain approval from ASD management and document on the addendum the original *Estimated Benefit Adjustments Analysis Memo*, and image to the plan file in IPS.

3. If issuing manually prepared ▸benefit statements, obtain and document approval by a GS-13 or higher grade actuary on each benefit statement by memorandum or e-mail:
   - By memorandum:
     a. Prepare a *Manual Benefit Statement Approval Memo*.
     b. Sign and date on the **Prepared by** line.
     c. Obtain approval of the GS-13 or higher grade actuary, who signs and dates on the **Approval** line.
     d. Prepare a benefit statement with the approved calculation and send to the ▸EBLS/▸FBA with the approval memo for imaging and issuance.
   - By e-mail:
     a. Prepare an e-mail incorporating the same language as the memo.
     b. E-mail the benefit statement to a GS-13 or higher grade actuary requesting approval.
     c. Upon approval, send the benefit statement with the approval e-mail to the EBLS/FBA for imaging and issuance.

**Note** A single *Manual Benefit Statement Approval Memo* or approval e-mail may be used for multiple benefit statements, including those produced by a ▸BET that is not yet archived. In these cases, the EBLS/FBA images the approval e-mail or memo to each participant's file, redacting any information concerning other ▸participants.

**EBLS/FBA**

4. Review the *Estimated Benefit Adjustments Analysis Memo* located in the plan file and initiate benefit adjustments:
   - To make benefit adjustments effective with PBGC's first payment, include the adjustments when submitting the First Pay data. See Process 9 Plan Assumption.
   - To adjust benefits after PBGC assumes payments, prepare a Data Load Request for a Benefit Adjustment load. See TP 59 Data Load Requests.

**Note** The *Estimated Benefit Adjustments Analysis Memo* replaced sections 2 and 3 of the *Early Plan Analysis Memo (EPAM)*. Therefore, it may be necessary to obtain the benefit adjustments information from the *EPAM* for certain plans, depending on when processing started.

5. Notify affected payees of estimated benefit adjustments. Each notice must:
   - Be in writing, using the appropriate eALG 300 series letter.
   - Be dated at least **30 days** before the adjustment is effective.
   - Explain the reason for the adjustment. The explanation may be provided within the letter itself or in a separate ▸benefit statement, depending on the nature of the adjustment.
6. If manual benefit statements are issued to payees, image copies of the benefit statements with any approval documentation provided by the actuary to the payees' IPS files.

   If a single memo or e-mail approves multiple benefit statements, create a copy of the approval e-mail or memo for each participant's file. Before imaging, redact any information concerning other participants.
7. Update the Estimated Cutbacks/Adjustments Milestone in ▸CMS.

**Case Management Analyst**

8. Finalize the Estimated Cutbacks/Adjustments Milestone in CMS.

> **Note** The CMS Milestone reflects (1) whether there are cutbacks, and (2) whether affected participants have been notified. Do not finalize the Milestone until notifications have been mailed.

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## 10.5 Prepare Estimated Benefits Calculation Tool

**07/01/2016**

| | |
|---|---|
| **Purpose** | Prepare a tool for EBLS/FBA to put new retirees into estimated pay status. |
| **Required Input and Source** | Plan documents and any available evidence of plan practices. |
| **Output and Recipient** | Tool for computing estimated ▸Title IV benefits. |
| **Control Issues** | Authorization and documentation are important. |
| **Important Concepts** | In many cases, an actuarial contractor will do the preparation. In these cases, the actuary is still responsible for reviewing and testing the output. Depending on the number of participants and case complexity, the actuary may create a simple worksheet or program for each type of participant until, layer by layer, the entire Recalculation System (RS) is completed. |
| **Guidance** | Actuarial Technical Manual, Section I.A, Contents of the Actuarial Case Report |
| **Procedure Owner** | Actuary, CPB |

1. Determine if it is appropriate to develop a computer-based, automated recalculation system (RS). Consider:
   - How many people are affected by adjustments or are immediate eligibles?
   - Is there a working database?
   - How complicated are the benefit calculations?
2. Develop the manual or automated RS. Follow the ▸benefit statement standards as described in the Actuarial Case Report Checklist (see the *Actuarial Technical Manual, Chapter 1 -- Actuarial Case Report Checklist, Appendix N* for samples). If developing a full ▸BSRS, follow the computer software specifications for BSRS (see the ▸IOD Computer Systems Users Manual, Chapter XI Benefit Statement/Benefit Recalculation System).
3. Review and test the worksheet or RS and complete the *BET Checklist*. When prepared by an actuarial contractor, the ▸actuary, as technical monitor of the case, is responsible for reviewing and testing the product.

   If the ▸BET is prepared by a grade GS-12 or lower actuary, obtain approval by a GS-13 or higher actuary using the *BET Checklist.* Upon approval, image the checklist to the plan file in ▸IPS.
4. Train ▸EBLS, ▸PBA, or ▸FBA to use the worksheet or RS in making adjustments and putting new retirees into pay status. Run through a sample participant.
5. Update the Benefit Estimation Tool Milestone in ▸CMS.
6. Complete the *Estimated Benefits Administration Analysis Memo* (previously titled *Plan Analysis for Pre-Benefit Estimation and Benefit Administration Memo*) and image to the plan file. Target completion for within 180 days of ▸DOTR.

   **Note** The *Estimated Benefits Administration Analysis Memo* (previously titled the *Plan Analysis for Pre-Benefit Estimation and Benefit Administration Memo*) replaced section 4 of the *Early Plan Analysis Memo (EPAM)*.

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## 10.6 Resources for Benefit Adjustments

**09/30/2016**

**Forms, Letters, and Memos:**

- *Estimated Benefit Adjustments Analysis Memo*
- *Estimated Benefit Adjustments Worksheet*
- *Estimated Benefits Administration Analysis Memo*
- *Manual Benefit Statement Approval Memo*

**Customer Correspondence and Forms:**

None

**Guidance:**

- 29 CFR 4022
- 29 CFR 4044
- *Actuarial Technical Manual*, Section I.A, Contents of the Actuarial Case Report
- *Actuarial Technical Manual*, Section III.F.5., Late Retirement
- *Actuarial Technical Manual*, Section V.C., PC3 - Retirement Benefits Payable Three Years before DOPT
- *CMS Job Aids and User Guide*
- ERISA 4022
- ERISA 4044
- Policy 5.2-4 Annuity Starting Dates
- Policy Bulletin 00-3: Adjusting the Maximum Guaranteeable Benefit for Ages Greater than 65
- Policy Bulletin 00-8: Eligibility for Benefits in Priority Category 3

**Exhibits:**

None

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# Participant Database Processes (11-13)

**03/27/2014**

This section describes the Case Team's efforts to collect the required data for ▶plan processing and to build the ▶participant database. The Case Team begins collecting and analyzing the available data and then works with ▶TRMD to build and test the database. Testing and documentation requirements can change depending on the size of the plan.

**In this Section**

Process 11 Data Collection and Analysis
Process 12 Small Plan Database Construction and Analysis
Process 13 Participant Database Construction and Reporting

# Process 11 Data Collection and Analysis

**In this Section**

11. Overview for Data Collection and Analysis
11.1 Hold Strategy Meetings
11.2 Perform Site Visit
11.3 Finalize the Plan Document List and Data Elements for Participant Database Construction
11.4 Determine Sources for Participant Database Construction
11.5 Resources for Data Collection and Analysis

## 11. Overview for Data Collection and Analysis

**07/01/2016**

The purpose of data collection and analysis is to process the case to the point where participant database construction can begin. To this end, it has three primary goals:

- To collect any data required to build the participant database that has not yet been received.
- To finalize the data elements needed for building the participant database.
- To determine reliable sources for each data element.

Data collection and analysis occurs in four major steps:

1. Holding strategy meetings to plan the rest of case processing, including identifying the data yet to be collected.
2. Visiting the site(s) where plan and participant documents are stored in order to collect data, plan documents, participant files, and e-data.
3. Finalizing (for purposes of participant database construction) the *Plan Document List* and *Data Elements and Sources List*.
4. Identifying source documents for each data element to be included in the participant database.

The ▶DMD as a whole is responsible for data collection and analysis, but the primary responsibility for many of the processes comprising it belongs to the auditor. The actuary is also responsible for identifying the data elements needed for benefit calculation and eligibility determinations.

### Documenting Plan and Participant Files

When archiving documents or imaging documents to plan or participant files, follow instructions in TP 16 Plan and Participant File Maintenance.

## 11.1 Hold Strategy Meetings

**07/01/2016**

| | |
|---|---|
| **Purpose** | To discuss the data acquisition strategy. |
| **Guidance** | N/A |
| **Procedure Owner** | Auditor, DCB; Auditor, DIMB; Case Team |

The purpose of the strategy meetings is to determine what information is available, what information is still needed, and the need for a site visit. The strategy meetings are used to discuss objectives and the schedule for data acquisition. If a site visit is required, the strategy meetings are also used to plan for the visit (see Process 11.2A Perform Pre-Site Visit Tasks).

A thorough familiarity with the findings in the draft *Plan Document List*, *Plan Summary*, and *Data Elements and Sources List* is required to effectively formulate a strategy.

The strategy meeting produces a number of deliverables, including:

- Updates to the *Plan Document List*, *Plan Summary*, and *Data Elements and Sources List* (see Process 8.6 Begin Plan Document List, Plan Summary, and Participant Data Elements List for descriptions).
- The *Case Information Checklist* (formerly known as *Sample Site Interview Questions*), which lists the questions most likely to require answering for purposes of constructing the ▶participant database and processing the ▶plan, and provides a framework for developing the site interview questions and documenting the findings of the data acquisition process.

**Auditor, DCB**

1. Schedule a meeting with the Case Team, and include ▶DMC management, to discuss the data acquisition strategy. Schedule additional meetings as required.
2. Fill out the *Case Information Checklist* with all known information.

**Case Team**

3. Discuss the objectives for data acquisition. Objectives include:
   - Obtaining information needed for participant database construction and case processing.
   - Understanding the plan and ▶benefit administration process of the company and how benefits were calculated.
   - Building and testing the participant database (see Process 13 Participant Database Construction and Reporting).
   - Performing the plan asset evaluation.
   - Determining whether the assistance of an ▶TSB Data Specialist is needed to bring in data.
4. Conduct a thorough review of the data already acquired.
5. Update the draft *Plan Document List*, *Plan Summary*, and *Data Elements and Sources List* if more information has become available.
6. Using the *Case Information Checklist*, review the available documents and information and determine what further information is required.
   a. Customize the *Case Information Checklist* to remove questions not applicable to the case and add any additional questions required.
   b. Attempt to complete the *Case Information Checklist* using the available documents.
   c. List any further documents that are required.
   d. Identify the available information resources (for example, plan administrator and plan sponsor) and alternate sources of information if needed (for example, actuarial firms and unions).
7. If further data is needed, send an e-mail to TSB Services requesting the assistance of a Data Specialist. For large cases, one may already have been assigned during the ▶OBA Large Case Working Group process.

8. Determine the need for a site visit. In rare instances, a site visit may not be possible or required because records were lost or destroyed or all data has already been or will be sent to PBGC (this usually only occurs with small cases).
9. If a site visit is needed, determine if the participant database will be built in the field. Consider:
   - The availability of PBGC and contractor resources
   - The time available on-site
   - The tasks required to construct the participant database:
     - Process 11.3 Finalize the Plan Document List and Data Elements for Participant Database Construction
     - Process 11.4 Determine Sources for Participant Database Construction, including sampling any electronic data.
     - Process 13 Participant Database Construction and Reporting, including preparation and Leo setup.

**Auditor, DCB**

10. Contact the plan parties identified as information resources.
    - Request the additional documentation required.
    - Mail or e-mail the *Information Request Letter* to the appropriate plan parties.
      - Attach a list of questions derived from the *Case Information Checklist.*
      - Ensure that any documents received in response are forwarded to the appropriate location.
    - See Appendix A Sensitive Information for additional guidance on receiving documentation via mail or e-mail to comply with PBGC standards for data security.
    - Discuss replies (if any) at future strategy meetings.
11. If the plan has more than 500 participants, update the *Data Acquisition Plan and Database Construction Outline and Documentation.*
12. Proceed according to whether a site visit is required:
    - If a site visit is required, proceed to Process 11.2 Perform Site Visit.
    - If a site visit is not required, proceed to Process 11.3 Finalize the Plan Document List and Data Elements for Participant Database Construction.

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## 11.2 Perform Site Visit

**07/01/2016**

| | |
|---|---|
| **Purpose** | To gather data for the construction of the participant database and case processing. |
| **Guidance** | N/A |
| **Procedure Owner** | Case Team; Auditor, DCB; DMC; Actuary, CPB |

The purpose of a site visit is to gather data for the participant database and case processing, by means of reviewing ▸plan and ▸participant documents and conducting interviews. A site visit may not be required for every plan; the Case Team determines the need for a site visit in Process 11.1 Hold Strategy Meetings.

Process 11.2A Perform Pre-Site Visit Tasks requires a meeting with the Case Team. The team holds this meeting as part of the strategy meetings.

The site visit itself involves conducting interviews and reviewing on-site documents. Both tasks are guided by and documented in the *Case Information Checklist* (formerly known as *Sample Site Interview Questions*).

**In this Section**

11.2A Perform Pre-Site Visit Tasks
11.2B Conduct Interviews
11.2C Review On-Site Documents

## 11.2A Perform Pre-Site Visit Tasks

**07/01/2016**

**Auditor, DCB**

1. Contact the appropriate ▶plan party (▶plan sponsor, paying agent, ▶actuary, or administrator) to determine:
   - Availability of resources and location for a site visit
   - Plan parties available at the site visit
   - Availability of a copier, Internet service, and work space for the PBGC team
   - Accommodations near the site
   - Possible site visit dates workable for both PBGC and plan parties

**DMC**

2. Perform an analysis and prepare a data capture recommendation to the Case Team using the *DMC Data Capture Memorandum* that includes:
   - ▶DMD data capture requirements.
   - Size of the pension plan and the number of participant files.
   - Proximity of participant files (one location or multiple locations).
   - Space availability.
   - Equipment logistics.
   - Identifying any competing issues.

**Auditor, DCB**

3. Plan the logistics of the site visit:
   - When and where will the site visit occur?
   - Are documents stored at one location, or multiple locations (for example, employer facilities, the plan actuary, ▶plan administrator, plan paying agent, or plan accountant)?
   - Will one visit be sufficient, or are multiple visits required?
   - Who will be interviewed?
   - Will there be expenses involved that will need to be paid? Will a Contracting Officer's Representative (▶COR) need to approve expenses?
   - Who goes on the trip? How long?
   - Will a contract auditor(s) be used?
4. Review and provide concurrence to ▶DMC management on the *DMC Data Capture Memorandum.*

   DMC's recommendation includes whether DMC or the Case Team ships the files to Pension Benefit Guaranty Corporation (PBGC), located at 5971 Kingstowne Village Parkway, Suite 300, Alexandria, VA 22315.
5. Prepare to receive and transfer sensitive data according to the guidance in Appendix A Sensitive Information.
6. Contact the plan sponsor and plan administrator and arrange a date for the site visit.
7. If the DMC will participate in the site visit, advise the DMC COR by e-mail once the trip dates are set. Whenever feasible, provide a minimum of two weeks' notice if DMC scanning services are required.
8. Complete the *Trip Planning Memo* and get concurrence from Supervisory Auditor, ▶DCB.

   Refer to the *Trip Planning Memo Example* for an example of a completed memo.
9. Image the completed memo to the plan file, including the *DMC Data Capture Memorandum* attachment.
10. If the plan has more than 500 participants, update the *Data Acquisition Plan and Database Construction Outline and Documentation.*

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## 11.2B Conduct Interviews

**03/27/2014**

**Case Team**

1. Upon arrival, meet with the ▶plan administrator or other officials of the ▶plan sponsor.
   - Explain PBGC's course of action, time frames, and procedures, if appropriate.
   - Present the *Introduction to PBGC* to the ▶plan sponsor officials and any interviewees.
   - Ensure that the following is discussed:
     - What PBGC trusteeship means
     - The ▶participant data and plan asset audits and the information PBGC needs
     - How the plan administrator and/or sponsor should respond to participant inquiries
2. Conduct interviews with appropriate personnel and document responses in the *Case Information Checklist* (formerly known as *Sample Site Interview Questions*).

   **Note** Consider using the *Record of Interview* as an additional means to document the interview.

3. If the plan has more than 500 participants, update the *Data Acquisition Plan and Database Construction Outline and Documentation*.

## 11.2C Review On-Site Documents

**07/01/2016**

Throughout the review of documents, work to develop an understanding of each document (▶plan documents, e-data, and participant files), including:

- How the document or e-data was used.
- The process by which the document or e-data was created.
- The original sources of data (if the document or e-data used is not the original source).

**Auditor, DCB and Actuary, CPB**

1. Review any plan documents (see the *Master List of Documents to Obtain*) available on-site that were not previously provided to PBGC.
2. Review ▶participant files (including e-data, pension, personnel, and payroll files) to determine the best available sources for each data element, starting with the *Data Elements and Sources List* and *Case Information Checklist* (formerly known as *Sample Site Interview Questions*).
3. Determine whether different sources are required for different categories of participants by reviewing the best available sources for each participant category, for example:
   - Participant status (that is, retirees, active vested, terminated vested, non-vested).
   - Participants who fall under different groups because of varying plan provisions (for example, hourly and salaried).
   - Location (for example, division).
   - Participants who terminated during different periods.
   - Other categories of participants for whom different sources are needed.

> **Note** Refer to Appendix B Preferred Source Documents for Participant Data Elements for potential additional source documents. However, the list contains suggested sources and is not all-inclusive. Be creative in finding alternate sources, and apply judgment and experience in determining sources to be used if preferred sources are unavailable.

4. Acquire the originals of all participant pension files (administrative data forms), including:
   - ▶Beneficiary Designation Forms
   - ▶QDRO Documents
   - Benefit Applications
   - Benefit Election Forms
   - ▶Benefit Statements and Calculations
   - Spousal Waivers
   - Participant Loan Documents
   - Letter of Instruction (sent to paying agent to put a participant into pay)

> **Note** Collect originals only for pension files, as pension files generally become PBGC property on trusteeship. PBGC does not own the non-pension participant files, therefore copies must be made.

5. Depending on team resources and the length of the site visit, determine whether to review **e-data** on-site or at PBGC. See Process 11.4B Review Electronic Data for the e-data review procedure.
   - **If the e-data is reviewed on-site and determined to be reliable,** make copies of the non-pension (personnel and payroll) hard-copy participant files sampled during the review, at a minimum.
   - **If the e-data is not reviewed on-site, is not reliable, or there is no e-data,** make copies of all non-pension files applicable to database construction and case processing.
6. Review the **hard-copy files** to identify multiple sources for each data element and proceed based on the status of the e-data review.

- **If the e-data review has been completed,** identify and make copies of hard-copy sources for the elements not reliably covered by the e-data.
- **If the e-data review has not been completed or there is no e-data,** identify and make copies of hard-copy sources for all data elements.

7. Discuss findings with the appropriate plan parties, who may be able to identify other sources for required information or additional methods for obtaining participant data.

**DMC**

8. Image files according to the data capture recommendation.
9. Based on the data capture recommendation, ship collected files to Pension Benefit Guaranty Corporation (PBGC), located at 5971 Kingstowne Village Parkway, Suite 300, Alexandria, VA 22315.

   See Appendix A Sensitive Information for additional guidance on shipping sensitive files to PBGC.

**Auditor, DCB and Actuary, CPB**

10. Based on the ▶DMC's data capture recommendation, ship collected files to Pension Benefit Guaranty Corporation (PBGC), located at 5971 Kingstowne Village Parkway, Suite 300, Alexandria, VA 22315.

    See Appendix A Sensitive Information for additional guidance on shipping sensitive files to PBGC.
11. Update the *Case Information Checklist* with the information obtained during the site visit.
12. Prepare the *Post-Trip Memo.*
13. If the plan has more than 500 participants, update the *Data Acquisition Plan and Database Construction Outline and Documentation.*

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## 11.3 Finalize the Plan Document List and Data Elements for Participant Database Construction

**07/01/2016**

| | |
|---|---|
| **Purpose** | To finalize the documents to be used for construction of the participant database. |
| **Guidance** | N/A |
| **Procedure Owner** | Auditor, DCB; Auditor, DRVB; Actuary DCB |

**In this Section**

11.3A Finalize Plan Document List
11.3B Finalize Data Elements for Participant Database Construction

**11.3A Finalize Plan Document List**

**07/01/2016**

**Auditor, DCB and Auditor, DRVB**

1. Review all plan documents acquired to date.
2. Update the *Plan Document List* to add all plan documents acquired since the last update.

   Maintain the reverse chronological order from ▶DOPT back.
3. Write a narrative explaining how the documents were obtained and explaining any pertinent findings.
4. Record information for each document, including:
   - Name
   - Effective date
   - Adoption and/or execution date
   - ▶PBGC Image Viewer reference number
5. Identify and comment on documents as follows:
   a. Comment on major issues affecting benefit entitlement or eligibility addressed in the document, including a reference to where in the document each issue was found.
   b. If the document is not signed or dated, include information from pension board minutes or plan practice as comments, if available.
   c. Other important comments.
6. If a required document has not been obtained:
   - Confer with the actuary to identify an acceptable alternative, if one exists.
   - Make all reasonable efforts to obtain the document or an acceptable alternative.
   - If no other document can be used, consider contacting the Employee Benefits Security Administration, Public Disclosure Office, Department of Labor at (202) 693-8673 to obtain a copy. Have the ▶EIN/PN ready when calling.
7. Ensure that all documents referenced are in ▶IPS.
8. Update the Plan Document Audit Milestone in ▶CMS.

## 11.3B Finalize Data Elements for Participant Database Construction

**07/01/2016**

**Actuary, CPB**

1. Update the *Plan Summary* based on the finalized *Plan Document List.*
2. Update the list of data elements in the *Data Elements and Sources List* based on the *Plan Summary* and available sources.

   Consider the following:

   - Participant status (that is, retirees, active vested, terminated vested, non-vested)
   - Participants who fall under different groups because of varying plan provisions (for example, hourly, salaried)
   - Location (for example, division)
   - Participants who terminated during different periods

   > **Note** The data element list can change depending on the availability and reliability of sources. Work closely with the auditor when determining and defining data elements.

**Auditor, DCB**

3. If the plan has more than 500 participants, update the *Data Acquisition Plan and Database Construction Outline and Documentation* once the *Plan Document List* and list of data elements are complete.

## 11.4 Determine Sources for Participant Database Construction

**07/01/2016**

| | |
|---|---|
| **Purpose** | To determine and confirm the accuracy of the sources to be used in constructing the participant database. |
| **Guidance** | TRMD Service Catalog |
| **Procedure Owner** | Auditor, DIMB and Actuary, CPB |

The review of data sources identifies and confirms the accuracy of the data sources used to build the ▶participant database. The ▶auditor identifies paper and/or electronic sources for each data element, tests their reliability, and records the results of the review in the *Data Elements and Sources List*.

The process may require a review of both electronic data and hard-copy documentation. Procedures are notably different depending on whether e-data or hard-copy participant documents are being reviewed.

- Process 11.4A Review Participant Files: The auditor identifies and tests paper sources (or electronic copies of paper sources) to establish reliability. Reliable sources can be used either as a base of comparison for testing e-data, or as sources for constructing the participant database.
- Process 11.4B Review Electronic Data: The auditor identifies and tests data elements within e-data (spreadsheets and databases provided by the plan parties) to establish reliability. Reliable data elements can be used as sources for constructing the participant database.

The auditor can begin both reviews as soon as they receive the documents and identify the data elements. However, the auditor cannot finalize the reviews until the case team collects all required, available documents and the ▶actuary finalizes the data elements for the participant database.

**In this Section**

11.4A Review Participant Files
11.4B Review Electronic Data
11.4C Finalize Data Elements and Sources List

## 11.4A Review Participant Files

**07/01/2016**

**Auditor, DIMB; Auditor, DCB; and Actuary, CPB**

1. Review the participant files to identify the best sources for each data element.
   - If possible, identify a primary and secondary source for each element.
   - Use Appendix B Preferred Source Documents for Participant Data Elements as a starting point for identifying sources, but use judgment and your knowledge of the case and available documents in identifying the best sources for each element.
2. Sample at least five instances of each source for each group of participants to confirm that the source is reliable for all (see Process 11.2C Review On-Site Documents).
3. If the source is not reliable for a particular group of participants, identify an alternate source for that group, if possible.
4. If the plan has more than 500 participants, update the *Data Acquisition Plan and Database Construction Outline and Documentation.*

## 11.4B Review Electronic Data

**07/01/2016**

This process is intended for plans with more than 500 participants. See Process 12 Small Plan Database Construction and Analysis for plans with 500 or fewer participants.

**Auditor, DIMB**

1. Archive the e-data in its original format. See TP 16.5 Archive Electronic Files.
2. Identify which data elements for the participant database (listed in the *Data Elements and Sources List*) are included in the e-data.
3. Check each data element within each source for reasonableness. Indicators of unreasonable data include:
   - Missing dates (for example, ▶DOB, date of hire, spouse's DOB if married)
   - Inconsistent dates (for example, DOB after date of hire)
   - Duplicate records
   - Records where there are earnings after ▶DOTE
   - Participants with age at ▶DOPT greater than a "normal" value
   - Service at DOPT greater than a "normal" amount
   - Participants too young to participate at date of hire
   - Missing data based on existence of other data

   > **Note** If a data element in the e-data is unreasonable, use the e-data as a source for that data element only if no other sources are available.
4. For each reasonable data element, determine the original source document for the data.
   - Create a *Review Work Paper Cover Sheet* and attach all work papers created in the course of identifying sources and sampling the e-data.
   - If the original source document is available, select a sample of the e-data and compare to the source documents. Treat data elements which receive a "Pass" rating as reliable (see TP 60 Data Sampling).
   - If an original source document is not available, or the e-data is the original source, determine the reliability of each data element based on the controls and procedures employed by the prior plan administrator in creating the e-data.
5. If the electronic data is a reliable source for any data elements, treat the e-data as the primary source for each such element (see Process 11.4C Finalize Data Elements and Sources List).
6. If the plan has more than 500 participants, update the *Data Acquisition Plan and Database Construction Outline and Documentation.*

## 11.4C Finalize Data Elements and Sources List

**07/01/2016**

**Auditor, DIMB and Actuary, CPB**

1. List the sources identified in Process 11.4A Review Participant Files and Process 11.4B Review Electronic Data in the numbered spaces provided in the *Data Elements and Sources List*.
2. Enter at least two sources (if possible) for each data element in the *Data Elements and Sources List*. Refer to sources by the number assigned in step 1.
3. Write a narrative in the *Data Elements and Sources List*, including:
   - Where records were located
   - Where secondary sources were used in place of primary and why
   - The review of e-data, if any
   - Other information relevant to the selection of sources
4. Mark up the sampled sources, circling the location in the document each data element appears (see *Sample Document Mark-Up*), and attach to the *Data Elements and Sources List* as a work paper.
5. Obtain management concurrence for the *Data Elements and Sources List*.
6. Image the *Data Elements and Sources List* to the plan file in ▶IPS.
7. If the plan has more than 500 participants, update the *Data Acquisition Plan and Database Construction Outline and Documentation*.
8. Update the Source Document Audit Milestone in ▶CMS.
9. Proceed according to the number of participants:
   - If there are 500 or fewer participants, proceed to Process 12 Small Plan Database Construction and Analysis.
   - If there are more than 500 participants, proceed to Process 13 Participant Database Construction and Reporting.

## 11.5 Resources for Data Collection and Analysis

**09/30/2016**

**Forms, Letters, and Memos:**

- *Case Information Checklist* (formerly known as Sample Site Interview Questions)
- *Data Acquisition Plan and Database Construction Outline and Documentation (DAPDC)*
- *Data Elements and Sources List*
- *DMC Data Capture Memorandum*
- *Information Request Letter*
- *Introduction to PBGC*
- *Plan Document List*
- *Plan Summary*
- *Post-Trip Memo*
- *Record of Interview*
- *Review Work Paper Cover Sheet*
- *Sample Document Mark-Up*
- *Trip Planning Memo*
- *Trip Planning Memo Example*

**Customer Correspondence and Forms:**

None

**Guidance:**

TRMD Service Catalog

**Exhibits:**

None

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# Process 12 Small Plan Database Construction and Analysis

**In this Section**

12. Overview for Small Plan Database Construction and Analysis
12.1 Construct Participant Database for Small Plan
12.2 Test Participant Database for Small Plan
12.3 Resources for Small Plan Database Construction and Analysis

## 12. Overview for Small Plan Database Construction and Analysis

**07/01/2016**

The ▶SPDCA process expedites database building and provides a focused report for ▶plans with **500 or fewer participants**. It focuses on determining the population of plan ▶participants at ▶DOPT, documenting the steps used in participant database construction, testing the database and providing the data elements necessary to calculate benefits.

**Note** When constructing a database for a small plan, auditors may follow the procedures in Process 13 Participant Database Construction and Reporting.

In small plan processing:

- The *Data Acquisition Plan and Database Construction Outline and Documentation* is not required.
- The Case Team determines who will construct the database. The auditor determines the plan population and documents the processes and any plan or participant issues. The ▶auditor may construct the database, as well as complete the *Small Plan Database Construction and Analysis Report*. However, if the auditor constructs the database, another auditor will test the database.
- There is a full e-data review. The analysis of the e-data is documented concisely in the report. Decisions to use or not use data are based on sampling. The sampling and results are documented and attached to or referenced in the *Small Plan Database Construction and Analysis Report*.
- The sample will be completed and documented in accordance with Technical Procedure 60 Data Sampling.
- Written instructions are prepared for building the database and monitoring of the database construction.

**Documenting Plan and Participant Files**

When archiving documents or imaging documents to plan or participant files, follow instructions in TP 16 Plan and Participant File Maintenance.

## 12.1 Construct Participant Database for Small Plan

**07/01/2016**

| | |
|---|---|
| **Purpose** | To construct the participant database for a plan with 500 or fewer participants. |
| **Guidance** | *Leo/ACT Format User Manual* |
| | TRMD Service Catalog |
| **Procedure Owner** | Auditor, DCB; Auditor, DIMB; Database Builder |

Take the following steps for ▶plans with 500 or fewer ▶participants. If the plan has more than 500 participants, follow Process 13 Participant Database Construction and Reporting. Before completing this procedure, confirm that that the *Plan Document List* and the list of data elements have been finalized (see Process 11.3 Finalize the Plan Document List and Data Elements for Participant Database Construction).

**Auditor, DCB**

1. Archive the e-data in its original format. See TP 16.5 Archive Electronic Files.
2. Analyze the e-data available for database construction:
   - Verify e-data with source data obtained to determine reliability.
   - Using sampling, determine which, if any, e-data elements will be used as sources in database construction. See TP 60 Data Sampling.

**Auditor, DIMB**

3. Ensure that the *Data Elements and Sources List* has been completed (see Process 11.4 Determine Sources for Participant Database Construction). If additional sources are obtained after the *Data Elements and Sources List* is finalized, update the document and archive according to TP 16.5 Archive Electronic Files.
4. Set up Leo (see *Leo/ACT Format User Manual*).
5. Contact ▶TSB as needed to request a Leo data merge of ▶Spectrum and e-data (see TRMD Service Catalog) and provide instructions.
6. Develop instructions for building the database using the *Database Construction Guidelines* and provide them to the Database Builder. Include the instructions as a referenced or attached Work Paper to the *SPDCA Report*.

**Database Builder**

7. Build the participant database in Leo according to the instructions provided by the Auditor:
   a. Enter participant data from the sources identified in the *Data Elements and Sources List*.
   b. Once 10% of the database is completed, notify the Auditor, who will test the database to ensure that data is being entered correctly.

**Auditor, DIMB**

8. Run the reasonableness test and Spectrum reconciliation in Leo (see Process 13.2B Run Reasonableness Test and Spectrum Reconciliation). Return the database to the Database Builder with instructions to correct any identified errors.

**Database Builder**

9. Proceed according to whether there are errors requiring correction:
   - If there are errors, fix the errors and return the database to the auditor.
   - Once there are no errors, print out summaries of the successful Spectrum reconciliation and reasonableness test.
10. Provide the database to the Auditor for review.
11. Summarize and provide the results of the database construction to the Auditor.

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## 12.2 Test Participant Database for Small Plan

**07/01/2016**

| | |
|---|---|
| **Purpose** | To test the accuracy of the participant database for a plan with 500 or fewer participants. |
| **Guidance** | *Archive Manual*<br>CMS Job Aids and User Guide<br>*Leo/ACT Format User Manual*<br>*Plan File Indexing Specification Guide* |
| **Procedure Owner** | Audit Technical Reviewer; Auditor, DIMB; Database Builder |

**Auditor, DIMB**

1. Review the database using the sampling methodology in TP 60 Data Sampling.

   If a 100% review will be completed, document the results in the *Participant Data Review Work Paper Summary* once the database is error-free.

2. If there are any errors requiring correction, report the errors to the database builder and wait for a revised database. Repeat testing until no errors are found.

**Database Builder**

3. If the auditor indicates the participant database has errors requiring correction, correct the errors and resubmit the participant database. Repeat until there are no errors requiring correction.

**Auditor, DIMB**

4. Prepare the *Small Plan Database Construction and Analysis Report* and attach or reference the location in Archive or IPS of the following:
   - Copies of the final Reasonableness Test and Spectrum Reconciliation generated by Leo
   - *Participant Data Review Work Paper Summary*
   - *Definition of Sample Size Work Paper*
   - *Interval/Random Sample Work Paper*
   - *Database Construction Guidelines*
5. Send the completed *Small Plan Database Construction and Analysis Report* to the Audit Technical Reviewer.

**Audit Technical Reviewer**

6. Upon receipt, review the *Small Plan Database Construction and Analysis Report*. Sign to indicate concurrence upon successful review.
7. Provide the *Small Plan Database Construction and Analysis Report* with all attachments to Supervisory Auditor, ▶DRVB for concurrence.

   Management updates the Participant Data Audit Milestone in CMS.

**Auditor, DIMB**

8. Upon concurrence, image the *Small Plan Database Construction and Analysis Report* with attachments to the plan file in ▶IPS and archive the database. See TP 16.5 Archive Electronic Files.

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## 12.3 Resources for Small Plan Database Construction and Analysis

**09/30/2016**

**Forms, Letters, and Memos:**

- *Data Elements and Sources List*
- *Database Construction Guidelines*
- *Plan Document List*
- *Small Plan Database Construction and Analysis Report*

**Customer Correspondence and Forms:**

None

**Guidance:**

- *Archive Manual*
- CMS Job Aids and User Guide
- *Leo/ACT Format User Manual*
- TRMD Service Catalog
- *Plan File Indexing Specification Guide*

**Exhibits:**

None

# Process 13 Participant Database Construction and Reporting

**In this Section**

13. Overview for Participant Database Construction and Reporting
13.1 Build the Participant Database
13.2 Monitor and Test the Participant Database
13.3 Document Participant Database Construction
13.4 Resources for Participant Database Construction and Reporting

## 13. Overview for Participant Database Construction and Reporting

**07/01/2016**

After collecting and analyzing ▶participant data, the case team begins work on the participant database, often with an outside database builder (for example, an ▶FBA). The ▶auditor and/or ▶actuary prepares the database in Leo and works with ▶TSB to load data from electronic sources. The auditor creates instructions for phased manual data entry using the *Database Construction Guidelines*, and the database builder then follows those instructions to build the database. The case team and database builder make a focused effort to construct the database quickly and accurately, as opposed to alternating database construction and other tasks over an extended period.

The auditor monitors database construction throughout. At the completion of each pre-defined phase of data entry, the auditor runs automated tests in Leo, including a data sample (see TP 60 Data Sampling), and addresses errors, revises the instructions, or provides additional guidance to the database builder as needed.

After the database is built and testing is complete, the auditor runs final tests and reports on the results of database construction. The auditor works with TRMD to archive the database to create a permanent baseline for later plan processing.

This process is intended for plans with more than 500 participants. For plans with 500 or fewer participants, see Process 12 Small Plan Database Construction and Analysis.

### Documenting Plan and Participant Files

When archiving documents or imaging documents to plan or participant files, follow instructions in TP 16 Plan and Participant File Maintenance.

## 13.1 Build the Participant Database

**07/01/2016**

| | |
|---|---|
| **Purpose** | To set up and populate the participant database in Leo. |
| **Guidance** | *Leo/ACT Format User Manual* |
| | TRMD Service Catalog |
| **Procedure Owner** | Auditor, DIMB; Actuary |

The participant database is set up in Leo by the ▶auditor and/or ▶actuary. The auditor and/or actuary works with ▶TSB to load data into the database from ▶Spectrum and/or electronic data, but generally a separate database builder (for example, the ▶FBA) will need to manually enter missing data.

After setting up the database and loading the initial data, the Auditor, ▶DIMB creates instructions for manually populating the database, and the assigned database builder uses the instructions to finish building the database. Generally, the instructions divide the data entry into phases.

The Auditor and database builder make a focused effort to construct the database quickly and accurately, as opposed to alternating database construction and other tasks over an extended period.

Testing occurs throughout and in parallel to the database building process (see Process 13.2 Monitor and Test the Participant Database). The auditor tests the database after each load from a particular electronic source is completed and after each phase of data entry.

**In this Section**

13.1A Prepare Database and Load Initial Data
13.1B Create Instructions and Build Participant Database

## 13.1A Prepare Database and Load Initial Data

**07/01/2016**

**Auditor, DIMB/Actuary**

1. Based on the *Data Elements and Sources List*, create the data elements list using Leo and customize the case with the appropriate fields and screens for the database in Leo (see the *Leo/ACT Format User Manual).*

   | **Note** The auditor determines the sources to use in building the database. |
   |---|

2. Work with ▶TSB to download data into Leo from the electronic sources (for example, Spectrum or e-data) defined in the *Data Elements and Sources List* (see TRMD Service Catalog).
3. If TSB reports discrepancies or questionable items, research the items and work with TSB to resolve the issues.
4. Determine whether the data was loaded correctly:
   a. Spot-check the participant database:
      - Check that all the data in each entry checked corresponds to the correct participant.
      - Check that each field in each entry checked contains the correct type of data (for example, the Date of Birth field does not display the Date of Hire).
   b. Test the database (see Process 13.2B Run Reasonableness Test and Spectrum Reconciliation).
5. If the data was not loaded correctly, work with TSB to resolve the problem.
6. If the plan has more than 500 participants, update the *Data Acquisition Plan and Database Construction Outline and Documentation*; if the plan has fewer than 500 participants, see Process 12 Small Plan Database Construction and Analysis.

## 13.1B Create Instructions and Build Participant Database

**07/01/2016**

**Auditor, DIMB**

1. Determine the database building strategy, including:
   - Who builds the database.
   - How the manual data entry task divides into phases (for example, type of participant, every 10% of ▸participants, or alphabetically).
   - When each phase and the associated testing is completed.
2. Use the *Database Construction Guidelines* to prepare instructions for building the database in Leo.
3. Send the instructions to the database builder.
4. Image the instructions to the case file.
5. If the database builder is an ▸FBA, work with ▸TSB to transfer the participant database to the FBA's intranet.
6. If the plan has more than 500 participants, update the *Data Acquisition Plan and Database Construction Outline and Documentation*; if the plan has fewer than 500 participants, see Process 12 Small Plan Database Construction and Analysis.

**Database Builder**

7. Enter data from the source documents according to the *Database Construction Guidelines* and the *Data Elements and Sources List*.
   - Document any exceptions to sources used (for example, if a secondary source is used instead of the primary).
   - Test the database periodically (see Process 13.2B Run Reasonableness Test and Spectrum Reconciliation).
   - Make required corrections as determined by the periodic database test.
8. As each phase of data entry is completed:
   - Notify the Auditor, ▸DIMB.
   - Transfer the participant database to the PBGC intranet if the speed of the FBA intranet is an issue.
9. Make any corrections identified by the ▸auditor.
10. Recommence data entry as soon as practicable (if more phases of data entry remain).
11. Repeat steps 7-10 for each phase.

## 13.2 Monitor and Test the Participant Database

**07/01/2016**

| | |
|---|---|
| **Purpose** | To continually monitor the construction of the participant database, to ensure accuracy and compliance with the *Database Construction Guidelines*. |
| **Guidance** | *Leo/ACT Format User Manual*<br>TRMD Service Catalog |
| **Procedure Owner** | Auditor, DIMB |

Regular testing occurs throughout database construction. The database builder runs tests throughout data entry (see Process 13.1B Create Instructions and Build Participant Database). At the end of each predefined phase of data entry, the auditor reviews the database builder's work.

The auditor is responsible for monitoring the database construction process, including revising the instructions or providing additional guidance as needed, as well as identifying errors.

**In this Section**

13.2A Monitor Participant Database in Leo
13.2B Run Reasonableness Test and Spectrum Reconciliation

## 13.2A Monitor Participant Database in Leo

**07/01/2016**

**Auditor, DIMB**

1. Create a *Review Work Paper Cover Sheet* and attach any work papers created in the course of monitoring the participant database, including sampling and testing work papers from Leo.
2. At the end of each phase of data entry, use Leo to confirm that any previously identified errors have been corrected (use *Report 411 - Detailed Audit Progress Report*).
3. Test the participant database in Leo (see Process 13.2B Run Reasonableness Test and Spectrum Reconciliation).
4. Sample the database within Leo (see TP 60 Data Sampling).
5. For any sub-population designated as "Failed" (see TP 60 Data Sampling), take the following actions:
   a. If practical and applicable:
      i. Apply root cause analysis to identify causes of significant errors.
      ii. Correct all applicable participants in the database, if possible.
      iii. If the root cause analysis and corrections result in a likely improvement of the participant database accuracy, select and test a new sample (see TP 60 Data Sampling).
   b. If root cause analysis does not provide any insights into errors in the database, consider additional judgmental testing (which may include a 100% review) to further investigate the affected data element(s) where feasible, in particular when error rates are particularly high (that is, greater than 20%).
   c. Regardless of the outcome of root cause analysis, use judgment to determine how to proceed when a "Failed" is encountered for a sub-population.
   d. Document all additional procedures performed (root cause analysis, corrections, etc.) and results obtained in the review work papers.
6. Make any required corrections (see *Leo/ACT Format User Manual*).
7. If needed, inform the database builder of any errors.
8. Track the performance and error frequency of the database builder.
9. If needed, clarify requirements and provide guidance for the database builder.
10. Proceed according to whether the participant database is complete.
    - If the participant database is not complete:
      - Instruct the database builder to make corrections.
      - Transfer the database to the ▶FBA intranet, if needed.
    - Once all data is entered and all required corrections are made:
      - Update the *Data Acquisition Plan and Database Construction Outline and Documentation.*
      - Proceed to Process 13.3 Document Participant Database Construction.

## 13.2B Run Reasonableness Test and Spectrum Reconciliation

**07/01/2016**

**Auditor, DIMB/Database Builder**

1. In Leo, modify the reasonableness parameters according to plan provisions, if needed (see *Leo/ACT Format User Manual*).
2. Run the reasonableness test in Leo.
3. Review the results of the reasonableness test and determine what errors need addressing.
4. Run the Spectrum reconciliation in Leo.
5. Review the results of the reconciliation and determine what errors need addressing.
6. If the plan has more than 500 participants, update the *Data Acquisition Plan and Database Construction Outline and Documentation*; if the plan has fewer than 500 participants, see Process 12 Small Plan Database Construction and Analysis.
7. Respond to errors accordingly:
   - If currently building the database, return to Process 13.1B Create Instructions and Build Participant Database.
   - If monitoring database construction, return to Process 13.2A Monitor Participant Database.
   - If the plan has 500 or fewer participants, return to Process 12 Small Plan Database Construction and Analysis.

## 13.3 Document Participant Database Construction

**07/01/2016**

| | |
|---|---|
| **Purpose** | To finalize and document the construction of the participant database. |
| **Guidance** | *Leo/ACT Format User Manual* |
| | TRMD Service Catalog |
| **Procedure Owner** | Auditor, DIMB |

After the database is completed and tested, the ▶auditor runs a final reasonableness test and ▶Spectrum reconciliation. The purpose of these final tests is to produce summary reports demonstrating that the database is complete and correct.

After producing the summary reports, the auditor works with ▶TSB to archive the database and prepares the documentation of the database construction effort and testing. The auditor completes two documents, the *Database Construction Report* and the *Participant Review Summary*, and references or attaches several documents prepared prior to or during database construction.

After Supervisory Auditor, ▶DRVB management concurrence, the documents are imaged to the ▶plan file and provided as needed to members of the Case Team.

**In this Section**

13.3A Finalize Reasonableness Test and Spectrum Reconciliation
13.3B Prepare Database Construction Report and Participant Review Summary

## 13.3A Finalize Reasonableness Test and Spectrum Reconciliation

**07/01/2016**

**Auditor, DIMB**

1. Run a reasonableness test on the participant database in Leo (see Process 13.2B Run Reasonableness Test and Spectrum Reconciliation).
   - If there are errors requiring correction, the database is not ready to be finalized; return to Process 13.2A Monitor Participant Database in Leo.
   - If there are no errors requiring correction, proceed to step 2.
2. Run a Spectrum reconciliation on the participant database in Leo (see Process 13.2B Run Reasonableness Test and Spectrum Reconciliation).
   - If there are errors requiring correction, the database is not ready to be finalized. Return to Process 13.2A Monitor Participant Database in Leo.
   - If there are no errors requiring correction, proceed to step 3.
3. Archive the completed participant database, the Reasonableness Test, and Spectrum Reconciliation reports (see TP 16.5 Archive Electronic Files).
4. Update the *Data Acquisition Plan and Database Construction Outline and Documentation.*

## 13.3B Prepare Database Construction Report and Participant Review Summary

**07/01/2016**

**Auditor, DIMB**

1. Prepare the *Database Construction Report* and *Participant Review Summary*.
   - Address all sections according to the instructions provided in the documents.
   - Do not delete sections. If a section does not apply to the plan, mark as "Not Applicable" and provide an explanation.
2. Reference or (if the required document is not in ▶IPS) attach all required documents and ▶participant database work papers, including:
   - *Data Acquisition Plan and Database Construction Outline and Documentation*
   - *Database Construction Guidelines*
   - *Data Elements and Sources List*
   - *Plan Document List*
   - *Plan Summary* (obtain the most recent version from the actuary)
   - *Post-Trip Memo*
   - *Select Random Sample Work Paper*
   - *Reasonableness Test* and *Spectrum Reconciliation Summary* reports
   - *Trip Planning Memo*

   **Leo Reports:**
   - *Report 240 - Population Summary*
   - *Report 250 - Error Summary*
   - *Report 260 - Query Inventory Report*
   - *Report 400 - Audit Setup Report*
   - *Report 410 - Audit Summary Report*
   - *Report 411 - Detailed Audit Progress Report*
   - *Report 415 - Errors by Customer*
   - *Report 416 - Significant Errors by Customer*
   - *Report 417 - Insignificant Errors by Customer*
   - *Report 420a - Errors by Data Element*
3. Update the Participant Data Audit Milestone in ▶CMS and return the CMS task to the Supervisory Auditor, ▶DRVB.
4. Submit the *Database Construction Report* and *Participant Review Summary*, along with all attachments and a print screen copy of the updated Participant Data Audit Milestone, to the Supervisory Auditor, DRVB for concurrence.
5. On concurrence, image the completed *Database Construction Report, Participant Review Summary*, and the *Data Acquisition Plan and Database Construction Outline and Documentation* to the plan file in IPS.
6. Notify the Case Team of the location of the *Database Construction Report, Participant Review Summary,* and the *Data Acquisition Plan and Database Construction Outline and Documentation* in IPS.

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## 13.4 Resources for Participant Database Construction and Reporting

**09/30/2016**

**Forms, Letters, and Memos:**

- *Data Elements and Sources List*
- *Data Acquisition Plan and Database Construction Outline and Documentation*
- *Database Construction Guidelines*
- *Database Construction Report*
- *Participant Review Summary*
- *Plan Document List*
- *Plan Summary*
- *Post-Trip Memo*
- *Review Work Paper Cover Sheet*
- *Trip Planning Memo*

**Customer Correspondence and Forms:**

None

**Guidance:**

- *Leo/ACT Format User Manual*
- TRMD Service Catalog

**Exhibits:**

None

**08/30/2011**

This section describes the process for completing the plan asset evaluation. Together with the participant database, this evaluation serves as an input in determining the value of benefits payable by PBGC.

**In this Section**

Process 15 Plan Asset Evaluation

## 15. Overview for Plan Asset Evaluation

**11/21/2014**

The New Asset Evaluation Procedures and Documents are available on the Portal.

**08/30/2011**

The purpose of the valuation process is to determine the present value of each participant's benefit and the composite present value for the entire plan. PBGC uses the resulting plan present value figure in determining PBGC's overall liability and for financial statements. The valuation process also provides the information necessary for developing benefit statements, which explain the data, assumptions, and variables used in calculating each participant's benefit and for sending BDLs. The activities constitute the final analysis of all of the information collected in earlier processes and create a meaningful presentation of PBGC's liabilities and each participant's final benefit amount.

**In this Section**

Process 17 Actuarial Valuation

# Process 17 Actuarial Valuation

**In this Section**

17. Overview for Actuarial Valuation
17.1 Create V1 File in ValTool
17.2 Program BSRS Using Design Tool in ACT
17.3 Create Listings in DRS in ACT
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17.6 Perform Preliminary Software Review
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## 17. Overview for Actuarial Valuation

**07/01/2016**

The actuary or the actuarial contractor under the direction of the actuary calculates the Plan, Title IV, and Termination benefit liabilities as of DOPT and produces an Actuarial Case Report, participant and beneficiary data to load into Spectrum, and related software and archival documentation. The report includes the following:

- Valuation Listings that show the calculation of plan benefits, guaranteed benefits, benefits assigned by an asset allocation in ERISA §4044, Title IV benefits, ERISA §4022(c) benefits, Termination benefits, and the associated PVs for each participant, beneficiary, and alternate payee in the plan (as applicable).
- The Actuarial Case Memo, which reports basic plan information, PBGC liability, legal and policy issues, interpretations concerning plan practice, and any anomalies or unusual plan provisions or issues.
- Tables of plan conversation factors.
- Plan Summary.
- Sample Benefit and Retirement Statements.

In addition to the Actuarial Case Report, the actuary produces:

- BSRS used to administer the plan.
- Participant and beneficiary data and calculated fields to load into Spectrum.

  **Note** The function's term changed from **ADT Load** to **Valuation (ADT) Load.**

- Other required software.

For the valuation of the plan and development of the Actuarial Case Report, the actuary uses ACT to calculate benefits and PVs and produce listings. Actuaries use audited participant and beneficiary data from the participant database to perform the valuation. ACT includes the following tools:

- **ValTool**: The ValTool application is an interface through which the actuary can import data from Microsoft Access tables into a Microsoft Excel spreadsheet, calculate and value plan participant, beneficiary, and alternate payee benefits, and then export the newly calculated fields back to the Access tables. This creates the V1 file.
- **BSRS**: Contains the ACT Design and Runtime tools:
  - Design: Provides the tool for the actuary to design data entry screens for population by the EBLS/FBA.
  - Runtime: Generates Benefit Statements to issue with the Benefit Determination and Retirement Statements used to place participants and beneficiaries in pay status as of their ARD.
- **DRS**: The DRS application is a report writing tool used to design tables of data for inclusion in the Actuarial Case Report. Actuaries can generate, save, and print reports that include all participants and beneficiaries.

### Documenting Plan and Participant Files

When archiving documents or imaging documents to plan or participant files, follow instructions in TP 16 Plan and Participant File Maintenance.

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## 17.1 Create V1 File in ValTool

**06/27/2013**

| | |
|---|---|
| **Purpose** | To create the V1 file to determine the Plan benefits, Guaranteed benefits, Title IV benefits, ERISA §4022(c) benefits, and Termination benefits in the ValTool application. |
| **Guidance** | *Actuarial Technical Manual*<br>*Actuarial Calculation Toolkit Manual*<br>Policy 5.2-4 Annuity Starting Dates<br>Policy 5.2-5 Required Beginning Dates<br>Policy 5.13-1 Aggregate Limit on Benefits Payable from PBGC Funds |
| **Procedure Owner** | Actuary |

The ▸actuary completes each listed procedure using the ▸ValTool component of the ▸ACT application to create the resulting V1 file.

**In this Section**


17.1A Determine Plan Benefits
17.1B Determine Guaranteed Benefits
17.1C Determine ERISA §4044 Benefits
17.1D Determine Title IV Benefits
17.1E Determine ERISA §4022(c) Amount and Benefits Payable
17.1F Determine Termination Benefits
17.1G Calculate Benefits for the Benefit Statements

**17.1A Determine Plan Benefits**

**07/01/2016**

For guidance in determining the ▸Plan benefits, refer to *Actuarial Technical Manual*, Section III, Benefit Calculations.

**Actuary**

1. Review available plan documentation, including, but not limited to:
   - Pension Plan Documents and Amendments
   - ▸AVRs, including ▸AFTAP
   - ▸SPDs
   - ▸CBAs, if applicable
   - Form 5500s
   - Record of Interviews with prior plan ▸actuary, prior ▸plan administrator, and other relevant personnel (see *Record of Interview* and *Case Information Checklist*).
2. Read relevant plan asset evaluation and participant data review documents from processes in:
   - Pre-Trusteeship Processes
   - Initial Processes
   - Participant Database Processes
   - Plan Asset Processes
3. Review the participant database and keep reconciled with ▸Spectrum.
4. Resolve technical issues and matters of plan interpretation.
5. Determine ▸XRA for non-retirees as of ▸DOPT.
6. Calculate the plan benefits as of ▸XRD for non-retirees or ▸DOR for pre-DOPT retirees.
7. Calculate the ▸PV of the plan benefits as of DOPT.

## 17.1B Determine Guaranteed Benefits

**03/30/2011**

For guidance in determining the ▸Guaranteed benefits, refer to *Actuarial Technical Manual*, Section IV, Guaranteed Benefits.

**Actuary**

1. Analyze the plan provisions, the ▸plan benefit amounts and types, and the status of the ▸plan sponsor to determine whether benefits are potentially affected by PBGC limitations.
2. Calculate the plan benefit earned as of the earlier of ▸BPD or ▸DOPT.
3. Apply the applicable limitations in the order listed:
   - ▸AAN
   - MGB (Calculate Aggregate Maximum benefit, if necessary. See Policy 5.13-1 Aggregate Limit on Benefits Payable from PBGC Funds.)
   - ▸P/I
   - ▸Majority Owner

## 17.1C Determine ERISA §4044 Benefits

**07/01/2016**

For guidance in determining ERISA §4044 benefits, refer to *Actuarial Technical Manual*, Section V, Allocation of Assets. If there are any benefits that are not fully guaranteed and assets are potentially sufficient to fund benefits in excess of guaranteed benefits, then perform an ERISA §4044 asset allocation.

### Actuary

1. Review the **Valuation-Only Assets** (or assets for a non-SPDRR/SPARR plan) amount on the OBA Case Summary screen in CMS to determine whether assets as of DOPT could affect participants' benefits through an asset allocation.
2. Determine benefit amounts and the PV in each applicable priority category.
3. Allocate plan assets through each applicable priority category.
4. Determine the ERISA §4044 monthly benefit provided by plan assets.

## 17.1D Determine Title IV Benefits

**03/30/2011**

**Actuary**

1. Determine the sum of (a) and (b) to obtain the ▸Title IV benefits:
   a. ▸Guaranteed benefit, amount from 17.1B Determine Guaranteed Benefits.
   b. Additional benefits, if any, provided by an ▸asset allocation, as calculated in 17.1C Determine ERISA §4044 Benefits.
2. Calculate the ▸PVs of the Title IV benefits.

## 17.1E Determine ERISA §4022(c) Amount and Benefits Payable

**03/30/2011**

This section is applicable only to plans with ▸UNGBs. For guidance in determining the ▸ERISA §4022(c) amount and benefits payable, refer to *Actuarial Technical Manual*, Section V.K, 4022(c) Benefits.

### Actuary

1. Determine the amount of the UNGB for the plan.
2. Identify the applicable ▸recovery ratio to calculate the ERISA §4022(c) amount:
   - Use the ▸SPARR for UNGBs less than or equal to $20 Million. See Appendix H1 Historical SPARR Information.
   - Use the plan's ▸actual recovery to calculate the ratio for plans with UNGBs greater than $20 Million.

   Refer to Policy 8.2-1 Valuation and Allocation of Recoveries.
3. Determine the plan's ERISA §4022(c) amount.
4. Allocate the ERISA §4022(c) amount to UNGBs in ▸priority category order.
5. Determine each participant's share of the plan's ERISA §4022(c) amount, if any.
6. Determine each participant's ERISA §4022(c) benefit.

**17.1F Determine Termination Benefits**

**03/30/2011**

**Actuary**

1. Determine each participant's ▸Termination benefit as the sum of (a) and (b), where:
   a. Participant's ▸Title IV benefit, as determined in 17.1D Determine Title IV Benefits.
   b. Participant's ▸ERISA §4022(c) benefit, as determined in 17.1E Determine ERISA §4022(c) Amount and Benefits Payable.
2. Determine the ▸PV of the Termination benefit.
3. Determine the lump sum value as of ▸DOPT for the following:
   a. Participant/Beneficiary Termination benefit.
   b. Termination ▸QPSA benefit as of DOPT (for participants not yet in pay at DOPT).

## 17.1G Calculate Benefits for the Benefit Statements

**06/27/2013**

### Actuary

1. Update the database with new data in ▸Spectrum (reconcile with Spectrum).
2. For participants/beneficiaries who go into pay status on or before ▸DOTR whose benefits are subject to adjustment, calculate the ▸termination benefit as of ▸ARD in the elected form of ▸annuity.

   Participants/beneficiaries who go into pay status on or before DOTR whose benefits are not subject to adjustment do not require ▸benefit statements.
3. For participants/beneficiaries who go into pay status after DOTR and before the date the valuation is finalized, calculate the termination benefit as of ARD.
4. For participants/beneficiaries who have not yet gone into pay status as of the date the valuation is finalized, calculate the termination benefit payable in the normal single form of annuity as of:
   - ▸NRD
   - ▸EBSD (see Policy 5.2-4 Annuity Starting Dates and Policy 6.1-2 Earliest PBGC Retirement Date)
   - ▸EURD, if applicable
5. For participants/beneficiaries past their ▸RBD and not yet in pay status as of the date of valuation, calculate the benefit as of RBD (see Policy 5.2-5 Required Beginning Dates).
6. For participants who died post-▸DOPT, calculate the benefit and ▸lump sum (if de minimis) due to:
   - The beneficiary per the annuity election for a participant who was in pay status at date of death.
   - The surviving spouse if a ▸QPSA benefit is payable.
7. For participants who received a partial or full estimated ▸lump-sum distribution from PBGC, calculate the residual lump sum owed and prepare the benefit statement to reflect:
   - The amount of the estimated lump sum (including ▸interest).
   - The residual lump sum owed, if any, as of the date the benefit statement is issued, or net termination benefit if the residual lump sum is greater than $5,000.
8. For participants whose annuity was partially purchased, prepare the benefit statement to reflect:
   - The amount of the monthly annuity purchased.
   - The net monthly termination benefit owed, if any, determined based on the criteria above.
9. For participants with a ▸QDRO, calculate termination benefits and prepare benefit statements based on the terms of the QDRO for both the participant and ▸alternate payee based on the criteria above.

   **Note** A benefit statement is not required for a participant who received a full lump-sum distribution or for whom an annuity was fully purchased prior to DOTR.

   See *Actuarial Technical Manual*, Section I.B, Benefit Statement Guidance and Section I.C. Sample Benefit Statements for additional information.

## 17.2 Program BSRS Using Design Tool in ACT

**07/01/2016**

| | |
|---|---|
| **Purpose** | To provide an automated program that produces the benefit statements for benefit determinations and retirement and optional forms of annuity statements as of the actual retirement date for future retirees. |
| **Guidance** | *Actuarial Calculation Toolkit*<br>*Actuarial Technical Manual,* Section I.B, Benefit Statement Guidance<br>Software Review Checklist |
| **Procedure Owner** | Actuary |

The ▸actuary programs ▸BSRS to produce ▸benefit statements for benefit determinations that include:

- Statements for pre-▸DOTR retirees/beneficiaries whose benefits are changing or unlevel after ▸DOPT.
- Statements for future retirees for benefits as of ▸EURD, PBGC ▸EBSD, and lump sum at DOPT (if LS_Term is less than or equal to $5,000).
- Statements for retirees/beneficiaries who go into pay by PBGC.

In addition, the actuary programs BSRS to produce retirement statements for non-retirees not in pay as of valuation date that include:

- Benefit statement showing actual retirement benefit or ▸QPSA benefit (if applicable).
- PBGC optional form output.
- QPSA benefit lump sum value (if applicable).

Follow this procedure to create the configuration files (*_S1.cfg and *_P1.cfg) using the BSRS ▸Design tool in ▸ACT. However, within the ▸valuation process, the actuary can perform the 17.3 Create Listings in DRS in ACT procedure before or simultaneously with this procedure.

1. Ensure the participant database and the programmed V1 file (created in 17.1 Create V1 File in ValTool) are in the same directory.

   To follow a best practice, place the files in the H:\ActWork\8-digit PBGC case number directory workspace (for example, `H:\ActWork\12345600`).
2. Create the *_S1.cfg file for statements and the *_P1.cfg file for optional forms by performing one of the following for each configuration file:
   - Use the template created in ACT.
   - Copy an existing *_S1.cfg/*_P1.cfg file into the workspace and rename the file (for example, `[8-digit PBGC case number naming convention]s1.cfg`).
3. Follow the programming instructions in ACT.
4. Use Runtime to test all possible types of benefit calculations by printing out and reviewing a sample of the benefit and retirement statements, including statements for:
   - Participants with benefits calculated under various formulas.
   - DOPT retiree affected by PBGC limitations
   - Post-DOPT retiree
   - Post-DOPT beneficiary
   - Participant past his/her ▸RBD
   - ▸Alternate payee

- Disability retiree
- Participant due a benefit from an ERISA §4044 asset allocation
- Participant due a benefit per ERISA §4022(c)

Use the Software Review Checklist to help outline the testing process.

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## 17.3 Create Listings in DRS in ACT

**03/30/2011**

| | |
|---|---|
| **Purpose** | To review, format, and produce the listings for inclusion in the Actuarial Case Report. |
| **Guidance** | *Actuarial Calculation Toolkit* |
| **Procedure Owner** | Actuary |

This procedure creates the listings placed in the ▸Actuarial Case Report using the ▸DRS component of ▸ACT. However, within the ▸valuation process, the ▸actuary can perform the 17.2 Program BSRS Using Design Tool in ACT procedure before or simultaneously with this procedure.

1. Use DRS to format the participant data and calculation results to produce hard copy listings for inclusion into the Actuarial Case Report.
2. Save the listings as *.pdf files.
3. Review the listings for the following:
   - Correct formatting
   - Totaled columns, where appropriate
   - Accurate formulas
   - Matched numbers to the stated formulas

## 17.4 Complete the Case Memo

**03/30/2011**

| | |
|---|---|
| **Purpose** | To complete the case memo documenting the valuation results, policy and legal issues, decisions, and conclusions for the Actuarial Case Report. |
| **Guidance** | *Actuarial Technical Manual* |
| **Procedure Owner** | Actuary |

1. Complete the case memo according to the standardized requirements.

   The case memo includes the facts and decisions, and the participant counts and liability amounts in specific ▸participant and ▸beneficiary categories. See the *Shell of Actuarial Case Memo* template.

2. Review numerical data to ensure numbers match the ▸DRS Listings and other relevant sources.

## 17.5 Assemble Actuarial Case Report

**07/01/2016**

| | |
|---|---|
| **Purpose** | To compile hard copies of all reports to create the Actuarial Case Report and provide to the Actuarial Technical Reviewer for review. |
| **Guidance** | *Actuarial Technical Manual,* Section I.A, Contents of the Actuarial Case Report |
| **Procedure Owner** | Actuary |

Use this procedure to produce the ▸Actuarial Case Report, including the ▸Actuarial Case Memo, listings, sample benefit statements, and other required items. Follow the instructions in the *Actuarial Technical Manual*, Section I.A, Contents of the Actuarial Case Report as applicable. The information in the Actuarial Case Report provides the reader with a thorough understanding of all aspects of the ▸valuation and future administration.

1. Assemble the Actuarial Case Report to consist of the following:
   - Actuarial Contractor Certification, if applicable
   - Actuarial Case Report Checklist
   - Table of Contents for the Actuarial Case Report
   - Actuarial Case Memo
   - Additional Plan-Specific Information (for example, Appendices)
   - ▸CMS Asset Screens
   - Plan Summary
   - Plan Factors (Early, Late, and Form Conversion)
   - Sample Benefit Statements
   - Sample Retirement Statements
   - Valuation Listings
2. Provide a hard copy of the completed Actuarial Case Report to the Actuarial Technical Reviewer.

## 17.6 Perform Preliminary Software Review

**07/01/2016**

| | |
|---|---|
| **Purpose** | To perform a preliminary software review to ensure that all case software and files, including BSRS, manual statements, ValTool, Microsoft Word documents, databases, and any other documentation or electronic files are properly tested and error free. |
| **Guidance** | *Actuarial Calculation Toolkit*<br>Contents<br>TRMD Service Catalog<br>Software Review Checklist |
| **Procedure Owner** | Actuary |

1. Perform a preliminary software review per the Software Review Checklist and Contents document:
   - Name the files in accordance with the naming conventions identified in the Software Review Checklist.
   - Verify the testing of all the software programs (▸BSRS) using the Software Review Checklist guidelines to verify that everything runs appropriately and output is correct.
   - Use the ADT Utility to produce the **Edit Summary Report** and the **Edit Detail Report** and use to determine whether the ▸valuation databases have missing or incorrect data.
   - Provide an explanation for all warnings, errors, and critical errors listed in the ▸ADT reports in the Software Review Checklist.

## 17.7 Review Actuarial Case Report and Software by Actuarial Technical Reviewer

**07/01/2016**

| | |
|---|---|
| **Purpose** | To review and provide corrections to the Actuarial Case Report submitted by the actuary. |
| **Guidance** | *Actuarial Calculation Toolkit*<br>*Actuarial Technical Manual*<br>*PBGC Operating Policy Manual* |
| **Procedure Owner** | Actuarial Technical Reviewer (or designated GS13 Reviewer) |

Reviewing the ▸Actuarial Case Report requires an Actuarial Technical Reviewer role or a qualified actuarial reviewer with a minimum grade of GS13, such as a Senior ▸Actuary.

**Actuarial Technical Reviewer**

1. Review the Actuarial Case Report to verify that the ▸valuation is complete and accurate.
2. Review the software for compliance with OBA standards.
3. Review sample Benefit and Retirement Statements for compliance with guidance in the Actuarial Technical Manual and ensure the ▸Benefit Statements reflect the most current ▸Spectrum data and other events that impact the ▸Termination Benefit or ▸lump sum amount.
4. Submit corrections to the actuary:
   - Review the corrected report after the actuary resubmits.
   - When no further corrections are needed:
     - Sign and date the Actuarial Case Report Checklist and include with the Actuarial Case Report.
     - Sign the ▸Actuarial Case Memo.

**Actuary**

5. Sign the Actuarial Case Memo and submit to management for high-level review and concurrence.
6. Submit the Actuarial Case Report to ▸ASD for approval (signatures on the Actuarial Case Memo include those from the Actuarial Technical Reviewer and actuary).

## 17.8 Obtain Actuarial Case Report Approval

**07/01/2016**

| | |
|---|---|
| **Purpose** | To obtain approval for the Actuarial Case Report and distribute as appropriate. |
| **Guidance** | N/A |
| **Procedure Owner** | Actuary |

### ASD Reviewer

1. Perform a high-level review of the Actuarial Case Report.
2. Submit required corrections to the actuary.
3. Review the corrected Actuarial Case Report after the actuary resubmits and notify the actuary by e-mail that the case is ready for finalization.

### Actuary

4. After receiving approval by e-mail, date stamp the signed ▸Actuarial Case Memo (this may also be done before submitting for review) and enter the liability amounts in the appropriate columns of the Final Participant Liabilities Milestone in ▸CMS. Ensure that the date of the report and the final date in CMS are the same.
5. Submit the Actuarial Case Report to ASD management for signature and finalization of the CMS milestone.
6. Submit the signed and dated hard copies of the complete Actuarial Case Report with the approval e-mail to the ▸DMC for imaging to the plan file.

   The DMC accepts only the complete ▸ACR (not sections) for imaging. The approval e-mail must be included.

   **Note** Sixty days after the end of each fiscal year, the DMC ships the hard copies of scanned ACRs to the ▸FRC.

## 17.9 Perform Final Software Review

**07/01/2016**

| | |
|---|---|
| **Purpose** | To ensure that all case software and files, including BSRS, manual statements, ValTool, Microsoft Word documents, databases, and any other documentation or electronic files are properly tested, error free, and ready for archiving. |
| **Guidance** | *Actuarial Calculation Toolkit*<br>Contents<br>TRMD Service Catalog<br>Software Review Checklist |
| **Procedure Owner** | Actuary |

1. Perform a final software review per the Software Review Checklist and Contents document, if necessary.
2. Place the completed Software Review Checklist and all software files (including files essential to understanding the ▸Valuation and plan) in the `I:\software\[eight-digit PBGC case number]\Final Valuation` directory for archiving.
3. Notify the Supervisory Actuary that the software review has been submitted to ▸TRMD and request the Supervisory Actuary to send the ▸CMS Request ADT Load Activity task referral to TRMD.

   TRMD sends a confirmation e-mail and informs the actuary of the TRMD team member processing the software closeout final valuation.
4. Remove any associated software and files from all directories outside of the `I:\software` directory (including the actuarial contractor directory).

## 17.10 Perform Software Closeout (TRMD)

**07/01/2016**

| | |
|---|---|
| **Purpose** | To submit the final valuation, complete the Valuation (ADT) Load, load the benefit statements into eALG, archive the case software and files, and finalize the Request ADT Load Activity Milestone in CMS. |
| **Guidance** | TRMD Software Closeout Checklist<br>TRMD Software Closeout Internal Control Worksheet<br>Software Review Checklist |
| **Procedure Owner** | TRMD |

1. Complete the ▸TRMD Software Closeout Internal Control Worksheet and TRMD Software Closeout Checklist.
2. Load participant data using ▸Spectrum (▸Valuation (ADT) Load).

   > **Note** With very limited exceptions, the Valuation (ADT) Load does not overwrite any existing data. For a complete detailed listing of participant data elements loaded and the data elements that are overwritten through the Valuation Load, see the ▸ADT Transaction File Codes Table and the ▸Data Elements/Spectrum Fields Completed Table.

3. Load the benefit statements to ▸eALG.
4. Archive the case software and files by following the procedures outlined in the Archive Utility and Archive Access part of ▸ACT and make the plan available to the ▸FBA, if applicable. See TP 16.5 Archive Electronic Files for general guidance on archiving.
5. Notify the actuary, ▸CSD, and FBA by e-mail that the valuation load has been completed, statements are loaded in eALG, discrepancies have been reported, and files are available through Archive.
6. Finalize the Request ADT Load Activity Milestone in ▸CMS.

   CMS sends an automated notification to the actuary when the milestone is finalized.

## 17.11 Present Actuarial Case Report to Team

**03/27/2014**

| | |
|---|---|
| **Purpose** | To brief the case processing team on the results of the actuarial valuation. |
| **Guidance** | N/A |
| **Procedure Owner** | Actuary |

1. Schedule a meeting with the Case Team, including the ▸FBA when applicable, to present an overview of the ▸Termination benefits, complications that produce atypical ▸benefit determinations, and any information needed to properly administer the ▸plan:
   - Request the team to review the ▸Actuarial Case Report prior to the meeting via ▸PBGC Image Viewer.
   - Provide a general overview of the ▸plan, including the normal ▸benefit forms, ▸ERA, ▸NRA, and ▸vesting.
   - Discuss the following if applicable, but not limited to:
     - Oddities such as unusual benefit forms, offsets, and legal issues.
     - Benefit changes required for retirees.
     - Application of PBGC's limitations.
     - Purchased annuities.
2. Discuss any unusual requirements or options programmed into ▸BSRS.
3. Inform the ▸EBLS/FBA of:
   - Limitations of the BSRS, such as ▸participants with complex benefits.
   - Manual benefit statements loaded in Archive.
   - ▸Valuation (ADT) Load issues.

## 17.12 Provide Post-Valuation Actuarial Assistance

**07/01/2016**

| | |
|---|---|
| **Purpose** | To provide corrected and revised benefit statements, new benefit statements for Woodwork participants and post-valuation QDROs, updated valuation data, revised BSRS and instructions to the EBLS/FBA before the plan is transferred to post-valuation administration. |
| **Guidance** | *Actuarial Calculation Toolkit Manual*<br>Actuarial Technical Manual<br>*PBGC Operating Policy Manual* |
| **Procedure Owner** | Actuary |

1. Upon receipt of a request for a new benefit statement, recalculate the ▸Termination Benefit based on the ▸RFA or other information provided by the ▸participant or ▸EBLS/▸FBA/▸PVA.
2. Using ▸ValTool, update the applicable record(s) in the ▸ACT valuation database, if needed, and submit to ▸TRMD to be archived.
3. Using ValTool and Design, update the ▸BSRS, if needed, and submit to TRMD to be archived.
4. Notify by e-mail both ▸ASD and TRMD if data in the C1 fields JSPOPUP or POPLIM, or in any of the C4 fields, is changing so that ASD can be notified to update the IPVFB Supplemental table for this case using the updated ACT valuation database that is being archived.
5. Provide the revised or corrected benefit statement, revised amounts and dates (as needed) and instructions to the EBLS/FBA to update the ▸Spectrum record. Fields that may need to be updated include:
   - ▸XRD Monthly Valuation Benefit
   - XRD, Val (XRD) Benefit Form, Val Retirement Type
   - Age Nearest Birthday at ▸DOPT
   - Benefit Amount in the NSF and Start Date for:
     - ▸EBSD
     - ▸EURD
     - ▸NRD
   - ▸Lump Sum Discriminator Amount
   - Normal Single Form

## 17.13 Resources for Actuarial Valuation

**09/30/2016**

**Forms, Letters, and Memos:**

- *Actuarial Case Report Checklist*
- *Case Information Checklist*
- *Software Closeout Checklist*
- *TRMD Software Closeout Internal Control Worksheet*
- *Record of Interview*
- *Software Review Checklist*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

- *Actuarial Calculation Toolkit*
- *Actuarial Technical Manual*
- *Actuarial Technical Manual, Section I.A, Contents of the Actuarial Case Report*
- *Actuarial Technical Manual, Section I.B, Benefit Statement Guidance*
- *Actuarial Technical Manual, Section I.C, Sample Benefit Statements*
- *Actuarial Technical Manual, Section III, Benefit Calculations*
- *Actuarial Technical Manual, Section IV, Guaranteed Benefits*
- *Actuarial Technical Manual, Section V, Allocation of Assets*
- *Actuarial Technical Manual, Section V.K, 4022(c) Benefits*
- *PBGC Operating Policy Manual*
- *Contents*
- *TRMD Service Catalog*
- *TRMD Software Closeout Checklist*
- *TRMD Software Closeout Internal Control Worksheet*
- *Policy 5.2-4 Annuity Starting Dates*
- *Policy 5.2-5 Required Beginning Dates*
- *Policy 5.13-1 Aggregate Limit on Benefits Payable from PBGC Funds*

**Exhibits:**

*None*

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**08/30/2011**

Once the value of the benefits is known, the notification of benefits processes are the means of informing each participant of the amount of his or her benefit. They also provide additional information about the appeal rights provided by law. This is done through the ▶BDLs and other correspondence. After the appeal period has expired, any necessary adjustments are made and the paid benefit amounts are shifted from estimated status to final status.

**In this Section**

Process 19 Benefit Determination Letters
Process 20 Appeals Correspondence

# Process 19 Benefit Determination Letters

**In this Section**

19. Overview for Benefit Determination Letters
19.1 Create Early BDL Database and Issue Early BDLs
19.2 Review Actuarial Case Report and Issue BDLs
19.3 Determine Net Overpayment/Underpayment for Annuities
19.4 Determine Net Overpayment/Underpayment for Lump Sums
19.5 Issue Revised Benefit Determination Letter
19.6 Issue Limited-Scope BDLs
19.7 Mid-Valuation Benefit Determination Letters
19.8 Maintain BDL Review File for Large Plan
19.9 Resources for Benefit Determination Letters

## 19. Overview for Benefit Determination Letters

**07/01/2016**

OBA issues ▸Benefit Determination Letter (BDLs) to advise participants of their ▸benefits under a ▸plan. All letters are issued via ▸eALG, which contains letter templates for the various benefit situations. Most ▸BDLs include ▸benefit statements explaining how the benefit was calculated.

▸Participants who have received estimated ▸benefit payments lower than their guaranteed benefits will receive the amount they were underpaid. Those who have received more than their guaranteed benefit may be subject to recoupment or recovery of the overpayment.

Most BDLs are issued after the valuation has been completed for a plan. But there are circumstances when BDLs are issued before the valuation:

- **Early BDLs** may be sent to retirees who have been in pay status at least one year prior to ▸DOPT and whose benefits will not change when the valuation is final. They are also occasionally sent to others, such as non-plan members.
- **Mid-Valuation BDLs** may be sent to groups of participants who meet other defined criteria.
- **Limited-Scope BDLs** are rarely issued and cover only specific aspects of a participant's benefit – for example, eligibility for disability benefits – while the valuation is pending, to be followed later by a final BDL. They may also be used for certain benefit changes or corrections after a BDL is issued.

Also note that for ▸cash balance plans, there are specific eALG letters and attachments. These are covered in TP 52.2 Issue Cash Balance BDLs.

After BDLs are issued, it is sometimes necessary to change a ▸benefit determination because new information has surfaced or an error has been found in the original letter. OBA sends a *Revised BDL* to change a benefit determination.

When customized BDLs are necessary, they should be reviewed carefully before being issued. The *Letter Authorization Checklist* may be used as a job aid both when preparing and authorizing custom BDLs.

All BDLs include appeal rights, allowing participants to challenge their benefit determination within 45 days after the date of the letter (unless an extension to file has been granted by the ▸Appeals Division). Appeals are covered in Process 20 Appeals Correspondence.

## 19.1 Create Early BDL Database and Issue Early BDLs

**07/01/2016**

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| **Purpose** | To determine whether to issue early BDLs to participants. |
| **Required Input and Source** | List of payees in pay for at least one year prior to DOPT<br><br>Benefit information sufficient to determine payees' eligibility or ineligibility for early BDLs |
| **Output and Recipient** | Management concurrence on list of payees eligible for early BDLs<br><br>Management memo providing reason if early BDLs will not be issued<br><br>Early BDL Review Report<br><br>Early BDLs issued to eligible participants |
| **Control Issues** | The Auditor Supervisor, DIMB concurs on the list of participants eligible for early BDLs before the Case Team proceeds. The Early BDL Review Report is concurred upon by management for every plan for which early BDLs are issued.<br><br>The Auditor Supervisor, DIMB samples Early BDL Database for accuracy using the same methodology as for the Participant Data Review (PDR), and the actuary reviews the benefit amounts in pay status. The auditor audits the database and therefore other members of the Case Team must build the database, which is archived. Management must concur on the Early BDL Review Report.<br><br>Documents concerning early BDLs are imaged to the IPS plan file. |
| **Important Concepts** | Early BDLs are issued primarily to payees in pay status for more than one year prior to DOPT and whose benefits will not change. (Mid-Valuation BDLs are issued to groups that meet other criteria, discussed in Process 19.7 Mid-Valuation BDLs.) Participants may be otherwise excluded for a variety of reasons. Other groups or individuals may be included on a case-by-case basis.<br><br>Generally, the *Data Elements and Sources List* is completed prior to this process.<br><br>The sampled early BDL population is stratified in the PDR, and may be excluded from further sampling in the PDR process. |
| **Guidance** | N/A |
| **Procedure Owner** | Auditor - DIMB, Actuary - CPB, EBLS/PBA/FBA - CSB, Employee Benefits Supervisor, CSB |

**Auditor, DIMB**

1. Make a preliminary determination on whether early ▸benefit determination letters (▸BDLs) should be issued for the ▸plan. It may be impractical if, for example, there are too few ▸payees to make the process worthwhile, or the valuation of the plan is near completion and BDLs will soon be issued to all ▸participants. If at any time the Case Team and Management decide not to issue early BDLs, document the decision and management's concurrence either on the initial memo from the Case Team providing the early BDL population, on the *Early BDL Review Report*, or by separate memo to the plan file. No further action is necessary.
2. Determine the best source(s) to identify all participants in pay status at the date of plan termination (▸DOPT). From this list, exclude the following:
   - Participants in pay status less than one year prior to DOPT
   - ▸Substantial/Majority Owners
   - Beneficiaries receiving the remainder of a Certain and Continuous Annuity

- Participants whose benefits are subject to a ▸pop-up, step-down, or other odd or unique plan provision
- Participants receiving benefits over the ▸maximum guaranteeable benefit (since their benefits may be adjusted, depending on the sufficiency of the plan)
- Participants who may be subject to the ▸phase-in rule
- Participants whose benefits were or may be adjusted for any other reason (▸cutbacks, possible prior plan administrator calculation errors, etc.)
- Participants affected by partial ▸annuity purchases or offsets from other plans
- Participants who may be partially vested because of a ▸graded vesting schedule
- Participants who may be eligible for a ▸plan 4022(c) amount
- Participants receiving a modified cash refund of employee contributions
- Participants receiving disability benefits

Other participants or types of participants (for example, non-vested) to be included or excluded from the early BDL population are determined on a case-by-case basis by the Case Team, subject to management's approval.

3. Consult with the Case Team as needed on the list of participants eligible for an early BDL. Prepare a memo identifying the early BDL population to Manager, ▸DIMB for concurrence before proceeding. Image the memo with concurrence to the plan file.
4. From the resulting list of participants deemed eligible for an early BDL, select a sample of payees whose benefit calculations will be tested. Apply the same sampling methodology as that used for a participant database in TP 60 Data Sampling.
5. Begin the database for the sample population:
   - Create a database shell with the names of participants in the sample and the data elements identified by the ▸actuary or *Data Elements and Sources List*, if available.
   - With input from the Case Team, determine who will perform the data entry. (The Auditor, ▸DIMB will review the database and therefore may not participate in entering data.)
6. Provide the database shell and instructions to the person assigned to build the database (see Process 13.1A Prepare Database and Load Initial Data).
7. Upon completion, archive the database according to TP 16.5 Archive Electronic Files. Contact ▸TRMD for guidance if needed.
8. Review the sample database in comparison to the source documents. Ascertain that the source documents are imaged to the participants' ▸IPS files.
9. Record review findings on the draft of the *Early BDL Review Report*. Forward the sample database to the case actuary, ▸CPB to verify the benefits in pay status.

**Actuary, CPB**

10. For the sample payee population, review the benefit amounts in pay status for accuracy. Provide a written summary of the results of the review by memo or e-mail to the auditor.

**Auditor, DIMB**

11. Complete the *Early BDL Review Report* and submit to Supervisory Auditor, DIMB for concurrence:
    - Attach the lists of data elements and source documents, results of the actuary's review of benefits in pay status, and all other supporting documents.
    - Include a recommendation that the team proceed or not proceed to issue early BDLs based on the results of the review of the sample database and the actuary's review of benefit calculations.
    - Confirm that the source documents are imaged to the participants' IPS files.
    - Note the location on the shared drive of the sample database.
    - Upon concurrence, image the report and all supporting documents to the IPS plan file. If early BDLs are to be issued, forward a copy to the Employee Benefit Law Specialist (▸EBLS)/Pension Benefit Administrator (▸PBA)/Field Benefit Administrator (▸FBA).

**EBLS/PBA/FBA, CSB**

12. Based on management's concurrence, issue early BDLs to the eligible population named in the *Early BDL Review Report* (see TP 15 Prepare and Mail Letters).
    - Consider using the *Letter Authorization Checklist* as a job aid both when preparing and authorizing custom BDLs.
    - **Do not** issue a letter to any payee who has not yet returned the Payee Information Form (▸PIF) or whose benefit payments are suspended for any reason.
    - See TP 55 ValPatch Mailings if a ValPatch is needed to prepare an ▸eALG mailing.
    - If a participant was placed into pay **by the prior plan administrator** after DOPT but before the date of trusteeship (▸DOTR), and there is no change to benefits, a ▸benefit statement is not required to be included with the BDL.
13. Handle payees whose early BDLs were withheld because they either had not returned their PIFs or whose benefits were suspended as follows:
    - Upon receiving the PIF, verify it to the data in the early BDL database. If there are no discrepancies which would change the benefit, issue the early BDL after making appropriate corrections in Spectrum.
    - Upon reinstating benefits that were suspended for any reason, issue the early BDL as long as the payee is still deemed eligible.

    > **Note** The sampled early BDL population is stratified in the ▸PDR, and may be excluded from further sampling in the PDR process.

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## 19.2 Review Actuarial Case Report and Issue BDLs

**07/01/2016**

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| **Purpose** | To determine and issue correct BDLs based on the valuation of the plan, and take required follow-up actions. |
| **Guidance** | *Benefit Determination Letter Templates*<br>Benefit Payment Schedule<br>CMS Job Aids and User Guide<br>eALG Correspondence Help<br>Policy 5.4-9 Lump-Sum Benefit Payments<br>Policy 5.4-10 Small Benefit Payments<br>Policy 5.8-1 Benefit Corrections |
| **Procedure Owner** | EBLS/PBA/FBA - CSB, FBA Management, Employee Benefits Supervisor, CSB |

**EBLS/PBA/FBA, CSB**

1. Upon notification that the ▸Actuarial Case Report (ACR) has been finalized, review the ▸Actuarial Case Memo. Meet with the ▸plan ▸actuary to resolve any questions before proceeding.
2. For ▸participants who have received estimated ▸annuity or ▸lump-sum payments, refer to the appropriate section to determine whether they have received the correct amount, or have been overpaid or underpaid:
   - Process 19.3 Determine Underpayment/Overpayment for Annuities
   - Process 19.4 Determine Underpayment/Overpayment for Lump Sums
3. Categorize participants into groups according to the types of ▸BDLs they will receive, considering:
   - ▸ACR, *Letter Information Report* (from eReports), and other sources as needed. Note any special circumstances for individuals (for example, ▸qualified domestic relations order (QDRO) or the death of a participant) that may affect which BDLs to send.
   - Overpayment and underpayment data.
   - ▸Benefit changes as permitted under Policy 5.8-1 Benefit Corrections.
   - ▸Small benefit payments of $200 or less, including interest,
   - eALG Correspondence Help, which lists available BDLs. See the *Benefit Determination Letter Templates* for a list of 400-series letter templates.
   - For cash balance participants, see TP 52.2 Issue Cash Balance BDLs to determine the appropriate letters and attachments to send.
   - For participants who made mandatory employee contributions, see TP 36.2C Issue Employee Contributions Benefit Determination Letters to determine the appropriate letters to send.
   - If a participant was placed into pay **by the prior plan** administrator after the ▸date of plan termination (DOPT) but before the ▸date of trusteeship (DOTR), and there is no change to the benefit after the date the actuarial valuation is finalized, a ▸benefit statement is not required. Use an *eALG 401 BDL* customized to remove the language about the ▸benefit statement.
   - If a participant retired before ▸DOPT with a non-level benefit (for example, a benefit with a temporary supplement) that will change after the date the actuarial valuation is finalized, use an *eALG 400 BDL* and include a benefit statement. Customize the BDL to include the date the benefit will change and to reference the enclosed benefit statement, as appropriate.

**Note** Be careful not to issue a BDL to anyone who received an Early BDL. Refer to the *Early BDL Review and Letter Information Report* (LIR) for affected participants.

**Note** Do not issue a BDL to a participant whose Eligibility Status in ▸Spectrum is Undetermined.

4. For ▸payees receiving disability benefits, choose the appropriate BDL based on the disability tracks described below and refer to the *Benefit Determination Letter Templates* for a current list of BDLs by series:
   - Track 1 SSA-Conditioned Disability Benefit: Disability benefit paid to a participant in a plan that requires ▸SSA disability eligibility. Choose the appropriate letter which includes the DS suffix (for example, 401DS)
   - Track 2 SSA-Conditioned Retirement Benefit: Retirement benefit paid to a participant who was eligible for the plan and SSA disability benefits, but retired under other plan provisions. After trusteeship, PBGC determined that the disability benefit amount they could have received, after applying PBGC's Special Guarantee Rules for Disabled Participants, is greater than the retirement benefit amount they are eligible to receive after applying PBGC's normal guarantee limits. Therefore, PBGC is paying the greater disability-conditioned benefit amount, contingent upon continued SSA disability eligibility. Choose the appropriate letter which includes the DM suffix (for example, 401DM).
   - Track 3A Plan-Conditioned Disability Benefit: Disability benefit paid to a participant in a plan that does not require SSA disability eligibility, and who meets the plan's (but not SSA's) disability eligibility requirements. Choose the appropriate letter which includes the DP suffix (for example, 401DP).
   - Track 3B Plan and SSA-Conditioned Disability Benefit: Disability benefit paid to a participant in a plan that does not require SSA disability eligibility. The participant meets both the plan's and SSA's disability eligibility requirements, and application of the disability maximum guarantee in lieu of the otherwise applicable age-adjusted maximum guarantee limit results in a greater benefit. Choose the appropriate letter which includes the DP suffix (for example, 401DP).

   If a participant contacts PBGC to report a condition change as a result of the BDL, respond according to TP 30 Monitor Continuous Eligibility For Disability Benefits.
5. Issue BDLs using ▸eALG, and note the following:
   - The ▸ADT load must be completed before BDLs are issued.
   - Certain BDLs always require customization (for example, recoupment and Non-Member BDLs). If any participants may be due additional pension credit under the Uniformed Services Employment and Reemployment Rights Act of 1994 (▸USERRA), refer to TP 62 USERRA Benefits for relevant language to insert.
   - The *Letter Authorization Checklist* may be used as a job aid when preparing and authorizing custom BDLs.
   - Follow up on **all** recovery BDLs, including those involving *de minimis* write-offs, according to TP 6 Recover Overpayments.

**FBA Management**

6. If required, document the BDL reviews according to Process 19.8 Maintain BDL Review File for Large Plan.
7. Process annuity benefit increases and *de minimis* back payments for underpayments as soon as practicable after the BDLs have been issued – do not wait for the appeals period to expire. Increases in monthly benefits are made regardless of the amount (see Policy 5.8-1 Benefit Corrections).
8. Pay small lumps sums of less than $200 (including interest) without a benefit application if PBGC has reliable and sufficient information for the customer after the BDLs have been issued – do not wait for the appeals period to expire.
9. If a participant appeals his or her BDL, follow Process 20 Appeals Correspondence.
10. If a ▸Large Reimbursement is due, process the participant's payment election upon receipt of a valid ▸lump-sum application.
11. If a residual lump sum benefit is due,
    - Pay amounts less than $200 (including interest) without a benefit application if PBGC has reliable and sufficient information for the customer after the BDLs have been issued – do not wait for the appeals period to expire.
    - For other amounts less than $5,000 (excluding interest), pay upon receipt of the lump-sum application according to the participant's election (see Policy 5.4-9 Lump-Sum Benefit Payments).
    - If the residual lump sum amount is greater than $5,000, initiate annuity payments when the participant is eligible and submits an application for benefits (see TP 20 Benefit Payments).
12. After the 45-day appeals period has expired, process remaining benefit adjustments required by BDLs for participants who have not filed an appeal (or requested an extension to file):
    - Process annuity benefit decreases. PBGC reduces benefits if the decrease in the monthly benefit is $5 or more if the plan was trusteed before 10/01/2014. For a plan trusteed on and after 10/01/2014, the benefit is reduced if the decrease is $1 or more (see Policy 5.8-1 Benefit Corrections).

- As applicable, initiate recoupments or continue processing recoveries (see TP 7 Recoupment and Administrative Correction or TP 6 Recover Overpayments).
- All benefit adjustments must be effective (reflected in the payment) no later than 90 days after the expiration of the appeals period (or appeal decision date, as applicable), and therefore must be submitted and approved in Spectrum according to the Benefit Payment Schedule. All benefits in pay status must be in the guaranteed pay source in Spectrum by this time.

13. After all payment adjustments have been made, update the Final Benefit Adjustment Milestone in ▸CMS and advise the Employee Benefits Supervisor, ▸CSB.
14. If a mistake is discovered in a BDL after it has been issued that would change the benefit, and if the participant has **not** filed an appeal, follow procedures in Process 19.5 Issue Revised Benefit Determination Letter. (Whenever a participant files an appeal, follow Process 20 Appeals Correspondence.)
15. If a participant contacts PBGC and claims not to have received a BDL that was issued, or a BDL was returned as undelivered and needs to be mailed to the correct address,
    - Print a copy of the BDL and benefit statement (if a benefit statement is required) from ▸PBGC Image Viewer, and
    - Send the *eALG 540 Cover Letter* with the copy of the BDL. This informs the participant that he or she has 45 days from the date of the cover letter to appeal the BDL.
    - **Important**: Do **not** generate a new BDL using eALG. This would create a duplicate BDL and be recorded as an error.

**Employee Benefits Supervisor, CSB**

16. Finalize the Final Benefit Adjustment Milestone in CMS.

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## 19.3 Determine Net Overpayment/Underpayment for Annuities

**07/01/2016**

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| **Purpose** | To calculate the total overpayment or underpayment for participants who have received estimated annuity payments. |
| **Guidance** | TRMD Service Catalog<br>Payment Adjustment Calculation System (PACS) Help<br>Policy 5.8-1 Benefit Corrections<br>Policy 6.3-1 Underpayment Reimbursement and Interest Payments<br>Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery<br>Policy 6.4-3 Computation and Netting of Post-DOPT Overpayments and Underpayments |
| **Procedure Owner** | EBLS/PBA/FBA, CSB |

1. Review the participant lump sum and annuity pay history in Spectrum, PLUS, PBGC Image Viewer, and other available sources to account for all payments received since DOPT. Note that even when the guaranteed benefit is the same as the estimated benefit the participant is currently receiving, there may still be a net overpayment or net underpayment. For example:
   - A participant who is currently receiving the correct (guaranteed) benefit may still be owed interest. For example, the participant received an estimated back payment without interest.
   - A participant who was overpaid initially, and whose benefit was reduced to the correct amount, will have a net overpayment.
2. Prepare a calculation in PACS including all payments made on and after DOPT through the month prior to the target adjustment date. PACS computes net underpayments based on payments made on and after DOPT, and net overpayments based on the overpayment accrual commencement date for the plan. Also note the following:
   - **$5 Rule:** If the payee is **currently** receiving a monthly payment which exceeds the correct monthly benefit by **less than $5** and the plan was trusteed before 10/01/2014, use the amount currently in pay as the deemed correct amount for the months in which it exceeds the correct monthly amount by less than $5 (by less than $1 if the plan was trusteed on or after 10/01/2014). However, if there is a prior correct monthly payment amount (for example, due to a non-level benefit), refer to or contact Ask PPD for guidance.
   - **Pre-DOPT Underpayments:** If a participant was underpaid before DOPT but has a post-DOPT overpayment, these amounts are handled separately and not offset. In this scenario, PACS calculates and displays (in the same output screen) both the pre-DOPT underpayment and post-DOPT overpayment. Process this post-DOPT net overpayment according to step 6, and pay the pre-DOPT underpayment based on the level of plan assets (see Policy 6.3-1 Underpayment and Reimbursement and Interest Payments).
   - **PACS Help:** Refer to the Payment Adjustment Calculation System (PACS) Help for additional guidance in preparing the calculation as needed.
   - **Batch PACS:** To run PACS calculations for a large number of customers, consider sending a Batch PACS request to TRMD (see the TRMD Service Catalog for information).
3. If a participant has received the correct amount, including applicable interest, select the appropriate BDL indicating no change in benefit (eALG 400 or 401 series) and issue the letter according to Process 19.2 Review Actuarial Case Report and Issue BDLs.
4. Select the appropriate BDL depending on whether the PACS calculation indicates that there has been a net underpayment or a net overpayment. For a net underpayment, use the eALG 402 series; for a net overpayment, the eALG 403 series.

   **Example:** While in estimated pay status, a participant was initially receiving $800 per month. PBGC determined he was being overpaid and reduced the benefit to $750. The valuation benefit is $765. So while the participant's monthly benefit will increase, there is still an overpayment to be recouped. For this situation, choose a BDL from the eALG 403 series.

5. If the PACS calculation indicates a **net underpayment**:
   - Prepare a back payment in Spectrum if the net underpayment, including interest, totals $1 or more; if less, do not prepare a back payment (see Policy 5.8-1 Benefit Corrections).
   - If the underpayment totals $5,000 or more, **and** is greater than three times the monthly benefit payment (both conditions must be met), prepare the BDL offering the participant the opportunity to roll over the payment to a qualified account (for example, Individual Retirement Account).
   - Update Spectrum with the correct annuity amount. Process all benefit increases regardless of the amount of increase. However, reduce the benefit amount only if the difference between the estimated and guaranteed monthly benefit is $5 or more (see Policy 5.8-1 Benefit Corrections).
6. If the PACS calculation indicates a **net overpayment**, determine whether the participant is subject to recoupment or recovery:
   - If the plan was trusteed before August 23, 2007 **and** the overpayment is $500 or less ($10,000 or less if the ▶debtor is deceased), the overpayment is written off and the participant is advised by the BDL.
   - If the beneficiary of a ▶C&C continues to receive payments after the end of the certain period and did not receive prior notification of the payment end date, write off the overpayment (see TP 6.1D Other Recovery Situations).
   - If the net overpayment is not written off, update Spectrum with the recoupment information:
     - Enter the amount to be recouped from subsequent annuity payments, and the begin and end dates for the recoupment reduction. The begin date is the first payment date after the appeals period has expired.
     - Do not forward the recoupment for authorization until after the 45-day appeal period expires (or the appeal is closed, if applicable). Follow instructions in the ▶Appeals Board's decision if the participant appeals the BDL.
   - If there is no future stream of annuity payments as of DOPT from which to recoup, determine whether to process the overpayment as a recovery rather than a recoupment (see TP 6 Recover Overpayments and TP 7 Recoupment for further information).
7. Image the PACS calculation to participant's ▶IPS file, whether prepared individually or using the Batch PACS process.
8. Issue the BDL according to Process 19.2 Review Actuarial Case Report and Issue BDLs.

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## 19.4 Determine Net Overpayment/Underpayment for Lump Sums

**07/01/2016**

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| **Purpose** | To calculate the total net overpayment or net underpayment for participants who have received estimated lump sum payments. |
| **Guidance** | TRMD Service Catalog<br>Payment Adjustment Calculation System (PACS) Help<br>Policy 5.4-9 Lump-Sum Benefit Payments<br>Policy 6.3-1 Underpayment Reimbursement and Interest Payments<br>Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery<br>Policy 6.4-3 Computation and Netting of Post-DOPT Overpayments and Underpayments |
| **Procedure Owner** | EBLS/PBA/FBA, CSB |

1. Review the participant's pay history in Spectrum, PBGC Image Viewer, and other available sources to account for all lump-sum payments received.
2. Prepare a PACS calculation to determine whether the participant was overpaid, underpaid, or received the correct payment amount. Include interest paid on lump-sum payments. Refer to Payment Adjustment Calculation System (PACS) Help for additional guidance in preparing the calculation as needed.

   To run PACS calculations for a large number of customers, consider sending a Batch PACS request to TRMD. See the TRMD Service Catalog for information.
3. If the participant received the correct amount, including applicable interest, select the appropriate BDL indicating no change in the benefit.
4. If the PACS calculation indicates a net **Underpayment**, the participant is due a residual benefit:
   - If the residual amount is less than $5,000, the participant is due the amount with interest (or optional annuity). Select the appropriate lump-sum BDL.
   - If the residual benefit is greater than $5,000, select the BDL which offers the benefit as an annuity (there is no lump-sum option).
5. If the PACS calculation indicates a net **Overpayment**, determine whether to initiate recovery or write-off the overpayment amount in accordance with the recovery procedures:
   - If the overpayment is *de minimis* (less than $25; $10,000 or less if the debtor is deceased), the payee is advised by the BDL that the overpayment will be written off. After issuing the BDL, proceed to TP 6 Recover Overpayments to prepare the *Recovery Referral Memo*. For large batches, contact the Recovery Coordinator.

     The Recovery Team writes off the debt and documents the customer's IPS file.
   - If the overpayment is not *de minimis*, select an eALG 403-series recovery BDL and follow up according to TP 6.1A Recovery Due to Benefit Determination Letter (Overpayment of $1,000 or More) or TP 6.1B Recovery Due to Benefit Determination Letter (Overpayment Less than $1,000).
6. Image the PACS calculation to participant's IPS file, whether prepared individually or using the Batch PACS process.
7. Issue the BDL according to Process 19.2 Review Actuarial Case Report and Issue BDLs.

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## 19.5 Issue Revised Benefit Determination Letter

**07/01/2016**

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| **Purpose** | To select and issue the appropriate BDL to change a previously determined benefit. |
| **Required Input and Source** | As applicable:<br>• Discovery of error in an original BDL<br>• Appeals Board Decision<br>• Need for changes to BDLs of similarly situated participants |
| **Process Output and Recipient** | As applicable:<br>• Revised BDL<br>• Amended Benefit Statement<br>• Cover letter to Participant |
| **Control Issues** | Document all material supporting the change of a previously determined benefit and the amended benefit statement in the participant's IPS file (see TP 16.2 Maintain Participant File). Record all telephone contacts with the participant in CRM.<br>The Employee Benefits Supervisor, CSB signature is required on Revised BDLs. |
| **Important Concepts** | Use only a Revised BDL to change a previously determined benefit.<br>Do not change a previously determined benefit unless it meets the criteria stated in Policy 5.8-1 Benefit Corrections.<br>This subprocess clarifies when to change a previously determined benefit, and how to select the appropriate letter regardless of whether an appeal was filed. Refer to Process 20 Appeals Correspondence for specific guidance on responding to appeals correspondence. |
| **Guidance** | eALG Correspondence Help<br>Policy 5.8-1 Benefit Corrections |
| **Procedure Owner** | EBLS/PBA/FBA, CSB |

1. Determine that a change is needed to a previously issued ▸Benefit Determination Letter (BDL). A change may be needed because, for example:
   - Without filing an appeal, a ▸participant calls and states there is a factual error on the ▸BDL (for example, the Date of Birth (▸DOB) is incorrect), and the correction changes the ▸benefit.
   - The ▸Appeals Division refers appeals correspondence to ▸PSD, and PSD concludes that the original BDL is incorrect. (For specific instructions on responding to appeals correspondence, see Process 20 Appeals Correspondence.)
   - After an ▸Appeals Board decision changes an appellant's benefit, PSD decides to change the BDLs of similarly situated participants who did not appeal and whose original BDLs have become effective.

   **Before changing any previously determined benefit**, verify that the change falls under the rules of Policy 5.8-1 Benefit Corrections. Also, if a corrected ▸benefit statement is needed to correct an error that does not change the benefit, issue the amended benefit statement without a new BDL; instead create a cover letter using the ▸eALG Generic letter.

   > **Note** If the Appeals Board issues a decision, **do not** issue a ▸Revised BDL **unless** specifically instructed to by the appeal closing memo from the Appeals Division. An Appeals Board decision is final, and issuing another BDL would grant an additional appeal period that is unwarranted. However, if the appeal closing memo directs, issue a corrected benefit statement (without a BDL) to the participant, with a cover letter

(using the eALG Generic letter). Contact the Appeals Division with any questions on how to respond to appeals closings. See also Process 20 Appeals Correspondence.

2. Customize and issue the appropriate BDL using eALG (see TP 15 Prepare & Mail Letters). The letter must have the signature of the Employee Benefits Supervisor, ▸CSB who must review, initial and date the draft. Image the initialed draft to the participant's ▸IPS file (see TP 16.2 Maintain Participant File). Consider using the *Letter Authorization Checklist* as a job aid when preparing and authorizing the letter.
3. Verify that all documentation that supports revising the BDL and/or benefit statement is documented:
   - Image all supporting documents into the participant's IPS file, including the new benefit statement and relevant e-mail (see TP 16.2 Maintain Participant File).
   - Document all telephone contacts with the participant in ▸CRM.
4. Once the appeal period has expired, determine whether the participant has appealed the BDL or requested an extension request. If not, make adjustments to the participant's benefit as required. If the participant files an appeal or extension request, stay the BDL and proceed to Process 20 Appeals Correspondence.

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## 19.6 Issue Limited-Scope BDLs

**07/01/2016**

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| **Purpose** | To issue a determination concerning limited aspects of benefit entitlement to an individual or a group of participants. |
| **Guidance** | eALG Correspondence Help<br>Policy 5.8-2 Limited-Scope Benefit Determinations<br>Policy 5.8-1 Benefit Corrections |
| **Procedure Owner** | EBLS/PBA/FBA, CSB |

A ▸Limited-Scope BDL may be issued before or after the final ▸BDL to address certain issues. Refer to Policy 5.8-2 Limited-Scope Benefit Determinations and Policy 5.8-1 Benefit Corrections for guidance. Consult Employee Benefits Supervisor before proceeding.

1. Research the issue(s) to be addressed in the letter. Obtain input from the Case Team and Employee Benefits Supervisor management, as needed.
2. Draft language to be included in the *Limited-Scope BDL (eALG 406)* and obtain approval depending on whether issuing the letter to an individual or group:
   - **Limited-Scope BDL to an individual:** Obtain Employee Benefits Supervisor management approval.
   - **Limited-Scope BDLs to a group of participants:** After management concurs, obtain approval from ▸PPD.
3. Using the approved language, create and issue the customized *Limited-Scope BDL (eALG 406)* via ▸eALG (do not use **any** other letter for this purpose). See TP 15 Prepare & Mail Letters. Consider using the *Letter Authorization Checklist* as a job aid both when preparing and authorizing the letter.
4. Image supporting documents to the appropriate file (see TP 16 Plan and Participant File Maintenance):
   - **Limited-Scope BDL to an individual:** Image documentation indicating management's approval of the BDL language, and any supporting documents, to the ▸participant's ▸IPS file.
   - **Limited-Scope BDLs to a group of participants:** Image documentation indicating PPD's approval of the BDL language, and any supporting documents, to the IPS plan file.
5. If the participant appeals, see Process 20.1 Respond to Acknowledgement of Appeal or Extension Request.

## 19.7 Mid-Valuation Benefit Determination Letters

**07/01/2016**

| | |
|---|---|
| **Purpose** | To issue BDLs (other than Early BDLs) to a group of participants prior to completion of the Actuarial Valuation. |
| **Guidance** | N/A |
| **Procedure Owner** | Actuary - CPB, EBLS/PBA/FBA, CSB |

**Actuary**

1. If there is a desire to issue Mid-Valuation BDLs for a plan, determine whether a group of participants is eligible to receive them. The proposed group generally must meet one of the following sets of criteria:

   **Criteria Set 1:**

   a. There are more than 1,000 participants in the plan.

   b. The proposed group to receive Mid-Valuation BDLs includes more than 500 participants.

   c. The Participant Data Review for the plan or the proposed group is complete.

   d. PBGC is accepting the plan administrator's accrued monthly benefits.

   e. The actuary has determined that none of the benefits of the participants in the proposed group will be affected by any limitations.

   f. There are no outstanding valuation issues in the proposed group or the plan which could affect the benefits of any participants in the group.

   **Criteria Set 2:**

   a. There are more than 1,000 participants in the plan.

   b. The proposed group to receive Mid-Valuation BDLs includes more than 500 participants.

   c. The Participant Data Review for the plan or the proposed group is complete.

   d. The benefits of the participants in the proposed group are not dependent on a 4044 or 4022(c) allocation of plan assets.

   e. The actuary has determined that the application of PBGC limitations to the benefits of the participants in the proposed group is obvious in nature. All limitations have been applied.

   f. There are no outstanding valuation issues in the proposed group or the plan which could affect the benefits of any participant in the group.

   **Criteria Set 3:**

   a. All participants in the proposed group are unaffected by 4044 or 4022(c) asset allocations.

   b. The Participant Data Review for the plan is complete.

   c. Either the final plan asset amount or the SPARR applicable to the plan is unavailable.

   d. Only a few participants' benefits in the plan are affected by the 4044 or 4022(c) asset allocations.

   > **Note** If there is a priority to issue Mid-Valuation BDLs to a group that does not meet any above criteria, management should consult the Chief Valuation Actuary, ASD for guidance.

2. Prepare the *Mid-Valuation BDL Memo* to the Chief Valuation Actuary, ASD.
   - If applying Criteria Set 2, attach the *Case Memo* and *Guidance to the Pension Analyst* sections of the Actuarial Case Report detailing the specific circumstances for the group.
   - If applying Criteria Set 3, attach the *Case Memo* and *Guidance to the Pension Analyst* sections for the plan.
   - Send the memo through Supervisory Actuary, CPB to the Chief Valuation Actuary, ASD for concurrence. Concurrence must be obtained prior to issuing BDLs.

3. Upon concurrence of the Chief Valuation Actuary, image the memorandum with the concurrence signature, and any attachments, to the plan file (see TP 16 Plan and Participant File Maintenance).
4. In order to generate ▸benefit statements and perform benefit recalculations for the proposed group, create the Benefit Statement and Recalculation System (ACT cases).
5. Schedule a meeting with the Case Team members who will participate in issuing BDLs. At the meeting,
   - Define the group of participants to receive Mid-Valuation BDLs.
   - Review the benefit statements with the Case Team.
   - Confirm which data elements are needed to create a ValPatch in order to issue BDLs. (Since the ▸ADT load is not performed at this stage, a ValPatch is used to populate data fields in the BDLs.)
   - Request confirmation from the team that all participants in the group to receive BDLs are loaded into ▸Spectrum.
6. Request that ▸TRMD load the benefit statements into ▸eALG:

   **ACT Cases:** Send an e-mail to TRMD Services with the ▸PBGC Case Number and Plan Name in the subject line, and the following text:

   *The valuation is not yet complete, but we wish to send BDLs to a group of* ***[number]*** *participants. Please generate the benefit statements and load to eALG as soon as possible. Also, please make the benefit recalculation program available to the* ***[name]*** *FBA.*
7. Prepare an Excel spreadsheet listing all participants targeted to receive Mid-Valuation BDLs and the data elements needed to create the ValPatch. Forward the spreadsheet to EBLS who will create the ValPatch request. See TP 55 ValPatch Mailings for more information.
8. Ensure all Case Team members who will issue the BDLs have information needed to issue the BDLs, including:
   - A list of all participants targeted for Mid-Valuation BDLs.
   - Any special circumstances regarding benefit payment and administration for the targeted group. If the *Guidance to the Pension Analyst* and *Case Memo* were prepared, provide them to the Case Team.
   - Specific instructions necessary for providing benefit statements.

**EBLS/PBA/FBA**

9. At this point, ValPatch is used to create these BDL mailings. See TP 55 ValPatch Mailings for the required steps.
10. Once BDLs have been issued to the group, prepare the *Mid-Valuation BDLs Report*, noting any special circumstances, including BDLs that were not issued. Image the report to the plan file.

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## 19.8 Maintain BDL Review File for Large Plan

**07/01/2016**

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| **Purpose** | To sample and review benefit determination letters for large, high-profile, or sensitive plans prior to issuing the letters. |
| **Guidance** | *Plan File Indexing Specification Guide* |
| **Procedure Owner** | FBA Management Team |

This procedure is required if either:

- OBA management identifies the plan as high-profile or sensitive (for example, plans with large numbers of revised BDLs).
- All of the following are true:
  - ▸BDL issuance (except for early BDLs) begins on or after 10/01/2011.
  - The plan has 10,000 or more participants.
  - There are payees with underpayments or overpayments.

For all other plans, this procedure is optional.

1. On receiving BDLs through ▸eALG for approval, use the **Request Preview** function in eALG to display samples of:
   - Each letter group with net underpayments (eALG 402 series).
   - Each letter group with net overpayments (eALG 403 series).
   - If applicable, revised BDLs (eALG 410 series) concerning overpayments or underpayments.

   eALG provides up to five letter samples per request (that is, for each group). For groups of five or fewer, the sample includes all letters in the group.
2. Review each letter in the sample.
   - Document the reviews in the *BDL Review Checklist*.
   - If ▸ADT has not occurred, be especially careful to review for errors such as letters matched with incorrect benefit statements.
3. If any letter in the sample fails an item on the *BDL Review Checklist*, determine whether the error affects other letters in the group (for example, the error is in custom language used in multiple letters):
   - Error affects only sampled letter: Correct the letter.
   - Error affects multiple letters:
     a. Correct all affected letters.
     b. Run another sample for the impacted letter group.
     c. Continue sampling and correcting until a sample shows no errors.
4. Image the following to the plan file in ▸IPS (see *Plan File Indexing Specification Guide)*:
   - Completed *BDL Review Checklists* with attached copies of the letters used in the sample.
   - Evidence (for example, e-mails) of management, ▸PPD, or other office approval of custom language, as applicable.
   - **Q/A Sheets** from eALG and recipient lists for the sampled letter groups.

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## 19.9 Resources for Benefit Determination Letters

**09/30/2016**

**Forms, Letters, and Memos:**

- *BDL Review Checklist*
- *Early BDL Review Report*
- *Letter Authorization Checklist*
- *Mid-Valuation BDL Memo*
- *Mid-Valuation BDLs Report*

**Customer Correspondence and Forms:**

- *eALG 406 Limited-Scope BDL*
- *eALG 411 series Revised BDL*
- *Form 701 Payee Information Form (PIF)*
- *Form 720 Application for Lump-Sum Payment*

**Guidance:**

- *Benefit Determination Letter Templates*
- *CMS Job Aids and User Guide*
- *TRMD Service Catalog*
- *Payment Adjustment Calculation System (PACS) Help*
- *Policy 5.4-9 Lump-Sum Benefit Payments*
- *Policy 5.4-10 Small Benefit Payments*
- *Policy 5.8-1 Benefit Corrections*
- *Policy 5.8-2 Limited-Scope Benefit Determinations*
- *Policy 6.3-1 Underpayment Reimbursement and Interest Payments*
- *Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery*
- *Policy 6.4-3 Computation and Netting of Post-DOPT Overpayments and Underpayments*
- *Plan File Indexing Specification Guide*

**Exhibits:**

*None*

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# Process 20 Appeals Correspondence

**In this Section**

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## 20. Overview for Appeals Correspondence

**07/01/2016**

### Appeals

Individuals may appeal any element of a Benefit Determination Letter (BDL), such as form of benefit, amount, or benefit commencement date. They may also appeal the qualification of a Domestic Relations Order (DRO); however, these procedures deal exclusively with BDLs. An appeal, or a request for an extension of time to file an appeal, generally must be filed within 45 days of the date of the BDL. Guidelines for filing appeals are set forth in the brochure "Your Right to Appeal," which is enclosed with each BDL. Rules governing the agency's review are covered in 29 CFR 4003.

OBA does not implement changes to estimated benefits which would result solely from the BDL during the 45-day appeal period following the date of the BDL. If an appeal or an extension request is received, the 45-day clock stops and the benefit determination is stayed. In general, once an appeal is filed, OBA does not implement any decreases to the benefit of a participant (or any party related by a QDRO) which would result from the BDL until the Appeals Division images the correspondence and notifies OBA through CRM. OBA should continue routine processing, including putting an eligible participant into estimated pay status, ending certain period benefits upon expiration, and implementing step-up and step-down provisions in a plan. The Appeals Board or Appeals Division staff researches and makes final decisions on appeals. OBA must implement an Appeals Board decision within 30 days of the decision. Any questions on appeal decisions are referred to the appropriate OBA manager or to the Appeals Division.

### Correspondence Referred from the Appeals Division

The Appeals Division refers certain appeals correspondence to other areas in PBGC for response. OBA receives the most referrals, but some are sent to OGC, CPAD, the Problem Resolution Office (PRO) or within the Appeals Division. The Appeals Division refers to OBA items such as complaints, requests for explanations, or challenges of facts used in benefit calculations (for example, an incorrect Date of Birth). Such correspondence, known as Referred From Appeals (RFA) correspondence, is imaged by the Appeals Division, and OBA is notified by CRM that the letter is in IPS. The BDL of the appellant (and any party related by a QDRO) is stayed while the referral is open. OBA should respond to referrals it receives as soon as possible, but target the response for no more than 45 days from the date opened in CRM. In certain cases, with TPD management's approval, OBA may return the correspondence to the Appeals Division for processing.

PBGC's response to appeals and inquiries, and the seriousness with which they are viewed, reflect the Corporation's desire to provide complete and accurate decisions and the best service to the participants whom we serve. The Corporation wants to ensure that we provide participants with whatever benefits they are entitled to under their respective plans and by law. A person first must appeal, in order to subsequently seek court review of a PBGC Benefit Determination Letter.

## 20.1 Respond to Acknowledgment of Appeal or Extension Request

**07/01/2016**

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| **Purpose** | To ensure that ▸OBA handles pending appeals properly and that participants are given their due process. |
| **Guidance** | Policy 5.8-1 Benefit Corrections |
| **Procedure Owner** | EBLS/PBA/FBA |

The ▸Appeals Division intake staff images all appeals correspondence to ▸IPS. If an original appeal letter is received in ▸PSD, immediately walk the original, including the envelope, to the Appeals Division for imaging. If received at an ▸FBA office, forward the letter to the Appeals Division via interoffice correspondence. Also, if a letter in ▸PBGC Image Viewer appears to be an appeal but is not acknowledged as such by the Appeals Division, notify the Appeals Division immediately by e-mail.

Optional PBGC *Form 723 Request for Additional Time to File an Appeal of a PBGC Benefit Determination* and *Form 724 Appeal of a PBGC Benefit Determination* are available from the PBGC Web site or from the Appeals Division, ▸OGC. Forward any questions regarding these forms to the Appeals Division.

1. Receive notification of the appeal filing or extension request through ▸CRM when the Appeals Division issues an acknowledgment memo. Follow any instructions from the Appeals Division contained in the memo. **If the filing concerns a Recovery BDL** (eALG 403RNE, 403L, or 403LRNE), notify the ▸BPD Benefit Recovery Coordinator by e-mail to the Recovery mailbox. Reference the ▸PBGC case number, SSN and recovery tracking number. Take no action on the recovery until the appeal is closed.
2. Stay the ▸Benefit Determination Letter. If the participant is in pay status, leave the current payment as previously estimated and in the estimated pay source in Spectrum while the appeal or extension request is pending. Do not implement reductions to a participant's benefit based on the BDL. However, if the BDL increases a benefit, implement the ▸benefit increase and initiate back payments (see Policy 5.8-1 Benefit Corrections).

   Examples of actions that **may be taken** while an appeal or extension request is pending:

   - Processing annuity benefit increases and back payments based on the BDL
   - Beginning estimated annuities, including backpayments to ARD
   - Paying BDL lump sums as estimated payments
   - Ending a Certain & Continuous Annuity benefit to a beneficiary upon its expiration
   - Implementing Step-up and Step-down provisions in a plan
   - Performing administrative changes, such as updating EDD information, addresses, federal income tax withholding, etc.

   > **Note** New annuities, annuity benefit increases, lump sums and back payment amounts that are processed while an appeal is pending are to be based on the most recent BDL, not on a previous BDL the customer may have received. For example, if the customer's most recent BDL is a Revised BDL, the benefit amount would be based on the Revised BDL.

   Examples of actions that **should not be taken** while an appeal or extension request is pending **unless** approved by PSD management:

   - Adjusting benefits down based on the BDL
   - Initiating ▸recoupment or ▸recovery
   - Moving payments from estimated to final ▸pay sources in ▸Spectrum

   > **Note** Discuss any questions concerning the appropriateness of a payment action with ▸CSD management before acting.

3. If the appeal was filed by a party to a ▸Qualified Domestic Relations Order (QDRO),
   - Stay the BDL of both the appellant and of the related party(-ies) to the QDRO while the appeal is open, since the appeal decision may change both benefits; and

- Notify the related party(-ies) who did **not** appeal by *eALG 615 QDRO - Stay of BDL (Appeals)*. (See also TP 13 Domestic Relations Orders and State Agency Orders.)

4. If any benefit decreases have already been implemented, restore the benefit to the estimated pay amount in Spectrum for the next check cycle. See TP 21 Change Benefit/Payment Amount. (However, do not change it from the guaranteed pay source back to the estimated pay source; use the next available pay source only. Reverting to a previous pay source may cause duplicate payments.) If necessary, issue a special check to restore any downward adjustments. Inform the participant of any necessary adjustments by telephone or letter, and document all communications in ▸CRM and/or ▸IPS.
5. Notify the Appeals Division by e-mail of any payment actions taken and appeal-related communications with the participant while the appeal or extension period is pending. Record all participant contacts in CRM and/or IPS. Also document all e-mails to/from the Appeals Division in IPS.
6. Take next action upon notification that the appeal is closed (see Process 20.2 Respond to Appeal Closing Memo) or has been referred to PSD for response (see Process 20.3 Respond to Appeals Division Referral).

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## 20.2 Respond to Appeal Closing Memo

**07/01/2016**

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|---|---|
| **Purpose** | To take actions as directed by the Appeals Division in response to an appeal. |
| **Required Input and Source** | Memo from the Appeals Division (through ▸CRM service request) directing ▸PSD to take specific action on a participant's benefit determination as a result of the appeal decision. |
| **Output and Recipient** | As needed:<br>• ▸Revised BDL (eALG 411 series)<br>• Adjustment to payee's benefit<br>• Spectrum Updates |
| **Control Issues** | N/A |
| **Important Concepts** | Occasionally, the Appeals Division will direct PSD to issue a new ▸BDL rather than a Revised BDL. This occurs when the participant appeals an issue that is not addressed in the original BDL - for example, a disability benefit which the first BDL did not take into account. Contact the Appeals Division with any questions about implementing an Appeals Board decision.<br>Whenever issuing any type of BDL, the participant has 45 days to appeal. Be aware that appeals correspondence is timely if postmarked within 45 days, so allow time for late correspondence to be received and appear in IPS.<br>**Timing:** Implement the Appeals Division's decision within 30 days. |
| **Guidance** | 29 CFR 4003<br>Policy Bulletin 03-2 Effect of Appeals on De Minimis Recoupment and Recovery Amounts |
| **Procedure Owner** | EBLS/PBA/FBA |

1. Receive the appeal closing memo from the ▸Appeals Division (through CRM service request) advising that the appeal is closed and of what actions to take to implement the decision. Note that the Appeals Board's decisions are final. Do not issue a new or Revised BDL unless so directed by the closing memo, since the appellant is not entitled to appeal the decision. Contact the Appeals Division with any questions about the instructions. **If the appeal was filed by a party to a QDRO**, see the ▸Qualified Domestic Relations Order section at the end of this procedure for required actions concerning the related ▸QDRO party(ies) who did not appeal. **If the appeal concerned a Recovery BDL**, notify the Benefit Recovery Coordinator by e-mail of the closing, decision, and what actions will be taken based on the following steps. Use the Recovery mailbox and reference the participant's name, SSN, and recovery tracking number.
2. If the appeal is denied, dismissed, or administratively closed, implement the BDL according to pay status:
   - **Non-Payees**: Normally, no further action is necessary; however, take any actions directed by the appeal closing memo.
   - **Payees**: Take the following actions, as applicable, so they are effective in Spectrum within 90 days of the date of the appeal closing memo:
     - Move final pay amounts to final pay sources.
     - Initiate recovery or recoupment (see TP 6 Recover Overpayments or TP 7 Recoupment and Administrative Correction).
     - Initiate backpayments and other necessary adjustments.

     **Note** A ▸de minimus overpayment is written off at the time the BDL is issued. However, because payments continue without adjustment while an appeal is pending, the overpayment may increase to an amount greater than the de minimis by the time

the appeal is resolved. In this situation, the de minimis overpayment amount noted in the BDL is frozen while the appeal is pending. PBGC will not seek repayment of an overpayment which grew to an amount greater than the de minimis amount solely because of payments made while the appeal was pending. (See Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery and Policy Bulletin 03-2 Effect of Appeals on De Minimis Recoupment and Recovery Amounts.)

3. If the Appeals Board decision changes the benefit, take action as directed by the appeal closing memo within 30 days. **Do not issue a Revised BDL unless the appeal closing memo specifically directs such action**.

   Initiate the decision of the appeal closing memo as soon as possible to meet the next pay cycle and without regard to providing minimal advance notice to the payee, which does not apply to this situation.

4. If the appeal closing memo directs that a Revised BDL be sent to the participant, take action based on the participant's pay status:
   - **Non-Payees**: Issue a Revised BDL with a new ▸benefit statement. Customize the letter as appropriate. If necessary, request the new benefit statement from the case actuary. Be aware that the issuance of a Revised BDL starts another 45-day appeal period for matters addressed in that BDL. Therefore, if the participant elects to go into pay status during the appeal period, use the estimated pay source in Spectrum until after the appeal period has expired.
   - **Payees**: Issue a Revised BDL with a new benefit statement. Customize the letter as appropriate. If necessary, request the new benefit statement from the case actuary. Be aware that the issuance of a Revised BDL starts another 45-day appeal period for matters addressed in that BDL. Make no benefit changes until after the appeal period has expired.
5. If the appeal closing memo directs that a new (not Revised) BDL be issued, follow the directions in the appeal closing memo and contact the Appeals Division with any questions. Make no benefit changes until after the new appeal period has expired. Be aware that appeals correspondence that is received after the 45th day can still be timely if postmarked within 45 days, so allow time for late correspondence to appear in ▸PBGC Image Viewer.
6. Once 45 days have passed since the Revised or new BDL was issued, view the participant's file in Image Viewer to determine whether a subsequent appeal or extension request has been filed. (Be aware that appeals correspondence that is received after the 45th day can still be timely if postmarked within 45 days, so allow time for late correspondence to appear in Image Viewer.) If a new appeal has not been filed, make any changes to the participant's benefit required by the Revised or new BDL (see TP 21 Change Benefit/Payment Amount). If an appeal has been filed, treat it as a new appeal (see Process 20.1 Respond to Acknowledgement of Appeal or Extension Request).

**Qualified Domestic Relations Order (QDRO)**

If the appeal was filed by a party to a QDRO, the Appeals Board's decision may change the benefit of the appellant and/or other party(ies) to the QDRO. Use the following instructions concerning the party(ies) who did not file the appeal. (If more than one party to the QDRO appeals, take no action on the benefit of any party until all appeals are closed.)

1. If the Appeals Board's decision does not change the benefit of the party who did not file the appeal:
   - Issue eALG 616 QDRO - No Benefit Change (Appeals).
   - Implement the ▸Benefit Determination Letter within 30 days.
2. If the Appeals Board's decision changes the benefit of the party who did not appeal:
   - Issue a Revised BDL. See Process 19.5 Issue Revised Benefit Determination Letter.

**Note** When corresponding with a customer who is a party to a QDRO, do not reveal any sensitive information concerning the other party(ies) or provide copies of their correspondence. See TP 13 Domestic Relations Orders and State Agency Orders for more information.

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## 20.3 Respond to Appeals Division Referral

**07/01/2016**

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|---|---|
| **Purpose** | To assure that correspondence referred from the Appeals Division is handled properly and in a timely manner. |
| **Required Input and Source** | Notification from the Appeals Division (through ▶CRM) that correspondence has been received from a participant and referred to ▶PSD or another area for processing. |
| **Output and Recipient** | As needed:<br>• Stay of ▶BDL<br>• Response to the customer/representative allowing additional time to appeal<br>• E-mail notification to the Appeals Division that the correspondence is closed<br>• ▶Revised BDL (eALG 411 series)<br>• Notice to participant's representative of response to participant |
| **Control Issues** | The Appeals Division sends an acknowledgment letter to participants for any correspondence received in the Appeals Division and advises PSD of all appeals correspondence through CRM (coded AP). If the Appeals Division decides to refer the correspondence to PSD, it then appears as RFA (Referred From Appeals) correspondence in CRM.<br><br>Communications with the Appeals Division and other staff concerning actions taken in response to an Appeals Division referral must be documented in the participant's IPS file. Be aware that appeals correspondence that is received after the appeals period expires is timely if postmarked within the period, so allow time for late correspondence to appear in PBGC Image Viewer.<br><br>eALG letters 410, 532, 533, and 534 require the review and signature of the Employee Benefits Supervisor, CSB. eALG authorizers approve all letters. |
| **Important Concepts** | The Appeals Division may refer correspondence to PSD, OGC, PRO, or within the Appeals Division itself. Make no changes to benefits, which would result solely from the BDL, while **any** correspondence referred from the Appeals Division is open. If a referral does not come to PSD, stay the BDL until the Appeals Division advises through CRM that it is closed and what action to take. Notify the PSD Benefit Recovery Coordinator of referrals concerning recovery BDLs, including hardship cases, so that no recovery actions will occur when the appeal period is extended. Responses to letters requesting hardship consideration require specific language.<br><br>eALG 532- and 533-series letters grant an additional 45 days to appeal a BDL; Revised BDL begins a new 45-day appeal period. Be aware that appeals correspondence that is received after the appeals period expires is timely if postmarked within the period, so allow time for late correspondence to appear in PBGC Image Viewer.<br><br>**Timing:** Respond to RFA correspondence as early as possible, but target the response for no more than 45 days from date received per CRM report. |
| **Guidance** | eALG Correspondence Help |
| **Procedure Owner** | Employee Benefits Supervisor, CSB; Project Manager; EBLS; PBA; FBA |

1. The PSD mail point of contact for the case (designated in ▸CMS) is notified of any appeal-related correspondence received in the ▸Appeals Division by the code AP on the CRM report. When such correspondence is received, stay the BDL until further instructions are received from the Appeals Division. If the Appeals Division refers the correspondence to PSD, it will appear a second time on CRM, but coded as type ▸RFA (Referred From Appeals) correspondence.

   If the correspondence does not appear as RFA, it has either been referred to another area or kept in the Appeals Division. Take no action on the correspondence and stay the BDL until further instructions are received from the Appeals Division (see Process 20.1 Respond to Acknowledgement of Appeal or Extension Request).

   **If the correspondence concerns a Recovery BDL** (eALG 403RNE, 403L or 403LRNE), notify the ▸BPD Benefit Recovery Coordinator of the referred correspondence. Use the Recovery mailbox and reference the participant's name, SSN and recovery tracking number. Take no action on the recovery until the correspondence is closed.

   - If the correspondence requests hardship consideration but raises no other issues, advise the Benefit Recovery Coordinator by e-mail to the Recovery mailbox. The Appeals Division will have notified the participant that hardship is not an appealable issue and that the matter has been referred to the Benefit Recovery Coordinator, but the mail POC for the case must inform the Benefit Recovery Coordinator. Take no further action; the Benefit Recovery Coordinator will respond to the letter.
   - If the correspondence requests hardship consideration and also raises other issues (for example, request for explanation or challenge of fact), see Step 7.

2. Research the issues and obtain input from the Employee Benefits Supervisor, ▸CSB, as needed. Determine whether:
   - The referred correspondence concerns an issue which may be addressed by PSD (continue to Step 3); or
   - The referred correspondence concerns issues that should be addressed by the Appeals Division (skip to Step 6).

   See Process 20.4 RFA Correspondence Guidelines and Appeal Criteria for guidance on making this determination. Note that some referrals from the Appeals Division, which meet appeal criteria, can be addressed by PSD.

3. Research the situation and respond to the participant and/or representative as early as possible, but target the response for no more than 45 days from the date opened in CRM. Use the appropriate ▸eALG letter(s) listed in this step. Note that each requires the signature of an Employee Benefits Supervisor, CSB or ▸FBA Project Manager.

   If there has been no correspondence within 45 days of the date opened in CRM, use the *eALG Generic Letter* to send a status update or call the participant and/or representative. Document the call in CRM. Continue to follow up as needed.

   - **QDROs:** If the appellant is a party to a QDRO, see the ▸Qualified Domestic Relations Order section at the end of this procedure for instructions concerning the related party(ies) who did **not** appeal.
   - **Limited-Scope BDLs:** Use the letters in the special instructions at the end of this procedure if the RFA correspondence concerns a ▸Limited-Scope BDL.

   **eALG 411: Revised Benefit Determination Letter**

   - Advises participant that a review of the case resulted in a change in the benefit determination
   - Grants the participant a new 45-day appeal period.
   - Attach a new ▸benefit statement and image a copy to the participant's ▸IPS file.
   - Address this letter only to the participant—not to a representative. If applicable, advise the participant's representative of the response using eALG 534.

   **eALG 532: Response to Representative of Appellant - Referral from Appeals Dept.**

   - Advises participant's representative that a review of the case resulted in no change to the benefit determination.
   - Grants the participant an additional 45 days to file an appeal.

   **eALG 533: Response to Appellant - Referral from Appeals Dept.**

   - Advises participant that a review of the case resulted in no change to the benefit determination
   - Grants the participant an additional 45 days to file an appeal.

   **eALG 534: Notification Letter to Representative of Appellant**

   - Advises the participant's representative that a review of the case resulted in a changed benefit determination, and that the response was sent directly to the participant. See eALG 410.

4. On the day of the response to the participant, close the RFA correspondence in CRM. Also advise the Appeals Division by email to AppealsIntake@pbgc.gov (and cc the Employee Benefits Supervisor, CSB) including the

participant's name and SSN; which eALG letter was sent and the date; and one of the following statements:

- **RFA Did Not Result in a Change in Benefit.**
- **RFA Resulted in an Increase in Benefit.**
- **RFA Resulted in a Decrease in Benefit.**

Image the e-mail to the participant's ▸IPS file.

5. Once the new or extended period to file an appeal has expired (per eALG letter sent in Step 3), check ▸PBGC Image Viewer and act according to whether a new appeal has been filed. Be aware that appeals correspondence is timely if postmarked within 45 days, so allow time for late correspondence to be received and appear in PBGC Image Viewer.
   - If a new appeal has not been filed, make any necessary adjustments to the benefit and move it to the final pay source in Spectrum.
   - If a new appeal has been filed, stay the benefit determination and await instructions from the Appeals Division. See Process Process 20.1 Respond to Acknowledgment of Appeal or Extension Request.
   - If the correspondence concerned a Recovery BDL (eALG 403RNE, 403L or 403LRNE), notify the PSD Benefit Recovery Coordinator that the correspondence is closed, the nature of the response and what actions will be taken on the recovery. Use the Recovery mailbox and reference the participant's name, SSN and recovery tracking number.
6. If the Employee Benefits Supervisor, CSB agrees that the referred correspondence concerns an issue that should be addressed by the Appeals Division and should be returned for processing:
   - Send an e-mail to the Appeals Division (AppealsIntake@pbgc.gov), with cc to the Employee Benefits Supervisor, CSB, stating the reasons the correspondence is being referred back for processing. Reference any documents in the IPS plan and/or participant files used to make that determination. Image the e-mail, response and any follow-up e-mails to the participant's IPS file.
   - Enter the date referred to the Appeals Division as the correspondence closing date in CRM.
   - Stay the BDL and await further instructions from the Appeals Division.
7. If the correspondence not only requests hardship consideration but also raises other issues that must be addressed (for example, request for explanation, challenge of fact, etc.), the Appeals Division will refer the correspondence to PSD but will not notify the participant that the matter has been referred to the Benefit Recovery Coordinator. Treat the letter as a referral (see steps 2-6), but include the following language in the response:

   "While we are sympathetic to your situation, hardship is not a basis for appeal. PBGC regulations require that PBGC get back any amounts paid to individuals that exceed the amounts they are entitled to, and the Appeals Board cannot change this requirement. However, PBGC has recently changed its policy on recovering overpayments and will consider demonstrated financial hardship in certain situations. We will send a copy of this letter to PBGC's Benefit Recovery Coordinator, who will contact you concerning the Financial Statement of Debtor form that must be completed by the debtor alleging hardship."

   On the same day the response is issued, inform the BPD Benefit Recovery Coordinator by e-mail to the Recovery mailbox.

**Qualified Domestic Relations Orders (QDRO)**

If the appellant is a party to a ▸QDRO, it is necessary to notify the related parties of the status of the appeal and its effect on their own benefits. This depends on the response provided the appellant, and whether the appellant files a second appeal during the extended appeal period. Use the following instructions to determine what response to provide the related parties, and when.

1. If a **Revised BDL** is issued to the appellant, and:
   - **The benefit of the related party also changes:** Issue a Revised BDL to the related party at the same time as to the appellant. See Process 19.5 Issue Revised Benefit Determination Letter.
   - **The benefit of the related party does not change:** Wait until the 45-day appeal period expires. If the appellant does not file a second appeal and the Revised BDL becomes final, issue **eALG 616 QDRO - No Benefit Change (Appeals)** to the related party. Implement the BDL of each party within 30 days. However, if the appellant files a second appeal, continue to stay the BDL of each party to the QDRO (but do not issue a second **eALG 615 QDRO - Stay of BDL (Appeals)** to the party that did not appeal).
2. If **eALG 532/533** is issued to the appellant or his/her representative, wait until the 45-day extended appeal period has expired, then:
   - If the appellant does not file a second appeal, issue **eALG 616 QDRO - No Benefit Change (Appeals)** to the

related party and implement the BDL within 30 days.

- If the appellant files a second appeal, continue to stay the BDL of each party to the QDRO (but do not issue a second **eALG 615 QDRO - Stay of BDL (Appeals)** to the party that did not appeal).

**Limited-Scope BDLs**

Use the appropriate eALG letter(s) from the following list to respond to RFA correspondence concerning Limited-Scope BDLs, and return to the action steps to close it and advise the Appeals Division. Each requires the signature of an Employee Benefits Supervisor, CSB.

**410LtdS Corrected Limited-Scope BDL**

- Advises that a review of the case resulted in a change in the Limited-Scope benefit determination.
- Grants the participant a new 45-day appeal period.
- Address the letter only to the participant—not a representative. If applicable, advise representative via eALG letter 534 (see below).

**532LtdS Response to Representative of Appellant - RFA - Limited-Scope**

- Advises appellant's representative that the review resulted in no change to the determination
- Grants the participant an additional 45 days to file an appeal.

**533LtdS Response to Appellant - RFA - Limited-Scope**

- Advises appellant that the review resulted in no change to the benefit determination
- Grants the participant an additional 45 days to appeal.

**eALG 534: Notification Letter to Representative of Appellant**

- Advises appellant's representative that the review resulted in a change to the determination, and the response was sent directly to the participant.

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## 20.4 RFA Correspondence Guidelines and Appeal Criteria

**07/01/2016**

### A. Referred from Appeals (RFA) Correspondence

If the ▸Appeals Division Intake Staff determines that the correspondence concerns an issue that can be addressed by ▸PSD, they refer it to PSD as RFA (Referred from Appeals) correspondence. The following are examples:

- Requests for explanations
- Non-specific complaints
- Easily verifiable and resolvable issues
- Disputes of fact regarding any of the following:
  - Date of hire
  - Gender
  - Marital status
  - Date of retirement
  - Date of termination
  - Social security number
  - Salary
  - Length of service
  - Date of birth
  - Date of plan termination
  - Benefit election
  - Vesting

### B. Appeal Criteria

The following are examples of issues that meet Appeal Criteria and are typically addressed by the Appeals Division, but can also be addressed by ▸PSD, if referred:

- Plan interpretation
- Plan practice
- Eligibility for benefits
- Legal and policy issues
- Employer appeals (for example, employer liability)
- Successor plans
- Novel or complex issues
- Precedent-setting cases (for example, issues that could affect some or all plan participants)
- Disability cases
- Controversial issues (material to PBGC, monetary issues, etc.)
- Cases referred to PSD and not resolved
- ▸QDROs
- Unspecified issues

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## 20.4 RFA Correspondence Guidelines and Appeal Criteria

**07/01/2016**

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## 20.4 RFA Correspondence Guidelines and Appeal Criteria

**07/01/2016**

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- Non-specific complaints
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- Disputes of fact regarding any of the following:
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- Successor plans
- Novel or complex issues
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- Controversial issues (material to PBGC, monetary issues, etc.)
- Cases referred to PSD and not resolved
- ▸QDROs
- Unspecified issues

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## 20.5 Act on Notice of Similarly Situated Participants

**07/01/2016**

| | |
|---|---|
| **Purpose** | To respond to a memorandum from the Appeals Division indicating a plan has or may have similarly situated participants. |
| **Guidance** | N/A |
| **Procedure Owner** | EBLS/PBA/FBA/Case Management Analyst, CMD |

Take the following actions upon receipt of a memo from the ▸Appeals Division indicating that a plan may have similarly situated participants.

1. Review the plan to determine which other participants, if any, are affected by the appeal decision. Consult with the assigned actuary and auditor, as needed. Note that some participants may have already appealed on the same issue and their cases are being handled separately.
2. Prepare the *Similarly Situated Participants Memo* to document actions taken and/or to be taken. Obtain management concurrence.
3. Image the completed memo and any supporting documentation to the appeals section of the plan file (see *Plan File Indexing Specification Guide*). Also image the memo from the Appeals Division if not already in the file.
4. Take corrective actions, including issuing ▸Revised BDLs (eALG 411 series) to change the determinations of affected participants, as needed. See Process 19.5 Issue Revised Benefit Determination Letter.

## 20.6 Resources for Appeals Correspondence

**09/30/2016**

**Forms, Letters, and Memos:**

*Similarly Situated Participants Memo*

**Customer Correspondence and Forms:**

- *eALG 410 series Corrected BDL*
- *eALG 410LtdS Corrected Limited-Scope BDL*
- *eALG 411 series Revised BDL*
- *eALG 532 Response to Representative of Appellant - Referral from Appeals Dept.*
- *eALG 532LtdS Response to Representative of Appellant - RFA - Limited-Scope*
- *eALG 533 Response to Appellant - Referral from Appeals Dept.*
- *eALG 533LtdS Response to Appellant - RFA - Limited-Scope*
- *eALG 534 Notification Letter to Representative of Appellant*
- *eALG 615 QDRO - Stay of BDL (Appeals)*
- *eALG 616 No Benefit Change (Appeals)*

**Guidance:**

- *29 CFR 4003*
- *Policy 5.8-1 Benefit Corrections*
- *Policy Bulletin 03-2 Effect of Appeals on De Minimis Recoupment and Recovery Amounts*

**Exhibits:**

*None*

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**08/30/2011**

The case closure processes are basically a review to ensure that all required actions for a plan have been completed according to relevant policy and procedures. This is the opportunity to find and correct any errors. The last step in the process is for ▶OBA to transfer ongoing administrative management of benefits to an outside contractor. These outside contractors continue the administration of benefits under PBGC policies and procedures.

**In this Section**

Process 21 Plan Closing
Process 22 Closed Plan Review

# Process 21 Plan Closing

**In this Section**

21. Overview for Plan Closing
21.1 Correct Plan Closing Report Errors
21.2 Check Participant BDL Status
21.3 Reconcile Participant Counts and Present Values
21.4 Check Completeness of Participant Records in PBGC Image Viewer and Spectrum
21.5 Prepare Plan History
21.6 Verify Plan File
21.7 Run IPVFB Critical Pay Source Errors Details Report
21.8 Correct IPVFB Critical Errors
21.9 Assemble and Submit Plan Completion Memo
21.10 Resources for Plan Closing

## 21. Overview for Plan Closing

**07/01/2016**

The objective of the plan closing process is to assure that for each ▸plan proposed for transfer to Post-Valuation Administration (▸PVA):

- All ▸CMS Processing Milestones have been finalized.
- All correctible errors identified in the Plan Closing and ▸IPVFB Error Reports have been addressed.
- All issuable Benefit Determination Letters (▸BDL) have been correctly issued to locatable customers, and at least 90 days (45 days for plans with 100 or fewer ▸participants) have elapsed since the last BDL was issued.
- Participant ▸SSNs, counts, and present values have been reconciled across ▸Genesis and the actuarial database.
- All participants identified in the valuation database, or later as Woodwork participants, are correctly entered in ▸Spectrum.
- Benefits have been finalized in Spectrum.
- Plan and participant files in ▸PBGC Image Viewer are complete, and plan files are properly indexed.

The listed closure processes are completed prior to forwarding the plan to ▸CSD, who in turn forwards the case to a PVA for review.

Cases administered at Headquarters are closed by the ▸EBLS. Cases administered primarily at a Field Benefit Administrator (▸FBA) are closed by the FBA case team members, with support and guidance from the ▸CSB. The CSB EBLS is available to provide technical advice, if needed.

## 21.1 Correct Plan Closing Report Errors

**07/01/2016**

| | |
|---|---|
| **Purpose** | Correct errors identified in Plan Closing Report. |
| **Guidance** | *Plan Closing Report: User Guide* |
| **Procedure Owner** | Case Team (EBLS/PBA/FBA) |

1. Request the **Plan Closing Report** (see the TRMD Service Catalog). In the subject line, include the 8-digit PBGC case number and the text "Request for Plan Closing Report". If there are many valuation database files for the ▸plan in the archives, indicate which should be used.
2. When TRMD Services responds with a link to the folder with the **Plan Closing Report** files, copy these files to a spreadsheet and save in a personal or shared directory. (Saving to a spreadsheet allows for greater manipulation of the data than an html file. See the *Plan Closing Report: User Guide* for more information.) Follow these steps to request any new (updated) reports as needed during the plan closing process.
3. Review the **Errors Only** Section of the **Plan Closing Report** to identify specifics for each error. (Errors are those with an edit number of 500 or less.)
4. Research the error, using (as applicable) ▸Spectrum and the ▸PBGC Image Viewer ▸participant file to determine corrective action.
5. Correct any errors that can be corrected. If sufficient data is not available, use the *Plan Completion Memo* to describe attempts to locate data. Make sure the following fields are complete, when relevant: ▸SSN; ▸DOH; ▸DOTE; ▸PV; ▸BDL Date; Participant Name; Participant Sex; Status; ▸DOB; ▸DOD; Actual Benefit Form; Spouse SSN; SDOB; and Actual Retirement Date (▸ARD).
6. If any errors cannot be corrected, contact TRMD Services for assistance.
7. Request a new Plan Closing Report to verify the corrections.
8. After correcting all possible errors, complete the *Plan Completion Memo*, **Section II. Database Reconciliation, D. Other Spectrum Data Exceptions.** Reference the **Plan Closing Report** and list any errors that cannot be resolved and the reason.
9. Complete *Plan Completion Memo*, **Section IV. Instructions to Post-Valuation Administrator, A. Participant Issues**. Address participant issues, including unlocated participants, unpaid lump sums and their status (unlocatable, application not received, etc.), and separated vested participants, and describe any special circumstances, such as ▸payees receiving disability or disability-based ▸benefits. List any participants with pending appeals or appeal referrals (▸RFA correspondence). Also, list participants whose applications have been received, but who are not yet in pay status. List any pending recoveries of benefit overpayments that have not yet been referred to ▸BPD.

## 21.2 Check Participant BDL Status

**03/27/2014**

| | |
|---|---|
| **Purpose** | Ensure that all participants who can receive a BDL have been issued a correct one, and that reasonable attempts to locate other participants were made and documented. |
| **Guidance** | *Plan Closing Report: User Guide* |
| **Procedure Owner** | Case Team (EBLS/PBA/FBA) |

1. Check that all issuable ▸BDLs have been issued, and at least 90 days (45 days for plans with 100 or fewer ▸participants) have elapsed since the last BDL was issued. Issue any BDLs that have not yet been sent (see Process 19 Benefit Determination Letters).
2. Ensure that the BDLs that have been issued are correct by sampling BDLs issued to the different participant types (retirees, active vested, active non-vested, and ▸terminated vested).
3. For unlocatable participants, ensure a locator has been completed and an attempt to locate at the latest address within the last six months is documented in the participant's file. See TP 4 Participant Addresses and EDD Elections.
4. Refer to the **Errors Only** section of the **Plan Closing Report** and correct any level 5 BDL edits.
5. After making all corrections, request a new Plan Closing Report.
6. Complete *Plan Completion Memo*, **Section IV. Instructions to Post-Valuation Administrator, B. BDL Status**. List unissued BDLs and the reasons the BDLs cannot be issued (unlocatable, etc.).

## 21.3 Reconcile Participant Counts and Present Values

**07/01/2016**

| | |
|---|---|
| **Purpose** | Ensure that every participant identified in the valuation database is in Spectrum, and present values of liabilities balance to CMS total liability. |
| **Guidance** | *Plan Closing Report: User Guide*<br>*Spectrum User Manual* |
| **Procedure Owner** | Case Team (EBLS/PBA/FBA) |

The **Plan Closing Report** assists in reconciling information among ▸Spectrum, CMS, and the valuation database by comparing the data among the systems and indicates imbalances in plan-level liability, participant-level liability, and participant counts.

Depending on the nature of each reconciliation comparison, the **Plan Closing Report** displays the results in the **Case Summary**, **All Edits**, **Errors Only**, and the **Participant Count Reconciliation Reports** sections. Each of the aforementioned reports addresses the reconciliation with a certain level of specificity, and, therefore, should be approached in a logical order, as the following procedure indicates.

1. Use the information contained in the **Case Summary** section as the starting point when reconciling the payment and valuation databases. Each comparison provides a scope of the discrepancies involved and directs users to the appropriate report that contains the detailed information. Use the **Case Summary** section information to:
   - Identify population issues. By examining the participant totals for each role in the various valuation databases, the user can quickly spot any population issues. When used in conjunction with the total for participants matched to the payment database the user can quickly determine if the payment database is missing participants from the valuation. If participants are missing, the user should proceed to the **Participant Count Reconciliation** section where participants in one database but not the other are itemized for convenience, see step 4.
   - Resolve population issues that can affect the comparison of individual pieces of data (such as present values) between the payment and valuation databases. Users should correct population issues first and request a new **Plan Closing Report** before addressing the present value totals comparison in the **Case Summary** section.
2. Verify in the **Case Summary** section termination present values or lump sum discriminator present values match among the various systems. The present value totals indicate differences in liability between the payment database, CMS, and the valuation. In regards to reconciling the valuation with the payment database these totals inform the user if there are participants in the payment database who have "termination present values" or "lump sum discriminator present values," which are different that those in the valuation:
   - Verify that the termination present values from CMS matches the valuation database. If these numbers do not match, it usually means that the ▸TRMD did not archive the final valuation database. If this is the case, contact TRMD for assistance in locating the correct final valuation database.
   - Verify that the lump sum discriminator present value from the valuation database matches Spectrum. If these numbers do not match, there will be corresponding level 13 PV edits that point to the discrepancies.

     If a difference is apparent, proceed to the **All Edits** and/or the **Errors Only** sections to analyze the listings of individual participants with present value discrepancies, see step 3.
3. Resolve as many errors as possible listed in the **All Edits** and/or **Errors Only** sections of the **Plan Closing Report**. Reference the *Plan Closing Report: User Guide* for definitions of the errors.
4. Locate the following reports in the **Participant Count Reconciliation** section to reconcile participant counts:
   - **PRISM to Valuation Reconciliation Report**: Compares population databases (▸Genesis and valuation database). In addition, the report contains present values from Genesis for every customer in the case and can be useful when attempting to fix errors related to level 13 PV edits in the **Errors Only** and **All Edits** sections.
   - **Valuation to PRISM Reconciliation Report**: Contains a list of all participants in the plan from the valuation and a description of what they are in the payment database. The report contains present values from the valuation database, also useful when attempting to fix errors related to level 13 PV edits.
     - In the **Valuation to PRISM Reconciliation Report**'s Notes column, the text "Not in PRISM" indicates that the participant's SSN in the valuation does not match anyone in Genesis. This usually means that the SSN in

Genesis is different than in the valuation, but it is also possible that the participant was never loaded into Genesis. Use Spectrum to search Genesis for that customer's name. If participants were loaded into the wrong plan, contact TRMD Services to request that they be moved to the proper plan.

**Note** Modify present values in the payment database using the Spectrum "user interface" in the valuation tab.

5. Submit a "data fix" request to address population issues regarding role discrepancies, deletions, undeletions, status changes, and ▸PBGC Case Number changes to TRMD Services.
6. Ensure that the ▸PBGC Image Viewer plan or participant file contains information that documents how the participant's status was determined. (These are necessary for BDL accuracy.)
7. After making all corrections, request a new copy of the **Plan Closing Report**.
8. Prepare the *Plan Completion Memo*, **Section II: Database Reconciliation**:
   - **A. Participant Count Reconciliation**. Reference the Participant Count Reconciliation section of the **Plan Closing Report**. Research and resolve situations where the report has a Spectrum record that is not associated with someone in the valuation, or when there is more than one Spectrum record for a participant.
   - **B. PRISM, Actuarial Database - PV Comparison and Reconciliation**. Reference the **Case Summary** section of the **Plan Closing Report**, which lists any PV discrepancies (level 13 PV edits). If any PV discrepancies on the report cannot be resolved, list them here. List each discrepancy and provide an explanation, or use a table.

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## 21.4 Check Completeness of Participant Records in PBGC Image Viewer and Spectrum

**07/01/2016**

| | |
|---|---|
| **Purpose** | Ensure that all participants are recorded on both PBGC Image Viewer and Spectrum, and that each beneficiary is cross-referenced. Ensure that participant files (PBGC Image Viewer) are complete, to facilitate benefit administration by the Post Valuation Administrator. Ensure that all possible CRM records are closed. |
| **Guidance** | *Customer Role and Eligibility Status Guidance* in the *Spectrum User Manual*<br><br>*Plan Closing Report: User Guide*<br><br>Policy 6.3-1 Underpayment Reimbursement and Interest Payments<br><br>Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery |
| **Procedure Owner** | Case Team (EBLS/PBA/FBA) |

1. Refer to the **All Edits** and/or **Errors Only** sections of the **Plan Closing Report** and make corrections for the following edits, as applicable. Refer to the *Plan Closing Report: User Guide* for details and corrective actions:
   - Level 16 ▸PBGC Image Viewer edits
   - Level 8 Joint Benefit Form edits
   - Level 14 Pay Source edits
2. Ensure the customers are coded in ▸Spectrum according to the *Customer Roles and Eligibility Status Guidance* in the *Spectrum User Manual*.
3. For participant files check for the following, noting important observations in the *Plan Completion Memo*, **Section IV. Instructions for Post-Valuation Administrator**, **A. Participant Issues**:
   a. **Verify that the Social Security number matches in PBGC Image Viewer and Spectrum**. Each participant should have a unique ▸SSN; no more than one on both PBGC Image Viewer and Spectrum.
   b. **Check that there is proper participant, beneficiary and alternate payee documentation in the file** (See TP 16.2 Maintain Participant File), **as applicable** (See Appendix J Participant Forms Information). Correct all missing PBGC Image Viewer document errors on the Plan Closing Report and ensure that all non-compliance issues reported by ▸MCD have been addressed concerning the following:
      - ▸BDL and ▸benefit statement
      - Application for Benefits/Payee Information Form
      - Proof of age (non-retirees only)
      - Proof of marriage, for participants receiving a Joint and Survivor (J&S) Annuity
      - Spouse proof of age, for participants receiving a J&S annuity
      - Proof of Death, for participant whose ▸beneficiary is receiving benefits (See Appendix G Acceptable Proof of Age and Death)
      - Date of hire (▸DOH) and ▸DOTE for non vested/non member (needed for BDLs)
   c. **Check the implementation of the BDL**. Check the consistency of the Participant Application, Participant Information Form (if applicable), and Spectrum with the BDL and benefit statement.
   d. **Check for participant's name on the CRM Service Request Tracking Report**. Appeals are coded as "Appeals Memos," and referrals to ▸PSD (▸RFAs) from the Appeals Division. Check that any appeal decisions were implemented
   e. **Check that underpayment situations were corrected**. Check that participant was reimbursed for back payments, with appropriate interest, see Process 19.3 Determine Net Overpayment/Underpayment Status for Annuities and Process 19.4 Determine Net Overpayment/Underpayment for Lump-sums.
   f. Check that overpayment situations were addressed and determinations implemented. Check that recoupment/recovery determinations have been made and implemented and indicate whether there are any

pending recovery issues. (As appropriate, see TP 6 Recover Overpayment and/or TP 7 Recoupment and Administrative Correction and Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery.)

g. **Check that employee contributions were returned, if elected by the participant or spouse**. If employee contributions were returned, verify that the monthly benefit amount was reduced. If a return of employee contributions was not elected, verify that monthly benefit amount is unreduced.

h. **Check that any existing** pre-termination liabilities were paid, with appropriate interest, if applicable.

i. **Check that interest was paid on lump-sum benefits, backpayments, and reimbursements (for example, for PSA charges)**. (Refer to Policy 6.3-1 Underpayment Reimbursement and Interest Payments, for guidance about payment of interest.)

j. **Check that all retirees and deferred vested participants are in final pay status.** Deferred vested participants should be set up as future ▸payees.

k. **Check that spouses/beneficiary/alternate payees are linked in Spectrum to associated participant**. The **Plan Closing Report** lists all spouses, beneficiaries, and alternate payees. If the spouse, beneficiary, or ▸alternate payee is not linked in Spectrum, use Spectrum to add a relationship.

l. **Document any ongoing activity related to processing of QDROs**.

m. **Check that all participant documents have been properly indexed. Reindex any documents not properly indexed (see PBGC Image Viewer Help)**.

4. Check the **CRM Report** for open call records related to the plan. Close the open records where appropriate.

5. After making all corrections, request a new **Plan Closing Report**, if required.

6. Complete *Plan Completion Memo*, **Section III. Participant and Plan File Review**, part **A. Participant Files.** Provide the date that the last BDL was sent for the subject case. Indicate whether all participants have been placed in proper pay status, have received accurate benefit information in their BDL, and are being paid the correct amount. Explain any inconsistencies in this section. Note whether any ▸lump sums remain to be paid. If so, list them in this section, with a brief description of their status (unlocatable, no application received, etc.). If the lump-sum BDL was issued more than six months ago, send a reminder letter if the participant has not yet applied for the benefit.

7. Complete *Plan Completion Memo*, **Section II. Database Reconciliation**, part **C. PBGC Image Viewer vs. Spectrum Reconciliation**. Reference the Plan Closing Report, specifically any level 16 PBGC Image Viewer edits. If any discrepancies on the report cannot be resolved, list and provide an explanation for each discrepancy.

8. Complete *Plan Completion Memo*, **Section IV. Instructions to Post-Valuation Administrator**, part **A. Participant Issues**. Provide details of any open records from ▸CRM. Identify any participants that are covered under the Conflict of Interest Procedures.

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## 21.5 Prepare Plan History

**07/01/2016**

| | |
|---|---|
| **Purpose** | Provide a case summary and background for the Post-Valuation Administrator to familiarize them with key aspects of the plan. |
| **Guidance** | N/A |
| **Procedure Owner** | Case Team (EBLS/PBA/FBA) |

1. Review on ▸PBGC Image Viewer relevant plan documents that may have information relevant to plan and corporate history, plan benefit provisions, ▸PSA administration, and 4022(c) benefits. These documents may include, but not be limited to the following: *Participant Data Review* (or *Small Plan Database Construction and Analysis Report*, *Database Construction Report*, or *Participant Review Summary*, as applicable), *Plan Document List*, *PBGC Actuarial Case Memo*, ▸OBA Large Case Working Group documents, ▸SID documents, the *Trusteeship Working Group Memo*, and miscellaneous documents that may be found in the Plan File.
2. Prepare the *Plan Completion Memo*, **Section I: Plan History**. The required contents are described below and in the standard Plan Completion Memo template. (For ▸FBA plans, the FBA completes the Memo, with assistance of ▸CSD as needed. For in-house cases, the Case Team prepares the memo.)
    a. **Plan and Corporate History**. Provide summary of plan and corporate structure, including whether it is a multiple employer plan, part of a family of plans and whether there were any mergers, spin-offs, and related employers that could help to determine whether a woodwork person might be a participant in a particular plan. Describe any predecessor plans, family or related plans, and offsets, if applicable. Be sure to include the name and ▸PBGC case number of these associated plans. Also include specific information about the vesting requirements for each plan. It is not necessary to include bankruptcy information in this section.
    b. **Plan Benefit Provision Highlights**. State the plan adoption date, and discuss the vesting schedule(s) in place at plan inception. Discuss whether or not the plan has amendments subject to the phase-in rule; employee contributions; substantial/majority owner(s); and participants affected by the Maximum Insurance Limitation. State whether or not it is a cash balance plan; if it is, identify the actuary that worked on the cash balance statements and explain which statements have been issued for prior years. Describe the plan's normal forms of benefit, normal retirement age and early retirement age. Include the status of any outstanding plan issues, such as appeals that may affect multiple participants, purchased annuities, etc. If these topics are covered in the Actuarial Case Report (ACR), refer to the ACR. Give examples of any peculiarities concerning plan practice or other oddities about the plan. Note if there were pre-▸DOPT lump sums and provide a reference to where the list is located in the plan file. State whether there is a working retirement determination. Provide information on Late Retirement, Disability Provisions, Benefit Freeze Date, and other unusual administration issues.
    c. **PSA.** Describe whether PBGC charged for PSA coverage, and when refunds for PSA charges were made to participants, if applicable. Discuss any PSA Administration in this case.
    d. **4022(c)**. Discuss whether 4022(c) benefits are payable in the plan, and if so, whether ▸BDLs for 4022(c) benefits were issued as part of Title IV benefits, or as supplemental BDLs. Also state whether plan is a ▸PPA plan.

## 21.6 Verify Plan File

**07/01/2016**

| | |
|---|---|
| **Purpose** | Ensure that plan-level documentation is complete. |
| **Guidance** | PBGC Image Viewer Help<br>*Plan File Indexing Specification Guide* |
| **Procedure Owner** | Case Team (EBLS/PBA/FBA) |

1. Open the ▸plan file in ▸PBGC Image Viewer. Spot-check the file to ensure all sections are properly imaged and indexed. Image any missing documents. If any documents are improperly indexed, make corrections in accordance with the *Plan File Indexing Specification Guide*; also see the PBGC Image Viewer Help guide. The critical sections in PBGC Image Viewer to **check in full** are:
   - Section 5 Pension Plan Documents (Plan Amendments and Restatements, Original Plan Documents and Union Contracts and Amendments)
   - Section 9 Correspondence
   - Section 11 Audit Documents: ▸ACR
     - ▸Participant Audits (as applicable: *Participant Data Audit Report*; *Small Plan Database Construction and Analysis Report*; *Database Construction Report* **and** *Participant Audit Summary*; or *Database Construction Report* **and** *Participant Review Summary*)
     - Plan Document Audit (as applicable: *Plan Document List* or *Plan Document Audit*)
     - Source Document Audit (as applicable: *Data Elements and Sources List* only or *Source Document Audit* **and** *Data Elements List*)
     - Plan Asset Audit
     - Transfer Control Sheet
   - Section 12 Actuarial Case (Closeout) Reports (Post-▸DOPT/Trusteeship)
   - Section 13 ▸SID Documents (Post-DOPT/Trusteeship)
2. Verify that Participant Review Summary (or other applicable document listed above) contains a list of participants eligible for Early ▸BDLs.
3. Ensure that the Actuarial Case Report (ACR) has been imaged to the appropriate sections of the PBGC Image Viewer plan file. **This must be done before the case is submitted for closing**.
4. To safeguard the integrity of the imaged file, shred or discard extra copies of plan documents to ensure that duplicate images are not accidentally sent to the ▸DMC for imaging.
5. Complete *Plan Completion Memo*, **Section III. Participant and Plan File Review**, part **B. Plan File**. List and explain any missing or incomplete sections of the plan file.

## 21.7 Run IPVFB Critical Pay Source Errors Details Report

**07/01/2016**

| | |
|---|---|
| **Purpose** | Run IPVFB Critical Pay Source Errors Detail Report. |
| **Guidance** | IPVFB Critical Error Reporting User Manual and Technical Reference Guide (available from ASD or the POC)<br><br>CMS Job Aids and User Guide |
| **Procedure Owner** | Case Team (EBLS/PBA/FBA) |

**Note** The POC with access to the ▸IPVFB Critical Error Reporting Application will perform Steps 1 through 5, at the request of the ▸EBLS/PBA/FBA.

1. Log on to the IPVFB PROD application.
2. Select Error Rpt command button from the IPVFB main menu. Then select Critical Error Reports. Select a case, or cases, using the drop-down list, a range of PBGC case numbers, the case name, or the assigned division. Enter Query and wait for the system to finish processing records. The application selects the requested case(s) from a Genesis extract that is refreshed each weekend.
3. Select the IPVV505A Error Detail (Pay Source Errors) report option button and designate a printer for output.
4. Select the IPVV515A Error Summary (Sort on Source, Exam, and Case) report option button and designate a printer for output.
5. Continue processing using Process 21.8 Correct IPVFB Critical Errors.

**Overview of IPV Error Summary Report: IPVV515A**

This report is used for correcting critical errors in a participant's Spectrum data records. For each case selected for reporting, one page per participant is generated. For each item that may be in error, that particular item is surrounded by either parentheses (Critical Error) or braces (non-critical error). If a participant's record has no errors, no report is generated for that participant. The report does not provide error messages. For details on error conditions, see the *IPVFB Technical Reference Guide*, Sections 4.3.4 through 4.3.6. If you have any questions regarding the report, please contact the Supervisory Valuation Actuary in ASD. The **IPVFB Error Detail (Pay Source Errors) Report** contains the following data items:

- **Case Nbr**: PBGC case number
- **Case Name**: Case name
- **Assigned Branch**: ▸CSB assigned to case
- **DOPT**: Date of Plan Termination
- **Valuation Date**: Date of the data on which this report is based
- **Name**: Participant name (first last)
- **SSN**: Participant social security number
- **DOPT PV**: Present value of PBGC guaranteed benefits as of DOPT
- **Gender**: Participant gender
- **Status**: Participant status code
- **Retire Type**: Retirement (Health) Type
- **Payee Type**: Recipient Type
- **DOB**: Participant's date of birth
- **Spouse DOB**: Spouse's date of birth
- **ARD**: Actual retirement date
- **Actual Form**: Actual benefit form
- **XRD**: Expected retirement date

- **Expected Form**: Expected benefit form
- **JSJC**: For joint & survivor or joint & contingent, the percentage of the participant's benefit payable to the survivor
- **Val Amt**: Valuation amount of PBGC guaranteed benefit

**For each pay source, the following display:**

- **Pay Source Type**: Estimated (E) or Guaranteed (G)
- **Pay Source Start Date**: Date payment of benefits begins
- **Pay Source End Date**: Last date for payment of benefits
- **Pay Source Amount**: Amount of benefit
- **Pay Source Actual Form**: Form of payment for the particular pay source
- **JSJC**: For joint & survivor or joint & contingent, the percentage of the participant's benefit payable to the survivor
- **Pay Frequency**: Pay frequency code for the particular pay source (1=monthly; 2= quarterly; 3=semiannual; 4=annual; 5=lump sum)
- **Is Pay Source Authorized?**: Pay source authorization status

Details on critical error conditions are available in the IPVFB Technical Reference Guide, section Seriatim Valuation Specifications, Exhibits 4-18 and 4-20.

**Overview of IPV Error Summary Report: IPVV515A**

This report shows the number and type of data errors for each plan selected. This report is sorted on Source ID, Exam and PBGC case number. The **IPV Error Summary Report** contains the following data items:

- **Milestone Code**: 0 or 1 means plan is final and should have only Guaranteed Benefits.
- **Milestone Errors**: Count of active estimated pay sources in a final plan
- **Date of Birth**: Number of errors involving dates of birth in the plan
- **Status**: Number of errors involving status in the plan
- **Benefit Amount**: Number of errors involving benefit amount in the plan
- **Benefit Form**: Number of errors involving benefit form in the plan
- **Start/End Date**: Number of errors involving start or end dates in the plan
- **Other Date**: Number of errors involving other dates in the plan
- **Authorization Errors**: Count of active pay sources not authorized, or multiple pay sources ending on 12/01/2099 (null or blank end date in Spectrum)
- **Total Critical Errors**: Number of critical errors in the plan
- **Total Payment Streams**: Number of "payment streams" in the plan
- **Payment Streams in Error**: Number of payment streams in error in the plan
- **Percent w/Critical Error**: Ratio of the number of payment streams in error to the total number of payment streams
- **Incmplt Act in Est Data**: Number of records in the plan that had incomplete data to perform an "active in estimated" calculation
- **Non-Critical Errors**: Currently (as of June 2009), number of discrepancies between Genesis and Spectrum data. Expected to eventually be returned to its former definition, the number of non-critical errors in the plan.

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## 21.8 Correct IPVFB Critical Errors

**07/01/2016**

| | |
|---|---|
| **Purpose** | Correct Critical Errors on the **IPVFB Error Detail (Pay Source Errors) Report**. Provide a clean case for the Post-Valuation Administrator. |
| **Guidance** | CMS Job Aids and User Guide |
| **Procedure Owner** | Case Team (EBLS/PBA/FBA) |

1. Review the **IPVFB Error Detail Report (Pay Source Errors)** to identify specifics for each **critical** error. Repeat Steps 2 through 3 for each error on the report.
2. Research the error, using ▸Spectrum and ▸PBGC Image Viewer to determine corrective action.

   **Milestone Errors:**

   If a customer's guaranteed pay source was not entered or was never authorized, ▸IPVFB records a Milestone error. The plan is final, but the last authorized pay source is estimated. The absence of authorization cannot be seen on Spectrum reports.

   - If the last pay source in Spectrum is estimated, check PBGC Image Viewer for a pending appeal or referral from the Appeals Division (▸RFA):
     - If there is a pending appeal, annotate the *Plan Completion Memo*.
     - If there is no pending appeal, add and authorize a guaranteed pay source.
   - If the last pay source is guaranteed, have it authorized.

   **Annuity Form Errors:**

   If a customer with an ▸J&S Annuity has a pay source end date of other than 12/01/2099, IPVFB records an actual form error; however, no adjustments are necessary since the adoption of Spectrum.

   - If the annuity form is blank on the Report, load the correct form in Spectrum.
   - If the annuity form is not blank on the Report, verify the annuity is continuous (no end date (null) or 12/1/2099) in Spectrum.

   **Deferred Vested Errors:**

   Both Reports list an error for deferred vested customers, past age 70, with a valid address. The **IPVFB Error Detail Report** shows this as a Status Code error, by displaying the Status Code 3 in parentheses. (**This is the most frequent IPVFB critical error**):

   - This type of error requires a review of the correspondence in the participant file in PBGC Image Viewer:
     - If the ▸BDL was returned, or PBGC received no reply, then the most appropriate course of action is to change their Address Validity Code to "R" (Returned) or "I" (Invalid), which will initiate locator action.
     - If the Customer applied a benefit, but received no response from PBGC, then the case should be returned to the ▸CSB for further processing.
     - If the customer is locatable, but declines to apply for a pension, annotate this on the *Plan Completion Memo*, **Section IV. Instructions to Post-Valuation Administrator**.
     - **Participant Issues**. List the ▸participant and explain that he is deferred vested and unwilling to apply for a pension after age 70.
3. Correct the error in Spectrum. ▸CSD's goal is to address all errors that can be corrected.
4. After making all corrections, request a new run of the **IPVFB Error Detail Report (Pay Source Errors)**. The **IPVFB Error Detail Report** should not be rerun until after the weekend, to obtain refreshed Genesis data.
5. Complete *Plan Completion Memo*, **Section II. Database Reconciliations**, section **D. Other Spectrum Data Exceptions**. Reference the **IPVFB Error Detail Report**. List and explain errors (other than those listed previously) that cannot be resolved.
6. Complete *Plan Completion Memo*, **Section IV. Instructions to Post-Valuation Administrator**, section **A. Participant Issues**. List and explain critical errors (other than those listed previously) that cannot be resolved. Explain any follow-up actions required by the Post-Valuation Administrator.

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## 21.9 Assemble and Submit Plan Completion Memo

**07/01/2016**

| | |
|---|---|
| **Purpose** | Assemble all necessary documents and reports to provide materials for review and for post-valuation administration. |
| **Guidance** | CMS Job Aids and User Guide<br>*Plan Closing Report: User Guide* |
| **Procedure Owner** | Case Team (EBLS/PBA/FBA) |

**Case Team**

1. Prepare the *Plan Completion Checklist* to summarize reports utilized and actions taken in the plan closing process. The checklist is required to be submitted with the *Plan Completion Memo* to assist in supervisory or peer review of a plan closing. ▶CSD requires that a reviewer sign off on the checklist.
2. Complete the checklist (Section V: Actuarial Information) of the *Plan Completion Memo*. This section may be prepared by, or with the assistance of the case actuary. If a section does not apply, or if an explanation is given elsewhere, note that fact (or "N/A") under the appropriate section of memo.
3. Assemble *Plan Completion Memo*. Do not unnecessarily retype information into the memo that is already included in the **Plan Closing Report**. When making references to the report, include the section name of the report and then identify the participant with the edit.
4. When the plan is ready for closing, the ▶EBLS or FBA completes the *Plan Completion Memo* and all attachments, and submits it electronically to the CSD or FBA management. In the email, include the hyperlink to the final **Plan Closing Report** used to close the plan. Ensure that all required ▶CMS Milestones (excluding the Plan Administration Milestone) have been finalized at this time.
5. Continue to perform benefits administration up to the date of transfer to post-valuation administration. This date is assigned by CSD after successful plan closing review, and appears on CMS Plan Administration Milestone.
6. Approximately two weeks before the expected transfer date, wrap up any outstanding issues and ensure that all possible CRM calls are closed. Then, one business day before official transfer, send an e-mail to Post-Valuation Administration management providing details of any open/pending CRM records.

**CSB or FBA Management**

1. Upon successful review of the plan closing package, submit the package electronically to the PSD Plan Closing mailbox. In the e-mail, include the following:
   - *Plan Completion Memo*
   - *Plan Completion Checklist*
   - Hyperlink to the final **Plan Closing Report** used to close the plan.
2. On the same day as the plan closing package is submitted, the CSD must send CMS Task Referral for Plan Administration Milestone. Ensure that all milestones have been completed prior to submitting the case to CSD for Plan Closing. The CMS task referral date should agree with the date the electronic plan closing package was sent to CSD. **Important: The Plan Completion Package and Milestone must be submitted at the same time. If either is received by CSD without the other, it will be returned.**

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## 21.10 Resources for Plan Closing

**09/30/2016**

**Forms, Letters, and Memos:**

- *Plan Completion Memo*
- *Plan Completion Checklist*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

- *CMS Job Aids and User Guide*
- *Customer Role and Eligibility Status Guidance in Spectrum User Manual*
- *IPVFB Critical Error Reporting User Manual and Technical Reference Guide (available from ASD or the POC)*
- *PBGC Image Viewer Help*
- *Plan Closing Report: User Guide*
- *Plan File Indexing Specification Guide*
- *Policy 6.3-1 Underpayment Reimbursement and Interest Payments*
- *Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery*
- *Spectrum User Manual*

**Exhibits:**

*None*

# Process 22 Closed Plan Review

**In this Section**

22. Overview for Closed Plan Review
22.1 Administrative Check
22.2 Review Closed Plan
22.3 Resources for Closed Plan Review

## 22. Overview for Closed Plan Review

**07/01/2016**

As a final quality control check, the Post-Valuation Administrator (PVA) uses sampling to gain a confidence level that plan processing is complete, that the electronic files accurately and completely capture the plan, and that all relevant documents are available through ▸PBGC Image Viewer. The ▸PVA is responsible for ensuring that the case is ready for post-valuation administration. The results of the review are documented on a Quality Review Check Sheet.

The ▸CSB or ▸FBA continues to administer the plan during the review process.

## 22.1 Administrative Check

**07/01/2016**

| | |
|---|---|
| **Purpose** | Ensure that the Plan Completion Memo is complete. |
| **Guidance** | CMS Job Aids and User Guide |
| **Procedure Owner** | ▸CSD |

1. Receive the ▸CMS task referral for Plan Administration milestone and *Plan Completion Memo*, with attachments. This is done by a ▸CSD Management analyst. Verify that all milestones have been completed and that task referral date agrees with the date sent to ▸CSD.
2. Review the *Plan Completion Memo* to verify completeness and see that all required items have been forwarded. Any one of the following items indicates that the submission is incomplete:
   - Error rate on the IPV Error Summary Report exceeds 5%
   - CMS task referral missing
   - CMS milestone not completed
   - *Plan Completion Memo* missing or incomplete
   - *Plan Completion Checklist* missing or incomplete
3. If submission is incomplete, contact the ▸CSB Employee Benefits Supervisor, FBA Project Manager for the missing item(s), or return it with a list of missing items (for example, reports) and return CMS task referral for Plan Administration Milestone with "Incomplete Submission" marked and missing documents listed in the Comments section of CMS.
4. Upon receipt of a complete Plan Completion Memo package, assign the case to the Post-Valuation Administration site and forward the task referral to the ▸PVA to initiate the review process.

## 22.2 Review Closed Plan

**07/01/2016**

| | |
|---|---|
| **Purpose** | Review that the Plan Completion Memo is complete so that all necessary information is available to post-valuation administration. |
| **Guidance** | *CMS Job Aids and User Guide*<br><br>*Customer Role and Eligibility Status Guidance* in the *Spectrum User Manual*<br><br>Policy 6.3-1 Underpayment Reimbursement and Interest Payments<br><br>Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery<br><br>*Spectrum User Manual* |
| **Procedure Owner** | Post-Valuation Administrator; CSD |

**Post-Valuation Administrator**

1. **Read the Plan Completion Memo**. All sections should be in standard order (History, Database Reconciliation, ▸Participant and Plan File Review, Instructions to Post-Valuation Administrator, and Actuarial Information).
2. **Review the last Plan Closing Report provided by the FBA or CSB** via the hyperlink in the e-mail with the plan closing package. The review should be performed on the Case Summary, Data Exceptions and Participant Count Reconciliation sections. Export the data into a PFI report shell. This created PFI report shows:
   - Participant Name
   - Social Security Number (▸SSN)
   - Type of Participant
   - Status
   - Comment (blank column for entry of comments)
3. **Select a Proportional, Stratified Random Sample of participant files to review**. Determine the size of the sample based on the ▸Proportional and Stratified Random Sample Review Table to provide a confidence level of 95% (a presumed error rate of no more than 5%) that the entire population in the plan (based on the sample) is accurate and reliable.
4. **Identify and stratify** the sample by types of participants (retirees, active vested, active non-vested, and terminated vested).
5. **Sort** and number each stratum (participant record) by assigning the number 1 to the first individual, 2 to the second, and so on within each stratum. These numbers will identify the participant data to be audited as selected by the random number generator.
6. Use the random number generator on the network, accessible through an icon or Windows File Manager (j:\random\random.exe), to generate random numbers for each of the strata identified in step 4. Print the results, and select for testing the participants corresponding to the numbers generated. Document the participant sample. Confirm each type of participant is properly represented in the sample.
7. For each participant file in the sample, check for the following (noting important observations in the created PFI report):
   a. Verify the Participant file is imaged. Check that the Image Count on the PFI Report is not zero for any participant. Make sure there is a ▸Spectrum record for each ▸PBGC Image Viewer-listed participant, if the participant was a plan member. Note in the created PFI report why the file was not imaged. If there are Conflict of Interest participants (see TP 27 Conflict of Interest) in the plan whose files are not viewable, contact the ▸MCD for assistance. (Note that each non-vested participant needs a unique imaged file.)
   b. Check Data Exceptions. Ensure that SSN, participant name, status, DOH, DOTE, DOB, DOD, spouse SSN and DOB, ARD, PV, BDL Date, sex, ACT BEN FORM, etc. are complete and accurate in Spectrum and PBGC Image Viewer for each participant.

c. Check that SSN is correct. Each participant should have a unique SSN. Check for changes in PBGC Image Viewer that were not entered into Spectrum, and identify any conflicts between the systems.

d. Check that there is proper participant, beneficiary and alternate payee documentation in the file (See TP 16.2 Maintain Participant File), as applicable (See Appendix J Participant Forms Information). Ensure that all missing PBGC Image Viewer document errors on the **Plan Closing Report** have been corrected and that there are no outstanding PBGC Image Viewer document problems for the plan on the cumulative Compliance Review Overdue Report:
   - Correct BDL and ▸benefit statement
   - Application for Benefits/Payee Information Form
   - Proof of age (Post-date of plan termination-(▸DOPT) payees only)
   - Proof of marriage, for participants receiving a Joint and Survivor Annuity (▸J&S) Annuity (Post-DOPT payees only)
   - Spouse proof of age, for participants receiving a J&S annuity (Post-DOPT payees only)
   - Death certificate, for participant whose beneficiary is receiving benefits.
   - Date of Hire (▸DOH) and Date of Termination of Employment (▸DOTE) for non vested/non member (needed for Benefit Determination Letters (▸BDLs)

e. Check the implementation of the BDL. Check the consistency of the *Application for Benefits, Participant Information Form* (if applicable) and Spectrum with the BDL and benefit statement. Ensure that any BDL changes, revisions, or new BDLs are reflected. Ensure that documentation supports the form of benefit.

f. Check for open Appeals or Referred from Appeals (▸RFA) correspondence. Check PBGC Image Viewer and Spectrum for any appeal decisions that were implemented.

g. Check that underpayment situations were corrected. Check that the participant was reimbursed, as necessary, for back payments or Pre-Retirement Survivor Annuity (▸PSA) charges, with appropriate interest according to the ▸PACS calculation. (See Process 19.3 Determine Net Overpayment/Underpayment for Annuities and Process 19.4 Determine Net Overpayment/Underpayment for Lump Sums.)

h. Check that overpayment situations were addressed and determinations implemented. Check that recoupment/recovery determinations have been made and action initiated (for example, first letter sent). (As appropriate, see TP 6 Recover Overpayment and/or TP 7 Recoupment and Administrative Correction and Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery).

i. Check that employee contributions were returned if elected by the participant or spouse. If employee contributions were returned, verify that the monthly benefit amount was reduced. If return of employee contributions was not elected, verify that monthly benefit amount is unreduced.

j. Check that pre-termination liabilities were paid, with appropriate interest, if applicable.

k. Check that interest was paid on lump-sum benefits, back payments, and reimbursements (for example, for PSA charges). (See Policy 6.3-1 Underpayment Reimbursement and Interest Payments for guidance about payment of interest.)

l. Check that retirees and deferred vested participants (who have reached their normal retirement age) have been contacted and processed into final pay status.

8. **Errors may be significant or insignificant**, depending on the item tested:
   - Insignificant errors are discrepancies that do not affect PBGC's ability to determine a participant's entitlement to a benefit, to determine the amount of the guaranteed benefit, or to locate the participant.
   - Significant errors are discrepancies that:
     - Affect PBGC's ability to determine a participant's entitlement to a benefit or change the amount of a guaranteed benefit by more than $5.00 per month and affect the present value of future benefits (PVFB).
     - Indicate the PBGC cannot locate the participant.

   Identify all significant errors, and count as errors all participants with at least one significant error. If the review of the first sample reveals errors that exceed the number of acceptable errors, increase the sample size, as shown in the ▸Samples that Exceed the Number of Acceptable Errors Table, obtain a full new sample and conduct an expanded review.

9. Review the sample for the following:
   - **Check that beneficiary/alternate payees have been linked to the associated participant in Spectrum**. The Plan Closing Report lists all beneficiaries and alternate payees. If the beneficiary or alternate

payee is not linked in Spectrum, document that the Spectrum relationship needs to be added.

- **Verify that customers are coded correctly.** Ensure that customers are coded in accordance with the *Customer Role and Eligibility Status Guidance* in the *Spectrum User Manual*.
- **Use the** *Quality Review Checksheet* **to document any findings that the Quality Assurance Specialist may list during the review process**. The PFI is used to list the participant sample, Complete/Incomplete, Significant/Insignificant and Comments on any errors found.
- **Check the Data Exceptions Section of the Plan Closing Report**. This Report should contain zero errors, or documentation of why there are outstanding errors in the *Plan Completion Memo*.
- **Check whether the plan level PV as stated in Case Management System** (▸CMS) **is equal to the plan level PV in the actuarial valuation/spreadsheet, with any discrepancies noted in the** *Plan Completion Memo*. Check that the participant PVs in the actuarial valuation/spreadsheet have been reconciled with the participant PVs in Spectrum. (See Process 21.3 Reconcile Participant Counts and Present Values.)
- **Run the IPVFB Critical Pay Source Errors Detail Report**. Check/verify that all correctible critical errors have been addressed in the *Plan Completion Memo*, so that the case can be promoted through Actuarial Services Division (▸ASD), at the appropriate time.
- **Review plan file for completeness**. Check the imaged plan file. The critical sections to check in full are: Section 5 Pension Plan Documents, Section 11 Audit Documents, Section 12 Actuarial Valuation Closeout Report and Section 13 ▸SID Documents. Ensure that there are no missing or incomplete sections.
- **Verify that Actuarial Case Report package is completely and properly imaged**. Ensure that the plan factors are included.
- **Review the BDL statu**s. Check that at least 90 days has elapsed since the BDLs were issued. Edit 520 flags customers who were sent a BDL in the past 90 days.
- **Verify the total population participant count in Spectrum in comparison to the Actuarial Case Report**.

10. **If the review indicates an incomplete case, do one of the following:**
    - **If only minor corrections are needed, request that the CSB Employee Benefit Law Specialist or FBA staff make the change within two to three business days to avoid the case and task referral being returned.**
    - **Return the case to the ▸CSD Employee Benefits Supervisor listing any problems noted with the case and/or additional work needed. Reject the CMS task referral Plan Administration milestone by forwarding the task referral back to CSD and provide CMS comments.**
11. The CSD Management Analyst will review and decide whether the plan is to be rejected and sent back to the ▸FBA or ▸CSB Employee Benefit Law Specialist, or transferred to a (▸PVA), having the PVA make the necessary corrections. If the case is returned, the PVA will forward an e-mail to the FBA Project or CSB Employee Benefits Supervisor advising why the case is being returned.
12. **If the review is successful**, prepare *Closed Plan Review Memo* indicating successful review of the closed plan. The PVA will also determine the Transfer Date to post-valuation administration and record the date in CMS. The post-valuation administration assumption date normally occurs on the 15th or the end of the month. (The determination of the post-valuation administrator takes into account the current and projected work loads, the size and complexity of the plan, related plans, etc.)
13. Once the plan has been accepted for post-valuation administration, assemble the Plan Completion Package and submit to the CSD Employee Benefit Law Specialist or the FBA Office for imaging. Include the following:
    - Plan Completion Memo
    - Plan Completion Checklist
    - Created PFI Report
    - Quality Review Checksheet
    - Pertinent e-mails

    These documents are used to perform the analysis for the work performed to ensure he plan was closed in an efficient manner. Also image any e-mails from CSB or FBA with updated correction information into the plan file.

**CSD**

14. Within 30 days of receipt, image the entire Plan Completion Package to the plan file. Note that IPS files for closed plan are reviewed on quarterly basis to ensure the documentation is imaged.

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## 22.3 Resources for Closed Plan Review

**09/30/2016**

**Forms, Letters, and Memos:**

- *Closed Plan Review Memo*
- *Plan Completion Memo*
- *Quality Review Checksheet*
- *Plan Completion Checklist*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

- *CMS Job Aids and User Guide*
- *Customer Role and Eligibility Status Guidance in Spectrum User Manual*
- *Policy 6.3-1 Underpayment Reimbursement and Interest Payments*
- *Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery*
- *Spectrum User Manual*

**Exhibits:**

*None*

**08/30/2011**

Technical Procedures (TPs) are usually event-driven activities rather than case-driven activities occurring at a specific point in case processing. TPs may be performed one or more times in the life of a case, or may not be performed at all (for example, balancing occurs periodically, while holding a participant meeting may not occur at all). Multiple divisions can perform TPs (for example, ▸CSD and ▸BPD coordinate to process off-cycle payments).

TPs may be plan activities (for example, TP 61 Successor Plan Determinations) or individual/group participant activities (for example, TP 13 Domestic Relations Order and State Agency Orders). When a TP is applicable to a specific process, the *OBA Operations Manual* provides a link in the process and/or procedure steps to the appropriate TP.

**In this Section**

TP 1 Customer E-Mail Management
TP 2 Administrative Correction of Benefit Overpayments
TP 3 Plan Expenses
TP 4 Participant Addresses and EDD Elections
TP 5 Death Processing
TP 6 Recover Overpayments
TP 7 Recoupment
TP 8 Process Received/Returned Check
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TP 14 §436 Benefit Limitations
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TP 45 Non-Receipt of Benefit Payment
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TP 58 Plan Loans and Other Distributions
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TP 61 Successor Plan Determinations
TP 62 USERRA Benefits

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# TP 1 Customer E-Mail Management

**In this Section**

TP 1. Overview for Customer E-Mail Management
TP 1.1 Process E-Mail Sent via PBGC Web Site
TP 1.2 Process E-Mail Sent to an Individual FBA/PVA
TP 1.3 Process E-Mail Sent to the FBA/PVA CRM E-Mail Center
TP 1.4 Resources for Customer E-Mail Management

## TP 1. Overview for Customer E-Mail Management

**07/01/2016**

This technical procedure documents the streamlined process for managing all incoming e-mail messages from PBGC customers. The goal is to provide the same level of service to the PBGC customers who communicate electronically as those who choose to contact PBGC by phone.

The PBGC customer uses any of the following to contact PBGC:

- E-Mail sent via PBGC Web site.
- E-Mail sent directly to an individual FBA/PVA user's inbox.
- E-Mail sent to the FBA/PVA CRM E-Mail Center.

### E-Mail Messages Sent to PBGC Web Site

CCC manages e-mail messages the customers send via three mailboxes on the PBGC Web site:

- mypension@pbgc.gov
- missing@pbgc.gov
- found@pbgc.gov

The CCC CRM E-Mail Center is a repository for all the e-mail messages coming from the three mailboxes.

Once the e-mail message is in the CCC CRM E-Mail Center, the CCC CRM E-Mail Administrator processes each e-mail message depending on whether the e-mail message requires an FBA/PVA or PRO response. If the e-mail message does not require an FBA/PVA or PRO response, CCC processes the e-mail message. If the e-mail message requires FBA/PVA response, CCC reroutes the e-mail message to the FBA/PVA E-Mail Center's designated FBA/PVA. If the e-mail message is for the PRO (for example, complaints about PBGC's service), the CCC CRM E-Mail Administrator reroutes the e-mail message to the participant.pro@pbgc.gov e-mail address.

To process e-mail messages PBGC customers send via the PBGC Web site, see TP 1.1 Process E-Mail Sent via PBGC Web Site.

### E-Mail Messages Sent Directly to an Individual FBA/PVA User's Inbox

The FBA/PVA forwards all the customers' e-mail messages to the designated FBA/PVA CRM E-Mail Center. Once the e-mail message is in the appropriate FBA/PVA CRM E-Mail Center, the FBA/PVA Coordinator then reroutes the e-mail message to the appropriate FBA/PVA Mail POC.

| **Note** Each FBA/PVA has its own CRM E-Mail Center. |
|---|

The reason for forwarding all the e-mail messages to the FBA/PVA CRM E-Mail Center is to facilitate tracking and reporting.

To process e-mail messages the customers send directly to an individual FBA/PVA user's inbox, see TP 1.2 Process E-Mail Sent to an Individual FBA/PVA.

### E-Mail Messages Sent to the FBA/PVA CRM E-Mail Center

The FBA/PVA CRM E-Mail Center receives e-mail messages from the following:

- PBGC customer

- CCC
- An FBA/PVA
- ▸MPP Team

The FBA/PVA CRM E-Mail Center Administrator forwards the e-mail message to the appropriate FBA/PVA Mail POC, who processes the e-mail message in one of three ways:

- If the response to the customer does not require sensitive information, the FBA/PVA Mail POC drafts an e-mail response and forwards the response to the FBA/PVA CRM E-Mail Center Coordinator to send out to the customer.
- If the response to the customer requires sensitive information, the FBA/PVA Mail POC calls the customer or sends the appropriate ▸eALG letter (see eALG Correspondence Help).
- If the response to the customer is to verify information, such as where to send the documentation or to confirm the e-mail messages are from the customer, use the appropriate Oracle E-Mail Center Templates to draft an e-mail response to the customer.

To process e-mail messages to the FBA/PVA CRM E-Mail Center, see TP 1.3 Process E-Mail Sent to the FBA/PVA CRM E-Mail Center.

In addition, the FBA/PVA CRM E-Mail Center receives e-mail messages from the ▸MPP Team in reference to missing ▸participants. If the e-mail messages from the MPP Team originate within PBGC, process as internal e-mail messages. If the e-mail messages from the MPP Team originate from a customer, see TP 1.3 Process E-Mail Sent to the FBA/PVA CRM E-Mail Center to process these e-mail messages.

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# TP 1.1 Process E-Mail Sent via PBGC Web Site

**08/30/2012**

| | |
|---|---|
| **Purpose** | To process incoming e-mail messages customers send via the PBGC Web site. |
| **Guidance** | N/A |
| **Procedure Owner** | CCC CRM E-Mail Administrator |

This procedure details how ▸CCC processes e-mail messages the customers send via three mailboxes on the PBGC Web site:

- mypension@pbgc.gov
- missing@pbgc.gov
- found@pbgc.gov

If the e-mail message does not require an ▸FBA/▸PVA or ▸PRO response, CCC processes the e-mail message. If the e-mail message requires an FBA/PVA response, CCC reroutes the e-mail message to the FBA/PVA E-Mail Center for the designated FBA/PVA. If the e-mail message is for the PRO, CCC reroutes the e-mail message to participant.pro@pbgc.gov e-mail address.

The PBGC customer receives a system-generated acknowledgment once an e-mail message arrives in the CCC ▸CRM E-Mail Center. CCC routes all e-mail messages from the CCC CRM E-Mail Center to the appropriate CRM E-Mail Center.

To process e-mail messages a customer sends to an individual FBA/PVA user's inbox, see TP 1.2 Process E-Mail Sent to an Individual FBA/PVA. To process e-mail messages sent to the FBA/PVA CRM E-Mail Center, see TP 1.3 Process E-Mail Sent to the FBA/PVA CRM E-Mail Center.

**CCC CRM E-Mail Administrator**

1. Open and review the e-mail message.
2. Determine if the e-mail message requires a response from an FBA/PVA or a PRO:
   - Requires a response from an FBA/PVA:
     - Reroute the e-mail message to the appropriate FBA/PVA CRM E-Mail Center inbox.

       The CCC CRM E-Mail Center stores the response in the **Sent** folder in the CCC CRM E-Mail Center, which allows ease of locating the e-mail message by the e-mail address and date of the original e-mail message.
     - Within one business day, use the appropriate Oracle E-Mail Center Templates to notify the PBGC customer that CCC rerouted the e-mail message to the FBA/PVA.
   - Requires a response from a PRO:
     - Reroute the e-mail message to the participant.pro@pbgc.gov e-mail address.
     - Within one business day, use the appropriate Oracle E-Mail Center Templates to notify the PBGC customer that CCC rerouted the e-mail message to the PRO.
   - Does not require a response from an FBA/PVA or a PRO:
     - Within one business day, reply to the customer.
     - If the e-mail message has attachments, print the e-mail message and all attachments and scan to the participant file in ▸IPS as one document.

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# TP 1.2 Process E-Mail Sent to an Individual FBA/PVA

**08/30/2012**

| | |
|---|---|
| **Purpose** | To process incoming e-mail messages sent to an individual in an FBA/PVA. |
| **Guidance** | N/A |
| **Procedure Owner** | FBA/PVA |

▸FBA/▸PVAs process e-mail messages from PBGC customers send to an individual FBA/PVA user's inbox. The FBA/PVA forwards the e-mail messages to the designated FBA/PVA ▸CRM E-Mail Center, then the FBA/PVA CRM E-Mail Center Coordinator forwards the e-mail messages to the appropriate FBA/PVA Mail POC.

If the e-mail message is for the PRO, the FBA/PVA forwards the e-mail message to participant.pro@pbgc.gov e-mail address.

To process e-mail messages PBGC customers send via the PBGC Web site, see TP 1.1 Process E-Mail Sent via PBGC Web Site. To process e-mail messages to the FBA/PVA CRM E-Mail Center, see TP 1.3 Process E-Mail Sent to the FBA/PVA CRM E-Mail Center.

**FBA/PVA**

1. Open and review e-mail message.
2. Determine if the e-mail message requires a response from a ▸PRO or FBA/PVA:
   - Requires a response from a PRO:
     a. Print the e-mail message with any attachments and scan to the participant file in ▸IPS as one document.
     b. Forward the e-mail message, including the IPS reference of the e-mail message and attachments to the participant.pro@pbgc.gov e-mail address.
     c. Within one business day, notify the PBGC customer that the e-mail message was forwarded to the PRO.
     d. No further action required for this procedure.
   - Requires a response from a different FBA/PVA office:
     a. Identify the FBA/PVA Mail ▸POC for the plan in ▸CMS.
     b. Forward the e-mail message to the designated FBA/PVA CRM E-Mail Center and FBA/PVA Mail POC.
     c. No further action required for this procedure.
   - Does not require a response from a PRO or a different FBA/PVA office and the e-mail message:
     - Has an attachment:
       a. Print and hand-deliver a copy of the e-mail message along with the attachment to the FBA/PVA CRM E-Mail Center Coordinator.
       b. The CRM E-Mail Center is unable to accept attachments; therefore, the printing of the e-mail message and attachment is a workaround to handle this exception.
       c. Delete the attachment from the e-mail message.
       d. Continue to step 3.
     - Does not have an attachment: Continue to step 3.
3. Forward the e-mail message to the designated FBA/PVA CRM E-Mail Center.

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# TP 1.3 Process E-Mail Sent to the FBA/PVA CRM E-Mail Center

**08/30/2012**

| | |
|---|---|
| **Purpose** | To process incoming e-mail messages sent to the FBA/PVA CRM E-Mail Center. |
| **Guidance** | eALG Correspondence Help |
| **Procedure Owner** | FBA/PVA E-Mail Center Coordinator, FBA/PVA Scanning Team, FBA/PVA Mail POC |

This procedure details how an FBA/PVA processes e-mail messages received from the following:

- CCC
- PBGC customer
- Individual FBA/PVA user
- MPP Team

If the e-mail message is for the PRO, the FBA/PVA CRM E-Mail Center Coordinator forwards the e-mail message to the participant.pro@pbgc.gov e-mail address.

To process e-mail messages PBGC customers send via the PBGC Web site, see TP 1.1 Process E-Mail Sent via PBGC Web Site. To process e-mail messages sent to an individual FBA/PVA user's inbox, see TP 1.2 Process E-Mail Sent to an Individual FBA/PVA.

**FBA/PVA CRM E-Mail Center Coordinator**

1. Open and review the e-mail message:
   - From the CCC CRM E-Mail Center, an individual FBA/PVA user's inbox, or a PBGC customer: Proceed according to whether the e-mail requires a PRO response:
     - Requires a PRO response:
       a. Print the e-mail message with any attachments and scan to the participant file in IPS as one document.
       b. Forward the e-mail message, including the IPS reference of the e-mail message and attachments to the participant.pro@pbgc.gov e-mail address.
       c. Within one business day, notify the PBGC customer that the e-mail message was forwarded to the PRO.
       d. No further action required for this procedure.
     - Does not require a PRO response: Continue to step 2.
   - From the MPP Team, proceed according to the originator:
     - From a customer: Continue to step 2.
     - From within PBGC: Handle as internal e-mail messages and no further action required for this procedure.
2. Acknowledge receipt within two business days of PBGC's receipt of the e-mail message from the customer and blind carbon copy the FBA/PVA Mail POC.

   The blind carbon copy provides the FBA/PVA Mail POC with advance notification that the e-mail message requires a response or action.
3. Print the e-mail message and deliver the printout to the FBA/PVA Scanning Team.

**FBA/PVA Scanning Team**

4. Scan the e-mail messages to IPS as incoming mail.

   This creates a service request (SR) for the FBA/PVA Mail POC automatically.

**FBA/PVA Mail POC**

5. Open the SR in CRM and manually change the **Origin** field to **E-Mail (incoming)**.
6. Verify the information in the SR (for example, to confirm the e-mail message is from the customer):
   - Verification Needed (or to ask where to send the documentation): Call the customer.
   - Verification not Needed: Continue to step 7.
7. Proceed according to the e-mail response needed:
   - If the e-mail response requires sensitive information:
     a. Phone the customer or send the appropriate ▸eALG letter.
     b. Update the SR with the completed e-mail response and the appropriate response type (for example, by e-mail, phone, or letter).
     c. No further action required for this procedure.
   - If the e-mail response does not require sensitive information, draft an e-mail response using the appropriate Oracle E-Mail Center Templates or eALG letter template and forward to the FBA/PVA CRM E-Mail Center Coordinator.
   - If the e-mail response is to provide a time frame for resolving the inquiry, use the appropriate Oracle E-Mail Center Templates or eALG letter to draft an e-mail response and forward to the FBA/PVA CRM E-Mail Center Coordinator.

**FBA/PVA CRM E-Mail Center Coordinator**

8. Review draft e-mail response for edits:
   - Edits Needed: Return the e-mail message to the FBA/PVA Mail POC, review until the response requires no edits.
   - Edits not Needed: Continue to step 9.
9. Send the approved e-mail response via CRM to the customer and blind carbon copy the FBA/PVA Mail POC.

**FBA/PVA Mail POC**

10. Update the SR with the completed e-mail response and the appropriate response type (for example, by e-mail, phone, or letter).
11. Scan the e-mail response to IPS.

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## TP 1.4 Resources for Customer E-Mail Management

**09/30/2016**

**Forms, Letters, and Memos:**

Oracle E-Mail Center Templates

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

None

# TP 2 Administrative Correction of Benefit Overpayments

**In this Section**

TP 2. Overview for Administrative Correction of Benefit Overpayments
TP 2.1 Apply Administrative Correction to Benefit Overpayment
TP 2.2 Suspend Benefits to Correct Overpayment
TP 2.3 Initiate ACH Reclamation
TP 2.4 Resources for Administrative Correction of Benefit Overpayments

## TP 2. Overview for Administrative Correction of Benefit Overpayments

**03/30/2015**

In accordance with Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery, PBGC employs three methods in seeking the repayment of benefit overpayments:

- Recovery generally occurs in cases where there is no ongoing benefit payment stream as of ▸DOPT, although exceptions exist (see TP 6 Recover Overpayments).
- Recoupment generally occurs in cases where there is an ongoing benefit payment stream as of DOPT, although exceptions exist (see TP 7 Recoupment).
- Administrative correction occurs when it is possible to immediately correct erroneous payments without recourse to recovery or recoupment.

This procedure covers administrative correction, including:

- Stop payment orders: A method to correct erroneous check payments, such as a check to a deceased payee or a duplicate check.
- ▸ACH reclamation: A method to correct erroneous ▸ACH payments when the overpayment is due to the death of the recipient and fewer than five days have elapsed since the date PBGC was notified of the death.
- Benefit suspension: In the context of administrative correction, a method to correct a duplicate payment or overpayment due to death by temporarily suspending the debtor's ongoing payments for one to two months.

## TP 2.1 Apply Administrative Correction to Benefit Overpayment

**07/01/2016**

| | |
|---|---|
| **Purpose** | To promptly correct an overpayment. |
| **Guidance** | Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery<br><br>*Spectrum User Manual* |
| **Procedure Owner** | EBLS/PVA/FBA |

1. Determine whether administrative correction applies to the overpayment situation and obtain management concurrence before proceeding.
2. Determine the appropriate method for seeking repayment of the erroneous payments and initiate administrative correction based on the scenario:
   - **Duplicate monthly payments:**
     a. If the number of recipients of duplicate payments is small and there is sufficient time to stop payment, complete an eCARF to issue a stop payment order.
     b. If issuing a stop payment order, draft an *eALG Generic* letter to advise the affected payees as soon as practicable of the administrative correction, including:
        - Reason for the correction
        - How the correction will be handled (stop payment)
        - Dates of payments impacted by the corrective action
        - Date the normal payment stream will resume
     c. If the number of recipients is large, there is insufficient time to stop payment, or the stop payment order fails, proceed according to the number of duplicate payments to each payee:
        - For payees who received and did not return duplicate monthly payments for one or two months, proceed to TP 2.2 Suspend Benefits to Correct Overpayment.
        - For payees who received and did not return duplicate monthly payments for more than two months, use ▸recoupment instead of suspension to seek repayment (see TP 7 Recoupment).
   - **Duplicate annual payments:** Contact ASK PPD for guidance.
   - **ACH payments to a deceased payee received by the beneficiary:** Proceed to TP 6.1C Recovery Due to Death.
   - **Check payments to a deceased payee received by the beneficiary:** Proceed to TP 6.1C Recovery Due to Death.
   - **Incorrect payments due to clerical error:** Send an e-mail to ASK PPD summarizing the circumstances (for example, transposed digits in the payment amount) and requesting guidance.
   - **Scenario not listed:** Contact ASK PPD for guidance.

## TP 2.2 Suspend Benefits to Correct Overpayment

**07/01/2016**

| | |
|---|---|
| **Purpose** | To attempt benefit suspension as a correction to overpayment. |
| **Guidance** | Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery<br><br>*Spectrum User Manual* |
| **Procedure Owner** | EBLS/PVA/FBA |

Follow this procedure to suspend benefits to correct overpayments resulting from:

- Death: Follow this procedure when the debtor is a beneficiary entitled to continuing benefit payments and prior attempts to collect the overpayment by ▸ACH reclamation (see TP 2.3 Initiate ACH Reclamation) or stop payment orders (see TP 6.1C Recovery Due to Death) were not successful or resulted in partial repayment.
- Duplicate payments: Follow this procedure following an unsuccessful stop payment order, or when a stop payment order is not appropriate (see TP 2.1 Apply Administrative Correction to Benefit Overpayment for more information).

1. If the overpayment is due to duplicate payments, proceed to step 2. If the overpayment is due to death and the debtor is a beneficiary entitled to continuing benefit payments:
   a. Proceed according to the amount of the debt:
      - Debt exactly equals either one or two months of the beneficiary's payment: Continue to step b.
      - Debt does not equal one or two months of the beneficiary's payment: Apply recoupment (see TP 7 Recoupment).
   b. Call the beneficiary to request concurrence for PBGC to suspend payments for one or two months to collect the overpayment.
   c. Document the call in ▸CRM.
   d. Proceed according to the beneficiary's response:
      - Beneficiary concurs: Continue to step 2.
      - Beneficiary does not concur: Apply recoupment (see TP 7 Recoupment).
2. In ▸Spectrum, suspend payment for one or two months.
3. Draft an *eALG Generic* letter to advise the affected ▸payees as soon as practicable of the administrative correction, including:
   - Reason for the correction
   - How the correction will be handled (benefit suspension)
   - Dates of payments impacted by the corrective action
   - Date the normal payment stream will resume
4. Send the draft letter to Ask PPD for concurrence.
5. Issue the approved letter to each affected payee as soon as practicable.
6. If suspending the benefits of multiple debtors, image a sample copy of an issued letter, along with the draft letter indicating ▸PPD concurrence, to the plan file in ▸IPS.

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## TP 2.3 Initiate ACH Reclamation

**09/30/2016**

| | |
|---|---|
| **Purpose** | To initiate an ACH reclamation in order to correct payments issued to a deceased payee. |
| **Guidance** | *PLUS Web Manual*<br>Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery<br>*Recovering an Overpayment Minus Federal Tax Withholding Guidance* |
| **Procedure Owner** | EBLS/PVA/FBA |

To recover ▸ACH payments made to an account after the death of the intended payee, request an ▸ACH reclamation as soon as possible based on how the death was reported:

- Upon receiving a report of death, request ACH reclamation **within four business days**.
- If notified through Death Match and there is no response to the Death Match letter within 21 days of the letter date, initiate an ACH reclamation request **within four business days after the 21st day has elapsed**.

**Note** ▸NACHA rules permit ACH reclamations within five business days of the report of death. The four-day time limit is to allow one day for ▸BPD to process the request.

ACH reclamations are only possible in death situations; that is, when PBGC issues a payment after the death of the intended recipient.

1. Review the ▸PLUS ledgers to ensure the outstanding payments have not already been credited before initiating a reclamation. For a scheduled ACH payment that has not yet been issued:
   - Initiate an ▸ACH deletion request, if still possible.
   - If it is too late to request ACH deletion, but still before the settlement (payment) date, proceed immediately to request an ACH reclamation according to this procedure—do not wait until the settlement date.
2. Open the ACH Reclamation Portlet and complete all required fields. Remember to request the net amount of the payment(s), not the gross. (▸PBGC's paying agent will attempt to obtain any taxes withheld from recovered payments.)
3. Forward the request to PBGC's paying agent via the portlet.
4. Upon PBGC's paying agent's e-mail confirmation that the action has been initiated, image the reply e-mail to the payee's ▸IPS file. PBGC's paying agent normally responds within 24 hours. However, for recently issued payments (or imminent payments that cannot be stopped), PBGC's paying agent must wait until five calendar days have passed after the payment settlement date before taking action on the request.
5. Proceed according to the response from PGBC's paying agent:
   - **Completed—No Funds Reclaimed:** Proceed according to whether the debtor is a ▸beneficiary entitled to continuing payments:
     - Debtor is not the contingent annuitant or is not entitled to continuing benefit payments: Return to TP 6.1C Recovery Due to Death to process the overpayment
     - Debtor is a contingent annuitant entitled to continuing benefit payments: Proceed to TP 2.2 Suspend Benefits to Correct Overpayment.
   - **Completed—Total Funds Received:** On receiving notification from the PBGC Portal, return to TP 6.1C Recovery Due to Death to close out the case.
   - **Completed—Partial Funds Received:** On receiving notification from the PBGC Portal, proceed according to whether the debtor is a ▸beneficiary entitled to continuing payments:
     - Debtor is not the contingent annuitant or is not entitled to continuing benefit payments: Process the remainder of the overpayment as a recovery according to TP 6 Recover Overpayments.

    - Debtor is a contingent annuitant entitled to continuing benefit payments: Proceed to TP 2.2 Suspend Benefits to Correct Overpayment.
- **No Action Taken:** Proceed according to the explanation the paying agent provides.
- **No Response within 30 Days:** Follow up with the paying agent to determine the status of the reclamation and proceed according to the paying agent's response.

> **Note** If the need arises to issue a non-benefit payment, refer the matter to the PSD/BPD Management Analyst. This may be required, for example, to reimburse a check-cashing agency for fees incurred for cashing a PBGC check with a stop payment order, or to issue an overpayment refund when an ACH reclamation is successful and a check is also received to repay an overpayment.

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## TP 2.4 Resources for Administrative Correction of Benefit Overpayments

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

*eALG Generic Letter*

**Guidance:**

- *PLUS Web Manual*
- Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery
- *Recovering an Overpayment Minus Federal Tax Withholding Guidance*
- *Spectrum User Manual*

**Exhibits:**

None

# TP 3 Plan Expenses

**In this Section**

TP 3. Overview for Plan Expenses
TP 3.1 Pay Plan Expenses
TP 3.2 Resources for Plan Expenses

## TP 3. Overview for Plan Expenses

**07/01/2016**

In accordance with PBGC Directive FM 05-3 Expenses Payable From Plan Assets, the Trust Fund, and the Revolving Fund; Reimbursement of the Revolving Fund, PBGC pays invoices from service providers for certain plan-related expenses. After determining that the charges should be paid, the ▸auditor determines whether the expense should be paid from PBGC's Trust Fund or Revolving Fund.

Expenses payable from the Trust Fund are categorized according to when they were incurred.

- Expenses incurred prior to ▸DOPT: These can be paid only if plan assets were available as of DOPT. If plan assets are insufficient to pay the expenses, consult the Director, ▸OPCMD on how to proceed.
- Expenses incurred on or after DOPT and before ▸DOTR: All reasonable and necessary expenses incurred to administer the ▸plan may be paid. However, if plan assets are insufficient to pay these expenses, the Revolving Fund is used instead.
- Expenses incurred after DOTR: Post-trusteeship services normally performed by PBGC staff for ▸trusteed plans should be entirely assumed by PBGC staff as quickly as possible. However, reasonable and necessary services may be performed by service providers and paid for out of the Trust Fund during the period within several months of trusteeship. Necessary services are those required for PBGC to operate the trusteed plan, typically when third parties continue to administer terminated pension plans during the period before PBGC is able to exercise control or to acquire the assets. If plan assets are insufficient to pay the expenses, the Revolving Fund is used instead.

Expenses paid from the Revolving Fund (in addition to those mentioned above) are those incurred by PBGC when performing its statutory functions for services related to plan termination.

See the directive for additional examples and guidance on the types of expenses payable from each fund.

The auditor maintains a spreadsheet listing all invoices received for each plan and the cumulative totals. The required approval level for any payment depends on the amount of the invoice and the cumulative total of invoices received to date. Invoices and supporting documentation are routed to the OPCMD for payment.

## TP 3.1 Pay Plan Expenses

**07/01/2016**

| | |
|---|---|
| **Purpose** | To pay legitimate, authorized plan expenses. |
| **Guidance** | PBGC Directive FM 05-3 Expenses Payable From Plan Assets, the Trust Fund, and the Revolving Fund; Reimbursement of the Revolving Fund |
| **Procedure Owner** | Auditor |

**Auditor**

1. Determine whether the invoice is valid and should be paid.
   - If the invoice is valid and should be paid, proceed to step 2.
   - If the invoice does not appear valid or additional documentation is needed, notify the service provider.

   The invoice must include the ▸plan name, a description of the services performed (including the hours worked and the hourly rate charged, if applicable), and the total amount of the invoice. Obtain additional documentation, if necessary.
2. Obtain a letter certifying that payment for these services has never been received, if not already provided.
3. Create and maintain a spreadsheet to list all invoices received for a plan. Include the following data:
   - Service provider
   - Date of invoice
   - Invoice amount
   - Date delivered
   - Cumulative total of all invoices
4. Post a read-only copy of the spreadsheet in the I:\ drive folder for the plan.
5. Prepare a *PBGC Form 260 Departmental Purchase/Reimbursement Request* (requisition) from PBGC intranet and attach the invoice. The requisition should contain the following information:
   - Name and Address of the Vendor/Service Provider
   - Wire Transfer Information (if available)
   - Name of Plan
   - ▸PBGC Case Number
   - ▸DOPT
   - ▸DOTR
   - Brief description of the type of expense to be paid (generally a sentence or two).
   - The fund the expenses should be paid from (Trust Fund or Revolving Fund)

   If the amount to be paid is associated with more than one plan, allocate a portion to each plan.
6. Prepare the *Concurrence to Pay Plan Expenses* based on the invoice amount and the cumulative total of all invoices (including the current invoice) paid to date:
   - **Invoice is for $1,000 or more AND the cumulative total (including the current invoice) is $50,000 or greater:** Prepare the *Concurrence to Pay Plan Expenses* to the Chief of Benefits Administration and Director, ▸OBA.
   - **All other invoices:** Prepare the *Concurrence to Pay Plan Expenses* to the Director, ▸OPCMD.

   > **Note** The *Concurrence to Pay Plan Expenses* memo requires a determination of whether the invoice is to be paid from the Trust Fund or Revolving Fund. See PBGC Directive FM 05-3 Expenses Payable From Plan Assets, the Trust Fund, and the Revolving Fund; Reimbursement of the Revolving Fund for guidance.
7. Prepare the *Concurrence to Pay Plan Expenses Transmittal Slip* for the initials of the Case Management Analyst, ▸CMB.
8. Prepare the *Plan Expenses Invoice Payment Checklist.*

9. Obtain approval of the Supervisory Case Management Analyst, ▸CMB on the *Concurrence to Pay Plan Expenses*, *Plan Expenses Invoice Payment Checklist* and *Concurrence to Pay Plan Expenses Transmittal Slip*.
10. Forward the approved *Concurrence to Pay Plan Expenses Transmittal Slip* with the attached invoice, *Plan Expenses Invoice Payment Checklist*, *Concurrence to Pay Plan Expenses* and all required supporting documentation clearly labeled to the OBA Front Office.

    When the payment is approved, the OBA Front Office forwards the approved invoice to ▸FOD for payment and returns the supporting documentation to the ▸auditor who requested the payment.
11. Upon receipt, image the copies of the approved invoice and supporting documentation to the ▸IPS plan file. See TP 16.1 Maintain Plan File.

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## TP 3.2 Resources for Plan Expenses

**09/30/2016**

**Forms, Letters, and Memos:**

- *Concurrence to Pay Plan Expenses*
- *Concurrence to Pay Plan Expenses Transmittal Slip*
- *PBGC Form 260 Departmental Purchase/Reimbursement Request from PBGC Intranet*
- *Plan Expenses Invoice Payment Checklist*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

*PBGC Directive FM 05-3 Expenses Payable From Plan Assets, the Trust Fund, and the Revolving Fund; Reimbursement of the Revolving Fund*

**Exhibits:**

*None*

# TP 4 Participant Addresses and EDD Elections

**In this Section**

TP 4. Overview for Participant Addresses and EDD Elections
TP 4.1 Process Returned Mail for Address Changes
TP 4.2 Update Participant Addresses
TP 4.3 Make or Change EDD Elections
TP 4.4 Administer the Outbound Call Campaign
TP 4.5 Resources for Participant Addresses and EDD Elections

# TP 4. Overview for Participant Addresses and EDD Elections

**07/01/2016**

This procedure describes how to verify participant addresses, process address changes, and process ▸EDD elections.

This overview outlines PBGC participant communications in general, followed by specific information on address verification, address changes, and EDD elections:

- Participant Information and Communications:
  - Collecting Participant Information
  - Communicating with Participants
- Addresses and EDD elections:
  - Changing Addresses and EDD Elections
  - Searching and Verifying Participant Addresses
  - Notice of Missing Addresses
  - Searching for Missing Addresses
  - Administering the Outbound Call Campaign

**Collecting Participant Information**

When PBGC trustees a pension plan, it obtains as much information about participants and their current whereabouts as possible from the plan sponsor and/or the ▸plan administrator. ▸CFRD's initial case processing includes collection of basic ▸participant information prior to formal trusteeship.

Although initially CFRD and later the Data Collection Branch requests this information from the prior plan administrator, or employer or any other potential resource, records may be incomplete or simply not up to date because participants may have moved and failed to keep their pension plan or former employer informed of address changes.

**Communicating with Participants**

In addition to needing participant information to pay benefits when due, ▸OBA also strives to maintain ongoing communications with participants in trusteed plans. This process includes:

- Providing the initial notice of trusteeship of the plan. See Process 9.5 Notify Participants.
- Providing ongoing efforts to obtain required information to value the plan and determine the participant's benefits.
- Issuing newsletters to retirees.
- Issuing Benefit Determination Letters to participants. See Process 19 Benefit Determination Letters.
- Sending advance notices of retirement eligibility and upcoming benefit changes.

**Changing Addresses and EDD Elections**

> **Note** Envelopes with checks addressed to PBGC customers bear the return address of the DMC rather than PBGC's paying agent, as they did previously. This changes how OBA processes checks returned for bad address. See Processing Checks Returned for Bad Address Interim Procedures for guidance.

Accurate address information supports OBA's customer service and permits timely communication with participants. OBA works to maintain current addresses for all participants.

There are several types of address changes:

- Home
- Bank (for checks mailed directly to the participant's bank)
- EDD elections and changes

Accurate records of address changes are necessary for PBGC to provide quality participant service. Changes of address should be made as soon as possible, but always within five business days of receipt of a request. The most efficient means of updating an address is through ▸CRM, which automatically generates a confirmation letter to the participant.

These notifications of changes come into PBGC by several means:

- Telephone call to ▸CCC, ▸EBLS, or ▸FBA
- Written notification from the participant
- Electronic notification from the participant via ▸MyPBA
- Correspondence returned for bad address and/or forwarding address information from the post office
- NCOA

When a participant submits an address change via MyPBA, Genesis automatically updates the address and generates an e-mail confirmation. These transactions require no action by the processing staff.

**Searching and Verifying Participant Addresses**

Included in PBGC's mission is to "Provide for the timely and uninterrupted payment of pension benefits to participants and beneficiaries." Thus, the need to find and verify the addresses of participants who may be due benefits is critical to the fulfillment of our mission.

**Notice of Missing Addresses**

PBGC often learns that a participant's address is no longer current when mail is returned. OBA sends mail using "Address Service Requested." If ▸USPS has a forwarding address on file, it is provided to PBGC but not updated in the customer database until verified.

**Searching for Missing Addresses**

Upon notice that a mailing address is no longer current, PBGC reviews its records (▸PBGC Image Viewer, CRM, ▸Spectrum) to determine whether the address used is the most current address on file, and if not, updates the participant address as invalid. Once reviewed and updated, the next step is to use the approved locator tool and other resources available to search for the addresses. An address is not changed in the customer database until verified.

**Administering the Outbound Call Campaign**

When PBGC receives documents from an individual without a known relationship to a PBGC trusteed plan via mail, DMC runs searches to identify whether the individual is a participant or beneficiary of a plan. If the individual is a participant or beneficiary, DMC images the documents to the participant file in IPS. If unable to associate the participant or beneficiary with a plan, DMC contacts the individual to request further information.

On a quarterly basis, the DMC reviews the database of customers with discrepancies between NCOA and PBGC records and calls any participants not in pay to correct discrepancies and update the addresses as needed. The EBLS/FBA/PVA/PBA also review the list and contact any participants in pay to correct discrepancies and update the addresses as needed.

## TP 4.1 Process Returned Mail for Address Changes

**07/01/2016**

| | |
|---|---|
| **Purpose** | To determine if current and complete participant addresses are on file in CRM. |
| **Guidance** | N/A |
| **Procedure Owner** | EBLS/PVA/FBA/PBA, DMC |

**Note** Envelopes with checks addressed to PBGC customers bear the return address of the DMC rather than PBGC's paying agent, as they did previously. This changes how OBA processes checks returned for bad address. See Processing Checks Returned for Bad Address Interim Procedures for guidance.

Addresses in ▸Spectrum should be traceable to a source in PBGC's records, for example ▸CRM or ▸IPS (participant or plan).

▸DMC images incoming mail, including returned mail (see TP 4.1A Process Returned Mail). DMC forwards the available information to the ▸EBLS/▸PVA/▸FBA to research further (see TP 4.1B Verify Participant Addresses).

**In this Section**

TP 4.1A Process Returned Mail
TP 4.1B Verify Participant Addresses

**TP 4.1A Process Returned Mail**

**07/01/2016**

> **Note** Envelopes with checks addressed to PBGC customers bear the return address of the DMC rather than PBGC's paying agent, as they did previously. This changes how OBA processes checks returned for bad address. See Processing Checks Returned for Bad Address Interim Procedures for guidance.

**DMC**

1. Review the returned mail.
2. Scan or image the mail into ▸IPS. See TP 16 Plan and Participant File Maintenance.

   Applying the index type in IPS creates a service request (SR) in ▸CRM.
3. Proceed according to whether the participant is in pay:
   - Not in pay: Mark the address as invalid in ▸Spectrum and continue to step 4.
   - In pay: Continue to step 4.
4. Forward the request to the Mail ▸POC.

**TP 4.1B Verify Participant Addresses**

**08/28/2014**

Use this procedure to update addresses of customers whose mail has been returned for bad address. It may also be used for other situations where PBGC does not have current customer addresses, for example, the prior plan administrator has indicated they are invalid or does not provide them.

Updating an address in ▸CRM generates an automated confirmation letter to the new and old addresses.

**EBLS/PVA/FBA**

1. Review CRM and ▸PBGC Image Viewer to determine if any new address information from the ▸participant has been received but is not yet updated in ▸Spectrum:
   - If CRM or ▸IPS contains new address information, update the address using CRM and send any returned mail to the new address, as needed. No further action is required for this procedure.
   - If neither CRM nor PBGC Image Viewer contains new address information, continue to step 2.
2. Search for the customer's current address using the approved locator tool.
3. Using telephone numbers provided by the locator search, attempt to call the customer to confirm the current address. Telephone numbers from other sources, such as the customer's IPS and CRM records and from Internet searches, may also be used. Document calls in CRM.
4. Proceed based on the results:
   - **Telephone contact is successful and address is confirmed:** Update the address and document the call in CRM. Send any previously returned mail and other correspondence to the new address, as needed. No further action is required for this procedure.
   - **Telephone contact is unsuccessful:** Proceed to step 5.
5. If a potential address is found using the locator tool or another source, prepare an *Address Verification Letter* using MS Word.
   a. Complete all bracketed fields in the letter.
   b. Use the most recent address from the locator search. Letters may be sent to multiple addresses if it is not clear which one is current.
   c. Before sending, image a copy of the letter to the participant's IPS file. See TP 16 Plan and Participant File Maintenance.
   d. Mail the letter.

   > **Note** This *Address Verification Letter* is prepared in MS Word instead of ▸eALG. Issuing the letter through eALG would require updates to the customer's Spectrum record indicating the address is valid before it has been verified.
6. If the participant calls or writes to confirm the current address, treat it as an address change request and proceed according to TP 4.2 Update Participant Addresses.

   Customers may change their address via ▸MyPBA in response to the letter, which automatically updates the address in Spectrum. See TP 48.1 Process MyPBA Correspondence.

## TP 4.2 Update Participant Addresses

**07/01/2016**

| | |
|---|---|
| **Purpose** | To update a participant's home or bank address in a timely manner. |
| **Guidance** | OBA Customer Service Standards<br>Policy 8.4-1 Power of Attorney and Guardianship<br>Policy 8.5-1 Signature by Mark<br>TGBR |
| **Procedure Owner** | CCC, DMC EBLS/PVA/FBA/PBA |

Notice of a new home or bank address are received by telephone, in writing, and through ▸MyPBA. MyPBA requests are addressed in TP 48 MyPBA Correspondence.

Only the participant or their authorized representative can request address changes by telephone (see TP 49 Power of Attorney and Guardianship). For details on acceptable signatures for written requests, see Appendix J Participant Forms Information.

Addresses in ▸Spectrum should be traceable to a source in PBGC's records, for example, ▸CRM or ▸IPS (participant or plan).

▸CCC, ▸EBLS, or ▸FBA may receive calls regarding address changes (see TP 4.2A Update Participant Address Based on Telephone Notification). Verify the caller's identity, exercising judgment to determine if the caller is the participant. When in doubt, (for example, because the caller is unable to provide information such as ▸SSN, ▸DOB, old address and name of company) request that the participant submit a written notification of the address change, including name, SSN, old address, and signature. ▸CSRs process calls from the participants and forward calls from the authorized representatives to the ▸EBLS/FBA/▸PVA/▸PBA.

Process all written notifications of address changes through CRM (see TP 4.2B Update Participant Address Based on Written Notification). PBGC does not require a "wet" signature (written notice with actual signature) to change an address.

Any returned mail and address update requests received by PBGC's paying agent are forwarded to the ▸DMC.

> **Note** Envelopes with checks addressed to PBGC customers bear the return address of the DMC rather than PBGC's paying agent, as they did previously. This changes how OBA processes checks returned for bad address. See Processing Checks Returned for Bad Address Interim Procedures for guidance.

**In this Section**

TP 4.2A Update Participant Address Based on Telephone Notification
TP 4.2B Update Participant Address Based on Written Notification

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**TP 4.2A Update Participant Address Based on Telephone Notification**

**07/01/2016**

**CCC, EBLS, PVA, PBA, or FBA**

1. Establish a call record in ▸CRM.
2. Verify the caller is the ▸participant or someone authorized to make changes:
   - If the caller is the participant or an authorized representative, update the CRM with the new address information.
   - If the caller is not the participant or authorized representative, or there is reason to doubt the caller's identity, ask the caller to submit a written notification of the address change, including name, ▸SSN, old address, and signature.

     The participant may have an acceptable power of attorney (see TP 49 Power of Attorney and Guardianship) or, if calling as an executor, a death notice on file (see TP 5 Death Processing).
3. Implement the address change through CRM. Also request or confirm the customer's current e-mail address, and update CRM as needed.

   CRM automatically generates a confirmation letter to the participant's old and new addreses.

**TP 4.2B Update Participant Address Based on Written Notification**

**07/01/2016**

OBA sends mail using "Address Service Requested," which means that when mail is sent to a wrong address the USPS returns the mail with any forwarding address on file with the USPS. If OBA sends mail to an incorrect address, it does one of the following:

- Forwards the mail to the new address on record, and sends a card with the new address to OBA.
- Returns the mail to OBA if there is no forwarding address or it has expired.

Participant correspondence received directly at PBGC comes into the DMC, whether it is for headquarters or FBA staff. The DMC scans all participant mail into IPS and records it in CRM, which notifies the EBLS/FBA/PVA/PBA to respond to participant's inquiries and to make updates.

In general, the DMC does not process address changes that impact the payment destination.

**DMC**

1. Upon receipt, process all participant written notifications as mail. Process address requests based on the participant and request type:
   - Participant (deferred vested or payee) request to change participant address: Continue to step 2.
   - Non-Participant request to change participant address: No further action required on this procedure.
   - Request to change EDD election: Continue to TP 4.3 Make or Change EDD Elections. No further action required on this procedure.
2. If the request is from a participant, review the address change request:
   a. Scan or image the request into IPS. See TP 16 Plan and Participant File Maintenance.
   b. Create a service request in CRM.
   c. Check the completeness of the address information of the written request:
      - If all the information is complete, make the address changes in CRM.
      - If information is missing, or DMC is otherwise unable to update, forward the service request to the FBA for processing.

**EBLS/PBA/FBA**

3. Verify the request is from the participant or someone authorized to make changes.

   The participant may have an acceptable power of attorney (see TP 49 Power of Attorney and Guardianship) or, if acting as an executor, a death notice on file (see TP 5 Death Processing).
4. Verify that the signature is acceptable (see Appendix J Participant Forms Information and Policy 8.5-1 Signature by Mark).
5. Contact the participant as needed to confirm the request and implement changes to home and bank addresses through CRM. Also request or confirm the customer's current e-mail address, and update CRM as needed.

   CRM automatically generates a confirmation letter to the participant.

> **Note** TGBR may be used as a resource for bank information. An individual in each CSB and FBA has access to this online service. Also, see the *TGBR Job Aid* for further information.

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## TP 4.3 Make or Change EDD Elections

**07/01/2016**

| | |
|---|---|
| **Purpose** | To implement or change payees' elections for electronic direct deposit (EDD). |
| **Guidance** | OBA Customer Service Standards<br>Policy 8.4-1 Power of Attorney and Guardianship<br>Policy 8.5-1 Signature by Mark<br>*Spectrum User Manual*<br>TGBR |
| **Procedure Owner** | CCC, EBLS/FBA/PVA/PBA, DMC |

Accurate and complete data for ▸EDD is necessary to ensure that ▸PBGC's paying agent can electronically transmit benefit payments to a ▸participant's bank. *Form 710 Application for Electronic Direct Deposit* is available for participants to make a written election of (or changes to) their EDD payment information. However, PBGC does not require a "wet" signature to implement or change an election. Telephone notification from the ▸payee is acceptable unless PBGC suspects that the call is not legitimate. It is preferable to obtain all information requested by *Form 710 Application for Electronic Direct Deposit* from the payee; however, the following minimum information is required:

- Bank Name (▸CRM only)
- Bank Routing Number
- Account Number
- Account Type (savings, checking)
- Name(s) on the account

PBGC may receive notification of changes to EDD elections by telephone (see TP 4.3A Make or Change EDD Election Based on Telephone Notification) or in writing (see TP 4.3B Make or Change EDD Election Based on Written Notification).

**In this Section**

TP 4.3A Make or Change EDD Election Based on Telephone Notification
TP 4.3B Make or Change EDD Election Based on Written Notification

Top of Page

**TP 4.3A Make or Change EDD Election Based on Telephone Notification**

**07/01/2016**

▸CCC typically receives telephone notifications to PBGC for ▸EDD elections, but ▸CSD may also get these calls directly too. To review guidelines in processing all participant related telephone calls, see Appendix N Correspondence and Phone Call Guidelines.

**CCC, EBLS/FBA/PVA/PBA**

1. Verify the caller is the participant or someone authorized to make changes.

   The participant may have an acceptable power of attorney (see Policy 8.4-1 Power of Attorney and Guardianship) or, if calling as an executor, a death notice on file (see TP 5 Death Processing).

2. If electing new or revised EDD, ensure the caller has (at minimum):
   - Bank Name (▸CRM only)
   - Bank Routing Number
   - Account Number
   - Account Type (savings, checking)
   - Name(s) on the account (the payee's name **must** be on the account)
3. If able to verify that the caller is the participant or their authorized representative, update CRM with the new or revised EDD information.
4. Implement the change through CRM. Also request or confirm the customer's current e-mail address, and update CRM as needed.

   CRM automatically generates a confirmation letter to the participant.
5. Based on the check cycle, advise the caller of the payment month that the change takes effect.
6. Document the customer contact accurately in CRM.

**TP 4.3B Make or Change EDD Election Based on Written Notification**

**07/01/2016**

▸Participant correspondence received directly at PBGC comes into the ▸DMC, whether it is for headquarters staff or ▸FBA staff. DMC scans all participant mail into ▸IPS and records in ▸CRM. The ▸EBLS/FBA/▸PVA/▸PBA and FBAs rely on CRM to respond to participant inquiries and make updates.

Use CRM for all participant-initiated requests.

**DMC**

1. Verify the requestor is the participant or someone authorized to make changes:
   - Participant or authorized individual: Continue to step 2.
   - Not participant or authorized individual: Enter the request in CRM and forward to the FBA.

   If the request is from an individual claiming to hold power of attorney or be the executor for a participant, forward to the EBLS/FBA/PVA.
2. Verify that the ▸EDD banking information is complete for the written request:
   - If complete, process the change request in CRM.
   - If not complete, enter the request in CRM and forward to the EBLS/FBA/PVA/PBA.

   | **Note** The request must state that the payee's name is on the account to be complete. |
   |---|
3. If the EDD request is missing a signature, or the signature contains a mark, enter the request in CRM and forward to the EBLS/FBA/PVA/PBA.

**EBLS/FBA/PVA/PBA**

4. Verify the requestor is the participant or someone authorized to make changes.

   The participant may have an acceptable power of attorney (see Policy 8.4-1 Power of Attorney and Guardianship) or, if calling as an executor, a death notice on file (see TP 5 Death Processing).
5. If the *Form 710 Application for Electronic Direct Deposit*, or other written notification, is incomplete or lacks an acceptable signature:
   a. Contact the participant by telephone. See Appendix N Correspondence and Phone Call Guidelines.
   b. If unable to reach the participant by telephone, return the form to the participant with *eALG 530 Request for Additional Documentation/Information*.
   c. Once the participant completes and returns a form with an acceptable signature, continue to step 6.

   | **Note** The request must state that the payee's name is on the account to be complete. |
   |---|
6. Enter the request into CRM:
   - If electing a new bank for EDD or creating a new EDD election, create a new entry record.
   - If updating other EDD information, update the existing entry record.
   - If provided on the form, record or update the customer's e-mail address in CRM.

   CRM issues an automated confirmation letter to the participant.

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## TP 4.4 Administer the Outbound Call Campaign

**07/01/2016**

| | |
|---|---|
| **Purpose** | To contact participants concerning unidentifiable documents received in incoming correspondence. |
| **Guidance** | OBA Customer Service Standards<br>CRM Home Page<br>*Spectrum User Manual* |
| **Procedure Owner** | DMC |

The ▸DMC uses the Outbound Call Campaign to contact ▸participants concerning unidentifiable documents in incoming correspondence. The DMC researches applications (for example, ▸IPS and ▸CRM) to verify the participant's information. The DMC contacts the participant only when the unidentifiable documents come through a Post Office box. Quarterly, the DMC checks the NCOA database for current and correct information for the participant.

**In this Section**

TP 4.4A Process Unidentifiable Documents
TP 4.4B Validate Addresses Against the National Change of Address Database

**TP 4.4A Process Unidentifiable Documents**

**08/30/2012**

When PBGC receives documents from an individual without a known relationship to a PBGC trusteed plan via mail, DMC runs searches to identify whether the individual is a participant or beneficiary of a plan. If the individual is a participant or beneficiary, DMC images the documents to the participant file in IPS. If unable to associate the participant or beneficiary with a plan, DMC contacts the individual to request further information.

**DMC**

1. Research in ▸IPS, ▸CRM, and approved service locator for the individual's information:
   - If the individual is associated with a PBGC-▸trusteed plan, image the documents to the ▸participant file in IPS.
   - If the individual is not associated with a PBGC-trusteed plan, return the individual's original documents with a cover letter indicating the reason for the return.
   - If unable to determine whether the individual is associated with a PBGC-trusteed plan, contact the individual to request additional information.

**TP 4.4B Validate Addresses Against the National Change of Address Database**

**07/01/2016**

On a quarterly basis, the DMC reviews the database of customers with discrepancies between NCOA and PBGC records and calls any participants not in pay to correct discrepancies and update the addresses as needed. The EBLS/FBA/PVA/PBA also review the list and contact any participants in pay to correct discrepancies and update the addresses as needed.

**DMC**

1. Compare the non-payee addresses in the NCOA database to the PBGC customer addresses in ▸Spectrum:
   - No discrepancies: No action required.
   - Discrepancies: Call the ▸participant to request verification of the address change:
     - Address Change Verification: Correct discrepancy and update the participant's record with the information.
     - No Address Change Verification: Provide the participant with the PBGC phone number for future address changes.

## TP 4.5 Resources for Participant Addresses and EDD Elections

**09/30/2016**

**Forms, Letters, and Memos:**

- *Address Verification Letter*
- *Participant Address Search Summary Memo*

**Customer Correspondence and Forms:**

- *eALG 530 Request for Additional Documentation/Information*
- *Form 710 Application for Electronic Direct Deposit*

**Guidance:**

- *CRM Home Page*
- *Policy 8.4-1 Power of Attorney and Guardianship*
- *Policy 8.5-1 Signature by Mark*
- *Spectrum User Manual*
- *TGBR*

**Exhibits:**

*None*

# TP 5 Death Processing

**In this Section**

TP 5. Overview for Death Processing
TP 5.1 Process Report of Death
TP 5.2 Correct Erroneous Death Entries
TP 5.3 Respond to Death Processing Program Service Requests
TP 5.4 Determine Continuing Benefits (Survivor Benefits)
TP 5.5 Determine Qualified Preretirement Survivor Annuities
TP 5.6 Determine Other Payments
TP 5.7 Determine Beneficiaries
TP 5.8 Resources for Death Processing

## TP 5. Overview for Death Processing

**03/26/2010**

When a participant, beneficiary of a deceased participant, or alternate payee under a Qualified Domestic Relations Order ( ▸QDRO) dies, PBGC must:

- Process a death notification received by:
  - Telephone
  - Mail, including correspondence and returned mail and checks
  - Death Processing Program Service
- Process returned benefit payments.
- Seek recoupment or recovery of payments made after the date of death (▸DOD).
- Determine if additional payments are due, and if so, to whom payment should be made and when. On occasion, correct an erroneous death report.

Payments due at death may include:

- **Survivor benefits:** Annuity payments payable to a beneficiary or survivor (that is, survivor benefits) as provided under the form of benefit a payee was receiving on DOD.
- **Qualified pre-retirement survivor annuity:** A benefit payable to a surviving spouse effective the later of the month after a participant's death or the participant's earliest retirement date.
- **Other amounts owed:**
  - Payments owed to a deceased payee as of DOD (see Policy 6.3-1 Underpayment Reimbursement and Interest Payments).
  - Lump-sum ▸death benefits, which are rare and usually not guaranteed benefits.

The procedures that follow provide direction, guidance, and requirements for handling reports of death. The goal is to process each death report promptly and correctly and:

- Prevent potential loss of funds from overpayments to participants.
- Minimize time spent tracking and recovering overpayments to participants.
- Ensure that living payees continue to receive timely payments.
- Ensure that survivor benefit payments and/or other payments due at death are made timely and accurately to a deceased individual's beneficiary when due.

# TP 5.1 Process Report of Death

**07/01/2016**

| | |
|---|---|
| **Purpose** | To process a participant's report of death. |
| **Guidance** | N/A |
| **Procedure Owner** | EBLS/FBA/PVA/PBA |

This procedure covers a report of death received via telephone or mail. Complete either TP 5.1A Process Report of Death by Telephone or TP 5.1B Process Report of Death by Mail.

For reports of death received through the Death Processing Program, see TP 5.3 Respond to Death Processing Program Service Requests.

For cases in which an initial report of death is later found to be erroneous, see TP 5.2 Correct Erroneous Death Entries.

**In this Section**

TP 5.1A Process Report of Death by Telephone
TP 5.1B Process Report of Death by Mail

**TP 5.1A Process Report of Death by Telephone**

**07/01/2016**

A report of death by telephone may come into the Customer Contact Center (CCC), or directly to an ▸EBLS/▸FBA/▸PVA/▸PBA. If ▸CCC receives the call, CCC:

- Collects the caller's and deceased individual's information.
- Inquires whether there is a surviving spouse.
- Advises the caller that PBGC will send a letter with instructions on providing the death certificate and returning any payments made after the date of death (DOD).
- Creates a service request for the EBLS/FBA/PVA/PBA.

Upon receiving the service request, the ▸EBLS/▸PBA/FBA completes steps 4–7 of this procedure. If the EBLS/FBA/PVA/PBA receives the call, the EBLS/PBA/FBA completes all steps in this procedure.

**EBLS/PBA/FBA**

1. Obtain the following information and enter into ▸CRM:
   - Deceased individual's name, Social Security Number (▸SSN), address, and date of death (DOD).
   - Whether there is a surviving spouse, and identifying information if so (name, SSN, address, and date of birth (DOB))
   - Name of the caller, relationship, and contact information for further communications from PBGC.

   If the caller is not related to the deceased individual, or unable to provide all required information, obtain contact information about known relatives of the deceased.
2. Inform the caller that PBGC will send, in writing, to the appropriate parties:
   - A request for proof of the death.
   - A request for return of payments made after ▸DOD, if applicable.
   - Information about potential survivor benefits and/or other money that may be due.
3. Document the call in CRM before continuing to step 4.
4. Determine if any payments were made after the month of death:
   - No Payments Made after Month of Death and no Pending Payments: Proceed to step 5.
   - No Payments Made after Month of Death, but Pending Payments Exist:
     a. Complete an eCARF to stop the payment.
     b. Image the eCARF to the deceased participant's ▸IPS file.
     c. Proceed to step 5.
   - Payments Made after Month of Death or Unstoppable Pending Payments Exist: Initiate recovery action (see TP 6 Recover Overpayments).
5. Estimate the level of effort required to determine what benefits may be payable.
   - If the determination can be made within five business days, proceed to step 6.
   - If the determination cannot be made within five business days, issue the appropriate ▸eALG letter to acknowledge the death notification (see eALG Correspondence Help) before proceeding to step 6.
6. Complete the following tasks as needed:
   - Update CRM, ▸Spectrum, and the deceased person's file in IPS.
   - Confirm that payments have been stopped in Spectrum.
   - Request return of overpayments.
   - Notify beneficiaries of their eligibility and provide an application for benefits.
   - Confirm that proof of death is in the deceased person's file in PBGC Image Viewer.

7. Determine what benefits are payable by following the appropriate procedures:
    - Survivor Benefits: TP 5.4 Determine Continuing Benefits (Survivor Benefits)
    - ▶QPSAs: TP 5.5 Determine Qualified Preretirement Survivor Annuities
    - Other Benefits, Including Lump-Sum Payments and Payments Owed to the Deceased Payee: TP 5.6 Determine Other Payments

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**TP 5.1B Process Report of Death by Mail**

**07/01/2016**

PBGC or ▸PBGC's paying agent may receive a report of death by mail in the form of correspondence, returned mail, or a returned check.

**EBLS/FBA/PVA/PBA**

1. Proceed according to the type of mail:
   - **Correspondence:** PBGC may receive correspondence (for example, a letter or note) specifically indicating that a ▸participant is deceased. Continue to step 2.
   - **Returned Mail:** The ▸USPS may return mail sent by PBGC, indicating that the addressee is deceased. Enter an assumed date of death (DOD) of 09/30/1997 in ▸CRM before continuing with this procedure. Update the assumed DOD with the actual DOD once proof of death is received.
   - **Returned Check:** Benefit checks may be returned to PBGC or PBGC's paying agent indicating that a ▸payee is deceased.
     - If the check is returned to PBGC, process according to TP 8 Process Received/Returned Check before continuing with this procedure.
     - If PBGC's paying agent receives a returned check, PBGC's paying agent credits the payment to the payee's account on ▸PLUS, enters an assumed DOD of 09/30/1997 in CRM, and sends PBGC an ▸eCARF. On receiving the eCARF, continue with this procedure. After receiving proof of death, update the assumed DOD with the actual DOD. See Appendix G Acceptable Proof of Age and Death.
2. Confirm that the notification of death contains the deceased person's:
   - Name.
   - ▸SSN.
   - Address.
   - Date.
   - Proof of Death. See Appendix G Acceptable Proof of Age and Death.
3. If any of the information identified in step 2 is missing:
   a. Review the report of death and the deceased person's ▸PBGC Image Viewer file to identify a contact for further information.
   b. Attempt to call the contact to request the needed information, and document the call attempt in CRM.
   c. If unable to reach the contact by telephone, customize and issue the appropriate ▸eALG letter (see eALG Correspondence Help) to request the missing information.
4. Record the DOD in ▸Spectrum.
5. Determine if any payments were made after the month of death (actual or assumed):
   - If no payments were made after the month of death and there are no pending payments, proceed to step 6.
   - If no payments were made after the month of death, but there are pending payments:
     a. Complete an eCARF to stop the payment.
     b. Image the eCARF to the deceased participant's file.
     c. Proceed to step 6.
   - If payments were made after the month of death, or there are pending payments that cannot be stopped, determine whether recovery action is required (see TP 6 Recover Overpayments) and proceed to step 6.
6. Review plan and participant files to determine what benefits may be payable.
7. Proceed according to the type of mail:
   - Returned Mail or Returned Check: Proceed to step 8.
   - Correspondence: Proceed to step 9.
8. Determine a valid contact address:

a. Review the participant file in PBGC Image Viewer to determine if an address has been determined (for example, is there a Locator report imaged to file).
b. If there is no address in PBGC Image Viewer, attempt to locate a valid contact address (see TP 4 Participant Addresses and EDD Elections).
c. Proceed according to whether a valid contact address is found:
   - Address Found: Proceed to step 9.
   - No Address Found: Document the circumstances in a memo to the participant file. Take no further action on the report of death.

9. Estimate the level of effort required to determine what benefits may be payable.
   - If the determination can be made within five business days, proceed to step 10.
   - If the determination cannot be made within five business days, issue the appropriate eALG letter to acknowledge the death notification (see eALG Correspondence Help) before proceeding to step 10.
10. Complete the following tasks as needed:
    - Update CRM, Spectrum, and the deceased person's file in ▸IPS.
    - Confirm that Spectrum stopped payment to the deceased payee.
    - Request return of overpayments.
    - Notify beneficiaries of their eligibility and provide an application for benefits.
    - Confirm that proof of death is in the deceased person's file in PBGC Image Viewer.
11. Determine what benefits are payable by following the appropriate procedures:
    - Survivor Benefits: TP 5.4 Determine Continuing Benefits (Survivor Benefits).
    - ▸QPSAs: TP 5.5 Determine Qualified Preretirement Survivor Annuities.
    - Other Benefits, Including Lump-Sum Payments and Payments Owed to the Deceased Payee: TP 5.6 Determine Other Payments.

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## TP 5.2 Correct Erroneous Death Entries

**07/01/2016**

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|---|---|
| **Purpose** | Ensure payees receive their benefits in the event of an incorrect death entry. |
| **Guidance** | Payment Schedule Key Dates |
| **Procedure Owner** | EBLS/FBA/PVA/PBA |

When a date of death (▸DOD) is entered and saved in ▸Spectrum and there is reason to undo it, the following should be considered.

- When was it discovered?
- Was it approved?
- Was the record already transmitted to ▸PLUS?

Correct the record depending on which is applicable after verifying the payee is alive.

**Immediately**

1. If the error is discovered immediately or before the transaction is approved, remove the DOD from the record and save the change. A reject transaction will automatically be sent to the approver's queue, removing the transaction. The record will not be transmitted to PLUS, and the customer's benefit will not be disrupted.
2. Use Spectrum to change the payment end date back to what it was before the DOD was entered.

**After approval**

If the DOD was entered and saved, is auto-approved, or has been approved by an approver, the transaction is sent to the submit queue for transmission to PLUS, see TP 28 Approve Financial & Non-Financial Transactions through Approval Service.

1. In Spectrum delete the DOD and save the transaction. The ▸status code changes back to 1. The record will be transmitted to ▸PBGC's paying agent as a status 1 with an end date of the current month.
2. If the error is discovered within the current check cycle and before the end of the month in which the DOD was entered, use Spectrum to change the end date back.
3. If the error is found after the end of the month, but before the scheduled transmission date to PLUS, use Spectrum to populate the next available pay source (estimated or final). The record must then be forwarded and approved before the ▸cut-off date. In this case, if it was an auto-approver (for example, ▸CCC staff) who entered the transaction, the ▸EBLS/FBA/PBA for the plan must be advised to take corrective action as outlined.

**After transmission to PLUS**

1. Remove the DOD from Spectrum. Save the transaction.
2. Use Spectrum to populate the next available pay source (estimated or final). Forward the record for approval. (This will require a backpayment for the missed months.)

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## TP 5.3 Respond to Death Processing Program Service Requests

**07/01/2016**

| | |
|---|---|
| **Purpose** | To respond to ▸CRM service requests generated by the Death Processing program. |
| **Guidance** | *CMS Job Aids and User Guide*<br>eALG Correspondence Help<br>Policy 6.3-1: Underpayment Reimbursement and Interest Payments<br>*Spectrum User Manual* |
| **Procedure Owner** | EBLS/FBA/PVA/PBA |

The Death Processing program is run each month on the day before the final benefit transmission to ▸PBGC's paying agent. The program matches social security numbers of persons reported deceased to the Social Security Administration (SSA) with those of PBGC customers. Follow-up actions may be required if (a) SSA reports a death not previously recorded in ▸Spectrum, and (b) there is a date of death (DOD) discrepancy between SSA and Spectrum.

When SSA reports the death of a customer whose ▸DOD is not recorded in Spectrum, Death Processing changes the customer's Spectrum record, indicating SSA as the source. The program also creates a CRM service request to the mail point-of-contact when the customer reported deceased is a

- Status 1 (Paying) or 2 (Pay Suspended) customer (any type), or Status 3 (Future Pay) Participant;
- Status A (Inactive – Eligibility Undetermined) Participant in a trusteed plan; or a
- Status A or 3 Spouse or Beneficiary who is linked to a payee with a joint-and-survivor benefit form whose benefit will change due to the death, or whose benefit form in Spectrum is blank.

A *CRM 555 Death Match Letter* is issued automatically to customers in the first group if the plan is trusteed and the death certificate receipt date is not recorded in Spectrum. The letter, which is sent to the address of the customer reported deceased, notifies the recipient that if a response is not received within **21 days**, PBGC will assume the information is correct and stop all future payments. (For Status A customers in any plan, and all customers in a non-trusteed plan, an *eALG 555 Death Match Letter* must be issued manually).

Service requests are also generated for Missing Participants and are referred to the Missing Participant Coordinator. A *CRM 555 Death Match Letter* is not generated.

The Death Processing program also compares SSA's dates of death with those already in Spectrum. It generates a service request if the dates do not fall within the same month and year, unless there is a death certificate receipt date in Spectrum.

Use the following procedures to respond to a service request. All communications with customers or other contacts, and information used to verify proof of a customer's status (copy of SSA card, death certificate, etc.) must be fully documented in CRM and IPS, accordingly. The procedures are divided as follows:

TP 5.3A Date of Death Loaded and Status Changed to 7 - Deceased

TP 5.3B Date of Death Discrepancy Reported

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**TP 5.3A Date of Death Loaded and Status Changed to 7 - Deceased**

**07/01/2016**

**EBLS/FBA/PVA/PBA**

1. Upon receipt of the service request, take action according to the customer's pay status:
   a. **Status 1 (Paying) and 2 (Pay Suspended) customers, and Status 3 (Future Pay) Participants:** Follow up based on the response to the *CRM 555 Death Match Letter* (see step 2). If the plan is not yet trusteed, first issue an *eALG 555 Death Match Letter* since CRM will not automatically generate a letter.
   b. **Status A (Inactive – Eligibility Unknown) Participants:** These participants do not receive a *CRM 555 Death Match Letter*. Death Processing loads the Date of Death reported by SSA and changes the status to 7-Deceased.
      - If the trusteeship letters have not yet been issued, attempt to confirm the death using available plan and participant data, and update the Spectrum record accordingly.
      - If the trusteeship letters have been issued, first determine if there is a response in IPS or CRM reporting the death. If so, follow up with the person who reported it and request a death certificate.
      - If there is no report of the death and a trusteeship letter (or other initial communication from PBGC) has been sent, issue an *eALG 555 Death Match Letter* and follow up based on the response (see step 2). **Do not issue a Death Match letter unless the customer has received a prior communication from PBGC.**
   c. **Status A or 3 Spouse or Beneficiary who is linked to a payee with a joint-and-survivor benefit form whose benefit will change due to the death, or whose benefit form in Spectrum is blank:** These customers do not receive a *CRM 555 Death Match Letter*. Research and determine if the death will impact the payee's benefit. If so, contact the person receiving payments to confirm the death and request a copy of the death certificate. Upon receipt, adjust the payee's benefit accordingly.
2. Proceed based on the response to the *Death Match Letter (CRM555 or eALG 555)*. Steps vary depending on the customer's status. If there is no response, continue to step 3.
   a. **Relative or Estate Representative contacts PBGC to confirm the customer is deceased:**
      - Treat as a report of death according to TP 5.1 Process Report of Death.
      - If payments were made after DOD (or imminent payments cannot be stopped), initiate recovery according to TP 6 Recover Overpayments.
      - Determine if the estate or a beneficiary is due benefits, and notify the appropriate person(s). See TP 5.4 Determine Continuing Benefits (Survivor Benefits), TP 5.5 Determine Qualified Preretirement Survivor Annuities, and TP 5.6 Determine Other Payments. If the deceased was a Status 3 Participant, provide any contingent ▸annuitant a letter indicating benefits payable at the Earliest and Normal Retirement Dates.
      - If the deceased is the spouse of a payee whose benefit amount will change as a result of the death, adjust the benefits accordingly upon receipt of the proof of death.
      - Issue an *eALG 531 Receipt of Complete Documentation/Information* upon receipt of the requested information.
   b. **Customer provides a verification document from SSA indicating its records were incorrect (PBGC has the correct SSN):**
      - Issue an *eALG 531 Receipt of Complete Documentation/Information* upon receipt of the requested information.
      - For a non-payee, remove the date of death and correct the status and SSN in Spectrum.
      - For a payee, remove the date of death and correct the status in Spectrum, and ensure payments continue using Spectrum. If payments were stopped due to a late response, issue a special check for any back payments due with interest, as applicable (Policy 6.3-1 Underpayment Reimbursement and Interest Payments).
   c. **Customer provides proof of correct SSN (PBGC had an incorrect SSN):**
      - Issue an *eALG 531 Receipt of Complete Documentation/Information* upon receipt of the requested information.
      - For a non-payee, remove the date of death from Spectrum and correct the status and SSN.
      - For a payee, remove the date of death in Spectrum and correct the status and SSN, and ensure payments

continue using Spectrum. If payments were stopped due to a late response, issue a special check for any back payments due with interest, as applicable (Policy 6.3-1 Underpayment Reimbursement and Interest Payments).

d. **Payee advises he or she is a beneficiary using the deceased's SSN:**
   - Ask the customer for proof of the correct SSN (copy of SSA card or a verification document from SSA). If the customer does not have a SSN, refer him or her to SSA to obtain one, noting the SSA contact information in the *Death Match Letter*. Advise a payee that PBGC needs the information within **60 days** in order to continue payments without interruption. Follow up the request using an *eALG Generic* letter.
   - For a non-payee, upon receipt of the proof remove the date of death and correct the SSN and status in Spectrum. Issue an *eALG 531 Receipt of Complete Documentation/Information*.
   - For a payee, while awaiting the information, remove the date of death and correct the SSN and status in Spectrum, and ensure the payments continue using Spectrum. Also verify that the beneficiary is receiving the correct benefit form and amount (that is, not the participant's). If not, adjust the benefit accordingly.
   - Suspend payments if the requested proof has not been received within the 60 days, unless the Employee Benefits Supervisor, ▶CSB allows additional time based on the circumstances. Upon receipt of the requested proof, reinstate the payments and issue a back payment for any missed payments. Add interest if applicable (see PBGC Policy 6.3-1 Underpayment Reimbursement and Interest Payments).
   - Issue an *eALG 531 Receipt of Complete Documentation/Information* upon receipt of the requested information.

e. **Customer in pay status requests additional time to provide proof of correct SSN or verification document from SSA:**
   - Advise the customer that PBGC must receive the document within **60 days** of the date of the request in order to continue payments. Follow up the request using an *eALG Generic* letter.
   - Suspend payments if the verification is not received within the 60 days, unless the Employee Benefits Supervisor, CSB allows additional time to provide the information based on the circumstances.
   - If suspended, reinstate payments upon receipt of the requested proof and issue a back payment for any missed payments. Add interest if applicable (see Policy 6.3-1 Underpayment Reimbursement and Interest Payments).
   - Issue an *eALG 531 Receipt of Complete Documentation/Information* upon receipt of the requested information.

f. **Death Match Letter is returned for bad address:**
   - Search for correct address. See TP 4 Participant Addresses and EDD Elections.
   - If a new address is found, issue an *eALG 555 Death Match Letter* to that address (CRM does not issue a second automated letter to a customer). Then take follow-up actions according to these procedures.
   - If a new address is not found, assume the date of death reported by SSA is correct.

3. If there is no response to the Death Match Letter within **21 days**, act according to the customer's status. Note that the Death Processing program will have already entered a date of death reported by SSA and changed the status to Status 7 – Deceased in Spectrum, and stopped future payments.

   a. **Non-Payee:** No further action is normally required. However, if the customer reported deceased is a pay status 3 Participant, issue a letter notifying the contingent annuitant of his or her eligibility at Earliest and Normal Retirement Dates.

   b. **Payee:** Determine if the estate or a beneficiary is due benefits, and notify the appropriate person(s). See TP 5.4 Determine Continuing Benefits (Survivor Benefits), TP 5.5 Determine Qualified Preretirement Survivor Annuities, and TP 5.6 Determine Other Payments. Or, if an overpayment was made, attempt to recover the overpayment. See TP 6 Recover Overpayments.

4. A CRM service request indicating an "SSA DOD Reversal" indicates an error in the Spectrum record. Research the customer's record and correct Spectrum to resolve the error.

5. If there is suspicion that a death was not reported to PBGC because of fraud or forgery, refer to TP 12 Fraud and Forgery.

6. Document actions and communications CRM and IPS, as applicable, and close the service request upon resolution.

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**TP 5.3B Date of Death Discrepancy Reported**

**10/26/2007**

**EBLS/PBA/FBA**

1. Upon receipt of the service request, determine if there is a death certificate in IPS. If so, record the document receipt date in Spectrum and verify the date of death. This resolves the discrepancy.
2. If there is no death certificate in IPS, request it from the person who reported the death.
   - If the document is received, proceed according to the step above. Also advise if any survivor benefits are due (see TP 5.4 Determine Continuing Benefits (Survivor Benefits), TP 5.5 Determine Qualified Preretirement Survivor Annuities, and TP 5.6 Determine Other Payments).
   - If unable to obtain a death certificate, update the Spectrum record with the date reported by SSA.
3. If the date of death in Spectrum is the default date (09/30/1997), accept the date provided by SSA.

# TP 5.4 Determine Continuing Benefits (Survivor Benefits)

**07/01/2016**

| | |
|---|---|
| **Purpose** | To determine whether survivor benefits are payable and to whom, and to send notification of the determination. |
| **Guidance** | Policy 8.6-1 Payments to Beneficiaries |
| **Procedure Owner** | EBLS/FBA/PVA/PBA |

Once the report of death has been received, determine whether continuing annuity benefits (survivor benefits) are due and to whom. Then notify the concerned parties and issue an application, as needed. Coordinate this procedure with TP 5.5 Determine Qualified Preretirement Survivor Annuities and TP 5.6 Determine Other Payments to ensure that each individual receives one notification of eligibility or ineligibility covering all payments resulting from the death.

**In this Section**

TP 5.4A Determine whether Continuing Benefits are Due
TP 5.4B Determine Contingent Annuitant
TP 5.4C Send Notification of Eligibility for Survivor Benefits
TP 5.4D Expedite Payments to Contingent Beneficiary

**TP 5.4A Determine whether Continuing Benefits are Due**

**07/01/2016**

After confirming a report of death, determine whether survivor benefits are due.

**EBLS/FBA/PVA/PBA**

1. Review the deceased participant's records to determine if benefits were in pay status before the participant's death:
   - In Pay: Go to step 4.
   - Not in Pay: Continue with step 2.
2. Determine if the participant's benefit was a ▸ *de minimis* benefit and payable in a lump sum (see Policy 5.4-9 Lump-Sum Benefit Payments):
   - De Minimis and Payable as a Lump Sum: Treat the benefit as a payment owed a deceased payee (see TP 5.6 Determine Other Payments).
   - Not de Minimis or Otherwise not Payable in a Lump Sum: Continue to step 3.
3. Determine whether the participant would have been in pay status if not for administrative delay (including cases where the participant was eligible for a retroactive annuity starting date or applied for pension benefits but died on or after the annuity starting date without going into pay):
   - Would have been in Pay if not for Administrative Delay: Treat the participant as a deceased payee. The participant is due payments from the annuity starting date through the month of death (see TP 5.6 Determine Other Payments). Continue to step 4.
   - Not in Pay and Administrative Delay is not a factor: No continuing annuity benefits are due. Determine if any other benefits are due (see TP 5.5 Determine Qualified Preretirement Survivor Annuities and TP 5.6 Determine Other Payments).
4. Determine whether payments are due according to the ▸ Survivor Benefit Form Table and proceed accordingly:
   - Payments Due: Proceed to TP 5.4B Determine Contingent Annuitant.
   - Payments not Due: Proceed to TP 5.4C Send Notification of Eligibility for Survivor Benefits.

**TP 5.4B Determine Contingent Annuitant**

**07/01/2016**

Once a determination is made that survivor benefit payments are due (see TP 5.4A Determine whether Continuing Benefits are Due), determine to whom PBGC owes payments (the ▸contingent annuitant). The contingent ▸annuitant generally is also the payee for other payments owed (see TP 5.6 Determine Other Payments).

> **Note** Most states bar the slayer of a participant from receiving payments as that participant's beneficiary (a "slayer exception"). If a beneficiary convicted of killing the participant applies for benefits, or PBGC learns that a beneficiary in pay was convicted of killing the participant, see TP 20.5K Slayer Exception for guidance.

**EBLS/FBA/PVA/PBA**

1. Review the deceased payee's records for the beneficiary designated by the payee. The designation may be on a plan form, a PBGC application for benefits, or another form, such as a PBGC Designation of Beneficiary.
2. Proceed according to whether the contingent annuitant is on file:
   - Not on File: Proceed to step 3.
   - On File: Proceed to step 4.
3. If no contingent annuitant is on file, proceed according to the benefit form:
   - Joint-Life Benefit: If the benefit form was a Qualified Joint and Survivor Annuity (▸QJSA), determine if benefits are payable to a surviving spouse, in accordance with Policy 5.7-5 Spousal Consent (Qualified Joint and Survivor Annuities):
     - If there is a surviving spouse, proceed to step 4.
     - If there is no surviving spouse, or the surviving spouse cannot be identified, there is no contingent annuitant (survivor benefits are not payable).

     If the benefit is not a QJSA, document the facts and circumstances of the situation and contact Ask PPD for guidance.
   - Single-Life Benefit: Follow steps in TP 5.7 Determine Beneficiaries.
4. Confirm that the designation is specifically for a survivor benefit and not another type of benefit (see TP 5.4A Determine whether Continuing Benefits are Due).
5. Proceed according to the benefit form:
   - Joint-Life Benefit: Confirm that the designated beneficiary is a living person.
     - If the beneficiary is a living person, the designated beneficiary is the contingent annuitant.
     - If the beneficiary is a trust, document the details of the situation (for example, whether the trust is for the benefit of one living person) and contact Ask PPD for guidance.
     - If the beneficiary is a deceased person, proceed to step 6.
   - Single-Life Benefit: The designated beneficiary (which may be one or more living persons, an estate, trust, or other organization) is the contingent annuitant. If the contingent annuitant is a non-living person, proceed to step 6.
6. Proceed according to when the contingent annuitant died.
   - If the contingent annuitant died before or at the same time as the payee, proceed according to the benefit form:
     - Joint-Life Benefit: There is no contingent annuitant (survivor benefits are not payable).
     - Single-Life Benefit: Follow TP 5.7 Determine Beneficiaries.
   - If the contingent annuitant died after the payee, treat the beneficiary as a deceased payee owed payments (see TP 5.6 Determine Other Payments).

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**TP 5.4C Send Notification of Eligibility for Survivor Benefits**

**07/01/2016**

Follow the steps under the appropriate heading according to whether or not survivor benefits are due.

**EBLS/FBA/PVA/PBA**

**Survivor Benefits are not Due**

1. Determine whether any other benefits or payments are due and follow the procedures in TP 5.5 Determine Qualified Preretirement Survivor Annuities and TP 5.6 Determine Other Payments accordingly.
2. If no other benefits or payments are due, send the appropriate ▸eALG letter (see eALG Correspondence Help) and customize as needed to:
   - Acknowledge the death notification.
   - Confirm that no additional benefits are payable.
   - Request the death certificate, if not already received.
   - Request return of any outstanding payments made after a payee's death. Carefully review ▸Spectrum and ▸PBGC Image Viewer to determine the correct amount of payments that must be returned, if any. This request for return of outstanding payments is not considered a formal recovery action (that is, a demand letter).
3. If outstanding payments made after the month of death are not returned, initiate recovery actions (see TP 6 Recover Overpayments).

**Survivor Benefits are Due**

1. Determine whether any other benefits or payments are due (see TP 5.6 Determine Other Payments). If benefits or payments are due, follow procedures in those sections before continuing with step 2.
2. Proceed according to the contingent ▸annuitant and benefit form.
   - If the contingent annuitant is an ▸estate, proceed to step 3.
   - If the contingent annuitant is not an estate or the benefit form is not a single-life ▸annuity, proceed to step 4.
3. If the payment is due to an estate, even if the amount of the lump sum is greater than $5,000:
   a. Request the actuary to calculate the value of the lump sum benefit. Based on monthly compounding, discount the annuity payments beginning the the first month that survivor benefits would be due, using the federal mid-term rate applicable for the month the payee died.

      **Example:** A ▸participant was receiving benefits in the form of a 10-year ▸C&C. The participant died in April 2007. PBGC made 74 payments of $500 before the payee died. The estate was due the remaining 46 payments and elected to receive the payments in a lump sum. Using the federal mid-term interest rate for April 2007, 4.52%, and monthly compounding, the value of the remaining 46 payments was calculated as $21,160.73. PBGC paid $21,734.08 ($21,160.73 + $573.35 in interest for May through November) to the estate on December 1, 2007.

   b. Contact the estate administrator to determine whether to pay a ▸lump sum or annuity .
   c. Proceed to step 4.
4. Prepare and send the proper benefit application package to the contingent annuitant:
   - If the contingent annuitant is an estate and the estate's representative requested a lump sum, indicate the lump sum amount.
   - Request necessary proof documents, including proof of death (the application indicates the required documents).
   - For estates, request documentation of the identity of the administrator of the estate, such as Letters of Administration or comparable court documents.
   - Request the return of any payments made after the month of death. Carefully review Spectrum and PBGC Image Viewer to determine the correct amount of payments that must be returned, if any. This request for return of payments made after death is not considered the initiation of formal recoupment action.

   > **Note** See TP 20 Benefit Payments for instructions on following up on the application and requested proof documents and for putting benefits into pay when a completed application is received.
5. If outstanding payments made after the month of death are not returned, initiate recovery (see TP 6 Recover Overpayments).

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**TP 5.4D Expedite Payments to Contingent Beneficiary**

**02/27/2017**

Payments to the contingent beneficiary of a deceased participant may be initiated without a benefit application or proof documents if PBGC already has reliable information for the beneficiary. This expedited process applies to any person designated as the beneficiary under a ▸joint-and-survivor benefit form or free surviving spouse benefit. Under ▸certain-and-continuous benefit forms it applies only to surviving spouses.

Refer to the appropriate sections of the manual for guidance for the following situations:

- A beneficiary who is incapacitated must be represented by a power of attorney, guardian or conservator approved by PBGC. See TP 49 Power of Attorney and Guardianship. Once the agent is approved, payments may be initiated without an application according to this procedure.
- The surviving spouse of a participant who died before going into pay status may be due a ▸qualified preretirement survivor annuity, for which an application is required. See TP 5.5 Determine Qualified Preretirement Survivor Annuities.
- If the contingent beneficiary is also deceased, follow TP 5.6 Determine Other Payments to determine if payments are owed to the estate of either the participant or the beneficiary or to other individuals.

Require an application according to TP 5.4C Send Notification of Eligibility for Survivor Benefits under either of the following circumstances:

- The designated beneficiary's identity cannot be ascertained over the phone.
- The beneficiary does not have a valid SSN or other Taxpayer Identification Number. See also Appendix R 1.1 Introduction to Federal Tax Withholding for guidance.
- The benefit form is certain-and-continuous and the designated beneficiary is not the surviving spouse.

**EBLS/FBA/PBA/PVA**

1. Proceed based on the source of the death report.

   **Telephone call from surviving spouse or other contingent beneficiary:** Proceed to step 2.

   **Telephone call from someone other than the contingent beneficiary:** Record the date of death in ▸CRM or ▸Spectrum and ask to speak to the contingent beneficiary regarding survivor benefits.

   - If telephone contact is made with the contingent beneficiary on the same call, continue to step 2.
   - If telephone contact is not made with the contingent beneficiary on the same call:
     a. Ask the caller for a telephone number for the contingent beneficiary.
     b. Call the contingent beneficiary. If contact is successful, proceed to step 2.
     c. If unable to contact the beneficiary by phone, exit this procedure and request an application according to TP 5.4C Send Notification of Eligibility for Survivor Benefits.

        If the beneficiary subsequently calls PBGC, advise him or her that benefits may be initiated without the application and proceed to step 2.

   **DeathMatch Report:** Call the person designated as the beneficiary for continuing payments on the payee's benefit application or other applicable beneficiary designation form.

   - If telephone contact is made, continue to step 2.
   - If unable to establish telephone contact, exit this procedure and request an application according to TP 5.4C Send Notification of Eligibility for Survivor Benefits.

     If the beneficiary subsequently calls PBGC, advise him or her that benefits may be initiated without the application and proceed to step 2.

   > **Note** A participant with a certain and continuous benefit form may change the designated beneficiary at any time. Use the latest election on file and verify that the beneficiary is the surviving spouse in order to

expedite payments according to this procedure.

2. Take the following actions during the telephone call with the beneficiary.
   a. Explain that PBGC will initiate payments to the beneficiary without requiring an application if sufficient information can be provided by phone.
   b. Ask the beneficiary to verify the following information in order to verify his or her identity if the information has not already been verified by the ▸CCC. If a third party participates on the call, the beneficiary must answer without assistance.
      - Participant's first and last name
      - Participant's SSN or Customer Identification Number
      - Participant's mailing address
      - Participant's phone number
      - Participant's date of birth
      - Participant's date of death
      - Beneficiary's first and last name
      - Beneficiary's DOB
      - Beneficiary's SSN or last four digits.
   c. Record the participant's date of death in CRM, if necessary. If DeathMatch has not already reported the death, ask the beneficiary to send a copy of the death certificate.
   d. Create (if necessary) and update the beneficiary's Spectrum record with information needed to initiate the beneficiary's payments, including:
      - Current home address
      - Payment destination. If the beneficiary requests electronic direct deposit, ask if it will be to the same bank account the participant used.
        - **Same account:** Verify the name(s) on the account. The beneficiary's name must be on the account.
        - **Different account:** Request the bank name, routing number, account number, account type and name(s) on the account. The beneficiary's name must be on the account.
      - Federal income tax withholding election (fixed dollar amount, marital status and withholding allowances, or no withholding). If the beneficiary is not able to make an election, offer to initially withhold at the default rate of married with three deductions and to send an election form to request withholding changes.
      - If sufficient information is obtained, tell the beneficiary when to expect the first payment and that PBGC will send a letter confirming the phone call.
3. Document the call details in CRM. Proceed after obtaining all information needed to initiate payments and the participant's death is documented either in DeathMatch or by death certificate.
4. Initiate periodic (monthly or annual) payments and back payments due and advise the beneficiary according to TP 20.3C Issue Annuity Payment.

   **Note** Since post-death payments to the participant may be outstanding when payments to the beneficiary are initiated, follow instructions in TP 20.3C Issue Annuity Payment on initiating recovery or administrative correction, if necessary.

5. Complete the *Expedited Beneficiary Payments Checklist* and image to the beneficiary's ▸IPS file.

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# TP 5.5 Determine Qualified Preretirement Survivor Annuities

**07/01/2016**

| | |
|---|---|
| **Purpose** | To determine whether a surviving spouse's benefit is payable when a participant dies before retirement. |
| **Guidance** | Policy 5.7-2 Payment of Qualified Preretirement Survivor Annuities in Plans Terminating on and after August 23, 1984<br><br>Policy 5.7-3 Survivor Annuities–Pre-REA Terminations |
| **Procedure Owner** | EBLS/FBA/PVA/PBA |

The Retirement Equity Act (▸REA) amended ▸ERISA and the Internal Revenue Code to require all defined benefit plans to provide a qualified pre-retirement survivor annuity (▸QPSA) for the surviving spouse of a participant with vested benefits who dies before commencing retirement benefits.

Additional rules governing QPSAs may apply in some cases. Review Policy 5.7-2 Payment of Qualified Preretirement Survivor Annuities in Plans Terminating on and after August 23, 1984 before following this procedure.

Process participants in all plans according to TP 5.5A Determine Eligibility for Preretirement Survivor Annuities. Use TP 5.5A to determine whether to apply the procedures in TP 5.5B Issue Notification of Qualified Preretirement Survivor Annuities or TP 5.5C Determine Pre-Retirement Equity Act Survivor Annuities.

**In this Section**

TP 5.5A Determine Eligibility for Preretirement Survivor Annuities
TP 5.5B Issue Notification of Qualified Preretirement Survivor Annuities
TP 5.5C Determine Pre-Retirement Equity Act Survivor Annuities

**TP 5.5A Determine Eligibility for Preretirement Survivor Annuities**

**07/01/2016**

Upon determining that continuing annuity payments are not due, determine whether preretirement survivor annuities are due.

> **Note** Most states bar the slayer of a participant from receiving payments as that participant's beneficiary (a "slayer exception"). If a beneficiary convicted of killing the participant applies for benefits, or PBGC learns that a beneficiary in pay was convicted of killing the participant, see TP 20.5K Slayer Exception for guidance.

**EBLS/FBA/PVA/PBA**

1. Determine whether the participant's benefit was in pay status, or would be in pay status if not for administrative delay (including cases where the participant was eligible for a retroactive annuity starting date or applied for pension benefits but died on or after the annuity starting date without going into pay):
   - If benefits were, or should have been, in pay status, follow the procedures in TP 5.4 Determine Continuing Benefits (Survivor Benefits) to determine if a surviving spouse or other beneficiary is due survivor benefits.
   - If benefits were not in pay status, determine if the participant's benefit was *de minimis* (the lump-sum value of the benefit as of the date of plan termination (▸DOPT) was $5,000 or less):
     - If the participant's benefit was *de minimis*, continue to step 2.
     - If the participant's benefit was not *de minimis*, continue to step 4.
2. Determine whether the participant was married as of the date of death (▸DOD):
   - Participant was Married: Continue to step 3.
   - Participant was not Married: Proceed to TP 5.6 Determine Other Payments (no qualified preretirement survivor annuity (▸QPSA) is due).
3. If the participant's benefit was *de minimis* and the participant was married at DOD, proceed according to when the benefit determination letter (▸BDL) was issued:
   - BDL Issued on or after 07/16/1998:
     - If the DOD is on or after DOPT, the spouse is not entitled to a QPSA. Treat the participant's benefit as a payment owed a deceased payee according to TP 5.6 Determine Other Payments.
     - If the DOD is prior to DOPT, follow plan provisions to determine whether the participant's benefit was payable in a lump sum.
       - If the benefit was payable in a lump sum, treat the lump sum as a payment owed a deceased payee according to TP 5.6 Determine Other Payments.
       - If the benefit was not payable in a lump sum, follow steps in TP 5.5B Issue Notification of Qualified Preretirement Survivor Annuities.
   - BDL Issued before 07/16/1998: Use the ▸Pre-$5000 Lump Sums and QPSAs Table to determine which rules apply in determining whether a participant's benefit was payable in a lump sum and whether a QPSA is payable, and follow the steps in the appropriate cell under the Action column.
4. If the participant's benefit is not *de minimis*, determine when the plan terminated:
   - Plan Terminated on or after 08/23/1984: Proceed to step 5.
   - Plan Terminated before 08/23/1984: Proceed to TP 5.5C Determine Pre-Retirement Equity Act Survivor Annuities.
5. Proceed according to the participant's DOD:
   - If the DOD is prior to 08/23/1984 **or** the participant was unmarried as of DOD, a QPSA is not payable. Proceed to TP 5.5B Issue Notification of Qualified Preretirement Survivor Annuities.
   - If the participant died on or after 08/23/1984 and the participant was married as of DOD, continue to step 6.
6. Determine whether the QPSA benefit due to the surviving spouse (distinct from, and generally less than, the benefit due to the deceased participant) is *de minimis* (the lump-sum value is $5,000 or less as of DOPT) and proceed accordingly:
   - QPSA Benefit is de Minimis: The QPSA benefit is payable as either a lump sum or as an annuity, regardless of whether the participant's benefit is de minimis. Proceed to TP 5.5B Issue Notification of Qualified Preretirement Survivor Annuities and follow instructions for a benefit payable as a lump sum or an annuity.
   - QPSA Benefit is not de Minimis: The benefit is payable only as an annuity. Proceed to TP 5.5B Issue Notification of Qualified Preretirement Survivor Annuities and follow instructions for a benefit payable only as an annuity.

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**TP 5.5B Issue Notification of Qualified Preretirement Survivor Annuities**

**12/22/2016**

Follow the steps under the appropriate heading according to whether or not qualified preretirement survivor ▸annuity ( ▸QPSA) benefits are due.

**EBLS/FBA/PVA/PBA**

**QPSA Benefits are not Due**

1. If not already done, determine whether any other benefits or payments are due by following the procedures in TP 5.4 Determine Continuing Benefits (Survivor Benefits) and TP 5.6 Determine Other Payments. Proceed to step 2 only if no other benefits or payments are due.
2. If no other benefits or payments are due, send the appropriate ▸eALG letter (see eALG Correspondence Help) and customize as needed to:
   - Acknowledge the death notification.
   - Confirm that no additional benefits are payable.
   - Request the death certificate, if not already received.
   - Request return of any outstanding payments made after the month of death. Carefully review ▸Spectrum and ▸PBGC Image Viewer to determine the correct amount of payments that must be returned, if any. This request for return of outstanding payments is not considered a formal recovery action (that is, a demand letter).

**QPSA Benefits are Due**

1. Determine whether any other benefits or payments are due by following the procedures in TP 5.4 Determine Continuing Benefits (Survivor Benefits) and TP 5.6 Determine Other Payments; continue to steps 2 through 7 only after completion.
2. If the QPSA is payable as a ▸lump sum or the Pre-$5000 exception applies (see TP 5.5A Determine Eligibility for Preretirement Survivor Annuities) notify the surviving spouse of payment options and determine the spouse's preference:
   - If the QPSA is payable as a lump sum, the surviving spouse may elect to receive the QPSA as either a lump sum or an annuity. Inform the surviving spouse of the value of each option.
   - If the Pre-$5000 exception applies, the spouse may elect to receive either the QPSA benefit or a lump-sum payment equal to the present value of the **participant's** benefit. Inform the surviving spouse of the value of each option. Ensure that the spouse is aware that the Pre-$5000 lump sum is greater than the value of the QPSA benefit.
   - If the QPSA benefit is payable as a lump sum and the Pre-$5000 exception applies, the surviving spouse may elect one of three options (QPSA as lump sum, QPSA as annuity, or lump sum equal to the present value of the participant's benefit). Inform the surviving spouse of the value of each option. Ensure that the spouse is aware that the Pre-$5000 lump sum is greater than the value of the QPSA benefit.

     **Note** If the deceased participant filed for retirement benefits and elected a joint and survivor (▸J&S) annuity (either the automatic form or an optional form) that provides a survivor benefit of 50-100%, and the participant died before the annuity starting date, the elected benefit form is treated as the QPSA. The spouse is due the survivor benefit provided under the elected form.
3. Proceed according to the payment option the surviving spouse elects:
   - If the surviving spouse elects to receive the QPSA as a lump sum, proceed to step 4.
   - If the surviving spouse elects to receive the QPSA as an annuity, or the QPSA is not payable as a lump sum, proceed to step 5.
   - If the surviving spouse elects to receive the lump-sum value of the deceased participant's benefit in lieu of a QPSA, treat the lump sum as a payment due a deceased payee, with the surviving spouse as beneficiary. See TP 5.6 Determine Other Payments.
4. Pay the QPSA as a lump sum:
   a. Send the surviving spouse the appropriate benefit application package.

b. Take no further action until either the application is received, or earliest commencement date or required beginning date is reached:
   - Application Received: Place the participant into pay status (see TP 20 Benefit Payments).
   - Application not Received and Earliest Commencement Date Reached: Proceed to step 6.
   - Application not Received and Required Beginning Date Reached: Proceed to step 7.

> **Note** If the total lump-sum payment, including interest, is less than $200, the payment may be made without an application if PBGC has reliable and sufficient information for the beneficiary. See TP 20.4 Process Lump-Sum Applications.

5. If the QPSA benefit must be paid as an annuity, or the surviving spouse elected an annuity, determine whether the QPSA's earliest commencement date (the later of the first of the month after the participant's death or the participant's earliest PBGC retirement date (▸EPRD), as defined in Policy 6.1-2 Earliest PBGC Retirement Date has been reached.
   - Earliest Commencement Date Reached: Proceed to step 6.
   - Earliest Commencement Date not Reached:
     a. Customize and send the surviving spouse the appropriate eALG letter (see eALG Correspondence Help), providing an estimate as of the earliest QPSA commencement date.
     b. On reaching the earliest commencement date, proceed to step 6.
6. Once the QPSA's earliest commencement date is reached:
   a. Send the surviving spouse the appropriate eALG letter(see eALG Correspondence Help) stating that a QPSA is payable, and that the QPSA may be deferred to a later date that is no later than the spouse's required beginning date (the later of December 1 of the calendar year following the calendar year in which the deceased participant died, or December 1 of the calendar year in which the participant turns 70 ½ years old). However, if the QPSA is deferred, benefits generally cannot be paid retroactively to an earlier commencement date. Determine whether the spouse wants to apply for or defer the QPSA.
   b. If the spouse wants to file for the QPSA, send the appropriate benefit application package).
   c. No further action is required until either the application is received or the surviving spouse's required beginning date is reached:
      - Application Received: Put the surviving spouse into pay status (see TP 20 Benefit Payments).
      - Application not Received and Required Beginning Date Reached: Proceed to step 7.
7. If an application for a QPSA annuity or lump sum is not received by the required beginning date:
   a. Send the surviving spouse the appropriate benefit application package.
   b. If the completed application is not received within 30 days of following up, contact the spouse to find out the status of the application. Remind the spouse that the benefit must be paid as of the required beginning date.
   c. No further action is required until either the application is received, or 180 days elapse from sending the benefit application package:
      - Completed Application Received: Put the surviving spouse into pay status (see TP 20 Benefit Payments).
      - Completed Application not Received within 180 Days: No further follow-up is required.

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**TP 5.5C Determine Pre-Retirement Equity Act Survivor Annuities**

**12/22/2016**

Under limited circumstances, PBGC provides a pre-retirement survivor annuity (▸PSA) for the surviving spouse of a participant in a plan that terminated before the critical Retirement Equity Act (▸REA) date of August 23, 1984. See Policy 5.7-3 Survivor Annuities—Pre-REA Terminations for additional guidance.

> **Note** Most states bar the slayer of a participant from receiving payments as that participant's beneficiary (a "slayer exception"). If a beneficiary convicted of killing the participant applies for benefits, or PBGC learns that a beneficiary in pay was convicted of killing the participant, see TP 20.5K Slayer Exception for guidance.

**EBLS/FBA/PVA/PBA**

1. Determine whether the requirements to qualify for a PSA have been met:
   - The deceased participant must have separated from service with the date of plan termination (▸DOPT) employer on or after the participant's earliest retirement date under plan and PBGC rules.
   - The participant's date of death (▸DOD) must have been after DOPT and on or after 10/22/1986 (contact Ask PPD if DOD is before 10/22/1986).
   - The surviving spouse must have been married to the participant on DOD.
2. Proceed according to whether all requirements were met:
   - Met: A PSA is payable to the surviving spouse; proceed to step 3.
   - Not Met: A PSA is not payable; proceed to step 4.
3. If a PSA is payable, follow the procedures in TP 5.4 Determine Continuing Benefits (Survivor Benefits) and TP 5.6 Determine Other Payments to determine whether any other payments are due. Proceed with steps 3a-d only after completion:
   a. Notify the surviving spouse that a survivor annuity is payable and that the annuity starting date is the month after the deceased participant's DOD and cannot be deferred. Send the appropriate benefit application package.
   b. If the completed application is not received within 30 days of the follow-up date, contact the spouse to find out the status of the application; remind the spouse that the benefit cannot be deferred.
   c. On receiving the application, make payments beginning on the annuity starting date. If the application is received after the annuity starting date, make the missed payments retroactively.
4. If a PSA is not payable, determine whether any other payments are due by following procedures in TP 5.4 Determine Continuing Benefits (Survivor Benefits) and TP 5.6 Determine Other Payments. Continue to step 5 only if no other payments are due.
5. If no other benefits or payments are due, send the appropriate ▸eALG 500-series letter (see eALG Correspondence Help). Customize the letter as needed to:
   - Acknowledge the death notification.
   - Confirm that no additional benefits are payable.
   - Request the death certificate, if not already received.

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# TP 5.6 Determine Other Payments

**07/01/2016**

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|---|---|
| **Purpose** | To determine payments due a deceased payee and lump-sum benefits due to the beneficiary. |
| **Guidance** | Policy 6.3-1 Underpayment Reimbursement and Interest Payments |
| **Procedure Owner** | EBLS/FBA/PVA/PBA |

The death of a payee may sometimes require PBGC to make payments other than continuing annuity benefits and qualified preretirement survivor annuities (▸QPSAs). There may be outstanding payments owed to the deceased payee, or the deceased payee may have received overpayments that must be recouped. Both these circumstances are covered in TP 5.6A Determine Payments Owed and Overpayments to a Deceased Payee. In other cases, the plan provides for lump-sum ▸death benefits rather than or in addition to survivor benefits or a QPSA. This scenario is covered in TP 5.6C Determine Lump-Sum Death Benefits.

**In this Section**

TP 5.6A Determine Payments Owed and Overpayments to a Deceased Payee
TP 5.6B Notify Beneficiary of Other Amounts Owed
TP 5.6C Determine Lump-Sum Death Benefits

## TP 5.6A Determine Payments Owed and Overpayments to a Deceased Payee

**07/01/2016**

PBGC may owe payments to a deceased ▸payee, or a deceased payee may owe a return of overpayments to PBGC. Follow this procedure to determine whether an overpayment or underpayment exists and to process the payment as needed.

### EBLS/FBA/PVA/PBA

1. Review the payee's ▸PBGC Image Viewer file and ▸Spectrum ledgers to determine whether the payee was owed any of the following payments:
   - Back payments (missed or untimely payments).
   - Benefit payments suspended as part of the procedures to establish a qualified domestic relations order (▸QDRO).
   - Benefit payments suspended by PBGC for other reason, such as a returned checks or failure to respond to a request for information.
   - *De minimis* lump-sum benefits.
   - A return of employee contributions (see TP 36 Employee Contributions).
   - Net benefit underpayments (calculated in accordance with Policy 6.4-3 Computation and Netting of Post-DOPT Overpayments and Underpayments).
   - Pre-termination plan liabilities.
   - Replacement payments.
2. Identify any unreturned outstanding payments to the payee after death or payments owed before death returned to PBGC or ▸PBGC's paying agent.
3. Using the ▸PACS, calculate any net over- or underpayments that were due the deceased payee:
   - If a net overpayment results, initiate recoupment or recovery action, as appropriate (see TP 6 Recover Overpayments and TP 7 Recoupment and Administrative Correction).
   - If underpayments are owed, determine the beneficiary (see TP 5.7 Determine Beneficiaries). Once the beneficiary is determined, proceed to TP 5.6B Notify Beneficiary of Other Amounts Owed.
   - If no net overpayment or underpayment results, take no further action.
4. If there are multiple beneficiaries:
   a. Equally divide the amount owed as of the date of death (DOD) among the beneficiaries unless the payee designated a different division:
      - If one or more of the beneficiaries died before the payee, prorate the deceased beneficiary's shares among the surviving beneficiaries, unless the beneficiaries are children of a payee who died on or after June 1, 2002.
      - If the beneficiary died after the payee, follow TP 5.7 Determine Beneficiaries to determine the beneficiary of the deceased beneficiary.
   b. If the deceased payee had more than one child and ▸DOD was on or after June 1, 2002, equally divide the payment among the children. If a payee's child died (before or after the payee), divide that child's share equally among his or her own children (that is, the payee's grandchildren), if any. If a grandchild has died, make payment to his or her children (that is, the payee's great-grandchildren), and so on.
   c. If the beneficiaries include the deceased's parents and DOD was on or after June 1, 2002, equally divide that amount owed between the parents and issue payment to each parent. Do not combine the amounts owed into one payment even if requested by both parents. If one parent died before the payee, pay the total amount to the other parent. If a parent died after the payee, follow TP 5.7 Determine Beneficiaries to determine the parent's beneficiary.

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**TP 5.6B Notify Beneficiary of Other Amounts Owed**

**07/01/2016**

After determining that benefits are due, follow this procedure to issue an application to the beneficiary. Coordinate with TP 5.4 Determine Continuing Benefits (Survivor Benefits) and TP 5.5 Determine Qualified Preretirement Survivor Annuities as needed to ensure the beneficiary receives one application covering all benefits due.

> **Note** Most states bar the slayer of a participant from receiving payments as that participant's beneficiary (a "slayer exception"). If a beneficiary convicted of killing the participant applies for benefits, or PBGC learns that a beneficiary in pay was convicted of killing the participant, see TP 20.5K Slayer Exception for guidance.

**EBLS/FBA/PVA/PBA**

1. If the amount owed a beneficiary is payable in a single sum, such as a payment previously owed the deceased or a lump-sum death benefit that is *de minimis*, send the appropriate customized ▸eALG cover letter and benefit application form to the person(s) deemed eligible for payment:
   - *eALG 201B Taxable Single Payment – Beneficiary*: to person(s) determined to be a beneficiary(-ies). Beneficiaries may include children, grandchildren, or parents. Also send this letter to the surviving spouse if the payment is **not** rollover eligible. See Appendix R 1.3 Lump-Sum or Non-Periodic Payment Tax Withholding and Reporting.
   - *eALG 201S Taxable Single Payment – Spouse*: to the surviving spouse if the payment is rollover eligible. See Appendix R 1.3 Lump-Sum or Non-Periodic Payment Tax Withholding and Reporting,
   - *eALG 201E Taxable Single Payment – Estate*: to the estate.

   Coordinate the sending of any correspondence and/or forms or applications with other correspondence that may be sent (see TP 5.4 Determine Continuing Benefits (Survivor Benefits) and TP 5.5 Determine Qualified Preretirement Survivor Annuities).

   > **Note** If the total lump-sum payment, including interest, is less than $200, the payment may be made without an application if PBGC has reliable and sufficient information for the beneficiary. See TP 20.4 Process Lump-Sum Applications.

2. Upon receipt of the completed application for benefits and all required proof documents, initiate payments according to TP 20 Benefit Payments.

**TP 5.6C Determine Lump-Sum Death Benefits**

**07/01/2016**

Plans may provide a lump-sum death benefit upon the death of a participant. Lump-sum ▸death benefits should not be confused with a ▸*de minimis* benefit owed a participant at the date of plan termination (▸DOPT). The benefit is not due the participant as of DOPT; the benefit is only payable to the participant's beneficiary.

Lump-sum death benefits typically are not a guaranteed benefit and are generally not payable:

- If the lump-sum death benefits derive from an annuity payable (that is, the annuity is reduced to provide the benefit) under the plan, the benefit may be guaranteed as part of the annuity.
- If the lump-sum death benefits do not derive from an annuity payable under the plan, the benefit is only payable in Priority Category 5 (▸PC5) or Priority Category 6 (▸PC6).
- Lump-sum death benefits due before DOPT may be payable as pre-termination liabilities.
- Pre- and post-retirement death benefits from employee contributions may be payable in a lump sum.

Contact Ask PPD with any questions about whether a lump-sum death benefit is payable.

A lump-sum death benefit that is *de minimis* (that is, the lump-sum value of the benefit at DOPT is $5,000 or less) may be paid in a lump sum to the beneficiary. However, if the benefit is not *de minimis*, the benefit can only be paid as an annuity that has the same value as the lump-sum death benefit, except for the portion attributable to employee contributions. PBGC must determine the amount and duration of the annuity based on the facts and circumstances.

> **Note** Most states bar the slayer of a participant from receiving payments as that participant's beneficiary (a "slayer exception"). If a beneficiary convicted of killing the participant applies for benefits, or PBGC learns that a beneficiary in pay was convicted of killing the participant, see TP 20.5K Slayer Exception for guidance.

**EBLS/FBA/PVA/PBA**

1. Review the Actuarial Valuation Report (▸AVR) to determine if the plan provided a lump-sum death benefit payable by PBGC. If in doubt or the AVR is not complete, ask the actuary to determine whether a lump-sum death benefit is payable:
   - Payable: Proceed to step 2.
   - Not Payable: Take no further action regarding the payment.
2. Review the participant's records to determine whether the participant designated a beneficiary for the payment with the plan or PBGC:
   - Beneficiary Designated: Use the most recent designation and proceed to step 4.
   - Beneficiary not Designated: Proceed to step 3.

> **Note** The beneficiary designated to receive the benefit may be different from the beneficiary designated to receive survivor benefits.

3. Check plan provisions to determine if the plan designates the beneficiary for the benefit:
   - Beneficiary Designated: Proceed to step 4.
   - Beneficiary not Designated: Follow the procedures in TP 5.7 Determine Beneficiaries to determine the beneficiary before proceeding to step 4.
4. Once the beneficiary is determined, proceed to TP 5.6B Notify Beneficiary of Other Amounts Owed.

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## TP 5.7 Determine Beneficiaries

**07/01/2016**

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|---|---|
| **Purpose** | To determine the identity of the contingent annuitant, the beneficiary due payments owed a deceased payee, or the beneficiary owed a lump-sum death benefit. |
| **Guidance** | Policy 8.6-1 Payments to Beneficiaries |
| **Procedure Owner** | EBLS/FBA/PVA/PBA |

A beneficiary determination is normally needed to establish who is due payments owed a deceased payee. However, a determination may also be required if PBGC is unable to determine:

- The contingent ▸annuitant due survivor benefits following the procedures in TP 5.4 Determine Continuing Benefits (Survivor Benefits).
- The beneficiary due a lump-sum death benefit following the procedures in TP 5.6 Determine Other Payments.

The process for determining the beneficiary depends on whether the date of death (▸DOD) is on or after June 1, 2002.

**In this Section**

TP 5.7A Determine Beneficiary when Date of Death is on or after June 1, 2002
TP 5.7B Determine Beneficiary when Date of Death is before June 1, 2002

**TP 5.7A Determine Beneficiary when Date of Death is on or after June 1, 2002**

**07/01/2016**

Use the *Beneficiary Determination for Deaths on or after 06/01/2002* to determine and document the beneficiary due the death benefit.

> **Note** Most states bar the slayer of a participant from receiving payments as that participant's beneficiary (a "slayer exception"). If a beneficiary convicted of killing the participant applies for benefits, or PBGC learns that a beneficiary in pay was convicted of killing the participant, see TP 20.5K Slayer Exception for guidance.

**EBLS/FBA/PVA/PBA**

1. Enter identifying information about the deceased ▸payee in the header at the top of the form.
2. Review the plan and ▸participant records to determine potential beneficiaries:
   a. If additional information is needed to determine the potential ▸beneficiary or beneficiaries, review other sources such as ▸CRM to identify potential contacts. Contact the representative of the deceased individual's ▸estate by telephone or letter (via ▸eALG) to request the information, as needed.
   b. Document identified contacts in Section B. Source of Beneficiary Information of the determination form.
3. Contact identified sources of beneficiary information, if needed, and document all contacts in the decedent's ▸IPS file or CRM as applicable.
4. Complete Section C. Identify Beneficiary of the form to determine the beneficiary.

   Determine the beneficiary in the following priority order:

   a. **Surviving Contingent Annuitant:** The designee typically named at the time the payee goes into pay status and elects a benefit form that provides survivor benefits. The beneficiary may have been designated or changed at a later date if the benefit form is a ▸single-life annuity, such as a 10-year ▸C&C. The beneficiary cannot be changed after payments begin for a joint-life annuity, such as an optional PBGC ▸joint and survivor annuity. See TP 5.4 Determine Continuing Benefits (Survivor Benefits) for additional guidance.

      An alternate payee who is the contingent ▸annuitant under a qualified domestic relations order (▸QDRO) is not treated as the beneficiary for other amounts owed, unless the alternate payee is designated as the beneficiary specifically for those benefits or payments.

   b. **Pre-DOPT Deaths:** If the payee died before ▸DOTR and the plan did not make payment, the surviving beneficiary designated by or under the plan for the specific type of payment.

   c. **PBGC Designation of Beneficiary:** The surviving designee named on a PBGC form or other document submitted to PBGC. There generally is no limitation on who may be designated as the contingent annuitant for single-life annuities or the beneficiary for payments owed to the deceased payee (for example, the beneficiary may be a non-relative, a same-sex spouse or partner, church or organization, estate or trust). However, for a joint-life payee the contingent annuitant generally must be a living person. If a trust for a living person is the designated beneficiary and PBGC has not already determined if the designation is acceptable, contact Ask PPD for guidance.

      i. If the beneficiary designated with PBGC has also died, determine if the beneficiary died from the same event as the payee, and if so, whether the beneficiary survived the payee by 30 days.

      ii. If the beneficiary died within 30 days of the payee due to the same event and an alternate beneficiary was not designated with PBGC, treat as if no designation was made and continue to next beneficiary in this priority order.

   d. **Deaths within 180 days of trusteeship:** If the payee died within 180 days of trusteeship and a PBGC Designation of Beneficiary is not in file, the surviving beneficiary designated by or under the plan for the specific type of payment.

   e. **Surviving Spouse:** The spouse at the time the payee died. Proof of marriage is required.

      Do not make payments to the surviving spouse if the participant was treated as unmarried because of legal separation or abandonment, unless the spouse provides convincing evidence to the contrary. See TP 20.5E Spousal Consent for additional guidance.

      Contact Ask PPD if the surviving spouse was in a same-sex marriage or civil union with the payee.

f. **Living and Deceased Children and Descendants:** The children may be living or deceased, including children who died before the payee. The relationship to the payee must be biological or adoptive; the relationship cannot be as a stepchild. The payee's child must provide proof of the relationship (for example, birth certificate or adoption certificate).

Example:

- If the payee's child is deceased, determine if the child had any living or deceased descendants (for example, the payee's grandchild or great grandchild); the relationship must be biological or adoptive.
- If the payee does not have any surviving descendants to whom payment can be made, continue to follow the priority order (for example, determine if the payee had a surviving parent) to determine the payee's beneficiary. Payments are not due beneficiaries who are not a descendant of the payee, such as a child's or descendant's surviving spouse.

Document the relationship and request any evidence of the relationship (for example, birth records, obituary, copy of will or testament identifying the relationship, church or family records). Proof of the relationship is preferred but is not required if deemed not to be readily available, unless the relationship appears questionable.

g. **Surviving Parents:** The relationship to the payee must be biological or adoptive; the relationship cannot be as a stepparent. The payee's parent(s) must provide proof of the relationship (for example, birth certificate or adoption certificate).

h. **Estate:** The estate must still be open. Proof of the estate administrator's authority is required (for example, letters of administration or other probate court documentation).

- Payment cannot be made directly to the beneficiaries of the estate if requested by the administrator. If the administrator alleges difficulty in negotiating the payment, assume that the estate is closed or the administrator no longer has authority to represent the estate.
- If unable to identify the administrator or whether the estate is open, continue to the next priority.

i. **Next of Kin as Determined in Accordance with State Law:** Next of kin includes a same-sex spouse or partner (in a state that recognizes same-sex marriage or civil or domestic partnerships), siblings (brothers and sisters), nieces and nephews, aunts and uncles, and cousins.

i. Identify and document where the deceased payee lived, for example, the state, U.S territory or commonwealth, or foreign city and country.

ii. Document the relationship of the next of kin to the deceased payee and request any evidence of the relationship, for example an obituary or a copy of a will or testament, church or family record identifying the relationship. Proof of the relationship is preferred but is not required if deemed not to be readily available, unless the relationship appears questionable.

iii. Identify deceased siblings when identifying next of kin.

iv. Send the partially completed determination and evidence to Ask PPD, and in the subject line, enter `Beneficiary Determination`. ▸PPD will request assistance from the Office of Chief Counsel (▸OCC) in determining whether the ▸relative is due benefits or other amounts owed.

> **Note** If more than one beneficiary is identified as next of kin by PPD/OCC, the payment is divided among the beneficiaries according to the guidance provided by PPD/OCC.

v. The next of kin who claims payment generally is not required to affirm entitlement to the payment. Request the next of kin to complete the *Next of Kin Affidavit* and reimbursement agreement affirming entitlement to the payment only if:

- The payment including interest is more than $10,000.
- PPD/OCC requires the affidavit.
- An affidavit is deemed desirable based on the facts and circumstances of the situation **and** PPD confirms that the affidavit is desirable.

5. If the beneficiary determined in step 4 died after the participant, treat the beneficiary as a deceased payee owed payments and determine his or her beneficiary according to this procedure.
6. Upon determining the person(s) eligible for payment, complete Section A. Beneficiary Determination on page 1 of the *Beneficiary Determination for Deaths on or after 06/01/2002*.
7. Image the *Beneficiary Determination for Deaths on or after 06/01/2002* and all supporting documentation to the

deceased payee's file in IPS before making payment.

Payment cannot be approved if the determination form and supporting documentation has not been imaged.

8. Contact Ask PPD if assistance is needed in making a beneficiary determination.

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**TP 5.7B Determine Beneficiary when Date of Death is before June 1, 2002**

**07/01/2016**

Use this procedure when the date of death (DOD) is before June 1, 2002. If ▸DOD is on or after June 1, 2002, see TP 5.7A Determine Beneficiary when Date of Death is on or after June 1, 2002.

> **Note** Most states bar the slayer of a participant from receiving payments as that participant's beneficiary (a "slayer exception"). If a beneficiary convicted of killing the participant applies for benefits, or PBGC learns that a beneficiary in pay was convicted of killing the participant, see TP 20.5K Slayer Exception for guidance.

**EBLS/FBA/PVA/PBA**

1. Review the plan and participant records to determine potential beneficiaries:
   a. If additional information is needed to determine the potential beneficiary or beneficiaries, review other sources such as ▸CRM to identify potential contacts. Contact the representative of the deceased individual's estate by telephone or letter (via ▸eALG) to request the information, as needed.
   b. Use the *Beneficiary Determination for Deaths before 06/01/2002* to document the determination.
2. Determine the beneficiary based on whether the deceased individual was the participant or a beneficiary:
   - If the deceased individual was the original participant, continue to step 3.
   - If the deceased individual was a beneficiary, continue to step 4.
3. For a deceased original participant, determine the beneficiary in the following order, then proceed to step 5:
   a. **Surviving Contingent Annuitant:** The designee typically named at the time the participant went into pay status and elected a benefit form that provided survivor benefits. The beneficiary may have been designated or changed at a later date if the benefit form is a single-life annuity. The designation could not be changed after payments began for a joint-life annuity (see TP 5.4 Determine Continuing Benefits (Survivor Benefits) for additional guidance):
      - The survivor benefit must continue to be payable in order for a contingent ▸annuitant to be determined the beneficiary for payments owed the deceased participant. For example, if the certain period of a certain and continuous annuity (▸C&C) has ended, survivor benefits are not payable and there is no longer a contingent annuitant.
      - An alternate payee who is the contingent annuitant under a qualified domestic relations order (▸QDRO) is not treated as the beneficiary for other benefits and payments due, unless the alternate payee is designated as the beneficiary specifically for those benefits or payments.
   b. **PBGC Beneficiary Designation:** The designee named on or after the date of plan termination (DOPT) for the specific benefit or payment due on a PBGC form for that purpose or another form acceptable to PBGC.
   c. **Plan Beneficiary Designation:** The pre-▸DOPT (non-PBGC) designation filed with the plan.
   d. **Plan Provisions:** The person(s), if any, that the plan document states will receive the money owed the participant. Contact Ask PPD if there is any doubt about whether the plan provision applies to this type of payment.
   e. **Estate:** Follow this procedure regardless of whether the deceased had an estate or whether the estate is open or closed:
      - If a beneficiary identified in any of the preceding priorities is also deceased, make payment to the estate of the:
        - Participant if the beneficiary died before the participant.
        - Beneficiary if the participant died before the beneficiary.
      - If the beneficiary cannot be determined, or if payment is determined to be due to an estate, proceed according to the amount of the payment, including interest:
        - $500 or Less: Pay the surviving spouse of the deceased payee, unless an administrator of the estate has provided proof of his/her authority. Apply the 90-day rule for requesting proof. If proof is not received within 90 days, pay the spouse. If the administrator of the estate provides proof of his/her authority within 90 days of being requested, or if the deceased payee did not have a surviving spouse, pay the estate.
        - Greater than $500: Make the payment payable to the estate of the deceased payee.

**Example:** A participant was receiving an estimated benefit of $600 a month in the form of a straight life annuity. The final benefit was determined to be $660 a month. The participant was owed an underpayment of $540, but died before the underpayment could be paid. A beneficiary was not designated with PBGC but had been designated under the plan before DOPT. Payment is due the pre-DoPT beneficiary. If the pre-DOPT beneficiary is not alive:

- If the pre-DOPT beneficiary died before the participant, payment is due the participant's estate.
- If the beneficiary died after the participant, payment is due the deceased beneficiary's estate, not a beneficiary of the deceased beneficiary as described in step 4.

4. For payments owed a beneficiary who is no longer living, such as an underpayment of survivor benefits or a qualified preretirement survivor annuity (▶QPSA) payable in a lump sum, determine the beneficiary of that individual (referenced as the payee in steps 4.a-e below) in the following order:

> **Note** When payments are owed a deceased participant and the deceased participant's beneficiary has also died, step 4 does not apply.

   a. **Surviving Contingent Annuitant:** The designee typically named at the time the payee went into pay status and elected a benefit form that provided survivor benefits. The designation may have been made or changed at a later date if the benefit form is a single-life annuity. The designation could not be changed after payments began for a joint-life annuity.

      The survivor benefit must continue to be payable in order for the contingent annuitant to be determined the beneficiary for payments owed the deceased beneficiary. For example, if the certain period of a C&C has ended, survivor benefits are not payable and there is no longer a contingent annuitant. See TP 5.4 Determine Continuing Benefits (Survivor Benefits) for additional guidance.

   b. **PBGC Beneficiary Designation:** The designee named on or after DOPT for the specific benefit or payment due on a PBGC form for that purpose or another form acceptable to PBGC.

   c. **Plan Beneficiary Designation:** The pre-DOPT (non-PBGC) designation filed with the plan.

   d. **Plan Provisions:** The person(s), if any, that the plan document states will receive the money owed the participant. Contact Ask PPD if there is any doubt about whether the plan provision applies to this type of payment.

   e. **Estate:** Follow this procedure regardless of whether the deceased had an estate or whether the estate is open or closed:
      - If a beneficiary identified in any of the preceding priorities is also deceased, make payment to the estate of the:
        - Participant if the beneficiary died before the participant.
        - Beneficiary if the participant died before the beneficiary.
      - If the beneficiary cannot be determined, or if payment is determined to be due to an estate, proceed according to the amount of the payment, including interest:
        - $500 or Less: Pay the surviving spouse of the deceased payee, unless an administrator of the estate has provided proof of his/her authority. Apply the 90-day rule for requesting proof. If proof is not received within 90 days, pay the spouse. If the administrator of the estate provides proof of his/her authority within 90 days of being requested, or if the deceased payee did not have a surviving spouse, pay the estate.
        - Greater than $500: Make the payment payable to the estate of the deceased payee.

   **Example:** A surviving spouse was receiving survivor benefits (for example, surviving spouse benefits under a qualified joint and survivor annuity (QJSA)) of $500 each month. The spouse died and payments for four months were returned to PBGC. Three payments or $1,500 was owed the deceased spouse (that is, due prior to death). The spouse's beneficiary was determined in accordance with step 3. The spouse had designated a beneficiary with PBGC to receive any payments owed the decedent and payment was made to that designee.

   Shortly after payment was made to the deceased spouse's beneficiary, PBGC determined that the participant was owed a back payment of $2,000 for missed payments. If step 3 were followed, the spouse as the contingent annuitant would have been due the underpayment. Because the spouse died after the participant, step 4 does not apply, and payment is owed to the deceased spouse's estate as provided in step 3.

5. If a contact alleges difficulty in negotiating a **payment to the estate** and claims the benefit (for example, the deceased did not have an estate or the estate is now closed):

   a. Document the individual(s)' relationship to the deceased payee (for example, former administrator of the estate,

beneficiary of the estate, ▸relative or next of kin, or friend or significant other), and reason for believing the individual is due the payment.

b. Request that the individual(s) submit convincing evidence (for example, a copy of the executed will or testamentary document or probate court decisions or orders showing that the individual was due payment from the estate).

c. If convincing evidence is received that is indicative of a close familial relationship (for example, biological or adoptive child, biological or adoptive parent, brother/sister, or niece/nephew), treat the document as a beneficiary determination acceptable to PBGC, and pay the individual(s). If the determination is questionable, for example, the evidence indicates other individuals who may be due payments from the estate (and previously were not identified as possible beneficiaries), document the details and contact Ask PPD for guidance.

d. If PBGC receives a court order (for example, probate court, county court, or state court) that gives or recognizes the inheritancy rights of the individual(s), regardless of a familial relationship, treat the document as a beneficiary determination acceptable to PBGC, and pay the individual(s). If the determination is questionable, for example, the court order identifies other individuals who have inheritancy rights (and who previously were not identified as possible beneficiaries), document the details and contact Ask PPD for guidance.

e. If convincing evidence is not submitted, document the details of the relationship and contact Ask PPD for guidance. ▸PPD requests additional guidance for the Office of Chief Counsel (OCC) if needed.

f. If the total payment, including interest, due a beneficiary is $10,000 or more, document the details in a memo to the file and contact Ask PPD before making payment.

g. Request the beneficiary (or beneficiaries) to complete an affidavit and reimbursement agreement, *Affidavit for Estate Payment*, affirming entitlement to the payment if:
   - The benefit determination is questionable, as previously described.
   - Any payment, including interest, is more than $10,000.
   - An affidavit appears desirable based on the facts and circumstances of the situation. Contact Ask PPD for guidance before requiring the affidavit.
   - PPD or ▸OCC requires the affidavit.

6. Image the *Beneficiary Determination for Deaths before 06/01/2002* and all supporting documentation to the deceased payee's file in ▸IPS.

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## TP 5.8 Resources for Death Processing

**02/27/2017**

**Forms, Letters, and Memos:**

- *Beneficiary Determination for Deaths before 06/01/2002*
- *Beneficiary Determination for Deaths on or after 06/01/2002*
- *Next of Kin Affidavit*

**Customer Correspondence and Forms:**

- *eALG 200B Application Request, Eligible Beneficiary*
- *eALG 200QPSA Application Request - Eligible Spouse (QPSA)*
- *eALG 200S Application Request, Eligible Surviving Spouse (J&S)l*
- *eALG 201B Taxable Single Payment- Beneficiary*
- *eALG 201E Taxable Single Payment-Estate*
- *eALG 201S Rollover Eligible Single Payment-Spouse*
- *eALG 405DNE BDL- Participant, Deceased Non-Entitlement*
- *eALG 505D Follow-up to Death Match Letter or Returned Mail*
- *eALG 505DNO Response to Death Notification - No Overpayment*
- *eALG 505DO Response to Death Notification - Overpayment*
- *eALG 507S Benefit Administration, Preretirement Surviving Spouse Post - REA, BDL Previously Issued*
- *eALG 507QPSA Post-REA QPSA Beneficiary*
- *eALG 510 Benefit Administration, Estate letter*
- *eALG 555 Death Match Letter*
- *eALG Generic Letter*

**Guidance:**

- *CMS Job Aids and User Guide*
- *Expedited Beneficiary Payments Checklist*
- *Payment Schedule Key Dates*
- *Policy 5.7-2 Payment of Qualified Preretirement Survivor Annuities in Plans Terminating on and after August 23, 1984*
- *Policy 5.7-3 Survivor Annuities–Pre-REA Terminations*
- *Policy 6.3-1 Underpayment Reimbursement and Interest Payments*
- *Policy 8.6-1 Payments to Beneficiaries*
- *Spectrum User Manual*

**Exhibits:**

*None*

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# TP 6 Recover Overpayments

**In this Section**

TP 6. Overview for Recover Overpayments
TP 6.1 Perform Initial Recovery Actions
TP 6.2 Process Recovery Referrals
TP 6.3 Resources for Recover Overpayments

## TP 6. Overview for Recover Overpayments

**07/01/2016**

In accordance with Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery, PBGC employs three methods in seeking the repayment of benefit overpayments. Overpayments to a participant with future ▸annuity benefits payable as of ▸DOPT are generally handled by ▸recoupment from subsequent benefit payments (see TP 7 Recoupment). Administrative correction is used under limited circumstances to correct erroneous payments, such as duplicate monthly payments, by means such as stop payment orders or temporary suspension of benefit payments (see TP 2 Administrative Correction of Benefit Overpayments). When no future annuity benefits are payable as of DOPT, the overpayment is generally handled as a ▸recovery, the subject of this technical procedure.

Other situations may also be handled as recoveries. For example, if a ▸beneficiary of a ▸C&C receives payments after the certain period expires **and** previously received notification of the payment end date from PBGC or the prior plan administrator, PBGC pursues recovery regardless of whether future annuity benefits were payable at DOPT. Recovery does not apply if there is no evidence the beneficiary was notified of the end date.

Most recovery situations result from payments that continue after the death of a payee, overpayment of estimated ▸lump-sum benefits, or payments to persons not entitled to benefits. The following sections cover the initial actions taken by benefit processing staff once a recovery situation is determined, and the follow-up actions by the Recovery Processing Team in ▸BPD after the case is referred for collection.

Due to policy changes effective 05/01/2012, the procedures for recoveries may vary depending on the date of overpayment and amount of the recovery. The **Recoveries Due to Death Summary Table** and **Recoveries not Due to Death Summary Table** clarify how to deal with recoveries of different amounts before and after 05/01/2012.

**Recoveries Due to Death Summary Table**

| Amount | Date of Overpayment Notification | Processing if Case Is Still Open on or after 05/01/2012 |
|---|---|---|
| $0.00–24.99 | Before 05/01/2012 | The ▸EBLS/▸FBA/▸PVA/▸PBA follows the procedure in TP 6.1C Recovery Due to Death. |
| $0.00–24.99 | On or after 05/01/2012 | The EBLS/FBA/PVA/PBA follows the procedure in TP 6.1C Recovery Due to Death. |
| $25.00–499.99 | Before 05/01/2012 | The EBLS/FBA/PVA/PBA follows the procedure in TP 6.1C Recovery Due to Death. |
| $25.00–499.99 | On or after 05/01/2012 | The EBLS/FBA/PVA/PBA follows the procedure in TP 6.1C Recovery Due to Death. |
| $500.00–999.99 | Before 05/01/2012 | Proceed according to the status of the case:<br>• If the EBLS/FBA/PVA/PBA did not refer the case to BPD, the EBLS/FBA/PVA/PBA follows the procedure in TP 6.1C Recovery Due to Death.<br>• If the EBLS/FBA/PVA/PBA referred the case to BPD, BPD closes or returns the case as "not a recovery" and the EBLS/FBA/PVA/PBA follows the procedure in TP 6.1C Recovery Due to Death. |
| $500.00–999.99 | On or after 05/01/2012 | The EBLS/FBA/PVA/PBA follows the procedure in TP 6.1C Recovery Due to Death. |
| $1,000–9,999.99 | Before 05/01/2012 | BPD follows the procedure in TP 6.2A Process Recovery Referrals. |

| | | |
|---|---|---|
| $1,000–9,999.99 | On or after 05/01/2012 | BPD follows the procedure in TP 6.2A Process Recovery Referrals. |
| $10,000 or more | Before 05/01/2012 | BPD refers the case to ▶OGC for guidance. |
| $10,000 or more | On or after 05/01/2012 | BPD refers the case to OGC for guidance. |

**Recoveries Not Due to Death Summary Table**

| Amount | Date of BDL or Overpayment Notification | Processing if Case Is Still Open on or after 05/01/2012 |
|---|---|---|
| $0.00–24.99 | Before 05/01/2012 | The EBLS/FBA/PVA/PBA takes no action (the BDL or notification writes off the debt). |
| $0.00–24.99 | On or after 05/01/2012 | The EBLS/FBA/PVA/PBA follows the procedure in TP 6.1 Perform Initial Recovery Actions. |
| $25.00–499.99 | Before 05/01/2012 | The EBLS/FBA/PVA/PBA takes no action (the BDL or notification writes off the debt). |
| $25.00–499.99 | On or after 05/01/2012 | The EBLS/FBA/PVA/PBA follows the procedure in TP 6.1 Perform Initial Recovery Actions. |
| $500.00–999.99 | Before 05/01/2012 | Proceed according to the status of the case:<br>• If the EBLS/FBA/PVA/PBA did not refer the case to BPD, the EBLS/FBA/PVA/PBA follows the procedure in TP 6.1 Perform Initial Recovery Actions.<br>• If the EBLS/FBA/PVA/PBA referred the case to BPD, BPD closes or returns the case as "not a recovery" and the EBLS/FBA/PVA/PBA follows the procedure in TP 6.1 Perform Initial Recovery Actions. |
| $500.00–999.99 | On or after 05/01/2012 | The EBLS/FBA/PVA/PBA follows the procedure in TP 6.1 Perform Initial Recovery Actions. |
| $1,000–9,999.99 | Before 05/01/2012 | BPD follows the procedure in TP 6.2A Process Recovery Referrals. |
| $1,000–9,999.99 | On or after 05/01/2012 | BPD follows the procedure in TP 6.2A Process Recovery Referrals. |
| $10,000 or more | Before 05/01/2012 | BPD refers the case to OGC for guidance. |
| $10,000 or more | On or after 05/01/2012 | BPD refers the case to OGC for guidance. |

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## TP 6.1 Perform Initial Recovery Actions

**09/30/2016**

| | |
|---|---|
| **Purpose** | To initiate recovery actions and refer a recovery case to the Recovery Team in BPD as needed. |
| **Guidance** | *PLUS Web Manual*<br><br>Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery<br><br>*Recovering an Overpayment Minus Federal Tax Withholding Guidance* |
| **Procedure Owner** | EBLS/FBA/PVA/PBA |

Take initial actions based on the reason for the recovery.

**In this Section**

TP 6.1A Recovery Due to Benefit Determination Letter (Overpayment of $1,000 or More)
TP 6.1B Recovery Due to Benefit Determination Letter (Overpayment Less than $1,000)
TP 6.1C Recovery Due to Death
TP 6.1D Other Recovery Situations

**TP 6.1A Recovery Due to Benefit Determination Letter (Overpayment of $1,000 or More)**

**07/01/2016**

Use Process 19 Benefit Determination Letters to issue all recovery ▸BDLs. The process includes instructions for determining benefit overpayment amounts.

Use this procedure to follow up on recovery BDLs of $1,000 or more. For recovery BDLs of less than $1,000, see TP 6.1B Recovery Due to Benefit Determination Letter (Overpayment Less than $1,000).

**EBLS/FBA/PVA/PBA**

1. If either of the following applies, complete the *Recovery Referral Memo*, send by e-mail to the Recovery Processing Team mailbox, and image a copy of the memo to the payee's file.
   - Debtor is an ▸estate, ▸trust, or other legal entity.
   - Debtor is represented by counsel, a lawyer becomes involved in any other way, or a notice of bankruptcy is received naming the debtor.
2. If the debtor contacts PBGC to request a debt waiver (for example, due to hardship) or with other questions about the debt, inform the debtor that PBGC will send another letter that specifies the amount of the debt, provides instructions, and explains the debtor's rights and options.
3. If the debtor files an appeal (or requests an extension to file an appeal), wait until the appeal is closed before continuing (see Process 20 Appeals Correspondence for further instructions on handling appeals correspondence):
   - If the Appeals Division's decision eliminates the debt, and the case is no longer a recovery case:
     - Take any action required by the appeal decision (see Process 20 Appeals Correspondence for appeal processing instructions).
     - No further action is required for this procedure.
   - If the appeal decision reduces the debt to an amount of less than $1,000, treat the debt as a recovery BDL of less than $1,000 (see TP 6.1B Recovery Due to Benefit Determination Letter (Overpayment Less than $1,000)). No further action is required on this procedure.
   - If the appeal decision upholds the recovery or does not reduce the debt to less than $1,000, continue to step 5.
   - If the appeal is transferred to the processing unit as RFA (Referred From Appeals) correspondence, allow the debtor the additional 45 days to file an appeal as provided by the *eALG 533 Response to Appellant – Referral from Appeals Dept.* before taking further action.
4. Once 50 days pass from the date of issuing the BDL (or the date of issuing *eALG 540 Cover Letter to send with copy of BDL*) without an appeal, or all appeals are closed and a debt of $1,000 or more remains, complete the *Recovery Referral Memo*.
5. Send the memo by e-mail to the Recovery Processing Team mailbox.
6. Image a copy of the memo to the payee's file in ▸IPS.
7. Once a recovery case has been referred to the ▸Recovery Team in BPD, refer all inquiries and correspondence to the appropriate party:
   - If the debt has not been referred to the U.S. Treasury for collection action (there is no *Treasury Referral Memo* in the payee's ▸PBGC Image Viewer file), refer all calls and correspondence concerning the recovery to the Recovery Team. Assign or reassign to the Recovery Team in ▸CRM as appropriate.
   - Do not issue *Form 718 Installment Payment Agreement* to a debtor. Refer all requests for the form to the Recovery Team.
   - If the debt has been referred to the U.S. Treasury for collection action, as indicated by a *Treasury Referral Memo* in the payee's PBGC Image Viewer file, refer inquiries directly to Treasury according to the memo.
   - Do not acknowledge any correspondence intended for another office, including:
     - Completed *Form 718 Installment Payment Agreement*
     - Installment payments

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**TP 6.1B Recovery Due to Benefit Determination Letter (Overpayment Less than $1,000)**

**07/01/2016**

Use Process 19 Benefit Determination Letters to issue all recovery ▸BDLs. The process includes instructions for determining benefit overpayment amounts.

Use this procedure to follow up on recovery BDLs of less than $1,000. For recovery BDLs of $1,000 or more, see TP 6.1A Recovery Due to Benefit Determination Letter (Overpayment of $1,000 or More).

**EBLS/FBA/PVA/PBA**

1. Proceed according to the debt amount:
   - **$25-1,000:** Continue to step 2.
   - **Less than $25:** Refer to the ▸Recovery Team for write-off.
     a. Complete the *Recovery Referral Memo*.
     b. E-mail the *Recovery Referral Memo* to the Recovery Processing Team mailbox.
     c. Image a copy of the memo to the customer's file in ▸IPS.
2. If the ▸debtor files an appeal (or requests an extension to file an appeal), wait until the appeal is closed before continuing (see Process 20 Appeals Correspondence for further instructions on handling appeals correspondence):
   - If the Appeals Division's decision eliminates the debt or reduces the debt to less than the $25:
     - Take any action required by the appeal decision (see Process 20 Appeals Correspondence for appeal processing instructions).
     - Advise the recovery team by e-mail to the Recovery Processing Team mailbox if the debt is eliminated.
     - Refer a remaining debt balance of less than $25 to the Recovery Team for write-off (see step 1).
     - No further action required for this procedure.
   - If the appeal decision upholds the recovery or does not reduce the debt to less than $25, continue to step 3.
   - If the appeal is transferred to the processing unit as ▸RFA correspondence, allow the debtor the additional 45 days to file an appeal as provided by the *eALG 533 Response to Appellant – Referral from Appeals Dept.* before taking further action.
3. Once 50 days pass without an appeal (the 45-day appeal period, plus five days to process correspondence) or all appeals are closed and a debt of $25 or more remains, issue *eALG 515 Request for Overpayments under $1,000 (Recovery)* to the debtor.
4. Proceed according to the response to the letter:
   - Full payment within 45 days:
     - Verify the repayment in ▸PLUS.
     - Customize and issue an *eALG 531 Receipt of Complete Documentation/Information* to acknowledge the repayment.
   - Partial or no payment within 45 days:
     - Refer the debt to the Recovery Team.
     - Complete the *Recovery Referral Memo*.
     - E-mail the *Recovery Referral Memo* to the Recovery Processing Team mailbox.
     - Image a copy of the memo to the customer's file in IPS.
   - PBGC receives a payment after writing off the debt:
     - Customize and issue an *eALG 531 Receipt of Complete Documentation/Information* to acknowledge the repayment.
     - Advise the Recovery Team by e-mail to the Recovery Processing Team mailbox.
   - Debtor requests to make installment payments, to have the debt waived (for example, due to hardship), or other non-routine questions:
     - Contact Ask PPD for guidance.

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**TP 6.1C Recovery Due to Death**

**07/01/2016**

This procedure covers overpayments due to the death of the ▸payee (the payee was deceased at the date of payment). In cases of recovery due to death, the ▸debtor is the person or ▸estate who received the payment, not the deceased payee.

**EBLS/FBA/PVA/PBA**

1. Refer to TP 5 Death Processing for general death processing. Follow this procedure if a recovery situation is identified.
2. Determine the identity of the debtor, the person (or entity) that received the payment(s) after the date of the payee's death, for example:
   - a signatory on the deceased's joint bank account
   - the deceased payee's estate
3. Determine the overpayment amount using the ▸Spectrum ledgers. ▸PACS may be used if there were multiple payments after the date of death. Use the **gross** payment amount(s) in the calculation (not the net); do not reduce for federal income tax withheld or other deductions from the benefit payments.
4. Take initial action based on how PBGC was notified of the payee's death:
   - **Death Match** (*eALG 555 Death Match Letter* has been issued):
     - If a family member or another person responds to the Death Match letter to confirm the death, treat it as a normal report of death and issue *eALG 505DO Response to Death Notification – Overpayment* or *eALG 505DNO Response to Death Notification – No Overpayment*, as appropriate.
     - If there is no contact confirming the death, after 21 days elapse from the date of the Death Match letter, issue *eALG 505D Follow-up to Death Match Letter or Returned Mail*. Customize the letter according to whether the post-death payments were by ▸ACH or check.
   - **Returned Correspondence Stamped "Deceased" by the Post Office:** Issue *eALG 505D Follow-up to Death Match Letter or Returned Mail*.
   - **Notified by Telephone or Correspondence:** Issue *eALG 505DO Response to Death Notification – Overpayment* or *eALG 505DNO Response to Death Notification – No Overpayment*, as appropriate.
5. Check ▸PLUS for returned payments. If some or all of the debt remains, proceed according to the payment method:
   - **Electronic Direct Deposit (ACH):** Proceed according to the time elapsed since the death notification (or end of the 21-day period for Death Match notification):
     - Four or fewer days: Attempt an ▸ACH reclamation (see TP 2.3 Initiate ACH Reclamation).
     - More than four days: Continue to step 6 and proceed as if the recovery effort failed.
   - **Checks:** For payments issued after the date of death, issue an ▸eCARF (see eCARF Overview page) according to the status of the check:
     - Cashed: Request copies of the cashed checks and continue to step 6.
     - Not Cashed: Select the option to ▸**Return to Trust**, which prompts PBGC's paying agent to stop payment on outstanding checks and to return the funds to trust. Proceed according to whether the stop payment order is successful and the debtor is a beneficiary entitled to continuing benefit payments:
       - Stop payment is successful: Continue death processing according to TP 5 Death Processing as needed.
       - Stop payment is unsuccessful and debtor is not entitled: Continue to step 6.
       - Stop payment is unsuccessful and debtor is entitled: Proceed to TP 2.2 Suspend Benefits to Correct Overpayment.
6. Proceed based on the success or failure of recovery effort and status of the debtor:
   - **Successful collection of full overpayment amount:** Verify the repayment in PLUS and close the case. Issue an *eALG 531 Receipt of Complete Documentation/Information* to acknowledge the repayment.
   - **Debtor is beneficiary entitled to continuing benefit payments and debt balance remains:**
     - If the balance is less than $25, refer the debt to the ▸Recovery Team for write off:
       - Complete the *Recovery Referral Memo*.

- E-mail the *Recovery Referral Memo* to the Recovery Processing Team mailbox.
- Image a copy of the memo to the deceased payee's file in ▶IPS.

- If the balance is $25 or more, attempt to correct the overpayment by suspending or applying recoupment to the beneficiary's payments (see TP 2.2 Suspend Benefits to Correct Overpayment).

> **Note** If the beneficiary is due a back payment and is known to be the debtor for the post-death payments, the back payment may be offset by the amount of the debt. See TP 20.3C Issue Annuity Payment.

- **Debtor is deceased and balance of $10,000 or more remains or debtor is alive and balance of $1,000 or more remains:** Refer the case to the ▶Recovery Team once 35 days elapse from issuing the *eALG 505DO Response to Death Notification – Overpayment* or *eALG 505D Follow-up Letter to Death Match Letter or Returned Mail*.
  - Complete the *Recovery Referral Memo*.
  - E-mail the *Recovery Referral Memo* to the Recovery Processing Team mailbox.
  - Image a copy of the memo to the deceased payee's file in IPS.
- **Debtor is deceased and balance of less than $10,000 remains or debtor is alive and balance of less than $1,000 remains:**

  Debtor requests to make installment payments, to have the debt waived (for example, due to hardship), or other non-routine questions: Contact Ask PPD for guidance.

  All other situations: Refer the debt to the Recovery Team:

  - Complete the *Recovery Referral Memo*.
  - E-mail the *Recovery Referral Memo* to the Recovery Processing Team mailbox.
  - Image a copy of the memo to the deceased payee's file in IPS.

> **Note** If the need arises to issue a non-benefit payment, refer the matter to the PSD/BPD Management Analyst. This may be required, for example, to reimburse a check-cashing agency for fees incurred for cashing a PBGC check with a stop payment order, or to issue an overpayment refund when an ACH reclamation is successful and a check is also received to repay an overpayment.

7. Once a recovery case has been referred to the Recovery Team in ▶BPD, refer all inquiries and correspondence to the appropriate party:
   - If the debt has not been referred to the U.S. Treasury for collection action (there is no *Treasury Referral Memo* in the payee's ▶PBGC Image Viewer file), refer all calls and correspondence concerning the recovery to the Recovery Team. Assign or reassign to the Recovery Team in ▶CRM as appropriate.
   - Do not issue *Form 718 Installment Payment Agreement* to a debtor. Refer all requests for the form to the Recovery Team.
   - If the debt has been referred to the U.S. Treasury for collection action, as indicated by a *Treasury Referral Memo* in the payee's PBGC Image Viewer file, refer inquiries directly to Treasury according to the memo.
   - Do not acknowledge any correspondence intended for another office, including:
     - Completed *Form 718 Installment Payment Agreement*.
     - Installment payments.

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**TP 6.1D Other Recovery Situations**

**07/01/2016**

This section covers unusual ▸recovery situations in which a ▸BDL or death may not be relevant, for example:

- A ▸beneficiary of a ▸C&C ▸annuity received payments after the certain period expired **and** had previously received notification of the payment end date from PBGC or the prior ▸plan administrator. Recovery does not apply if there is no evidence the beneficiary was notified of the end date.
- A ▸participant continued to receive payments after the benefit was supposed to drop to $0 **and** had previously received notification of the payment end date from PBGC or the prior plan administrator. Recovery does not apply if there is no evidence the participant was notified of the end date.
- An alternate ▸payee who is not entitled to any of the participant's survivor benefits receives payments under a shared payment ▸QDRO after the death of the participant.
- An alternate payee receives payments under a child support QDRO after the payments' end date.
- PBGC decides to exercise its authority to collect a debt from a living ▸debtor for any reason.

**EBLS/FBA/PVA/PBA**

1. Customize and issue an *eALG Generic Letter* to notify the debtor and:
   - Identify the amount to repay to PBGC.
   - Explain the reason the debtor is not entitled to the funds.
   - Request full repayment of the debt within 30 days of the date of the letter.
   - Include a return envelope addressed to PBGC's lockbox (P.O. Box 790374) for remitting the full amount in a single payment.
2. Proceed according to the response to the letter:
   - Debtor pays in full within 45 days (30 days plus 15 days for transit time and late payments): Customize and issue an *eALG 531 Receipt of Complete Documentation/Information* to acknowledge the repayment. No further action required for this procedure.
   - Debt is less than $1,000 and debtor requests to make installment payments, to have the debt waived (for example, due to hardship), or other non-routine questions: Contact Ask PPD for guidance.
   - Debtor does not pay in full within 45 days (30 days plus 15 days for transit time and late payments): Continue to step 3.
3. Refer the debt to the Recovery Processing Team:
   - Complete the *Recovery Referral Memo*.
   - Send the memo by e-mail to the Recovery Processing Team mailbox.
   - Image a copy of the memo to the payee's file in ▸IPS.
4. Once a recovery case has been referred to the ▸Recovery Team in ▸BPD, refer all inquiries and correspondence to the appropriate party:
   - If the debt has not been referred to the U.S. Treasury for collection action (there is no *Treasury Referral Memo* in the payee's IPS file), refer all calls and correspondence concerning the recovery to the Recovery Team. Assign or reassign to the Recovery Team in ▸CRM as appropriate.
   - Do not issue *Form 718 Installment Payment Agreement* to a debtor. Refer all requests for the form to the Recovery Team.
   - If the debt has been referred to the U.S. Treasury for collection action, as indicated by a *Treasury Referral Memo* in the payee's IPS file, refer inquiries directly to Treasury according to the memo.
   - Do not acknowledge any correspondence intended for another office, including:
     - Completed *Form 718 Installment Payment Agreement*.
     - Installment payments.

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## TP 6.2 Process Recovery Referrals

**09/30/2016**

| | |
|---|---|
| **Purpose** | To take follow-up action upon receipt of a recovery case referred by a CSB, FBA, PVA, or PBA. |
| **Guidance** | *PLUS Web Manual*<br><br>Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery<br><br>*Recovering an Overpayment Minus Federal Tax Withholding Guidance* |
| **Procedure Owner** | Recovery Team, BPD |

The following processes cover the actions taken by the Recovery Team in ▸BPD once a case has been referred from the ▸CSB, ▸FBA, ▸PVA, or ▸PBA. Begin with TP 6.2A Process Recovery Referrals and refer to the other sections as needed.

**In this Section**

TP 6.2A Process Recovery Referrals
TP 6.2B Process Debt Waiver and Payment Plan Requests
TP 6.2C Use Subpoena to Identify ACH Payment Recipient
TP 6.2D Process Estates, Trusts, and Other Legal Entities
TP 6.2E Process Installment Payment Agreements
TP 6.2F Monthly Recovery Report to FOD

**TP 6.2A Process Recovery Referrals**

**07/01/2016**

**Recovery Team**

1. If the case involves a debt of less than $10,000 and there was sufficient information more than three years ago for PBGC to pursue the case, but no one did, write off the debt in accordance with ▸OGC guidance. Document the reason for the write-off in the tracking tool, close the case, and image the Recovery of Benefit Overpayments Closeout Report (4UI).
2. If the amount of the debt appears to be $10,000 or more, research to confirm the amount of the debt:
   - Amount is $10,000 or more: Wait for the appeals period to end, then refer the case to OGC. No further action required for this procedure.
   - Amount is less than $10,000: Continue to step 3.
3. Write off small debts as appropriate:

   **Debts less than $25.00:** Document the reason for the write-off in the tracking tool, close the case, and image the Recovery of Benefit Overpayments Closeout Report (4UI).

   **Debt $25.00-200.00:** The Recovery Coordinator or alternate may use discretion to write off the debt if it appears the expected recovery cost would exceed the expected collection amount. To write off the debt, proceed as described above (for debts of less than $25.00).

   **Debts $200.01-1,000.00:** The ▸BPD Supervisory Benefits Payment Analyst may use discretion to write off the debt if it appears that the expected recovery cost would exceed the expected collection amount. To write off the debt, proceed as described above (for debts of less than $25.00).
4. Update the recovery tracking tool. Follow up with the ▸POC for any missing information. Continue to update the tool as the case proceeds with the appropriate status codes and comments.

   > **Note** As soon as a case is added to the recovery tracking tool and the debt amount and debtor identification are approved, it is subject to being included on BPD's monthly **Recovery of Benefit Overpayments A/R** report to ▸FOD (see TP 6.2F Monthly Recovery Report to FOD). FOD uses this data to ensure receivables are properly reported on the Corporation's financial statements.
5. Verify the identity of the debtor using ▸PBGC Image Viewer, ▸CRM, and ▸Spectrum, as needed:
   - If the ▸debtor is an ▸estate, ▸trust or other legal entity, see TP 6.2D Process Estates, Trusts, and Other Legal Entities.
   - If the debtor is represented by counsel, a lawyer becomes involved in any other way, or PBGC receives a notice of bankruptcy naming the debtor, contact OGC for guidance before proceeding.
   - If the debtor's identity cannot be verified, obtain an original death certificate or other acceptable proof of death (see Appendix G Acceptable Proof of Age and Death) and proceed according to the type of payment:
     - ▸**ACH:** See TP 6.2C Use Subpoena to Identify ACH Payment Recipient.
     - **Check:** If the total debt is:
       - Less than $3,500: Refer to ▸PBGC's paying agent for fraud investigation.
       - $3,500 or more: Refer to the Office of Inspector General.
6. If the circumstances of the debt appear to involve egregious errors by PBGC, consult with the BPD Supervisory Benefits Payment Analyst before proceeding.
7. Issue the first demand letter to the debtor according to the type of case.
   - **Recovery BDLs:** Issue the first demand letter for repayment, *eALG 565 First Demand Letter - Follows Overpayment BDL*.
   - **Death cases in which the debtor is known:** Issue first demand letter for repayment, *eALG 566 First Demand Letter - Follows Death Letters*.
   - **Other cases:** Send a customized *eALG 565 First Demand Letter - Follows Overpayment BDL* without the ▸BDL language.
8. If at any time a debtor requests a debt waiver (for example, due to hardship) or to repay the debt in installments, proceed to TP 6.2B Process Debt Waiver and Payment Plan Requests.

9. Allow 30 days (plus five days for late correspondence to be processed) for a response to the *eALG 565 First Demand Letter - Follows Overpayment BDL* or *566 First Demand Letter - Follows Death Letters*, as applicable. If the debtor:
   - **Pays the balance in full:** Verify the repayment in ▶PLUS and close the case. Continue to step 11.
   - **Does not respond within 30 days or makes a partial payment and the remaining debt is $1,000 or more:** Proceed according to the date PBGC notified the payee of the debt (BDL or debt notification letter):
     - Before 05/01/2012:
       a. Refer the case to the U.S. Treasury for collection using the FedDebt Web site.
       b. After entering all necessary information, print the *Debt Summary Confirmation* and image to the payee's file along with a completed *Treasury Referral Memo*.
       c. Continue to step 11.
     - On or after 05/01/2012: Continue to step 10.
   - **Makes a partial payment and the remaining debt is less than $1,000:** Proceed according to the date PBGC notified the payee of the debt (BDL or debt notification letter):
     a. Document the reason for the write-off in the tracking tool, close the case, and image the Recovery of Benefit Overpayments Closeout Report (4UI).
     b. Continue to step 11.
   - **Requests administrative review:** Refer the case with a recommendation of action to the BPD Supervisory Benefits Payment Analyst and proceed as directed.
   - **Requests an installment payment plan or a debt waiver:** Proceed to TP 6.2B Process Debt Waiver and Payment Plan Requests.
10. Issue the *eALG 567 Second Demand Letter* and if the debtor:
   - **Pays the balance in full:** Verify the repayment in ▶PLUS and close the case. Continue to step 10.
   - **Requests administrative review:** Refer the case with a recommendation of action to the BPD Supervisory Benefits Payment Analyst and proceed as directed.
   - **Requests a payment plan or a debt waiver:** Proceed to TP 6.2B Process Debt Waiver and Payment Plan Requests.
   - **Does not respond within 30 days (allow five additional days to process late correspondence) or makes a partial payment and the remaining debt is $1,000 or more:**
     a. Refer the case to the U.S. Treasury for collection using the FedDebt Web site.
     b. After entering all necessary information, print the *Debt Summary Confirmation* and image to the payee's file along with a completed *Treasury Referral Memo*.
   - **Makes a partial payment and the remaining debt is less than $1,000:**
     a. Document the reason for the write-off in the tracking tool, close the case, and image the Recovery of Benefit Overpayments Closeout Report (4UI).
     b. Continue to step 11.
11. Update the recovery tracking tool.
12. On closing the case, update the tracking tool, close the case, and image the Recovery of Benefit Overpayments Closeout Report (4UI) to the payee's ▶IPS file.

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**TP 6.2B Process Debt Waiver and Payment Plan Requests**

**07/01/2016**

**Recovery Team**

1. If a ▸debtor requests either a debt waiver (for example, due to hardship) or installment payment plan after the first or second demand letter, issue *eALG 513 Cover Letter for Form 722*.
2. Allow the debtor 30 days (plus five days for late correspondence to be processed) to return the *Form 722 Financial Statement of Debtor* and proceed based on the response:
   - **Form 722 Returned:** Continue to step 3.
   - **No response:** Once 60 days (plus any additional time while the case was under administrative review) have elapsed from the date of the demand letter, refer the recovery case to Treasury (see TP 6.2A Process Recovery Referrals).
3. Proceed according to whether a review of the *Form 722 Financial Statement of Debtor* indicates the debtor can repay the debt in 36 months:
   - **Debtor can repay within 36 months:**
     - Debt is less than $5,000: Refer to the Recovery Coordinator to determine the monthly amount and number of months for the payment plan according to the information on the form. Proceed to TP 6.2E Process Installment Payment Agreements.
     - Debt is $5,000 or more: Refer to the ▸BPD Supervisory Benefits Payment Analyst with recommendations for the monthly amount and number of months for the payment plan according to the information on the form. Proceed to TP 6.2E Process Installment Payment Agreements.
   - **Debtor cannot repay within 36 months:**
     - Immediately forward the case to ▸OGC for review. OGC may waive the debt, permit a payment plan of more than 36 months, or specify other action.
     - Follow up with OGC for the status if there is no response within 30 days.
     - Proceed according to OGC's direction.
     - Update the recovery tracking tool.

**TP 6.2C Use Subpoena to Identify ACH Payment Recipient**

**03/27/2014**

**Recovery Team**

1. If appropriate, call the bank that received the payment to request information on the debtor and determine whether a subpoena will be needed. If so, request the address of the department to which the subpoena should be mailed.
2. If necessary, issue a subpoena to the bank that received the payment using *eALG 516 Administrative Subpoena – Recovery Use*.

   If the receiving bank is known to frequently request a customer communication letter, include *CRM 516CC Customer Communication Letter - Recovery Use ONLY* with the subpoena.
3. Proceed based on the response to the subpoena:
   - **Response within 30 days (plus five days for late correspondence to be processed):** Continue to step 4.
   - **No response within 30 days (plus five days for late correspondence to be processed):** Follow up with (as appropriate):
     - Telephone call
     - *eALG 516F Follow-up Letter to Administrative Subpoena-RECOVERY USE ONLY*
     - *eALG 516O Administrative Subpoena-Other Information - Recovery Area Use ONLY*
4. Proceed based on the success of the subpoena to request the identity of the ▸debtor:
   - **Debtor is identified:** Initiate recovery action according to TP 6.2A Process Recovery Referrals.
   - **Funds are available (whether or not debtor is identified):** Issue the *Request for Funds Letter*.
   - **Debtor is not identified or funds are not available** and:
     - Debt is $10,000 or less: Document the reason for the write-off in the tracking tool, close the case, and image the Recovery of Benefit Overpayments Closeout Report (4UI).
     - Debt is more than $10,000: Refer the case to ▸OGC. Follow up for the status within 30 days. Proceed according to OGC's direction.
5. Update the recovery tracking tool.

**TP 6.2D Process Estates, Trusts, and Other Legal Entities**

**03/27/2014**

**Recovery Team**

1. Upon determining that the ▸debtor is an ▸estate, ▸trust, or other legal entity, issue *eALG 568 Demand Letter to Estate* to the executor, administrator, or other appropriate party. Allow 30 days for a response (plus five additional days for late correspondence to be processed).
2. Act according to the response:
   - **Full payment:** Verify the repayment in ▸PLUS and close the case.
   - **No response or partial payment AND the remaining debt is less than $1,000:** Document the reason for the write-off in the tracking tool, close the case, and image the Recovery of Benefit Overpayments and Closeout Report (4UI).
   - **No response within 30 Days (plus five for late correspondence) or partial payment AND the remaining debt is $1,000 or more:**
     a. Refer the case to ▸OGC.
     b. Take follow-up action according to OGC's determination.

   **Note** If the case involves a debt of less than $10,000 and there was sufficient information more than three years ago for PBGC to pursue the case, but no one did, write off the debt in accordance with OGC guidance. Document the reason for the write-off in the tracking tool, close the case, and image the Recovery of Benefit Overpayments and Closeout Report (4UI). Continue to refer debts of $10,000 or more to OGC.
3. Update the recovery tracking tool.

**TP 6.2E Process Installment Payment Agreements**

**07/01/2016**

**Recovery Team**

1. Confirm that the ▸BPD Recovery Coordinator, BPD Supervisory Benefits Payment Analyst, or ▸OGC has determined to allow the ▸debtor to enter into an installment payment plan.
2. Compute the monthly installment amounts:
   - Include the final payment and any "leftover" amount.
   - Use the methodology ▸FOD provides.
   - Make each monthly payment $25 or more.
3. Customize *eALG 512 Cover Letter for Form 718* as appropriate. Enclose *Form 718 Installment Payment Agreement* and include the following information on the form:
   - Tracking number
   - Total Recovery Amount
   - Monthly payment amount
   - Total number of monthly payments
   - Final payment including "leftover" amount
4. Allow 30 days for a response to the *eALG 512 Cover Letter for Form 718* and proceed accordingly:
   - **Debtor returns a completed *Form 718 Installment Payment Agreement*:** Close the case.

     FOD notifies the ▸Recovery Team upon receipt and images the approved form to the payee's ▸IPS file. Do not acknowledge receipt of the form.
   - **Debtor does not respond within 30 days:** Refer the case to the U.S. Treasury Department (see TP 6.2A Process Recovery Referrals).
   - **If notified that a debtor who requested *Form 718 Recovery Installment Agreement* has died before completing the form:** Confirm the death, and within five business days of confirmation:
     - If the debt is $10,000 or less: Document the reason for the write-off in the tracking tool, close the case, and image the Recovery of Benefit Overpayments and Closeout Report (4UI).
     - If the debt is more than $10,000, refer the case to OGC.
5. Update the recovery tracking tool.

**TP 6.2F Monthly Recovery Report to FOD**

**07/01/2016**

**Recovery Team**

1. Update the recovery tracking tool to the maximum extent practicable prior to report generation.
   - Ensure any pending action items from the prior month's report have been completed and update the recovery tracking tool accordingly.
   - Coordinate with other units (for example ▶OGC, ▶OIG, Appeals) to ensure the recovery tracking tool is up to date with regard to pending cases referred out of ▶BPD.
   - Clear out backlogs in the recovery tracking tool to the maximum extent practicable and update accordingly.
2. Generate a draft *Recovery of Benefit Overpayments (death)* ▶A/R *Report* for the Recovery Coordinator to review.

**Recovery Coordinator**

3. Review the draft *Recovery of Benefit Overpayments (death) A/R Report*.

**Recovery Team**

4. Update the recovery tracking tool based on any problems identified during the Recovery Coordinator's review.
5. Generate a final *Recovery of Benefit Overpayments (death) A/R Report* for the Recovery Coordinator to review.

**Recovery Coordinator**

6. Review the final *Recovery of Benefit Overpayments (death) A/R Report* and deliver to the BPD Supervisory Benefits Payment Analyst.

**BPD Supervisory Benefits Payment Analyst**

7. Review and approve the final *Recovery of Benefit Overpayments (death) A/R Report*.
8. Deliver the *Recovery of Benefit Overpayments (death) A/R Report* to ▶FOD/▶GAB no later than the fifth business day of the month.

## TP 6.3 Resources for Recover Overpayments

**09/30/2016**

**Forms, Letters, and Memos:**

- *Recovery Referral Memo*
- *Request for Funds Letter*
- *BPD Debt Write-Off Memo*
- *Treasury Referral Memo*

**Customer Correspondence and Forms:**

- *eALG 505D Follow-up to Death Match Letter or Returned Mail*
- *eALG 505DNO Response to Death Notification - No Overpayment*
- *eALG 505DO Response to Death Notification - Overpayment*
- *eALG 512 Cover Letter for Form 718*
- *eALG 513 Cover Letter for Form 722*
- *eALG 515 Request for Overpayment under $1,000 (Recovery)*
- *eALG 516 Administrative Subpoena - Recovery Use*
- *eALG 516F Follow-up Letter to Administrative Subpoena-RECOVERY USE ONLY*
- *eALG 516O Administrative Subpoena-Other Information - Recovery Area Use ONLY*
- *eALG 531 Receipt of Complete Documentation/Information*
- *eALG 533 Response to Appellant - Referral from Appeals Dept.*
- *eALG 540 Cover Letter to send with copy of BDL*
- *eALG 555 Death Match Letter*
- *eALG 565 First Demand Letter - Follows Overpayment BDL*
- *eALG 566 First Demand Letter - Follows Death Letters*
- *eALG 567 Second Demand Letter*
- *eALG 568 Demand Letter to Estate*
- *eALG Generic Letter*
- *Form 718 Installment Payment Agreement*
- *Form 722 Financial Statement of Debtor*

**Guidance:**

- *PLUS Web Manual*
- *Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery*
- *Recovering an Overpayment Minus Federal Tax Withholding Guidance*

**Exhibits:**

*None*

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# TP 7 Recoupment

**In this Section**

TP 7. Overview for Recoupment
TP 7.1 Determine Overpayment Amount
TP 7.2 Effect Recoupment and Notify Payee
TP 7.3 Resources for Recoupment

## TP 7. Overview for Recoupment

**04/30/2012**

PBGC seeks repayment of ▸benefit overpayments by one of three methods depending on the circumstances in accordance with Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery. Administrative correction applies generally to erroneous payments not yet in the recipient's possession and is covered in TP 2 Administrative Correction of Benefit Overpayments. ▸Recovery applies generally to overpayments where the payee has no future ▸benefit payable on or after ▸DOPT and is covered in TP 6 Recover Overpayments. This section deals with ▸recoupment.

Recoupment is the method under which collection of the net overpayment is sought by reductions to future payments until it is repaid. Recoupment is limited usually to 10% of a payee's gross monthly payment, though there are several exceptions to this limit which are covered in TP 7.1B Determine Exceptions to the 10% Recoupment Reduction Limit. These include overpayments caused by payments in excess of plan levels, changes in disability entitlement status, and errors for which the participant is responsible. PBGC does not charge interest when applying recoupment to an overpayment.

When a payee with benefits in recoupment dies before the overpayment is fully paid and was receiving an ▸annuity that provides continuing payments to a ▸beneficiary (for example, a survivor annuity or remainder of ▸certain-and-continuous annuity), the overpayment continues to be recouped from the beneficiary's benefit. Under this scenario, the same recoupment percentage that was applied to the participant's payments is applied to the beneficiary's until the overpayment is repaid.

Recoupment is written off in rare circumstances. The most common is for payees in plans that were trusteed prior to 08/23/2007 and whose net overpayment is $500 or less. This *de minimis* recoupment rule does not apply to overpayments from plans trusteed on and after 08/23/2007. Financial hardship is not considered in recoupment cases.

▸PACS is used to calculate benefit overpayment amounts, monthly reductions, and the recoupment end dates, and to document the payee's file. In determining overpayment amounts, PBGC applies Policy 6.4-3 Computation and Netting of Post-DOPT Overpayments and Underpayments.

## TP 7.1 Determine Overpayment Amount

**07/01/2016**

| | |
|---|---|
| **Purpose** | To determine the net overpayment amount for potential recoupment. |
| **Guidance** | Payment Adjustment Calculation System (PACS) Help<br><br>Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery<br><br>Policy 6.4-3 Computation and Netting of Post-DOPT Overpayments and Underpayments |
| **Procedure Owner** | EBLS/FBA/PVA/PBA and Actuary |

**In this Section**

TP 7.1A Determine Net Overpayment
TP 7.1B Determine Exceptions to the 10% Recoupment Reduction Limit

**TP 7.1A Determine Net Overpayment**

**07/01/2016**

**EBLS/PBA/FBA**

1. Verify that the situation is covered by PBGC's rules on ▸recoupment rather than on ▸recovery or administrative correction. If in doubt, contact Ask PPD for guidance.
   - **Recovery:** See TP 6 Recover Overpayments for information on recovery situations.
   - **Administrative Correction:** Certain overpayment situations may be corrected by administrative correction; for example, overpayments due to duplicate payments or clerical errors which can be corrected promptly. See TP 2 Administrative Correction of Benefit Overpayments.
2. Determine whether circumstances apply that exempt the overpayment from recoupment. Under the following scenarios, PBGC does not seek repayment, except as noted.
   - **De minimis overpayments:** For ▸payees in plans trusteed before 08/23/2007, do not recoup for overpayments of $500 or less. Write off these de minimis overpayments using the *Recoupment Waiver Memo* and image to the payee's file with the ▸PACS calculation. Note that the de minimis write-off applies **only** to plans trusteed before 08/23/2007.
   - **Overpayments Outstanding for More than Six Years:** If PBGC notified the payee of the overpayment more than six years ago and did not implement recoupment, do not initiate recoupment regardless of the amount unless fraud is suspected. Write off the debt using the *Recoupment Waiver Memo*. However, if fraud is suspected, refer the case to Office of the Inspector General for review. See TP 12 Fraud and Forgery.
   - **Future benefits were payable at DOPT but not at time the overpayment is discovered.** For example:
     - A payee receiving a straight life ▸annuity was overpaid, and dies before the ▸BDL is issued.
     - A payee was receiving the remainder of certain-and-continuous annuity payments that continued after the date they should have ended. Neither PBGC nor the prior plan administrator advised the payee of the payment end date. (Had the payment end date been communicated, this would be a recovery situation. See TP 6 Recover Overpayments.)
3. If the prior plan administrator initiated before ▸DOTR (or communicated in writing before DOTR) benefit reductions to repay pre-Overpayment Accrual Commencement Date (OACD) overpayments, send an e-mail to Ask PPD summarizing the recoupment situation and requesting guidance on whether to continue the plan's reduction levels or to disregard the prior plan administrator's rules. Note that the correspondence from the plan may be included on a benefit application in the payee's file. Proceed based on ▸PPD's response:
   - **PPD does not concur with the prior plan administrator's rules:** Disregard the pre-OACD recoupment and proceed to the next step.
   - **PPD concurs with the prior plan administrator's rules:** Proceed as follows when initiating recoupment:
     - Verify with the case actuary the amount of the payee's ▸termination benefit (that is, after applying PBGC's legal limitations). Document the actuary's verification to the payee's file or indicate whether the payee's benefit is subject to adjustment in accordance with the *Estimated Benefit Adjustments Analysis Memo* or *Early Plan Analysis Memo (EPAM)*.
     - Apply the same recoupment reduction percentage applied by the prior plan administrator to the plan benefit to the payee's termination benefit without regard for the 10% limit under Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery. Follow plan practice with regard to the final partial recoupment payment, which may be less than the full recoupment amount.
     - For any **post**-OACD overpayments also subject to recoupment, apply recoupment rules according to this section in addition to the prior plan administrator recoupment. For example, if the prior plan administrator had applied a 50% reduction to seek repayment of pre-OACD overpayments, and PBGC has applied a 5% reduction for 125 months, then apply a 55% reduction until the pre-OACD overpayments have been repaid and a 5% reduction thereafter. See Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery for an example of how this is applied.
4. Calculate the net overpayment amount, end date, and reduction amount using PACS. Refer to Payment Adjustment Calculation System (PACS) Help, the ▸benefit statement, payment ledgers, Actuarial Case Report, and other sources as needed. Observe the following as applicable:
   - Determine whether the overpayment will be recouped at the standard 10% rate or at an uncapped rate, and whether an additional temporary reduction applies. See TP 7.1B Determine Exceptions to the 10% Recoupment

Reduction Limitation.

- For a recoupment amount to be included with a Benefit Determination Letter, see Process 19.3 Determine Net Overpayment/Underpayment for Annuities.
- If the OACD does not auto-populate in PACS, obtain it from the Actuarial Case Report. (The OACD is sometimes referred to as the Recoupment/Recovery Date.)
- For any months the payee received less than $5 more than the correct amount, apply the $5 rule (see Process 19.3 Determine Net Overpayment/Underpayment for Annuities).
- To recoup from a payee whose benefits are paid annually, use the *Recoupment Of Benefits Paid Annually Worksheet* and image to the payee's ▸IPS file.
- If a recoupment reduction was previously communicated to the payee but not implemented, recalculate the overpayment using PACS to include any additional overpayments with the revised recoupment begin date. For this scenario, verify that the exception for payees notified more than six years prior (mentioned above) does not apply.
- For payees affected by a ▸QDRO, determine recoupment in accordance with Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery.

5. If a payee with benefits in recoupment dies before the overpayment is fully repaid and was receiving a benefit form that provides continuing payments to a beneficiary (for example, survivor annuity or the remainder of a certain-and-continuous annuity), continue to reduce payments to the beneficiary, as follows:
   - If the deceased payee's benefits were being recouped without regard to the 10% cap, by means of an additional temporary reduction, or for pre-OACD overpayments, contact Ask PPD before proceeding.
   - For regular recoupment (that is, without exceptions identified in the preceding bullet), apply the same recoupment percentage that was applied to the participant's payments to the beneficiary's payments until the overpayment is repaid. This will generally require a manual calculation to determine the new recoupment end date. Complete the *Continuing Recoupment to Beneficiaries Worksheet* and image to the beneficiary's file.
6. Process the recoupment action and notify the payee according to TP 7.2 Effect Recoupment and Notify Payee.

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**TP 7.1B Determine Exceptions to the 10% Recoupment Reduction Limit**

**07/01/2016**

**EBLS/FBA/PVA/PBA, Actuary**

Apply recoupment above the 10% limitation according to the guidance below. See Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery for additional information, or send an e-mail to Ask PPD requesting further guidance, as needed.

**A. Payments in Excess of Plan Levels**

If a payee has been overpaid to the extent that the total amount of benefits received exceeds all benefits that would be payable under the plan, send an e-mail to Ask PPD summarizing the situation and requesting guidance on whether to recoup above the 10% limit and/or to apply recovery. In the e-mail, specify whether any other recoupment reduction is being applied to the payee's benefit.

**B. Fixed-Term Benefits in Excess of Plan Amount**

If a payee is entitled to benefits in a form of benefit that provides benefits for only a fixed period of time (for example, a five-year term-certain benefit, which pays no benefits after five years of payments have been made) and has received, at any point prior to the end of the fixed period, benefit payments that exceed the total amount of all benefits payable under the plan without regard to PBGC's legal limitations:

- Recoup the overpayment from the remainder of the fixed period benefits at the lesser of the initial recoupment percentage without regard to the 10% cap on recoupment and 50%.
- Send an e-mail describing the recoupment scenario to Ask PPD if any other recoupment reduction is being applied to the payee's benefit.

**C. Error in Frequency of Benefit Payments**

If a payee is overpaid because payments were made too frequently (for example, an annual payment was paid monthly), and the payee had been informed of the correct frequency by either PBGC or the prior plan administrator, recoup the overpayment at the lesser of the initial recoupment percentage (without regard to the 10% cap on recoupment) and 50%. Complete the *Error in Frequency Recoupment Worksheet* and image to the payee's IPS file.

Send an e-mail describing the recoupment scenario to Ask PPD if any other recoupment reduction is being applied to the payee's benefit.

**D. Termination Benefits in Excess of the Maximum Insurance Limitation (MIL)**

If the PBGC benefit is greater than the MIL for the year of DOPT, complete the *Worksheet for Application of Variance on 10% Cap on Recoupment* and image to the payee's IPS file. See the Sample Recoupment Scenarios Table for examples of applying the variance.

**Sample Recoupment Scenarios Table**

| A | B | C | D |
|---|---|---|---|
| **Initial Recoupment %** | **MIL %*** | **PBGC Recoupment Cap = Greater of 10% and Column B** | **PBGC Reduction = Lesser of Column A and Column C** |
| 50% | 25% | 25% | 25% |
| 25% | 50% | 50% | 25% |
| 5% | 25% | 25% | 5% |

| | | | |
|---|---|---|---|
| 25% | 5% | 10% | 10% |
| 5% | 7% | 10% | 5% |
| 7% | 5% | 10% | 7% |

*MIL % = [Termination Benefit – Maximum Insurance Limitation] / [Termination Benefit] x 100

**E. Benefit Overpayments Caused by False Information or an Error for which the Participant is Responsible**

If an overpayment appears to have resulted from any of the following:

- False information provided or verified by a payee (for example, not informing PBGC of the existence of a domestic relations order)
- An error for which the payee is responsible
- Failure to notify PBGC of a payee's death
- Failure to notify PBGC of a change in condition or circumstances affecting benefit entitlement or amount
- Any similar circumstance

Send an e-mail describing the recoupment scenario to Ask PPD and requesting guidance on whether to recoup above the 10% limit and/or seek full repayment. In the e-mail, specify whether any other recoupment reduction is being applied to the payee's benefit.

**F. Change in Disability Benefit Entitlement Status**

If a participant (1) is overpaid because of (a) a change in the award of (and in some cases retroactive payment of) a Social Security disability benefit **or** (b) an improvement in health that results in no longer being eligible for a disability benefit under the plan, **and** (2) fails to notify PBGC within one year of (a) the initial notification in the BDL that receipt of the benefit is contingent upon continued disability status and (b) the date of the change in his or her disability status, then:

- Complete the *Temporary Additional Recoupment Worksheet*.
- Recoup at the **flat** reduction rate of 40% until the full amount of the resulting overpayment is repaid. For example, if correct the monthly entitlement is $100 but the participant received disability supplements totaling $4,000, recoup at $40 (40% x $100) per month for 100 months.
- Apply this temporary reduction in addition to any other recoupment reduction in effect for the payee's benefit.

**G. Change in Entitlement to a Supplemental Benefit**

If a participant is overpaid due to a change in the award of (and in some cases, retroactive payment of) a Worker's Compensation or similar benefit that under the participant's plan reduces the amount of a plan disability benefit or temporary supplement payable under the plan:

- Complete the *Temporary Additional Recoupment Worksheet* and recoup at the **flat** reduction rate of 40% until the full amount of the overpayment is recouped.
- Apply this recoupment in addition to any other recoupment reduction in effect for the payee's benefit.

**H. Benefit Suspension Overpayments Due to Working Retirement**

If PBGC notified a participant before benefits should have been suspended that the early retirement benefit is subject to suspension upon reemployment with the DOPT employer (see TP 53 Working Retirement Determinations), and was overpaid due to failure to notify PBGC of such reemployment:

- Complete the *Temporary Additional Recoupment Worksheet* and recoup at the **flat** reduction rate of 25% until the full amount of the overpayment attributable to delayed suspension is repaid. For example, if the suspension has

been lifted and the participant's monthly entitlement is $100, but he or she received a total overpayment of $2,500, recoup at $25 per month for 100 months ($25 x 100 = $2,500).

- Apply this recoupment in addition to any other recoupment reduction in effect for the payee's benefit.

**I. If either of the Following Scenarios Applies in Addition to any of the Preceding Exceptions (A-H), Contact Ask PPD before Proceeding:**

- Benefit reductions were initiated by the prior plan administrator before ▶DOTR to pre-Overpayment Accrual Commencement Date (OACD) overpayments.
- The prior plan administrator advised the payee in writing before DOTR that future benefits would be recouped, and the participant was fully informed of how much the future benefits would be reduced (for example, 50%) and how long the reduction would last (for example, 50 months or until the overpayments were paid back in full).

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## TP 7.2 Effect Recoupment and Notify Payee

**07/01/2016**

| | |
|---|---|
| **Purpose** | To notify the payee of the recoupment action and address responses. |
| **Guidance** | Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery<br><br>Policy 6.4-3 Computation and Netting of Post-DOPT Overpayments and Underpayments<br><br>*Spectrum User Manual* |
| **Procedure Owner** | EBLS/FBA/PVA/PBA |

1. Notify the payee in writing of the ▸recoupment.
   - Normally, the Benefit Determination Letter notifies the payee. See Process 19.2 Review Actuarial Case Report and Issue BDLs.
   - If a previously communicated recoupment was not implemented, use an *eALG Generic* letter to advise the payee of the new recoupment begin date and of any changes in the total recoupment amount and monthly deduction. If overpayments continued after the first recoupment notification, include them in the revised calculation. Before implementing recoupment, make sure the exception for overpayments first communicated over six years prior does not apply (see TP 7.1A Determine Net Overpayment).
   - If there is a change in the recoupment amount due to an appeal decision or for any other reason, advise the payee using an *eALG Generic* letter—do not issue a Revised ▸BDL unless otherwise directed. See Process 20 Appeals Correspondence.
   - If recoupment will apply to the ▸beneficiary of a deceased payee entitled to continuing benefits, notify the beneficiary when those payments begin using either the payment advice letter or *eALG Generic* letter.
2. Implement the recoupment in ▸Spectrum using the appropriate recoupment begin and end dates according to the ▸PACS calculation. Do not recoup the final recoupment payment if it would be less than the amount of the normal monthly reduction (unless the recoupment reduction is for a pre-Overpayment Accrual Commencement Date (OACD) overpayment that was implemented and/or communicated by the plan and with which ▸PPD has concurred).

   **Example:** A payee's regular monthly recoupment reduction is $9.85. The balance due with the final monthly payment would be $6.31. Do not recoup the final $6.31 since it is less than the regular monthly reduction.
3. If the payee contacts PBGC about the recoupment notification, document the communications in ▸IPS or ▸CRM, accordingly. Use the guidance below as appropriate.
   - **Payee appeals the BDL:** Do not initiate recoupment until the appeal is closed. Follow Process 20 Appeals Correspondence.
   - **Payee wishes to prepay the overpayment in lieu of recoupment:** Advise the payee that PBGC does not charge interest during the recoupment period and therefore it may not be advantageous to prepay. If the payee still wishes to prepay:
     - Advise the payee the full amount must be repaid in a single payment since PBGC does not accept installment payments in lieu of recoupment.
     - Provide the overpayment amount and request the payment be mailed to the ▸lockbox address:

       Benefits Administration and Payment Department
       Pension Benefit Guaranty Corporation
       P.O. Box 790374
       St. Louis, MO 63179
   - **Payee requests hardship consideration:** Advise the payee that PBGC does not consider financial hardship in recoupment cases.

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## TP 7.3 Resources for Recoupment

**09/30/2016**

**Letters, Forms, and Memos:**

- *Continuing Recoupment to Beneficiaries Worksheet*
- *Error in Frequency Recoupment Worksheet*
- *Recoupment of Benefits Paid Annually Worksheet*
- *Recoupment Waiver Memo*
- *Temporary Additional Recoupment Worksheet*
- *Worksheet for Application of Variance on 10% Cap on Recoupment*

**Customer Correspondence and Forms:**

*eALG Generic Letter*

**Guidance:**

- *Payment Adjustment Calculation System (PACS) Help*
- *Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery*
- *Policy 6.4-3 Computation and Netting of Post-DOPT Overpayments and Underpayments*
- *Spectrum User Manual*

**Exhibits:**

*None*

# TP 8 Process Received/Returned Check

**In this Section**

TP 8. Overview for Process Received/Returned Check
TP 8.1 Process Check
TP 8.2 Process Bounced Check
TP 8.3 Resources for Process Received/Returned Check

## TP 8. Overview for Process Received/Returned Check

**08/30/2011**

BPB receives and processes several types of payments; for example, for recovery of benefit overpayments, installment payments, stale-dated checks, and returned benefit payments that were issued to deceased payees for benefits to which they were not entitled. These payments are normally received and processed at PBGC headquarters. However, on occasion a check may be sent to an FBA or PVA office. This procedure covers how to handle the different types of checks in the rare event they are received by an FBA or PVA office.

## TP 8.1 Process Check

**03/30/2016**

| | |
|---|---|
| **Purpose** | To forward personal checks and returned benefit checks received at an FBA/PVA office to the appropriate address. |
| **Guidance** | eALG Correspondence Help<br><br>PBGC Directive FM 05-4 Received Funds and Negotiable Instruments Handling Procedures |
| **Procedure Owner** | FBA/PVA |

1. Proceed based on the type of check received:

   **Personal checks, money orders, etc. payable or endorsed to PBGC**: Send to the following lockbox:

   Benefits Administration and Payment Department
   Pension Benefit Guaranty Corporation
   P.O. Box 790374
   St. Louis, MO 63179

   **Checks issued by PBGC's paying agent**: Send to BPB at:

   U.S. Bank Government Lockbox
   c/o PBGC Production Manager
   SL-MO-C2GL
   1005 Convention Plaza
   St. Louis, MO 63101
   (314) 418-4087

   > **Note** The telephone number is provided only to be inserted on the shipping label.

2. Issue an *eALG 531 Receipt of Complete Documentation/Information* to the sender to acknowledge receipt.

## TP 8.2 Process Bounced Check

**07/01/2016**

| | |
|---|---|
| **Purpose** | Debit payee's account and notify sender that payment is still due. |
| **Required Input and Source** | Bounced check from FOD. |
| **Process Output and Recipient** | Payee's account is debited. Payee or representative is notified that the check bounced and that the amount is still due. |
| **Control Issues** | Maintaining accurate accounting is an integral part of management internal controls. |
| **Important Concepts** | Importance is given to processing bounced checks to correct the payee's record to reflect that the monies are still due, and to reconcile amounts received with amounts posted to payees' accounts. Also, to insure the income is properly reported to the IRS and the 1099 form is corrected for the current or past tax year(s). |
| **Guidance** | N/A |
| **Procedure Owner** | DMC, EBLS/FBA/PVA/PBA |

1. ▸FOD receives bounced checks from the Lockbox Processing Unit and forwards them to ▸DMC.
2. DMC determines which ▸payee's account should be debited by checking ▸Spectrum and ▸PBGC Image Viewer and completes a CARF.
3. DMC sends the original CARF and one copy, and a copy of the bounced check (front and back) to ▸PBGC's paying agent.
4. PBGC's paying agent debits the payee's account (ledger).
5. DMC gets a copy of the CARF and bounced check (front and back) from DMC and scans it to the participant's file ( ▸IPS).
6. DMC forwards the original bounced check with a copy of the CARF to the benefit processing staff and sends an e-mail requesting that the check be returned to the sender.
7. Benefit processing staff returns the bounced check to the payee and requests payment if another check was not received.

## TP 8.3 Resources for Process Received/Returned Check

**09/30/2016**

**Letters, Forms, and Memos:**

None

**Customer Correspondence and Forms:**

*eALG 531 Receipt of Complete Documentation/Information*

**Guidance:**

PBGC Directive FM 05-4 Received Funds and Negotiable Instruments Handling Procedures

**Exhibits:**

None

# TP 9 Balance/Reconcile Payments

**In this Section**

TP 9. Overview for Balance/Reconcile Payments
TP 9.1 Resolve Payment Variances
TP 9.2 Resources for Balance/Reconcile Payments

## TP 9. Overview for Balance/Reconcile Payments

**07/01/2016**

OBA is responsible for ensuring that PBGC's paying agent pays approved benefits to payees. To accomplish this, reconciliation of payments projected in the pay sources of payees' records with actual payments is necessary. The Balancer application performs the post check-run reconciliation of PBGC's paying agent payment activities against PBGC's projected payments. The results ensure that incorrect payments are addressed.

Balancer identifies variances between projected payments and actual payments. The Balancer Administrator, in conjunction with the Balancer Team, analyzes the variances identified by Balancer and notifies the CSB or FBA staff to make the necessary corrections to Spectrum records, or initiate corrections to PLUS records, to prevent recurrence of the variances, where required.

## TP 9.1 Resolve Payment Variances

**07/01/2016**

| | |
|---|---|
| **Purpose** | To resolve variances between projected payments and actual payments. |
| **Required Input and Source** | Variances between projected and actual payments reported by Balancer. |
| **Process Output and Recipient** | Resolution of variances between projected and actual payments reported by Balancer. |
| **Control Issues** | The balancing procedure is an accounting and internal control process that ensures that only approved payments were made. |
| **Important Concepts** | Variances may occur due to some key differences between Spectrum (maintained by PBGC) and PLUS. Correction to Spectrum or PLUS pay sources and/or payment frequency may be necessary.<br><br>Corrections to PLUS require completion of the appropriate data entry form with adequate approval.<br><br>If an incorrect payment is detected, quick action should be taken to notify PBGC's paying agent to pull or stop the payment.<br><br>When a death report is received after the Check Run - Annuities & Special Checks date (late death) an eCARF is sent to PBGC's paying agent to pull or stop the payment. |
| **Guidance** | Benefit Payment Schedule on Intranet |
| **Procedure Owner** | Balancer Administrator, EBLS/FBA/PVA/PBA |

**BPD Balancer Administrator**

1. Determine the reason(s) for the variance by reviewing the approved transactions, ▸pay sources, ledgers and other payment data from ▸PRISM Balancer, ▸AWA, and ▸Spectrum. Some common variances are:
   - Change was made to an annuity payment and not forwarded, or forwarded and not approved. To resolve this type of variance, the benefit administration staff forwards and approves the record in the current or next payment cycle.
   - Death notices received after the Check Run - Annuities & Special Checks date. ▸PLUS does not receive the transmission of the payee's death to deactivate the record in time to stop preparation of the next month's payment. ▸OBA staff usually sends an eCARF to ▸PBGC's paying agent to authorize them to pull or stop the payment.
   - Multiple role ▸payees. Variances in this category develop due to key differences between Spectrum (maintained by PBGC) and PLUS. Spectrum accommodates a payee with multiple roles (that is, participant and beneficiary) and **payment records** per plan. PLUS accommodates **only one payment record** per payee per plan. The problem occurs when payments to a person in multiple roles in the same plan are not combined in Spectrum. More than one payment record is transmitted to PLUS. A pay source on PLUS is overwritten resulting in an overpayment or underpayment. Benefit administration staff need to take immediate corrective action.
   - Other variances may result when the pay frequency code in Spectrum does not match the intended payment (for example an ▸annual payment with a monthly pay frequency). Action needs to be taken to ensure the participant is not overpaid.
2. Notify the staff of the variance.

**CSB or FBA**

3. Within two business days:
   - Respond with an explanation of the cause and resolution to the variances;
   - Submit the response to the DMC for imaging to the customers file; and
   - Take corrective action to prevent the variance from recurring, if necessary.

**BPD Balancer Administrator**

4. BPD closes the variance in Balancer.

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## TP 9.2 Resources for Balance/Reconcile Payments

**09/30/2016**

**Letters, Forms, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

Benefit Payment Schedule

**Exhibits:**

None

# TP 10 Income Verification Requests

**In this Section**

TP 10. Overview for Income Verification Requests
TP 10.1 Respond to Income Verification Requests Received by EBLS/PVA/FBA/PBA
TP 10.2 Respond to Income Verification Requests Received by DMC
TP 10.3 Respond to Income Verification Requests Received by CCC
TP 10.4 Resources for Income Verification Requests

## TP 10. Overview for Income Verification Requests

**07/01/2016**

PBGC receives requests daily from participants, third-party government agencies (for example, ▸SSA), and third-party non-government groups (for example, mortgage companies), to verify the pension income for participants. PBGC can receive a request by phone, fax, or letter (via postal service).

▸Income verification (IV) requests are processed by the ▸CCC, ▸DMC, ▸EBLS/▸PVA/▸FBA/▸PBA, and Disclosure Division/▸OGC. Generally, the process entails receiving the requests, recording and tracking the requests through ▸CRM, verifying the requestors, and perfecting the requests (that is, ensuring the groups have all required information). After perfecting the requests, any of these groups may send the income or pension information using the ▸eALG 520-series income verification letters.

A participant with an active annuity benefit from PBGC can request and print an income verification letter through MyPBA, which will expedite the process. MyPBA does not generate IV letters to participants who received lump-sum payments.

Disclosure Division/OGC serves as the initial contact and disclosure point of all internal and external inquiries under ▸FOIA, ensuring that PBGC responds within the statutory and regulatory time limits. Disclosure Division/OGC also defines the policies regarding the processing of IV requests, ensuring that CCC, DMC, and EBLS/PVA/FBA/PBA verify the information needed to process the IV requests appropriately under FOIA and the Privacy Act.

The perfected criteria that Disclosure Division/OGC requires include:

- Participant:
  - Signed and dated written consent to send income verification letter to a third party
  - Verbal or written request to send income verification letter to the participant
- Third-party non-government:
  - Date on request
  - Company name on official letterhead
  - Requestor name, title, and signature (the requestor title does not need to be a supervisor or manager)
  - Participant's signed and dated written consent to send income verification letter to the third party
- Third-party government:
  - Date on request
  - Government agency name on official letterhead
  - Supervisor or manager name, title, and signature
  - Participant's signed and dated written consent to send income verification letter to the third party

**Note** When processing an IV request for a participant, do not deny or reject the participant's request; instead, follow procedures for a non-perfected request. For any questions or clarifications regarding IV processing or related training, contact Disclosure Division/OGC at 202-326-4040.

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## TP 10.1 Respond to Income Verification Requests Received by EBLS/PVA/FBA/PBA

**07/01/2016**

| | |
|---|---|
| **Purpose** | To process income verification requests received by CSB/PVA/FBA/PBA. |
| **Guidance** | N/A |
| **Procedure Owner** | EBLS/PVA/FBA/PBA |

1. Receive and document the ▸Income Verification (IV) request.

   ▸EBLS/▸PVA/▸FBA/▸PBA receives IV requests by phone or by fax from a ▸participant or third party.

2. If the request is by telephone from a participant with an active annuity benefit, inform the participant that he or she can request and print an IV through MyPBA, which will expedite the process. (MyPBA does not generate IV letters to participants who received lump sums.)
   a. If the customer decides to use MyPBA, update (or create) and close the CRM service request. No further action is required.
   b. If the customer does not wish to use MyPBA, continue processing according to the following steps.
3. Confirm the identity of the requestor and open a service request (SR) (for direct calls) or update an existing SR (for transferred calls from CCC) in ▸CRM.
4. Determine if the request is perfected (see ▸Perfected Criteria for Income Verification Information):
   a. If perfected, continue to step 5.
   b. If not perfected, continue to step 6.
5. For perfected requests:
   a. If necessary, image or import to ▸IPS any documentation associated with the request, preferably the same day.
   b. Update the SR status in CRM indicating that EBLS/PVA/FBA/PBA is processing the request.

      Whenever possible, include details about how EBLS/PVA/FBA/PBA issued the appropriate ▸eALG 520-series income verification letter (for example, fax or mail).
   c. Process and send the appropriate eALG 520-series income verification letter to the requestor and send a copy to the participant.
   d. Close the SR. No further action required for this procedure.
6. For non-perfected requests, process depending on source of the request:
   - Participant requesting income verification information be sent to a third party: Request that the participant fax a signed request for the EBLS/PVA/FBA/PBA to distribute the information to the third party, including contact information for the third party.
   - Third party requesting income verification information:
     - From third-party non-government:
       a. Image or import to IPS any documentation associated with the request, preferably the same day.
       b. Contact the participant or requestor for the missing data:
          - Perfecting information received within five business days: Process as a perfected request. See step 5.
          - Perfecting information not received within five business days: Continue to step 7.
     - From third-party government:
       a. Populate the IV form with any income or pension information, if available.
       b. Fax the request to Disclosure Division/▸OGC, indicating what is missing from the request and the pension information.
       c. Update the SR status in CRM indicating that EBLS/PVA/FBA/PBA sent the request to Disclosure Division/OGC.

          The Disclosure Division/OGC processes and then sends the final income verification letter to EBLS/PVA/FBA/PBA by e-mail as an attachment.

d. Close the SR.

e. Image or import the final Disclosure Division/OGC income verification letter into the participant's file in IPS. Continue to step 7.

7. If the EBLS/PVA/FBA/PBA does not receive perfecting information after five business days:
   a. Update the SR status in CRM indicating that EBLS/PVA/FBA/PBA could not process the request.
   b. Forward the request to Disclosure Division/OGC.

      Disclosure Division/OGC sends an appropriate response to the participant.
   c. Close the SR.
8. If after transferring a request to Disclosure Division/OGC for processing, EBLS/PVA/FBA/PBA receives a duplicate request or support documents that perfect the request:
   a. Call Disclosure Division/OGC regarding the support documents and document the call in the SR.
   b. Forward the support documents to Disclosure Division/OGC.

      Disclosure Division/OGC processes and then sends the final income verification letter to EBLS/PVA/FBA/PBA by e-mail as an attachment.
   c. Check for additional SRs in CRM for the same request:
      - If other SRs exist: Update the source SR, referencing the others, then close the additional SRs.
      - If no other SRs exist: Close the SR.
   d. Image or import the final Disclosure Division/OGC income verification letter into the participant's file in IPS.

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## TP 10.2 Respond to Income Verification Requests Received by DMC

**07/01/2016**

| | |
|---|---|
| **Purpose** | To process income verification requests received by DMC. |
| **Guidance** | N/A |
| **Procedure Owner** | DMC |

The ▸DMC mainly receives income verification requests via the postal service and fax, with many of the requests containing an income request form from third parties such as a government, state, or local agency or rental management company.

1. Receive the income verification request.

   DMC receives income verification requests from the postal service, faxes from the ▸CCC, or faxes received directly to the DMC.
2. Determine if the request is perfected (see ▸Perfected Criteria for Income Verification Information):
   - Perfected: Continue to step 3.
   - Not perfected and DMC will attempt to process: Continue to step 4.
   - Not perfected and DMC cannot process (for example, the request is for a power of attorney or guardianship or is a non-perfected government third-party request): Continue to step 5.
3. For perfected requests:
   a. Scan the request into ▸IPS.
   b. Create a service request (SR) in ▸CRM and complete the appropriate eALG 520-series income verification letter.
   c. Close the SR.
   d. Mail or fax (depending on how request was received) the eALG 520-series letter and agency/company form to the requestor.
   e. If a response by fax is requested, scan the completed eALG 520-series income verification letter with the fax confirmation into IPS. No further action required for this procedure. (The eALG 520-series letter must be scanned together with the fax confirmation, even though a copy is automatically imaged to IPS.)
4. For non-perfected requests that DMC will attempt to process, contact the participant or third party for the missing information:
   - Information received in one business day: Process as a perfected request. See step 3.
   - Information received after one business day or not received at all: Continue to step 5.
5. If the DMC cannot perfect, proceed based on the type of non-perfected request:
   - Non-perfected third-party government request:
     a. Scan the request into IPS and create an SR in CRM.
     b. Prepare (but do not issue) the appropriate eALG 520-series income verification letter.
     c. Forward the income verification request and eALG 520-series income verification letter to Disclosure Division for response.

        Disclosure Division will perfect the request and respond to the requestor by attaching the eALG 520-series letter to its cover letter. Since Disclosure Division may require a number of days or even weeks to perfect the request, its response will most likely be dated **after** the date of the eALG 520-series letter.
     d. Forward the SR in CRM to the ▸EBLS/▸PVA/▸FBA/▸PBA POC indicating that the DMC has sent the request with the prepared response letter to Disclosure Division. No further action required for this procedure.
   - Third-party non-government requests:
     a. Copy and scan the request into IPS.
     b. Open an SR in CRM.
     c. Forward the SR to EBLS/PVA/FBA/PBA for processing.
     d. Update the SR in CRM indicating that the DMC has sent the request to EBLS/PVA/FBA/PBA.

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## TP 10.3 Respond to Income Verification Requests Received by CCC

**07/01/2016**

| | |
|---|---|
| **Purpose** | To process income verification requests CCC receives by phone. |
| **Guidance** | N/A |
| **Procedure Owner** | CCC |

1. Receive ▸income verification (IV) request by phone and open a service request (SR) in ▸CRM.

   If ▸CCC receives an IV request via fax (not related to an incoming phone call), prepare a process-only package and send to ▸DMC for processing. DMC scans the documents into ▸IPS and processes. No further action required for this procedure.

2. If the caller is a participant with an active annuity benefit, inform the participant that he or she can request and print an IV through ▸MyPBA, which will expedite the process. (MyPBA does not generate IV letters to participants who received lump sums.)

   a. If the participant decides to use MyPBA, update and close the CRM service request. No further action is required.

   b. If the participant does not wish or is unable to use MyPBA, continue processing according to the following steps.

3. If the telephone call request concerns a lump sum, semi-annual payment, power of attorney, or otherwise requires a customized letter, transfer the call and SR to the appropriate office (▸EBLS/▸PVA/▸FBA/▸PBA).

   The appropriate office processes and closes the SR according to TP 10.1 Respond to Income Verification Request Received by EBLS/PVA/FBA/PBA. No further action required for this procedure.

4. Log the request into ▸CRM as "Send Income Verification."

5. To process a request to mail or fax an IV letter to the participant:
   - Prepare the appropriate eALG 520-series letter.
   - Fax (if requested) and mail the letter to the participant.
   - Update and close the SR. No further action required for this procedure.

   If the request is to send the IV to a third party, continue to step 5.

   > **Note** If the customer requests a change to the address of record or other contact information at the time of the IV request, follow normal procedures to verify the participant's identity before updating the information.

6. While on the phone with the participant, request written consent, all other required information, process instructions, destination details, and fax number (if applicable) to process the IV request from a third party (see ▸Perfected Criteria for Income Verification Information).

   CCC requests that the participant or third party fax this information to CCC.

7. Proceed according to whether perfecting information is received within one day:
   - Received within one day: Determine if IV request is perfected:
     - Perfected: Proceed to step 7.
     - Non Perfected: Contact the participant or third party for the missing information.
   - Completed perfecting information **not** received within one day:
     - Forward the request to Disclosure Division/OGC for processing.
     - If the perfecting information arrives after one business day:

       a. Call Disclosure Division/▸OGC regarding the status.

       b. Determine if CCC or Disclosure Division/OGC will perfect and process the request:
          - CCC will process: Proceed to step 7.
          - Disclosure Division/OGC will process: Update CRM regarding the status, prepare a scan-only package, and send to DMC.

            DMC scans the documents into IPS. No further action required for this procedure.

8. If information from the participant perfects the request, process the request as follows:
    a. Prepare a scan-only package and send the request to the DMC.

       DMC scans the documents into IPS.
    b. Process the request and mail or fax the original eALG 520-series income verification letter to the participant and fax to the third party.
    c. Update CRM regarding the status and close the SR.

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## TP 10.4 Resources for Income Verification Requests

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

eALG 520-series Income Verification Letters

**Guidance:**

None

**Exhibits:**

None

# TP 11 Trial Balance

**In this Section**

TP 11. Overview for Trial Balance
TP 11.1 Identify and Distribute Variances
TP 11.2 Resolve Variances
TP 11.3 Resources for Trial Balance

## TP 11. Overview for Trial Balance

**07/01/2016**

BPD performs a trial balance before the check run to ensure that the Paying Agent makes only approved payments. The goal is to correct any variance(s) before the actual check run.

Spectrum Trial Balance reports variances between approved payment transactions and the Paying Agent's payment projections. The Trial Balance Forecast identifies all approved payments for a specified month. The Variance Determination Procedure compares the forecast of approved payment transactions to the Paying Agent's projections. This process identifies variances between the two sets of data. The variances are then displayed in the Trial Balance application interface.

The BPD Reconciliation Administrator is responsible for administering the Spectrum Trial Balance. The duties include:

- Oversight of the functions of Spectrum Trial Balance;
- Review of all variances and distribution of the Trial Balance Variance Reports to the processing staff for resolution;
- Identifying false positives, and
- Updating Trial Balance with the error correction and resolution codes.

The processing staff are responsible for ensuring that their variances are resolved accurately, that the response is complete, and responded to in accordance with the deadlines published in the Benefit Payment Schedule.

## TP 11.1 Identify and Distribute Variances

**07/01/2016**

| | |
|---|---|
| **Purpose** | Trial Balance Software Application - Review the Reconcile Screen to determine:<br>• Variances to be distributed for resolution<br>• False positives that will not be distributed for resolution |
| **Required Input and Source** | • Trial Balance extract files from paying agent (annuity and lump sum)<br>• Jobs Status data from Trial Manager to determine progress and status of automated processing<br>• Reconciliation Detail data from the Trial Balance application<br>• Error correction codes and adjustments to benefits from completed Variance Resolution Forms |
| **Process Output and Recipient** | • Variance Resolution forms to processing staff<br>• Imaged Variance Resolution forms and associated NFDE forms<br>• CRM service requests generated by scanning Variance Resolution forms into IPS |
| **Control Issues** | Trial balance is an accounting and internal control process that ensures that the paying agent only makes approved payments. |
| **Important Concepts** | Variances occur due to differences between approved Spectrum data and PLUS. Corrections to Spectrum and/or PLUS maybe necessary. BPD's objective is to resolve all variances during trial balance.<br>**Timing:** Trial Balance Variance Reports are distributed to processing staff as soon as possible after review by BPD. The Reconciliation Administrator's final review of completed Trial Balance Variance Reports and variances in Spectrum Trial Balance is completed by the last business day of the month. |
| **Guidance** | Benefit Payment Schedule on Intranet<br>Benefits Payment Branch Processes<br>Trial Balance Desk Reference |
| **Procedure Owner** | Reconciliation Administrator, BPD |

Detailed Trial Balance processing steps for ▸PSD may be found in the Trial Balance Desk Reference on the PBGC Portal. The following is a brief summary of the major steps:

**Trial Balance Reconciliation Administrator (BPD)**

**Following the ▸cut-off:**

1. Generate and distribute Forecast detail reports.
2. Identify false positives.
3. Distribute variances and summaries.
4. Update the Trial Balance Reconcile Screen with the error correction and variance resolution codes when completed Variance Resolution forms are received.
5. Maintain the Variance Points of Contacts table in the Trial Manager application.

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# TP 11.2 Resolve Variances

**07/01/2016**

| | |
|---|---|
| **Purpose** | Correct variances and complete Trial Balance Variance Resolution forms. |
| **Required Input and Source** | Trial Balance Variance Resolution forms from the BPD Reconciliation Administrator. |
| **Process Output and Recipient** | Spectrum and/or PLUS correction to resolve variances. Completed Variance Resolution forms, and associated NFDE forms delivered to BPD by scanning into IPS using document type 4B. |
| **Control Issues** | The period between distribution and resolution of variances is very short (usually less than two business days). Quick action and efficient monitoring are necessary.<br><br>PBGC Forms 487, 490 and 491 data entry forms in NFDE require approval according to the approval level table in TP 28. Overview for Approve Financial & Non-Financial Transactions through Approval Service. |
| **Important Concepts** | The **Trial Balance Variance Resolution form** has two sections: An Identification Section that gives information on the variance and a Resolution Section to be completed upon resolution of the variance.<br><br>The **Trial Balance Variance Summary Report** shows the names of the mail POCs for the case and the number of variances by type, for example, annuity/special/lump sum.<br><br>**Timeline for delivery of Variance Resolution forms and associated NFDE Forms to BPD for transmission to the Paying Agent (Annuities, Specials, and Lump Sums):** In accordance with the date posted in the Benefit Payment Schedule published on the PBGC intranet.<br><br>**Adjusted Gross Amount Annuities:** the adjusted gross amount is the gross payment amount less any recoupment amount.<br><br>**Lump sums:** the adjusted gross amount is the gross payment amount less interest if Paying Agent calculates the interest (PBGC has no interest to balance against). If PBGC calculates the interest, the gross amount is not adjusted. |
| **Guidance** | Benefit Payment Schedule on intranet<br><br>NFDE Help File<br><br>*Spectrum User Manual* |
| **Procedure Owner** | EBLS/FBA/PVA/PBA, Variance Coordinator, Employee Benefits Supervisor, CSD |

**In this Section**

TP 11.2A Resolve Variances: PSD/EBLS/FBA/PVA
TP 11.2B Resolve Variances: Variance Coordinator (CSD/FBA/PVA)

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**TP 11.2A Resolve Variances: PSD/EBLS/FBA/PVA**

**07/01/2016**

These actions are taken by processing staff identifying a variance.

**EBLS/FBA/PVA/PBA**

1. Review the *Trial Balance Variance Resolution* form as soon as it is received. The form shows the variance between the approved ▸Spectrum pay source and ▸PLUS.
2. Review the ▸payee's record in Spectrum to determine the reason for the variance and for approved transactions. The three general types of variances are:
   - Difference in payment amounts
   - Spectrum approved payment—no matching payment in PLUS
   - PLUS payment—no matching approved payment in Spectrum.
3. If necessary, research in the payee's PBGC Image Viewer file for more information.
4. Make change to Spectrum and/or PLUS according to the appropriate table:
   - ▸Annuities Table
   - ▸Specials and Lump Sum Table

   **Note** Complete the required data entry form (PBGC Form 487, 490, or 491) in ▸NFDE. See the NFDE Help File for examples of completed data entry forms.
5. The form is approved according to the **Approval Levels Table** in TP 28. Overview for Approve Financial & Non-Financial Transactions through Approval Service. FBAs—if headquarters staff needs to approve the amount, send the original data entry form to the Plan's Technical Monitor to obtain the signature. In the absence of the Technical Monitor, contact the Division Manager/Associate Manager for assistance.

   Use the same pay source in Spectrum on the form to avoid further variances in payment, for example, E1 in Spectrum is 1 on PBGC Form 487.

   If the variance is the result of a death transaction that the paying agent did not receive, complete the appropriate data entry form with the correct ▸status code in the status field, and insert the end date (as shown in Spectrum) in the correct pay source end date field.

   **Note** Do not enter unnecessary data on the data entry form. If the paying agent has a record of the payee on PLUS, enter only changes to the payment record. Identifying fields, for example, name, Social Security Number (▸SSN) and ▸PBGC case number, and status must be completed.
6. Make a copy of the completed data entry form PBGC Form 487, 490 or 491 from NFDE to attach to the Trial Balance Variance Report for submission to the Reconciliation Administrator through the Variance Coordinator.
7. Complete the **Resolution** section of the Trial Balance Variance Report. Indicate the action taken by checking the appropriate resolution making relevant comments. Print your name, sign and date the Variance Report.
8. Deliver completed Variance Resolution forms and associated NFDE forms to the Variance Coordinator.

Sample Trial Balance Variance Reports

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**TP 11.2B Resolve Variances: Variance Coordinator (CSD/FBA/PVA)**

**07/01/2016**

**Variance Coordinator**

1. Review the Trial Balance Variance Summary and Distribution Reports as soon as the e-mail from the Reconciliation Administrator is received. Ensure that the case POCs listed are present. If a POC is unavailable, reassign the variance resolution responsibility to another team member.
2. Compare the Trial Balance Variance Reports received from BPD with the Trial Balance Summary and Distribution Reports and ensure that all variances on the reports were received. Resolve any discrepancies.
3. Create service requests in CRM for completed Variance Resolution forms and attachments (PBGC Forms 487, 490 or 491) by the deadline posted in the Benefit Payment Schedule or as indicated in the Trial Balance Reconciliation Administrator's e-mail.
4. Scan into ▸IPS using document type 4B. This automatically creates a ▸CRM Service Request and assigns it to BPD.
   - **Headquarter Organizations:** Deliver completed Variance Resolution Forms and attachments to the DMC for scanning. The DMC will scan the forms into IPS. Allow sufficient time for DMC scanning so the CRM Service Request is created by deadline.
   - **FBAs and PVAs:** Scan into IPS using document type 4B. Allow sufficient time for DMC scanning so the CRM Service Request is created by the deadline.
   - **Scanning Instructions:** The Trial Balance variance form and attached ▸NFDE form should be scanned using the Participant Ad-scan workflow in the IPS Document Manager (DM) 2.0 system:
     a. Create Participant Ad-scan work item coversheet for the applicable SSN and Case Number.
     b. Prep the Trial Balance variance form and the attached NFDE forms as **one document** using document type 4B-Variance Resolution Form. (This will create one Service Request in CRM.)
     c. Scan the prepped work item. The scanned work item should be given the highest processing priority.
     d. Use the Priority Search screen to locate this work item in the Participant Ad-scan Verify/QC phase.
     e. Verify and commit the work item to IPS.
5. Compare completed Trial Balance Variance Reports to the Trial Balance Summary and Distribution Reports and ensure that all variances on the reports have been resolved, scanned into IPS and the CRM Service Requests created timely.
6. Notify the BPD Reconciliation Administrator of changes to the distribution list (Variance Coordinator, Variance Coordinator's designated back up and temporaries) for absences or staff terminations to ensure that appropriate substitutions are made in a timely manner.

Sample Trial Balance Variance Reports

## TP 11.3 Resources for Trial Balance

**09/30/2016**

**Forms, Letters, and Memos:**

*Sample Trial Balance Variance Reports*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

- *Benefit Payment Schedule on Intranet*
- *Benefits Payment Branch Processes*
- *NFDE Help File*
- *Spectrum User Manual*
- *Trial Balance Desk Reference*

**Exhibits:**

*None*

# TP 12 Fraud and Forgery

**In this Section**

TP 12. Overview for Fraud and Forgery
TP 12.1 Determine Fraud/Forgery
TP 12.2 Resources for Fraud and Forgery

## TP 12. Overview for Fraud and Forgery

**01/27/2006**

When a participant or intended recipient reports that one or more check(s) was not received, PBGC performs the actions as outlined in TP 45 Non-Receipt of Benefit Payment. If the check has been negotiated or paid, copies of the check are ordered from ▸SSC and, once received, are forwarded to the participant to validate the endorsement signature. This procedure details the actions to be completed in the event of a potential fraud or forgery situation, namely when a participant confirms the check endorsement signature is not valid and requests a replacement check. The scenarios described in this procedure are:

- Single Monthly Check,
- Multiple Monthly Checks, and
- Lump Sum or Special Check.

## TP 12.1 Determine Fraud/Forgery

**07/01/2016**

| | |
|---|---|
| **Purpose** | Initiate actions to verify and rectify the possible fraudulent situation. |
| **Timing** | OIG will generally respond to PSD's request for concurrence on prepared documents within 2 business days. |
| **Guidance** | N/A |
| **Procedure Owner** | EBLS/FBA/PVA/PBA |

Upon notification from a participant that a check has not been received, follow the steps as outlined in TP 45 Non-Receipt of Benefit Payment. In the event that the participant confirms the check endorsement signature is not valid and wishes to proceed with replacement of the check, select the appropriate option listed below.

**In this Section**

TP 12.1A Single Monthly Check - Determine Fraud/Forgery
TP 12.1B Multiple Monthly Checks - Determine Fraud/Forgery
TP 12.1C Lump Sums, Special Checks - Determine Fraud/Forgery

**TP 12.1A Single Monthly Check - Determine Fraud/Forgery**

**07/01/2016**

For reported non-receipt of a single monthly benefit check which ▸PBGC's paying agent reports **has** been cashed, proceed with the following actions.

**EBLS/PBA/FBA/PVA**

1. Notify Employee Benefits Manager of all potentially fraudulent situations.
2. Prepare a *Form 537 Affidavit for Non-Receipt of Benefit Check*. Complete the following fields:
   - ▸Payee Name, Payee ▸SSN, Acct. ID at the top of the form
   - Check number, date, and amount in item 1 in body of form

   The remainder of the form is to be completed by the payee and the notary.

   > **Note** The Affidavit does not need review by ▸OIG unless the template does not meet the needs of the situation, or if the sender has questions before mailing it to the participant. To request OIG review, send the document to OIG IOD Forms Review via e-mail, with a short explanation. Once OIG sends an e-mail indicating its concurrence, print and image that e-mail to the participant's ▸IPS file.
3. Send the Affidavit and copy of the cashed check with the *Cover Letter for Fraud Affidavit* to the participant.
4. When the Affidavit is returned, verify that it is complete and notarized. If the form is incomplete or not notarized, return it to the participant. Prepare a new Affidavit if necessary, and explain to the participant (by letter or phone) why it needs to be resubmitted.
5. For these missed single monthly benefit checks, send the originals of the Affidavit to the ▸BPD Management Analyst, who forwards them to PBGC's paying agent. Send a copy to the OIG. PBGC's paying agent's internal fraud unit will investigate these types of potential fraud situations with OIG monitoring.
6. Upon receipt of instructions from PBGC's paying agent that its investigation is completed and a replacement check should be issued, proceed according to whether PBGC successfully recovered the payment.
   - **Payment recovered:** Issue the replacement payment in ▸Spectrum and prepare *Form 478 Check Action Request Form (CARF)* to instruct PBGC's paying agent to correct the ledgers to credit the previous check. Submit the completed form to the BPD Management Analyst, who forwards it to PBGC's paying agent.
   - **Payment not recovered:** Complete a Special Check form in ▸NFDE to issue the replacement payment as a non-taxable payment. Do not credit the previous check.
7. Telephone the participant to report the status and log the call into ▸CRM.
8. Ensure that all documentation is imaged to the participant's IPS file, including:
   - Affidavit and Transmittal Letter sent to participant
   - Instructions from OIG
   - Affidavit completed by participant
   - ▸PACS calculation
   - NFDE form

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**TP 12.1B Multiple Monthly Checks - Determine Fraud/Forgery**

**07/01/2016**

For reported non-receipt of more than one monthly benefit check, which ▸PBGC's paying agent reports have been cashed, proceed with the following actions.

**EBLS/PBA/FBA/PVA**

1. Notify the Employee Benefits Supervisor of all potentially fraudulent situations.
2. Prepare the *Authorization to Disclose Financial Records* form. In addition to the identifying information at the top of the form, fill in *only* the fields for the amounts and dates of missing checks.

   Forward the form to OIG/IOD Forms Review via e-mail. In the e-mail, indicate the participant's name, Social Security number, and ▸PBGC case number. Forward copies of the cashed checks to the Deputy Inspector General, Office of Inspector General (OIG) via interoffice mail or through overnight mailings (▸FBAs).

   ▸OIG will complete the fields on the form regarding the period for which financial records are requested and return it by e-mail, and indicate whether it concurs on the form or requests revisions. Once OIG indicates concurrence, print and image the e-mail to the participant's ▸IPS file.
3. Prepare a *Form 537 Affidavit for Non-Receipt of Benefit Check*. Complete only the following fields:
   - ▸Payee Name, Payee ▸SSN, and Acct. ID at the top of the form
   - Check numbers, dates and amounts in item 1 in body of form. (Since the template of the form indicates a single check, modify the wording in this section to accurately indicate multiple checks.)

   The remainder of the form is to be completed by the payee and the notary.

   > **Note** The Affidavit does not need review by OIG unless the template does not meet the needs of the situation, or if the sender has questions before mailing it to the participant. To request OIG review, send the document to OIG/BAPD Forms Review via e-mail, with a short explanation. Once OIG sends an e-mail indicating its concurrence, print and image that e-mail to the participant's ▸IPS file.
4. Send the Affidavit, cashed check copies, and the Authorization form with the *Cover Letter for Form 537* to the participant.
5. When the Affidavit and Authorization are returned, verify that they are completed and notarized. If a form is incomplete or not notarized, return it to the participant. Prepare a new form if necessary, and explain to the participant via phone or letter why it needs to be resubmitted.
6. Forward the original completed Affidavit and Authorization, through the Employee Benefits Supervisor, to the OIG for investigation.
7. OIG takes action and notifies the initiator that a replacement check should be issued. Do not request the replacement check until after notification from OIG.
8. Upon receipt of instructions from OIG that its investigation is completed and a replacement check should be issued, proceed according to whether PBGC successfully recovered the payment.
   - **Payment recovered:** Issue the replacement payment in ▸Spectrum and prepare *Form 478 Check Action Request Form (CARF)* to instruct PBGC's paying agent to correct the ledgers to credit the previous check. Submit the completed form to the ▸BPD Management Analyst, who forwards it to PBGC's paying agent.
   - **Payment not recovered:** Complete the Special Check or Lump Sum form in ▸NFDE to issue the replacement payment as a non-taxable payment. Do not credit the previous check.
9. Telephone the participant to report the status and log the call into ▸CRM.
10. Ensure that all documentation is imaged to the participant's IPS file, including:
    - Affidavit, Authorization and Transmittal Letter sent to participant
    - Instructions from OIG
    - Affidavit completed by participant
    - ▸PACS calculation
    - NFDE form

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**TP 12.1C Lump Sums, Special Checks - Determine Fraud/Forgery**

**07/01/2016**

For reported non-receipt of a lump sum check or special check which ▸PBGC's paying agent reports has been cashed, proceed with the following actions.

**EBLS/PBA/FBA/PVA**

1. Notify Employee Benefits Supervisor of all potentially fraudulent situations.
2. Prepare the *Authorization to Disclose Financial Records* form. In addition to the identifying information at the top of the form, fill in *only* the fields for the amounts and dates of missing checks.

   Request ▸OIG concurrence on the form by sending the document to OIG/BAPD Forms Review via e-mail. In the e-mail, indicate the participant's name, Social Security number, and ▸PBGC case number. Forward copies of the cashed checks to the Deputy Inspector General, Office of Inspector General (OIG) via interoffice mail.

   OIG will complete the fields on the form regarding the period for which financial records are requested and return it by e-mail, and indicate whether it concurs on the form or request revisions. Once OIG indicates concurrence, print and image the e-mail to the participant's ▸IPS file.
3. Prepare a *Form 537 Affidavit for Non-Receipt of Benefit Check*. Complete the following fields:
   - ▸Payee Name, Payee ▸SSN, Acct. ID at the top of the form
   - Check number, date, and amount in item 1 in body of form

   The remainder of the form is to be completed by the payee and the notary.

   > **Note** The Affidavit does not need review by OIG unless the template does not meet the needs of the situation, or if the sender has questions before mailing it to the participant. To request OIG review, send the document to OIG/BAPD Forms Review via e-mail, with a short explanation. Once OIG sends an e-mail indicating its concurrence, print and image that e-mail to the participant's ▸IPS file.
4. Prepare and send the *Cover Letter for Form 537* to participant along with the Affidavit and the Authorization form.
5. When the Affidavit and Authorization are returned, check that they are completed and notarized. If a form is incomplete or not notarized, return it to the participant. Prepare a new form if necessary, and explain to the participant via phone or letter why it needs to be resubmitted.
6. Forward the original completed Affidavit and Authorization, through the Employee Benefits Supervisor, to the OIG for investigation.
7. OIG takes action and notifies the initiator that a replacement check should be issued. Do not request the replacement check until after notification from OIG.
8. Upon receipt of instructions from OIG that its investigation is completed and a replacement check should be issued, proceed according to whether PBGC successfully recovered the payment.
   - **Payment recovered:** Issue the replacement payment in Spectrum and prepare *Form 478 Check Action Request Form (CARF)* to instruct PBGC's paying agent to correct the ledgers to credit the previous check. Submit the completed form to the ▸BPD Management Analyst, who forwards it to PBGC's paying agent.
   - **Payment not recovered:** Complete the Special Check or Lump Sum form in ▸NFDE to issue the replacement payment as a non-taxable payment. Do not credit the previous check.
9. Telephone the participant to report the status and log the call into ▸CRM.
10. Ensure that all documentation is imaged to the participant's IPS file, including:
    - Affidavit, Authorization and Transmittal Letter sent to participant
    - Instructions from OIG
    - Affidavit completed by participant
    - ▸PACS calculation
    - NFDE form

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## TP 12.2 Resources for Fraud and Forgery

**09/30/2016**

**Forms, Letters, and Memos:**

- *Authorization to Disclose Financial Records*
- *Cover Letter for Form 537*
- *Cover Letter for Fraud Affidavit*
- *Form 537 Affidavit for Non-Receipt of Benefit Check*

**Customer Correspondence and Forms:**

*Form 478 Check Action Request Form (CARF)*

**Guidance:**

*None*

**Exhibits:**

*None*

# TP 13 Domestic Relations Orders and State Agency Orders

**In this Section**

TP 13. Overview for Domestic Relations Orders and State Agency Orders
TP 13.1 Process Domestic Relations Orders from the Prior Plan Administrator
TP 13.2 Review Domestic Relations Orders
TP 13.3 Implement Qualified Domestic Relations Order
TP 13.4 Make Qualified Domestic Relations Order Payments
TP 13.5 Release Benefits for Domestic Relations Order
TP 13.6 Resources for Domestic Relations Orders and State Agency Orders

## TP 13. Overview for Domestic Relations Orders and State Agency Orders

**07/01/2016**

The Retirement Equity Act of August 23, 1984, amended ▸ERISA to allow pension plans to assign all or part of a participant's benefit to one or more alternate payees under a ▸QDRO. PBGC pays the amount of a participant's benefit in a PBGC-trusteed plan to the alternate payees if PBGC or the prior plan administrator determines the ▸DRO is qualified (that is, PBGC only enforces QDROs). See Policy 6.6-3 Qualified Domestic Relations Orders for more information on DROs and QDROs.

The ▸OBA QDRO Coordinator and ▸CSD/▸PVA/▸FBA QDRO Coordinators review DROs to:

- Determine the qualification status.
- Advise submitters and other ▸interested parties (if any) of PBGC's determination of the qualification status and interpretation of the order provisions.

Participants and alternate payees have the right to appeal PBGC's determination on whether a signed DRO is qualified. Although only the qualification status of a DRO is generally subject to appeal, the alternate payee (except for shared payment QDROs paid as a deduction from the participant's ▸Spectrum account) and participant receive a ▸BDL or revised BDL that takes into account the terms of the QDRO. Interested parties may appeal the BDL to challenge PBGC's implementation of the terms of the QDRO.

The OBA and CSD/PVA/FBA QDRO Coordinators also review draft DROs for qualification before the submitter sends the DRO to a court or state agency for approval.

PBGC publishes *Qualified Domestic Relations Orders and PBGC*, which provides general information about QDROs and examples to follow when creating QDROs for use with PBGC plans.

As of 11/01/2012:

- PBGC no longer suspends payments that a participant receives while PBGC reviews a draft DRO.
- The alternate payee's benefits return to the participant (not PBGC) if the separate interest order is silent about what happens to the alternate payee's benefit if the alternate payee dies before the alternate payee's first payment date and while the participant is still alive.
- PBGC treats electronically submitted DROs (for example, e-mails and faxes) and California joinders as draft DROs.
- PBGC's definition of "DRO" now includes any order concerning domestic relations law, including divorce decrees and separation agreements.

# TP 13.1 Process Domestic Relations Orders from the Prior Plan Administrator

**07/01/2016**

| | |
|---|---|
| **Purpose** | To process DROs in the prior plan administrator's records. |
| **Guidance** | N/A |
| **Procedure Owner** | Case Team, EBLS/FBA/PVA/PBA |

These procedures describe the steps for processing the ▸DROs in the prior ▸plan administrator's records. Normally, the intake occurs immediately on acquiring plan records (see Process 11 Data Collection and Analysis), but can occur at any point during trusteeship processing as the necessary records become available. To process DROs PBGC receives after ▸DOTR, see TP 13.2 Review Domestic Relations Orders.

**In this Section**


TP 13.1A Obtain Domestic Relations Order Records and Review Backlog

TP 13.1B Update Spectrum for Qualified Domestic Relations Orders

TP 13.1C Review Qualified Domestic Relations Orders the Prior Plan Administrator Qualified

TP 13.1D Request Copy of Qualified Domestic Relations Order

**TP 13.1A Obtain Domestic Relations Order Records and Review Backlog**

**07/01/2016**

When PBGC trustees a plan, the Case Team is responsible for ensuring that ▸participants and ▸alternate payees of ▸QDROs receive accurate and timely payments. To meet this goal, the Case Team acquires the plan's records on QDROs early in plan processing and reviews any ▸DROs in need of immediate evaluation.

The QDRO ▸POC is an employee of the (prior) plan administrator familiar with the plan's QDRO processing. The QDRO POC must be available even after the data transfer to PBGC to clarify issues or provide additional information.

If the plan has never dealt with a DRO, no action is required for this procedure.

**Case Team**

1. Determine whether the ▸plan administrator has a QDRO POC.

   > **Note** If no QDRO POC is available, the Case Team is responsible for completing the *QDRO/DRO Statistics and Questionnaire* and identifying and sorting plan and participant records relevant to DROs.

2. Send the *QDRO/DRO Statistics and Questionnaire* to the QDRO POC.
3. Ask the QDRO POC to identify alternate payee records and the associated participant records:
   a. Request the QDRO POC provide the information electronically where available.
   b. Ask the QDRO POC to ensure the data includes the following information for each alternate payee:
      - Alternate payee's name and ▸SSN
      - Alternate payee's date of birth
      - Alternate payee's telephone number
      - Affected participant's name and SSN
      - Qualification status of the DRO
   c. See Appendix A Sensitive Information for guidance on receiving files that may contain sensitive data.
4. Ask the plan administrator to provide participant and alternate payee files with QDROs separately from other files:
   - Ask the plan administrator to clearly mark the QDRO files.
   - Ask the plan administrator to sort the QDRO files into four categories:
     - QDROs in pay status: Include separate interest QDROs, shared payment QDROs, and QDROs providing surviving spouse benefits only.
     - QDROs not in pay status: Include separate interest QDROs, shared payment QDROs, and QDROs providing surviving spouse benefits only.
     - DROs pending qualification determination: Include denials awaiting redraft, sorted according to earliest pay eligibility date.
     - Other QDRO-related issues: Include child support, divorce, or other QDRO-related orders where the plan administrator indicates an ▸interested party is likely to submit a DRO (such as a restraining order preventing a participant from receiving a benefit).
   - Document the request in a memo to the plan file in ▸IPS.
5. If PBGC is unable to obtain necessary data and records from the plan administrator, request assistance from the ▸OBA QDRO Coordinator through the Employee Benefits Supervisor.
6. Review outstanding DROs to identify two categories:
   - DROs in need of immediate evaluation (for example, the participant is in pay or may retire soon).
   - DROs that do not need immediate evaluation (for example, the QDRO affects a young deferred vested participant).
7. Process the DROs:
   - Prioritize processing the DROs that need immediate evaluation.

- If a large number of DROs need immediate evaluation, coordinate with ▸CSD management to obtain the necessary resources.

8. Refer any requests from interested parties for a copy of a QDRO to the Disclosure Office.

   Do not send a copy of the QDRO without prior approval from ▸OCC, ▸PPD, or the Disclosure Office.

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**TP 13.1B Update Spectrum for Qualified Domestic Relations Orders**

**07/01/2016**

**Case Team**

1. As soon as possible after loading ▸plan records into ▸Spectrum, compare information on ▸QDRO participants and alternate payees from the prior plan administrator with Spectrum.
2. Update customer types and status codes in Spectrum as needed.
3. If the *QDRO/DRO Statistics and Questionnaire* indicates that the plan made payments to alternate payees as a deduction from the participant's account, review the prior paying agent's payment records to identify the payments.

   **Note** The purpose of step 3 is to ensure that PBGC does not miss payments to alternate payees as a result of the transfer of data. This information is also needed for plan assumption. Notify the Case Team that the information is available to avoid duplication of work.

4. Set up participant and alternate payee records in Spectrum:
   - If the alternate payee is responsible for their own taxes, set up separate records for participants and alternate payees. Continue to step 5.
   - If the alternate payee is a child or other dependent and the payment is a deduction from the participant's record, do not create a separate record for the alternate payee:
     a. Set up the deduction in Spectrum.
     b. Complete and submit the *PBGC QDRO Deduction Instructions to Paying Agent* form to deduct the alternate payee's payment from the participant's payment.
        i. Print and sign the completed form.
        ii. Obtain the signature of an approver at or above the level required to approve the transaction. See the Approval Levels Table in TP 28. Overview for Approve Financial & Non-Financial Transactions through Approval Service.
        iii. Scan the form with the approver's signature to PDF format.
        iv. E-mail the PDF version of the form to the Management Analyst in ▸BPD.

            The Management Analyst verifies the information and confirms that the approver is at or above the level required to approve the transaction before forwarding the instructions to the paying agent.
     c. Check ledgers in ▸PLUS to confirm the deduction.
     d. If the deduction does not appear in PLUS, contact the Management Analyst in BPD and resubmit the *PBGC QDRO Deduction Instructions to Paying Agent* as necessary. No further action required for this procedure.
5. Check ▸PBGC Image Viewer to confirm there is a complete, signed QDRO in the participant or alternate payee's file:
   - QDRO present: Continue to step 6.
   - QDRO not present: Complete TP 13.1D Request Copy of Qualified Domestic Relations Order before proceeding.
6. Link each alternate payee record to the associated participant record.
7. If PBGC already mailed trusteeship letters, send trusteeship letters to the alternate payees.
8. Make the QDRO payments (see TP 13.4 Make Qualified Domestic Relations Order Payments).

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**TP 13.1C Review Qualified Domestic Relations Orders the Prior Plan Administrator Qualified**

**07/01/2016**

Review each ▸QDRO the prior plan administrator qualified, beginning with QDROs for which the participant or ▸alternate payee is in pay. Assume that the prior plan administrator notified all ▸interested parties of the qualification status of any ▸DRO prior to plan termination. Do not send out new notifications, as this could create new appeal rights.

**EBLS/FBA/PVA/PBA**

1. If the prior plan administrator did not provide a copy of the QDRO and no QDRO is in the file, complete TP 13.1D Request Copy of Qualified Domestic Relations Order before proceeding.
2. Fill out a *QDRO Qualified by Prior Plan Administrator Worksheet* and *Checklist for Reviewing a QDRO Qualified by the Prior Plan Administrator*:
   - Checklist suggests disqualification: Contact Ask PPD for guidance and proceed as ▸PPD instructs. No further action required for this procedure.
   - Checklist does not suggest disqualification: Continue to step 3.
3. If any provisions in a QDRO relevant to benefit payments (for example, whether or to what extent the alternate payee is treated as the participant's spouse or when the alternate payee can commence benefits) are unclear or inconsistent with PBGC's procedures for a signed or draft DRO (see TP 13.2B Determine Qualification Status and Issue Letters):
   a. Issue an *eALG 614 Interpretation of QDRO* to interested parties (all persons named in the order and their attorneys, if identified) advising of PBGC's interpretation of the QDRO provisions and, if the interested parties disagree, to contact PBGC.
   b. If the interested parties disagree or if the QDRO provisions are so unclear an interpretation is not possible, contact Ask PPD for guidance.
4. Image the *QDRO Qualified by Prior Plan Administrator Worksheet* and *Checklist for Reviewing a QDRO Qualified by the Prior Plan Administrator* to the participant and alternate payee's files in ▸IPS.

**TP 13.1D Request Copy of Qualified Domestic Relations Order**

**07/01/2016**

Sometimes, the records a prior paying agent provides to PBGC contain evidence that a participant has a signed ▸QDRO (for example, a summary of the QDRO in the participant's file or payment ledgers showing checks to the alternate payee) but do not include a complete, signed QDRO. PBGC requires an original, certified copy, or authenticated copy of a complete, signed QDRO to pay all or part of the participant's benefit to the alternate payee.

This procedure does not apply if the only evidence of a QDRO is a draft order.

**Case Team**

1. Call or issue an *eALG Generic Letter* to request a copy of the QDRO from the prior plan administrator:
   - Receive copy: Continue to step 7.
   - Do not receive copy: Continue to step 2.
2. Issue *eALG 618 No QDRO on File First Request* to the alternate payee and wait up to 45 days for a response:
   - Receive copy: Continue to step 7.
   - Do not receive copy within 45 days: Continue to step 3.
3. Issue *eALG 619 No QDRO on File Second Request* to the alternate payee and wait up to 45 days for a response:
   - Receive copy: Continue to step 7.
   - Do not receive copy within 45 days: Continue to step 4.
4. Issue *eALG 620 No QDRO on File Final Request* to the alternate payee and wait up to 45 days for a response:
   - Receive copy: Continue to step 7.
   - Do not receive copy within 45 days: Continue to step 5.
5. Proceed according to the pay status of the alternate payee and participant:
   - Alternate payee in pay: Suspend the alternate payee's payments and proceed according to whether PBGC receives the QDRO within three months:
     - Receive QDRO: Continue to step 6.
     - Do not receive QDRO: Contact Ask PPD for guidance.
   - Alternate payee not in pay and participant in pay: Contact Ask PPD for guidance.
   - Alternate payee and participant not in pay: Proceed according to whether PBGC receives the QDRO or the participant or alternate payee's application for benefits first:
     - QDRO first: Continue to step 7.
     - Application first: Contact Ask PPD for guidance.
6. Reinstate the suspended benefit:
   a. Reinstate regular benefit payments in ▸Spectrum.
   b. Issue a back payment with interests for the missed payments.
7. Proceed according to whether the alternate payee has a file in ▸PBGC Image Viewer and Spectrum:
   - Alternate payee has file: Image the QDRO to the participant and alternate payee's files in ▸IPS.
   - Alternate payee does not have file:
     a. Create a file for the alternate payee (see TP 13.1B Update Spectrum for Qualified Domestic Relations Orders).
     b. Image the QDRO to the participant and alternate payee's files in IPS.

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## TP 13.2 Review Domestic Relations Orders

**07/01/2016**

| | |
|---|---|
| **Purpose** | To review DROs that PBGC receives after DOTR. |
| **Guidance** | N/A |
| **Procedure Owner** | CSD/PVA/FBA QDRO Coordinator, OBA QDRO Coordinator |

Follow these procedures to review ▸DROs that PBGC receives after ▸DOTR. For DROs the prior plan administrator received before DOTR, see TP 13.1 Process Domestic Relations Orders from the Prior Plan Administrator.

**In this Section**

TP 13.2A Receive Domestic Relations Order
TP 13.2B Determine Qualification Status and Issue Letters

**TP 13.2A Receive Domestic Relations Order**

**07/01/2016**

**CSD/PVA/FBA or OBA QDRO Coordinator**

1. Upon receipt of a signed or draft ▸DRO and accompanying documentation from an ▸interested party, determine whether the DRO identifies a participant in a trusteed plan:
   - DRO identifies a participant in a trusteed plan:
     a. If needed, create a file for the alternate payee in ▸IPS and ▸Spectrum (see TP 13.1B Update Spectrum for Qualified Domestic Relations Orders).
     b. If the DRO is not already in the participant file in ▸PBGC Image Viewer, request that ▸DMC scan the DRO to the participant and alternate payee's files.
     c. Notify the ▸POC of the plan via a ▸CRM service request.
     d. Continue to step 2.

     **Note** If the participant or alternate payee already has an address in Spectrum, do not update the address based on the DRO.

   - DRO does not appear to identify a participant in a trusteed plan:
     a. Contact ▸CSD to confirm the participant is not a missing participant and search ▸CMS to confirm the plan is not a standard termination or multi-employer plan:
        - Participant is a missing participant or plan is a standard termination or multiemployer plan: Contact the ▸OBA ▸QDRO Coordinator for guidance. No further action required for this procedure.
        - Participant is not in a trusteed plan: Send a *PBGC Not Trustee Letter* to all interested parties, even if the plan is a non-trusteed plan from the same company as a trusteed plan.

        **Note** The OBA QDRO Coordinator or CSD/▸PVA/▸FBA QDRO Coordinator maintains and periodically purges a chronological file of copies of the *PBGC Not Trustee Letters* as there is no IPS file for the submitter of the DRO.

2. Determine whether an interested party already submitted the order to the plan administrator for review:
   - Check the plan and participant file in PBGC Image Viewer.
   - Contact the interested parties or QDRO POC.
3. Proceed according to whether an interested party already submitted the order to the plan administrator:
   - Order is a QDRO that the participant or alternate payee previously submitted to the plan administrator, but the plan administrator did not provide to PBGC: Process the QDRO as a QDRO the plan administrator provided to PBGC (see TP 13.1 Process Domestic Relations Orders from the Prior Plan Administrator).
   - Order is an amended order or not previously submitted: Determine the qualification status of the order (see TP 13.2B Determine Qualification Status and Issue Letters).

**TP 13.2B Determine Qualification Status and Issue Letters**

**07/01/2016**

**CSD/PVA/FBA QDRO Coordinator**

1. Review the order according to the following scenarios (more than one may apply):
   - The order is not a ▸DRO:
     - ▸California Joinder Request or similar state-issued order
     - ▸State agency order that is not a DRO
     - ▸Order to revoke or nullify a previously qualified order
   - The order is for a non-typical plan:
     - ▸Non-trusteed or standard termination plan
     - ▸Case assigned to CSD
   - ▸The order is a signed or draft DRO.
   - ▸Documents required for any scenario are missing.
2. Image any document PBGC receives or prepares (other than ▸eALG letters) to the participant or alternate payee's ▸IPS file.
3. Proceed according to whether the DRO is signed and qualified:
   - Order is a signed ▸QDRO:
     a. Issue *eALG 605 DRO Qualified* to the submitter and mail a copy to all ▸interested parties.

        Do not send a copy of the QDRO without prior approval from ▸OCC, ▸PPD, or the Disclosure Office.

     b. Create a record for the alternate payee in ▸Spectrum.
     c. Wait up to 45 days for any interested party to appeal:
        - Party appeals: Process the appeal (see Process 20 Appeals Correspondence) and issue the appropriate eALG letter (see eALG Correspondence Help).

          **Note** The 45-day period restarts each time PBGC reviews a DRO and issues a response letter to the interested party. However, do not suspend the participant's pay for more than 18 months.

        - No appeal: Proceed to TP 13.3 Implement Qualified Domestic Relations Order.
   - Order is signed, but not a QDRO:
     a. Proceed according to the type of order:
        - Child support or similar order: Issue *eALG 609 DRO (Child/Spousal Support) Not Qualified* to the submitter and mail a copy to all interested parties.

          Do not send a copy of the DRO without prior approval from OCC, PPD, or the Disclosure Office.

        - Other orders: Issue *eALG 606 DRO Not Qualified* to the submitter and mail a copy to all interested parties.

          Do not send a copy of the DRO without prior approval from OCC, PPD, or the Disclosure Office.

     b. Wait 60 days for any interested party to submit a revised DRO:
        - Party submits a revised QDRO: Process the revised DRO and issue the appropriate eALG letter (see eALG Correspondence Help).

          **Note** The 60-day period restarts each time PBGC reviews a DRO and issues a response letter to the interested party or on the date the court sets for review. However, do not suspend the participant's pay for more than 18 months.

        - No revised QDRO: Proceed to TP 13.5 Release Benefits for Domestic Relations Order.
     c. If a party to the DRO informs PBGC of a future court date and requests an extension, grant an extension expiring 60 days after the court date.
   - Order is a qualifiable draft order:

a. Issue *eALG 607 Draft DRO Qualifiable* to the submitter and mail a copy to all interested parties.

   Do not send a copy of the DRO without prior approval from OCC, PPD, or the Disclosure Office.

b. Wait 60 days for any interested party to submit a revised DRO:

   - Party submits a revised QDRO: Process the revised DRO and issue the appropriate eALG letter (see eALG Correspondence Help).

     > **Note** The 60-day period restarts each time PBGC reviews a DRO and issues a response letter to the interested party. However, do not suspend the participant's pay for more than 18 months.

   - No revised QDRO: Proceed to TP 13.5 Release Benefits for Domestic Relations Order.

- Order is a non-qualifiable draft order:

a. Issue *eALG 608 Draft Order Not Qualifiable* to the submitter and mail a copy to all interested parties.

   Do not send a copy of the DRO without prior approval from OCC, PPD, or the Disclosure Office.

b. Wait 60 days for any interested party to submit a revised signed or draft DRO:

   - Party submits a revised DRO: Process the revised signed or draft DRO and issue the appropriate eALG letter (see eALG Correspondence Help).

     > **Note** The 60-day period restarts each time PBGC reviews a DRO and issues a response letter to the interested party. However, do not suspend the participant's pay for more than 18 months.

   - No revised signed or draft DRO: Proceed to TP 13.5 Release Benefits for Domestic Relations Order.

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## TP 13.3 Implement Qualified Domestic Relations Order

**07/01/2016**

| | |
|---|---|
| **Purpose** | To implement a separate interest or shared payment QDRO. |
| **Guidance** | N/A |
| **Procedure Owner** | CSD/PVA/FBA QDRO Coordinator |

Follow only one of the subprocedures according to the type of ▸QDRO:

- Separate interest QDRO: TP 13.3A Implement Separate Interest Qualified Domestic Relations Order.
- Shared payment QDRO (separate accounts for participant and alternate payee): TP 13.3B Implement Shared Payment Qualified Domestic Relations Order with Separate Spectrum Accounts.
- Shared payment QDRO (payment to alternate payee is a deduction from the participant's account): TP 13.3C Implement Shared Payment Qualified Domestic Relations Order as Deduction from Participant's Account.

**In this Section**

TP 13.3A Implement Separate Interest Qualified Domestic Relations Order
TP 13.3B Implement Shared Payment Qualified Domestic Relations Order with Separate Spectrum Accounts
TP 13.3C Implement Shared Payment Qualified Domestic Relations Order as Deduction from Participant's Account

## TP 13.3A Implement Separate Interest Qualified Domestic Relations Order

**07/01/2016**

Follow these steps for a separate interest ▸QDRO only. For a shared payment QDRO, follow TP 13.3B Implement Shared Payment Qualified Domestic Relations Order with Separate Spectrum Accounts or TP 13.3C Implement Shared Payment Qualified Domestic Relations Order as Deduction from Participant's Spectrum Account.

### CSD/PVA/FBA QDRO Coordinator

1. If needed, create a record in ▸Spectrum and in ▸IPS for the alternate payee (see TP 13.1B Update Spectrum for Qualified Domestic Relations Orders).
2. Link the participant and alternate payee's records in Spectrum and cross-reference in IPS.

   **Note** An alternate payee may also be the beneficiary of a ▸QPSA, ▸QJSA, or balance of ▸C&C benefits.

3. Proceed according to whether the plan is in estimated or final status:
   - Estimated status: Upon issuing ▸BDLs, issue the appropriate BDLs to the participant and alternate payee (see Process 19 Benefit Determination Letters).
   - Final status: Issue a revised BDL to the participant and the appropriate BDL to the alternate payee (see Process 19 Benefit Determination Letters).
4. When the alternate payee requests benefits, process the alternate payee as a customer due a benefit (see TP 20 Benefit Payments).
5. Upon receipt of a complete benefit application package, proceed to TP 13.4 Make Qualified Domestic Relations Orders Payments.

   **Note** The alternate payee chooses a form of benefit (single life forms only) and the commencement date, which is no sooner than the participant's earliest PBGC retirement age. Under no circumstances can an alternate payee choose or remain in pay after ▸DOTR with a joint-life form of benefit for a separate interest award. Information in the Benefit Application Package gives the alternate payee details about the forms of benefit that PBGC offers.

   **Note** If the QDRO names a contingent alternate payee and the alternate payee dies before going into pay status, the contingent alternate payee receives the benefits to which the alternate payee was entitled. If the QDRO did not name a contingent alternate payee, the benefit reverts to the participant unless the QDRO specifies otherwise. However, contact Ask PPD for guidance if there is no stipulation in the QDRO, the QDRO is pre-DOTR, and there is evidence of prior plan practice or correspondence that the participant would have received the benefit under the plan.

   **Note** When sending QDRO-related e-mails, do not include the full ▸SSN of any individual. Use the Customer ID if available, or the last four digits of the SSN if the individual does not have a Customer ID.

## TP 13.3B Implement Shared Payment Qualified Domestic Relations Order with Separate Spectrum Accounts

**07/01/2016**

Follow these steps for a shared payment ▸QDRO with separate ▸Spectrum accounts for the participant and alternate payee. For a separate interest QDRO, follow TP 13.3A Implement Separate Interest Qualified Domestic Relations Orders. For a shared payment QDRO where payments to the alternate payee are deductions from the participant's Spectrum account, follow TP 13.3C Implement Shared Payment Qualified Domestic Relations Orders as Deduction from Participant's Spectrum Account.

Under a shared payment QDRO, the alternate payee cannot start receiving benefits before the participant.

If the participant dies before the alternate payee, payments to the alternate payee cease. If the alternate payee dies before the participant, the alternate payee's portion of the benefit becomes payable to the participant unless the QDRO names a contingent alternate payee.

### CSD/PVA/FBA QDRO Coordinator

1. If needed, create a record in Spectrum and in ▸IPS for the alternate payee (see TP 13.1B Update Spectrum for Qualified Domestic Relations Orders).
2. Link the records in Spectrum and cross-reference in IPS.

   **Note** An alternate payee may also be the beneficiary of a ▸QPSA, ▸QJSA, or balance of ▸C&C benefits.

3. Proceed according to whether the plan is in estimated or final status:
   - Estimated status: Upon issuing ▸BDLs, issue the appropriate BDLs to the participant and alternate payee (see Process 19 Benefit Determination Letters).
   - Final status: Issue a revised BDL to the participant and the appropriate BDL to the alternate payee (see Process 19 Benefit Determination Letters).
4. Proceed according to whether the participant is in pay status:
   - In pay status: Issue *eALG 610 Advice to Alternate Payee of Payment Eligibility* (including an application for benefits) to the alternate payee.
   - Not in pay status: When the participant applies for benefits, issue *eALG 610 Advice to Alternate Payee of Payment Eligibility* (including an application for benefits) to the alternate payee.
5. When the alternate payee requests benefits, process the alternate payee as a customer due a benefit (see TP 20 Benefit Payments).
6. Upon receipt of a complete benefit application package, proceed to TP 13.4 Make Qualified Domestic Relations Order Payments.

**TP 13.3C Implement Shared Payment Qualified Domestic Relations Order as Deduction from Participant's Account**

**07/01/2016**

Follow these steps for a shared payment ▸QDRO where payments to the alternate payee are deductions from the participant's ▸Spectrum account. For a separate interest QDRO, follow TP 13.3A Implement Separate Interest Qualified Domestic Relations Order. For a shared payment QDRO with separate Spectrum accounts for the participant and alternate payee, follow TP 13.3B Implement Shared Payment Qualified Domestic Relations Order with Separate Spectrum Accounts.

Under a shared payment QDRO, the alternate payee cannot start receiving benefits before the participant.

If the participant dies before the alternate payee, payments to the alternate payee cease. If the alternate payee dies before the participant, the alternate payee's portion of the benefit becomes payable to the participant unless the QDRO names a contingent alternate payee.

**CSD/PVA/FBA QDRO Coordinator**

> **Note** For a shared payment QDRO as a deduction from the participant's Spectrum account, do not issue a revised ▸BDL to the participant or any BDL to the alternate payee.

1. If needed, create a record in Spectrum and in ▸IPS for the alternate payee (see TP 13.1B Update Spectrum for Qualified Domestic Relations Orders).
2. Proceed according to whether the participant is in pay status:
   - In pay status: Proceed to TP 13.4 Make Qualified Domestic Relations Order Payments.
   - Not in pay status: When the participant applies for benefits, proceed to TP 13.4 Make Qualified Domestic Relations Order Payments.

# TP 13.4 Make Qualified Domestic Relations Order Payments

**07/01/2016**

| | |
|---|---|
| **Purpose** | To determine the recipient and taxpayer of QDRO payments and make the payments. |
| **Guidance** | N/A |
| **Procedure Owner** | CSD/PVA/FBA QDRO Coordinator |

How a ▸QDRO payment is made depends on the relationship of the alternate payee or contingent alternate payee (for example, spouse, former spouse, child or other dependent) to the participant, not the purpose of the QDRO payment (for example, child support, alimony, or marital property rights).

Making payment is thus a two-step process:

1. Identify the recipient of payments and the party responsible for paying taxes on QDRO payments (TP 13.4A Determine Recipient of Qualified Domestic Relations Order Payments).
2. Set up the payments in ▸Spectrum (TP 13.4B Make Qualified Domestic Relations Order Payments in Spectrum).

**In this Section**

TP 13.4A Determine Recipient of Qualified Domestic Relations Order Payments and Responsible Party for Taxes
TP 13.4B Make Qualified Domestic Relations Order Payments in Spectrum

**TP 13.4A Determine Recipient of Qualified Domestic Relations Order Payments and Responsible Party for Taxes**

**07/01/2016**

The alternate payee is generally the recipient of ▸QDRO payments. However, a QDRO may designate a state agency as the representative of the alternate payee, in which case the state agency becomes the recipient. Additionally, if the alternate payee is a minor, the QDRO may designate an alternate payee's parent as representative. However, payments are still payable to the minor (not the parent). Payments are generally not payable to courts, social agencies, or law enforcements agencies; contact the ▸OBA or ▸CSD/▸PVA/▸FBA QDRO Coordinator for guidance if PBGC receives a request for payment to such an organization.

The participant or the alternate payee is responsible for paying Federal income taxes on a QDRO payment depending on the relationship of the alternate payee to the participant. The reason for the QDRO, such as child support, arrearage of child support, alimony, marital property rights—as well as the type of QDRO itself—is irrelevant to determining who is responsible for paying taxes on QDRO payment. For more information on processing ▸IRS levies, see Appendix R2 IRS Levies.

**CSD/PVA/FBA QDRO Coordinator**

1. Determine the recipient of QDRO payments:
   - If the QDRO designates a state agency as the representative of the alternate payee and specifies that the payment must be payable to the agency, make the payments to the designated state agency.
   - Send other requests that payments be made payable to a designated organization (for example, letters from state child welfare or social service agencies) to the OBA or CSD/PVA/FBA QDRO Coordinator.

     The OBA or CSD/PVA/FBA QDRO Coordinator determines if PBGC can make payments to the agency.

     > **Note** Do not send letters requesting payment to a designated organization directly to ▸PBGC's paying agent for implementation.

   - If the QDRO payments are not payable to a state agency or other designated organization, make payments to the alternate payee identified in the QDRO regardless of the alternate payee's age or relationship to the participant.
2. Determine the party responsible for taxes based on the relationship of the alternate payee to the recipient:
   - Alternate payee is a spouse or former spouse or in pay as the participant's beneficiary: The alternate payee is the responsible party.

     > **Note** The alternate payee generally has same tax withholding options as the participant and reports the QDRO payment as if the alternate payee were the plan participant. A spouse or former spouse is responsible for the taxes on a QDRO payment if it is for child support and the child (or children) is not specifically identified as the alternate payee(s) under the QDRO.

   - Alternate payee is a child or other dependent and not in pay as the participant's beneficiary: The participant is the responsible party and is liable for tax on the total payment, including the participant's portion of the benefit and the QDRO payment.
3. If the participant elects withholding on the total benefit, accept the election as long as it is otherwise acceptable (see Appendix R Assignment and Withholding from Benefit Payments) and does not interfere with PBGC's ability to pay the QDRO (for example, a participant cannot elect 100% withholding or a rollover of the entire payment in order to avoid the QDRO).

**TP 13.4B Make Qualified Domestic Relations Order Payments in Spectrum**

**07/01/2016**

Set up ▸QDRO payments in ▸Spectrum depending on when payment is made and who is liable for the taxes on the payment, the ▸participant or the ▸alternate payee. For a separate interest QDRO, the alternate payee may go into pay before, at the same time as, or later than the participant. In the case of a shared payment QDRO, the alternate payee may go into pay at the same time as or later than the participant, but not before the participant.

**CSD/PVA/FBA QDRO Coordinator**

1. Check ▸PBGC Image Viewer to determine whether there is a complete, signed copy of the QDRO in the participant or alternate payee's file:
   - QDRO Present: Continue to step 2.
   - QDRO Not Present: Complete TP 13.1D Request Copy of Qualified Domestic Relations Order before continuing to step 2.
2. If an interested party contacts PBGC regarding an external payment agreement that changed the terms of the QDRO (for example, because the participant already started paying the alternate payee due to PBGC processing delays), customize and issue to all interested parties an *eALG Generic Letter* stating:
   - PBGC cannot change the terms of the QDRO without an amended QDRO.
   - PBGC is not bound by any external payment arrangements.
3. Proceed according to who is responsible for the taxes:
   - Alternate payee is responsible for taxes:
     a. For a separate interest QDRO, use ▸PACS to calculate the alternate payee's ▸benefit based on the form of benefit the alternate payee chose and any back payment that may be due, including interest.
     b. Set up separate payment records in Spectrum for the participant and alternate payee, using the respective ▸SSNs and payment amounts.
     c. Continue to step 4.
   - Participant is responsible for taxes:
     a. Complete and submit *PBGC QDRO Deduction Instructions to Paying Agent* form to deduct the taxes from the participant's payment:
        i. Print and sign the completed form.
        ii. Obtain the signature of an approver at or above the level required to approve the transaction. See the Approval Levels Table in TP 28. Overview for Approve Financial & Non-Financial Transactions through Approval Service.
        iii. Scan the form with the approver's signature to PDF format.
        iv. E-mail the PDF version of the form to the Management Analyst in ▸BPD.

        The Management Analyst verifies the information and confirms that the approver is at or above the level required to approve the transaction before forwarding the instructions to the paying agent.
     b. Confirm that PBGC's paying agent populates the appropriate subfields in ▸PLUS with the information from the form.
     c. Process the payment as a deduction from the participant's record in Spectrum.
     d. Continue to step 6.
4. Proceed according to whether PBGC has already issued a ▸BDL to the participant or alternate payee:
   - PBGC did not issue a BDL: Process the payments in Spectrum.
   - PBGC issued a BDL:
     - Advise the Case Team not to make large back payments (payments that require Level 30 or higher authorization (see TP 28 Approve Financial & Non-Financial Transactions through Approval Service)) that the terms of the QDRO could affect until all applicable appeal periods or extension periods end.
     - Process any payments other than large back payments in Spectrum.

5. If the participant or alternate payee appeals how PBGC calculated the alternate payee's benefit under the QDRO during the appeal period or extension period:
   a. Request ▸CSD management authorization before making any large back payments to the participant or alternate payee.
   b. On authorization:
      - Create and image memo to the participant and alternate payee's files in ▸IPS documenting the authorization.
      - Process the back payment in Spectrum.
6. Upon advice of the death of a participant in a shared payment order:
   - If the alternate payee is entitled to all or part of the participant's survivor benefits:
     - Process the alternate payee's benefits (see TP 5 Death Processing).
     - Recoup any overpayment to the alternate payee (see TP 7 Recoupment).
   - If the alternate payee is not entitled to survivor benefits:
     - Stop payment to the alternate payees simultaneously with ending the participant's benefit.
     - Recover any overpayment to the alternate payee (see TP 6.1D Other Recovery Situations).

**Note** Do not suspend payment to the alternate payee because PBGC does not have a valid address on file for the participant, otherwise cannot pay the participant, or does not have a separate Spectrum account for the alternate payee.

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## TP 13.5 Release Benefits for Domestic Relations Order

**07/01/2016**

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|---|---|
| **Purpose** | To release benefits PBGC suspended all or part of for a DRO PBGC later disqualified. |
| **Guidance** | N/A |
| **Procedure Owner** | CSD/PVA/FBA QDRO Coordinator |

If a participant's benefit is already in pay status when PBGC receives a signed ▸DRO, PBGC suspends all or a portion of the participant's benefit. PBGC does not suspend all or a portion of the participant's benefit upon receipt of a draft DRO or California joinder. If PBGC then determines that the DRO is not qualified, release the benefit and reimburse the participant after the 60-day resubmission period.

PBGC prohibits a participant from entering pay status while a signed or draft DRO, California joinder, or other similar state order is under review.

1. If PBGC did not suspend a participant's payment timely upon receipt of a signed DRO and the participant was overpaid, see TP 7 Recoupment and Administrative Correction or contact Ask PPD for guidance on whether to recoup the overpayment and at what percentage.

   > **Note** When sending QDRO-related e-mails, do not include the full ▸SSN of any individual. Use the Customer ID if available, or the last four digits of the SSN if the individual does not have a Customer ID.

2. Process the reimbursement with interest as a single payment in ▸Spectrum.
3. Issue the appropriate letter to the participant according to the status of the DRO:
   - Signed DRO: *eALG 611 Release of Suspended Benefit to Participant*.
   - Draft DRO: *eALG 613 Release of Benefits from Draft DRO*.

## TP 13.6 Resources for Domestic Relations Orders and State Agency Orders

**09/30/2016**

**Forms, Letters, and Memos:**

- *Checklist for Reviewing a DRO*
- *Checklist for Reviewing a QDRO Qualified by the Prior Plan Administrator*
- *PBGC Not Trustee Letter*
- *PBGC QDRO Deduction Instructions to Paying Agent*
- *QDRO Benefit Reduction Estimate Calculation Spreadsheets*
- *QDRO OCC Cover Sheet*
- *QDRO Qualified by Prior Plan Administrator Worksheet*
- *QDRO/DRO Statistics and Questionnaire*

**Customer Correspondence and Forms:**

- *eALG 530 Request for Additional Documentation/Information*
- *eALG 600 Acknowledgment of Receipt of DRO*
- *eALG 601 Acknowledgment of Receipt of Draft DRO*
- *eALG 602 Acknowledgment of and Response to Non DRO*
- *eALG 603 Acknowledgment of Withdrawal of DRO*
- *eALG 604 Acknowledgment and Qualification of Vacate Order*
- *eALG 605 DRO Qualified*
- *eALG 606 DRO Not Qualified*
- *eALG 607 Draft DRO Qualifiable*
- *eALG 608 Draft DRO Not Qualifiable*
- *eALG 609 DRO (Child/Spousal Support) Not Qualified*
- *eALG 610 Advice to Alternate Payee of Payment Eligibility*
- *eALG 611 Release of Suspended Benefit to Participant*
- *eALG 613 Release of Benefits from Draft DRO*
- *eALG 614 Interpretation of QDRO*
- *eALG 618 No QDRO on File First Request*
- *eALG 619 No QDRO on File Second Request*
- *eALG 620 No QDRO on File Final Request*

**Guidance:**

*None*

**Exhibits:**

*None*

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# TP 14 §436 Benefit Limitations

**In this Section**

TP 14. Overview for §436 Benefit Limitations
TP 14.1 Conduct §436 Evaluation
TP 14.2 Summary of §436 Provisions
TP 14.3 Resources for §436 Benefit Limitations

## TP 14. Overview for §436 Benefit Limitations

**11/21/2014**

PPA 2006 added §436 to the IRC (and §206(g) to ERISA). Section 436 sets forth a series of limitations on benefit accruals and payments that may apply to a single-employer plan based on the plan's AFTAP. These limitations apply to:

- Shutdown benefits and other UCEB
- Certain plan amendments increasing benefit liabilities
- Prohibited payments
- Benefit accruals

PPA 2006 and subsequently §203 of WRERA and the Pension Relief Act of 2010 provided exceptions which deferred application of all or some of the §436 limitations in specified situations.

The statutory requirements in §436 generally apply to plan years beginning on or after 01/01/2008. The regulatory requirements in 26 CFR §1.436-1 apply to plan years beginning on or after 01/01/2010. All plans must be amended pursuant to §436 by the end of the 2013 plan year for IRS qualification purposes. Prior to 01/01/2010, plans could rely on a reasonable interpretation of §436 and the proposed IRS regulations issued on 08/31/2007.

26 CFR §1.436-1(a)(3)(ii) provides that most limitations in effect when a plan terminates remain in effect:

- The limitation on prohibited payments does not apply to certain transactions made pursuant to termination of the plan in accordance with applicable law.
- If a limitation on UCEB, plan amendments, or benefit accruals is in effect prior to DOPT, those benefits are not plan benefits, and, therefore, are not payable under any asset allocation.
- If any limitation on prohibited payments is effective as of DOPT, PBGC does not honor any unpaid plan application for a prohibited payment, regardless of the filing date, ASD, or BCD.
- However, PBGC continues to pay some prohibited payments as specified under PBGC policy.

Application of the §436 limitations potentially affects the calculation, valuation, and payment of benefits. The Summary of §436 Provisions Table describes the major provisions of §436 to consider in determining and paying benefits in plans that terminated on or after the first day of the plan year beginning on or after 01/01/2008. PBGC generally accepts implementation of the §436 limitations as the plan administrator describes, absent significant evidence to the contrary (including a lack of evidence, such as failure of the plan administrator to provide copies of certified AFTAP that PBGC requests). Because of the complexity of the §436 limitations and the exceptions that may apply, most plans potentially impacted by §436 must be evaluated by ASD. This guidance provides procedures for determining if a plan is potentially impacted by the §436 limitations and must therefore be further evaluated.

Policies addressing §436 benefit limitations:

- Policy 5.14-2 §436 Benefit Limitations under PPA 2006
- Policy 5.4-7 Annuity Benefit Forms
- Policy 5.4-9 Lump Sum Benefit Payments
- Policy 5.11-2 Payment Priority Category 2 Benefits
- Policy 8.6-1 Payments to Beneficiaries

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## TP 14.1 Conduct §436 Evaluation

**03/30/2015**

| | |
|---|---|
| **Purpose** | To conduct a §436 evaluation to determine if any of the §436 benefit limitations potentially affect the calculation, valuation, and payment of benefits. |
| **Guidance** | *§436 Benefit Limitations BAPD Conference, June 2012*<br>*§436 Benefit Limitations Summary*<br>Policy 5.4-7 Annuity Benefit Forms<br>Policy 5.4-9 Lump Sum Benefit Payments<br>Policy 5.14-2 §436 Benefit Limitations under PPA 2006 |
| **Procedure Owner** | Actuary |

In completing the *Estimated Benefit Adjustments Analysis Memo* (see Process 10.4 Identify Current Payees for Benefit Adjustments), an evaluation must be conducted to determine if any of the ▸§436 benefit limitations affect the calculation, valuation, and payment of benefits in a PBGC-trusteed plan. If so, then the impact on plan administration must be documented in the *Estimated Benefit Adjustments Analysis Memo* and subsequently in the ▸ACR. The Summary of §436 Provisions Table provides additional information that may be useful in evaluating and documenting the impact that ▸IRC §436 may have on administering the plan.

1. Determine if ▸DOPT was before the first day of the plan year beginning on or after 01/01/2008 (FD-PY08):
   - If DOPT was before FD-PY08:
     - Document in the *Estimated Benefit Adjustments Analysis Memo* that the §436 limitations are not applicable because the plan terminated before §436 of the ▸Code became effective.
     - Continue completion of the *Estimated Benefit Adjustments Analysis Memo* (see Process 10.4 Identify Current Payees for Benefit Adjustments).
     - No further action required for this procedure.
   - If DOPT was on or after FD-PY08, complete Part 1 of the *§436 Evaluation*.

   **Examples:**

   - Plan A: The first day of the 2008 plan year was 10/01/2008. The plan terminated on 08/18/2008. The §436 limitations do not apply to Plan A because the plan terminated before the beginning of the first effective plan year for purposes of §436.
   - Plan B: The first day of the 2008 plan year is 07/01/2008. The plan terminated on 11/01/2008. The §436 limitations are potentially applicable to Plan A because the plan terminated after the beginning of the first effective plan year for purposes of §436.
2. Take action according to the results of Part 1 of the *§436 Evaluation*:
   - Section 436 limitations do not apply:
     - Delete Parts 2-4 of the *§436 Evaluation*.
     - Submit the §436 Evaluation to the reviewer for concurrence.
     - Proceed to step 6.

     > **Note** Even if the §436 limitations are not applicable, consider whether benefits or payment may still be limited or restricted under PBGC policies, such as Policy 5.4-7 Annuity Benefit Forms, Policy 5.4-9 Lump Sum Benefit Payments, or Policy 5.14-1 Benefits in PPA 2006 Bankruptcy Plans, or due to other ▸PPA limitations, such as on shutdown benefits and ▸UCEB.

   - Section 436 limitations potentially apply: Continue to step 3.
3. Working with the assigned auditor, identify all available 436-related documents, including documentation retrieved from TeamConnect (see Process 8.2 Assess Available Records/Information) for plan years beginning in 2008 through

the year in which the plan was trusteed:

- **AFTAPs**: Copies of all ▸AFTAP certifications and other ▸AFTAP calculations (which may not require certification). AFTAP certifications and calculations include:
  - Certifications of the actual AFTAP for a plan year.
  - ▸Range certifications.
  - Optional or required ▸recertification of an AFTAP for a plan year.
  - ▸Updated AFTAPs, which may or may not require recertification.
  - Calculations of an ▸inclusive presumed AFTAP.
  - Calculations of a modified ▸presumed AFTAP.

  A certified AFTAP must:

  - Be a written statement that is clearly meant to be the certification of the AFTAP.
  - Be signed and dated with the month, day and year by the plan's enrolled actuary (EA).

    > **Note** that the actual signature date may be material to the application of the §436 limitations.

  - On or after the first day of 2010 plan year, include the information prescribed in 26 CFR §1.436-1(h)(4).
- **AVRs**: Copies of the ▸AVRs that include the AFTAP for plan years for which a copy of the actual AFTAP certification cannot be obtained from the plan administrator or plan actuary.

  An AVR may be acceptable in place of an actual AFTAP certification if it is dated and signed and does not state or otherwise indicate that it is not meant to be an AFTAP certification.

  As of 01/01/2010, an AVR can only be accepted as an AFTAP certification if it meets all of the certification requirements, including the signature and date requirements, in 26 CFR §1.436-1(h)(4).

  If the AVR does not meet the above requirements, it may still be used as supporting evidence that a §436 limitation applied or did not apply during a plan year.
- **IRS Form 5500**: Copies of Schedule SB of IRS Form 5500 Annual Return/Report of Employee Benefit Plan or the AFTAP information from the Legacy 5500 tab in PBGC Image Viewer.

  The IRS Form 5500 generally will not be available until 1½ to 2 years after the end of a plan year.

  The Schedule SB generally cannot be used as an AFTAP certification because the signature date on the form is not timely for §436 purposes, and for plan years beginning in 2010, it does not include the information required in an AFTAP certification. However, it may be used as supporting evidence that a §436 limitation applied or didn't apply during the plan year.
- **CBAs**: If the plan was maintained pursuant to one or more ▸collective bargaining agreements (CBA) that was ratified before 01/01/2008 and was in effect of the first day of the 2008 plan year:
  - A copy of the executed (signed and dated) CBA(s).
  - If a copy of the executed CBA(s) is not available, written confirmation from the plan administrator, plan sponsor, or appropriate bargaining unit official:
    - Of the ratification date and expiration date of the CBA(s) *without regard to any extension agreed upon after 08/17/2006*.
    - Whether the plan applied the CBA exception in 26 CFR §1.436-1(k)(2) that deferred the effective date of IRC §1.436, and if so, to which benefits and when.
  - If the plan covered bargaining unit and non-bargaining unit employees, confirmation that at least 25% of the covered employees or 50% of the participants were members of the bargaining unit(s).
- **Plan Amendments**: Effective on or after the first day of plan year 2008 addressing application of the §436 limitations (plans must amend by the end of the 2013 plan year).
- **Other Information**: Documenting the plan's application of §436, for example:
  - Copies of correspondence sent to plan participants describing the impact of any §436 limitation. Plans generally must provide such notice within 30 days of the effective date of a limitation.
  - Written elections by the plan sponsor to reduce the prefunding balance or standard carryover balance to avoid or terminate a §436 limitation.
  - Specification of a contribution as a current year contribution to avoid or terminate a §436 limitation.

- Written elections by the plan sponsor to defer applying MAP-21 interest rates until 2013 for §436 while using MAP-21 rates for other purposes in 2012 or to retroactively apply a 2012 AFTAP certification/recertification based on MAP-21 rates.

4. If the required information is not in plan records, contact the plan administrator and/or plan actuary for missing documentation and information. If the required information cannot be obtained from the plan administrator and/or plan actuary, document the effort to obtain the documentation and the reason it could not be obtained in the *§436 Evaluation*.

> **Note** While contact with the plan actuary may be helpful, the plan administrator is ultimately responsible for obtaining AFTAP certifications from the plan's actuary, applying §436 limitations to the plan, and providing required information to PBGC.

5. Complete Parts 3-4 of the *§436 Evaluation* and submit it to the reviewer for concurrence.
6. Upon concurrence on the *§436 Evaluation*, document the results in the *Estimated Benefit Adjustments Analysis Memo*:
   - Section 436 limitations do not apply:
     - Document in the *Estimated Benefit Adjustments Analysis* Memo that no §436 limitations apply and therefore §436 does not impact PBGC's administration.
     - Attach a copy or reference the IPS location of the *§436 Evaluation* in the *Estimated Benefit Adjustments Analysis Memo*.
   - Section 436 limitations apply:
     - Document in the *Estimated Benefit Adjustments Analysis Memo* that one or more §436 limitations apply and therefore §436 impacts PBGC's administration.
     - Attach a copy or reference the ▸IPS location of the *§436 Evaluation* in the *Estimated Benefit Adjustments Analysis Memo*.

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## TP 14.2 Summary of §436 Provisions

**03/30/2015**

The Summary of §436 Provisions Table describes the major provisions of IRC §436 Funding-Based Limits on Benefits and Benefit Accruals Under Single-Employer Plans and the applicable regulations in 26 CFR §1.436-1. The table is not adequate for determining the application of the §436 limitations for most plans. Follow the procedure in TP 14.1 Conduct Preliminary §436 Evaluation to determine if §436 benefit limitations potentially impact administration of a trusteed plan and, if so, request further evaluation (see TP 14.1 Conduct §436 Evaluation). See Policy 5.14-2 §436 Benefit Limitations Under PPA 2006 for guidance on PBGC's application of the §436 limitations.

The **Sources** column identifies sources from both the IRC and IRS regulations:

- IRC sources refer to subsections of §436, for example "§436(a)(1)"
- Regulation sources refer to subsections of §1.436, for example "§1.436-1(a)(1)"

Statutory and regulatory references in the same row do not always have similar numbering.

The full texts of the statute and regulations are available at the Cornell University Law School Web site and the U.S. Government Printing Office Web site.

**Summary of §436 Provisions Table**

| Sources | Provisions |
|---|---|
| §1.436-1(a) | **General**: Provides rules about application of the §436 limitations and addresses:<br>• Special rules affecting certain plans.<br>• Termination of a plan.<br>• Treatment of a plan at the close of a period of limitation. |
| §1.436-1(a)(3)(ii) | **Termination of plan**: Any §436 limitation in effect immediately before the termination of the plan does not cease to apply after termination of the plan.<br>**Exception**: The limitations under §436(d) do not apply to certain prohibited payments made to carry out termination of the plan in accordance with applicable law.<br>**Examples:**<br>• A plan subject to a §436(d) limitation immediately before termination continues to be unable to pay a non-*de minimis* benefit in a lump sum or some non-life annuity benefit forms, such as a five-year term certain, or any benefit form in which the monthly amount of the payment is more than the amount provided by a straight life annuity, after termination of the plan.<br>• However, a plan subject to a §436(d) limitation is permitted to purchase of an irrevocable insurance contract to pay benefits in connection with a standard termination of the plan. |
| §436(b)<br>§1.436-1(b) | **Limitation on shutdown benefits and other unpredictable contingent event benefits**: A UCEB payable with respect to any participant due to any event occurring during a plan year is not payable if the AFTAP is less than 60% or would be less than 60% taking into account the UCEB. The limitation applies on a participant-by-participant basis for the plan year.<br>If an AFTAP of 60% or more was certified for a plan year and did not include the UCEB, the plan must recalculate the AFTAP including the UCEB to confirm that the AFTAP would still be 60% or more including the UCEB before the UCEB can be paid.<br>**Exception**: A UCEB that was permitted to take effect during a period in which a §436(b) limitation was not applicable is not affected if a §436(b) limitation |

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| | subsequently becomes effective and, therefore, remains payable.<br><br>**Examples**:<br><br>• An AFTAP of 62% was certified on 03/31/2012. The plan sponsor shut down a portion of the company on 08/15/2012. The plan provided UCEBs, which would be payable to a small group of employees. The liabilities for the shutdown benefits were included in the AFTAP of 62% because the decision to shut down that portion of the company was made before the AFTAP was certified. The shutdown benefits can be paid because the AFTAP took into account the shutdown benefits and was not less than 60%.<br><br>• An AFTAP of 65% was certified on 03/31/2012. The plan sponsor shut down a portion of the company on 08/15/2012. The plan provided UCEBs, which would be payable to a small group of employees. The AFTAP of 65% did not include the liabilities for the shutdown benefits because the decision to shut down a portion of the company was made after the AFTAP was certified.<br><br>The shutdown benefits cannot be paid unless the plan establishes that the shutdown benefits will not reduce the AFTAP to less than 60% (as provided under the rules in §1.436-1(g)(5)). The plan recalculated the AFTAP taking into account the shutdown benefits (an ▸inclusive presumed AFTAP). The inclusive presumed AFTAP is 62%. Therefore, the shutdown benefits are payable. |
| §436(c)<br><br>§1.436-1(c) | **Limitation on plan amendments increasing benefit liabilities**: No amendment to the plan that increases plan liabilities may take effect during a plan year if the AFTAP is less than 80% or would be less than 80% taking into account the increase.<br><br>If an AFTAP of 80% or more was certified for the plan year and did not include the increased liabilities resulting from the amendment, the plan must recalculate the AFTAP including the increased liability to confirm that the AFTAP would still be 80% or more including the UCEB before the amendment is permitted to take effect.<br><br>Affected amendments include:<br><br>• An increase in benefits.<br><br>• Establishment of new benefits.<br><br>• Changes to the rate of benefit accrual.<br><br>• Changes in the rate at which benefits become ▸nonforfeitable.<br><br>• An increase in the §415 limit.<br><br>Affected amendments do not include:<br><br>• Mandatory increases in vesting required under the ▸Code or ▸ERISA are not amendments for purposes of §436(c), but only to the extent required to satisfy the requirements for qualified plans.<br><br>• An amendment that does not increase the funding target, for example, an increase in future service, is permitted to take effect.<br><br>• Increases in §401(a)(17) compensation limit. An amendment to restore accruals limited under §436(e) when certain conditions are met.<br><br>**Examples**:<br><br>• An AFTAP of 83% was certified on 03/31/2012. An amendment was adopted on 02/14/2012 to increase benefits beginning July 1, 2012. The AFTAP of 83% included the increased liabilities. The amendment can take effect as of July 1, 2012, because the AFTAP took into account the increased liability and was not less than 80%.<br><br>• An AFTAP of 81% was certified on 03/31/2012. An amendment was adopted on 05/15/2012 to increase benefits beginning on 07/01/2012. The AFTAP of 81% did not include the increased liability. The amendment cannot go into effect unless the plan establishes that the increased liability will not reduce the AFTAP to less than 80% (as provided under the rules in §1.436-1(g)(5)). |

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| | The plan recalculates the AFTAP (an inclusive presumed AFTAP) taking into account the amendment. The inclusive presumed AFTAP is 79%. Therefore, the amendment is not permitted to take effect.<br>The plan may make a specified contribution (which must be within the same plan year) to increase the inclusive presumed AFTAP to 80% and, thereby, permit the amendment to take effect (see §436(f) and §1.436-1(f)). |
| §436(d)<br>§1.436-1(d) | **Limitations on prohibited payments.** |
| §436(d)(1)<br>§1.436-1(d)(1) | **AFTAP less than 60%**: If the AFTAP is less than 60%, a participant or beneficiary is not permitted to elect an optional form of benefit that includes a prohibited payment and the plan may not pay any prohibited payment, regardless of the filing date, with an ▸annuity starting date (or if later, benefit commencement date) on or after the date that the limitation becomes effective (for instance, the date the AFTAP is certified as less than 60% or the date the AFTAP is presumed to be less than 60% under §436(h) and §1.436-1(h)).<br>**Example**: An AFTAP of 58% was certified on 03/31/2012. Prohibited payments with annuity starting dates, (or if later, benefit commencement dates) on or after 03/31/2012 cannot be paid. |
| §436(d)(2)<br>§1.436-1(d)(2) | **Bankruptcy**: A participant or beneficiary is not permitted to elect an optional form of benefit that includes a prohibited payment, and the plan may not pay any prohibited payment, regardless of the filing date, with an annuity starting date (or if later, benefit commencement date) that occurs during a period in which the plan sponsor is a debtor in a case under Title 11, United States Code or similar Federal or State law, and an AFTAP of 100% or more has not been certified for that plan year.<br>The §436(d)(2) limitation is effective on the bankruptcy filing or petition date if an AFTAP of 100% or more has not been certified for the plan year on or before that date.<br>**Examples**:<br>• An AFTAP of 95% was certified on 03/31/2012. The plan sponsor filed bankruptcy on 07/05/2012. Prohibited payments with annuity starting dates (or if later, benefit commencement dates) on or after 07/05/2012 cannot be paid.<br>• The plan sponsor filed bankruptcy on 03/31/2012. The plan had a ▸"presumed" AFTAP of 105% (the certified 2011 AFTAP of 105% was being treated as the actual AFTAP for 2012 as provided under §1.436-1(g)(3)). Prohibited payments with annuity starting dates (or if later, benefit commencement dates) on or after 03/31/2012, cannot be paid because an AFTAP of 100% or more has not been certified for the 2012 plan year. |
| §436(d)(3)<br>§1.436-1(d)(3) | **Limited payments**: If the AFTAP is 60% or more, but less than 80%, a participant or beneficiary is not permitted to elect an optional form of benefit that includes a prohibited payment and the plan may not pay any prohibited payment, regardless of the filing date, with an annuity starting date (or if later, benefit commencement date) on or after the date that the limitation becomes effective that is in excess of the lesser of:<br>• 50% of the ▸present value of the benefit payable in the optional form of benefit that includes the prohibited payment, or<br>• 100% of the PBGC ▸maximum benefit guarantee.<br>The plan must permit the payment to be bifurcated, that is split, into an unrestricted portion (as described above) and restricted portion (the amount in excess of the above).<br>**Example**: A participant's benefit, which the participant wants to receive in a lump sum, has a present value of $160,000. The plan must permit the benefit to be bifurcated. An unrestricted portion of the benefit of $80,000 (50% of the present value) is payable in a lump sum. The restricted portion valued at $80,000 (the ▸residual benefit) is payable in any optional form under that plan that is not a |

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| | prohibited payment, for instance, a straight life annuity or 50% joint-and-survivor annuity. The participant is permitted to elect a later annuity starting date to receive the residual benefit. |
| §436(d)(4)<br>§1.436-1(d)(4) | **Exception**: The §436(d) limitations do not apply if by the terms of the plan in effect on 09/01/2005, no benefits accrue with respect to any participant in the plan on or after 09/01/2005. |
| §436(e)<br>§1.436-1(e) | **Benefit accruals**: If the AFTAP for the plan year is less than 60%, benefit accruals cease on the date that the limitation takes effect (for instance, the date the AFTAP is certified as less than 60% or the date the AFTAP is presumed to be less than 60% under §436(h) and §1.436-1(h)). |
| §436(f)<br>§1.436-1(f) | **Methods to avoid or end limitations**: Plans have four methods for avoiding or ending a §436 limitation. Two methods involve increasing the amount of plan assets which are taken into account in determining the AFTAP by reducing the prefunding balance or the funding standard carryover balance. The other two methods are making a specified contribution (a §436 contribution) and providing security. |
| §436(g)<br>§1.436-1(a)(3)(i) | **New plan exception**: The §436(b), §436(c), and §436(e) limitations do not apply to a plan for the first five years of the plan, in aggregate with any predecessor plan.<br>The §436(d) limitations may apply during the first five years of the plan. |
| §1.436-1(g)(1)<br>(Not §436(g)) | **Rules of operation for periods before and after certification of an AFTAP**: Describes the rules that apply:<br>• Before certification of the AFTAP for a current plan year (the AFTAP for the prior year or a "presumed" AFTAP applies).<br>• After certification of an AFTAP for the current plan year. |
| §1.436-1(g)(2) | **Periods prior to certification of AFTAP during which a presumption under §436(h) applies:**<br>• The plan must follow the presumed AFTAP as if it were the actual AFTAP and apply the limitations accordingly.<br>• Rules on calculating an inclusive presumed AFTAP apply in determining if UCEB are permitted to be paid or plan amendments increasing benefit liabilities are permitted to take effect.<br>See §436(h) and §1.436-1(h) for rules on presumed AFTAPs. |
| §1.436-1(g)(3) | **Periods prior to certification of AFTAP during which a presumption under §436(h) does not apply**:<br>• The plan must treat the AFTAP for the preceding year as if it were the actual AFTAP for the current year and apply the limitations accordingly.<br>• Prohibited payments and benefit accruals cannot be limited.<br>• Rules on calculating an inclusive presumed AFTAP apply in determining if UCEB are permitted to be paid or plan amendments increasing benefit liabilities are permitted to take effect. |
| §1.436-1(g)(3)<br>(Guidance from IRS to PBGC) | **PY 2008 Transition Rule**: The §436 limitations, with the exception of the §436(d)(2) limitation, did not apply before the earlier of the certification of the 2008 AFTAP or the first day of the 10th month of the 2008 plan year (for example, 10/01/2008 for a calendar year plan).<br>**Note** If the plan followed the proposed regulations in 2008 and applied the limitations, accordingly, PBGC generally will not change the plan's application of the limitations, even though the transition rule could have applied. |
| §1.436-1(g)(4) | **Modification of presumed AFTAP**: For purposes of §1.436-1(g)(2) and (3), describes the effect of modifying the presumed AFTAP due to reductions in the prefunding balance or funding standard carryover balance or §436 contributions made by the plan sponsor as described under §436(f) and §1.436-1(f). |
| §1.436-1(g)(5) | **Periods after certification of AFTAP**: |

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| | • The plan must follow the certified AFTAP and apply any limitations, accordingly.<br>• Rules on calculating an inclusive presumed AFTAP or recalculating a ▸certified AFTAP apply in determining if UCEB are permitted to be paid or plan amendments increasing benefit liabilities are permitted to take effect if the UCEB or amendment was not taken into account when certifying the AFTAP. |
| §436(h) | **Presumed Underfunding.** |
| §436(h)(1)<br>§1.436-1(h)(1) | **Presumption of continued underfunding:** If a §436 limitation was in effect on the last day of the preceding plan year, the AFTAP for the preceding plan year is the presumed AFTAP as of the first day of the current plan year.<br>**Example**: The certified AFTAP for the 2011 plan year was 78% and the §436(c) and §436(d)(3) limitations were in effect on 12/31/2011. Therefore, as of 01/01/2012, the presumed AFTAP is 78%.<br>**Note** Under §1.436-1(g)(3), the preceding year's AFTAP is treated as if it were the actual AFTAP for the current year as of the first day of the current plan year and may also be referred to as a presumed AFTAP, even though a presumption of underfunding does not apply. |
| §436(h)(2)<br>§1.436-1(h)(3) | **Presumption of underfunding on 1st day of 10th month of plan year**: If the AFTAP for the current plan year is not certified before the first day of the tenth month of the plan year (for example, October 1st for a calendar year plan), the AFTAP is conclusively presumed to be less than 60% as of the first day of the tenth month of the current plan year.<br>**Example**: The certified AFTAP for the 2010 plan year was 91%. Therefore as of 01/01/2011, the plan had to treat the 2010 AFTAP of 91% as if it were the actual AFTAP for the 2011 plan year, as provided under §1.436-1(g)(3). The 2011 AFTAP was not certified before 10/01/2011. Therefore, as of 10/01/2011, the AFTAP was conclusively presumed to be less than 60%.<br>**Note** All of the limitations would have become effective as of 10/01/2011. |
| §436(h)(3)<br>§1.436-1(h)(2) | **Presumption of underfunding on 1st day of 4th month of plan year**: If the AFTAP for the current plan year has not been certified as of the first day of the fourth month of the plan year (for example, 04/01 for a calendar year plan), the AFTAP as of the first day of the fourth month of the plan year is presumed to be 10 percentage points less than the AFTAP for the preceding year if the AFTAP for the preceding year was either:<br>• At least 60% but not less than 70%, or<br>• At least 80% but not less than 90%.<br>**Example**: The certified AFTAP for the 2011 plan year was 82% and no limitations were in effect on 12/31/2011. As of January, the 2011 AFTAP of 82% had to be treated as the actual AFTAP for the 2012 plan year. The 2012 AFTAP was not certified before 04/01/2012. Therefore, as of 04/02/2012, the presumed AFTAP was 72% (82% - 10).<br>**Note** The §436(c) and §436(d)(3) limitations would become effective as of 04/01/2012. |
| §1.436-1(h)(4) | **Certification of AFTAP**: An AFTAP certification must be in writing, signed by an ▸enrolled actuary (EA), and dated to show the month, day, and year of the EA's signature. Except for a ▸"range" certification, the certification must also include the value of plan assets, prefunding balance, the standard carryover balance, the value of the funding target (plan liabilities), and other relevant information used to calculate the AFTAP.<br>For additional information, see ▸AFTAP and ▸AFTAP Certification. |
| §436(i) | **Treatment of Plan as of Close of Prohibited or Cessation Period**: 26 CFR §1.436(a)(4) describes the treatment of a plan after a limitation ceases to apply |

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| §1.436-1(a)(4) | including resumption of accruals and restoration of limited benefits. In addition, the statute and the regulations for each limitation describe the conditions that end the application of a limitation. |
| §1.436-1(j) | **Definitions**: Terms related to IRC §436:<br>1. Adjusted funding target attainment percentage<br>2. Annuity starting date<br>3. First effective plan year<br>4. Funding target<br>5. Prior year adjusted target attainment percentage<br>6. Prohibited payment<br>7. Section 436 contribution<br>8. Section 436 measurement date<br>9. Unpredictable contingent event<br>10. Examples |
| §1.436-1(k) | **Effective/Applicability Dates.** |
| §1.436-(k)(1) | **Statutory Effective Date**: Plan years beginning on and after 01/01/2008. |
| §1.436-1(k)(2) | **CBA Plan Exception**: For plans maintained pursuant to one or more ▸CBAs ratified before 01/01/2008, §436 limitations did not apply to plan years beginning before the earlier of the date on which the CBA expired (without regard to any extension agreed to after 08/17/2006) or 01/01/2010.<br>This exception ceased to apply to all plans as of the first day of the first plan year starting on or after 01/01/2010.<br>**Examples**:<br>• As of 01/01/2008, a calendar-year plan was operating pursuant to a CBA that was ratified on 07/01/2006. The CBA expired on 06/30/2008. IRC §436 did not apply through plan year 2008 (that is, 01/01/2008 – 12/31/2008). The 2009 plan year was the first year that IRC §436 applied to the plan.<br>• As of 01/01/2008, a calendar-year plan was operating pursuant to a CBA that was ratified on 07/01/2007. The CBA was set to expire on 06/30/2010. IRC §436 did not apply through plan year 2008 (that is, 01/01/2008 – 12/31/2008) and 2009 (that is, 01/01/2009 – 12/31/2009). The §436 limitations were first applicable as of 01/01/2010, even though the CBA had not expired. |
| §1.436-1(k)(3) | **Regulatory Effective Date**: Plan years beginning on or after 01/01/2010.<br>For plan years beginning before 01/01/2010, plans were permitted to rely on the proposed regulations in the Federal Register/Vol. 72, No. 169/Friday, August 31, 2007. |
| Other Guidance | |
| IRS Notice 2012-61 | IRS Notice 2012-61 provides guidance on the changes in the interest rates a plan may or must use for certain purposes under **MAP-21** and when and how those changes apply. These changes generally are effective for plan years beginning after 12/31/2011.<br>• The MAP-21 segment rates apply in calculating a plan's adjusted funding target, the adjusted plan assets and the resulting AFTAP, and applying the §436 limitations.<br>• A plan sponsor could elect to defer the application of the MAP-21 rates to any plan year beginning on or after 01/01/2013 (i) for all purposes, or (ii) solely for the purposes of determining the plan's AFTAP.<br>• During the 2012 plan year, a plan may have used the unadjusted segment rates (not adjusted by MAP-21) or the full yield curve to certify its AFTAP and then |

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| | used the MAP-21 rates to update or recertify the AFTAP or to subsequently determine if a §436(b) or (c) limitation was applicable.<br>• Such updates and ▸recertifications may have affected the operation of the plan, meaning application of the §436 limitations could have also changed, including retroactive changes, during the plan year.<br>• IRS Notice 2012-61 provides guidance on the effect of material and immaterial changes in operations resulting from a recertified or ▸updated AFTAP, which are consistent with 26 CFR §1.436-1(h)(4). |
| IRS Notice 2014-19 | If a plan's terms define a marital relationship by reference to section 3 of ▸DOMA or are otherwise inconsistent with the Windsor decision, then the plan must be amended to reflect the requirements of the decision. IRS Notice 2014-19 provides that the ▸436(c) limitation on amendments increasing benefit liabilities:<br>• Does not apply to a plan amendment made to reflect the requirements of the Windsor decision that took effect on June 26, 2013.<br>• Applies to a plan amendment made to reflect the requirements of the Windsor decision if the plan chooses to make the amendment effective before June 26, 2013.<br>For additional guidance on DOMA and the Windsor decision, see Policy 5.7-4 Marriage Requirements. |
| WRERA | Under the Worker, Retiree, and Employer Recovery Act (WRERA):<br>• Distributions permitted without the consent of the participant under IRC §411(a)(11), including de minimis lump sums are not prohibited payments.<br>• For plan years beginning 10/01/2008 – 09/30/2009 (for example, for calendar-year plans, the 2009 plan year), the AFTAP is the greater of the AFTAP for that plan year or the preceding plan year (for example, for the calendar-year 2009 plan, the greater of the 2008 or 2009 AFTAP) for purposes of applying the §436(e) limitation on accruals. This rule applied even if the 2009 AFTAP was less than 60% or a 2009 AFTAP was not certified (provided the 2008 AFTAP was 60% or more). |
| Pension Relief Act of 2006 | The Pension Relief Act of 2006 extended the WRERA relief on benefit accruals and provided relief on the payment of a Social Security Leveling Option (SSLO), which is a prohibited payment. The §436(d) limitations on SSLOs and §436(e) limitation on accruals are applied for plan years beginning on or after 10/01/2008 and before 10/01/2010 (for example, for calendar-year plans, the 2009 and 2010 plan years) based on the greater of (i) the AFTAP for that plan year; or (ii) the AFTAP for the plan year beginning on or after 10/01/2007 and before 10/01/2008 (for example, for a calendar-year plan, the 2008 plan year). |

References:

- IRC §436 Funding-Based Limits on Benefits and Benefit Accruals Under Single-Employer Plans
- 26 CFR §1.436-1 Limits on Benefits and Benefit Accruals under Single Employer Defined Benefit Plans
- Federal Register/Vol. 74., No. 19/Thursday, October 15, 2009, Measurement of Assets and Liabilities for Pension Funding Purposes; Benefit Restrictions for Underfunded Pension Plans
- IRS Notice 2012-61, Guidance on Pension Funding Stabilization under the Moving Ahead for Progress in the 21st Century Act (MAP-21)IRB 2012-42, 10/15/2012

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## TP 14.3 Resources for §436 Benefit Limitations

**09/30/2016**

**Letters, Forms, and Memos:**

- *Estimated Benefit Adjustments Analysis Memo*
- *§436 Evaluation*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

- *§436 Benefit Limitations BAPD Conference, June 2012*
- *§436 Benefit Limitations Summary*
- *26 CFR §1.436-1 Limits on Benefits and Benefit Accruals under Single Employer Defined Benefit Plans*
- *Federal Register/Vol. 74., No. 19/Thursday, October 15, 2009, Measurement of Assets and Liabilities for Pension Funding Purposes; Benefit Restrictions for Underfunded Pension Plans*
- *IRC §436 Funding-Based Limits on Benefits and Benefit Accruals Under Single-Employer Plans*
- *IRS Notice 2012-61, Guidance on Pension Funding Stabilization under the Moving Ahead for Progress in the 21st Century Act (MAP-21)IRB 2012-42, 10/15/2012*
- *Policy 5.4-7 Annuity Benefit Forms*
- *Policy 5.4-9 Lump Sum Benefit Payments*
- *Policy 5.11-2 Payment of Priority Category 2 Benefits*
- *Policy 5.14-2 §436 Benefit Limitations under PPA 2006*
- *Policy 8.6-1 Payments to Beneficiaries*

**Exhibits:**

*None*

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# TP 15 Prepare and Mail Letters

**In this Section**

TP 15. Overview for Prepare and Mail Letters
TP 15.1 Select and Review Letters
TP 15.2 Resources for Prepare and Mail Letters

## TP 15. Overview for Prepare and Mail Letters

**07/01/2016**

This technical procedure describes the production of participant letter(s), as such it does not stand alone. It is followed to produce one or more letters necessary to complete a process or procedure. Case related letters that ▸OBA sends are not covered in this procedure.

Participant Letters are prepared through ▸eALG whenever possible. Letters created outside of eALG require ▸CSD management approval.

When it is learned that a customer did not receive the original of a letter (▸BDL or other letter) print the original correspondence from ▸PBGC Image Viewer and send it and all necessary attachments to the customer, using the appropriate cover letter. For BDLs, use eALG 540 BDL Cover Letter. For other letters, the 540 may be modified as appropriate or another cover letter prepared.

> **Note** It is **never** appropriate to send a hand modified original or copy of a letter to a customer. This includes crossing out and/or changing dates or addresses.

Regardless of how the participant letters are prepared, **the mail date on the letter is always the actual mailing date,** and letters are quickly imaged to the participant file (▸IPS) so that customer inquiries are serviced effectively.

**eALG (eAutomated Letter Generation System)**

- Utilizes a range of prepared participant correspondence, organized into five chapters (100 series, 200 series.....).
- Pulls the variable data (customer and plan specific information) from the ▸Genesis.
- Required for Benefit Determination Letters. Enters the date sent into the Genesis after the letter has been imaged.
- Handles all sizes Letter Requests from single pieces of correspondence to large mailings.
- Provides an automatic routing approval process for Letter Requests that may be established by each division.
- Prints letters at local printer (users responsible for stuffing and mailing) or through fulfillment centers (▸DMC or off-site).
- Allows users to delete Letter Requests prepared for local printing at their desktop.
- Quickly and automatically images letters directly to the participant file (IPS). **The imaging date is one full business day after the mailing date.**
- Has a Generic Custom Letter that can be used to create any type of custom letter for a participant in the Genesis. (Do not use for Benefit Determination Letters.)

**Custom Letters through word processing**

- Generally, printed at local printer with stuffing and mailing the responsibility of the processing unit.
- Must be photocopied and **submitted for imaging immediately**, so that they may be viewed in the participant file (PBGC Image Viewer).
- Approved by Employee Benefits Supervisor, CSD or higher according to CSD guidelines.

> **Note** If special circumstances require preparation of a large volume of letters outside of eALG, contact the eALG System Administrator for assistance and planning in order to use the stuffing and mailing services of the fulfillment centers (DMC or off-site).

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## TP 15.1 Select and Review Letters

**07/01/2016**

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| **Purpose** | Send correct letter(s) with correct forms and enclosures to customer(s). |
| **Required input and Source** | Type(s) of letter needed, relevant variable data, recipient approval levels necessary (may vary by Division), and stock of required enclosures. |
| **Process Output and Recipient** | Letter(s) mailed to participant(s) with all appropriate enclosures and imaged timely to the participant(s) file (▸IPS). |
| **Control Issues** | eALG quickly and automatically images letters to participant file (IPS), so that they are viewable by staff **one full business day after the mail date**.<br><br>Perform quality control review, including spell check, print preview and printing a local Letter Request to "test" a letter before sending a large Letter Request to fulfillment. Delete incorrect local Letter Requests as necessary **ASAP, but not later than mail date**. Deleting the Letter Request ensures the incorrect Letter Requests are not mistakenly imaged. The initiator of the Letter Request ensures the incorrect letter(s) are not mailed. Requests for deletions that are not completed by mail date must be forwarded to the Help Desk.<br><br>**Approval of Letters:** Letters may or may not require concurrence or supervisor approval. Generally, standard eALG response letters require only a peer review to ensure that the correct letter was chosen for sending. However, follow the approval and concurrence requirements addressed in the appropriate process, and as prescribed within the division's Management Team if there are any questions about approval requirements for a particular process. FBAs follow the guidance of the respective EBLS for each plan. CSD may establish routing for approval through eALG for approvals. |
| **Important Concepts** | Mail letters on mail date **only**, not earlier or later. An accurate mail date is always important, for Benefit Determination Letters it is particularly important as it marks the beginning of the period within which a customer may file an appeal, generally 45 days from date of letter. (See 29 CFR 4003: Rules for Administrative Review of Agency Decisions.)<br><br>If it is learned that a customer did not receive an original letter (BDL or other) print a copy from IPS and send it and attachments with a cover letter. For BDLs, the eALG 540: BDL Cover Letter is used, as it clearly establishes that the appeals period commences with the date of the 540. |
| **Guidance** | eALG Correspondence Help<br><br>29 CFR 4003 |
| **Procedure Owner** | EBLS/PBA/FBA/PVA |

See the ▸Participant Letters Print Location Guidance Table for guidance based on the volume of letters.

These actions generally apply to▸ eALG letter preparation. For customer correspondence prepared outside of eALG, see TP 15. Overview for Prepare and Mail Letters and consult with division management for guidance.

1. Select the correct letter or set of variables within the eALG. Refer to the appropriate procedure for details on which letter to use, or browse the samples provided in the eALG Letters (electronic help file accessed while in the eALG Letters application **or** available through in the ▸OBA Manuals).
2. Plan mail date for letter(s). Refer to Participant Letters Print Location Guidance for information regarding the default mailing dates (earliest dates permitted by system) for the eALG Request, allowing adequate time for updates to any needed variable information to be merged into the letter.
3. Determine an appropriate mail date for letters, allowing sufficient time for quality control review and observing the standard default dates set by eALG based on the various printing location options, as described in Participant Letters

Print Location Guidance.

4. Visually review letters carefully, using spell check and print preview in eALG. The *Letter Authorization Checklist* may be used as a job aid when preparing and authorizing custom letters.
5. Ensure adequate supplies of necessary enclosures are available on hand, see TP 34 Requests for Supplies.
6. If printing locally, print the Letter Request and review the hard copy. (If Letter Request is routed to an authorizer for approval, the authorizer must authorize the request before it can be printed.)
   - If correct, stuff any necessary enclosures and put in mail to be mailed on mail date.
   - If not correct, immediately delete the Letter Request, providing a reason for the delete request. Prepare another Letter Request after making the necessary modifications, and follow this process again.
7. If printing through fulfillment, prepare a Letter Request for one or two participants to "test" the letter and selected enclosures, and print. This will be a locally printing request. (If Letter Request is routed to an authorizer for approval, the authorizer must authorize the request before it can be printed.)
   - If hard copy of "test" eALG Letter Request is correct, stuff any necessary enclosures and put in mail to be mailed on mail date. Prepare a second eALG Letter Request for the remainder of the participants that will go to fulfillment.
   - If hard copy of "test" eALG Letter Request is not correct, **immediately delete the Letter Request**. Indicate in dialogue box "test letters" as reason for deletion request. Prepare another "test" Letter Request after making the necessary modifications, and follow this process again.

> **Note** Deletions of incorrect Letter Requests should be done immediately, and must be done **no later than mail date** to avoid mistaken mailings and imaging of letters. If deletion is necessary after the mail date, contact the Help Desk. Send the eALG confirmation e-mail message and forward it to the Help Desk (Identifying information in the e-mail is needed to process this request.) If deletion of a fulfillment Letter Request is necessary, contact the eALG System Administrator.

8. If printing using ▸DMC, DMC will contact the initiator in the ▸CSD, or a designated CSD contact for ▸FBA initiators, to review the Letter Request at the DMC (7th floor) and sign off before mailing. If printing using off-site fulfillment contractor, the eALG System Administrator handles any necessary approvals with the contractor.
9. If sending the letter marks completion of a milestone in the Case Management System (▸CMS), update that milestone as appropriate. See the specific procedure and CMS guidance for details.

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## TP 15.2 Resources for Prepare and Mail Letters

**09/30/2016**

**Forms, Letters, and Memos:**

*Letter Authorization Checklist*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

*29 CFR 4003*

**Exhibits:**

*None*

# TP 16 Plan and Participant File Maintenance

**In this Section**

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TP 16.2 Maintain Participant File
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TP 16.4 Request Advanced Functions for IPS Files
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## TP 16. Overview for Plan and Participant File Maintenance

**07/01/2016**

OBA maintains two types of case-related files in the IPS repository: plan files and individual participant files. The maintenance of these official administrative records is critical to ensure adequate documentation is available to support, substantiate, and validate benefit payment calculations. This procedure describes the process for adding documents to these files and the *OBA Records Management Policy & Procedures Manual* provides guidelines for maintaining these files.

The plan file is created when CFRD transfers pension plan documents to OBA. Federal staff adds documents to the plan file throughout the case lifecycle. Contract staff can add documents to the plan file with the concurrence of Federal staff.

CSD benefit processing staff create participant files in IPS for customers when they are added to Spectrum, and sometimes for individuals not in Spectrum. Some systems, such as eALG, automatically update the participant files with new documents.

Requests to have certain functions (known as Advanced Functions) performed in IPS, including deleting, re-indexing, merging, splitting, copying, and re-ordering pages, must be submitted to the DMC. Deleting pages requires federal management approval.

**Archiving Electronic Sources**

OBA archives electronic sources of plan information, as described in TP 16.5 Archive Electronic Files.

Only an original, unaltered electronic file can be correctly described as **source e-data**. It is acceptable to change the name of the file for clarity, but if anything inside of the file has been changed, the file can no longer be accurately described as source e-data. A good practice when changing the file name is to include the original file name in parentheses after the more descriptive name. For example, `pbgc.xls` could be renamed as `Data-from-plan-admin-2013-03-30(pbgc.xls).xls`.

Unaltered copies of all e-data sources relevant to the following processes must be archived:

- Unaltered e-data sources used for Spectrum First Pay and Customer data loads must be archived prior to authorizing the data load.
- Unaltered e-data sources used in the construction of the participant database must be archived as soon as practicable after receipt.
- Additional e-data sources used for the valuation database must be archived before the valuation is finalized.
- Reviewers for the above activities must inspect the Archive to obtain reasonable assurance that e-data sources are properly archived.

Some of the tabular electronic data (spreadsheets, databases, extracts, etc.) obtained for a case will ultimately not be used for the participant database. At the time of receipt, there is no way of knowing whether or not they will be used, therefore they should be treated as e-data sources and archived accordingly.

## TP 16.1 Maintain Plan File

**08/30/2016**

| | |
|---|---|
| **Purpose** | To maintain the administrative record of a trusteed plan. |
| **Guidance** | *OBA Records Management Policy & Procedures Manual*<br>*IPS Scanning Request Form for Plan Documents Sample*<br>PBGC Image Viewer Help<br>*Plan File Indexing Specification Guide* |
| **Procedure Owner** | CMD, EBLS/FBA/PVA |

**Note:** This procedure assumes ▸CFRD has transferred the case to ▸OBA and the ▸plan file already exists.

Headquarters staff must submit a request to the ▸DMC to import electronic documents to the plan file. The *OBA Records Management Policy & Procedures Manual* provides guidelines for maintaining records.

▸FBA/▸PVAs follow a similar process for imaging electronic plan file documents, but first must have federal Case Team member concurrence. FBA/PVAs send paper plan file documents to a federal Case Team member for processing.

**FBA/PVA/PBA**

1. Send paper plan file documents to a federal Case Team member for processing.
2. For electronic plan file documents other than correspondence, request instruction from the appropriate Case Team member on where in the plan file to place the documents.

**EBLS or FBA/PVA/PBA**

3. Submit electronic plan file documents to the DMC for imaging according to TP 16.4 Request Advanced Functions for IPS Files.
4. Submit paper plan file documents to the DMC for imaging:
   a. Prepare the document(s) according to the ▸Plan File Document Submission Guidelines Table.
   b. Determine the appropriate plan document index number for each document (see *Plan File Indexing Specification Guide)*.
   c. Print a Barcode Sheet for the plan document index number from the Plan Document Type Index Barcode Web page and place on top of the document.
   d. Complete and place an *IPS Scanning Request Form for Plan Documents* (see *IPS Scanning Request Form for Plan Documents Sample*) on top of the Barcode Sheet.

      The *IPS Scanning Request Form for Plan Documents* is a yellow sheet and is available from the DMC window. Use only one form for each batch of documents for a single plan.

**Note** For multiple documents, use one Barcode Sheet per unique plan document index number. For example, if a set of five documents all go to the same document index, use one Barcode Sheet. If each document goes to a different document index, include a Barcode Sheet with each document. Use one *IPS Scanning Request Form for Plan Documents* for each batch of documents for a single plan, regardless of the number of Barcode Sheets. Do not combine documents from multiple plans into a single submission.

   e. Do not submit unscanned working papers for temporary retention. Instead, retain the working papers, and submit the record management file to the DMC.
   f. Use the *Cross Reference Sheet* as needed to indicate:
      - A document stored in another plan file that also applies to this plan file (that is, a family of plans share the document).

- A document that contains information that applies to more than one index (for example, if a union contract legally stands in lieu of the pension plan, place the union contract behind the Barcode Sheet for Union Contract and a *Cross Reference Sheet* behind the Barcode Sheet for Pension Plan).

g. Review the package for compliance with the ▶Plan File Document Submission Guidelines Table.

h. Submit the package to the DMC window.

The DMC images documents within five business days.

5. Verify the documents are available for viewing in ▶PBGC Image Viewer.
6. If a document displays in the wrong index:
   - Request a re-indexing of the documents in IPS to correct the error. See TP 16.4 Request Advanced Functions for IPS Files.
   - If there are significant or unexplained indexing errors, consider notifying the DMC.

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## TP 16.2 Maintain Participant File

**07/01/2016**

| | |
|---|---|
| **Purpose** | To provide a record of documents related to each participant in the plan and PBGC actions relating to that participant. |
| **Guidance** | *OBA Records Management Policy & Procedures Manual*<br>*IPS Participant File Document Types*<br>PBGC Image Viewer Help |
| **Procedure Owner** | FBA, PVA, CSD |

FBAs can image documents to participant files on site. Headquarters submit the documents for the DMC for imaging to the participant file. The *OBA Records Management Policy & Procedures Manual* provides guidelines for maintaining the participant records.

Image participant file documents promptly upon receipt. Only image information that is pension-related, for example, that supports the participant's payment status and beneficiary selections.

Image other source documents as needed to document transactions between PBGC and the participant and to support the determination of the participant's guaranteed benefit. In the rare instance in which there is an exception to a policy or procedure, image documentation of the circumstances of the exception to the participant file.

Since IPS images eALG letters and MyPBA forms automatically, do not submit them to the DMC for imaging. Confirm the customer's record exists in Spectrum before adding documents to the IPS participant file.

1. Make sure the eight-digit PBGC case number and SSN are on each page of the document to image.
   - Do not highlight the PBGC case number or SSN because highlighting creates a black mark over the information.
   - If needed, put brackets around the PBGC case number and SSN or write them on top of each page.
2. Submit electronic participant file documents to the DMC for imaging according to TP 16.4 Request Advanced Functions for IPS Files.
3. Submit paper participant file documents to the DMC for imaging:
   a. Prepare the document(s) according to the Participant File Document Submission Guidelines Table.
   b. Complete and attach an *IPS Scanning Request Form for Participant Documents* for each batch of paper documents to image.
   c. If needed, write on the *IPS Scanning Request Form for Participant Documents* a request for notification on completion of the batch or return of documents within the batch.

      **Note** A batch of participant file documents for imaging can contain documents for multiple participant files.

   d. Review the batch for compliance with the Participant File Document Submission Guidelines Table.
   e. For relationships between customer accounts that cannot link in Spectrum, complete a *Cross Reference Sheet* and submit to the DMC.
   f. Submit the batch to the DMC service window.

   The DMC images documents within five business days.
4. Verify the documents are available for viewing in PBGC Image Viewer.

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## TP 16.3 Image Files to IPS

**07/01/2016**

| | |
|---|---|
| **Purpose** | To process plan and participant records to IPS and index appropriately. |
| **Guidance** | *OBA Records Management Policy & Procedures Manual*<br>*IPS Participant File Document Types*<br>*IPS Users Manual*<br>*Plan File Indexing Specification Guide* |
| **Procedure Owner** | DMC |

**DMC**

1. For a request to image paper documents, review the request for compliance with the ▸Plan File Document Submission Guidelines Table or the ▸Participant File Document Submission Guidelines Table and the *OBA Records Management Policy & Procedures Manual*

   that provides guidelines for maintaining the files.
2. If there are issues with the request, contact the requestor.
3. If imaging to the ▸participant file, apply the appropriate barcode to each document using the **IPS Participant Document Type** and **High-Level Document Type** (see *IPS Participant File Document Types*).
4. If the request includes Pension Plan Documents and Plan Amendments:
   a. Inspect the document to determine its structure.
   b. Add sub-category index barcodes at the start of each section and article to make each a separate document with the same sub-index value.
   c. If a section or article begins mid-page, make a copy of the page and include one copy with each of the sections.
   d. Organize documents within the same Document Index Type Subcategory in reverse chronological order.
   e. Organize the subcategories in alphabetical order.
5. If the request includes Actuarial Case (Closeout) Reports documents:
   a. Inspect the document to match the table of contents to the sub-categories and sub-subcategories for Index Type 12.
   b. Add the correct sub-category and sub-subcategory barcodes to the start of each section to create a separate document for each.
   c. Organize documents within the same Document Type sub-subcategory in chronological order.
   d. Organize the sub-subcategories in numerical order or by year.
   e. Organize documents within the same Document Type Subcategory in chronological order.
   f. Organize the subcategories in alphabetical order.
6. Place the appropriate index barcode sheet on top of the document stack.
7. Within five business days of receiving the request:
   a. Process, scan, and image the documents.
   b. Spot-check the documents in ▸PBGC Image Viewer for:
      - Completeness
      - Legibility/image quality
      - Page order
      - Correct indexing

- Correct division into sections (if applicable)
- Correct association to ▸plan/participant

8. If the submitter requested the return of any of the paper documents, contact the submitter to return the documents.
9. Retain the paper records for 90 days after imaging.

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## TP 16.4 Request Advanced Functions for IPS Files

**07/01/2016**

| | |
|---|---|
| **Purpose** | To request certain functions that are unavailable to most IPS users be performed on an IPS plan or participant file. |
| **Guidance** | *OBA Records Management Policy & Procedures Manual* |
| **Procedure Owner** | CMD, CSD |

Requests to have certain functions (known as Advanced Functions) performed in ▸IPS, including adding electronic documents to a file, deleting, re-indexing, merging, splitting, copying, and re-ordering pages, must be submitted to the ▸DMC. Deleting pages requires management approval.

1. Complete an *Advanced Function Request Form* to the DMC detailing the request.

   The form may be completed electronically or in hard copy. Hard copies of the form may be printed from this procedure or picked up at the DMC Service Window. Use the comments section as needed to provide specific instructions.
2. For deletions, obtain approval from management.
3. Submit the form electronically or in hard copy:
   - Electronic Requests: E-mail the *Advanced Function Request Form* to the DMC Advanced Function Request mailbox. If the request is for a deletion, include an e-mail from the appropriate manager approving the request.
   - Hard Copy: Deliver the *Advanced Function Request Form* to the DMC Service Window.
4. Upon receipt of an e-mail from the DMC indicating that the request has been completed, review the file to confirm.

## TP 16.5 Archive Electronic Files

**07/01/2016**

| | |
|---|---|
| **Purpose** | To archive electronic plan data. |
| **Guidance** | TRMD Service Catalog |
| **Procedure Owner** | Auditor, Actuary, EBLS/FBA/PBA/PVA |

The ▸Archive Access program is the means through which users gain access to archived electronic files. In the context of database construction, the term **Archive** and its variants should be interpreted as referring to this underlying repository that is accessible only via the Archive Access program. A file is not archived simply by virtue of the fact that it is stored on the `I:\` drive, `H:\`drive or any other location other than the Archive.

For a given PBGC case number, archived electronic files are stored in specifically named Archive groups. The most frequently used groups are named:

- Benefit Estimation Tool (▸BET)
- Plan Assumption Data (PAD)
- Plan Asset Evaluation (PAE)
- Participant Data Review (▸PDR)
- All Participants Final Valuation

For electronic files that do not fit into any pre-defined group, ▸TRMD can create custom group names upon request.

1. Prior to archiving, use the *Readme File Template* to create the *Readme.docx* file as described in the **Archive Other** section of the TRMD Service Catalog.

   The *Readme.docx* file must include:

   - The file name of each distinct electronic file to be archived.
   - A brief description of the contents of each file.
   - If the original file is password protected, the password for the file.

   If archiving unaltered e-data sources related to constructing the participant database, the information in the *Readme.docx* file must be consistent with the **Sources List** section of the *Data Elements and Sources List*. The Sources List section must include:

   - The file name of each distinct electronic file to be archived.
   - A description of the contents of each file.
   - A description of when and from whom the file was obtained.
   - If the file is or will be stored inside of a zip file, include the name of the zip file.
   - If the original file is password protected, include the password for the file.

   **Example:** Suppose three large spreadsheets were obtained from the plan administrator together with two PDF files with information about how to use the data in the spreadsheets. Suppose further that two database extracts were obtained from the payroll department together with two PDF files describing the content of the extracts. See the **Sources List** section of the *Sample Data Elements and Sources List* for an example of how these source files should be documented, and see the *Readme File Template* for examples of what the *Readme.docx* file should contain.

   If archiving unaltered e-data sources for activities other than participant database construction (for example, Spectrum First Pay or Customer data loads), this same template may be used.

   If archiving files other than unaltered e-data sources (for example, for the final participant data review or final valuation), the Sources List section of the Data Elements and Sources List is not applicable. For these situations, document the files to be archived in a *Readme.docx* file as described in the **Archive Other** section of the TRMD Service Catalog.

2. Copy the files to be archived, including the Sources List (or *Readme.docx* file), to the appropriate subfolder of

`I:\software\[eight-digit PBGC case number]` (for example, the participant data review or Valuation sub-folder).

3. Request that the files be archived in accordance with the instructions in the **Archive Other** section of the TRMD Service Catalog.
4. After the files have been archived, use the Archive Access program to confirm that each file is accessible and that the accompanying Sources List (or *Readme.docx* file) is present and complete.
5. Inform other members of the case team of the specific location of the files on the Archive and that all unnecessary copies of the files should be deleted.

   **Example:** "The files are on the Archive under case number 123456 in the **Participant Data Review (PDR) - Sources** group within a zip file `123456S1.zip` and are accessible via the Archive Access program. The file named `123456SS.doc` includes a description of each of the other files."
6. Delete all unnecessary copies of the electronic files that are present on the `H:\drive`, `I:\drive`, portal or elsewhere.
7. If additional e-data sources are obtained later, work with TRMD to replace the Archived Sources List and update the appropriate Archive group to include these additional files.

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## TP 16.6 Process Participant Correspondence

**07/01/2016**

| | |
|---|---|
| **Purpose** | To process and image participant correspondence. |
| **Guidance** | *IPS Users Manual* |
| **Procedure Owner** | DMC, FBA, PVA |

The ▸DMC is responsible for imaging ▸participant correspondence sent to PBGC each day. In addition, ▸FBA/▸PVAs sometimes receive and must process participant correspondence.

**DMC**

1. Each business day at 7:00 A.M., pick up mail from the post office at the PBGC site in Kingstowne, Virginia.
2. Process all mail the same business day.

**DMC, FBA, PVA**

3. Scan and image participant mail and faxes to the participant file to ▸IPS.
4. Check in ▸PBGC Image Viewer to ensure that the mail items are in the participant's records.

## TP 16.7 Process Request to Return Proof Documents

**07/01/2016**

| | |
|---|---|
| **Purpose** | To process a request to return proof documents to the participant. |
| **Guidance** | N/A |
| **Procedure Owner** | EBLS/FBA/PVA/PBA, DMC |

**EBLS/FBA/PVA/PBA**

1. Receive request from the participant to return the proof documents.
2. Verify each proof document in ▸PBGC Image Viewer has a return date already:
   - Return Date: No further action required for this procedure.
   - No Return Date: Send request to DMC to return the proof documents.

**DMC**

3. Send the proof documents to the participant.

## TP 16.8 Resources for Plan and Participant File Maintenance

**09/30/2016**

**Forms, Letters, and Memos:**

- *Advanced Function Request Form*
- *Cross Reference Sheet*
- *IPS Scanning Request Form for Participant Documents*
- *IPS Scanning Request Form for Plan Documents: Yellow sheet available at the DMC Window*
- *Readme File Template*
- *Sample Data Elements and Sources List*

**Customer Correspondence and Forms:**

- *Form 700 Participant Application for Pension Benefits*
- *Form 701 Payee Information Form (PIF)*
- *Form 702 General Information Form (GIF)*
- *Form 718 Installment Repayment Agreement*
- *Form 722 Financial Information of Debtor*

**Guidance:**

- *OBA Records Management Policy & Procedures Manual*
- *IPS Participant File Document Types*
- *IPS Scanning Request Form for Plan Documents Sample*
- *IPS Users Manual*
- *TRMD Service Catalog*
- *PBGC Image Viewer Help*
- *Plan File Indexing Specification Guide*

**Exhibits:**

*None*

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# TP 17 Policy and Processing Questions

**In this Section**

TP 17. Overview for Policy and Processing Questions
TP 17.1 Refer Policy and Processing Questions
TP 17.2 Resources for Policy and Processing Questions

## TP 17. Overview for Policy and Processing Questions

**07/01/2016**

OBA maintains online manuals that provide guidance on plan and participant processing. But occasionally staff may have questions concerning the interpretation of a procedure or policy, or whether any guidance exists on a certain issue.

As the following procedures provide, staff are required to first review the OBA Operations Manual and PBGC Operating Policy Manual for direction and, if an answer is not found, then to consult a management team member (or other staff, as appropriate). If there is still a question on how to proceed, the question may then be referred to PPD (ASK PPD). (Note that guidance sometimes directs staff to consult PPD on a particular matter – for example, a working retirement or QDRO issue – which may be referred to PPD without first consulting management staff.)

## TP 17.1 Refer Policy and Processing Questions

**07/01/2016**

| | |
|---|---|
| **Purpose** | To refer questions concerning policy and processing that are not addressed in OBA manuals or require clarification. |
| **Guidance** | *PBGC Operating Policy Manual*<br>*OBA Operations Manual* |
| **Procedure Owner** | OBA Staff |

1. Depending on the policy or processing question, review as appropriate the OBA Operations Manual or PBGC Operating Policy Manual, or both. Utilize the search tools available in each manual. Also keep in mind that policies and procedures are updated periodically, and the most updated versions are available online. Printouts (hard copies) may become obsolete.
2. Certain policies and procedures specify that ▸PPD be consulted on an issue – for example, procedures concerning ▸QDROs or working retirement determinations. These may be referred directly to PPD via ASK PPD.
3. If the research is unsuccessful or there is uncertainty as to the application of certain guidance, consult a management team member (Supervisor or Division Manager) or an Actuarial Technical Reviewer, as appropriate. ▸FBA and ▸PVA staff should consult a supervisor, appropriate ▸CSD ▸EBLS assigned to the plan or the ▸COR. Advise of the research that has already been conducted and the results.
4. If the question is still unresolved, send a complete but succinct email inquiry to PPD via ASK PPD using the following guidelines:
    a. Be certain the inquiry relates to policy or processing guidance.
    b. The inquiry should be from or copied to anyone consulted.
    c. In the subject line use descriptive key words (for example: QDRO, Beneficiary Determination, Working Retirement) and/or the relevant policy or procedure numbers and titles. This assists PPD with routing and tracking inquiries. Due to privacy concerns, **do not** include the participant's SSN in the subject line.
    d. If the question concerns whether a fact pattern meets the requirement of a certain category of a policy or procedure, cite the specific policies and procedures that have been reviewed.
    e. Summarize all relevant facts and pose the question or issue clearly. Do not simply forward a series of emails requesting they be reviewed. For assistance with specific participant and/or plan situations, be sure to include adequate identifying information in the email (case name and number and/or participant's name and SSN). Due to privacy concerns, do not include the participant's SSN in the Subject line.
    f. Send a separate email for each question, unless there are multiple instances of the same situation.
5. A PPD staff person will acknowledge your inquiry typically within two business days and identify him- or herself as the point-of-contact for the inquiry through resolution.
6. Upon resolution, ensure the inquiry through response emails are imaged to the participant or plan file, as applicable.

## TP 17.2 Resources for Policy and Processing Questions

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

- *OBA Operations Manual*
- *PBGC Operating Policy Manual*

**Exhibits:**

None

# TP 18 Prepare Files for Shipment

**In this Section**

TP 18. Overview for Prepare Files for Shipment
TP 18.1 Ship to FRC from DMC
TP 18.2 Resources for Prepare Files for Shipment

## TP 18. Overview for Prepare Files for Shipment

**07/01/2016**

Records in paper format are sent to the National Archives' Federal Records Center (FRC) for long term storage when the records are no longer needed on site, and the records will not be required for an extended period of time. In the Washington, DC area, these records are sent to the Washington National Records Center (WNRC). ▸OBA staff contacts the OBA Records Coordinator to ship files to the WNRC.

▸DMD's Document Management Center (▸DMC) periodically ships records to the WNRC when PBGC determines that it has no further need to maintain the paper record on site, and the record is either deemed archival or there is a records retention schedule requiring long-term storage. The OBA Records Coordinator is the point of contact for all OBA staff in requesting submittal, identification, and retrieval of records from the WNRC.

## TP 18.1 Ship to FRC from DMC

**07/01/2016**

| | |
|---|---|
| **Purpose** | Ship records to the Federal Records Center (FRC) for safekeeping. |
| **Guidance** | *OBA Records Management Policy & Procedures Manual* |
| **Procedure Owner** | OBA Records Coordinator, DMC |

The ▸DMC receives records from the ▸OBA divisions for shipment to the FRC. Records going to the FRC only include those for which PBGC has no immediate foreseeable use, but are required to be maintained in accordance with an approved PBGC records retention schedule.

**OBA Records Coordinator**

1. Once the records have been boxed and inventoried in accordance with FRC requirements, contact PBGC's Agency Records Officer to obtain an FRC accession number.
2. Inform PBGC Agency Records Officer records are ready to send to the FRC.

**DMC**

3. Complete an *NARA Form SF-135 Records Transmittal and Receipt* and submit to PBGC's Agency Records Officer.

**OBA Records Coordinator**

4. Once the PBGC Agency Records Officer provides an FRC accession number, notify the DMC.

**DMC**

5. Write the FRC accession number on the boxes of records.

**OBA Records Coordinator**

6. Receive a copy of the approved *NARA Form SF-135 Records Transmittal and Receipt* from the PBGC Agency Records Officer.
7. Submit the copy of the approved *NARA Form SF-135 Records Transmittal and Receipt* to the DMC.
8. Contact ▸WSD to schedule a pickup to transfer the boxes of records to the PBGC Agency Records Officer's holding area for pickup and delivery to the FRC.

## TP 18.2 Resources for Prepare Files for Shipment

**09/30/2016**

**Forms, Letters, and Memos:**

*NARA Form SF-135 Records Transmittal and Receipt*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

*OBA Records Management Policy & Procedures Manual*

**Exhibits:**

*None*

# TP 19 Woodwork Customers

**In this Section**

TP 19. Overview for Woodwork Customers
TP 19.1 Research Eligibility of Woodwork Customer
TP 19.2 Resources for Woodwork Customers

## TP 19. Overview for Woodwork Customers

**07/01/2016**

Individuals who were not included in a plan's valuation may contact PBGC to inquire whether they are entitled to benefits from the plan. These are known as "Woodwork" customers. (Individuals who contact PBGC before the valuation are addressed during the participant database-building process and are not considered Woodwork customers.) The following procedures address processing inquiries from Woodwork customers from the initial contact through the issuance of a BDL, if appropriate.

Because these inquiries usually concern plans that have been closed and transferred to post-valuation administration, most are handled by the PVA office. Inquiries concerning valued plans that are not yet transferred to the PVA are addressed by the CSD. While the PVA office or CSD will research available information in IPS, the onus is on the individual to provide evidence that he or she is entitled to a benefit from the plan.

Most Woodwork customers are determined to have been excluded from the valuation for valid reasons and not due any benefits from PBGC. If sufficient information to make a determination is available from the customer and/or plan records, the individual will typically receive a non-member BDL. On the rare occasions in which the individual should have been included in the plan valuation, the valuation and account master records are adjusted to reflect the addition of the participant.

### Documenting Plan and Participant Files

When archiving documents or imaging documents to plan or participant files, follow instructions in TP 16 Plan and Participant File Maintenance.

## TP 19.1 Research Eligibility of Woodwork Customer

**07/01/2016**

| | |
|---|---|
| **Purpose** | To determine the eligibility of a customer who was not included a plan's valuation and has contacted PBGC about possible entitlement to pension benefits. |
| **Guidance** | None |
| **Procedure Owner** | EBLS/FBA/PVA/PBA, Actuary |

1. Proceed based on how the inquiry is received:

   **Phone:**

   Use the *Woodwork Customer Telephone Questionnaire* to ask the caller for information that will help determine whether he or she is a ▸participant or ▸beneficiary in the ▸plan. Review ▸CRM and ▸IPS for records of previous contacts.

   **Letter or e-mail:**

   - Create a ▸Spectrum record and code the customer as a Woodwork Candidate whose Eligibility Status is Undetermined. (A Spectrum record must be established before the customer's correspondence can be imaged.)
   - Image the inquiry document to the customer's IPS file.
   - Contact the customer by phone and complete the questionnaire. If phone contact cannot be established, proceed to step 5 to request additional information.

2. Respond to the caller based on the information provided over the phone:
   - If the customer is unable to provide basic information—for example, years of service, or whether pay was hourly or salaried—inform the customer that PBGC needs this information to research eligibility. Ask the customer to obtain the information and call back so that PBGC will be better able to assist. Document the call in CRM. No further action is required until the customer again contacts PBGC.
   - If it is clear that the customer does not meet the requirements to be vested or otherwise included as a plan member, inform the customer and document the call in CRM. No further action is necessary; however, continue to the next step if the customer requests further review or a written determination.
   - If the customer's potential eligibility cannot be determined and additional research is needed, continue to the next step.
3. Create a Spectrum record (if not already created) and code the customer as follows:
   - Customer Type: Woodwork Candidate
   - Eligibility Status: Undetermined
4. Research the plan records and proceed according to whether a determination can be made or if additional information is needed.
   - If a determination can be made that the customer was not a plan member at ▸DOPT, issue an *eALG 405NM Non-Member BDL*.
   - If additional information is still needed, proceed to the next step.

   > **Note** If there is evidence that the customer was a plan member at DOPT but it cannot be determined from available records why he or she was excluded from the plan, ask the ▸actuary (if the case is not yet in post-valuation administration) to check records that may not be viewable by all staff.

5. Send the customer an *eALG Generic letter* with *Form 709 Plan Participation Information*. Customize the letter as needed to request the customer to provide specific information or documentation, such as:
   - Proof of union membership
   - Pension ▸benefit statement from the prior ▸plan administrator
   - ▸SSA Potential Private Retirement Benefit Information notice
   - Tax returns for the year the participant's employment terminated and the following three years
   - Forms 1099-R for the year the plan terminated and the following three years

Request that the participant respond within 30 days of the letter date. No further action is required until the customer responds.

> **Note** Customers may be able to obtain copies (preferred) or transcripts of tax returns and Forms 1099-R for prior years from the Internal Revenue Service.

6. Proceed according to the information provided in the customer's response:
   - **Information provided indicates a ▸benefit may be due:** Proceed to next step.
   - **Information provided indicates that the customer was not a plan member at DOPT:** Issue a customized *eALG 405NM Non-Member BDL*.
   - **Additional information is needed:** Issue an *eALG 530 Request for Additional Documentation/Information* requesting the additional information within 30 days of the letter date and resume processing based on the response. No further action is required until the customer responds.
7. If it still cannot be determined whether the customer is entitled to benefits, request employment and earnings data from the SSA according to TP 26 Request SSA Data.
   - Process received forms according to TP 26 Request SSA Data.
   - No further action is required until the customer responds.
8. Once all the required information is received, proceed according to whether the customer appears to be a plan member:
   - **Potentially a plan member:** Send an ▸ASR to request a determination of whether the customer is due a benefit and benefit calculation (if applicable) from the actuary. Provide any background information that may assist ▸ASD in making a determination. (If the plan is not yet in post-valuation administration, refer the case to the actuary.)
   - **Not a plan member:** Issue a customized *eALG 405NM Non-Member BDL* if the customer was not a plan member at DOPT.
9. Proceed according to the actuary's determination:

   **Customer is a plan member:**

   - Update the ▸present value (PV) in Spectrum.
   - Change to the correct type and status in Spectrum.
   - Send the appropriate ▸BDL (eALG 400 series).

   **Customer is not a plan member:**

   - Issue *eALG 405NM Non-Member BDL*.

   **Actuary requests additional information or documentation:**

   - Request that the customer provide the required information or documentation within 30 days.

     If the request is by phone, document the call to CRM. No follow up is required if the customer does not provide the information.
   - Upon receipt, provide the information or documentation to the actuary.
   - Proceed according to the actuary's instructions.

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## TP 19.2 Resources for Woodwork Customers

**09/30/2016**

**Forms, Letters, and Memos:**

*Woodwork Customer Telephone Questionnaire*

**Customer Correspondence and Forms:**

- *eALG 405NM Non-member BDL*
- *eALG 405NV Non-vested BDL*
- *eALG 530 Request for Additional Documentation/Information*
- *Form 709 Plan Participation Information*

**Guidance:**

*None*

**Exhibits:**

*None*

# TP 20 Benefit Payments

**In this Section**

TP 20. Overview for Benefit Payments
TP 20.1 Determine Eligibility and Issue Application
TP 20.2 Solicit Benefit Application
TP 20.3 Process Applications for Annuity Benefits
TP 20.4 Process Lump-Sum Applications
TP 20.5 Special Considerations
TP 20.6 Resources for Benefit Payments

## TP 20. Overview for Benefit Payments

**08/28/2015**

PBGC is responsible for paying a ▸pension benefit in a timely and accurate manner. PBGC begins paying benefits to pre-▸DOPT retirees at plan assumption, and begins to pay other qualified individuals as they become eligible for payment. PBGC pays pension benefits in either a ▸lump sum or an ▸annuity.

- Generally, if the lump-sum value (that is, the present value) of the benefit is more than $5,000 as of DOPT, the benefit (a "non-*de minimis* benefit") is payable only as an annuity; however, certain exceptions to this rule apply.
- If the lump-sum value of a benefit is $5,000 or less as of DOPT and benefits are not already in pay status, the benefit (a "de minimis benefit") is payable in a lump sum.

PBGC becomes aware that an individual is entitled to and potentially eligible for payments in a number of ways, including:

- a potential payee may contact PBGC requesting benefits.
- an application is received through ▸MyPBA.
- a report of death is received for a participant or other individual in the plan and PBGC finds that survivor benefits are due.
- PBGC finds that a benefit is immediately payable during a review of plan data or upon completion of the plan valuation.

An application for benefits and certain proof documents are required before a benefit is payable. When PBGC finds that an individual is eligible to receive benefit payments but has not applied for the benefit, PBGC may solicit an application, or may otherwise take action to pay the benefit without an application, if appropriate.

The rules that apply to an application for benefits depend on a number of variables, including whether:

- The benefit is payable as an annuity or in a lump sum.
- The benefit was previously in pay status (for example, continuing annuity payments are due after the death of a payee).
- A plan application for annuity benefits was filed with the ▸plan administrator before DOPT or ▸DOTR, but was not paid by the plan administrator.

These procedures address soliciting applications and making payments to participants, beneficiaries and alternate payees when they become eligible to receive a payment from a plan administered by PBGC. These procedures do not address making payments under the Missing Participant Program; see TP 47 Process Missing Participants for procedures on making these payments. For specific instructions on paying benefits to participants in cash balance plans, see TP 52 Cash Balance and Other Statutory Hybrid Plans.

# TP 20.1 Determine Eligibility and Issue Application

**07/01/2016**

| | |
|---|---|
| **Purpose** | To determine the eligibility of an applicant or potential payee for benefits. |
| **Guidance** | Policy 5.2-4 Annuity Starting Dates<br>Policy 5.2-5 Required Beginning Dates<br>Policy 5.4-7 Annuity Benefit Forms<br>Policy 5.4-9 Lump Sum Benefit Payments<br>Policy 5.11-1 Calculation and Payment of Priority Category 2 Benefits in PBGC Trusteed Plans<br>Policy 6.3-1 Underpayment Reimbursement and Interest Payments |
| **Procedure Owner** | EBLS/PBA/FBA/PVA |

A participant, beneficiary, or alternate payee potentially entitled to a pension benefit may contact PBGC with the intent to apply for benefits. The EBLS/PBA/FBA/PVA begins by determining whether the individual is eligible for payments and the type of benefit owed, and then takes action depending on whether the benefit is payable as a lump sum or an annuity.

- **Lump sums** are generally payable as follows:
  - An estimated *de minimis* benefit is payable in a lump sum if the individual reaches the earliest PBGC retirement date (EPRD) and applies for benefits, even if the participant continues to work for the DOPT employer. If a participant who has not reached EPRD but is otherwise eligible for an estimated lump sum requests immediate payment claiming a hardship situation, contact ASK PPD for guidance.
  - A final *de minimis* benefit is payable in a lump sum after the BDL has been issued regardless of whether the employee has reached EPRD, even if the participant continues to work for the DOPT employer.
  - The individual originally entitled to the benefit may choose to receive an annuity instead of the lump sum. However, a beneficiary due a lump-sum payment owed a deceased payee may not elect to receive an annuity instead of the lump sum.
  - Until an application for an annuity is received, treat the benefit as payable as a lump sum.
- **Annuity benefits** become payable on or after a participant's, beneficiary's or alternate payee's EPRD.
  - Benefits may be paid as soon as a complete and valid application is received.
  - Individuals seeking early retirement benefits may be subject to working retirement restrictions (see TP 53 Working Retirement Determinations).

**In this Section**

TP 20.1A Determine Eligibility for Benefit Payments
TP 20.1B Act on Individual Eligible for Lump Sum
TP 20.1C Act on Individual Eligible for Annuity

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**TP 20.1A Determine Eligibility for Benefit Payments**

**07/01/2016**

**EBLS/PBA/FBA/PVA**

1. Determine whether the individual is entitled to a benefit. As needed:
   - Review relevant plan and participant records.
   - Review the plan's valuation.
   - If the participant database or valuation is not final, request assistance from the auditor or actuary assigned to the plan.
2. If the individual is not entitled to benefits, notify the individual using the appropriate eALG letter (see eALG Correspondence Help).
3. If the individual is entitled to a benefit, determine whether the benefit is *de minimis* (the lump-sum value of the benefit as of ▸DOPT is $5,000 or less) or non-*de minimis* (the lump-sum value of the benefit as of DOPT is more than $5,000), and whether it is subject to an exception to the *de minimis* rules.
   - If the benefit is *de minimis*, the individual is typically eligible for a ▸lump-sum payment. Unless an exception applies, proceed to TP 20.1B Act on Individual Eligible for Lump Sum.

     **Note** If all payments from PBGC to an individual payee in the same tax year total less than $200, PBGC does not withhold federal income tax.

   - If the benefit is non-*de minimis*, the individual is typically due an ▸annuity. Unless an exception applies, proceed to TP 20.1C Act on Individual Eligible for Annuity.
   - Exceptions to *de minimis* payment rules:
     - **Cash Balance Plans:** See TP 52 Cash Balance and Other Statutory Hybrid Plans.
     - **Employee Contributions:** See Policy 5.11-1 Calculation and Payment of Priority Category 2 Benefits in PBGC Trusteed Plans.
     - **Missing Participants Program:** See TP 47 Process Missing Participants.
     - **Payments to Estates:** See TP 5 Death Processing.
     - **Qualified Pre-Retirement Survivor Annuities (QPSA):** See TP 5 Death Processing.
     - **Residual Benefits:** See Policy 5.4-9 Lump Sum Benefit Payments.
     - **Retroactive Annuity Payments Exceed De Minimis Lump-Sum Payment:** See Policy 5.4-9 Lump Sum Benefit Payments.

**TP 20.1B Act on Individual Eligible for Lump Sum**

**07/01/2016**

**EBLS/PBA/FBA/PVA**

1. Review ▸plan and ▸participant records and ▸Spectrum ledgers to ensure that the participant is not already in pay status, and has not received a ▸lump sum. If the benefit is estimated, confirm that the payee has reached the earliest PBGC retirement date (▸EPRD).
2. Select the appropriate application form for the type of ▸payee (see Appendix J Participant Forms Summary).
   - **Participant, Beneficiary, or Alternate Payee:** *Form 720 Application for Lump-Sum Payment*
   - **Child or Other Dependent:** *Form 720CD Application for Lump-Sum Payment [Child or Other Dependent]*
   - **Non-Spouse Beneficiary or Estate:** *Form 721 Application for Lump-Sum Payment – Non-Spouse Beneficiary or Estate*

   > **Note** If the total lump-sum payment, including interest, is less than $200, the payment may be made without an application if PBGC has reliable and sufficient information for the customer. See TP 20.4 Process Lump-Sum Applications.
3. Send the application to the individual using the appropriate ▸eALG letter (see eALG Correspondence Help).
4. Follow up if the individual has already reached ▸RBD, or will reach RBD within 90 days of the date the application is mailed.
5. If the application is received, proceed to TP 20.4 Process Lump-Sum Applications.

**TP 20.1C Act on Individual Eligible for Annuity**

**12/22/2016**

**EBLS/PBA/FBA/PVA**

1. Determine the type of ▸annuity payable:
   - Retirement
   - Disability (see TP 33 Disability Benefit Processing)
   - Continuing annuity ▸benefit (for example, surviving spouse benefits under a ▸QJSA or the remainder of the certain period under a ▸C&C benefit)
   - ▸QPSA
2. Determine whether the individual has reached his or her earliest PBGC retirement date (▸EPRD) or will reach EPRD within 180 days. As needed:
   - Review relevant ▸plan and ▸participant records.
   - Review the plan's valuation.
   - If the participant database or valuation is not final, request assistance from the auditor or actuary assigned to the plan.
3. Proceed according to when the individual reaches EPRD.

   **Note** If the individual has not reached EPRD and will not reach EPRD within 180 days, customize an eALG 305-series letter to inform the individual that benefits are not yet payable and provide the date that benefits will first be payable.

   If the individual has reached EPRD or will reach EPRD within 180 days, proceed to step 4.

   **Note** Estimated annuity payments are payable to an otherwise eligible payee as soon as a complete, valid application has been received.

   **Note** A participant who is eligible for either early unreduced retirement benefits or a benefit that is level due to application of Title IV limitations may elect an ASD retroactive to the earliest allowable retirement date at any time regardless of previous notifications of eligibility for the benefits (see Policy 5.2-4 Annuity Starting Dates). The retroactive ASD is subject to working retirement rules (see TP 53 Working Retirement Determinations).
4. If necessary, contact the individual and confirm the desired annuity starting date, date of birth, marital status, work status with the ▸DOPT employer (if a participant), and any other factors needed to confirm that benefits are payable and to calculate the annuity benefit.

   If the participant indicates that he or she is working for the DOPT employer, see TP 53 Working Retirement Determinations.
5. Determine the benefit forms payable to the individual (see the *PBGC Benefit Form Elections Job Aid* for more information).
   - **Unmarried Participant:** May elect the plan's automatic benefit form for unmarried participants or any of the PBGC optional forms.
   - **Married Participant:** May elect the plan's automatic benefit form for married participants (typically a QJSA) or, with spousal consent, the plan's automatic benefit form for unmarried participants or any of the PBGC optional forms.
   - **Alternate Payee:** Proceed according to the type of ▸QDRO:
     - **Shared Payment QDRO:** Receives payments in accordance with the QDRO. A QDRO can award annuity payments to the ▸alternate payee for up to the life of the participant, or a portion of the participant's de minimis ▸lump sum or employee contributions. The payments that a shared payment QDRO awards to an alternate payee are not payable as a benefit form.
     - **Separate Interest QDRO:** Receives a pension payable in a benefit form based on the alternate payee's lifetime. Generally, the alternate payee may choose only the plan's normal benefit form for an unmarried participant or a PBGC optional single-life form. However, the alternate payee cannot elect a benefit form that the QDRO prohibits, and if the QDRO mandates that the alternate payee elect a specific single-life benefit

form, the alternate payee must elect that benefit form (unless doing so violates ▸ERISA).

- **QPSA Beneficiary:** May elect the plan's QPSA benefit or any of the PBGC optional single-life forms.
- **QJSA Beneficiary:** May only receive the survivor benefit provided by the plan.
- **Other Beneficiary:** Proceed according to the date of death.
  - **Pre-Retirement Death:** May elect the annuity form provided by the plan or any of the PBGC optional single-life forms.

    If the plan provides a pre-retirement death benefit payable only in a lump sum, but PBGC determines a lump sum is not payable, the lump sum converts to a single-life annuity (typically, the plan's automatic form for an unmarried participant). The ▸beneficiary may elect the converted form or any of the PBGC optional single-life forms.

    > **Note** If the beneficiary is an estate, a lump sum is payable, as a life annuity is typically not payable to an estate.

  - **Post-Retirement Death:** May only receive the survivor benefit provided by the plan.

    > **Note** An estate may elect to receive the survivor benefit in a lump sum. An estate generally cannot be the beneficiary of a joint-life form, but may be the beneficiary of a single-life form such as a C&C.

6. Use the ▸BET or ▸BSRS to calculate the benefit.
   - Determine whether the individual is eligible for a retroactive annuity starting date (see Policy 5.2-4 Annuity Starting Dates).
     - If the participant is eligible for a retroactive annuity starting date, calculate the benefit as of the requested annuity starting date.

       > **Note** If the individual is not eligible for a retroactive annuity starting date, calculate the benefit as of the later of the requested annuity starting date or the first day of the month following the month of contact.

     - If neither the BET nor the BSRS is available, request assistance from the actuary.
7. Prepare a ▸PACS calculation showing the available benefit forms and amounts based on the information obtained in the previous steps.
8. Select the appropriate application form for the type of payee (see Appendix J Participant Forms Summary).
   - *Form 700 Participant Application for Pension Benefits*
   - *Form 705 Beneficiary Application for Pension Benefits*
   - *Form 706 Beneficiary Application for Pension Benefits – Optional Forms*
9. Send the application package using the appropriate 200-series eALG letter (see eALG Correspondence Help).
10. If the completed application (including proof documents) is:
    - Received within 180 days of being sent, proceed to TP 20.3 Process Application for Annuity Benefits.
    - Received more than 180 days after being sent, notify the applicant that a new application is required.

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# TP 20.2 Solicit Benefit Application

**07/01/2016**

| | |
|---|---|
| **Purpose** | To solicit an application from a potential payee who has not already requested benefits as of normal retirement date or required beginning date. |
| **Guidance** | N/A |
| **Procedure Owner** | EBLS/PBA/FBA/PVA |

If a potential payee has not already requested pension benefits, PBGC takes action to solicit an application shortly before each of normal retirement date (NRD) and required beginning date (RBD). The steps to solicit the application vary depending on which of the dates is approaching.

**In this Section**

TP 20.2A Solicit Applications for Participants near Normal or Early Unreduced Retirement Date
TP 20.2B Solicit Application for Participants Near Required Beginning Date

## TP 20.2A Solicit Applications for Participants near Normal or Early Unreduced Retirement Date

**07/01/2016**

If resources allow, as determined by management, use this procedure to solicit applications from ▸participants approaching their ▸normal retirement date or early unreduced retirement date.

### EBLS/PBA/FBA/PVA

1. During the months of January and July, run an eReport or otherwise identify individuals who will reach normal retirement date (NRD) or become eligible for early unreduced ▸benefits within 180 days.

   Allow sufficient time to review the participant lists in order to issue advice letters (in step 3) during the same month.

2. Review ▸CRM, ▸Spectrum ledgers, and the individual's file to determine if the individual has requested benefits or benefits are already in pay status or have been paid in a ▸lump sum.
   - If benefits are in pay status or have already been paid, no further action is needed.
   - If the individual has already requested benefits, continue to follow the applicable procedures described in TP 20 Benefit Payments.

3. If the individual is due benefits, customize and send the appropriate ▸eALG letter according to which retirement date is approaching:
   - **Normal Retirement Date:** *eALG 500NRD Retirement Eligibility - Normal*
   - **Earliest Unreduced Retirement Date:** *eALG 500EU Retirement Eligibility - Early Unreduced*

   If the letter is returned for a bad address, follow TP 4 Participant Addresses and EDD Elections and re-issue the letter to the new address.

**TP 20.2B Solicit Application for Participants Near Required Beginning Date**

**07/01/2016**

The ▸IRS requires ▸plans to begin distributing ▸benefits to ▸participants no later than their Required Beginning Date ( ▸RBD). Under Policy 5.2-5 Required Beginning Dates, a payee's RBD is the latest permissible ▸annuity starting date. If a ▸payee applies for benefits after his or her RBD, PBGC will pay the benefits retroactive to the RBD. See Policy 5.2-4 Annuity Starting Dates for more information.

In general, the RBD is determined as follows:

- For participants, the RBD is April 1 of the calendar year following the calendar year in which the participant reaches 70½.
- For ▸QPSA beneficiaries, the RBD is December 1 of the calendar year following the later of (1) the year in which the participant died and (2) the year in which the participant would have reached age 70½.

See Policy 5.2-5 Required Beginning Dates for more information.

**EBLS/PBA/FBA/PVA**

1. In October each year, run an annual eReport or otherwise identify individuals who will reach required beginning date (RBD) within 180 days and those who have already reached their RBD.

   Allow sufficient time to review the participant list and to issue advice letters (in step 3) during the same month.
2. Review ▸CRM, ▸Spectrum ledgers, and the individual's file to determine if the individual has requested benefits or benefits are already in pay status or have already been paid in a ▸lump sum.
   - If benefits are in pay status or have already been paid, no further action is needed.
   - If the individual has already requested benefits, continue to follow the applicable procedures in TP 20 Benefit Payments.
3. If the individual is due benefits, send the *eALG 500RBD Retirement Eligibility - Required Beginning Date*, notifying the individual that PBGC must begin paying benefits as of the RBD and requesting that he or she contact PBGC to apply for benefits.
4. Follow up as appropriate.
   - If the letter is returned, run Locator (see TP 4 Participant Addresses and EDD Elections) and contact the customer if possible.
   - If there is no response within 30 days of the letter date, follow up with the individual.
     - Inform the individual that PBGC generally must begin paying benefits as of the RBD.
     - Advise the individual that there may be tax consequences of not beginning to receive benefits by the RBD. Do not give any tax advice. If the individual has any tax questions, refer him or her to the IRS.
     - Document the call or call attempt in ▸CRM.

# TP 20.3 Process Applications for Annuity Benefits

**07/01/2016**

| | |
|---|---|
| **Purpose** | To review applications for annuity benefits, and make payment as appropriate. |
| **Guidance** | Benefit Payment Schedule<br>*Customer Role and Eligibility Status* in the *Spectrum User Manual*<br>Policy 5.2-4 Annuity Starting Dates<br>Policy 5.4-7 Annuity Benefit Forms<br>Policy 5.7-2 Payment of Qualified Pre-Retirement Survivor Annuities in Plans Terminating on and after August 23, 1984<br>Policy 5.7-3 Survivor Annuities – Pre-REA Terminations<br>Policy 6.3-1 Underpayment Reimbursement and Interest Payments<br>Policy 8.5-1 Signature by Mark |
| **Procedure Owner** | EBLS/PBA/FBA/PVA |

▸Participants and other ▸payees may use any of several forms to apply for ▸pension benefits:

- *Form 700: Participant Application for Pension Benefits*: Used by participants to apply for pension benefits.
- *Form 705: Beneficiary Application for Pension Benefits*: Used by surviving spouses and other beneficiaries to apply for survivor benefits (that is, continuing ▸annuity payments) when a participant dies after retirement, and alternate payees pursuant to a shared payment ▸QDRO. Refer to TP 13 Domestic Relations Orders and State Agency Orders when an alternate payee submits a completed application for benefits.
- *Form 706: Beneficiary Application for Pension Benefits – OF*: Used by surviving spouses to apply for a qualified pre-retirement survivor annuity or similar benefit, and by alternate payees pursuant to a separate interest QDRO.
- Plan Applications: May be used by applicants who filed with the ▸plan administrator before the date of trusteeship, but the administrator did not put benefits into pay prior to PBGC's assumption of the plan. Plan applications generally provide the same information as that found on PBGC applications and must provide a benefit form election and spousal consent, when required. See TP 20.5 Special Considerations for more information.

To preserve a requested annuity starting date, the application filing date must be within 180 days of the date the application was mailed out by PBGC. The application filing date is based on when the completed application (including proof documents) was received:

- Applications received on a business day are treated as filed that day.
- Applications received on a weekend or federal holiday are treated as filed on the following business day.

**In this Section**

TP 20.3A Review Annuity Benefit Application
TP 20.3B Request Missing Information for Annuity Benefit Application
TP 20.3C Issue Annuity Payment

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**TP 20.3A Review Annuity Benefit Application**

**09/30/2016**

**EBLS/PBA/FBA/PVA**

1. Upon notification that an application has been received, verify that a *531CRM* letter was issued acknowledging receipt and proceed accordingly:
   - *531CRM* issued: Proceed to step 2.
   - *531CRM* not issued: Issue an *eALG 531APP Receipt of Documents – Benefit Application* within **five business days** to inform the applicant that PBGC will review the application and request additional information if necessary.

   > **Note** If the application can be reviewed for completeness and a response issued within five business days, then instead of the *531APP* issue either an *eALG 531 Receipt of Complete Documentation/Information* or *eALG 530APP Request for Additional Documentation/Information – Benefit Application,* as appropriate, according to the following steps.

2. Record actions taken on the benefit application but do not close the ▸CRM service request.

   The CRM service request is not closed until the first payment is approved or the application becomes stale-dated.

3. Review the application, proof documents, applicant's file in ▸PBGC Image Viewer, and plan and participant information to determine:
   - The correct application has been received.
   - All parts of the application have been correctly completed.
   - Required information and proof documents were provided with the application or located in the participant's ▸IPS file.
   - Special conditions, circumstances, correspondence with Ask PPD, and benefit forms from the plan documents are documented in a memo or other format to file, as applicable.
   - The applicant received a timely benefit estimate.
   - If the participant elects an optional benefit form requiring spousal consent, the benefit estimate or statement reflects the benefit forms and amounts payable on the actual retirement date to ensure that the spouse made an informed decision.

4. If provided on the form, record or update the customer's e-mail address in CRM.
5. If any required documents:
   - Need translation from a foreign language: Submit for translation (see TP 44 Foreign Language Services).
   - Are illegible: Request clear copies from the applicant.
6. If the participant is not eligible for ▸benefits, or not yet eligible, customize and issue an *eALG Generic Letter* to notify the customer.
7. If the application was received via ▸MyPBA, and the applicant did not receive a benefit estimate, see TP 48.1 Process MyPBA Correspondence.
8. Determine the requirements for the application according to the appropriate table:
   - Form 700 Participant Application for Pension Benefits Review Table
   - Form 705 Beneficiary Application for Pension Benefits Review Table
   - Form 706 Beneficiary Application for Pension Benefits – OF Review Table
   - Unpaid Plan Application for Annuity Payments Review Table

   If any required information is missing and is not available in the participant's IPS file, see TP 20.3B Request Missing Information for Annuity Benefit Application.
9. If ▸EDD information, tax withholding information, or beneficiary designation for payments owed to a deceased payee are missing, but the application is otherwise complete:
   - Customize an *eALG 531 Receipt of Completed Information/Documentation* to advise the applicant about the missing information and how to request the appropriate forms.
   - Do not delay payment for this information.

10. Proceed to TP 20.3C Issue Annuity Payment to complete processing.

> **Note** OBA's goal is to process completed benefit applications as early as possible to provide optimal customer service and exceed expectations. However, OBA has up to **90 days** from receipt of the complete application or the date the application is made complete to make the first payment. If the first payment will not be made within that timeframe, contact the customer as soon as this is evident to notify of the date the first payment will be made and document the contact in CRM.

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**Form 700 Participant Application for Pension Benefits Review Table**

**09/30/2016**

*Form 700 Participant Application for Pension Benefits is used by ▸ participants to apply for ▸ pension benefits. Changes to the ▸ annuity starting date, benefit form election, or spousal consent may require a new application (see TP 20.5B Applications).*

**Form 700 Participant Application for Pension Benefits Review Table**

| Information | Requirements | Notes |
|---|---|---|
| **General Information (Name, SSN, date of birth, gender, address, telephone number)** | *Determine if identifying information matches the information about the applicant in the ▸ plan and PBGC records.*<br><br>*Identify changes in the information that may need to be changed in ▸ Spectrum or the applicant's records before or at the time payment is made, such as a change in the name and/or mailing or residence address.* | *For discrepancies in an applicant's name and/or ▸ SSN, see TP 57 Identify Discrepancies.*<br><br>*If the address is a P.O. Box, ask the applicant to provide a residential address for tax withholding and reporting purposes.*<br><br>*Make any required changes to Spectrum.* |
| **Date of Birth** | *Proof must be in file for the:*<br>• *Participant's age.*<br>• *▸ Beneficiary's age if the elected benefit is a joint-life form (for example, ▸ QJSA or optional JSA).*<br>• *Alternate payee if the calculation of the applicant's benefit uses the alternate payee's age.* | *Proof of beneficiary's age is generally not required if the elected benefit is a single-life form. See Appendix G Acceptable Proof of Age and Death.* |
| **Annuity Starting Date** | *Confirm that the elected annuity starting date is permitted under Policy 5.2-4 Annuity Starting Dates.* | *PBGC must receive the completed application including proof documents within 180 days of the letter sending the application.*<br><br>*The signature on the application must be within 180 days of the annuity starting date or, if the annuity starting date is a retroactive date, within 180 days of the benefit commencement date.*<br><br>*A participant who is eligible for a retroactive ▸ ASD because the plan offers early unreduced retirement benefits, or because the benefit is level due to application of Title IV limitations, may elect the earliest allowable ASD retroactively at any time regardless of any previous notifications of eligibility for the benefits (see Policy 5.2-4 Annuity Starting Dates). The retroactive ASD is subject to working retirement rules (see TP 53 Working Retirement Determinations).* |
| **Working** | *If the participant is applying for early* | *Review the Working Retirement* |

| | | |
|---|---|---|
| **Retirement** | *retirement and is currently employed, determine if the participant is working for the DOPT employer.* | *Determination for the plan.*<br><br>*Early retirement benefits are not payable if the participant is working for the DOPT employer.*<br><br>*See TP 53 Working Retirement Determinations.* |
| **Marital Status** | *A participant must have clearly marked his/her marital status.*<br><br>*Proof of marriage is required if the participant is married.* | *If the participant indicates a marital status of "divorced" do not request proof of divorce (see Appendix O Acceptable Proof of Marriage).*<br><br>*If only spousal consent is missing and not provided within 180 days of the letter sending the application, pay the benefit in the form of the plan's QJSA. See TP 20.3B Request Missing Information for Annuity Benefit Application.* |
| **QDRO** | *The QDRO question must be addressed before payments can be made.*<br><br>*If it is not answered on the application, contact the customer by phone. If the response is that there is no QDRO, document the call in CRM. No further action is necessary.*<br><br>*If unable to make phone contact, return the application as incomplete.*<br><br>*If a QDRO exists, request a copy if it is not already on file. The QDRO must be evaluated to determine any impact on benefits before payments can be made.* | *For additional guidance, see TP 13 Domestic Relations Orders and State Agency Orders.* |
| **Signature** | *The signature must be within 180 days of the annuity starting date or 180 days of the benefit commencement date if the annuity starting date is retroactive. If the applicant did not date the application, use the DMC receipt date as the signature date.*<br><br>*Forms received via MyPBA are accepted with an electronic signature. The date of the signature is the date on which the MyPBA transaction was received.*<br><br>*If the application is signed by someone other than the participant (such as a power of attorney or guardian), ensure that PBGC recognizes the individual's authority to act in that capacity. Verify also that the individual has the specific authority to apply for benefits as well as make benefit form elections and beneficiary designations on behalf of the participant. See TP 49 Power of Attorney and Guardianship.* | • *The applicant must make a written signed election of the:*<br>  • *Annuity starting date*<br>  • *Benefit form election*<br>  • *Beneficiary designation for a joint-life benefit*<br>• *If the application is signed by mark (for example, an "X" is entered in the signature line), see Policy 8.5-1 Signature by Mark for guidance.* |

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| **Benefit Form** | *Confirm that the participant was sent a benefit estimate showing the benefit forms and amounts within 180 days of the election.*<br><br>*The benefit form must be clearly checked and the form chosen must be permitted according to the applicant's marital status:*<br>• *Unmarried: Option A or Options C–J.*<br>• *Married: Options A–J, but Option A and Options C–J require spousal consent.* | *For additional guidance on permitted benefit form elections, see Policy 5.4-7 Annuity Benefit Forms and the PBGC Benefit Form Elections Job Aid.* |
| **Spousal Consent** | *If a married participant elected Option A or any of Options C–J, spousal consent is required, and:*<br>• *Must be obtained at the time the participant applies for benefits.*<br>• *Must be in writing, notarized, and executed within 180 days of the annuity starting date (or 180 days before the benefit commencement date if the annuity starting date is retroactive).* | *Spousal consent:*<br>• *Is required even if the spouse is the designated beneficiary for an optional benefit form.*<br>• *May be revoked by the spouse up until the first payment date (see Policy 5.4-7 Annuity Benefit Forms).*<br>• *May be given by the legal guardian or representative of the spouse under a durable power of attorney (including the participant), on behalf of a legally incompetent spouse (see TP 20.5H Power of Attorney or Guardianship).*<br>• *Must be informed, that is, the benefit statement provided with the application must reflect the benefit forms and amounts payable on the actual retirement date.* |
| **Beneficiary for Continuing Payments** | *A beneficiary designation must be in file as follows:*<br>• **Joint-Life Benefits:** *A beneficiary designation is required prior to payment.*<br>• **Single-life Benefits:** *If the benefit form does not provide survivor benefits or is not based on the beneficiary's age, such as a C&C, the designation may be submitted after payment begins.* | *For additional guidance on permitted benefit form elections, see Policy 5.4-7 Annuity Benefit Forms.*<br><br>*If the applicant elects a single-life benefit but does not designate a beneficiary:*<br>• *Do not delay payment.*<br>• *Request a designation from the applicant.* |
| **Beneficiary for Payments Owed to a Deceased Participant** | *A beneficiary designation for payments owed to a deceased payee upon death is preferable, but not required and can be made at a later time.* | *The contingent ▸ annuitant or beneficiary for continuing benefits, if any, is also the beneficiary for payments owed to a deceased participant.* |
| **Federal Tax Withholding**<br><br>**Election** | *Determine if the participant made a valid tax withholding election.* | *If the applicant did not make a permissible withholding election or did not make an election, do not delay payment.* |

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| | | *Apply default withholding based on a marital status of married with three exemptions (even if the actual marital status is single) unless the applicant is a nonresident alien or mandatory tax withholding applies. Request a tax withholding election. See Appendix R 1 Federal Income Tax Withholding.*<br><br>*If the customer elected tax withholding based on a fixed* **percentage** *(not dollar amount), calculate the tax withholding based on that percentage of the current gross dollar amount of the benefit and notify the payee in the eALG 300- or 500-series letter that the withholding amount will be treated as a fixed dollar amount and not automatically adjust, even if the benefit amount changes in the future. Ask the payee to contact PBGC to change the withholding amount should the benefit amount changes in the future (or for any other reason).* |
| | *Confirm that the participant lives in the U.S. (has a mailing or residence address within the U.S.)* | *If the participant does not live within the U.S., apply nonresident alien tax withholding rules.* |
| | *If information is received that the participant's Individual Tax Identification Number (ITIN) is invalid, see Appendix R 1 Federal Income Tax Withholding.* | *If payment will be made using an invalid ▸ ITIN or dummy SSN, apply mandatory withholding rules.* |
| **Payment Method**<br><br>**EDD**<br><br>**or**<br><br>**Checks** | *Electronic Direct Deposit (EDD) information is preferred but not required; the applicant may choose to receive checks instead.*<br><br>*If ▸ EDD is elected, ensure payment information such as the names of financial institutions, addresses, and account numbers appear to be complete. The payee's name must be on the account.*<br><br>*If EDD is not elected, ensure information for the mailing address appears to be complete.* | *TGBR may be used as a resource for bank information. An individual in each branch and field office has access to this online service. Also, see the TGBR Job Aid for further information.* |

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**Form 705 Beneficiary Application for Pension Benefits Review Table**

**07/01/2016**

*Form 705 Beneficiary Application for Pension Benefits is used by surviving spouses and other beneficiaries to apply for survivor benefits (that is, continuing ▸ annuity payments), and by alternate payees to apply for survivor benefits pursuant to a ▸ QDRO, when a participant dies after retirement. The applicant does not make a benefit form election.*

**Form 705 Beneficiary Application for Pension Benefits Review Table**

| Information | Requirements | Notes |
|---|---|---|
| **General Information (Name, SSN, date of birth, gender, address, telephone number)** | *Determine if identifying information matches the information about the applicant in the plan and PBGC records.*<br><br>*Identify changes in the information that may need to be changed in ▸ Spectrum or the applicant's records before or at the time payment is made, such as a change in the name and/or mailing or residence address.* | *For discrepancies in an applicant's name and/or ▸ SSN, see TP 57 Identify Discrepancies.*<br><br>*Make any required changes to Spectrum.* |
| **Annuity Starting Date** | *N/A* | *An annuity starting date election is not required as the benefit is payable the first day of the month following the payee's death.* |
| **Date of Birth** | • **Surviving spouse and other beneficiaries:** *Require proof of age if the benefit form is a joint-life benefit, unless the participant was a pre-▸ DOPT retiree.*<br>• **Alternate payee:** *Require proof of age for an alternate payee if the calculation of the benefit uses the alternate payee's age.*<br>• **Participant:** *Require proof of age if not already in file, unless the participant was a pre-DOPT retiree.* | *Proof of age will usually already be in file when the spouse or beneficiary applies for benefits.*<br><br>*Require proof of age from the surviving spouse or other beneficiary of a pre-DOPT retiree if the date of birth on the form is discrepant from other documents on file.*<br><br>*See Appendix G Acceptable Proof of Age and Death.* |
| **Marital Relationship** | *If the applicant is a surviving spouse proof of marriage to the participant is required.* | *Do not require proof of marriage for an alternate payee under a shared payment QDRO; the QDRO establishes the relationship between the applicant and the participant.*<br><br>*See Appendix O Acceptable Proof of Marriage.* |
| **Relationship other than Marriage** | *Proof is generally not required if the participant designated the beneficiary to receive continuing annuity payments.* | *Proof may be required if the payee did not designate a beneficiary and PBGC determines the beneficiary (see Policy 8.6-1 Payments to Beneficiaries).* |
| **Spousal Consent** | *If a deceased participant waived the ▸ QJSA and elected an optional benefit form, spousal consent to the benefit form election must be in the participant's file.* | *For additional guidance, see the job aid Summary of Qualified Joint and Survivor Annuity Requirements.*<br><br>*If consent is missing, see TP 20.5E Spousal Consent.* |
| **Death** | *Proof of the participant's or deceased* | *See TP 5 Death Processing and/or* |

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| | *payee's death must be in file.* | *Appendix G Acceptable Proof of Age and Death.* |
| **QDRO** | *If a QDRO exists, a copy is required.* | *Refer to TP 13 Domestic Relations Orders and State Agency Orders when an alternate payee submits a completed application for benefits.* |
| **Signature** | *The signature must be within 180 days of the annuity starting date or 180 days of the benefit commencement date if the annuity starting date is retroactive. If the applicant did not date the application, use the ▸ DMC receipt date as the signature date.*<br><br>*Forms received via ▸ MyPBA are accepted with an electronic signature. The date of the signature is the date on which the MyPBA transaction was received.*<br><br>*If the application is signed by someone other than the participant (such as a power of attorney or guardian), ensure that PBGC recognizes the individual's authority to act in that capacity. Verify also that the individual has the specific authority to apply for benefits as well as make benefit form elections and beneficiary designations on behalf of the participant. See TP 49 Power of Attorney and Guardianship.* | *If the application is signed by mark (for example, an "X" is entered in the signature line), see Policy 8.5-1 Signature by Mark for guidance.* |
| **Benefit Form Election** | *N/A: Form 705 Beneficiary Application for Pension Benefits does not provide for elections.* | *The benefit form payable to the beneficiary is determined under plan provisions by the benefit form the deceased payee was receiving.* |
| **Beneficiary Designation** | *A beneficiary designation for payments owed to a deceased payee upon death is preferable, but not required and can be made at a later time.* | *The contingent ▸ annuitant or beneficiary for continuing benefits under a ▸ C&C is also the beneficiary for payments owed to a deceased participant.* |
| **Federal Tax Withholding**<br><br>**Election** | *Determine if the participant made a valid tax withholding election.* | *If the applicant did not make a permissible withholding election or did not make an election, do not delay payment.*<br><br>*Apply default withholding of based on a marital status of married with three exemptions (even if the actual marital status is single) unless the payee is a nonresident alien or mandatory tax withholding applies.*<br><br>*Request a tax withholding election.*<br><br>*If the customer elected tax withholding based on a fixed* **percentage** *(not dollar amount), calculate the tax withholding based on that percentage of the current gross dollar amount of the benefit and notify the payee in the eALG* |

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| | | *300- or 500-series letter that the withholding amount will be treated as a fixed dollar amount and not automatically adjust, even if the benefit amount changes in the future. Ask the payee to contact PBGC to change the withholding amount should the benefit amount changes in the future (or for any other reason).*<br><br>*(See Appendix R 1 Federal Income Tax Withholding).* |
| | *Confirm that the participant lives in the U.S. (has a mailing or residence address within the U.S.)* | *If the participant does not live within the U.S., apply nonresident alien tax withholding rules.* |
| | *If information is received that the participant's Individual Tax Identification Number (ITIN) is invalid, see Appendix R1 Federal Income Tax Withholding.* | *If payment will be made using an invalid ▶ ITIN or dummy SSN, apply mandatory withholding rules.* |
| **Payment Method**<br><br>**EDD or Checks** | • *Electronic Direct Deposit (EDD) Information is preferred but not required; the applicant may choose to receive checks instead.*<br>• *If ▶ EDD is elected, Insure payment information such as the names of financial institutions, addresses, and account numbers appear to be complete. The payee's name must be on the account.*<br>• *If EDD is not elected, ensure information for the mailing address appears to be complete.* | *TGBR may be used as a resource for bank information. An individual in each branch and field office has access to this online service. Also, see the TGBR Job Aid for further information.* |

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**Form 706 Beneficiary Application for Pension Benefits – OF Review Table**

**09/30/2016**

Used by surviving spouses to apply for a qualified preretirement survivor ▸annuity or similar ▸benefit, and by alternate ▸payees pursuant to a separate interest ▸QDRO. The applicant elects a benefit form. Review *Form 706 Beneficiary Application for Pension Benefits – OF* following the requirements in Form 705 Beneficiary Application for Pension Benefits Review Table, except as follows.

**Form 706 Beneficiary Application for Pension Benefits – OF Review Table**

| Information | Requirements | Notes |
|---|---|---|
| **Annuity Starting Date** | Confirm that the elected annuity starting date is permitted under Policy 5.2-4 Annuity Starting Dates. | PBGC must receive the completed application, including proof documents, within 180 days of the letter sending the application.<br><br>The beneficiary may begin receiving benefits retroactive to the later of the month following the participant's death and the participant's earliest allowable retirement date.<br><br>If the deceased participant was eligible for a retroactive ▸ASD because the plan offers early unreduced retirement benefits, or because the participant's benefit would have been level due to application of Title IV limitations, the beneficiary may elect that retroactive ASD at any time, regardless of any previous notifications of eligibility for the benefits (see Policy 5.2-4 Annuity Starting Dates). |
| **Date of Birth** | • **Surviving spouse:** Proof of age must be in file to pay the QPSA.<br>• **Alternate payee:** Proof of the alternate payee's age must be in file.<br>• **Participant:** For a QPSA, proof of the deceased participant's age is not required unless the information on the death certificate is inconsistent with other information on file.<br>If the applicant is an AP of a living participant, view both the AP and participant IPS files for proof of the participant's age. Accept the date in the QDRO document if stated (and consistent with other information on file). If the participant's proof of age cannot be established, contact Ask PPD for assistance. | Proof of age will usually already be in file when the spouse or beneficiary applies for benefits.<br><br>See Appendix G Acceptable Proof of Age and Death. |
| **Spousal Consent** | N/A | N/A |
| **Benefit Form** | Confirm that the participant was sent | For additional guidance on permitted |

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| **Election** | a retirement estimate showing the benefit forms and amounts within 180 days of the election.<br><br>The applicant may only elect a single-life annuity. | benefit form elections, see Policy 5.4-7 Annuity Benefit Forms and the *PBGC Benefit Form Elections Job Aid*. |
| **Application for Payment to a Minor Child** | N/A | If the applicant is a minor child, see TP 20.5I Payments to Minor Children. |

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**Unpaid Plan Application for Annuity Payments Review Table**

**11/21/2014**

A plan application may have been filed with the plan administrator before the date of trusteeship, but the administrator did not put benefits into pay prior to PBGC's assumption of the plan. A plan application may be paid if certain conditions are met. See TP 20.5B Applications for additional details.

Plan applications generally must contain the same information as that found on a PBGC applications. Review a plan applications following the requirements in Form 700 Participant Application for Pension Benefits Review Table, except as follows.

**Unpaid Plan Application for Annuity Payments Review Table**

| Information | Requirements | Notes |
|---|---|---|
| **Annuity Starting Date** | Confirm that the elected annuity starting date is permitted under plan provisions and the application was signed no more than 180 days before the elected annuity starting date. | The annuity starting date may be before or after ▸DOTR. If before DOTR, see TP 20.5G Payments before Trusteeship for more information.<br><br>If the annuity starting date is more than 180 after the signature, the application cannot be accepted and a PBGC application is required.<br><br>The annuity starting date is preserved if the PBGC application is received within 180 days of the letter sending the application. |
| **Working Retirement** | If the annuity starting date is before DOPT, confirm plan provisions on work and retirement as some plans provide that normal retirement benefits cannot be paid to a working participant.<br><br>Otherwise, follow TP 53. | See TP 53 Working Retirement Determinations. |
| **Marital Status** | A participant must have indicated his/her marital status.<br><br>Proof of marriage is required if the participant is married. | If the participant indicates a marital status of "divorced" do not request proof of divorce.<br><br>See Appendix O Acceptable Proof of Marriage. |
| **Signature** | The signature must be no more than 180 days before the annuity starting date.<br><br>If the application is signed by someone other than the participant (such as a power of attorney or guardian), ensure that PBGC recognizes the individual's authority to act in that capacity. Verify also that the individual has the specific authority to apply for benefits as well as make benefit form elections and beneficiary designations on behalf of the participant. See TP 49 Power of Attorney and Guardianship. | The applicant must make a written and signed election of the:<br>• The annuity starting date<br>• Benefit form election<br>• Beneficiary designation for a J&S<br>If the annuity starting date is more than 180 after the signature, the application cannot be accepted and a PBGC application is required.<br>The annuity starting date is preserved if the PBGC application is received within 180 days of the letter sending the application. |

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| | | If any signature is made by mark (for example, an "X" is entered in the signature line) see Appendix J Participant Forms Information and Policy 8.5-1 Signature by Mark for guidance. |
| **Benefit Form** | Confirm that the participant made a valid benefit form election as provided under the plan no more than 180 days before the annuity starting date. | For additional guidance on permitted benefit form elections, see Policy 5.4-7 Annuity Benefit Forms.<br><br>If the annuity starting date is more than 180 days after the benefit form election, the application cannot be accepted and a PBGC application is required. |
| **Spousal Consent** | If a married participant elected any benefit form other than the plan's automatic form for married participants (QJSA), spousal consent is required, and:<br><br>• Must be obtained at the time the participant applies for benefits.<br>• Must be in writing, notarized or witnessed by the plan administrator, and executed within 180 days of the annuity starting date. | If the annuity starting date is more than 180 days after the spousal consent, the application cannot be accepted and a PBGC application is required. |
| **Beneficiary for Continuing Payments** | A beneficiary designation must be in file as follows:<br><br>• **Joint-Life Benefits:** A beneficiary designation is required prior to payment.<br>• **Single-life Benefits:** If the benefit form does not provide survivor benefits or is not based on the beneficiary's age, such as a C&C, the designation may be submitted after payment begins. | N/A |

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**TP 20.3B Request Missing Information for Annuity Benefit Application**

**09/30/2016**

**EBLS/PBA/FBA/PVA**

1. Within **10 business days** of receipt of the application, send the *eALG 530APP Request for Additional Documentation/Information – Benefit Application,* customized for the missing information.
   - **Missing Spousal Consent:**
     - Indicate that if valid spousal consent is not received within 180 days of the letter sending the application, the benefit will be paid as a ▸QJSA.
     - If the participant alleges that spousal consent cannot be obtained because of legal separation or abandonment, see TP 20.5E Spousal Consent.
   - **Other Missing Information:** Indicate that if other missing or corrected information is not received within 180 days of the letter sending the application, the application will become stale-dated, payments cannot be made without a new application being filed, and retroactive benefits may not be payable.
2. Send an *eALG 530FIN Final Request for Missing Information - Benefit Application* to notify the applicant when the application will become stale-dated in 30 days if the missing information is not received.
3. If the missing information is received and the application made complete:
   - Update but do not close the ▸CRM service request.
   - Issue an *eALG 531 Receipt of Complete Documentation/Information* within **10 business days** of receipt of the missing information.
   - Process the completed application according to TP 20.3C Issue Annuity Payment for the first payment to be made within **90 days** of the date the application is completed.
   - If the first payment will not be paid within the 90-day timeframe, contact the customer as soon as this is evident to notify of when the first payment will be made and document the contact in CRM.
4. If the 180-day period expires and the only missing information is spousal consent, pay the benefit in the form of the plan's QJSA.
   - Request proof of marriage and the spouse's age, if needed.
   - If proof of marriage or spouse's age is not received within 180 days of the letter sending the application:
     - Assume the marriage exists.
     - Calculate the benefit using the spouse's alleged date of birth unless it appears questionable. If it appears questionable, contact Ask PPD for guidance.
     - If the spouse's date of birth is unknown, assume the spouse is the same age as the participant.
5. If the 180-day period expires and information other than spousal consent is still missing:
   - Issue an *eALG 530EXP Notice of Stale-dated Benefit Application* to advise that the application has become stale-dated within **15 business days** of the expiration date. The letter also advises the customer to contact PBGC to request a new application and benefit estimate for a prospective ▸Annuity Starting Date.
   - Close the CRM service request that was opened when the application was received.

**Note** Extend the 180-day period with ▸CSD management approval or guidance from ▸PPD if doing so is reasonable. Document the reason for extending the response period in the participant's file in IPS.

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**TP 20.3C Issue Annuity Payment**

**02/27/2017**

**EBLS/PBA/FBA/PVA**

1. If needed, update ▸Spectrum with changes to the payee's information (for example, the payment destination address). For guidance on which codes to use when loading customers, see *Appendix N Customer Role and Eligibility Status Guidance* in the *Spectrum User Manual*.
2. Input the payment data into Spectrum, including:
   - Pay status
   - ▸Actual retirement date
   - Benefit form
   - Electronic Direct Deposit information, if applicable
   - Tax withholding information
   - Payment Amount
   - Pay Source (Guaranteed or Estimated)
   - Begin date (date of the first payment)
   - End date (if applicable)
   - Payment frequency
   - Future benefit adjustments (for example, step-downs)
   - ▸Recoupment amount, if applicable

   **Note** PBGC pays monthly benefits of $50 or less on an annual basis (the annual payment being equal to 12 monthly payments). However, if a payee requests monthly rather than annual payments, document the request in ▸CRM and begin the monthly payments at the next available payment date, regardless of the amount. Contact Ask PPD with questions regarding benefit payment frequency.

   **Note** When recording the benefit form for a surviving spouses or other beneficiary of a participant who had been in pay status and is now deceased, enter the residual benefit form. For example, for the surviving spouse of a participant who received a Joint & 50% Survivor benefit, enter a straight life benefit form.

   **Note** If the payee is a beneficiary entitled to a fixed percentage of the participant's benefit (for example, a Joint and 50% Survivor benefit), and there is no ▸BET or ▸BSRS for the plan, the survivor benefit can usually be determined by multiplying the participant's benefit by the percentage. Consult with the actuary, as needed. The ▸actuary can provide guidance for all such calculations for the plan.
3. If a back payment is due, create it in Spectrum.
   - If any back payments are more than two months late, include interest from the ▸Annuity Starting Date. See Policy 6.3-1 Underpayment Reimbursement and Interest Payments.
   - If the back payment is equal to or greater than $5,000 **and** equal to at least three times the monthly payment amount:
     - Issue a payment confirmation letter with an application for a lump sum.
     - When the lump-sum application is received, review and process it according to TP 20.4 Process Lump-Sum Applications.
   - If the back payment is due a beneficiary who is known to be the debtor for post-death payments to a participant that have not been reimbursed to PBGC:
     - Offset the back payment by the amount of the debt, but do not delay beginning regular payments to the beneficiary.
     - If an ACH reclamation is still pending for the post-death payments to the participant (see TP 2.3 Initiate ACH Reclamation) when the beneficiary begins regular payments, do not issue the back payment until the results of the reclamation are known.
4. Submit the transaction for approval in Spectrum (see the Benefit Payment Schedule for applicable payment

deadlines).

5. If the payment is to a contingent beneficiary, follow up as needed to collect any post-death payments to the participant for which the beneficiary is the debtor. See TP 2 Administrative Correction of Benefit Overpayments.
6. After the payment is approved, but no later than **five business days** after the cutoff date for the payment, issue the appropriate payment advice letter confirming the date and amount of the payments.

   If the payee is a beneficiary placed into pay status without an application according to TP 5.4D Expedite Payments to Contingent Beneficiary, include information about enrolling in EDD and updating federal income tax withholding, as needed.

   If the participant will receive estimated ▶disability benefits, issue the appropriate CCS 302DIS letter based on the Disability Track for the participant's situation. Consult the plan actuary as needed. These letters notify participants that their benefits are contingent on their continued eligibility for disability and their responsibility to notify PBGC if they become no longer disabled.
7. Close the CRM service request relating to the initial benefit application, if applicable, after the payment is approved.

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## TP 20.4 Process Lump-Sum Applications

**07/01/2016**

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|---|---|
| **Purpose** | To review applications for lump-sum benefits, and make payment as appropriate. |
| **Guidance** | Benefit Payment Schedule<br>Policy 5.4-9 Lump Sum Benefit Payments<br>Policy 5.4-10 Small Benefit Payments<br>Policy 6.3-1 Underpayment Reimbursement and Interest Payment |
| **Procedure Owner** | EBLS/PBA/FBA/PVA |

Lump-sum benefits are treated as benefit underpayments due as of DOPT and are payable as follows:

- An estimated *de minimis* lump-sum payment is payable on or after the payee reaches the earliest PBGC retirement date (EPRD), even if the participant continues to work for the DOPT employer If a customer who has not reached EPRD but is otherwise eligible for an estimated lump sum requests immediate payment claiming a hardship situation, contact ASK PPD for guidance.
- A final *de minimis* lump sum is payable after the BDL has been issued regardless of whether the participant has reached EPRD, even if the participant continues to work for the DOPT employer.

A lump-sum benefit may be payable to a participant, surviving spouse in lieu of a QPSA, an alternate payee under a QDRO, a beneficiary or estate due a lump-sum benefit owed to a deceased payee, or an estate due the remainder of a single-life annuity.

**Small Lump Sum Payments without an Application**

In accordance with Policy 5.4-10 Small Benefit Payments, if the total lump-sum payment, including interest, is less than $200, the payment may be made without an application if information about the payee is deemed reliable and sufficient. For example:

- PBGC has a valid domestic address for the customer. For example, there is no returned mail, address information from the locator program or other source has been confirmed by the payee, See TP 4 Participant Addresses and EDD Elections for guidance on updating addresses.
- There is no discrepancy in the customer's SSN, and no reason to suspect it is invalid.
- There is no discrepancy or apparent discrepancy in the customer's estimated benefit calculation.

This process provides guidance for processing applications for most lump sums. For additional guidance in particular cases, see:

- **Cash Balance Plans:** TP 52 Cash Balance and Other Statutory Hybrid Plans
- **Employee Contributions:** Policy 5.11-1 Calculation and Payment of Priority Category 2 Benefits in PBGC Trusteed Plans
- **Missing Participants Program:** TP 47 Process Missing Participants
- **Lump-Sum Payments to Estates:** TP 5 Death Processing
- **Qualified Pre-Retirement Survivor Annuities (QPSA):** TP 5 Death Processing
- **Residual Benefits:** Policy 5.4-9 Lump Sum Benefit Payments
- **Other Special Considerations and Issues:** TP 20.5 Special Considerations

**In this Section**

TP 20.4A Review Lump-Sum Benefit Application
TP 20.4B Request Missing Information for Lump-Sum Application
TP 20.4C Issue Lump-Sum Payment

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**TP 20.4A Review Lump-Sum Benefit Application**

**09/30/2016**

**EBLS/PBA/FBA/PVA**

1. Upon notification that an application has been received, verify that an automated *531CRM* letter was issued acknowledging receipt and proceed accordingly:
   - *531CRM* letter issued: Proceed to step 2.
   - *531CRM* letter not issued: Issue an *eALG 531APP Receipt of Benefit Application* to the customer within **five business days** informing the applicant that PBGC will review the application and request additional information if necessary.

   > **Note** If it is possible to review the application for completeness and respond within five business days, then instead of the *531APP* issue either an *eALG 531 Receipt of Complete Documentation/Information* or *eALG 530APP Request for Additional Documentation/Information – Benefit Application* as appropriate, according to the following steps in this procedure.

2. Record actions taken on the ▸benefit application in the ▸CRM service request relating to the initial application.

   The CRM service request is not closed until the payment is approved or the application becomes stale-dated.

3. Confirm that the applicant was sent the *Special Tax Notice Regarding PBGC Non-Periodic Payments* no earlier than 180 days and no later than 30 days before the application filing date.
   - If the notice was sent more than 180 days before the receipt date, send a new application to the applicant with the tax notice.
   - If notice was sent less than 30 days before the receipt date, accept the application if it was signed and received in the ▸DMC after the notice was sent. Otherwise send a new application to the applicant with the notice.

   > **Note** The *Special Tax Notice Regarding PBGC Non-Periodic Payments* is included in all ▸lump-sum benefit application packages PBGC issues.

4. If provided on the form, record or update the customer's e-mail address in CRM.
5. Determine the requirements for the application according to the appropriate table:
   - Form 703 Application for Elective Lump-Sum Payment Review Table
   - Form 720 Application for Lump-Sum Payment Review Table
   - Form 720CD Application for Lump-Sum Payment Review Table
   - Form 721 Application for Lump-Sum Payment – Non-Spouse Beneficiary or Estate Review Table

   > **Note** Do not honor an unpaid plan application for a lump-sum payment regardless of whether the benefit was *de minimis* or *non-de minimis*, when the application was filed with the plan administrator, or when the payment was due.

6. Use the table, the applicant's file in ▸Image Viewer, and other plan and ▸participant information to determine:
   - The correct type of application was used.
   - All parts of the application have been correctly completed.
   - All required information and proof documents were received with the application or located the participant's ▸IPS file.
   - Special conditions, circumstances, correspondence with Ask PPD, or benefit forms from the plan documents are documented in a memo or other format to file, as applicable.
   - Documentation establishing the ▸lump sum value of the benefit is in file, for example:
     - Information from the *Actuarial Case Report* (the "Blue Book")
     - ▸Benefit statements
     - Benefit estimates or other actuarial documentation
   - How the lump sum should be paid; for example, directly to the applicant or in a direct rollover to a traditional ▸IRA or Roth IRA, and the appropriate tax withholding.

> **Note** For guidance on tax withholding and reporting for lump-sum payments, see Appendix R 1.3 Lump-Sum or Non-Periodic Payment Tax Withholding and Reporting.

7. If any required documents:
   - Need translation from a foreign language: Submit for translation (see TP 44 Foreign Language Services).
   - Are illegible: Request clear copies from the applicant.
8. If the participant is not eligible for benefits, customize and issue the appropriate ▸eALG letter, depending on the reason for ineligibility (see eALG Correspondence Help).
9. If any required information is missing and is not available in the participant's IPS file, see TP 20.4B Request Missing Information for Lump-Sum Application.

> **Note** OBA's goal is to process completed benefit applications as early as possible to provide optimal customer service and exceed expectations. However, OBA has up to **90 days** from receipt of the complete application or the date it is made complete to make the payment. If the payment will not be made within that timeframe, contact the customer as soon as this is evident to notify of the date the payment will be made and document the contact in CRM.

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**Form 703 Application for Elective Lump-Sum Payment Review Table**

**08/30/2011**

Participants use *Form 703 Application for Elective Lump-Sum Payment* to apply for a lump-sum payment when spousal consent is required, primarily under a cash balance plan. In reviewing the application, apply the requirements described in Form 720 Application for Lump-Sum Payment Review Table, except as detailed in this table.

**Form 703 Application for Elective Lump-Sum Payment Review Table**

| Information/Proof | Requirements | Notes |
|---|---|---|
| **Spousal Consent** | Spousal consent is required if the benefit or account balance under a cash balance plan is not *de minimis*. Spousal consent must be:<br><br>Obtained at the time the participant applied for the lump-sum.<br><br>Signed and notarized no earlier than 90 days before the date the application is filed with PBGC. | For spousal consent given by a legal guardian or holder of a durable power of attorney, including the participant, see TP 20.5H Power of Attorney or Guardianship.<br><br>If a participant alleges legal separation or abandonment or that the spouse cannot be located, see TP 20.5E Spousal Consent.<br><br>If the spousal consent is not valid, contact the participant by phone and confirm that the participant wants to receive a lump sum; if so, request a new application (see TP 20.5 Special Considerations). |

**Form 720 Application for Lump-Sum Payment Review Table**

**11/21/2014**

*Form 720 Application for Lump-Sum Payment is used to apply for a lump-sum payment by:*

- *Participants.*
- *Surviving spouses due a lump-sum in lieu of a ▸ QPSA.*
- *Surviving spouses who are the beneficiary for a lump-sum benefit owed to a deceased participant.*
- *Alternate payees under a ▸ QDRO who are spouses or former spouses.*

**Form 720 Application for Lump-Sum Payment Review Table**

| Information/Proof | Requirements | Action/Notes |
|---|---|---|
| **General Information** | • *Determine if identifying information:*<br>  • *Name*<br>  • *Social security number*<br>  • *Date of birth*<br>  • *Gender matches the information about the applicant in the plan and PBGC records.*<br>• *Identify changes in the information that may need to be changed in ▸ Spectrum or the applicant's records before or at the time payment is made, such as a change in the name and/or mailing or residence address.* | *For discrepancies in an applicant's name and/or SSN, see TP 57 Identify Discrepancies.*<br>*If the address is a P.O. Box, ask the applicant to provide a residential address for tax withholding and reporting purposes.*<br>*Make any required changes to Spectrum.* |
| **Marriage** | **Surviving spouse:** *If the applicant is a surviving spouse, proof of marriage to the participant must be in file. A copy of PBGC's determination of the beneficiary must be in file.* | *For additional guidance, see TP 5 Death Processing and Appendix O Acceptable Proof of Marriage.* |
| **Proof of Death** | **Surviving spouse:** *If the applicant is a surviving spouse, proof of the participant's death must be in file.* | *See TP 5 Death Processing and/or Appendix G Acceptable Proof of Age and Death.* |
| **QDRO** | **Alternate payee:** *If the applicant is an alternate payee, a copy of the QDRO must be in file.* | *See TP 13 Domestic Relations Orders and State Agency Orders.* |
| **Date of Birth** | *If the applicant is a:*<br>**Participant:** *Proof of age must be in file.*<br>**Surviving spouse or alternate payee:**<br>• *Proof of age for the spouse or alternate payee must be in file if the QDRO is a separate interest QDRO*<br>• *Proof of the participant's age must be in file.* | *If the participant's, surviving spouse's, and/or alternate payee's age is discrepant with the age(s) used to calculate the lump-sum value of the benefit, request actuarial assistance to determine if the value of the benefit must be recalculated.*<br>*See Appendix G Acceptable Proof of Age and Death.* |
| **Signature** | *Verify that the applicant properly signed the application. The applicant's signature must be no more than 90 days before the application filing date.*<br>*If the application is signed by someone* | *If the signature is not timely, request a new application (see TP 20.5B Applications).* |

| | | |
|---|---|---|
| | *other than the participant (such as a power of attorney or guardian), ensure that PBGC recognizes the individual's authority to act in that capacity. Verify also that the individual has the specific authority to apply for benefits as well as make benefit form elections and beneficiary designations on behalf of the participant. See TP 49 Power of Attorney and Guardianship.* | |
| **Lump-sum Payment Election** | *Verify that the applicant made a valid lump-sum payment election as permitted in Appendix R 1 Federal Tax Withholding.* | *The payment is generally a rollover-eligible distribution.*<br><br>*If the applicant did not make a permissible withholding election or did not make an election, contact the applicant and determine whether the applicant wants to make an election.*<br><br>• *If so, send a new application and Special Tax Notice to the participant.*<br>• *If not, proceed according to rollover eligibility:*<br>  • *If rollover eligible, apply mandatory withholding of 20% to the taxable portion of the payment.*<br>  • *If not rollover eligible, apply default withholding of 10% to the taxable portion of the payment.*<br><br>*See Appendix R 1 Federal Tax Withholding.* |
| | *Confirm that the participant lives in the U.S. (has a mailing or residence address within the U.S.)* | *If the participant does not live within the U.S., apply nonresident alien tax withholding rules.* |
| | *If information is received that the participant's Individual Tax Identification Number (ITIN) is invalid, see Appendix R 1 Federal Tax Withholding.* | *If payment will be made using an invalid ITIN or dummy SSN, apply mandatory withholding rules.* |
| | *Ensure payment information such as the names of financial institutions, addresses, and account numbers appear to be complete.* | *N/A* |

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**Form 720CD Application for Lump-Sum Payment Review Table**

**11/21/2014**

Alternate payees under a ▶QDRO who are children or other dependents use *Form 720CD Application for Lump-Sum Payment* to apply for a lump sum payment. See TP 13 Domestic Relations Orders and State Agency Orders for additional guidance.

**Form 720CD Application for Lump-Sum Payment Review Table**

| Information/Proof | Requirements | Action/Notes |
|---|---|---|
| **General Information** | • Determine if identifying information:<br>  • Name<br>  • Social security number<br>  • Date of birth<br>  • Gender matches the information about the applicant and the participant in the QDRO and plan and PBGC records.<br>• Identify changes in the information that may need to be changed in Spectrum or the applicant's records before or at the time payment is made, such as a change in the name and/or mailing or residence address. | • For discrepancies in an applicant's name and/or SSN, see TP 57 Identity Discrepancies.<br>• Make any required changes to Spectrum.<br>• If the applicant is a minor child, see TP 20.5I Payments to Minor Children. |
| **QDRO** | A copy of the QDRO must be in file. | See TP 13 Domestic Relations Orders and State Agency Orders. |
| **Proof of Age** | Proof of the alternate payee's age is required if the QDRO is a separate interest QDRO.<br><br>Proof of the participant's age must be in file. | If the participant's and/or alternate payee's age is discrepant with the age(s) used to calculate the lump-sum value of the benefit, request actuarial assistance to determine if the value of the benefit must be recalculated.<br><br>See Appendix G Acceptable Proof of Age and Death. |
| **Signature** | Verify that the applicant properly signed the application. The applicant's signature must be no more than 90 days before the application filing date.<br><br>If the application is signed by someone other than the participant (such as a power of attorney or guardian), ensure that PBGC recognizes the individual's authority to act in that capacity. Verify also that the individual has the specific authority to apply for benefits as well as make benefit form elections and beneficiary designations on behalf of the participant. See TP 49 Power of Attorney and Guardianship. | If the signature is not timely, request a new application (see TP 20.5 Special Considerations). |
| **Payment and Tax Withholding Elections** | N/A | A payment and tax withholding election are not required as the participant is responsible for the tax liability on the payment.<br><br>The payment is not rollover eligible; |

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| | | therefore, make payment directly to the alternate payee (see TP 13 Domestic Relations Orders and State Agency Orders). |

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**Form 721 Application for Lump-Sum Payment – Non-Spouse Beneficiary or Estate Review Table**

**11/21/2014**

Non-spouse beneficiaries and estates use *Form 721 Application for Lump-Sum Payment – Non-Spouse Beneficiary or Estate* to apply for a lump-sum payment that was owed to a deceased payee.

**Form 721 Application for Lump-Sum Payment – Non-Spouse Beneficiary or Estate Review Table**

| Information/Proof | Requirements | Action/Notes |
|---|---|---|
| **Information about the Beneficiary or Estate** | • Determine if identifying information:<br>  • Name<br>  • Social security number<br>  • Date of birth<br>  • Gender matches the information about the beneficiary and participant in plan and PBGC records.<br>• Identify changes in the information that may need to be changed in Spectrum or the applicant's records before or at the time payment is made, such as a change in the name and/or mailing or residence address. | • For discrepancies in an applicant's name and/or SSN, see TP 57 Identity Discrepancies.<br>• Make any required changes to Spectrum. |
| **Beneficiary Determination** | **Beneficiary or Estate:** Documentation of PBGC determination of the beneficiary owed the lump-sum must be in file.<br>**Estate:** Proof of the estate administrator's appointment or authority as described in TP 5 Death Processing must be in file. | See TP 5 Death Processing. |
| **Date of Birth** | N/A | N/A |
| **Proof of Death** | Require proof of the deceased payee's death. | Proof of death should be obtained as required in TP 5 Death Processing. See Appendix G Acceptable Proof of Age and Death. |
| **Signature** | Verify that the applicant properly signed the application. The applicant's signature must be no more than 90 days before the application filing date.<br>If the application is signed by someone other than the participant (such as a power of attorney or guardian), ensure that PBGC recognizes the individual's authority to act in that capacity. Verify also that the individual has the specific authority to apply for benefits as well as make benefit form elections and beneficiary designations on behalf of the participant. See TP 49 Power of Attorney and Guardianship. | If the signature is not timely, request a new application (see TP 20.5 Special Considerations). |
| **Payment Election** | Verify that the applicant made a valid payment election as permitted (see Appendix R 1 Federal Tax Withholding). | The payment is not a rollover-eligible distribution. However, a non-spouse beneficiary that is not an estate may elect to have the payment directly |

| | | |
|---|---|---|
| | | rolled into an inherited IRA.<br><br>See Appendix R 1 Federal Income Tax Withholding. |
| **Information About the Inherited IRA** | If a rollover to an inherited IRA was elected, ensure:<br>• The name of the receiving account properly indicates the account is an inherited IRA.<br>• Payment information about the inherited IRA, such as the name of the financial institution, address, and account number appear to be complete. | See Appendix R 1 Federal Income Tax Withholding. |
| **Federal Tax Withholding** | If a rollover to an inherited IRA was not elect, verify that the applicant made a valid tax withholding election. | If the applicant did not make a permissible withholding election or did not make an election,<br>• Contact the applicant and determine whether the applicant wants to make an election:<br>  • If so, send a new application to the participant (see TP 20.5 Special Considerations).<br>  • If not, apply default withholding of 10% to the taxable portion of the payment.<br>• See Appendix R 1 Federal Income Tax Withholding. |
| | Confirm that the participant resides in the U.S. | If the participant does not live within the U.S., apply nonresident alien tax withholding rules. |
| | N/A | If payment will be made using an invalid Individual Tax Identification Number (ITIN) or dummy SSN, apply mandatory withholding rules. |

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**TP 20.4B Request Missing Information for Lump-Sum Application**

**09/30/2016**

**EBLS/PBA/FBA/PVA**

1. Within **10 business days** of receipt of the application, customize and send *eALG 530APP Request for Additional Documentation/Information – Benefit Application*.
   - Indicate what information is missing from the application.
   - Inform the applicant that, if the missing information is not received within 90 days, the application will become stale-dated and a new application will be required.
2. If additional information is required that was not previously requested, notify the ▸participant as in step 1, and restart the 90-day period.
3. Extend the 90-day period with ▸CSD management approval or guidance from ▸PPD if doing so is reasonable. Document the reason for extending the response period in the participant's ▸IPS file.
4. Send an *eALG 530FIN Final Request for Missing Information – Benefit Application* to notify the applicant when the application will become stale-dated in **30 days** if the missing information is not received.
5. If the missing information is received and the application made complete within **90 days** of the date of the *eALG 530APP Request for Additional Documentation/Information – Benefit Application*:
   - Update but do not close the ▸CRM service request that was opened when the application was received.
   - Issue an *eALG 531 Receipt of Complete Documentation/Information* within **10 business days** of receipt of the missing information.
   - Process the completed application according to TP 20.4C Issue Lump-Sum Payment for the payment to be made as early as possible, but in all cases within **90 days** of the date the application is completed.
6. If the missing information is not received within 90 days of the mailing date of the *eALG 530APP Request for Additional Documentation/Information – Benefit Application*:
   - Issue *eALG 530EXP Notice of Stale-dated Benefit Application* within **15 business days** of the expiration date to notify the applicant. Attach the appropriate lump-sum application so the customer may reapply.
   - Close the ▸CRM service request that was opened when the application was received.

**TP 20.4C Issue Lump-Sum Payment**

**09/30/2016**

**EBLS/PBA/FBA/PVA**

1. Review the ▸Spectrum ledger to determine if the payment has already been made in full or in part. Adjust the payment amount accordingly.
2. If needed, update Spectrum with changes to the payee's information (for example, the payee's address).
3. Input the payment data into Spectrum using the wizard:
   a. Calculate interest on the payment.
   b. Proceed according to the type of payment:
      - If the payment is a ▸*de minimis* ▸lump sum or a payment due a deceased payee, make a One Time Payment.
      - If the payment is a ▸large reimbursement, make a back payment.
4. Submit the transaction for approval in Spectrum (see the Benefit Payment Schedule for applicable payment deadlines).
5. On approval, if the total payment including interest is less than $200 and the payee requests:
   - Withholding on a one-time payment that is not a lump-sum distribution, complete a NFDE Lump Sum Check Form, making sure to complete these fields as follows:
     - Tax Form Type: L
     - Type of Benefit: G
     - Tax Method (FIT calc): D (to specify exact dollar amount), T (for 10%), X (for 20%), or U (for 20% plus an exact dollar amount)
     - Withholding: If the Tax Method is D or U, enter the dollar amount to withhold; leave blank otherwise.

     > **Note** In accordance with the Internal Revenue Code, PBGC generally does not withhold on one-time payments under $200. However, there are certain one-time payments, which are not ▸lump-sum distributions, for which PBGC will withhold taxes on customer request. Examples of one-time payments that are not lump-sum distributions include an underpayment owed to a deceased payee and due to the beneficiary, the remainder of a ▸C&C paid after the end of the certain period, or payments owed to an alternate payee for an established period.

   - Rollover to an IRA, notify the customer that the payment may not be rolled over since it is less than $200.

     For guidance on tax withholding and reporting for lump–sum payments, see Appendix R 1.3 Lump-Sum or Non-Periodic Payment Tax Withholding and Reporting.
6. Within **five business days** of the payment cutoff date, customize and issue *eALG 503 Payment Advice – Lump Sum* (see eALG Correspondence Help) confirming the date and amount of the payment.
7. Close the ▸CRM service request relating to the initial application after the payment is approved.

## TP 20.5 Special Considerations

**07/01/2016**

| | |
|---|---|
| **Purpose** | To apply special considerations in processing benefit applications. |
| **Guidance** | N/A |
| **Procedure Owner** | EBLS/PBA/FBA/PVA |

In processing an application for annuity or lump-sum benefits, other considerations and issues may arise and need to be addressed. If any of the special considerations listed in this section apply, document the details of the situation in writing and image the documentation to the applicant's file. Document all material contacts in ▸CRM and image the log to the participant's IPS file.

**In this Section**


TP 20.5A Discrepancies
TP 20.5B Applications
TP 20.5C Benefits Offsets
TP 20.5D Marriage
TP 20.5E Spousal Consent
TP 20.5F Lump Sums
TP 20.5G Payments before Trusteeship
TP 20.5H Power of Attorney or Guardianship Table
TP 20.5I Payments to Minor Children
TP 20.5K Slayer Exception
TP 20.5L Third Party Payment Requests

**TP 20.5A Discrepancies**

**07/01/2016**

**EBLS/PBA/FBA/PVA**

Use the following tables to identify specific scenarios and determine the appropriate action:

- Age Discrepancies Table
- Revised BDL Required Table
- Identity Discrepancies and Immigration Status Table

**Age Discrepancies**

**Age Discrepancies Table**

| Scenario | Action |
|---|---|
| Age or ▸DOB is discrepant with plan records. | Resolve discrepancy. See TP 57 Identity Discrepancies. |
| Individual can provide a valid birth certificate (preferred). | Use the DOB and age indicated by the certificate. |
| Individual cannot provide a valid birth certificate. | See Appendix G Acceptable Proof of Age and Death for acceptable alternatives. |
| Discrepancy is resolved. | • Determine whether a benefit recalculation based on the correct age is required.<br>• Determine whether a ▸Revised BDL (eALG 411 series) is required (see Revised BDL Required). |

**Revised BDL Required**

When information received in the application differs from the information used to calculate an estimated benefit or the benefit given in a ▸BDL, use the Revised BDL Required Table to determine whether a Revised BDL is required. For additional guidance, see Policy 5.8-1 Benefit Corrections.

**Revised BDL Required Table**

| Scenario | Action |
|---|---|
| The normal retirement benefit changes as a result of new information. | A Revised BDL is required if the benefit change is permitted (see Policy 5.8-1 Benefit Corrections. |
| The early retirement benefit and/or form conversion factors change as a result of new information, but the normal retirement benefit in the ▸benefit statement does not change. | • A Revised or New BDL may be required.<br>• Determine whether a change in the retirement estimate is required. If so, request a new application with a new annuity starting date and/or benefit form election. |
| The benefit determination is not yet final and the normal retirement benefit in the benefit statement does not change. | Issue a Revised BDL (see Process 19 Benefit Determination Letters). |
| The benefit determination is final and the normal retirement benefit in the benefit statement does not change. | Issue a Revised BDL (see Process 19 Benefit Determination Letters). |

**Identity Discrepancies and Immigration Status**

In cases of identity discrepancy, the onus is on the individual claiming to be entitled to a benefit to provide proof. PBGC must pay participants and beneficiaries their guaranteed benefits regardless of immigration status.

**Identity Discrepancies and Immigration Status Table**

| Scenario | Action |
|---|---|
| Individual with a different name/SSN claims to be the participant or beneficiary shown in plan or participant records. | Do not pay benefits to the claimant until the discrepancy is resolved (see TP 57 Identity Discrepancies) and the claimant is determined to be entitled to benefits. |

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**TP 20.5B Applications**

**07/01/2016**

**EBLS/PBA/FBA/PVA**

Use the following tables to identify specific scenarios and determine the appropriate action:

- New Application Required Table
- Unpaid Plan Application for Annuity Benefits Table

**New Application Required**

The applicant's election of an annuity starting date and benefit form must be an informed decision confirmed in writing; therefore, a new application is generally required if the elected annuity starting date or benefit form election will change or cannot be accepted.

**New Application Required Table**

| Scenario | Action |
|---|---|
| A new application is required according to procedures or this table. | Customize and issue *eALG 530 Request for Additional Documentation/Information.*<br>• Explain why a new application is required.<br>• Attach a new application and a benefit estimate.<br>• If not already in file, request required proof documents such as proof of marriage or age.<br>• If the original application was otherwise valid but the benefit form election will change, inform the applicant that the annuity starting date will not change if the new application is returned within 180 days of the original application filing date. |
| Application (or missing information) is not returned within 180 days of the letter sending the application, but applicant still wishes to pursue benefits. | • Require a new application.<br>• Change the annuity starting date to the month after the new application is received. |
| Applicant wishes to change the annuity starting date or PBGC determines that a new annuity starting date applies. | • Ensure the new annuity starting date is permitted (see Policy 5.2-4 Annuity Starting Dates).<br>• Require a new application. |
| The benefit form changes, for example:<br>• The applicant requests to change the elected benefit form before the date of the first payment.<br>• A participant's spouse requests to revoke spousal consent before the date of the first payment. | • Require a new application.<br>• See Policy 5.4-7 Annuity Benefit Forms for additional guidance. |
| PBGC cannot accept the elected benefit form, for example:<br>• A married participant did not elect the ▶QJSA and spousal consent cannot be obtained because the participant cannot provide proof of legal separation or abandonment (see Abandonment and Legal Separation in TP 20.5E Spousal Consent) or the spouse is unlocatable (see Unlocatable Spouse in TP 20.5E Spousal Consent). | If the participant elected an unpayable QJSA, require a new application to change the benefit form.<br>If a married participant did not elect a QJSA and does not have spousal consent because of:<br>• **Legal separation, abandonment, or PBGC cannot locate the spouse:** Accept the benefit form election (a QJSA is not required).<br>• **Any other reason:** Put the benefit into pay as a QJSA (a new application is not required). |

| | |
|---|---|
| • If a participant in a same-sex marriage or civil union elected a QJSA, contact Ask PPD for guidance.<br>• The benefit form elected on a plan application for benefits is not acceptable (see TP 20.5G Payments Before Trusteeship and Unpaid Plan Application for Annuity Benefits). | |
| The application appears to have substantive defects, including:<br>• Major changes or corrections to the form<br>• Missing required information<br>• Discrepant or inconsistent responses | • Apply judgment to determine whether the document has substantive defects. If needed, contact Ask PPD.<br>• If the document has substantive defects, require a new application. |

**Unpaid Plan Application for Annuity Benefits**

Process a valid plan application filed with the plan administrator or PBGC (see TP 20.5G Payments before Trusteeship) on or before ▸DOTR similarly to a PBGC application (see TP 20.3 Process Applications for Annuity Benefits).

**Unpaid Plan Application for Annuity Benefits Table**

| Scenario | Action |
|---|---|
| Application includes shutdown benefits or ▸UCEB for events occurring on or after July 26, 2005. | Contact Ask PPD for guidance. |
| The applicant elected a plan life annuity benefit form. | Treat as payable unless the form is:<br>• An annuity with single-sum payment<br>• Prohibited under ▸IRC section 436<br>• A hybrid form or otherwise unusual and not addressed in the *Actuarial Case Report* |
| The elected benefit form provides that a portion of the benefit is paid in an actuarially derived single sum and the remainder is paid as an annuity. | • If the lump-sum benefit is $5,000 or less, treat the application as payable.<br>• If the lump-sum benefit is more than $5,000, require a new application. |
| ▸DOPT is on or after the first day of the plan year beginning in 2008, and the the *Actuarial Case Report* (final plans) or the auditor or actuary (estimated plans) **has not addressed IRC section 436 benefit restrictions**. | Contact Ask PPD to determine whether the benefits applied for are prohibited. |
| DOPT is on or after the first day of the plan year beginning in 2008, and the *Actuarial Case Report* (final plans) or the auditor or actuary (estimated plans) **indicates that IRC section 436 prohibits some benefits.** | • If the benefits applied for are prohibited, require a new application.<br>• If the benefits applied for are permitted, treat as payable. |
| The application is for a benefit form that is a hybrid form or otherwise unusual and not addressed in the *Actuarial Case Report.* | Contact Ask PPD for guidance. |
| The plan administrator, rather than a notary, witnessed the spousal consent. | Treat as payable. |

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**TP 20.5C Benefits Offsets**

**07/01/2016**

**EBLS/PBA/FBA/PVA**

Plans sometimes provide that a pension payment be offset by other benefits or income. If an offset applies, proof of the other benefit or income must be submitted.

**Benefits Offsets**

| Scenario | Action |
|---|---|
| The plan provides for an earnings offset. | See Policy 6.2-1 Application of Earnings Offset Provisions In PBGC-Trusteed Plans and TP 51 Earnings Offsets. |
| The plan provides for a ▸free surviving spouse benefit that is offset by ▸SSA widow's benefits. The applicant alleges receiving SSA widow's benefits or PBGC otherwise establishes that the participant is due SSA widow's benefits. | • See the job aid Free Surviving Spouse Benefit (FSSB) Calculation & Benefit Administration Guidance for guidance.<br>• Request proof of the SSA widow's benefit.<br>• Determine whether the amount of the benefit in the SSA letter is the correct amount for purposes of the offset under the plan. If not, calculate the amount of the benefit for purposes of the offset. |
| The plan provides for an offset of benefits by Workers' Compensation. The participant alleges receiving Workers' Compensation or PBGC otherwise establishes that the participant is due Workers' Compensation. | Request proof of the Workers' Compensation award and any subsequent lump-sum payout of Workers' Compensation. |
| The plan provides that the pension benefit must be offset or reduced by other pension benefits, for example:<br>• A salaried benefit is offset by a benefit from an hourly plan.<br>• The benefit is offset by payments from a multiemployer plan.<br>• The benefit is offset by certain public pensions or benefits. | • Request proof of the other benefit, if not already in file.<br>• If the plan provides for offsets by public pensions or benefits, contact Ask PPD for guidance. |
| PBGC believes that the participant is due or receiving Black Lung benefits. The plan provides for an offset of benefits by Black Lung benefits. | Contact Ask PPD for guidance. |

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**TP 20.5D Marriage**

**07/01/2016**

**EBLS/PBA/FBA/PVA**

Use the following tables to identify specific scenarios and determine the appropriate action:

- Common-Law Marriage: Participant Alleged Being Unmarried Table
- Civil Union or Same-Sex Marriage Table
- No Ceremony and Common-Law Marriage Is Not Asserted Table
- Proof of Civil or Religious Ceremony Unavailable Table
- Marriage Cannot Be Recognized Table

**Common-Law Marriage: Participant Alleged Being Unmarried**

**Common-Law Marriage: Participant Alleged Being Unmarried Table**

| Scenario | Action |
|---|---|
| The participant checked a marital status of unmarried on his or her application. After the participant's death, an individual claims to have been in a common-law marriage with the participant. | Follow procedures in Appendix O V. Common-Law Marriage to determine whether a common-law marriage existed. |
| Substantive evidence of a common-law marriage (see Appendix O V. Common-Law Marriage) is not provided. | Treat the participant as unmarried. |
| Substantive evidence of a common-law marriage (see Appendix O V. Common-Law Marriage) is provided. | Treat the participant as married. |

**Civil Union or Same-Sex Marriage**

Civil unions provide certain spousal or similar rights without a marriage. Civil unions and/or same-sex marriages may be established in and/or recognized by some states and some jurisdictions outside of the United States.

**Civil Union or Same-Sex Marriage Table**

| Scenario | Action |
|---|---|
| • The participant or beneficiary alleges being in or having been in a civil union.<br>• The participant or beneficiary alleges being in or having been in a same-sex marriage. | Contact Ask PPD for guidance. |

**No Ceremony and Common-Law Marriage Is Not Asserted**

**No Ceremony and Common-Law Marriage Is Not Asserted Table**

| Scenario | Action |
|---|---|
| The participant elects a QJSA and asserts the marriage was established without a ceremony, or the surviving spouse asserts the marriage was established without a ceremony. | Document the details and confirm the marriage was not a ceremonial marriage.<br><br>Note that a civil or religious ceremony in some |

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|---|---|
| | countries may not be easily recognizable; for example, the marriage may have been established simply by registering with the local authorities. |
| The marriage appears to be ceremonial. | Follow Appendix O VIII. PBGC Presumption of Marriage, even if the applicant disputes whether the marriage was ceremonial. |
| The marriage does not appear to be ceremonial. | Determine whether the marriage was:<br>• A Chinese custom marriage: See Appendix O VII. Chinese Custom Marriage.<br>• An Indian tribal or custom marriage or otherwise created under tribal law: See Appendix O VI. Indian Tribal or Custom Marriage.<br>• None of the above: See next row in this table. |
| The marriage is not a ceremonial marriage, Chinese custom marriage, or Indian tribal or custom marriage. | • Treat the marriage as a common-law marriage for purposes of determining whether surviving spouse benefits are payable, even if disputed by the applicant.<br>• See Appendix O V. Common-Law Marriage to confirm the existence of the marriage. |

**Proof of Civil or Religious Ceremony Unavailable**

**Proof of Civil or Religious Ceremony Unavailable Table**

| Scenario | Action |
|---|---|
| The participant elects a QJSA and asserts, or a surviving spouse asserts, that proof of the marriage is not available; for example:<br>• Marriage records were destroyed or cannot be located<br>• The country in which the marriage was entered does not provide documentation | See Appendix O VIII. PBGC Presumption of Marriage. |

**Marriage Cannot Be Recognized**

An applicant may allege a marriage that PBGC cannot recognize, for example a marriage for which the applicant cannot provide proof. Proceed according to the benefit form elected by the participant. If the applicant alleges a civil union or same-sex marriage, contact Ask PPD for guidance.

**Marriage Cannot Be Recognized Table**

| Scenario | Action |
|---|---|
| The participant elected a QJSA. | Issue a new benefit application package (see TP 20.1 Determine Eligibility and Issue Application).<br>• Inform the participant that PBGC is unable to recognize the marriage or union for purposes of paying spousal benefits.<br>• Inform the participant that other benefit options are available that may provide similar survivor benefits (for example, the PBGC J&S options). |
| The participant did not elect a QJSA. | Accept the election; the existence of the marriage is immaterial. |

**TP 20.5E Spousal Consent**

**07/01/2016**

**EBLS/PBA/FBA/PVA**

Use the following tables to identify specific scenarios and determine the appropriate action:

- Abandonment and Legal Separation Table
- Forgery Alleged Table
- Spousal Consent Missing Table
- Spousal Consent Revoked Table
- Unlocateable Spouse Table

**Abandonment and Legal Separation**

**Abandonment and Legal Separation Table**

| Scenario | Action |
|---|---|
| A married participant advises that he or she is legally separated from or abandoned by the spouse and does not want a ▶QJSA. | Customize and send an *eALG Generic Letter* to:<br>• Inform the participant that the benefit must be paid in the form of a QJSA unless a court order declaring the participant to be legally separated or abandoned (within the meaning of local law) is received within 180 days of the letter sending the application.<br>• Request a copy of the court order declaring the participant to be abandoned or legally separated. |
| The participant submits an acceptable court order within 180 days of the letter sending the application. | • Treat the participant as unmarried: the participant may elect the plan's automatic form for unmarried participants or a PBGC optional form without spousal consent.<br>• If the participant previously elected the QJSA, issue a new application to obtain a new benefit form election. |
| The participant provides a "separation agreement" executed by the participant and the spouse. | Do not accept as proof of separation unless ratified or confirmed in writing by a local court. |
| The participant does not provide an acceptable court order within 180 days of the letter sending the application. | • If not already in file, request proof of marriage and proof of spouse's age.<br>• Process the benefit as a QJSA. |
| PBGC receives the court order more than 180 days of the letter sending the application. | See Policy 5.4-7 Annuity Benefit Forms and contact Ask PPD for guidance. |
| PBGC does not receive proof of the marriage and spouse's age within 180 days of the letter sending the application. | • Assume the marriage exists.<br>• Calculate the benefit using the spouse's alleged date of birth unless it appears questionable.<br>• If the spouse's alleged date of birth appears questionable, contact Ask PPD for guidance.<br>• If the spouse's date of birth is unknown, assume the spouse is the same age as the participant. |
| The participant was not receiving a QJSA, and the | Request that the spouse provide a copy of the court |

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|---|---|
| surviving spouse subsequently claims QJSA benefits. | order dated prior to the participant's first payment date and reversing or vacating the court order submitted by the participant.<br>• If the court order is dated on or after the participant's first payment date, inform the surviving spouse that surviving spouse benefits are not payable.<br>• If the court order is dated after the participant's court order and before the participant's first payment date:<br>  • Convert the participant's benefit to a QJSA as of the participant's annuity starting date.<br>  • If the benefit conversion results in an overpayment or underpayment, handle the overpayment or underpayment according to Policy 6.4-3 Computation and Netting of Post-DOPT Overpayments and Underpayments, Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery, and Policy 6.3-1 Underpayment Reimbursement and Interest Payments.<br>  • Pay the surviving spouse benefits. |

**Forgery Alleged**

Sometimes a spouse alleges that he/she did not sign a spousal consent form (that is, the signature giving consent was forged). If a spouse alleges that his/her signature was forged, the onus is on the spouse to provide a reasonable explanation and evidence of the forgery as the signature must have been witnessed by a ▸plan administrator or notarized.

**Forgery Alleged Table**

| Scenario | Action |
|---|---|
| A spouse alleges that he or she did not sign a spousal consent form. | • Inform the spouse that he or she may obtain a copy of the spousal consent form by contacting the PBGC Privacy Officer and requesting a copy of the form under ▸FOIA.<br>• Follow instructions from the Privacy Officer.<br>• Ask the spouse to call if he or she wishes to pursue survivor benefits. |
| The spouse wishes to pursue survivor benefits. | • Explain that:<br>  • The spouse must sign an affidavit and reimbursement agreement and have it notarized, and provide convincing evidence that the signature on the spousal consent is not authentic.<br>  • If the affidavit and evidence is received, PBGC will evaluate it and determine if additional investigation by its Inspector General is warranted.<br>  • If PBGC determines that benefits are payable, the spouse will be paid an adjusted surviving spouse benefit as provided under a QJSA, not the benefit that the participant was receiving. |

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| | • Provide the amount of the benefit, the amount of any overpayment made to the participant, and net payment after recoupment. |
| The spouse indicates that he or she understands the requirements and wishes to pursue survivor benefits. | • Prepare a *Spousal Consent – Forgery Alleged Affidavit & Reimbursement Agreement*. Document the following on the affidavit:<br>  • Confirmation that the signature of the spousal consent is not his/her signature and why he/she believes the signature is not his/hers.<br>  • Why the spouse believes the plan administrator would have witnessed the signing of the consent by a person other than the spouse, or that the signature would have been notarized.<br>  • Why the signature was forged and by whom.<br>  • Other information about the signature that the spouse believes is relevant or material.<br>• Send the affidavit and request the spouse to provide evidence of the forgery. |
| The spouse returns a validly signed affidavit. | • Evaluate the information provided on the affidavit and evidence provided by the spouse.<br>• Look for facts and circumstances that reasonably support a finding that the signature may have been forged.<br>• Verify provided information as needed.<br>• Do not attempt to compare and analyze the signature on the affidavit with that on the spousal consent, as there are valid reasons that they may appear different although signed by the same person (that is, age or weakness, illness, emotional state, personal style). Only a specialist can determine if a signature is forgery. |
| The evaluation of the affidavit does not indicate that the signature may have been forged. | Notify the spouse that survivor benefits are not payable. |
| The evaluation of the affidavit indicates that the signature may have been forged. | Contact Ask PPD to ask for a review and approval to forward the allegation to the Inspector General's Office for further investigation. |
| The evaluation of the affidavit is inconclusive. | Contact Ask PPD for assistance. |

**Spousal Consent Missing**

A surviving spouse may claim that benefits under a QJSA are due when the participant elected another benefit form. An affirmation that spousal consent was not given is not usually required, but see below in this table.

**Spousal Consent Missing Table**

| Scenario | Action |
|---|---|
| Spousal consent is not in file and the surviving spouse claims benefits are due under a QJSA, but the participant elected another benefit form. The participant's annuity starting date was on or after 01/01/1985. | Proceed according to when the participant retired.<br>• Post-▸DOPT Retiree: Proceed according to the participant's annuity starting date.<br>  • Annuity starting date on or after 10/22/1986: Pay the surviving spouse benefit.<br>  • Annuity starting date before 10/22/1986: See |

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|---|---|
| | below in this table for further guidance.<br>• Pre-DOPT Retiree: See below in this table for further guidance. |
| Spousal consent is not in file and the surviving spouse claims benefits are due under a QJSA, but the participant elected another benefit form. The participant is a post-DOPT retiree and annuity starting date was before 10/22/1986. | Determine whether the retiree was correctly paid in accordance with prior PBGC policy (see Policy 5.7-5 Spousal Consent (Qualified Joint-and-Survivor Annuities) and the job aid *Summary of Qualified Joint and Survivor Annuity Requirements*).<br>• If the retiree was correctly paid, do not pay the surviving spouse benefit.<br>• If the retiree was not correctly paid, pay the surviving spouse benefit. |
| Spousal consent is not in file and the surviving spouse claims benefits are due under a QJSA, but the participant elected another benefit form. The participant is a pre-DOPT retiree. | • Determine whether the prior plan administrator routinely followed ▶REA requirements when placing pre-DOPTs retiree into pay.<br>  • Assume that the plan administrator followed REA requirements unless evidence is found to the contrary.<br>  • Review plan provisions and plan practice in effect as of the participant's annuity starting date for evidence that the plan administrator did not routinely follow REA requirements.<br>  • Ask the spouse to provide evidence that REA requirements were not followed.<br>• Pay the surviving spouse benefit only if evidence is found that the plan did not routinely follow the REA requirements. |
| Spousal consent is not in file and the surviving spouse claims benefits are due under a QJSA, but the participant elected another benefit form. The participant's annuity starting date was before 01/01/1985. | Determine whether the participant was issued a final ▶BDL.<br>• If the BDL was final, do not pay the surviving spouse benefit.<br>• If the BDL was not final or the participant was not issued a BDL, determine whether the surviving spouse benefit is payable as provided by the applicable plan provisions, regulations, and PBGC policy in effect as of the participant's annuity starting date (see Policy 5.7-5 Spousal Consent (Qualified Joint-and-Survivor Annuities) and the job aid *Summary of Qualified Joint and Survivor Annuity Requirements*). |
| Surviving spouse benefits are payable. | • Convert the participant's benefit form to a QJSA as of the annuity starting date and pay the surviving spouse benefits.<br>• If the benefit change results in an overpayment or underpayment, see Policy 6.4-3 Computation and Netting of Post-DOPT Overpayments and Underpayments, Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery, and Policy 6.3-1 Underpayment Reimbursement and Interest Payments for guidance. |

**Spousal Consent Revoked**

**Spousal Consent Revoked Table**

| Scenario | Action |
|---|---|
| The spouse wishes to revoke consent. | See Policy 5.4-7 Annuity Benefit Forms for guidance. |

**Unlocateable Spouse**

**Unlocateable Spouse Table**

| Scenario | Action |
|---|---|
| A married participant, who does not want a QJSA, alleges that the spouse cannot be located. | • Inform the participant that:<br>  • The benefit must be paid as a QJSA unless spousal consent for another form of benefit is received or PBGC is unable to locate the spouse.<br>  • PBGC will attempt to locate and notify the spouse of his or her eligibility for spousal benefits.<br>  • PBGC will not provide information to the spouse about the participant or vice versa.<br>• Request that the participant provide the spouse's:<br>  • Married and maiden name(s) and any other name(s) the spouse used<br>  • Social Security Number (SSN)<br>  • Date of birth<br>  • Last known address |
| The participant is unable or unwilling to provide the spouse's ▸SSN. | • Pay the benefit as a QJSA.<br>• Do not attempt to locate the spouse. |
| The participant provides the spouse's SSN. | Use the Locator Program to verify the spouse's SSN. Consider the SSN verified if the information from the Locator Program appears to be that of the spouse, meaning information from the Locator query matches the spouse's name(s), date of birth and/or last known address. At a minimum, the name(s) must be a reasonable match. For example, if the spouse's married name is Susan Smith and maiden name is Susan Jones, a reasonable match would be Sue Smith or Sue Jones, Susie Smith or Susie Jones, or S. Smith or S. Jones. |
| The SSN cannot be verified (that is, information obtained from the Locator program is not a reasonable match). | • If not already in file, request proof of marriage and proof of spouse's age.<br>• Process the benefit as a QJSA (a new application is not required).<br>• Do not tell the participant whether the spouse was located or not, only which benefits are payable. |
| PBGC does not receive proof of marriage and spouse's age within 180 days of the letter sending the application. | • Assume the marriage exists.<br>• Calculate the benefit using the spouse's alleged date of birth unless it appears questionable.<br>• If the spouse's alleged date of birth appears questionable, contact Ask PPD for guidance.<br>• If the spouse's date of birth is unknown, assume the spouse is the same age as the participant. |
| The spouse's SSN is verified. | Use the most recent address provided by the Locator Program to contact spouse, initially by telephone, and |

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|---|---|
| | subsequently in writing, as needed. |
| The spouse cannot be contacted by telephone and mail (mail to the most recent address is returned without forwarding information). | • Treat the participant as unmarried: he or she may elect the plan's automatic form for unmarried participants or a PBGC optional form without spousal consent.<br>• Do not tell the participant whether the spouse was located or not, only which benefits are payable. |
| PBGC successfully contacts the spouse. | • Explain to the spouse:<br>  • The participant has applied for a benefit and is entitled to a QJSA, which provides a survivor benefit for the spouse.<br>  • PBGC will not provide information to the participant about the spouse or vice versa.<br>  • The spouse will be notified in writing, even if he or she does not intend to give consent, because he or she must be able to make an informed decision.<br>• Advise the spouse that the participant may elect another form of benefit that may not provide the spouse with a survivor benefit if the spouse consents.<br>• Verify the spouse's address and telephone number. Place this information in the IPS file with a note that this information relates to an "unlocated" spouse and may not be provided to the participant.<br>• Send a letter of explanation, with page 3 of *Form 700 Participant's Application for Pension Benefits* (only write in the name of the participant and no other identifying information) and a retirement estimate. |
| The spouse completes and returns the waiver within 45 days. | • Image the form in the participant's file.<br>• Annotate the image that the form relates to an "unlocated" spouse and may not be provided to the participant.<br>• Inform the participant that he or she may elect the automatic form for unmarried participants or a PBGC optional form.<br>• Do not tell the participant whether the spouse was located or not, only which benefits are payable. |
| The spouse does not complete and return the waiver within 45 days (including no response. | • If the participant did not elect the QJSA:<br>  • Require a new application to obtain a benefit form election for the QJSA.<br>  • If not already in file, request proof of marriage and proof of spouse's age.<br>• If the participant elected the QJSA, process the benefit.<br>• Do not tell the participant whether the spouse was located or not, only which benefits are payable. |

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**TP 20.5F Lump Sums**

**07/01/2016**

**EBLS/PBA/FBA/PVA**

Use the following tables to identify specific scenarios and determine the appropriate action:

- Large Reimbursements Table
- Pre-$5,000 (P5K) De Minimis Lump-Sum Benefits Table

**Large Reimbursements**

**Large Reimbursements Table**

| Scenario | Action |
|---|---|
| The underpayment, including ▸interest, is greater than $5,000 and greater than three times the monthly ▸benefit. | Apply ▸rollover rules in Appendix R 1 Federal Tax Withholding. Pay as a ▸lump sum:<br>• Use the appropriate ▸eALG letter (see eALG Correspondence Help) to notify the payee and provide the lump-sum tax withholding options.<br>• After the ▸payee submits an application for a lump-sum payment, follow TP 20.4 Process Lump Sum Applications and make payment accordingly. |

**Pre-$5,000 (P5K) de Minimis Lump-Sum Benefits**

Effective July 16, 1998, PBGC raised its ▸*de minimis*▸ benefit amount to $5,000. ▸BDLs issued since July 16, 1998, have informed ▸participants that benefits with a present value of benefit of $5,000 or less as of ▸DOPT are payable in a ▸lump sum and ▸benefits with a present value of more $5,000 will be paid as an ▸annuity. In addition, a benefit that was non-*de minimis* under earlier regulations and policy, may be payable in a lump sum for a participant who was alive on DOPT and on July 16, 1998. From July 16, 1998 through March 9, 1999, PBGC conducted the P5K project to offer lump sums instead of annuity payments to certain participants (P5K participants) to whom a benefit determination was issued before July 16, 1998.

**Pre-$5,000 (P5K) de Minimis Lump-Sum Benefits Table**

| Scenario | Action |
|---|---|
| The participant is a living P5K participant. | Pay the benefit as a lump sum if:<br>• The present value of the benefit was $5,000 or less as of DOPT.<br>• A benefit determination for an annuity was sent to the participant before January 16, 1998 (that is, the participant was a deferred vested entitled to a future benefit at DOPT under previous de minimis rules).<br>• A lump sum has not already been paid.<br>• An annuity is not already in pay status.<br>• Upon receipt of a completed lump-sum application with spousal consent to the lump-sum payment. Spousal consent is required because the spouse is waiving the right to a ▸QPSA or ▸QJSA that may be associated with the benefit. |
| The participant is a deceased P5K participant and DOPT is on or after 08/23/1984. | Proceed according to when the participant died:<br>• **Before 07/16/1998:** The surviving spouse may |

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| | elect a lump sum equal to the present value of the QPSA benefit (not the participant's benefit) as provided in Policy 5.7-2 Payment of Qualified Preretirement Survivor Annuities in Plans Terminating on and after August 23, 1984. If there is no surviving spouse, a lump sum is not payable.<br>• **On or after 07/16/1998:** The surviving spouse may elect to receive a lump sum equal to the value of the participant's benefit (not the QPSA benefit) or to receive a QPSA benefit. If there is no surviving spouse, a lump sum is payable to the beneficiary determined under Policy 8.6-1 Payments to Beneficiaries. |

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**TP 20.5G Payments before Trusteeship**

**07/01/2016**

**EBLS/PBA/FBA/PVA**

PBGC sometimes begins paying ▸benefits prior to ▸DOTR. PBGC pays estimated guaranteed ▸annuity benefits as if the plan were trusteed, but does not pay ▸lump-sum benefits until the plan is trusteed. PBGC pays back payments and other amounts (underpayments) owed beginning on the pre-trusteeship authorization date, as established in the *Authorization to Pay Participants before Trusteeship*. Other missed payments will be reimbursed after trusteeship. See Policy 3.4-1 Benefit Payments Prior to Trusteeship, Policy 5.4-7 Annuity Benefit Forms, and TP 20.5B Applications for additional guidance.

**Payments before Trusteeship Table**

| **Scenario** | **Action** |
|---|---|
| The applicant submits a valid plan application for guaranteed annuity benefits prior to ▸DOTR. | Accept the application. |
| A potential applicant requests an application prior to DOTR. | Issue a PBGC annuity application and statement showing the PBGC optional benefit forms (see TP 20.1 Determine Eligibility and Issue Application). |
| A potential applicant requests a lump sum application, or the estimated benefit is *de minimis*. | Inform the applicant that he or she may elect an annuity payment (if eligible) or defer receipt of a lump sum (if the benefit is *de minimis*) until after the plan is trusteed (see TP 20.4 Process Lump-Sum Applications). |
| A plan that is not yet trusteed has participants who are or are in danger of being out of pay status. | See 9.1B Ensure Uninterrupted Payments for Plans Not Yet Trusteed. |

**TP 20.5H Power of Attorney or Guardianship Table**

**07/01/2016**

**EBLS/PBA/FBA/PVA**

Powers of attorney (▸POA) or guardians, if authorized, may apply for PBGC ▸benefits and designate a ▸beneficiary on behalf of a ▸participant or other applicant.

**Power of Attorney or Guardianship Table**

| Scenario | Action |
|---|---|
| An individual claiming to hold power of attorney for, or be the guardian of, an applicant submits an application. | See TP 49 Power of Attorney and Guardianship and Policy 8.4-1 Power of Attorney and Guardianship for guidance. |

**TP 20.5I Payments to Minor Children**

**07/01/2016**

**EBLS/PVA/FBA**

In most states, a minor child is a child under the age of 18. A minor child's biological or adoptive parent or guardian may apply for benefits on behalf of the child. In some situations, an emancipated minor child may also file for benefits.

**Payments to Minor Children Table**

| #. | Scenario | Action |
|---|---|---|
| 1. | Biological or adoptive parent requests or applies for benefits on behalf of a child.<br><br>**Note** If PBGC receives an allegation or evidence that the parent's parental rights have been terminated under state or local law, or that a state or local court appointed a guardian for the child, follow instructions in rows 2, 3 or 4 as appropriate. If a minor child requests or applies for benefits, see row 4. | • Require proof of the parental relationship (usually, the child's birth certificate or adoption certificate). A minor child's biological or adoptive parent does not have to provide proof of guardianship for the child.<br>• Have the parent complete the application using information for the child.<br>• Have the parent sign his or her own name on the application, not the child's name.<br>If the child is age 13 or older, accept (but do not require) the child's signature in lieu of the parental signature as long as there is evidence of parental involvement in pursuing the claim (for example, record of a phone call with the parent or guardian regarding the child's benefit or the parent submits proof documents on behalf of the child).<br>• Make payment in the child's name using the child's social security number. Send the check to the address as shown on the application or as requested by the child's parent or guardian.<br>• If the payment is an ▶EDD, pay only into an account with the child's name on it. |
| 2. | Guardian requests or applies for benefits on behalf of a child. | • Require proof of the guardianship and determine if the guardianship is acceptable following instructions in TP 49 Power of Attorney and Guardianship.<br>• If the guardianship is acceptable, have the guardian complete the application using information for the child.<br>• Have the guardian sign his or her own name on the application, not the child's name.<br>If the child is age 13 or older, accept (but do not require) the child's signature in lieu of the guardian’s signature.<br>• Make payment in the child's name using the child's social security number. Send the check to the address as shown on |

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| | | the application or as requested by the guardian.<br>• If the payment is an EDD, pay only into an account with the child's name on it. |
| 3. | Other person requests or applies for benefits on behalf of a child (for example, another relative such as, a grandparent or sibling; a stepparent or foster parent; or a friend or acquaintance requests the benefits). | • Advise the person requesting or applying for benefits on behalf of the child, that an application can only be accepted from an emancipated child, the child's biological or adoptive parent, or guardian. |
| 4. | Minor child requests or applies for benefits. | • Determine if the child is an emancipated child, meaning that the child has become independent of their parents (some or all of the parental rights of the parents have been given to the child for important legal purposes) usually by a court order or decree.<br>If so, ask the child to provide a copy of the court order or decree granting emancipation. If the child provides a copy of the court order granting emancipation, contact ASK PPD; ▸PPD will get ▸OCC/▸OGC concurrence on whether the court order must be followed.<br>If the court order must be followed, treat the child as an adult in applying for benefits – no other special action is required.<br>• If the child is not emancipated or does not provide a copy of a court order granting emancipation, request information (name, relationship, address, telephone number) about the child's biological or adoptive parents, guardian, custodian or other person who is responsible for the child. Ask the child to have that person contact PBGC.<br>If the person who is responsible for the child does not contact PBGC within a week, contact ASK PPD. PPD will obtain concurrence from the Disclosure Officer on whether that person may be contacted (meaning such contact does not cause a privacy breach) to apply for benefits on behalf of the child.<br>Follow the guidance received from PPD. |

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**TP 20.5K Slayer Exception**

**07/01/2016**

Most states bar the slayer of a participant from receiving payments as that participant's beneficiary (a slayer exception).

**Slayer Exception Table**

| Scenario | Action |
|---|---|
| A beneficiary convicted of killing the participant applies for benefits. | Contact Ask PPD for guidance. Include in the e-mail the actual crime that the conviction is for, the state where the conviction took place, and the source of PBGC's information about the conviction. |
| PBGC learns that a beneficiary currently or previously in pay was convicted of killing the participant. | Contact Ask PPD for guidance. Include in the e-mail the actual crime that the conviction is for, the state where the conviction took place, and the source of PBGC's information about the conviction. |

**TP 20.5L Third Party Payment Requests**

**07/01/2016**

A Third Party Payment request is a request to send a benefit payment to another person or an account that does not bear the ▸payee's name. PBGC may honor requests to pay 100% of the net benefit after federal income tax withholding (but not less) of a payee's benefit to a third party. PBGC cannot implement a third party payment request based on a phone call. The request must be confirmed and approved in writing by both parties.

Upon receipt of a third party payment request, complete the following actions:

1. Contact the payee and confirm the third party payment request, advising the payee of PBGC's requirements. Record all details of the contact in ▸CRM.

   If the request was made for a customer by a guardian or an agent under a durable Power of Attorney (▸DPOA), refer the situation to the ▸POA Coordinator to confirm whether the principal has the authority to execute a third party payment request on the payee's behalf. This is possible only when the principal has been determined incompetent based on at least one written assertion from one licensed physician. See Policy 8.4-1 Power of Attorney and Guardianship and TP 49 Power of Attorney and Guardianship for guidance.

2. Refer the request to Ask PPD if the request is from the customer or from a guardian or agent whom the POA Coordinator has confirmed may make the request.

   ▸PPD will provide a Sample Agreement to Third Party Payment and a letter template to send to the requestor.

3. Customize the letter and send the Sample Agreement to the requestor.

   The payee must draft an Agreement to Third Party Payment that meets PBGC's requirements (as explained in the letter and demonstrated in the Sample Agreement), and return the completed agreement with the payee's and the third party's signatures. (PBGC is not a party to the agreement. PBGC simply makes the payment in accordance with the agreement between the payee and the third party.)

4. When the agreement is received, review the agreement for completeness.

   If the payee's signature on the agreement is more than 45 days old, contact the payee and confirm the request is still valid.

5. Forward the completed agreement to Ask PPD for review.

6. Proceed based on PPD's decision to approve the agreement:
   - **PPD approves the agreement:** PPD will provide appropriate letter templates to notify the payee and the third party that the agreement has been approved. Change the payment destination in ▸Spectrum to reflect the third party's payment information, and customize the notification letters to reflect the date the payments will begin to be made to the third party.
   - **PPD does not approve the agreement:** PPD will provide the reason(s) for rejecting the agreement and a letter template for informing the payee that the agreement was not approved.

7. Ensure that the signed agreement, any other related correspondence from the payee or the third party, PPD's approval or rejection of the agreement, and the notification letter(s) are imaged into the participant's ▸IPS file.

## TP 20.6 Resources for Benefit Payments

**09/30/2016**

**Forms, Letters, and Memos:**

- *Authorization to Pay Participants before Trusteeship*
- *Special Tax Notice Regarding PBGC Non-Periodic Payments*
- *Spousal Consent – Forgery Alleged Affidavit & Reimbursement Agreement*
- *Summary of Qualified Joint and Survivor Annuity Requirements*

**Customer Correspondence and Forms:**

- *531CRM*
- *eALG 201B Taxable Single Payment – Beneficiary*
- *eALG 201E Taxable Single Payment – Estate*
- *eALG 302DM Estimated Benefit – New Payee – Track 2 Plan and SSA Conditioned Retirement Benefit*
- *eALG 302DP Estimated Benefit – New Payee – Track 3 SSA and/or Plan Conditioned Disability Benefit*
- *eALG 302DS Estimated Benefit – New Payee – Track 1 SSA Conditioned Disability Benefit*
- *eALG 500EU Retirement Eligibility – Early Unreduced*
- *eALG 500NRD Retirement Eligibility – Normal*
- *eALG 500RBD Retirement Eligibility – Required Beginning Date*
- *eALG 503 Payment Advice – Lump Sum*
- *eALG 530 Request for Additional Documentation/Information*
- *eALG 530APP Request for Additional Documentation/Information – Benefit Application*
- *eALG 530EXP Notice of Stale-dated Benefit Application*
- *eALG 530FIN Final Request for Missing Information – Benefit Application*
- *eALG 531 Receipt of Completed Information/Documentation*
- *eALG 531APP Receipt of Documents – Benefit Application*
- *Form 700 Participant Application for Pension Benefits*
- *Form 703 Application for Elective Lump-Sum Payment*
- *Form 705 Beneficiary Application for Pension Benefits*
- *Form 706 Beneficiary Application for Pension Benefits – Optional Forms*
- *Form 707 Designation of Beneficiary for Benefits Owed at Death*
- *Form 708 Designation of Beneficiary*
- *Form 710 Application for Electronic Direct Deposit*
- *Form 711 Change of Beneficiary for Certain & Continuous Benefits Only*
- *Form 720 Application for Lump-Sum Payment*
- *Form 720CD Application for Lump-Sum Payment [Child or Other Dependent]*

- *Form 721 Application for Lump-Sum Payment – Non-Spouse Beneficiary or Estate*

**Guidance:**

- *Benefit Payment Schedule*
- *Customer Role and Eligibility Status in the Spectrum User Manual*
- *Policy 5.2-4 Annuity Starting Dates*
- *Policy 5.2-5 Required Beginning Dates*
- *Policy 5.4-7 Annuity Benefit Forms*
- *Policy 5.4-9 Lump Sum Benefit Payments*
- *Policy 5.4-10 Small Benefit Payments*
- *Policy 5.7-2 Payment of Qualified Pre-Retirement Survivor Annuities in Plans Terminating on and after August 23, 1984*
- *Policy 5.7-3 Survivor Annuities – Pre-REA Terminations*
- *Policy 5.8-1 Benefit Corrections*
- *Policy 5.11-1 Calculation and Payment of Priority Category 2 Benefits in PBGC Trusteed Plans*
- *Policy 6.3-1 Underpayment Reimbursement and Interest Payments*
- *Policy 8.5-1 Signature by Mark*
- *Policy 8.6-1 Payments to Beneficiaries*

**Exhibits:**

*None*

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# TP 21 Change Benefit/Payment Amount

**In this Section**

TP 21. Overview for Change Benefit/Payment Amount
TP 21.1 Identify Changes to Pay System
TP 21.2 Implement Change
TP 21.3 Resources for Change Benefit/Payment Amount

## TP 21. Overview for Change Benefit/Payment Amount

**06/27/2013**

This technical procedure outlines the processing associated with changes to a ▸payee's total benefit and/or net payment, and changes to valuation data for non-payees, including the necessary revisions to ▸Spectrum. These changes may occur at anytime in response to a variety of situations. Changes to a payee's benefit and/or payment typically occur within the following broad categories:

- Changes In Total Benefit (Gross Amount)
- Changes To The Net Payment

**TP 21. Overview: Changes in Total Benefit (Gross Amount)**

**03/30/2016**

Some changes to a payee's gross benefit may require creating a new benefit for a new ▸payee. Examples of instances that require the establishment of a new account include putting a surviving spouse or beneficiary into pay upon the death of a participant or an alternate payee into pay at the proper time. To open a second account, see TP 20 Benefit Payments.

Change in a payee's gross benefit amount may occur at any time in response to any of the following situations:

- **Plan Assumption**

  When PBGC assumes payment responsibility for a plan (See Process 9 Plan Assumption), benefit payments for participants in pay status may be adjusted to reflect estimated guaranteed benefits. This process is described in Process 10 Benefit Adjustments.

- **Change in estimated benefit**

  Follow Process 10.4 Identify Current Payees for Benefit Adjustments.

- **Final amount in Benefit Determination Letter differs from estimated benefit**
  - ▸Annuity: the benefit may be increased or decreased.
  - Lump-sum: PBGC pays a ▸residual benefit amount (see Policy Bulletin 00-6: Residual Lump Sum Distributions) or recovers an overpayment, see TP 6 Recover Overpayments.

  The benefit adjustment, also called the 45-day change, is described in Process 19 Benefit Determination Letters--Overview and is based on outputs from the Valuation Processes.

- **Benefit corrected following successful appeal**

  If a participant successfully appeals a BDL, any required change in the benefit is also an adjustment. Adjustments resulting from appeals are included in Process 20 Appeals Correspondence.

- **Revised benefit based on error**

  A "final" benefit may be changed to correct an error identified by PBGC. PBGC does not change a benefit unless it documents and explains the error. Generally, any error discovered will be corrected in the first year after the BDL is final. After that, there are limits on changes. See Policy 5.8-1: Benefit Corrections for further information on the issuance of revised Benefit Determination Letters.

- **Payments suspended/terminated when proper documentation not received timely**

  Benefits may be suspended/terminated if a current payee does not provide a completed application or other necessary documents.

- **Benefit change resulting from form of payment**

  A Participant is receiving a form of benefit payment that automatically requires that the benefit be adjusted upon a certain event or at a certain age. One example of this payment method is the Social Security Leveling Option. Participants may also have a benefit form that includes a temporary supplemental payment, once the period for the temporary supplement expires, the benefit amount will have to be adjusted.

- **Benefit change resulting from QDRO**

  A participant's benefit may be reduced by the amount stipulated in the QDRO for the alternate payee, see TP 13 Domestic Relations Orders and State Agency Orders.

- **Change in payment frequency**

  If a payee receiving an ▸annual payment requests a change in their payment frequency to monthly, PBGC will make the change. (See Policy 5.4-3: Frequency of Benefit Payments.)

- **Disability benefit cessation or disability-based benefit change**

  A payees disability benefit or a disability-based benefit may be terminated or reduced if the payee ceases to be disabled or fails to provide PBGC with required self-certification (for example, Form 716 or 716A) that they are still disabled.

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**TP 21. Overview: Changes to the Net Payment**

**03/30/2016**

There are also changes that affect the net payment but not the gross benefit. In some of these situations, the difference between the net payment and the gross benefit is accounted for in ▸Spectrum as a deduction that is assigned to another account or payee. Other types of situations involving a change in the net payment do not necessarily require entry of a deduction into Spectrum. Changes to the net payment include:

- **QDRO**

  A ▸QDRO may specify a payment to an ▸alternate payee. For this type of QDRO, a deduction is made from the participant's benefit, see TP 13.4 Make QDRO Payments.

- **Net Overpayment/ Recoupment**

  PBGC needs to recoup a net overpayment made to the payee (this change would usually happen at the same time as a downward adjustment to the gross benefit amount). For more details see TP 7 Recoupment.

- **Change in tax withholding**

  A payee elects to change the withholding amount for Federal Income Tax, see Appendix R Assignment and Withholding From Benefit Payments.

## TP 21.1 Identify Changes to Pay System

**07/01/2016**

| | |
|---|---|
| **Purpose** | Determine required changes to payee records in Spectrum to effect the change in benefit payment or amounts. |
| **Guidance** | Policy 5.4-3 Frequency of Benefit Payments<br>Policy 5.7-5 Spousal Consent (Qualified Joint-and-Survivor Annuities)<br>Policy 6.7-1 4022(c) Amounts<br>*Spectrum User Manual* |
| **Procedure Owner** | EBLS/FBA/PBA/PVA |

1. Review ▸payee information to determine the type and effective dates of the needed change, confirm the payee is in pay status.
   - ▸Spectrum
   - ▸Participant file (▸PBGC Image Viewer)
   - ▸CRM Records
2. Use Spectrum to review all ▸benefit information, update the payment if required, and forward for approval.
3. If implementing a change as a result of a ▸QDRO, ensure that benefit payment stipulations in the QDRO are met. See TP 13 Domestic Relations Orders and State Agency Orders.
4. If making changes as a result of a recoupment situation, use ▸PACS to determine the amount to recoup and recoupment end date. Follow instructions in TP 7 Recoupment to determine recoupment deductions.

## TP 21.2 Implement Change

**07/01/2016**

| | |
|---|---|
| **Purpose** | Change XRD monthly benefit, payment amount or data in Spectrum. |
| **Required Input and Source** | Determination of the type of change that is needed from review of participant file, CRM and Spectrum records, instructions from actuary. |
| **Output and Recipient** | Change to Spectrum. |
| **Control Issues** | The exact date of the change depends on the notification requirements behind the reason for the change. For additional information, see the process or technical procedure describing the situation that necessitates the change. |
| **Important Concepts** | The amount and type of deduction must be identified for all decreases that are deductions. Spectrum automatically implements a queued increase when the BEGIN DATE arrives, if Spectrum properly reflects the correct dates and payment amount for a change. |
| **Guidance** | Policy 6.3-1 Underpayment Reimbursement and Interest Payments<br>Policy 6.6-2 Assignment and Alienation of Benefits<br>*Spectrum User Manual* |
| **Procedure Owner** | EBLS/FBA/PBA/PVA |

1. Upon receipt of a properly documented change take appropriate action in ▸Spectrum:
   - For changes as a result of a ▸QDRO, see TP 13 Domestic Relations Orders and State Agency Orders.
   - For changes in federal tax withholding, for which PBGC has received notice from the participant, enter the new information in Spectrum.
   - For IRS Levies, see Appendix R 2 IRS Levies.
   - To change an ▸annual payment to a monthly payment in response to a participant's request, change the frequency code in Spectrum to reflect monthly payments and use the next pay source with the correct monthly amount and BEGIN and END dates.
2. If a change was made to Spectrum, forward the record for approval as needed. See TP 28 Approve Financial & Non-Financial Transactions through Approval Service.
3. Image the request for changes from the actuary to the participant's ▸IPS file.

## TP 21.3 Resources for Change Benefit/Payment Amount

**09/30/2016**

**Forms, Letters, and Memos:**

*IRS Levy Cover Sheet for SSC*

**Customer Correspondence and Forms:**

*Form 719 - Election to Withhold Federal Income Tax from Periodic Payments*

**Guidance:**

- *Policy 5.4-3 Frequency of Benefit Payments*
- *Policy 5.7-5 Spousal Consent (Qualified Joint-and-Survivor Annuities)*
- *Policy 6.3-1 Underpayment Reimbursement and Interest Payments*
- *Policy 6.6-2 Assignment and Alienation of Benefits*
- *Policy 6.7-1 4022(c) Amounts*
- *Spectrum User Manual*

**Exhibits:**

*None*

# TP 22 Secure Records

**In this Section**

TP 22. Overview for Secure Records
TP 22.1 Secure Records
TP 22.2 Resources for Secure Records

## TP 22. Overview for Secure Records

**07/01/2016**

Use this procedure *only* when it has been determined that records are in danger of being lost, disposed of, or destroyed and use the *OBA Records Management Policy & Procedures Manual* as a guideline for protecting these records. Often, this will come in the form of a call from an outside contact, such as a ▸participant, or the ▸plan administrator notifying PBGC that the company is abandoning the plan. A common scenario is when management of the building where records are stored is evicting the tenant who is ▸custodian of the records or auctioning the bankrupt company's office furniture in an effort to recover back rent or other debt owed.

It may be necessary to secure records before *or* after trusteeship. When occurring before trusteeship, ▸CFRD makes a ▸task referral to ▸CMD and the divisions work together to secure the records. When occurring after trusteeship, ▸OBA secures the records alone.

## TP 22.1 Secure Records

**07/01/2016**

| | |
|---|---|
| **Purpose** | Protect plan and participant records to ensure that required records are not lost or destroyed. |
| **Required Input and Source** | Location of records, contact person |
| **Output and Recipient** | Secured records |
| **Control Issues** | Monitor status of security of records (verify periodically) |
| **Important Concepts** | CFRD attempts to arrange for records to be secured by the plan administrator or bankruptcy trustee. If loss of records is imminent, CFRD (if prior to termination) and OBA will attempt to secure them. In emergency cases, work closely with the CMD Case Management Analyst, any contractor resources that might be of assistance, and CFRD. |
| **Guidance** | *OBA Records Management Policy & Procedures Manual*<br><br>ERISA 4003 grants PBGC the right to investigate defined pension plans and subpoena necessary materials. |
| **Procedure Owner** | Case Team. If the case is still in CFRD, the Case Team works with the person in CFRD assigned to the case. |

The *OBA Records Management Policy & Procedures Manual* provides guidelines for protecting ▸plan and ▸participant records to ensure that required records are not lost or destroyed.

1. Call the ▸plan sponsor/administrator or bankruptcy ▸trustee to establish location(s) of records. For small numbers of records, arrange for them to be shipped to PBGC.
2. Explain the importance of the records, and request that they be safeguarded. Suggest a time frame within which PBGC will obtain copies of the records. It may be necessary to take an emergency field trip, have a contractor resource make an emergency field trip, or to have the ▸plan administrator store records in a warehouse at PBGC's expense. Coordinate all emergency field trips with the Case Management Analyst.
   - If making an emergency field trip, follow Process 11.2 Perform Site Visit.
   - If having a contractor resource secure the records, establish contact between the contractor resource and the plan administrator or other ▸custodian of the records and explain that the contractor resource is acting as PBGC's representative in securing the records.
   - If arranging to have records stored at PBGC expense, contact the plan administrator to arrange movement of records to a storage facility. Obtain information about the location and phone/fax numbers of the storage facility and establish contact with the facility's administrator. Send a follow-up letter documenting the conversation and put a copy of the letter in the plan file. If arranging storage requires making a field trip, follow Process 11.2 Perform Site Visit. If possible, avoid using storage completely by doing the site visit at once.
3. Depending on the number of participants in the plan, it may be possible to bring the secured records back to PBGC or the ▸FBA office at least temporarily. If the volume of records is large enough that space will be a problem, arrange for storage at a storage rental facility near the current location of the records. When selecting a site, keep in mind that the place where records are located may also be the place where those building the database will have to work.

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## TP 22.2 Resources for Secure Records

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

- *OBA Records Management Policy & Procedures Manual*
- ERISA 4003

**Exhibits:**

None

# TP 23 Coordinate Large Cases

**In this Section**

TP 23. Overview for Coordinate Large Cases
TP 23.1 Coordinate Large Cases
TP 23.2 Resources for Coordinate Large Cases

# TP 23. Overview for Coordinate Large Cases

**07/01/2016**

### What is a Large Case and an OBA Large Case Working Group

A ▸large case is defined as a plan or group of plans with 10,000 participants or $5 million or more of unfunded benefit liabilities (UBL). With large cases, the Chairperson of the Large Case Working Group (▸OBA LCWG) creates a plan-specific OBA LCWG that coordinates all departments within PBGC to oversee initial planning, status tracking, and resource identification for the case processing of a large plan or family of plans.

### Who are Members of the OBA Large Case Working Group

The OBA LCWG is an interdepartmental working group that contains members or representatives of groups identified in the ▸Groups Represented in the OBA LCWG Table. However, the OBA LCWG is not limited to these groups.

The Chairperson may invite others with specific skills, knowledge, or information as necessary for each OBA LCWG, and invitees may delegate to other personnel.

▸OBA can assign large cases to ▸FBA contractors, actuarial contractors, and evaluation and review contractors, as needed.

### Purpose of the OBA Large Case Working Group

The OBA LCWG seeks to identify legal and policy issues up front and find resolutions early in the case processing cycle. Milestones required on a large case are essentially the same as for all other plans; however, there is a significantly larger amount of planning and coordination involved. Coordination and cooperation between all departments involved with the case is important. Large cases require additional communications and use documented exceptions to standard case processing procedures. Normally, a large case does not close within 24 months. Large cases have much higher visibility both externally and internally to PBGC and receive attention from the Office of the Director (OD).

### OBA Large Case Working Group Meetings

The OBA LCWG meets on a regular basis to discuss the case and actions relating to it. These meetings can begin prior to the case going to the Trusteeship Working Group (TWG) and continue, as needed, through the plan processing life cycle. The OBA LCWG identifies potential and known problems, issues, or concerns and acts to prevent or solve them before they adversely affect a case. By focusing on plan issues early during case processing, OBA is able to more efficiently and effectively perform plan processing tasks, as well as provide excellent customer service to a large number of participants.

To assist in OBA LCWG communications, the Global Address List (GAL) in Microsoft Outlook contains a distribution list labeled OBA **LCWG** for e-mail/notification purposes.

## TP 23.1 Coordinate Large Cases

**07/01/2016**

| | |
|---|---|
| **Purpose** | To coordinate the OBA Large Case Working Group (LCWG) to ensure initial planning is done, issues are tracked, problems are resolved, and resources are identified and obtained for a large plan or family of plans |
| **Guidance** | N/A |
| **Procedure Owner** | OBA Large Case Working Group Chairperson |

The ▸OBA LCWG Chairperson establishes an ▸OBA LCWG from information obtained at the ▸TWG meetings and/or information received from ▸CFRD.

### OBA Large Case Working Group Chairperson

1. Identify the need for and establish an OBA LCWG.
2. Prior to the first OBA LCWG meeting, request the *Case Contact Sheet* from CFRD.
3. Schedule first OBA LCWG meeting and invite the representatives identified in the ▸Groups Represented in the OBA LCWG Table.
4. Send a meeting agenda that includes:
   - Pertinent items about the ▸plan and, if applicable, scheduled times for each agenda item.
   - Request for *Case Contact Sheet* from CFRD, if not already received.
5. Hold OBA LCWG meeting.

   At the initial meeting, CFRD and/or ▸OCC provide information on the status of the termination and trusteeship of the case.
6. Document the meeting minutes:
   - Complete the minutes within three business days after the meeting.
   - Send to the meeting attendees, who are given five business days to review.
   - Send the final meeting minutes to attendees of the meeting, OBA LCWG distribution list, and others at the Chairperson's discretion.
7. Hold additional OBA LCWG meetings as needed.

   **Note** The OBA LCWG meetings occur in the early stages of the case processing of a plan.

### Case Team

8. Establish and use the case work plan to identify the target dates for accomplishing significant milestones for the plan (s) and identifying the responsible parties. See Process 8.5 Plan Case and Create Case Work Plan.

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## TP 23.2 Resources for Coordinate Large Cases

**09/30/2016**

**Forms, Letters, and Memos:**

*Case Contact Sheet*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

*None*

**Exhibits:**

*None*

# TP 25 Small Plan Average Recovery Ratio (SPARR) and Small Plan DUEC Recovery Ratio (SPDRR)

**In this Section**

TP 25. Overview for Small Plan Average Recovery Ratio (SPARR) and Small Plan DUEC Recovery Ratio (SPDRR)
TP 25.1 Determine the Small Plan Average Recovery Ratio
TP 25.2 Determine the Small Plan DUEC Recovery Ratio
TP 25.3 Resources for Small Plan Average Recovery Ratio (SPARR) and Small Plan DUEC Recovery Ratio (SPDRR)

## TP 25. Overview for Small Plan Average Recovery Ratio (SPARR) and Small Plan DUEC Recovery Ratio (SPDRR)

**07/01/2016**

This technical procedure describes how PBGC determines the ▸Small Plan Average Recovery Ratio (SPARR) and ▸Small Plan DUEC Recovery Ratio (SPDRR), as described in Policy 6.7-1 4022(c) Amounts and Policy 6.7-2 DUEC Recovery Amounts, respectively. It also describes the information used to determine the SPARR, and when and how it is announced within PBGC.

The SPARR is the average recovery ratio of PBGC's recovery experience for ▸Unfunded Benefit Liabilities (UBL), and the SPDRR is the average recovery ratio of PBGC's recovery experience for ▸Due and Unpaid Employee Contributions (DUEC) for all ▸distress terminations and ▸PBGC-initiated terminations, regardless of plan size or sufficiency, with ▸Termination Initiation Dates (TID) in the SPARR period and SPDRR period, as applicable.

The SPARR is used to determine ▸4022(c) benefits, and the SPDRR is used to determine the value of a terminated plan's assets for benefit calculation purposes (1) for plans with ▸Unfunded Nonguaranteed Benefits that do not exceed $20 million, and (2) PBGC has determined the value of its recoveries under ERISA Section 4062(c) as of the SPARR and SPDRR Calculation Dates. (See Process 17.1E Determine ERISA §4022(c) Amount and Benefits Payable.)

The SPARR is computed by dividing the sum of the UBL recoveries for all plans to be included in that SPARR by the sum of the UBL claims for those plans. The SPDRR is computed by dividing the sum of the DUEC recoveries for all plans to be included in that SPDRR by the sum of the DUEC liability claims for those plans.

The SPARR and SPDRR are calculated by the SPARR & SPDRR Coordinator, ▸MCD, and upon concurrence by the Chief of Benefits Administration are announced within ▸OBA. SPARRs and SPDRRs are listed in Appendix H Historical SPARR and SPDRR Information.

# TP 25.1 Determine the Small Plan Average Recovery Ratio

**07/01/2016**

| | |
|---|---|
| **Purpose** | Determine the Small Plan Average Recovery Ratio (SPARR) for a particular year. |
| **Guidance** | ERISA 4062(b)<br>ERISA 4063<br>ERISA 4064<br>Policy 6.7-1 4022(c) Amounts<br>Policy 8.2-1 Valuation and Allocation of Recoveries |
| **Procedure Owner** | SPARR & SPDRR Coordinator, MCD |

1. Run the **CMS SPARR Report** as of the ▸SPARR Calculation Date. The report will include all plans that have a ▸Termination Initiation Date (TID) within the applicable SPARR Period. Note that the calculation of a ▸SPARR will be done as of a SPARR Calculation Date. (See Appendix H Historical SPARR and SPDRR Information for historical listing of SPARRs). However, assets, liabilities, and recovery amounts finalized and used in the prior fiscal year's SPARR will be fixed for all subsequent applicable fiscal year SPARR calculations.

   **Example:**

   For calculation of the FY 2007 SPARR, the

   **CMS SPARR Report**

   includes all SPARR plans with a ▸TID of 10/01/1999 through 09/30/2004.

2. Verify data on **CMS SPARR Report** against information on *Recovery Determination Memos* in ▸PBGC Image Viewer. Resolve any discrepancies with ▸CFRD.
3. Ensure that the following information in the ▸CMS SPARR Calculation Table is available to perform the calculation.
4. Within 20 days of the applicable SPARR Calculation Date, calculate the SPARR (expressed as a percentage rounded to the nearest hundredth) using the information identified and verified above, and shown in the ▸SPARR Equation Table.

   > **Note** Once calculated, a SPARR is fixed. The SPARR is not updated to reflect a subsequent adjustment to the value of a recovery for a plan. The adjusted recovery value will be reflected in SPARRs calculated after the date of the adjustment.

5. Once both the SPARR and SPDRR (see TP 25.2 Determine the Small Plan DUEC Recovery Ratio) have been determined, prepare and send the *SPARR and SPDRR Notification Memo* from the ▸MCD Manager to the Chief of Benefits Administration for concurrence.
6. Once the Chief of Benefits Administration concurs on the SPARR, announce to affected users and request that ▸PPD add the SPARR to Appendix H Historical SPARR and SPDRR Information.

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## TP 25.2 Determine the Small Plan DUEC Recovery Ratio

**07/01/2016**

| | |
|---|---|
| **Purpose** | Determine the Small Plan DUEC Recovery Ratio (SPDRR) for a particular year. |
| **Guidance** | ERISA 4062(b)<br>ERISA 4063<br>ERISA 4064<br>Policy 6.7-2 DUEC Recovery Amounts<br>Policy 8.2-1 Valuation and Allocation of Recoveries |
| **Procedure Owner** | SPARR & SPDRR Coordinator, MCD |

1. Run the **CMS SPDRR Report** as of the ▸SPDRR Calculation Date (equivalent to the ▸SPARR Calculation Date). The report will include all plans that have a ▸Termination Initiation Date (▸TID) within the applicable SPDRR Period. Note that the calculation of a SPDRR will be done as of a SPDRR Calculation Date. See Appendix H Historical SPARR and SPDRR Information for historical listing of SPDRRs. However, ▸DUEC claims and DUEC recovery amounts finalized and used in the prior fiscal year's SPDRR will be fixed for all subsequent applicable fiscal year SPDRR calculations.

   **Example:** For calculation of the FY 2007 SPDRR, the **CMS SPDRR Report** will include all SPDRR plans with a TID of 10/01/1999 through 09/30/2004.

2. Verify data on **CMS SPDRR Report** against information on the *Pension Information Profile* and *Recovery Determination Memos* in ▸PBGC Image Viewer. Resolve any discrepancies with ▸CFRD.

3. Ensure that the following information is available in the ▸CMS SPDRR Calculation Table to perform the calculation.

4. Within 20 days of the applicable SPDRR Calculation Date, calculate the SPDRR (expressed as a percentage rounded to the nearest hundredth) using the information identified and verified above and shown in the ▸SPDRR Equation Table.

   > **Note** Once calculated, a SPDRR is fixed. A SPDRR is not updated to reflect a subsequent adjustment to the value of a recovery for a plan. The adjusted recovery value will be reflected in subsequent SPDRRs calculated after the date of the adjustment.

5. Once both the ▸SPARR (see TP 25.1 Determine the Small Plan Average Recovery Ratio) and SPDRR have been determined, prepare and send the *SPARR and SPDRR Notification Memo* from the ▸MCD Manager to the Chief of Benefits Administration for concurrence.

6. Once the Chief of Benefits Administration concurs on the SPDRR, announce to affected users and request that ▸PPD add the SPDRR to Appendix H Historical SPARR and SPDRR Information.

# TP 25.3 Resources for Small Plan Average Recovery Ratio (SPARR) and Small Plan DUEC Recovery Ratio (SPDRR)

**09/30/2016**

**Forms, Letters, and Memos:**

*SPARR and SPDRR Notification Memo*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

- *ERISA 4062(b)*
- *ERISA 4063*
- *ERISA 4064*
- *Policy 6.7-1 4022(c) Amounts*
- *Policy 6.7-2 DUEC Recovery Amounts*
- *Policy 8.2-1 Valuation and Allocation of Recoveries*

**Exhibits:**

*None*

# TP 26 Request SSA Data

**In this Section**

TP 26. Overview for Request SSA Data
TP 26.1 Initiate Request for SSA Data
TP 26.2 Request SSA Earnings/Employment Data
TP 26.3 Manage and Safeguard SSA Data
TP 26.4 Resources for Request SSA Data

## TP 26. Overview for Request SSA Data

**01/31/2017**

PBGC may request earnings and employment data from ▸SSA in order to verify:

- That a customer is part of a ▸plan's population at ▸DOPT.
- A ▸participant's date of hire and/or ▸date of termination of employment.
- A customer's employment under a related pension plan.

PBGC also requests SSA earnings data needed to calculate benefits when no other data source is available. However, PBGC does not request SSA data in order to validate earnings from a data source.

### Authorizing SSA Data Requests

The *SSA Form 581 Authorization to Obtain Earnings Data from SSA*, used by PBGC to request earnings data generally requires the participant's (or ▸beneficiary's) signature. The participant's signature is valid for only 60 calendar days. If the signature is by a **mark** the requirements of Policy 8.5-1 Signature by Mark must be met if the signature was **not** notarized. See Appendix J Participant Forms Information for additional information about acceptable signatures. Once the signed form is reviewed by the processing unit for accuracy, *SSA Form 581 Authorization to Obtain Earnings Data from SSA* is signed and promptly forwarded to the ▸DMC Service Window.

Whenever possible, PBGC staff will get the participant's signature on *SSA Form 581 Authorization to Obtain Earnings Data from SSA* authorizing the request. There are some circumstances when a signature cannot be obtained. In these instances, PBGC will process the SSA earnings data request, but the data must be safeguarded and cannot be used unless the information obtained is safeguarded on future written work products (for example, benefit statements and databases). The *SSA Form 581 Authorization to Obtain Earnings Data from SSA* must be signed by a ▸DMD Supervisor.

While staff may request earnings information, they must have taken safeguard training provided by PBGC's Safeguard Officer and submitted a completed *Form 262 Access Authorization for IRS Safeguarded Information* to view safeguarded results.

### Processing and Managing SSA Data Requests

PBGC first attempts to obtain the necessary SSA information through SSA Online (direct terminal access). DMD has the direct terminal access, and is the central point in PBGC for all agency SSA information requests (including for other departments, such as the ▸Appeals Division and ▸STCD). Information that cannot be obtained through online access (that is, earnings data prior to January 1978) is obtained by forwarding the written requests to SSA. SSA researches the data and mails a response back to PBGC.

DMD's responsibilities include processing and managing the inventory of all SSA requests, including the safeguarding of certain SSA responses as required by PBGC Directives IM 10-2: Safeguarding Tax Return Information and IM 10-3: Protecting Sensitive Information.

SSA responses that must be safeguarded cannot be imaged. Therefore, all SSA earnings data received by the DMC is forwarded directly to DMD. DMD determines what earnings data are subject to safeguarding, logs all responses into the SSA Tracking Form and notifies the requestor.

Close coordination between ▸FBA staff and DMD staff is necessary when safeguarded earnings data is requested, since only authorized HQ staff can access safeguarded information. See *Listing of Employees Authorized to Access Federal Tax Information*. When safeguarded data is checked out, it must be returned by 4:00 p.m. on the same day.

Work products (for example, spreadsheets, databases, memos) that reference safeguarded information must also be safeguarded. Generally, work products may specify conclusions (for example, average compensation and length of employment) based on safeguarded information (for example, earnings information for specified years) without having to

be safeguarded. PBGC's Safeguard Officer provides training to staff on safeguarding requirements.

**Documenting Plan and Participant Files**

When archiving documents or imaging documents to plan or participant files, follow instructions in TP 16 Plan and Participant File Maintenance.

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## TP 26.1 Initiate Request for SSA Data

**01/31/2017**

| | |
|---|---|
| **Purpose** | To secure authorization for PBGC to obtain earnings and employment data from SSA so to help determine a person's benefit entitlement and/or correct benefit amount. |
| **Guidance** | *Listing of Employees Authorized to Access Federal Tax Information*<br>PBGC Directive IM 10-2 Safeguarding Tax Return Information<br>PBGC Directive IM 10-3 Protecting Sensitive Information<br>Policy 8.5-1 Signature by Mark |
| **Procedure Owner** | EBLS/PVA/FBA/PBA, STCD |

1. If the ▸participant or ▸beneficiary's address is known, prepare an *eALG 511 Plan Participation Information Request Letter* or *CCS 511* letter with *SSA Form 581 Authorization to Obtain Earnings Data from SSA* to the individual.
   - If the form is not available as an enclosure, access and print it from this procedure and attach it to the letter.
   - If sending the form to the spouse of a deceased participant, customize the letter to also request a copy of the death certificate and the marriage certificate.
   - If sending the form to a participant's authorized representative, customize the letter to also request a copy of the power of attorney document. This is required even if the requestor is a spouse or other relative.
2. Before mailing the request to the participant (or beneficiary of a deceased participant), ensure the *SSA Form 581 Authorization to Obtain Earnings Data from SSA* is pre-filled with the following information. (Note that while some of these fields will be pre-filled in the templates, others must be completed by the user.)
   - Pre-fill the Periods requested section under Number Holder's Information.
   - In the lower right corner of the form, note the Plan Number and requestor's name.
   - Do **not** enter the Taxpayer Identification Number (SSN) or other fields on the form.
3. If the participant's address is unknown, make all reasonable attempts to determine the correct address. See TP 4 Participant Addresses and EDD Elections.

   If circumstances make it impossible to obtain the participant's signature on the form, prepare *SSA Form 581 Authorization to Obtain Earnings Data from SSA* and submit to an Employee Benefits Supervisor for signature.

   > **Note** The results must be safeguarded.

4. Follow up as needed with the participant for the completed form. It is useful to make follow up requests after about 15 days due to the form's time sensitivity. (Follow-up is not required for Woodwork customers; see TP 19 Woodwork Customers).

   *SSA Form 581 Authorization to Obtain Earnings Data from SSA* must be received within **60 days of the signature date** to be processed.
5. When the signed form is received, review for accuracy to ensure it is completed and signed by the participant or beneficiary and that the signatures are acceptable, as described in Appendix J Participant Forms Information. If necessary, return the form to the customer for missing information or signature. **Do not** forward an incomplete form to ▸DMD.
   - If someone signs as power of attorney or guardian for the participant, ensure the appropriate documentation is on file and approved by PBGC before processing the form. See TP 49 Power of Attorney and Guardianship.
   - If the form is returned by a deceased participant's beneficiary without a copy of the death certificate, determine if it is available in ▸Image Viewer. If not, follow up with the beneficiary to obtain a copy of the death certificate before proceeding.

     > **Note** Be aware that often a beneficiary or surviving spouse will complete the request form improperly, providing their name and Social Security number instead of the deceased participant's. Ensure the form is completed correctly before forwarding them to DMD in

order to prevent processing delays.

6. After the completed and signed form is received from the participant proceed according to office location:
   - **Headquarters staff**: Print the form for the DMD Supervisor's signature, complete sections 1-9 of the *SSA Safeguard Tracking Form*, and forward the form to the ▸DMC Service Window for processing. If the form does not have the supervisor's signature under section 9, it will be returned to the requestor.
   - **FBA/PVA offices**: E-mail pdf versions of the completed form from the participant's ▸IPS file and the *SSA Safeguard Tracking Form* with sections 1-9 completed to the ▸SSA Requests mailbox. For these requests, DMD staff will sign as Supervisor.
7. In situations where the request is signed by an authorized PBGC official, continue to make efforts to have the form completed and signed by the participant and upon receipt forward it to the DMC Service Window for processing.

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## TP 26.2 Request SSA Earnings/Employment Data

**01/31/2017**

| | |
|---|---|
| **Purpose** | Obtain earnings and/or employment data from SSA. |
| **Guidance** | PBGC Directive IM 10-2 Safeguarding Tax Return Information<br>PBGC Directive IM 10-3 Protecting Sensitive Information |
| **Procedure Owner** | SSA Coordinator, DMD |

1. Upon receipt ensure that the completed *SSA Safeguard Tracking Form* (sections 1-9) is attached and enter the requests for ▸SSA earnings data into *SSA Tracking Sheet* spreadsheet. Record whether the data will be subject to ▸safeguarding, (see TP 26. Overview SSA Data Request Summary).
2. Review the form for timeliness and completeness:
   - All applicable fields in the Number Holder's Information section, including the signature and date, must be completed.
   - The signature date must be within **60 days** of the date the form is submitted to SSA.
3. Log into SSA Online and query the SSA database for the relevant information.
4. Print the results and notify the requestor.

   **OBA Requests**

   - If the earnings data is not safeguarded: Forward printout of results to ▸DMC for imaging. (DMC processes as received mail, and provides notification to the requestor through ▸CRM that SSA data has been received and may be viewed in ▸PBGC Image Viewer.) If insufficient data is available online, notify the requestor that the request is being forwarded to SSA for additional research.
   - If the earnings data is safeguarded: Notify the initiator by e-mail that the results have been received and are available in the Safeguard Room. If insufficient data is available online, notify requestor that the request is being forwarded to SSA for additional research.

   **Other Dept Requests (Appeals Division, STCD/IPD)**

   - If the earnings data is not safeguarded: Forward a printout of the results to the DMC for imaging (DMC processes as received as mail). Notify the initiator by e-mail that results have been received and imaged. If insufficient data is available online, notify the requestor that the request is being forwarded to SSA for additional research.
   - If the earnings data is safeguarded: Notify the initiator by e-mail that the results have been received and are available in the Safeguard Room. If insufficient data is available online, notify the requestor that the request is being forwarded to SSA for additional research.
5. Update the *SSA Tracking Sheet* with details about the online search results and notice to user (date submitted to DMC or notice provided to requestor).
6. If no information or incomplete information is available from SSA Online, send the original form to SSA and update the *SSA Tracking Sheet*.

   > **Note** The Document Management Center **does not** image the SSA earnings data since it is subject to safeguarding. All SSA responses are directly delivered to the DMC Service Window. The SSA Coordinator reviews the SSA responses and updates the *SSA Tracking Sheet* for receipt of data. The SSA Coordinator sorts the responses into safeguarded and non-safeguarded responses, and separates out non-▸OBA (the Appeals Division and ▸STCD/IPD) requests that are non-safeguarded.
7. If the earnings data is not safeguarded, forward the SSA responses to DMC for imaging and entry to ▸CRM. Update the *SSA Tracking Sheet*. No further action is required by SSA Coordinator with respect to these requests.
8. If the earnings data is safeguarded, contact initiator by e-mail and notify them that the results are in and available in the Safeguard Room.
9. Each month, review the *SSA Tracking Sheet* for requests that have been outstanding for more than 60 business days. When requests are more than 60 business days old, send a written inquiry for status to SSA.

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# TP 26.3 Manage and Safeguard SSA Data

**01/31/2017**

| | |
|---|---|
| **Purpose** | To track all agency requests for data from SSA and Safeguard data in accordance with PBGC directives. |
| **Guidance** | PBGC Directive IM 10-2: Safeguarding Tax Return Information<br>PBGC Directive IM 10-3: Protecting Sensitive Information |
| **Procedure Owner** | SSA Coordinator (DMD) |

The ▸Data Management Division maintains and operates the Safeguard Room for the purpose of obtaining earnings data from the Social Security Administration (▸SSA). The Safeguard Room provides a secure storage area for Social Security and Safeguard information. Safeguard personnel provide access to all authorized Safeguard data as requested. Retrieval and usage follows the PBGC Safeguard requirements described in the following sections.

### Change Safeguarded Status of SSA Information

1. Upon receipt of a properly completed *SSA Form 581 Authorization to Obtain Earnings Data from SSA* with the ▸participant's or ▸beneficiary's signature that was previously authorized by a PBGC official, update the *SSA Tracking Sheet*.
2. Process the completed form in accordance with TP 26.2 Request SSA Earnings/Employment Data.
3. Update the *SSA Tracking Sheet*.

### Secure Safeguard Room

The room includes direct terminal access for all SSA data, so the SSA Coordinator must:

- Control and keep the Safeguard Room locked at all times.
- Control access to the Safeguard Room by cipher lock.
- Restrict authorized access to employees whose duties require access to the Safeguard Room.
- Be responsible for:
  - Changes to the cipher lock combination and keeping a record of the employees who have access to the room.
  - Changes to the lock combination if an employee who has the combination transfers to a new detail or departs.
  - Changing the lock combination once a year or when otherwise necessary.
- Make access to the Safeguard Room:
  - Available for service from 8:00 A.M. to 4:00 P.M., Monday through Friday.
  - Closed on Saturday, Sunday, and Holidays.
- Allow authorized PBGC employees to check out until 4:00 p.m. on the same day safeguarded information.
- Do not allow authorized employees from other departments to retain safeguarded materials overnight except in special circumstances, for example, litigation.
- When an employee returns safeguarded data that is no longer needed, destroy the data immediately or after no longer than 30 days. If Safeguard data is on hold, check with the requestor on a regular basis to see if the data is still needed; if not, destroy the data immediately or after no longer than 30 days.

### Secure Authorized Terminals

In securing the authorized terminals in the Safeguard Room, follow these requirements:

- Lock terminals when not in use.

- Allow only authorized employees access to terminals in the Safeguard Room.
- Keep the Safeguard Room locked when unattended.
- Keep all documents containing Safeguard information in a locked file cabinet within the Safeguard Room when not in use.

**Track Safeguard Information Requested, Received, and Disposed**

Maintain the *SSA Tracking Sheet* to keep records of all safeguard information requested and received from the SSA, with the following information as safeguard information is requested, received, and disposed:

- Plan Sponsor Name
- Participant Name
- Participant Social Security Number
- Requestor Name
- Comments
- Date Requested
- Date Sent to SSA
- Date Received

**Checking Out/In of Safeguard Information**

Safeguard Room personnel must provide check-out services to PBGC authorized employees. These services follow Safeguard retrieval and usage requirements established by PBGC. Follow these requirements when checking Safeguard information out and in:

- Place information in file folders with the *Form 347 Protection and Reproduction of Safeguard Information* attached.
- Check that the requestor's name is on the *Listing of Employees Authorized to Access Federal Tax Information* before releasing information.
- Have the requestor show identification prior to checking out Safeguard information and:
  - When checking materials out, sign the *SSA Tracking Sheet* indicating the ▸plan name, participant name, Social Security Number (▸SSN), date and time signed out, and the requestor's name and extension.
  - When checking materials in, sign the *SSA Tracking Sheet* with the time and date materials were returned.
- As the SSA Coordinator, do **not** accept the *Form 262 Access Authorization for IRS Safeguarded Information* from requestors, and do **not** make exceptions to releasing data. The ▸MCD Security Officer receives and maintains all *Forms 262 Access Authorization for IRS Safeguarded Information***.** Do **not** release Safeguard information until the requestor's name is on the *Listing of Employees Authorized to Access Federal Tax Information***.**

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## TP 26.4 Resources for Request SSA Data

**01/31/2017**

**Forms, Letters, and Memos:**

- *SSA Form 581 Authorization to Obtain Earnings Data from SSA*
- *SSA Safeguard Tracking Form*

**Customer Correspondence and Forms:**

- *CCS 511*
- *eALG 511 Plan Participation Information Request Letter*
- *Form 262 Access Authorization for IRS Safeguarded Information*
- *Form 273 Debriefing for IRS Safeguarded Information*
- *Form 347 Protection and Reproduction of Safeguard Information*

**Guidance:**

- *Listing of Employees Authorized to Access Federal Tax Information*
- *PBGC Directive IM 10-2: Safeguarding Tax Return Information*
- *PBGC Directive IM 10-3: Protecting Sensitive Information*
- *Policy 8.5-1 Signature by Mark*

**Exhibits:**

*None*

# TP 27 Conflict of Interest

**In this Section**

TP 27. Overview for Conflict of Interest
TP 27.1 Conflict of Interest Duties for All OBA Staff
TP 27.2 Conflict of Interest Monitoring for Supervisors
TP 27.3 Resources for Conflict of Interest

# TP 27. Overview for Conflict of Interest

**07/01/2016**

This procedure covers ▸OBA's process for avoiding actual and potential conflicts of interest.

**Responsibilities**

All OBA federal employees responsible for processing PBGC ▸benefit determinations or PBGC ▸benefit payments must avoid any actual and potential conflicts of interest between their PBGC official duties and their own personal interests. In order to avoid conflicts of interest, employees must disqualify themselves in questionable situations. Disqualified employees must not handle, and are prohibited from accessing the electronic or paper records associated with benefit determinations or benefit payments related to the employee's potential conflict. Disqualified employees may help supply information needed to support benefit determinations and benefit payments when appropriate.

PBGC must ensure that it operates efficiently and honestly to instill confidence in the integrity of its actions. It is the federal employee's ethical obligation to avoid actual or potential conflicts of interest (COI) with their official duties. This includes reporting a potential conflict as soon as he or she learns of it and to avoid contact with PBGC records related to the conflict (for example, not accessing the ▸IPS file and ▸Spectrum records associated with the conflict). OBA takes certain action to control the risks associated with potential conflicts but cannot prevent the possibility of conflicts. Each federal employee must avoid COI and comply with the Federal conflict of interest statutes, the Procurement Integrity Act, the Standards of Ethical Conduct for Executive Branch employees (Standards of Conduct), and this procedure.

Without prior authorization, OBA federal employees involved in benefit determinations or benefit payments must disqualify themselves from participating in any official matter that will affect their own financial interest, such as a benefit payment, or the financial interests of (1) a spouse; (2) minor child; (3) a general partner; (4) an organization or entity for which the employee serves as officer, director, trustee, general partner, or employee; and (5) person with whom the employee is negotiating for or has an arrangement concerning prospective employment. In addition, OBA federal employees must disqualify themselves from participating in any official matter that will affect the financial interest, such as a benefit payment, of a person or entity with whom the employee has a "covered relationship." An employee has a covered relationship with:

1. Persons who are members of the employee's household.
2. Relatives with whom the employee has a close personal relationship.
3. Persons with whom the employee has or seeks a business, contractual, or other financial relationship. For example, a prospective employer or a business partner.
4. Persons for whom the employee's spouse, parent, or dependent children serve as officer, director, trustee, general partner, agent, attorney, consultant, contractor, or employee. Examples: Your spouse's business partner or supervisor, your father's (who is an attorney) client, a religious institution for which your mother is on the board of directors.
5. Persons for whom the employee has served, within the last year, as officer, director, trustee, general partner, agent, attorney, consultant, contractor, or employee. Examples: Same as in item 4 above except it is you instead of your spouse, father, or mother and the service was within the last year.
6. Organizations, other than a political party, in which the employee is an active participant. Examples: Your social club, charitable organization, or professional association.

Other relationships or circumstances not listed may also create a potential conflict of interest. OBA federal employees should bring these to the attention of ▸OGC.

OBA federal employees must alert OBA management to a potential COI in these cases and avoid accessing any PBGC records associated with the conflict. OBA management will consult with OGC to determine whether an actual or potential COI exists. If an actual or potential COI is determined, the matter causing the conflict will be assigned by the supervisor of record to another employee with similar responsibilities but no personal interest in the matter.

Specific actions OBA staff must take are addressed in the processing sections of this procedure.

**Monitoring**

OBA manages the risk associated with non-compliance by:

- Requiring all OBA federal employees to submit a *Conflict of Interest Statement Form* annually.
- Consulting with OGC to address potential conflicts disclosed on *Conflict of Interest Statement Forms* by OBA federal employees.
- Verifying annually that relevant Supervisors are aware of potential conflicts disclosed on *Conflict of Interest Statement Forms* and have been provided any guidance specific to the potential conflict from OGC.
- Reassigning work immediately if an actual or potential COI is determined.
- Requiring OBA federal employees to complete annual training on the Privacy Act, information security, and ethics, and by coordinating with other departments to identify employees who have failed to meet their training requirements.

Specific monitoring actions are described in TP 27.2 Conflict of Interest Monitoring for Supervisors.

**Consequences of Non-compliance**

The consequences for non-compliance are addressed by various laws.

- The ▸Privacy Act of 1974, as amended at 5 U.S.C. § 552a, protects records that can be retrieved by personal identifiers by limiting the disclosure of the records without the consent of the individual to whom the records pertain. Protected records may be disclosed, without consent, to employees of the agency who have a need for the record in the performance of their duties. A willful violation of the Privacy Act by an employee is a misdemeanor and may result in a fine up to $5,000.
- Section 208(a) of title 18 of the United States Code prohibits a federal employee from participating personally and substantially, in an official capacity, in a particular matter in which the employee has a financial interest if the matter will have a direct and predictable effect on the interest. An employee who violates 18 U.S.C. § 208(a) may be imprisoned up to five years and/or fined a civil penalty of not more than $55,000 per each violation.
- In addition to the criminal conflict of interest statutes, the conduct of federal employees is subject to regulatory standards set forth in the Standards of Ethical Conduct for Employees of the Executive Branch (Standards of Conduct). A violation of the Standards of Conduct by a federal employee may result in disciplinary actions. The Standards of Conduct contain provisions intended to ensure that an employee takes appropriate steps to avoid conflicts of interest by prohibiting, for example: 1) the acceptance of gifts from prohibited sources, 2) the use of public office for private gain, and 3) the improper use of nonpublic information. The Standards of Conduct also require federal employees to be concerned about the appearance of a loss of impartiality, including appearances that might arise from outside business or personal relationships.

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## TP 27.1 Conflict of Interest Duties for All OBA Staff

**07/01/2016**

| | |
|---|---|
| **Purpose** | To ensure compliance with OBA's conflict of interest procedures. |
| **Guidance** | N/A |
| **Procedure Owner** | All OBA Federal employees |

In addition to the responsibilities described in TP 27 Overview for Conflict of Interest, Federal staff must complete the following actions.

1. By the last business day of January each year, submit a *Conflict of Interest Statement Form* to the direct supervisor.

   **Note** New hires must submit the form within two weeks of their employment start date.

2. Each year, complete the following training:
   a. Either Privacy Awareness or Privacy Refresher Training
   b. Information Security Awareness Training
   c. Annual Ethics Training (as required by position)
3. If at any time an actual or potential conflict of interest develops, notify the appropriate supervisor or ▸COR immediately.

## TP 27.2 Conflict of Interest Monitoring for Supervisors

**07/01/2016**

| | |
|---|---|
| **Purpose** | To monitor Federal employees for actual or potential conflicts of interest and take appropriate action as needed. |
| **Guidance** | N/A |
| **Procedure Owner** | OBA Supervisors |

In addition to the responsibilities described in TP 27 Overview for Conflict of Interest, Federal supervisors must complete the following actions.

1. Each January, ensure that all direct reports have submitted a *Conflict of Interest Statement Form*.
2. Each October, ensure that all direct reports have completed the following training during the previous fiscal year:
   a. Either Privacy Awareness or Privacy Refresher Training
   b. Information Security Awareness Training
   c. Annual Ethics Training (as required by position)
3. Ensure that any employee who reports a potential conflict of interest is removed from any role in processing benefits under the plan while the conflict exists. Such actions include:
   a. Removing the employee from the ▶CMS case team for the plan
   b. Assigning no work to the employee that may involve a known or potential conflict of interest
4. Refer any questions concerning conflicts of interest to ▶OGC.

## TP 27.3 Resources for Conflict of Interest

**09/30/2016**

**Forms, Letters, and Memos:**

*Conflict of Interest Statement Form*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

*None*

**Exhibits:**

*None*

# TP 28 Approve Financial & Non-Financial Transactions through Approval Service

**In this Section**

TP 28. Overview for Approve Financial & Non-Financial Transactions through Approval Service
TP 28.1 Initiate Electronic Transaction that Requires Approval
TP 28.2 Approve or Reject Electronic Transaction
TP 28.3 Request Temporary Approver
TP 28.4 Request Approvers
TP 28.5 Confirm Approvers/Levels
TP 28.6 Resources for Approve Financial and Non-Financial Transactions through Approval Service

## TP 28. Overview for Approve Financial & Non-Financial Transactions through Approval Service

**02/27/2017**

This technical procedure describes the approval of electronic transactions using ▸AWA, the user interface for the Approval Service. Manual changes that may require approval of a second party are not handled through the Approval Service.

The electronic transactions that must be reviewed and approved through Approval Service before transmission to ▸PLUS at ▸PBGC's paying agent include financial and non-financial transactions. The types of transactions that require approval in ▸Spectrum and ▸CRM are documented within those systems.

The **Approval Levels Table** describes the approval levels. Each transaction is assigned to an approver of the appropriate level who is part of the Case Team. These assignments are done randomly amongst the available approvers. Some cases may have a limited number of targeted approvers (Inclusions) available for a plan but at least two approvers at levels 10, 20, 25, and 30 are required. These cases are determined by management and established through a request to the ▸BPD Access and Approval Administrator.

Each approver is responsible for ensuring adequate coverage during absences or other times of unavailability, particularly if scheduled close to or through the relevant financial approval deadline. Requests for a Temporary (Substitute) approver are forwarded to the BPD Access and Approval Administrator via the BPD AWA-▸SAT Assignments portal.

**Approval Levels Table**

| Approval Level | Dollar Amounts for Lump Sums/Back Payments | Dollar Amounts for Monthly Payments | Authorizer Type |
|---|---|---|---|
| 10 | Up to $4,999.99 | Up to $999.99 | ▸CSD federal staff (GS 9–11); In-House Contract Supervisor (CSD support) and Missing Participant Supervisor; ▸FBA/▸PVA Senior Pension Administrator and Team Leader |
| 20 | Up to $14,999.99 | Up to $1,499.99 | CSD federal staff (GS 12); FBA/PVA Project Manager, Assistant Project Manager, and Supervisor; In-house Contract Project Manager and Assistant Project Manager |
| 25 | Up to $19,999.99 | Up to $2,999.99 | CSD federal staff (GS 13) |
| 30 | Up to $24,999.99 | Up to $5,999.99 | CSD non-management federal staff (GS 14) |
| 40 | Up to $49,999.99 | Up to $17,499.99 | CSD Manager and Branch Supervisors; ▸OBA Management & Program Analyst (GS 15) |
| 50 | $50,000 and Up | $17,500 and Up | ▸PPD Supervisory Policy Advisor; ▸Participant Services Department Director or designee |

**Notes**

- Deviations from indicated statuses must be approved by the CSD Manager.
- Temporary approvers must meet the status requirements one level below their temporary assignment level. For example, an EBLS (GS 12), normally at level 20, may be temporarily assigned at level 25.
- All data loads require authorization by an approver of level 40 or above. Any level 40 approver can approve a data load, regardless of the payment amounts involved.

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# TP 28.1 Initiate Electronic Transaction that Requires Approval

**08/30/2016**

| | |
|---|---|
| **Purpose** | To ensure completed electronic transactions are implemented through the approval process. |
| **Guidance** | Benefit Payment Schedule on Intranet<br>*Spectrum User Manual* |
| **Procedure Owner** | EBLS/PVA/FBA/PBA, CSD Management |

**EBLS/PVA/FBA/PBA**

1. Review the transaction and determine the correct approval level (see the Approval Levels Table in TP 28. Overview for Approve Financial & Non-Financial Transactions through Approval Service).
2. Consult the Benefit Payment Schedule to determine the approval deadline for the applicable month and transaction type.

   Forward Level 50 transactions in AWA and provide supporting documentation (listed in step 4) as early as possible to improve the likelihood that the review, revisions (if needed) and payment will occur in time to meet the targeted payment date. Payment authorization requests must be submitted no later than **3 business days** before the last cutoff stated in the Benefit Payment Schedule.
3. Forward transaction sufficiently in advance of the approval deadline for the appropriate check cycle to ensure processing:
   - Transaction has a problem:
     - Alert the approver to reject the transaction.
     - Return to initiator so the necessary change is made in a timely manner.
     - Resubmit the transaction for approval.
   - Transaction does not have a problem: Continue to step 4.
4. Prepare the required supporting documentation for approval:
   - If the transaction is at approval levels 10 through 40:
     a. Prepare the supporting documentation required by ▸CSD management.

        Consult with CSD management for specifics on supporting documentation requirements.

     b. Continue to step 5.
   - If the transaction is at approval level 50:
     a. Gather all supporting documentation from the payee's IPS file and save in PDF format.
     b. Prepare the following documents:
        i. *Level 50 Approval Memo* – Completed by the preparer with the reviewer's signature. (The reviewer's signature is not required if the initiator is at reviewer level). The reviewer is determined by the preparer's office or title, as follows:
           1. FBA/PBA/PVA: Supervisor, Asst. Project Manager or Project Manager
           2. EBLS: Employee Benefits Supervisor
        ii. *Level 50 Payment Checklist* – Completed with signature of same individual who reviewed and signed the *Level 50 Approval Memo*. (The reviewer's signature is not required if the initiator is at reviewer level).
        iii. Level 50 Payment Approval Checklist for PPD – Pre-fill the top portion through **PBGC Case Number** and submit in Word format.
     c. Forward all supporting documentation and memoranda to the Level 50 Paymt Auth mailbox.

        PPD will contact the submitter with questions or to request additional documentation, as needed.
5. Query Approval Service to determine the assigned approver.

   Follow up with the approver, if necessary, to ensure that the transaction is approved before the cut-off date.

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## TP 28.2 Approve or Reject Electronic Transaction

**08/30/2016**

| | |
|---|---|
| **Purpose** | To review and approve or reject changes to payee records. |
| **Guidance** | Benefit Payment Schedule on Intranet<br>*Spectrum User Manual* |
| **Procedure Owner** | Approver |

1. Review whether the record submitted has the correct data and processing.

   Use ▸Spectrum, ▸PBGC Image Viewer, and the supporting documentation to verify the data. The *Level 50 Approval Memo* and the *Level 50 Payment Checklist* accompany a level 50 approval:

   - If the transaction is at approval levels 10 through 40: Continue to step 2.
   - If the transaction is at approval level 50:
     a. Review the *Level 50 Approval Memo* and the *Level 50 Payment Checklist.*
     b. Continue to step 2.
2. Contact the initiator with any questions about the transaction.
3. Prior to the cut-off date for the monthly check cycle (see the Benefit Payment Schedule), approve or reject the transaction:
   - If the transaction is correct, approve the transaction in ▸AWA or by signing the appropriate ▸NFDE form, as applicable. For a level 50 payment, complete the *Level 50 Payment Approval Checklist for PPD*.
   - If the transaction is not correct, reject the transaction and notify the initiator by e-mail that the transaction has been rejected and why.

**Note** If a transaction requires modification, it must be rejected so that the initiator may make the necessary modifications. Once modified, the transaction is resubmitted for approval. ▸Approvers may not modify transactions, only approve or reject them.

# TP 28.3 Request Temporary Approver

**07/01/2016**

| | |
|---|---|
| **Purpose** | To ensure that approvers have temporary backups as needed so that customers' transactions are approved in a timely manner. |
| **Guidance** | Benefit Payment Schedule on Intranet<br><br>*Spectrum User Manual* |
| **Procedure Owner** | Approver, CSD Management, Contract Support Management, BPD Access and Approval Administrator |

**Approver**

1. Schedule a planned absence (for example, a vacation or travel).

**CSD and Contract Support Management**

2. Request assignment for a temporary ▸approver via the ▸BPB ▸AWA-▸SAT Assignments portal using the **On Demand - Change Request** function in the respective organization assignment portlet at least **three business days** prior to the scheduled absence of the approver and include the following:
   - Name of Permanent Approver
   - Name of Temporary Approver
   - Effective begin date
   - Effective end date
   - Confirmation that the Temporary Approver meets the appropriate approval level criteria, or request exception to criteria (see TP 28. Overview for Approve Financial & Non-Financial Transactions through Approval Service)

   The pending change request populates the **AWA On Demand Submission** queue and the portal automatically sends an e-mail notice of the pending change request to the ▸BPD Access and Approval Administrator.

   > **Note** Temporary Approver assignments do not permit a user to approve transactions that the user initiated and may not exceed fourteen calendar days.

**BPD Access and Approval Administrator**

3. Fulfill the pending change request.

   After the change request is fulfilled, the change request populates the **Completed Approval Submission** queue and the portal sends an e-mail confirmation automatically to the requestor.

## TP 28.4 Request Approvers

**07/01/2016**

| | |
|---|---|
| **Purpose** | To establish case-specific Approval Service approvers, as needed, so knowledgeable staff efficiently approve customers' transactions and to prevent a user from approving Spectrum transactions in a specific case. |
| **Guidance** | Benefit Payment Schedule on Intranet<br><br>*Spectrum User Manual* |
| **Procedure Owner** | CSD Management, Contract Support Management, BPD Access and Approval Administrator |

Management must request all inclusions and exclusions via the ▸BPB ▸AWA-▸SAT Assignments portal.

Targeted ▸approvers are used on specific cases when management has determined it advisable to assign the staff familiar with the plan specifics.

Exclusions are employees that management determines cannot approve customers' transactions in a case, for example, where there is a conflict of interest.

**In this Section**

TP 28.4A Request Targeted Approver (Inclusions)
TP 28.4B Request to Exclude an Employee from a Case (Exclusions)

**TP 28.4A Request Targeted Approver (Inclusions)**

**07/01/2016**

**CSD and Contract Support Management**

1. In the ▸BPB ▸AWA-▸SAT Assignments portal, prepare a change request using the **On Demand - Change Request** function in the respective organization assignment portlet and include the following:
   - Case name
   - ▸PBGC case number
   - Names of targeted ▸approvers and approval levels

   The pending change request populates the **AWA On Demand Submission** queue and the portal automatically sends an e-mail notice of the pending change request to the ▸BPD Access and Approval Administrator.

**BPD Access and Approval Administrator**

2. Review the change request and verify:
   - Request is from appropriate management level.
   - Approvers meet criteria in the **Approval Levels Table** in TP 28. Overview for Approve Financial & Non-Financial Transactions through Approval Service.
   - For each level (10, 20, 25 and 30), at least two approvers are identified.
3. Fulfill the pending change request.

   After the change request is fulfilled, the change request populates the **Completed Approval Submission** queue and the portal sends an e-mail confirmation automatically to the requestor.

**TP 28.4B Request to Exclude an Employee from a Case (Exclusions)**

**07/01/2016**

**CSD and Contract Support Management**

1. In the ▸BPB ▸AWA-▸SAT Assignments portal, prepare a change request using the **On Demand - Change Request** function in the respective organization assignment portlet and include the following:
   - Case name
   - ▸PBGC case number
   - Names of users to exclude (see TP 27 Conflict of Interest)

   The pending change request populates the **AWA On Demand Submission** queue and the portal automatically sends an e-mail notice of the pending change request to the ▸BPD Access and Approval Administrator.

**BPD Access and Approval Administrator**

2. Review the change request and verify that the request is from the appropriate management level.
3. Fulfill the change request.

   After the change request is fulfilled, the change request populates the **Completed Approval Submission** queue and the portal sends an e-mail confirmation automatically to the requestor.

**Note** Once management identifies the employees as unsuitable ▸approver and the change request is fulfilled, the system will not assign transactions in the specified case to the employees.

## TP 28.5 Confirm Approvers/Levels

**07/01/2016**

| | |
|---|---|
| **Purpose** | To verify the approval levels for all types of approvers are met. |
| **Guidance** | N/A |
| **Procedure Owner** | BPD Management Analyst, CORs, and BPD Access and Approval Administrator |

To ensure adequate separation of duties, the ▸BPD Access and Approval Administrator only implements changes provided but does not participate in running or verifying the list of ▸approvers.

**BPD Management Analyst**

1. By the seventh calendar day of the quarter, initiate the quarterly confirmation of approvers by generating the ▸AWA/▸*SAT Quarterly Confirmation Report*.
2. Verify the list includes all types of approvers and roles:
   - Approvers
   - Sub-Approvers (also known as Temporary Approvers)
   - Self-Approvers
   - Queue Monitors
   - Case Inclusions
   - BENADMIN Role
   - BENLOAD Role

   > **Note** Any approver may have multiple roles if the approver meets the criteria set forth in TP 28. Overview for Approve Financial & Non-Financial Transactions through Approval Service).
3. Sort and separate the list of approvers by ▸CSD and ▸FBA/▸PVA/▸PBA.
4. In the ▸BPB AWA-SAT Assignments portal, post a copy of the *AWA/SAT Quarterly Confirmation Report* to each distribution list.

   The portal automatically sends an e-mail requesting all CSD managers and ▸CORs and copies the FBA/PVA/PBA Principals to validate or correct all listed approvers within **three business days**.

**CSD Managers and CORs**

5. Respond to the automatic request from the BPB AWA-SAT Assignment portal within **five business days** and follow the instructions provided in the e-mail.

   > **Note** Responses are accepted only from CSD managers and CORs.

**BPD Access and Approval Administrator**

6. Monitor the responses in the **Quarterly Submission** queue for change requests.
7. Implement the change requests within three business days of receipt.

   Once the change requests are completed, the change requests automatically move from the **Quarterly Submission** queue to the **Final Submission** queue on the BPB AWA-SAT Assignments portal for final review.

**BPD Management Analyst**

8. Monitor responses:
   - After **five business days**, send a **Late Quarterly Notification** with the response deadline via the BPB AWA-SAT Assignments portal to each non-respondent and follow up with a phone call.
   - After **seven business days**, report any non-respondent to the BPD Manager.

The responses to the request trigger an automatic e-mail notice via the portal to the BPD Access and Approval Administrator and BPD Management Analyst.

9. Prepare *Summary AWA/SAT Quarterly Confirmations Memo* for the BPD Manager and *Quarterly Approval Confirmation Summary Report* by the last business day of the month after the quarter.
   - **Example**

     The quarter ends January 2013 and the report is due by the last business day of February 2013.

   The report summarizes the confirmation process and describes all of the changes.
10. Generate the *Final AWA/SAT Quarterly Confirmation Report* and upload to the quarters folder on the portal.

**BPD Access and Approval Administrator**

11. Implement the change requests received via the BPB AWA-SAT Assignments portal within **three business days** of receipt of the requests.

    Once the change requests are completed, the change requests automatically move from the **Quarterly Submission** queue to the **Final Submission** queue on the BPB AWA-SAT Assignments portal for final review.

**BPD Management Analyst**

12. Check periodically for completed change requests in the **Final Submission** queue on the BPB AWA-SAT Assignment portal for final review.

    The completed change requests are reviewed in batches, not individually.
13. Complete the final review within **five business days**.

    The list of approvers is reconciled against the list of change requests found in the **Completed Approval Submission** queue.

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## TP 28.6 Resources for Approve Financial and Non-Financial Transactions through Approval Service

**09/30/2016**

**Forms, Letters, and Memos:**

- *AWA/SAT Quarterly Confirmation Report*
- *Final AWA/SAT Quarterly Confirmation Report*
- *Level 50 Approval Memo*
- *Level 50 Payment Approval Checklist for PPD*
- *Level 50 Payment Checklist*
- *Quarterly Approval Confirmation Summary Report*
- *Summary AWA/SAT Quarterly Confirmations Memo*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

- *Benefit Payment Schedule*
- *Spectrum User Manual*

**Exhibits:**

*None*

# TP 29 Off-Cycle Payment

**In this Section**

TP 29. Overview for Off-Cycle Payment
TP 29.1 Determine Need and Initiate Off-Cycle Payment Request
TP 29.2 Review Off-Cycle Payment Requests
TP 29.3 Resources for Off-Cycle Payment

## TP 29. Overview for Off-Cycle Payment

**07/01/2016**

**Note** After the implementation of Spectrum 4.0 State B is complete, off-cycle payments will be made in Spectrum and included in the weekly check run, and this procedure will be required only for off-cycle payments that cannot be made through Spectrum. See the Spectrum User Manual and Spectrum Release Notes on the Spectrum Home page for further information. To stop and reissue a check, see TP 45.2A Stop and Reissue Unpaid Check.

PSD processes benefit payments through Spectrum according to the monthly check cycle and electronically transmits the payments each month to PLUS at PBGC's paying agent. Processing staff are responsible for timely and accurate entry and approval of participant information in Spectrum, following the check cycle deadlines so that payments are made on time. See TP 20 Benefit Payments, TP 21 Change Benefit Payment Amount and TP 28 Approve Financial and Non-Financial Transactions through Approval Service for information about payments made following the monthly check cycle.

Occasionally, a participant does not receive an expected payment. When this occurs, the processing staff determines the reason for the non-payment and takes action to correct the situation. If a payment is missed, PBGC requests that PBGC's paying agent issue a payment outside the normal monthly check cycle, referred to as an off-cycle payment. Off-cycle payments can be made for annuities, back payments, or lump sums.

An off-cycle payment is requested when non-payment occurs due to either of the following:

- **System issue.** A payment transaction failed in Spectrum or there was an error or technical problem in the transmission process to the PLUS system.
- **Processing issue unrelated to systems.** An expected payment was not processed before the cut-off date and an off-cycle payment is necessary to meet PBGC's commitment to the customer.

The processing staff may also request an off-cycle payment under the following conditions:

- The payee demonstrates a financial hardship.
- PSD receives a Congressional inquiry.
- PSD receives a Problem Resolution Office (PRO) inquiry.
- PSD learns of an ACH payment deposited to the wrong account.
- PSD receives a *Payee Information Form* from a payee previously suspended for non-receipt of the form.

In all cases, once the customer record is established in Spectrum (if not done previously), the processing staff prepares the *Off-Cycle Payment Request Memo* and submits it with supporting documentation directly to the PSD for approval. If necessary, the FBA/PVA also forwards a copy of the request to the Customer Support Branch Manager and the plan's contract monitor. The Customer Support Branch Manager contacts BPD directly if it is determined that the FBA/PVA's request should be returned, and BPD returns the unprocessed request to the Customer Support Branch. The BPD Manager reviews all requests weekly, and approves the processing of all accurate and complete requests. Approved requests are forwarded electronically to PBGC's paying agent via Net Benefit Exchange (NBX) Forms Data Entry (NFDE). Rejected requests are returned to the requesting Customer Support Branch Manager or FBA/PVA Manager with explanation and instructions for correction and resubmission.

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# TP 29.1 Determine Need and Initiate Off-Cycle Payment Request

**07/01/2016**

| | |
|---|---|
| **Purpose** | To determine the reason expected payment was not made and initiate replacement. |
| **Guidance** | Benefit Payment Schedule<br>Policy 6.3-1 Underpayment Reimbursement and Interest Payments<br>*Spectrum User Manual* |
| **Procedure Owner** | EBLS/FBA/PBA/PVA, CSD management |

**Note** After the implementation of Spectrum 4.0 State B is complete, off-cycle payments will be made in Spectrum and included in the weekly check run, and this procedure will be required only for off-cycle payments that cannot be made through Spectrum. See the Spectrum User Manual and Spectrum Release Notes on the Spectrum Home page for further information. To stop and reissue a check, see TP 45.2A Stop and Reissue Unpaid Check.

Consider using the *Off-Cycle Checklist* as a job aid for this procedure.

**EBLS/FBA/PBA/PVA**

1. Query ▸PLUS and ▸Spectrum to verify that a customer record exists and that ▸PBGC's paying agent did not make the approved payment, made the payment to the wrong account, or is not scheduled to make the payment on the correct date (for lump sum payments) or correct beginning date (for annuities).
   - **Customer record not established:** Establish an annuity record in Spectrum (see step 3) before continuing to step 2.
   - **Payment not approved:** Submit a payment request and receive approval before continuing to step 2.
   - **Payment made to wrong account:** Continue to step 2.
   - **Payment made or date or beginning date is correct:** Do not submit an off-cycle payment request. No further action is required.
2. Determine whether the reason for non-payment is due to a system issue (transmission to PLUS) or a processing issue unrelated to systems (for example, payment not approved by ▸cut-off date, financial hardship, or Congressional inquiry).
3. Proceed according to the type of payment being replaced:
   - **Lump Sum Transactions:**
     a. Create the transaction in Spectrum and forward for approval.
     b. Upon approval, retrieve the payment identification number from ▸AWA.
     c. Terminate the payment in Spectrum.
     d. If the payment termination is **after** the cut-off date and time, send an e-mail request to a ▸BPD Management Analyst to cancel the payment at ▸PBGC's paying agent.
   - **Special Checks (to replace an already established annuity or back payment):** Obtain the existing annuity payment identification number from AWA or Spectrum.
   - **First-time Annuity Payments:**
     a. Establish an annuity (not special) payment in Spectrum (see TP 20 Benefit Payments).
     b. Confirm the begin date is the first available payment date after the missed payment, automatically determined by Spectrum.
     c. Verify that the annuity payment is approved before proceeding.
4. Prepare an *Off-Cycle Payment Request Memo* for the off-cycle payment, including the reason for non-payment and the full signature of both the preparer or authorizer and the manager.

**Note** The BPD Manager or designee in BPD must approve Off-Cycle Requests before the transaction data is processed into ▸NFDE.

5. Complete the required data entry form(s) in NFDE for the type of payment being replaced:
   - **Annuity Payments:**
     - Use the Special Check form.
     - If the annuity is not set up in PLUS, also complete an Annuity Check form to set up continuing annuity payments beginning the next available payment date.
   - **Back Payments:** Proceed according to whether the payment is large (at least three times the monthly annuity amount **and** greater than $5,000):
     - Payment is large: Use the Lump Sum form.
     - Payment is not large:
       - Use the Special Check form.
       - If the back payment is to a first time payee with future benefits and the annuity is not set up in PLUS, also complete an Annuity Check form to set up continuing annuity payments beginning the next available payment date.
   - **Lump Sums:** Complete a Lump Sum form.
6. Send an e-mail with the spreadsheet containing the data from the form created automatically by NFDE to the NFDE team.
7. Submit the memo, the NFDE data entry form(s) with original signature(s), and supporting documentation to the ▸Customer Support Branch Manager or ▸FBA/▸PVA Manager for approval and signature. A complete request includes:
   - If the non-payment is due to a system issue, documentation of the issue (for example, e-mail correspondence with BPD or the Service Desk).
   - Screen printouts from the Spectrum record, including the ledger if available.
   - Approved NFDE Form(s) with original signature(s), as applicable:
     - *Form 487 NFDE Annuity Check*
     - *Form 490 NFDE Special Check*
     - *Form 491 NFDE Lump-Sum Check*
8. In the event of service or network interruption, operate NFDE locally:
   - Enter data into NFDE.
   - Print the data entry forms.
   - Document in the *Off-Cycle Payment Request Memo* that the data needs to be manually entered into NFDE.
   - Submit the *Off-Cycle Payment Request Memo* to the Customer Support Branch Manager or FBA/PVA Manager for approval and signature.

**CSB Manager or FBA/PVA Manager**

9. Review each Off-Cycle Payment Request and supporting documentation to ensure it is complete and correct:
   - Request approval from the appropriate party according to the **Approval Levels Table** in TP 28. Overview for Approve Financial & Non-Financial Transactions through Approval Service.
   - If the request is not complete, return the request to the initiator for correction.
   - If the request is complete, sign the request and place the original in the Off-Cycle Checks inbox in BPD, Room 7501 or fax to 202-326-4214 (or -4216) by 12:00 P.M. Tuesday.

**EBLS/FBA/PBA/PVA**

10. Upon approval of an Off-Cycle Payment Request, confirm to the customer the expected benefit amount and date in writing (eALG 300 or 500 series) or by telephone call documented to ▸CRM. For customers with continuing annuity payments, confirm the annuity as well.

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# TP 29.2 Review Off-Cycle Payment Requests

**07/01/2016**

| | |
|---|---|
| **Purpose** | To review off-cycle payment requests. |
| **Guidance** | N/A |
| **Procedure Owner** | BPD |

**Note** After the implementation of Spectrum 4.0 State B is complete, off-cycle payments will be made in Spectrum and included in the weekly check run, and this procedure will be required only for off-cycle payments that cannot be made through Spectrum. See the Spectrum User Manual and Spectrum Release Notes on the Spectrum Home page for further information. To stop and reissue a check, see TP 45.2A Stop and Reissue Unpaid Check.

**BPD**

1. Review each *Off-Cycle Payment Request Memo* and any supporting documentation.
   - Ensure the documentation contains complete information and explanation.
   - Verify a customer record has been established (supporting document includes screen prints).
   - Verify the payment was not made and is not scheduled to be made using ▸Spectrum, ▸AWA, and ▸PLUS.
   - For annuities, verify the future stream of payments is approved.
2. Contact the requesting processing staff if a timely request is incomplete or more information is needed. Work with the requester to make the necessary corrections to ensure timely and accurate processing of the payment.
3. If the request is no longer necessary (for example, the payment was made or is scheduled to be made on the expected payment date), notify the requester that the request was rejected and the reasons. Do not complete the rest of this procedure.
4. Take valid requests to ▸BPD Manager for review and approval.
5. Deliver the approved Off-Cycle packages to the ▸NFDE team for processing. The data associated with these off-cycle payments will be transmitted to ▸PBGC's paying agent via the weekly ▸NFDE adjustment file by noon on Wednesday.
6. After the ledger load (generally on Thursday), use PLUS to determine whether approved off-cycle payments were paid for the correct amounts and dates.
7. Send notification to all parties listed on the *Off-Cycle Payment Request Memo* and NFDE forms that the off-cycle was processed.
8. Submit the Off-Cycle packages to the ▸DMC for imaging into ▸IPS.
9. Each month, send an e-mail to the MCD Compliance Program with the number of approved off-cycle payment requests forwarded to PBGC's paying agent.
10. Provide information on off-cycle requests on an ad hoc basis, as requested.

## TP 29.3 Resources for Off-Cycle Payment

**09/30/2016**

**Forms, Letters, and Memos:**

- *Off-Cycle Checklist*
- *Off-Cycle Payment Request Memo*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

- *Benefit Payment Schedule*
- *Policy 6.3-1 Underpayment Reimbursement and Interest Payments*
- *Spectrum User Manual*

**Exhibits:**

*None*

# TP 30 Monitor Continuous Eligibility For Disability Benefits

**In this Section**

TP 30. Overview for Monitor Continuous Eligibility For Disability Benefits
TP 30.1 Monitor Continuous Eligibility for Disability Benefits
TP 30.2 Process Pre-BDL Notice of Disability Condition Change
TP 30.3 Resources for Monitor Continuous Eligibility for Disability Benefits

## TP 30. Overview for Monitor Continuous Eligibility For Disability Benefits

**03/28/2013**

Participants must meet certain criteria in order to continue receiving disability benefits. PBGC notifies payees of their responsibility to notify PBGC if their disability status changes, which will impact their continued eligibility for the disability-based benefit, and makes appropriate changes. Automated communications and monitoring of these participants occurs after plan closing for plans with valuations completed on and after January 1, 2012.

There are four types of disability benefits or **tracks** which PBGC monitors for continuous eligibility:

- **Track 1 SSA-Conditioned Disability Benefit:** Disability benefit paid to a participant in a plan that requires ▸SSA disability eligibility.
- **Track 2 SSA-Conditioned Retirement Benefit:** Retirement benefit paid to a participant who was eligible for the plan and SSA disability benefits, but retired under other plan provisions. After trusteeship, PBGC determined that the disability benefit amount they could have received, after applying PBGC's Special Guarantee Rules for Disabled Participants (under Policy 5.9-1 Disability Benefits), is greater than the retirement benefit amount they are eligible to receive after applying PBGC's normal guarantee limits. Therefore, PBGC is paying the greater disability-conditioned benefit amount, contingent upon continued SSA disability eligibility.
- **Track 3A Plan-Conditioned Disability Benefit:** Disability benefit paid to a participant in a plan that does not require SSA disability eligibility, and who meets the plan's (but not SSA's) disability eligibility requirements.
- **Track 3B Plan- and SSA-Conditioned Disability Benefit:** Disability benefit paid to a participant in a plan that does not require SSA disability eligibility. The participant meets both the plan's and SSA's disability eligibility requirements, and application of the disability maximum guarantee in lieu of the otherwise applicable age-adjusted maximum guarantee limit results in a greater benefit.

Disability benefits are either auxiliary or non-auxiliary benefits. A disability benefit is auxiliary if, when the participant reaches normal retirement age, the disability benefit converts to an early or normal retirement benefit (benefit conversion) that is not reduced by any disability benefit payments made prior to the conversion. Therefore, an auxiliary disability benefit may be thought of as a benefit payable for a **term** that ends at early or normal retirement age. Auxiliary benefits often do not include a benefit form election and are paid only in a form prescribed in the plan, for example, a single life annuity. When a payee receiving an auxiliary disability benefit reaches early or normal retirement age, the disability benefit payment stops and the payee may apply for retirement benefits.

With non-auxiliary benefits, the benefit form in effect does not change when the early or normal retirement benefit begins.

PBGC obtains information on participants receiving disability benefits during the data acquisition phase, which is recorded in the participant database and then included in the valuation load to update ▸Spectrum. Benefit Determination Letters notify participants that their benefit (tracks 1 and 3) or amount (track 2) is conditioned upon their continued disability status and may cease or be reduced if that disability condition changes; that they must notify PBGC immediately if the disability status changes; and that they will be responsible for any overpayments that occur as a result of the disability status change.

After the plan is transferred to post-valuation administration, PBGC will automatically send annual letters via ▸CRM reminding the participants that their benefit or amount is conditioned upon continued their disability status and that they are obligated to notify PBGC if their status changes. These letters are sent annually on the anniversary of the case transfer date for four years; in the fifth year, PBGC issues a letter with a disability self-certification form (*Form 716 Certification of Social Security Disability Status* or *Form 716A Certification of Pension Plan Disability Status*) which the participants must complete and return to PBGC in paper or through ▸MyPBA for benefits to continue. The participant is responsible for any overpayments received after the date the disability condition changed.

This disability-condition monitoring continues until the payee reaches normal retirement age, unless the disability-based benefit ceases earlier due to a disability condition change.

The schedule for sending the reminder letters and self-certification letters is set automatically for the plan when the ▸PVA Assumption Date is completed in ▸CMS.

The continuous eligibility processes are described in the following subsections:

- TP 30.1 Monitor Continuous Eligibility for Disability Benefits covers the monitoring process that begins after a plan is transferred to post-valuation administration. However, it should also be applied to any post-▸BDL report of condition changes.
- TP 30.2 Process Pre-BDL Notice of Disability Condition Change covers infrequent situations where a payee contacts PBGC to report a disability condition change before receiving a BDL.

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# TP 30.1 Monitor Continuous Eligibility for Disability Benefits

**07/01/2016**

| | |
|---|---|
| Purpose | To monitor payees' continued eligibility to receive disability-based benefit payments after issuance of the valuation BDL. |
| Guidance | Policy 5.9-1 Disability Benefits |
| Procedure Owner | FBA/PVA, Actuary |

▸CRM automatically generates four annual 576CRM **reminder** letters to payees in all disability tracks advising that they must notify PBGC if their disability status changes. In the fifth year a 522CRM-series letter with *Form 716 Certification of Social Security Disability Status* (for Tracks 1, 2 and 3A) or 524CRM with *Form 716A Certification of Pension Plan Disability Status* (for Track 3B) is issued requesting that the payee complete and return the form (or complete it via ▸MyPBA) certifying their current disability status. If a response is not received with 30 days, CRM automatically issues follow-up letter 578CRM-series letter; if a response is not received within another 30 days, a CRM579-series letter is issued indicating the benefit will be suspended or recalculated (depending on the disability track).

This section is most often used with cases in which PBGC has issued the initial letters requesting the payee to complete *Form 716 Certification of Social Security Disability Status* or *Form 716A Certification of Pension Plan Disability Status*. However, it also applies to any case in which a payee who has received a ▸BDL contacts PBGC to report a disability condition change, which may occur before the monitoring process has begun, in response to the BDL or a reminder letter. For either situation, follow the procedures in this section according to the payee's disability track.

If a participant notifies PBGC of a condition change **prior** to receiving the BDL, follow TP 30.2 Process Pre-BDL Notice of Disability Condition Change.

**In this Section**

TP 30.1A Monitor Track 1 Social Security Disability Eligibility
TP 30.1B Monitor Track 2 Disability Maximum Guaranteed Retirement Benefit Eligibility
TP 30.1C Monitor Track 3A Plan-Conditioned Disability Benefit Eligibility
TP 30.1D Monitor Track 3B Plan- and SSA-Conditioned Disability Benefit Eligibility
TP 30.1E Follow Up on Self-Certification Requests

**TP 30.1A Monitor Track 1 Social Security Disability Eligibility**

**07/01/2016**

A Track 1 SSA-Conditioned Disability Benefit is a disability benefit paid to a participant in a plan that requires ▸SSA disability eligibility. Take the following actions upon receipt of *Form 716 Certification of Social Security Disability Status* or other notice from the payee concerning his or her continued eligibility for Social Security Disability benefits.

If the payee does not respond within 30 days to the initial request for the self-certification form, upon issuance of the second request letter *578(1)CRM Self Certification Follow-up (CE disability Track 1)* proceed to TP 30.1E Follow Up on Self-Certification Requests.

**FBA/PVA**

1. Upon receipt of *Form 716 Certification of Social Security Disability Status* or other notification from the payee concerning his or her eligibility for disability payments, proceed according to the response:
   - **Payee is still eligible for Social Security disability benefits:** Issue a customized *eALG 531CE Acknowledgment of Continued Disability* acknowledging receipt and indicating that benefits will continue, and close the ▸CRM service request. No further action is necessary.
   - **Payee is no longer eligible for Social Security disability benefits:** Issue a customized *eALG 531DS Acknowledgment of Disability Condition Change (CE Track 1)* to:
     - Advise that PBGC will terminate the disability benefit and of the date of the last payment. To determine this date:
       - **Payee is eligible for early or normal retirement benefits within 120 days:** Use the first available payment date that is at least 90 days from the *522CRM Self Certification 1st letter (CE disability)*.
       - **Payee is not eligible for early or normal retirement benefits within 120 days:** Use the next available payment date.
     - Indicate that PBGC will review the normal retirement benefit stated in the ▸BDL and issue a letter advising whether the retirement benefit is impacted by the condition change.
     - State that any disability payments received after the disability change effective date are subject to recoupment.
     - Advise the payee of his or her early and normal retirement dates, and to contact PBGC within 120 days of the desired annuity starting date.
     - Request the payee to complete and return *Form 716 Certification of Social Security Disability Status* if not already provided. Continue to step 2.
2. Update the participant's disability information in the Continuous Eligibility fields in ▸Spectrum using the Update Customer Role screen, Continuous Eligibility section, as follows:
   - Receiving Plan Disability Benefit: Change to **No**.
   - End Date: Use the effective date entered on *Form 716 Certification of Social Security Disability Status*.
3. Terminate the disability benefit effective the date stated in the *eALG 531DS Acknowledgment of Disability Condition Change (CE Track 1)*.
4. Request from the actuary a review and calculation or recalculation of the retirement benefit based on whether the disability benefit is auxiliary or non-auxiliary:
   - **Auxiliary:** Request that the actuary review and recalculate the normal retirement benefit to determine whether the disability status change results in a change to the normal retirement benefit information provided in the valuation BDL.
   - **Non-auxiliary:** Request that the actuary review and calculate a normal retirement benefit, since this was not provided in the valuation BDL. Image the actuary's calculation to the participant's ▸IPS file.
5. Upon receipt of the actuary's response, proceed to the appropriate table based on whether the benefit is auxiliary or non-auxiliary to determine the next actions:
   - Post-BDL Disability Status Change Actions Table for Auxiliary Benefits
   - Post-BDL Disability Status Change for Actions Table for Non-Auxiliary Benefits

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**TP 30.1A-1 Post-BDL Disability Status Change Actions Table for Auxiliary Benefits**

**07/01/2016**

Use this table in conjunction with TP 30.1A Monitor Track 1 Social Security Disability Eligibility or 30.1C Monitor Track 3A Plan-Conditioned Disability Benefit Eligibility for a payee who is no longer eligible for **auxiliary** disability benefits. Determine the required actions based on 1) the impact of the disability status change on the payee's normal retirement benefit (according to the actuary's review) and 2) the payee's current eligibility for retirement benefits.

**Post-BDL Disability Status Change Actions Table for Auxiliary Benefits**

| **Impact of Disability Status Change on Normal Retirement Benefit** | **Payee's Current Eligibility for Retirement Benefits** | **Required Actions** |
|---|---|---|
| Normal Retirement Benefit does not change | Deferred Vested (Not eligible for normal or early retirement benefits within 120 days) | 1. Issue a customized *eALG 531DSF Follow up to 531DS - No Change to NRB (CE Track 1)* or *eALG 531DPF Follow-up to 531DP - No Change to NRB (CE Track 3A)* letter to:<br>• Confirm the previously communicated normal retirement benefit provided in the valuation ▸BDL.<br>• Advise the participant to contact PBGC about 120 days before he or she wishes to begin receiving pension benefits for an application and optional benefit forms statement.<br>• Address disability payments paid after the disability status change effective date that are subject to future recoupment.<br>**Note** Do not prepare an *eALG 407 Disability Condition Change BDL* since the change in disability status does not change the normal retirement benefit information previously communicated in the valuation BDL. |
| Normal Retirement Benefit does not change | Eligible for early or normal retirement benefits currently or within 120 days. | 1. Issue a customized *eALG 531DS* (for Track 1) or *531DP* (for Track 3A) to:<br>• Confirm the previously provided normal retirement benefit provided in the valuation BDL.<br>• Address disability payments paid after the disability status change effective date that are subject to future recoupment.<br>• If eligible for **normal** retirement benefits within 120 days, provide a benefit application and ▸PACS statement with optional forms at ▸NRD.<br>• If eligible for **early** (but not normal) retirement benefits within 120 days, advise the participant to contact PBGC about 120 days before he or she wishes to begin receiving pension benefits.<br>**Note** Do not prepare an *eALG 407 Disability Condition Change BDL* since the change in disability status does not change the normal retirement benefit information previously communicated in the valuation BDL. |
| Normal Retirement Benefit changes | Deferred Vested (Not eligible for normal or early retirement benefits within 120 days) | 1. Prepare an *eALG 407 Disability Condition Change BDL* to:<br>• Communicate the new retirement benefit amount resulting from the disability status change.<br>• Address disability payments paid after the disability status change effective date that are subject to future recoupment.<br>2. Forward the draft BDL to Ask PPD for review and approval. |

| | | |
|---|---|---|
| | | 3. Upon approval, issue the BDL. |
| Normal Retirement Benefit changes | Eligible for early or normal retirement benefits currently or within 120 days. | 1. Prepare an *eALG 407 Disability Condition Change BDL* to:<br>• Communicate the new retirement benefit amount resulting from the disability status change.<br>• Address disability payments paid after the disability status change effective date that are subject to future recoupment.<br>• If eligible for **normal** retirement benefits within 120 days, include a benefit application and PACS statement with optional forms at NRD.<br>• If eligible for **early** (but not normal) retirement benefits within 120 days, advise the participant to contact PBGC about 120 days before he or she wishes to begin receiving pension benefits.<br>2. Forward the draft BDL to Ask PPD for review and approval.<br>3. Upon approval, issue the BDL. |

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**TP 30.1A-2 Post-BDL Disability Status Change Actions Table for Non-Auxiliary Benefits**

**07/01/2016**

Use this table in conjunction with TP 30.1A Monitor Track 1 Social Security Disability Eligibility or 30.1C Monitor Track 3A Plan-Conditioned Disability Benefit Eligibility for a payee who is no longer eligible for **non-auxiliary** disability benefits. Determine the required actions based on the payee's current eligibility for retirement benefits.

**Post-BDL Disability Status Change Actions Table for Non-Auxiliary Benefits**

| **Current Eligibility Status for Normal Retirement Benefits** | **Actions** |
|---|---|
| Deferred Vested (Not eligible for normal or early retirement benefits within 120 days) | 1. Prepare an *eALG 407 Disability Condition Change BDL* to:<br>• Advise of the benefit at normal retirement date.<br>• Address disability payments paid after the disability status change effective date that are subject to future recoupment.<br>2. Forward the draft ▶BDL and benefit statement to Ask PPD for review and approval before issuing.<br>3. Upon approval, issue the BDL and benefit statement. |
| Eligible for early or normal retirement benefits currently or within 120 days. | 1. Draft an *eALG 407 Disability Condition Change BDL* advising of the benefit at normal retirement date, and which addresses any overpayments and future recoupment.<br>2. Forward the draft BDL and benefit statement to Ask PPD for approval.<br>3. Upon ▶PPD approval, issue the BDL and benefit statement.<br>4. Call the participant to ask if he or she would like a benefit application now, and if so request the desired annuity starting date and record in ▶CRM. |

**TP 30.1B Monitor Track 2 Disability Maximum Guaranteed Retirement Benefit Eligibility**

**07/01/2016**

A payee receiving a Track 2 SSA-Conditioned Retirement Benefit was eligible for both plan and ▸SSA disability benefits, but retired under other plan provisions. After trusteeship, PBGC determined that the disability benefit amount the payee could have received after applying PBGC's Special Guarantee Rules for Disabled Participants (under Policy 5.9-1 Disability Benefits, section E) is greater than the retirement benefit amount the payee is eligible to receive after applying PBGC's normal guarantee limits. Therefore, PBGC is paying the greater disability-conditioned retirement benefit amount, contingent upon continued SSA disability eligibility.

A Track 2 payee's benefit amount is conditioned on disability status and reduced if the payee ceases to be disabled. This is different from a Track 1 or 3 payee whose benefit will be suspended upon ceasing to be disabled.

Take the following actions upon receipt of *Form 716 Certification of Social Security Disability Status* or other notice from the payee concerning his or her continued eligibility for Social Security Disability benefits.

If the payee does not respond within 30 days to the initial request for the self-certification form, upon issuance of the second request letter*578(2)CRM Self Certification Follow-up (CE disability Track 2)* proceed to TP 30.1E Follow Up on Self-Certification Requests.

**FBA/PVA**

1. Upon receipt of *Form 716 Certification of Social Security Disability Status* or other notification from the payee concerning eligibility for disability benefits, proceed according to the response:
   - **Payee is still eligible for Social Security disability benefits:** Close the ▸CRM service request. Issue a customized *eALG 531CE Acknowledgment of Continued Disability* acknowledging receipt and indicating that no changes will be made to the current benefit amount as a result. No further action is necessary.
   - **Payee is no longer eligible for Social Security disability benefits:** Customize and issue an *eALG 531DM Acknowledgment of Disability Condition Change (CE Track 2)* letter to:
     - Acknowledge receipt and the date of the disability status change.
     - Advise that the current benefit amount will continue while PBGC recalculates the benefit based on the disability status change.
     - Indicate that PBGC will issue another letter indicating the results of the review, including whether the benefit amount will be reduced and whether there are any overpayments subject to recoupment.
     - Request the payee to complete and return *Form 716 Certification of Social Security Disability Status* if not already provided.
2. Update the participant's disability information in the Continuous Eligibility fields in ▸Spectrum using the Update Customer Role screen, Continuous Eligibility section, as follows:
   - Benefiting from Disability Max: Change to **No**.
   - End Date: Use the effective date entered on *Form 716 Certification of Social Security Disability Status*.
3. Request the actuary to review the calculation to determine whether the disability status change results in a reduction to the benefit amount in pay status.

**Actuary**

4. Recalculate the retirement benefit based on the disability status change information in accordance with Policy 5.9-1 Disability Benefits, sections **G.2 Cessation of Disability Benefits** and/or **G.3 Cessation of application of the Special Guarantee Rules for Disabled Participants for Participants Retired Under Non-Disability Provisions**, as applicable.
5. Provide the results to the requestor. If the normal retirement benefit amount changes, provide a benefit statement for the new benefit.

**FBA/PVA**

6. Proceed based on the actuary's response:

- **Disability Condition change does not affect the current benefit amount:** Issue an *eALG 531DMF Follow-up to 531DM - No Change to NRB (CE Track 2)* letter advising that the retirement benefit amount currently being paid will not change. No further action is required.
- **Disability Condition change decreases the current benefit amount:** Customize and issue an *eALG 407 Disability Condition Change BDL* to the participant to:
  - Indicate the reason the retirement benefit amount changed; that is, the disability condition change.
  - Provide the reduced retirement benefit amount.
  - Indicate the net overpayment amount for payments made after the disability cessation date based on the higher disability-based benefit, and the recoupment amount.

7. Proceed after the appeal period expires or an appeal decision is issued, as applicable:
   - **No appeal after 50 days or BDL is upheld after appeal:** Implement the BDL. Adjust the benefit and implement recoupment in Spectrum, as required.
   - **Appeal decision changes the benefit:** Proceed according to the appeal closing memo.

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**TP 30.1C Monitor Track 3A Plan-Conditioned Disability Benefit Eligibility**

**07/01/2016**

A payee with a Track 3A Plan-Conditioned Disability Benefit receives a disability benefit from a plan that does not require ▸SSA disability eligibility, and the payee meets the plan's (but not SSA's) disability eligibility requirements. Take the following actions upon notice that the payee has submitted *Form 716A Certification of Pension Plan Disability Status* or otherwise notified PBGC concerning his or her continued eligibility for these benefits.

If the payee does not respond within 30 days to the initial request for the self-certification form, upon issuance of the second request letter *578(3A)CRM Self Certification Follow-up (CE disability Track 3A)* proceed to TP 30.1E Follow Up on Self-Certification Requests.

> **Note** If the participant was originally a Track 3B Plan-Conditioned Disability Benefit payee who completed *Form 716 Certification of Social Security Disability Status* and, due to the response, has now submitted *Form 716A Certification of Pension Plan Disability Status* based on PBGC's request, continue processing according to TP 30.1D Monitor Track 3B Plan- and SSA-Conditioned Disability Benefit. Use this section only if referred from that procedure based on the participant's situation.

**FBA/PVA**

1. Upon receipt of Form *716A Certification of Pension Plan Disability Status* or other notification from the payee concerning eligibility for disability benefits, proceed according to the response:
   - **Payee is still eligible for plan-conditioned disability benefits:** Close the ▸CRM service request. Issue an *eALG 531CE Acknowledgment of Continued Disability* letter acknowledging receipt and indicating that the disability benefits will continue.
   - **Payee is no longer eligible for plan-conditioned disability benefits:** Issue a customized *eALG 531DP Acknowledgment of Disability Condition Change (CE Track 3A)* letter to:
     - Advise that PBGC will terminate the disability benefit and of the date of the last payment. To determine this date:
       - **Payee is eligible for early or normal retirement benefits within 120 days:** Use the first available payment date that is at least 90 days from the *524CRM Self Certification 1st letter (Track 3A)*.
       - **Payee is not eligible for early or normal retirement benefits within 120 days:** Use the next available payment date.
     - Advise that PBGC will review the normal retirement benefit stated in the ▸BDL and issue a letter indicating whether the retirement benefit is impacted by the condition change.
     - Indicate whether there are any overpayments subject to recoupment.
     - Advise the payee of his or her early and normal retirement dates, and to contact PBGC within 120 days of the desired annuity starting date.
     - Request the payee to complete and return *716A Certification of Pension Plan Disability Status* if not already provided.

   Continue to step 2.
2. Update the participant's disability information in the Continuous Eligibility fields in ▸Spectrum using the **Update Customer Role** screen, **Continuous Eligibility** section, as follows:
   - **Receiving Plan Disability Benefit**: Change to **No**.
   - **End Date**: Use the effective date entered on *716A Certification of Pension Plan Disability Status*.
3. Terminate the disability benefit effective the date stated in the *eALG 531DP Acknowledgment of Disability Condition Change (CE Track 3A)*.
4. Request that the actuary review and calculate or recalculate the retirement benefit based on whether the benefit is auxiliary or non-auxiliary:
   - **Auxiliary:** Request that the actuary review and recalculate the normal retirement benefit to determine whether the disability status change results in a change to the normal retirement benefit information provided in the valuation BDL.
   - **Non-auxiliary:** Request that the actuary review and calculate a normal retirement benefit for the participant

(since normal retirement benefit information was not previously provided in the valuation BDL).

5. Proceed to the appropriate table based on whether the benefit is auxiliary or non-auxiliary:
   - Post-BDL Disability Status Change Actions Table for Auxiliary Benefits
   - Post-BDL Disability Status Change Actions Table for Non-Auxiliary Benefits

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**TP 30.1D Monitor Track 3B Plan- and SSA-Conditioned Disability Benefit Eligibility**

**07/01/2016**

A Track 3B Plan- and SSA-Conditioned Disability Benefit is a disability benefit paid to a participant in a plan that does not require ▸SSA disability eligibility. The participant meets both the plan's and SSA's disability eligibility requirements, and application of the disability maximum guarantee in lieu of the otherwise applicable age-adjusted maximum guarantee limit results in a greater benefit.

Take the following actions upon notice that the payee has returned the self-certification form or submitted it through ▸MyPBA, or has otherwise notified PBGC concerning his or her continued eligibility for these benefits.

If the payee does not respond within 30 days to the initial request for the self-certification form, upon issuance of the second request letter *578(3B)CRM Self Certification Follow-up (CE disability Track 3B)* proceed to TP 30.1E Follow Up on Self-Certification Requests.

**FBA/PVA**

1. Act upon receipt of *Form 716 Certification of Social Security Disability Status* or other notification from the payee concerning eligibility for disability benefits:
   - **Payee is still eligible for Social Security disability benefits:** Close the CRM service request. Issue an *eALG 531CE Acknowledgment of Continued Disability* letter acknowledging receipt and indicating that benefits will continue. No further action is necessary.
   - **Payee is no longer eligible for Social Security disability benefits:** Proceed to step 2.
2. Update the participant's disability information in the Continuous Eligibility fields in ▸Spectrum using the **Update Customer Role** screen, **Continuous Eligibility** section, as follows:
   - **Benefiting from Disability Max**: Change to **No**.
   - **End Date**: Use the effective date entered on *Form 716 Certification of Social Security Disability Status*.
3. Issue an *eALG 541 Self Certification (CE disability Track3B Part 2)* letter to:
   - Acknowledge the Social Security disability condition change and effective date.
   - Request that the payee complete *Form 716A Certification of Pension Plan Disability Status* to determine if the payee is still eligible for plan-conditioned disability benefits (under Track 3A). Allow 30 days for a response. (Also request the payee to complete and return *Form 716 Certification of Social Security Disability Status* if not already provided.)
4. Proceed according the payee's eligibility for plan-conditioned disability benefits.
   - **Payee is eligible for plan-conditioned disability benefits:**
     a. Issue an *eALG 531DP(3B) Acknowledgment of Change to SSA Disability* to acknowledge the disability condition change, and indicate that a recalculation of the disability benefit is forthcoming and that the current benefit will not change pending the recalculation.
     b. Request from the actuary a recalculation of the disability benefit based on the participant's non-eligibility for SSA disability benefit. In the request include the effective date the payee became ineligible.
     c. If the recalculation indicates a change in the disability benefit previously communicated in the valuation BDL, issue an *eALG 407 Disability Condition Change BDL* stating the revised disability benefit and any overpayments that will be recouped.
     d. After the appeal period expires, adjust the benefit and initiate recoupment, as applicable.
   - **Payee is not eligible for plan-conditioned disability benefits:**
     a. Process the payee as one who is no longer eligible for the plan-conditioned disability benefit according to TP 30.1C Monitor Track 3A Plan-Conditioned Disability Benefit.

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**TP 30.1E Follow Up on Self-Certification Requests**

**07/01/2016**

If the payee does not respond within 30 days to PBGC's initial request for the self-certification form, upon the issuance of the automated second request letter (578CRM-series) use these instructions to follow up with the payee and take any necessary action on the benefit.

**FBA/PVA**

1. View the payee's file in ▸PBGC Image Viewer for any indication the initial request for the self-certification may not have been received, such as returned mail or a change of address request that had not been processed when the letter was mailed:
   - **An unprocessed address change request is on file:** Update the address in ▸CRM and send the initial eALG 522 or 524 self-certification letter with the appropriate form (*Form 716 Certification of Social Security Disability Status* or *Form 716A Certification of Pension Plan Disability Status*) to the new address. Then restart processing according to the section of this procedure applicable to the payee's disability track (TP 30.1A–D).
   - **There is no unprocessed address change request on file, or indication that the payee did not receive the letters:** Attempt to contact the payee using contact information in PBGC Image Viewer and CRM, and from available locator tools as needed, to request that the self-certification form be completed and returned:
     - If successful, request that the payee complete and return the form, or submit it through ▸MyPBA, in order for benefits to continue uninterrupted. Allow seven days for a response. Continue to step 2.
     - If unsuccessful, continue to step 3.
2. Proceed based on the payee's response.
   - **Payee submits form to PBGC:** Proceed based on the response according to the subsection of this procedure applicable to the payee's disability track.
   - **Payee does not submit form to PBGC within 7 days:** Continue to step 3.

Prepare the *Request for Concurrence to Suspend Disability Benefit Payments* to the ▸CSD Manager (and copy the ▸COR for the ▸PVA office), explaining the circumstances and requesting concurrence to suspend benefit payments until the payee submits the form, as applicable.

1. Upon receipt of the CSD Manager's signed approval on the *Request for Concurrence to Suspend Disability Benefit Payments* to suspend benefit payments:
   - Once 30 days elapse from the date of the CRM578-series letter, CRM automatically issues the 579CRM-series letter to the payee indicating that benefits will be suspended.
   - Suspend the benefits in ▸Spectrum effective the next available payment date.
2. If the payee submits the completed self-certification form after benefits are suspended, process the response according to the appropriate disability track in TP 30.1 Monitor Continuous Eligibility for Disability Benefits.
3. If the payee is eligible for continued benefits:
   a. Resume payments of the disability-based benefit.
   b. Determine the total underpayment for payments missed while suspended, including interest, using ▸PACS.
   c. If the total underpayment does not equal a large reimbursement, issue a back payment with interest for payments missed while benefits were suspended. Issue an *eALG Generic* letter to notify the payee of the effective date that payments will resume, and that a back payment will be issued for missed payments.
   d. If the total underpayment equals or exceeds a large reimbursement:
      i. Customize and issue an *eALG 502LBR Payment Advice - Annuity w/large Back Payment Application*, including an application for a lump-sum and notification that the application.
      ii. Upon receipt of the completed lump-sum application, process the back payment according to TP 20.4 Process Lump-Sum Applications.

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# TP 30.2 Process Pre-BDL Notice of Disability Condition Change

**07/01/2016**

| | |
|---|---|
| **Purpose** | To process notification from a payee receiving estimated disability-based benefits that he or she no longer meets the requirements for those benefits. |
| **Guidance** | Policy 5.9-1 Disability Benefits |
| **Procedure Owner** | EBLS/FBA/PBA, Actuary |

Most participants receiving disability-based benefits are first advised by their ▸BDLs to notify PBGC if they are no longer disabled, and that they are responsible for any overpayments that may occur after their disability status changes. A small number of participants who are first determined eligible for disability benefits by PBGC are notified of this requirement when PBGC puts them into estimated pay status, and may contact PBGC to report a disability condition change before receiving their BDLs. Telephone calls received by the ▸CCC about disability status changes will be transferred to the telephone ▸POC for the plan.

Upon notice of a disability condition change from a payee receiving an estimated benefit, proceed to the appropriate section based on the payee's disability track.

**In this Section**

TP 30.2A Process Pre-BDL Notice of Condition Change for Track 1 SSA-Conditioned Disability Benefit
TP 30.2B Process Pre-BDL Notice of Condition Change for Track 2 SSA-Conditioned Retirement Benefit
TP 30.2C Process Pre-BDL Notice of Condition Change for Track 3A Plan-Conditioned Disability Benefit
TP 30.2D Process Pre-BDL Notice of Condition Change for Track 3B Plan and SSA-Conditioned Disability Benefit

**TP 30.2A Process Pre-BDL Notice of Condition Change for Track 1 SSA-Conditioned Disability Benefit**

**03/28/2013**

A payee with a Track 1 SSA-Conditioned Disability Benefit is receiving a disability benefit from a plan that requires ▸SSA disability eligibility. Take the following steps if a Track 1 disability payee who has not yet received a ▸BDL notifies PBGC that he or she is no longer eligible to receive Social Security disability benefits. If the payee has already received a BDL, process according to TP 30.1. Monitor Continuous Eligibility for Disability Benefits.

1. Ask the participant the effective date of the disability condition change and advise that PBGC will follow up to request this information in writing, and provide a form.
2. Record the disability status date in ▸CRM.
3. Terminate the disability payments effective the next available payment date.
4. Proceed to the appropriate table according to whether the payee is receiving an auxiliary or non-auxiliary disability benefit:
   - Pre-BDL Disability Status Change Actions for Auxiliary Benefits Table
   - Post-BDL Disability Status Change Actions for Non-Auxiliary Benefits Table

**TP 30.2B Process Pre-BDL Notice of Condition Change for Track 2 SSA-Conditioned Retirement Benefit**

**03/28/2013**

A payee receiving a Track 2 SSA-Conditioned Retirement Benefit was eligible for both plan and ▸SSA disability benefits but retired under other plan provisions. After trusteeship, PBGC determined that the disability benefit amount the payee could have received after applying PBGC's Special Guarantee Rules for Disabled Participants (under Policy 5.9-1 Disability Benefits) is greater than the retirement benefit amount the payee is eligible to receive after applying PBGC's normal guarantee limits. Therefore, PBGC is paying the greater disability-conditioned retirement benefit amount, contingent upon continued SSA disability eligibility.

Take the following steps upon advice from a Track 2 disability payee in estimated pay status that he or she is no longer eligible for Social Security disability benefits.

1. Ask the participant the effective date of the disability status change.
2. Issue an ▸eALG Acknowledgment letter to:
   - Acknowledge the disability status change and effective date.
   - Advise that PBGC will recalculate the retirement benefit and notify the participant.
   - Request that the participant complete and return *Form 716 Certification of Social Security Disability Status*.

     Follow up as needed for the completed *Form 716 Certification of Social Security Disability Status*, but do not delay processing pending receipt of the form.
3. Request from the actuary a recalculation of the estimated retirement benefit amount based on the effective date the payee ceased to be eligible for the SSA disability benefit.
4. Upon receipt of the calculation, proceed according to whether the disability condition change results in a decrease to the in the retirement benefit amount.
   - **Retirement Benefit does not decrease:** Issue an *eALG Generic* letter confirming that the normal retirement benefit does not change as a result of the disability status change.
   - **Retirement Benefit decreases:**
     - Prepare a ▸PACS statement to determine any overpayment amount (for example, due to the difference between the disability based amounts payments paid after the disability status change effective date and the newly calculated decreased retirement benefit amount).
     - Customize and issue an estimated benefit letter (eALG 300-series) with a new benefit statement. In the letter, address whether there are overpayments due to the greater disability benefit having been paid after the disability end date that are subject to future recoupment.
     - Adjust the benefit in ▸Spectrum to the retirement benefit amount.

**TP 30.2C Process Pre-BDL Notice of Condition Change for Track 3A Plan-Conditioned Disability Benefit**

**03/28/2013**

A Track 3A Plan-Conditioned Disability Benefit is a disability benefit paid to a participant in a plan that does not require ▸SSA disability eligibility, and who meets the plan's (but not SSA's) disability eligibility requirements. Take the following steps if a Track 3A disability payee who has not yet received a ▸BDL notifies PBGC that he or she is no longer eligible to receive disability benefits from the pension plan. If the participant has received a BDL, process according to TP 30.1. Monitor Continuous Eligibility for Disability Benefits.

1. Determine whether the payee is receiving an auxiliary or non-auxiliary disability benefit.
2. Proceed to the appropriate table:
   - Pre-BDL Disability Status Change Actions for Auxiliary Benefits Table
   - Post-BDL Disability Status Change Actions for Non-Auxiliary Benefits Table

**TP 30.2D Process Pre-BDL Notice of Condition Change for Track 3B Plan and SSA-Conditioned Disability Benefit**

**03/28/2013**

A Track 3B Plan- and ▸SSA-Conditioned Disability Benefit is a disability benefit paid to a participant in a plan that does not require SSA disability eligibility. The participant meets both the plan's and SSA's disability eligibility requirements, and application of the disability maximum guarantee in lieu of the otherwise applicable age-adjusted maximum guarantee limit results in a greater benefit.

Take the following steps if a Track 3B disability payee in who has not yet received a ▸BDL notifies PBGC that he or she is no longer eligible to receive Social Security disability benefits. Note that the participant may still be eligible for plan-conditioned disability benefits under Track 3A. If the payee has received a BDL, proceed according to TP 30.1D Monitor Track 3B Plan- and SSA-Conditioned Disability Benefit Eligibility.

1. Send an *eALG Generic* cover letter with the following forms for the payee to complete and return in order for PBGC to determine eligibility for payments conditioned on meeting either Social Security's or the plan's disability requirements:
   - *Form 716A Certification of Pension Plan Disability Status*
   - *Form 716 Certification of Social Security Disability Status*

> **Note** Since the payee has already indicated he or she is not eligible for Social Security disability benefits (to be certified on *Form 716 Certification of Social Security Disability Status*), the remainder of this procedure is to determine how to proceed based on whether the payee is eligible for the plan's disability benefits based on the response on *Form 716A Certification of Pension Plan Disability Status*.

2. Proceed according to the payee's response concerning his or her eligibility for a plan-conditioned disability benefit (under Track 3A) based on the response on *Form 716A Certification of Pension Plan Disability Status*.
   - **Payee certifies that he or she is still eligible for the plan-conditioned disability benefit:**
     a. Request from the actuary a recalculation of the benefit and provide the effective date the payee ceased being eligible for Social Security disability benefits.
     b. Customize and issue an estimated benefit letter (▸eALG 300-series) indicating the payee's benefit and address whether there are overpayments that will be recouped in the future (for example, since the payee may have continued to receive the higher benefit after becoming ineligible for SSA benefits).
     c. Update the estimated payment amount in ▸Spectrum.
   - **Payee certifies that he or she is no longer eligible for a plan-conditioned disability benefit:**
     a. Update the disability status in Spectrum.
     b. Follow the steps in the appropriate table for a payee no longer eligible for disability benefits.
        - Pre-BDL Disability Status Change Actions Table for Auxiliary Benefits
        - Pre-BDL Disability Status Change Actions Table for Non-Auxiliary Benefits

## TP 30.3 Resources for Monitor Continuous Eligibility for Disability Benefits

**09/30/2016**

**Forms, Letters, and Memos:**

*Request for Concurrence to Suspend Disability Benefit Payments*

**Customer Correspondence and Forms:**

- *522CRM Self Certification 1st letter (CE disability)*
- *524CRM Self Certification 1st letter (Track 3A)*
- *578(1)CRM Self Certification Follow-up (CE disability Track 1)*
- *578(2)CRM Self Certification Follow-up (CE disability Track 2)*
- *578(3A)CRM Self Certification Follow-up (CE disability Track 3A)*
- *578(3B)CRM Self Certification Follow-up (CE disability Track 3B)*
- *579(1)CRM Final Self Certification (CE disability Track 1)*
- *579(2)CRM Final Self Certification(CE disability Track 2)*
- *579(3A)CRM Final Self Certification (CE disability Track 3A)*
- *579(3B)CRM Final Self Certification (CE disability Track 3B)*
- *eALG Generic*
- *eALG 407 Disability Condition Change BDL*
- *eALG 502LBR Payment Advice - Annuity w/large Back Payment Application*
- *eALG 531CE Acknowledgment of Continued Disability*
- *eALG 531DM Acknowledgment of Disability Condition Change (CE Track 2)*
- *eALG 531DMF Follow-up to 531DM - No Change to NRB (CE Track 2)*
- *eALG 531DP Acknowledgment of Disability Condition Change (CE Track 3A)*
- *eALG 531DP(3B) Acknowledgment of Change to SSA Disability*
- *eALG 531DPF Follow-up to 531DP - No Change to NRB (CE Track 3A)*
- *eALG 531DS Acknowledgment of Disability Condition Change (CE Track 1)*
- *eALG 531DSF Follow up to 531DS - No Change to NRB (CE Track 1)*
- *eALG 541 Self Certification (CE disability Track3B Part 2)*
- *Form 716 Certification of Social Security Disability Status*
- *Form 716A Certification of Pension Plan Disability Status*

**Guidance:**

- *Policy 5.9-1 Disability Benefits*
- *Spectrum User Manual*

**Exhibits:**

*None*

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# TP 31 Congressional and Other Sensitive Correspondence

**In this Section**

TP 31. Overview for Congressional and Other Sensitive Correspondence
TP 31.1 Respond to Congressional or Other Sensitive Correspondence
TP 31.2 Resources for Congressional and Other Sensitive Correspondence

## TP 31. Overview for Congressional and Other Sensitive Correspondence

**07/01/2016**

PBGC defines sensitive correspondence as communication from high-ranking Federal, state, county, city, and union officials, complaint letters addressed to the Director, and any additional correspondence the Director designates as sensitive (see Directive IM 10-1 Control of Congressional and Other Sensitive Correspondence). The most common type of sensitive correspondence is correspondence from members of Congress.

Responding to Congressional correspondence specifically is an inherently governmental activity. Contractors may provide support researching the inquiry or identifying and recommending possible actions, but only Federal staff may make decisions, draft, and sign the response.

In ▸OBA, all draft responses are sent to ▸PPD for review. PPD routes the response to the Office of Policy and External Affairs (OPEA) through the ▸OBA Front Office. Upon final approval by OPEA, the Front Office obtains the signature of the Project Manager/Senior Advisor to the Chief of Benefits Administration. OPEA then mails the response.

PBGC has 10 business days to issue the response. The OBA division has five business days to prepare and forward its response to PPD. PPD is allowed three business days to review the draft and must forward it to OPEA at least two business days before the deadline.

**Documenting Plan and Participant Files**

When archiving documents or imaging documents to plan or participant files, follow instructions in TP 16 Plan and Participant File Maintenance.

# TP 31.1 Respond to Congressional or Other Sensitive Correspondence

**07/01/2016**

| | |
|---|---|
| **Purpose** | To review Congressional or other sensitive correspondence and provide an appropriate response. |
| **Guidance** | Directive IM 10-1 Control of Congressional and Other Sensitive Correspondence |
| **Procedure Owner** | OBA Front Office, Federal Staff, PPD, Project Manager/Senior Advisor to the Chief of Benefits Administration |

Use the following steps when addressing Congressional or other sensitive correspondence received from the Office of Policy and External Affairs (OPEA).

All draft responses are sent to ▸PPD for review. PPD routes the response to OPEA through the ▸OBA Front Office. Upon final approval by OPEA, the Front Office obtains the signature of the Project Manager/Senior Advisor to the Chief of Benefits Administration. OPEA then mails the response.

PBGC has 10 business days to issue the response. In OBA, PPD requires three business days to review the draft and must forward it to OPEA at least two business days before the deadline. This allows the OBA division a total of **five business days** to prepare and forward its response to PPD.

**CSD Management Analyst**

1. Upon receipt of an e-mail from the Office of Policy and External Affairs (OPEA) with Congressional or other sensitive correspondence to be addressed by OBA:
   a. Log the correspondence on the tracking spreadsheet, including the date received, due date, name of the Member of Congress or other originator, customer name and ▸CID number, and PBGC Docket Number.
   b. Ensure that the ▸CSD Branch Manager responsible for the ▸plan was copied on the OPEA e-mail (forward the e-mail if necessary).
   c. Track all correspondence and follow up with the CSD Branch Manager as needed to ensure a response is received by the deadline.

**CSD Branch Manager**

2. Assign the correspondence response task to the appropriate Federal staff.

**Federal Staff**

3. Review the correspondence to determine whether a response can be forwarded to PPD within five business days or if an extension is needed:
   - No extension is needed: Continue to step 4.
   - Extension is needed: Notify the CSD Branch Manager and PPD as soon as possible.

     PPD contacts the Congressional office to request an extension of time to prepare the response, then notifies the Federal staff, the OBA Front Office, and OPEA of the extension.
4. Consult with other employees as needed for assistance in resolving the issue or drafting the response.
   - Federal employees may perform any necessary task to respond to sensitive correspondence.
   - Contractors may assist with certain tasks, but **cannot** draft or sign a response to Congressional correspondence, since these actions are inherently governmental tasks that only Federal employees may perform.

     Examples of tasks contractors may perform include:
     - Reviewing ▸participant and plan files
     - Reviewing relevant PBGC operating policies and procedures
     - Summarizing relevant facts in memoranda or other documentation

- Citing underlying documents that support the facts
- Proposing or recommending one or more responses or resolutions to the responsible Federal personnel
- Reviewing and commenting on a draft response prepared by the responsible Federal personnel

5. Prepare the draft response in accordance with the *Guidelines for Replying to Congressional Correspondence*.
6. Submit the draft response (including attachments if applicable) with the related e-mail from OPEA to the Division Manager for review. Include any supporting documentation, summaries, or memoranda prepared by contractors.

**CSD Branch Manager**

7. Upon successful review, forward the draft response with the related e-mail from OPEA to the PPD Congressionals mailbox no fewer than **five business days** before the deadline. Include the PBGC Docket Number and member of Congress's (or other originator's) last name in the subject line (for example, "PBGC-9497/Smith").

> **Note** It is the responsibility of the CSD Branch Manager to ensure that the content of the response is accurate.

**PPD and Project Manager/Senior Advisor to the Chief of Benefits Administration**

8. Review the draft response and determine whether changes are needed:
   - If the response is acceptable as drafted, continue to the next step. Make necessary style and formatting edits to expedite processing.
   - If more than minor changes are needed, return the draft response to the CSD Branch Manager.
9. Obtain the approval of the Project Manager/Senior Advisor to the Chief of Benefits Administration, and then OPEA.
10. Upon OPEA approval, forward the draft response to the Project Manager/Senior Advisor to the Chief of Benefits Administration and copy the OBA Front Office.

**OBA Front Office**

11. Deliver the final, hardcopy response to the Project Manager/Senior Advisor to the Chief of Benefits Administration for signature, then:
    - E-mail a PDF version of the signed response to OPEA, who will mail it to the Congressional office or other originator.
    - Copy the CSD Branch Manager.
    - Maintain a copy of the original correspondence from OPEA with the Congressional inquiry, the final response, *PBGC Form 391 Routing and Transmittal Slip*, and any requests for revision from OPEA on the Portal.
    - Update the spreadsheet used to track the correspondence.

**CSD Branch Manager**

12. Ensure that copies of the following are imaged to the appropriate plan or participant file in ▸IPS:
    - E-mail from OPEA with the Congressional or other sensitive correspondence
    - Final response with signature
    - Evidence of approval from the OBA Front Office
    - Any supporting documentation, summaries, or memoranda

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# TP 31.2 Resources for Congressional and Other Sensitive Correspondence

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

Directive IM 10-1 Control of Congressional and Other Sensitive Correspondence

*Guidelines for Replying to Congressional Correspondence*

**Exhibits:**

None

# TP 32 Provide Estimated Benefit Calculations

**In this Section**

TP 32. Overview for Provide Estimated Benefit Calculations
TP 32.1 Receive Request, Gather Initial Information
TP 32.2 Determine and Provide Estimated Calculation
TP 32.3 Resources for Provide Estimated Benefit Calculations

## TP 32. Overview for Provide Estimated Benefit Calculations

**09/30/2016**

When requested, ▸CSD provides written estimated benefit calculations to participants, surviving spouses, beneficiaries and ▸alternate payees. CSD gathers all necessary information to calculate an accurate estimated benefit and provides the requestor a response as soon as possible. A request for a benefit estimate for an annuity starting date within 180 days of the request date is considered documented contact requesting an annuity starting date, regardless of whether the customer specifically requests an application (see Policy 5.2-4 Annuity Starting Dates).

Customers request estimated benefits by telephone or in writing (via letter, fax or e-mail). They may request this information for advance planning purposes, or to determine whether to elect to receive an ▸early retirement benefit (if applicable under their plan) or a ▸normal retirement benefit from PBGC. After receipt of an estimated benefit calculation, these customers may file a benefit application and request to be put into pay status. This process is described in TP 20 Benefit Payments.

Accurate and timely provision of estimated benefits to customers is one of the many ways CSD demonstrates its commitment to customer service. These calculations are provided as soon as possible to the customer. If an estimated benefit tool (includes ▸BET) has been prepared for the plan (developed in Process 10.5 Prepare Estimated Benefits Calculation Tool), **or** ▸OBA has recent plan calculations from the prior plan administrator or actuary, the commitment is to respond to the participant's request within **15 business days** of the request, or receipt of all necessary information, if later.

An estimated benefit calculation is personal benefit information subject to Privacy Act considerations, and may only be provided to the individual entitled to the benefit, or to their authorized representative, see Policy 8.4-1 Power of Attorney and Guardianship. Spouses of participants, children and other relatives are not entitled to the information unless the participant gives written permission (unless the person is the beneficiary of a deceased participant), and a request is made under the Freedom of Information Act (▸FOIA). The Disclosure Division in ▸OGC handles FOIA requests. A spouse or a former spouse having a ▸Domestic Relations Order prepared often make this type of request, and if the request is received by CSD staff, the alternate payee is directed to the Disclosure Division for assistance. For information about processing these orders, see TP 13 Domestic Relations Orders and State Agency Orders.

Upon receipt of a telephone request in the ▸CCC for an estimated benefit, the ▸CSR collects basic information about the participant and/or caller (when the caller is not the participant). Like all telephone calls, this is recorded in ▸CRM. Once the call is routed to them, the ▸EBLS/▸FBA/▸PBA/▸PVA assigned to the case assumes responsibility of responding to the request. Written requests are routed directly to the EBLS/FBA/PBA/PVA assigned to the case, who contact the requestor to collect any additional information needed and maintain responsibility for the participant request through completion.

Once all necessary participant and plan information is available, the estimated benefit is calculated using one of these methods, in the following preferred order:

- an estimated benefit calculation tool (includes BET), if available.
- recent prior plan administrator's calculations that have been approved by the PBGC actuary, if available.
- PBGC actuary provides individual calculation.

Generally, the EBLS/FBA/PBA/PVA provides the estimated benefit and reviews the supporting information by telephone. This is documented in CRM. This is followed by a written response that specifies the estimated benefit calculation, (clearly identifies the information as estimate) and provides an estimated benefit calculation sheet.

For cash balance plans, follow specific procedures in TP 52 Cash Balance and Other Statutory Hybrid Plans.

Occasionally, participants are determined to have been eligible for disability benefits prior to ▸DOPT by the prior plan administrator or PBGC, but were never put into pay status, and may be initially placed into estimated pay status by PBGC. In these rare situations, be certain to issue the correct disability ▸eALG letter confirming the payment amount according to TP 20.3C Issue Annuity Payment.

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## TP 32.1 Receive Request, Gather Initial Information

**07/01/2016**

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|---|---|
| **Purpose** | Verify estimated benefit requestor entitled to information, collect necessary information to complete calculation. |
| **Required Input and Source** | Written or verbal inquiry from a participant, surviving spouse, beneficiary, alternate payee for an estimated benefit amount. |
| **Process Output and Recipient** | All participant and plan information necessary to perform estimated benefit calculation for eligible participant determined and received by PBGC. Determination that requestor may receive this personal benefit information. |
| **Control Issues** | PBGC will ask the necessary questions to verify that the requestor is entitled to the information, and determine whether the participant is eligible for an estimated benefit amount from the plan.<br><br>Spouses of living participants, children and other relatives are not entitled to a participant's personal benefit information without written permission from the participant. Then their request for information may be made under FOIA. The Disclosure Division in OGC handles FOIA requests. Potential alternate payees may request benefit information as part of the preparation of a Domestic Relations Order. If received in OBA, direct the requestor to the Disclosure Division.<br><br>Regardless of the method of inquiry (phone, e-mail, fax, letter) all communications with the participant and information used to provide the benefit calculations are fully documented, either imaged to IPS (includes e-mail correspondence) or recorded in CRM. |
| **Important Concepts** | Although estimated benefits **are estimates**, PBGC is sensitive to the customer's reliance on these calculations in their planning and decisions about whether to retire, and strives to provide the most accurate calculation possible. When Benefit Determination Letters are issued, underpayments are made to the customers (see Process 19 Benefit Determination Letters), and overpayments may be repaid through recovery or recoupment (see TP 6 Recover Overpayments, and TP 7 Recoupment and Administrative Correction). Complete and accurate data are critical to ensure that PBGC's timely estimated benefit calculations are accurate.<br><br>**Timing:** PBGC's goal is to always respond to the requestor(s) as soon as possible. In many cases that will be within 15 business days of the estimated benefit calculation request, or receipt of all necessary information, if later. |
| **Guidance** | PBGC Customer Service Standards<br><br>eALG Correspondence Help<br><br>Policy 8.4-1 Power of Attorney and Guardianship |
| **Procedure Owner** | EBLS/FBA/PBA/PVA |

**Telephone request**

**A. CSR or EBLS/FBA/PBA/PVA**

A telephone request for an estimated benefit calculation amount may be received at the ▸CCC or directly by the ▸EBLS/▸FBA/▸PBA/▸PVA. As with all customer telephone calls, ▸CSD follows the standard steps of gathering or verifying basic information about the caller and/or participant.

1. Verify that the caller is the participant, surviving spouse or beneficiary, or authorized representative (see Policy 8.4-1 Power of Attorney and Guardianship). If not, no information may be provided to the caller. If the caller requests the information under ▸FOIA, direct the caller to the Disclosure Division in ▸OGC.

   Request information from the caller (including the standard call verification procedure) as outlined in the ▸Telephone Request Types of Information to Collect Table.

2. If originally received in the CCC, the request is forwarded to the responsible staff telephone ▸POC for the plan.

**B. EBLS/FBA/PBA/PVA**

1. First verify whether the plan's status is final or estimated. (A plan is referred to as "final" when its valuation has been completed and ▸Benefit Determination Letters issued. Otherwise, a plan is referred to as "estimated", therefore participant benefits are estimated.) If the plan is final, the benefit may be provided through accessing the archives. Provide a telephone response to the participant (recording the relevant information in ▸CRM) and follow up with a letter confirming the information provided.

   **Note** See TP 52 Cash Balance and Other Statutory Hybrid Plans for cash balance plan participant rules, action steps, and procedures.

2. In addition to the information outlined in 2 above, additional information is necessary to calculate an accurate benefit estimate. Consult with the plan actuary to develop a complete list of data needed for the estimated benefit calculation, and ensure that this list of data elements is imaged to the plan file (▸IPS).

   Some examples of additional information that may be necessary:

   - Transfer between hourly and salaried
   - Date of plan participation
   - ▸Break in service information, if applicable
   - USERRA Eligibility (See TP 62 USERRA Benefits)
   - Earnings information (W-2's), if applicable*

   *If the requestor is unable to provide enough supporting employment or earnings data, information may need to be obtained from ▸SSA, if possible. For more information, see TP 26 Request SSA Data

3. Determine status of the plan and whether an estimated benefit calculation can be made.

   **Note** In some instances, it may be too early in the case processing cycle to provide this information. For example: There may not be an estimated benefit calculation tool (includes ▸BET) for the plan. See Process 10.5 Prepare Estimated Benefit Calculation Tool. There may not be (reliable) prior plan administrator or actuary's benefit calculations available for the plan, and the *Plan Document List* and *Plan Summary* are not yet completed, or are not available for the plan. See 11.3A Finalize Plan Document List, and 11.3B Finalize Data Elements for Participant Database Construction.

4. **If an estimated calculation may not be provided at this time,** notify the requestor that the PBGC is still gathering information about the plan necessary to perform the calculation. The initial provision of this information may be made by telephone and documented in ▸CRM.

5. If PBGC has trusteed the plan but has not yet obtained sufficient records, ask the requestor if he or she has copies of any of the following:
   - ▸Benefit statement from the employer/ plan administrator
   - ▸Summary Plan Description
   - ▸Summary of Material Modifications (▸SMM)
   - pension ▸plan document and/or amendments
   - collective bargaining agreement
   - union book(s)
   - employee handbooks that reference the pension

   If the requestor has any or all of these documents, ask them to provide copies to the PBGC.

6. Check Spectrum, IPS and/or any other plan database or information to determine whether all information needed to calculate the estimated benefit amount is available. If additional information is needed, contact the requestor by

telephone. If unable to contact by telephone, prepare Information Request for Estimated Benefit, available through ▸eALG.

7. If the requested information is not received within 15 days, follow-up is appropriate. If efforts to obtain the necessary participant information are unsuccessful, consult with management about whether to send a final letter advising that until the requested information is provided, PBGC will not be able to provide the estimated benefit calculation, and will not make any further follow up efforts.
8. The Case Team is responsible for completing the required work that will permit an accurate estimated benefit calculation.
9. Go to TP 32.2 Determine and Provide Estimated Calculation.

**Written Request–EBLS/FBA/PBA/PVA (mail POC for plan)**

Requests received by mail or via ▸MyPBA appear in ▸CRM. If received by e-mail, the request is routed to the plan's mail POC.

1. First verify whether the plan's status is final or estimated. (A plan is referred to as "final" when its valuation has been completed and ▸Benefit Determination Letters issued. Otherwise, a plan is referred to as estimated, therefore participant benefits are estimated.) If the plan is final, the benefit may be provided through accessing the archives. Provide a telephone response to the participant (recording the relevant information in CRM) and follow up with a letter confirming the information provided.
2. Verify that the requestor is the participant, surviving spouse or beneficiary, or authorized representative (see Policy 8.4-1 Power of Attorney and Guardianship). If not, no information may be provided to the requestor. If the requestor would like to request the information under ▸FOIA, direct them to the Disclosure Division in ▸OGC.
3. Determine status of the plan and whether an estimated benefit calculation can be made.

   **Note** In some instances, it may be too early in the case processing cycle to provide this information. For example: There may not be an estimated benefit calculation tool (includes ▸BET) for the plan. See Process 10.5 Prepare Estimated Benefits Calculation Tool. There may not be (reliable) prior plan administrator or actuary's benefit calculations available for the plan, and the *Plan Document List* and *Plan Summary* may not yet be complete. See 11.3A Finalize Plan Document List, and 11.3B Finalize Data Elements for Participant Database Construction.

4. **If an estimated calculation may not be provided at this time,** notify the requestor that the PBGC is still gathering information about the plan necessary to perform the calculation. The initial provision of this information may be made by telephone and documented in CRM.
5. If PBGC has trusteed the plan but has not yet obtained sufficient records, ask the requestor if he or she has copies of any of the following:
   - Benefit statement from the employer/ plan administrator
   - Summary Plan Description (SPD)
   - Summary of Material Modifications (SMM)
   - pension plan document and/or amendments
   - collective bargaining agreement
   - union book(s)
   - employee handbooks that reference the pension

   If the requestor has any or all of these documents, ask them to provide copies to the PBGC.
6. Review the request and determine what information is needed to provide the estimated benefit calculation. Consult with the plan actuary to develop a complete list of data needed for the calculation, and ensure that this list of data elements is imaged to the plan file (▸IPS). The ▸Written Request Types of Information to Collect Table provides a listing of some of the information that may be necessary to complete the calculation and contact the participant.
7. Check Spectrum, IPS and/or any other plan database or information to determine whether all information needed to calculate the estimated benefit amount is available. If additional information is needed, contact the requestor by telephone and document the call in CRM. If unable to contact by telephone, prepare Information Request for Estimated Benefit, available through eALG.
8. If the requested information is not received within 15 days, follow-up is appropriate. If efforts to obtain the necessary participant information are unsuccessful, consult with management about whether to send a letter

advising that until the requested information is provided, PBGC will not be able to provide the estimated benefit calculation, and will not make any further follow up efforts.

9. Until able to provide calculation, follow PBGC Customer Service Standards in providing updates to the participant including when the final response may be expected.
10. The Case Team is responsible for completing the required work that will permit an accurate estimated benefit.
11. Go to TP 32.2 Determine and Provide Estimated Calculation.

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## TP 32.2 Determine and Provide Estimated Calculation

**07/01/2016**

| | |
|---|---|
| **Purpose** | Promptly calculate and provide accurate estimated benefit upon request. |
| **Required Input and Source** | All participant and plan information necessary to complete estimated benefit calculation from plan records or requestor. Determination of the method of calculating the estimated benefit, in preferred order:<br>• using prepared benefit estimated tool.<br>• using prior plan administrator (or actuary's) calculations.<br>• PBGC actuary provides individual calculation. |
| **Process Output and Recipient** | Estimated benefit calculation provided to the requestor by telephone, followed by written notification, all fully documented in CRM and IPS. Requestors not entitled (non-vested) may receive Benefit Determination Letters. |
| **Control Issues** | Regardless of the method of inquiry (phone, e-mail, fax, letter) all communications with the participant are fully documented, either imaged to IPS (includes e-mail correspondence) or recorded in CRM. |
| **Important Concepts** | Although estimated benefits are estimates, PBGC is sensitive to the customer's perspective, and strives to provide the most accurate calculation possible. Complete and accurate data are critical to ensure the accuracy of the estimated benefit calculations. Responses to participants provide the **monthly benefit amount**. If a participant applies for benefits or is immediately eligible at the time the estimated calculation is provided, then the lump sum distribution amount may be provided.<br><br>Participants eligible for retirement may be put into pay on an estimated basis, with adjustments made after Benefit Determination Letters are issued. An eligible participant may request to begin to receive retirement benefits when they are notified by phone of the estimated benefit amount. If so, include the appropriate benefit application form with the Response to Inquiry for a Benefit Estimate, eALG 305. Make a follow up phone call to customer confirming receipt of the annuity application and offer assistance (7-14 days after sending application).<br><br>**Timing:** PBGC's goal is to always respond to the requestor(s) as soon as possible, however, when an estimated tool is available or PBGC has prior calculations, an estimate is be provided no later than 15 business days after receipt of all required information. (Exceptions to this 15 day response target must be brought to the attention of management.) |
| **Guidance** | Customer Service Standards<br><br>eALG Correspondence Help |
| **Procedure Owner** | EBLS/FBA/PBA/PVA, Actuary |

**In this Section**

TP 32.2A Use Estimated Benefit Calculation Tool
TP 32.2B Use Prior Calculation
TP 32.2C Actuary Calculates Individual Estimated Benefit

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**TP 32.2A Use Estimated Benefit Calculation Tool**

**12/22/2016**

**EBLS/FBA/PBA**

1. Use the estimated calculation tool to calculate the estimated benefit. (Most estimated benefit tools will produce a benefit calculation sheet. If not, prepare a *PBGC Estimated Benefit Calculation Sheet*.) For cash balance plans, see TP 52.3 Provide Cash Balance Benefit Calculations**.**
2. Submit the calculation for peer review or review by the actuary if desired, or as required by management.

   > **Note:** If it's determined that the requestor is a non-vested participant who is not eligible for any benefits from PBGC, including a ▸4022(c) benefit, an early ▸Benefit Determination Letter may be issued, in response to this request. (See 19.1 Create Early BDL Database and Issue Early BDLs for information.)

3. Contact the requestor by telephone and provide the estimated benefit amount, and review the supporting information. Determine whether the caller may be affected by the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) (see TP 62 USERRA Benefits). If the requestor is eligible for an ▸early retirement benefit or a ▸normal retirement benefit, inform them that an application will be provided. Complete the ▸CRM record (either the original request if originally requested by phone, or the new record prepared for the outgoing call) with the estimated benefit amount(s) and close the call in CRM. Inform the requestor that the estimated benefit and supporting information upon which it was based will be confirmed in writing.
4. Prepare and send the *eALG 305 Estimated Benefit Request Response* with the estimated benefit calculation sheet. Insert language concerning the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) if applicable (see TP 62 USERRA Benefits). Include the appropriate benefit application form if an eligible participant, beneficiary or alternate payee requests one. See Appendix J Participant Forms Information for listing of forms and their usage.

   > **Note:** The *eALG 305 Estimated Benefit Request Response* is always customized for the specific request, and must be printed locally so that the benefit calculation sheet can be included with the letter. Retain a copy of the estimated benefit calculation to submit for imaging.

5. To complete request: ensure that all communications with participant have been documented in CRM and IPS. (This includes the list of data elements needed for the estimated calculation, the estimated benefit calculation sheet or the *PBGC Estimated Benefit Calculation Sheet* and all correspondence including e-mails with the requestor.)

**TP 32.2B Use Prior Calculation**

**12/22/2016**

> **Note** Before using a benefit calculation prepared by the prior plan administrator or plan actuary, the case actuary must review and accept the calculation and obtain approval by a GS-13 or higher grade actuary. The review and approval for each calculation is documented in either the *Manual Benefit Statement Approval Memo*, which must be signed and dated by both the case actuary and approving actuary, or in an e-mail, and imaged to the participant's file.

**EBLS/FBA/PBA/PVA**

1. Use the prior calculations to determine the estimated benefit. (Be aware of possibility for benefit adjustments, [ ▸substantial/majority owner reductions, the ▸phase-in rule, ▸maximum guaranteeable benefit], and consult with the actuary as needed.) Prepare a *PBGC Estimated Benefit Calculation Sheet*. For cash balance plans, see TP 52.4 Provide Cash Balance Benefit Calculations**.**
2. Submit for peer review and/or review by the actuary, if desired, or as required by management.

   > **Note** If it's determined that the requestor is a non-vested participant who is not eligible for any benefits from PBGC, including a ▸4022(c) benefit, an early ▸Benefit Determination Letter may be issued, in response to this request. (See 19.1 Create Early BDL Database and Issue Early BDLs for information.)

3. Contact the requestor by telephone and provide the estimated benefit amount, and review the supporting information. If the requestor is eligible for an ▸early retirement benefit or a ▸normal retirement benefit, inform them that an application will be provided. Complete the ▸CRM record (either the original request if originally requested by phone, or the new log prepared for the outgoing call) with the estimated benefit amount(s) and close the call. Inform the requestor that the estimated benefit and supporting information upon which it was based will be confirmed in writing.
4. Prepare and send the *eALG 305 Response to Inquiry for a Benefit Estimate* with the estimated benefit calculation sheet. Include the appropriate benefit application form if an eligible participant, beneficiary or alternate payee requests one. See Appendix J Participant Forms Information for listing of forms and their usage.

   > **Note** The *eALG 305 Estimated Benefit Request Response* is always customized for the specific request, and must be printed locally so that the benefit calculation sheet can be included with the letter.

5. To complete request, ensure that all communications with the participant and in support of the calculation are documented in IPS and CRM. (This includes the list of data elements needed for the estimated calculation, the actuary's specific approval of the prior benefit calculation or the approval of the prior calculations **for the plan**, peer review and approval of calculation if done, the estimated benefit calculation sheet or the *PBGC Estimated Benefit Calculation Sheet*, and all correspondence including e-mails with the requestor.)

**TP 32.2C Actuary Calculates Individual Estimated Benefit**

**12/22/2016**

**EBLS/FBA/PBA/PVA**

1. Submit all information previously determined necessary to calculate the estimated benefit to the case actuary, and request the estimated benefit calculation. For cash balance plans, see TP 52.4 Provide Cash Balance Benefit Calculations**.**

**Actuary**

2. Prepare the benefit statement and obtain approval by a GS-13 or higher grade actuary by memorandum or e-mail:
   - By memorandum:
     a. Prepare a *Manual Benefit Statement Approval Memo*.
     b. Sign and date on the **Prepared by** line.
     c. Obtain approval of the GS-13 or higher grade actuary, who signs and dates on the **Approval** line.
     d. Prepare a benefit statement with the approved calculation and send to the ▶EBLS/▶FBA/▶PBA/▶PVA with the approval memo for imaging and issuance.
   - By e-mail:
     a. Prepare an e-mail incorporating the same language as the memo.
     b. E-mail the benefit statement to a GS-13 or higher grade actuary requesting approval.
     c. Upon approval, send the benefit statement with the approval e-mail to the EBLS/FBA/PBA/PVA for imaging and issuance.

> **Note** A single *Manual Benefit Statement Approval Memo* or approval e-mail may be used for multiple benefit statements, including those produced by a ▶BET that is not yet archived. In these cases, the EBLS/FBA/PBA/PVA images the approval e-mail or memo to each participant's file, redacting any information concerning other participants.

3. Send the benefit statement and signed *Manual Benefit Statement Approval Memo* to the EBLS/FBA/PBA/PVA.

> **Note** If it's determined that the requestor is a non-vested participant who is not eligible for any benefits from PBGC, including a ▶4022(c) benefit, an early ▶Benefit Determination Letter may be issued, in response to this request. (See 19.1 Create Early BDL Database and Issue Early BDLs for information.)

**EBLS/FBA/PBA/PVA**

4. If an estimated benefit tool is provided, see TP 32.2A Use Estimated Benefit Calculation Tool.
5. Image the approval e-mail or the signed and dated *Manual Benefit Statement Approval Memo* (as applicable) and a copy of the benefit statement to the participant file in IPS.

   If a single memo or e-mail approves multiple benefit statements, create a copy of the approval e-mail or memo for each participant's file. Before imaging, redact any information concerning other participants.
6. Contact the requestor by telephone and provide the estimated benefit amount, and review the supporting information. If the requestor is eligible for an ▶early retirement benefit or a ▶normal retirement benefit, inform them that an application will be provided. Complete the ▶CRM record (either the original request if originally requested by phone, or the new log prepared for the outgoing call) with the estimated benefit amount(s) and close the call. Inform the requestor that the information will be confirmed in writing.
7. Prepare and send the *eALG 305 Response to Inquiry for a Benefit Estimate* with the estimated benefit calculation sheet. Include the appropriate benefit application form if an eligible participant, beneficiary or alternate payee requests one. See Appendix J Participant Forms Information for listing of forms and their usage.

> **Note** The *eALG 305 Estimated Benefit Request Response* is always customized for the specific request, and must be printed locally so that the benefit calculation sheet can be included with the letter.

8. To complete request: ensure that all communications with the participant and in support of the calculation are documented in IPS and CRM. (This includes the list of data elements needed for the estimated calculation, the actuary's benefit calculation, the *PBGC Estimated Benefit Calculation Sheet*, and actuary's approval if done, and all correspondence including e-mails with the requestor.)

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## TP 32.3 Resources for Provide Estimated Benefit Calculations

**09/30/2016**

**Forms, Letters, and Memos:**

- *Manual Benefit Statement Approval Memo*
- *PBGC Estimated Benefit Calculation Sheet*

**Customer Correspondence and Forms:**

- *eALG 305 Response to Inquiry for a Benefit Estimate*
- *Form 700 - Participant Application for Pension Benefits*
- *Form 705 - Beneficiary Application for Pension Benefits*
- *Form 706 - Beneficiary Application for Pension Benefits - OF (Optional Forms)*
- *Form 720 - Application for Lump-Sum Payment*
- *SSA Form 581 Authorization to Obtain Earnings Data from SSA*

**Guidance:**

- *Customer Service Standards*
- *Policy 8.4-1 Power of Attorney and Guardianship*

**Exhibits:**

*None*

# TP 33 Disability Benefit Processing

**In this Section**

TP 33. Overview for Disability Benefit Processing
TP 33.1 Process Request for Disability Benefits
TP 33.2 Correct Failure to Convert Disability Benefit to Retirement Benefit
TP 33.3 Resources for Disability Benefit Processing

## TP 33. Overview for Disability Benefit Processing

**07/01/2016**

PBGC pays disability benefits in accordance with Policy 5.9-1 Disability Benefits. In most cases, disability benefits are already in pay status when PBGC assumes a plan's payments. However, there are cases in which a ▸participant first applies for disability benefits with PBGC, for example, because the participant did not have the opportunity to apply with the prior ▸plan administrator. Initial requests to PBGC for disability benefits are addressed in TP 33.1 Process Request for Disability Benefits.

Many disabled payees are receiving an auxiliary disability ▸benefit, a benefit that converts to an early or ▸normal retirement benefit when the participant reaches ▸normal retirement age. At ▸NRA, the participant is provided the opportunity to make a benefit form election. Occasionally, a payee continues to receive an auxiliary disability benefit after it should have converted, a situation which must be corrected. This is addressed in TP 33.2 Correct Failure to Convert Disability Benefit to Retirement Benefit.

▸CSD also ensures that participants who are receiving disability benefits continue to be eligible, since their condition may change. This is addressed in TP 30 Monitor Continuous Eligibility for Disability Benefits.

# TP 33.1 Process Request for Disability Benefits

**07/01/2016**

| | |
|---|---|
| **Purpose** | To process a participant's request to apply for a disability benefit. |
| **Guidance** | Policy 5.9-1 Disability Benefits |
| **Procedure Owner** | EBLS/FBA/PBA/PVA, ASD |

PBGC will typically make a disability determination in response to a participant's request for a disability benefit under a ▸trusteed plan. ▸OBA will have already recorded the plan's disability provisions and characterized the disability eligibility provisions as either basic or administrative. Issues regarding ▸plan analysis and identification of the provisions should be resolved in coordination with ▸ASD, who may consult with ▸PPD.

**EBLS/FBA/PBA/PVA**

1. Request a copy of the participant's notice of eligibility for a disability benefit from ▸SSA.

   The notice must clearly identify the disability onset date. If the SSA material does not have the onset date information, request the full SSA decision, which will provide the onset date.

2. Follow up with the ▸participant if the notice of disability (or full SSA decision) is not received within 30 days of the request date. Advise the participant that PBGC cannot determine disability benefit eligibility without this documentation.

   If the participant does not respond, additional follow-ups are not required.

3. Forward SSA notice of eligibility for a disability benefit to ASD with a request for a disability determination.

**ASD**

4. Compare the participant's data against the plan provisions and determine whether each disability provision has been met and the participant was disabled prior to ▸DOPT.

   If the SSA disability onset date occurred after DOPT, the participant cannot be determined to have a guaranteed disability benefit.

5. Categorize the relevant plan provisions that the participant must meet to receive a disability benefit as follows:
   - Definition of disability: PBGC will substitute SSA disability eligibility for that of the plan if the plan has a different provision.
   - Disability exemptions: PBGC will require notice that these exemptions do not negate the participant's disability eligibility (for example, if the plan exempted disabilities attributable to the commission of a crime, the participant would be ineligible if they suffered back injuries as a result of committing a robbery). PBGC will apply any disability exemptions in the plan. Therefore, information may need to be requested from the participant to demonstrate that the disability is not attributable to a plan exemption.
   - Basic disability provisions: Age, service, and other conditions that are objectively determinable. Note that failure to apply or failure to complete a waiting period will not be required by PBGC, in accordance with the disability policy. PBGC requires a participant to meet basic disability provisions.
   - Administrative disability provisions: Provisions that are less objectively determinable from records or may have been dependent upon action by the employer rather than participant. PBGC does not require a participant to meet an administrative disability provision to be eligible for a disability benefit.
6. Once the participant's eligibility for the disability benefit has been determined:
   - Identify how relevant PBGC policies apply to the participant's disability entitlement by using the following:
     - Policy 5.2-4 Annuity Starting Dates
     - Policy 5.14-1 Benefits in PPA 2006 Bankruptcy Plans
     - Policy 6.3-1 Underpayment Reimbursement and Interest Payments
   - Prepare a calculation of the disability benefit, including any pre-termination liabilities, if applicable.
   - Prepare the appropriate benefit statement, if applicable.
   - Complete the *Disability Determination Memo* documenting the reasons the participant is or is not eligible and

submit to the ASD ▸Case Processing Branch Supervisory Actuary or ASD Division Manager for approval. Attach the calculation and benefit statement, if applicable.

- Forward a PDF of the approved copy of the *Disability Determination Memo* to the ▸EBLS/▸FBA/▸PVA/▸PBA originator and copy the ASK PPD mailbox.

**EBLS/FBA/PBA/PVA**

7. Prepare and issue an *eALG 406 Limited-Scope BDL* addressing the disability benefit eligibility and specifically addressing the reasons the participant is or is not eligible. See Process 19.6 Issue Limited-Scope BDLs.

   If the participant is eligible, include a benefit application.

   > **Note** It may be preferable to issue a final (valuation) ▸BDL instead of an *eALG 406 Limited-Scope BDL* if the plan's actuarial valuation is complete and it would be appropriate to issue a letter addressing both the benefit and disability determinations.

8. Image the *Disability Determination Memo* and supporting documentation to the participant's ▸IPS file.
9. Upon receipt of the participant's benefit application, process in accordance with TP 20 Benefit Payments.

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## TP 33.2 Correct Failure to Convert Disability Benefit to Retirement Benefit

**12/22/2016**

| | |
|---|---|
| **Purpose** | To correct a situation in which a participant continues to receive an auxiliary disability benefit after it should have ended and converted to a normal retirement benefit. |
| **Guidance** | Policy Decision Log 2012-02: Disability Failure to Convert<br>Policy 5.7-5 Spousal Consent (Qualified Joint-and-Survivor Annuities)<br>Policy 5.9-1 Disability Benefits |
| **Procedure Owner** | EBLS/FBA/PBA/PVA |

A disability ▸benefit is "auxiliary" if it converts to an early or ▸normal retirement benefit when the ▸participant reaches ▸normal retirement age. It is not reduced by any disability benefit payments made prior to the conversion. Occasionally, ▸CSD finds that a participant has continued to receive an auxiliary disability benefit after the date it should have ended and converted to a normal retirement benefit. This may occur, for example, if the disability benefit end date was not entered in ▸Spectrum, and the participant did not receive advance notice of the end date and an application for normal retirement benefits. Upon learning of this situation, take the following corrective actions as soon as practicable.

1. Make an attempt to telephone and inform the participant of the following:
   - The period for the disability benefit has ended and the effective date.
   - The participant must now apply for normal retirement benefits. PBGC will provide an application and benefit statement with calculations for optional benefit forms.
   - The NRD benefit will be based on the participant's marital status at ▸NRD. During the call, verify the participant's current and NRD marital status, if not already known. (See step 3 for specific information about applying the NRD marital status and the impact of subsequent changes.)
   - The benefit form the participant elects will be payable as of the NRD (which is the same as the annuity starting date) and may result in an underpayment or overpayment of benefits paid since NRD. An overpayment would be recouped from normal retirement benefit payments.
   - The customer must return the complete benefit application within 90 days of the letter date for benefits to continue uninterrupted.
2. Record the contact or attempted contact in ▸CRM and continue to step 3, regardless of whether the contact was successful.
3. Determine the participant's ▸NRA benefit amount and benefit form. Request assistance from the actuary as needed.

   The NRA benefit form must be based on the participant's marital status at NRD. If the marital status has changed since NRD and the participant was:

   - **Single at NRD:** Treat the participant as single, even if the participant is currently married.
   - **Married at NRD but the spouse is now deceased:** Treat the participant as single.
   - **Married at NRD but now divorced:** Treat the participant as married at NRD to the NRD spouse. If the participant elects anything other than the normal form for a married participant, spousal consent is required.
   - **Married at NRD and the NRD spouse is unlocatable:** Follow guidance in Policy 5.7-5 Spousal Consent (Qualified Joint-and-Survivor Annuities) concerning a missing or unlocatable spouse. Contact ASK PPD as needed for guidance.
4. Issue an *eALG 200DS Application Request - Disability Benefit Conversion* letter to the participant with *Form 700 Participant Application for Pension Benefits*, benefit statement, and statement of optional benefit forms. The letter advises that the completed application must be returned **within 90 days** of the letter date in order for benefits to continue uninterrupted.
5. When sending the letter:
   - Customize the letter based on whether the benefit is final (the customer has received a ▸BDL) or estimated.
   - Enclose a copy of the BDL for reference if the benefit is final.
   - Write the ▸ASD (using the participant's NRD) on the annuity application before mailing it to the customer. Since

the ASD is retroactive to a certain date, no other date may be used.

- Ensure all attachments are imaged to the participant's ▸IPS file.

> **Note** The participant must complete and submit the benefit application in paper format. ▸MyPBA cannot be used since it does not allow the customer to enter a retroactive annuity starting date, which is required in this situation.

6. If the application has not been received within **45 days** of the letter date, issue an *eALG 200DSF Follow-up Application Request - Disability Benefit Conversion* letter to remind the participant that the complete application must be received within **90 days** of the letter date that provided the application for benefits to continue uninterrupted.
7. Upon receipt, review the application for completeness using the *Form 700 Participant Application for Pension Benefits Review Table*.

> **Note** If spousal consent is required for the benefit form elected, the waiver and spousal consent must be executed no more than 180 days before receipt by PBGC since the NRD is retroactive. See Policy 5.7-5 Spousal Consent (Qualified Joint-and-Survivor Annuities).

8. If the application is received:
   - **Complete:** Proceed to step 9.
   - **Incomplete:** Issue an *eALG 530APP Request for Additional Documentation/ Information – Benefit Application* letter to request the missing information from the participant. Customize the letter to remind the participant that the application must be made complete within **90 days** of the letter that provided the application for benefits to continue uninterrupted.
9. Process the complete application as follows. (If the complete application is not received within 90 days, proceed to step 10.)
   a. Terminate the disability benefit in Spectrum.
   b. Process the normal retirement benefit in Spectrum to begin the month after the last disability benefit to ensure payments continue uninterrupted.
   c. Use ▸PACS to determine if the benefit form elected results in a benefit overpayment or underpayment for the period between the ASD (which is the same as the NRD) and the payment adjustment date.
      - If the result is a net overpayment, initiate recoupment based on whether the participant has received a valuation BDL.
        - **Participant has received the valuation BDL:** Initiate recoupment of the overpayment when the normal retirement benefit begins. See TP 7 Recoupment.
        - **Participant has not received the valuation BDL:** Do not initiate recoupment of the overpayment until after the BDL is issued and the appeal period expires.
      - If the result is a net underpayment, initiate a back payment to be paid with the first annuity payment in accordance with TP 20.3C Issue Annuity Payment.
10. Issue a customized letter to advise the participant of the date of the first normal retirement benefit payment. Include information about any back payment or recoupment, as applicable.
    - For an estimated benefit, use an eALG 300-series letter.
    - For a final benefit, use an eALG 500-series letter.
11. If the application is not received within 90 days of the date of the letter that provided the application:
    - Terminate the disability benefit payment in Spectrum.
    - Issue an *eALG 517 Disability Benefit Termination Notice - Non-Receipt of Application* to notify the participant that the disability benefit has ended and the normal retirement benefit will begin after the participant submits a complete application.
    - Upon receipt of the complete application, process the application according to steps 9 and 10 using the same NRD and benefit calculations previously determined.

> **Note** The annuity starting date will be retroactive to the NRD regardless of when the customer provides a complete application. Therefore, the information previously provided to the participant, including the ASD, does not change. If the customer requests the information again, be certain to provide the same calculations that were previously sent.

## TP 33.3 Resources for Disability Benefit Processing

**09/30/2016**

**Forms, Letters, and Memos:**

*Disability Determination Memo*

**Customer Correspondence and Forms:**

- *eALG 200DS Application Request - Disability Benefit Conversion*
- *eALG 200DSF Follow-up Application Request - Disability Benefit Conversion*
- *eALG 406 Limited-Scope BDL*
- *eALG 530APP Request for Additional Documentation/Information - Benefit Application*
- *eALG 517 Disability Benefit Termination Notice - Non-Receipt of Application*
- *Form 700 - Participant Application for Pension Benefits*

**Guidance:**

- *Policy 5.9-1 Disability Benefits*
- *Policy 5.7-5 Spousal Consent (Qualified Joint-and-Survivor Annuities)*
- *Policy Decision Log 2012-02: Disability Failure to Convert*

**Exhibits:**

*None*

# TP 34 Requests for Supplies

**In this Section**

TP 34. Overview for Requests for Supplies
TP 34.1 Request Supplies
TP 34.2 Process Supply Request
TP 34.3 Resources for Requests for Supplies

## TP 34. Overview for Requests for Supplies

**07/01/2016**

The ▸DMC serves as the supplier for ▸OBA of toner cartridges, envelopes, and brochures. Each division within OBA and each ▸FBA/▸PVA has a ▸POC responsible for submitting requests and retrieving toner and other supplies. OBA division staff are located at 1200 and 1275 K Street, Washington, DC, and the FBA/PVAs are located in various cities and states throughout the United States.

OBA division staff request supplies directly from the DMC Service Window. FBA/PVAs request supplies via e-mail to the DMC. On receipt of the request, the DMC processes the request through the Supply Inventory Database and delivers or ships the supplies. The DMC is also responsible for tracking and maintaining the supply inventory. The DMC orders the supplies to restock the supply inventory from the approved vendor.

## TP 34.1 Request Supplies

**07/01/2016**

| | |
|---|---|
| **Purpose** | To request necessary supplies for OBA staff and FBA/PVAs to perform all functions. |
| **Guidance** | N/A |
| **Procedure Owner** | OBA Supplies POC, FBA/PVA Supplies POC, DMC |

The ▸DMC supplies envelopes and brochures to ▸OBA and ▸FBA/▸PVAs. The DMC also supplies toner for OBA printers. Each division within OBA and each FBA/PVA has a ▸POC responsible for requesting and retrieving toner and other supplies for the division. OBA staff with PBGC-issued personal printers can also request toner.

The process for requesting supplies varies depending on the location of the requestor:

- OBA Headquarters Staff: Request supplies through the DMC Service Window (see TP 34.1A Request Supplies for Divisions within OBA).
- FBA/PVAs: Request supplies via e-mail (see TP 34.1B Request Supplies for FBA/PVAs).

**In this Section**

TP 34.1A Request Supplies for Divisions within OBA
TP 34.1B Request Supplies for FBA/PVAs

**TP 34.1A Request Supplies for Divisions within OBA**

**07/01/2016**

This procedure covers the steps for ▸OBA staff to request supplies. ▸FBA/▸PVAs follow the steps in TP 34.1B Request Supplies for FBA/PVAs.

**OBA Supplies POC**

1. Identify the required supplies and complete the appropriate form:
   - Toner cartridges: *DMD Toner Supply Request Form*.
   - Other supplies: *DMD Supply Request Form*.

   **Note** Hard copies of both forms are available at the ▸DMC Service Window.

2. Submit the form to division management for approval.
3. Submit the completed and approved hard-copy form to the DMC Service Window for processing.

   The DMC processes the request and either delivers the supplies or requests the OBA Supplies POC to pick up the supplies at the DMC Service Window.

**TP 34.1B Request Supplies for FBA/PVAs**

**07/01/2016**

This procedure covers the steps for ▸FBA/▸PVAs to request supplies. ▸OBA staff follow the steps in TP 34.1A Request Supplies for Divisions within OBA.

The FBA/PVA Supplies ▸POC submits the request to the ▸DMC.

**FBA/PVA Supplies POC**

1. Identify the required supplies.
2. Complete the *DMD Supply Request Form*.
3. Submit the completed *DMD Supply Request Form* to the DMC as an e-mail attachment.

**DMC**

4. On receipt of the *DMD Supply Request Form* from the FBA/PVA Supplies POC, print the form.
5. Process the request within one business day of receiving the e-mail and ship the supplies to the FBA/PVA (see TP 34.2 Process Supply Request).

## TP 34.2 Process Supply Request

**07/01/2016**

| | |
|---|---|
| **Purpose** | To process supply requests from OBA staff and FBA/PVAs. |
| **Guidance** | N/A |
| **Procedure Owner** | DMC |

Divisions within ▸OBA request supplies using the *DMD Toner Supply Request Form* or *DMD Supply Inventory Form* (see TP 34.1A Request Supplies for Divisions within OBA). ▸FBA/▸PVAs request supplies using the *DMD Supply Inventory Form* only (see TP 34.1B Request Supplies for FBA/PVAs). The ▸DMC uses the Supply Inventory Database to process the requests and generate order sheets, then retrieves and ships or delivers the supplies according to the requestor.

**DMC**

1. On receipt of an *DMD Toner Supply Request Form* or *DMD Supply Inventory Form*, create a new order in the Supply Inventory Database.
2. Retrieve the supplies from the storage room.
3. Proceed according to who requested the supplies:
   - FBA/PVA: Box and ship the supplies to the FBA/PVA using the approved shipping service.
   - OBA Division Staff: Deliver the supplies to the division or call the requestor to pick up the supplies at the DMC Service Window.
4. If the DMC does not receive confirmation of delivery (delivery receipt or signature on order form), follow up within one business day to confirm delivery.
5. On confirmation of delivery, update the Supply Inventory Database to indicate delivery.
6. Send a confirmation e-mail to the requester.

## TP 34.3 Resources for Requests for Supplies

**09/30/2016**

**Forms, Letters, and Memos:**

- *DMD Supply Request Form*
- *DMD Toner Supply Request Form*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

*None*

**Exhibits:**

*None*

# TP 35 Case Work Plan

**In this Section**

TP 35. Overview for Case Work Plan
TP 35.1 Maintain the Case Work Plan
TP 35.2 Resources for Case Work Plan

## TP 35. Overview for Case Work Plan

**10/28/2005**

The following procedure covers the maintenance of the Case Work Plan that was created when the case was initially assigned (see Process 8.5B Create Case Work Plan). The case team is required to meet at least once per quarter to review the designated case processing Milestones and update the work plan. When the last major Milestone actual completion date is populated in the Case Work Plan, the case is forwarded to Plan Closing (see Process 21 Plan Closing).

## TP 35.1 Maintain the Case Work Plan

**07/01/2016**

| | |
|---|---|
| **Purpose** | To update and track all case processing activities to the case work plan. The process of maintaining the case work plan continues until an Actual Completion Date is populated for all major Milestones. |
| **Timing** | Case Teams are required to meet quarterly. |
| **Guidance** | *OBA Progress Reporter in Oracle Primavera P6 Interim Guidance*<br>CMS Job Aids and User Guide<br>Oracle Primavera P6 Help |
| **Procedure Owner** | Case Team, Case Management Analyst, FBA and Other Contract Management |

**The Case Management Analyst coordinates with the Case Team as needed to update the case work plan.**

**Case Team**

1. Submit to Case Management Analyst updates to the case work plan in ▸Oracle Primavera P6 whenever a Target Completion Date needs to change or to enter an Actual Completion Date.

**Case Management Analyst**

2. Schedule Case Team meetings as needed to review and update the case work plan.

**Case Team**

3. In the meetings, review the work plan to ensure it reflects all completed activities and maintains accurate Target Completion Dates for future activities.

**Case Management Analyst**

4. After the meeting, update the work plan.
   - Case Team members may review pending updates.
   - At the end of each quarter, ▸CMD reviews the case work plans.

**FBA and Other Contract Management**

5. Each time the Case Management Analyst updates the work plan, review the work plan in ▸P6 and provide comments in Progress Reporter or what-if scenarios as needed.
6. Resubmit the work plan to Case Management Analyst within seven calendar days.

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## TP 35.2 Resources for Case Work Plan

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

- *OBA Progress Reporter in Oracle Primavera P6 Interim Guidance*
- CMS Job Aids and User Guide
- Primavera Documentation

**Exhibits:**

None

# TP 36 Employee Contributions

**In this Section**

TP 36. Overview for Employee Contributions
TP 36.1 Evaluate Employee Contributions Provisions
TP 36.2 Inform Customers about Employee Contributions
TP 36.3 Process Employee Contribution-Provided Benefits
TP 36.4 Pay Employee Contributions
TP 36.5 Resources for Employee Contributions

# TP 36. Overview for Employee Contributions

**08/28/2014**

Employee contributions can be either mandatory or voluntary:

- Mandatory Employee Contributions
- Voluntary Employee Contributions

**Mandatory Employee Contributions**

Mandatory employee contributions (MEC) are those contributions required as a condition of employment, participation in a pension plan, or obtaining benefits under a plan attributable to employer contributions. Accumulated mandatory employee contributions (AMEC) are the balance of the MEC plus interest as of a specific date. AMEC as of the date of plan termination (DOPT) provides an employee-derived annuity. It also provides a pre-retirement death benefit that returns AMEC as of date of death. Policy 5.11-2 Payment of Priority Category 2 Benefits prescribes the rules for paying benefits derived from AMEC and/or permitting customers to withdraw AMEC.

When a plan with AMEC terminates and PBGC becomes trustee, PBGC permits customers to withdraw the AMEC as of DOPT in a single sum after the date of trusteeship (DOTR) if all of the following conditions apply:

- The plan provisions permit the participant or beneficiary to withdraw MEC at some future date, such as upon termination of employment or at retirement.
- PBGC determines the appropriate assets are available to pay AMEC.
- The participant's or beneficiary's benefit is not already in pay status.
- There is a balance of AMEC to withdraw as of DOPT.

Any withdrawal of AMEC is for the entire balance of AMEC as of DOPT; partial withdrawals are not permitted. PBGC only offers a withdrawal after an annuity is in pay status if PBGC put the annuity in pay status and did not offer the payee the opportunity to withdraw the AMEC. If the plan administrator put the retiree into pay status before PBGC became trustee of the plan, or PBGC put a plan application into pay status, PBGC deems that the retiree received the opportunity to withdraw AMEC as provided under plan provisions or practice, and does not offer the retiree another opportunity. See Policy 5.11-2 Payment of Priority Category 2 Benefits for the specific rules for paying benefits derived from AMEC or permitting customers to withdraw AMEC.

MEC are after-tax contributions. As a result, when PBGC pays retirement benefits that include an employee-derived benefit, a portion of the retirement payment is non-taxable. The Code prescribes the tax rules that apply to a withdrawal of AMEC.

Under prior practice (that is, prior to the MEC interim procedures published 03/26/2010), participants and beneficiaries had only one 60-day period to elect to withdraw the AMEC or leave the AMEC in the plan. The election was irrevocable. Under these procedures, customers may withdraw AMEC any time before or at retirement, and change the election as provided in Policy 5.11-2 Payment of Priority Category 2 Benefits. These procedures apply to any eligible participants or beneficiaries who have not already received the option to withdraw AMEC. In addition, a participant or beneficiary who made an election under past practice may change that election as provided in Policy 5.11-2 Payment of Priority Category 2 Benefits. Contact Ask PPD for additional guidance for plans that are currently being processed following past practice.

**Voluntary Employee Contributions**

Voluntary employee contributions (VEC) are contributions that are not required as a condition of employment, participation in the plan, or obtaining any benefit under the plan attributable to employer contributions. For example, if employees may "voluntarily" contribute to a fund, but contributing to that fund is a requirement for receiving a particular benefit derived from employer contributions, the employee contributions are not VEC.

Under the Code and ▶ERISA, the portion of a plan funded by VEC is a separate plan that is not a defined benefit plan. As such, PBGC does not generally trustee VEC plans. If a plan purports to provide for VEC, contact Ask PPD and request confirmation that the apparent VEC truly is voluntary and guidance on how to proceed.

**Documenting Plan and Participant Files**

When archiving documents or imaging documents to plan or participant files, follow instructions in TP 16 Plan and Participant File Maintenance.

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**TP 36.1A Document Employee Contribution-Related Plan Provisions**

**07/01/2016**

**Actuary**

1. Review plan documents to determine if the plan provides for employee contributions and proceed accordingly.
   - If the plan does not provide for employee contributions, update the *Estimated Benefits Administration Analysis Memo* as such. No further action with regard to employee contributions is needed.
   - If the plan provides for employee contributions, continue to the next step.
2. Determine the type of employee contributions and take action as follows:
   - ▸Voluntary employee contributions (VEC): Contact Ask PPD for guidance.
   - ▸Mandatory employee contributions (MEC): Continue to the next step.

   > **Note** Benefits derived from VEC are treated as being derived from employee contributions under a plan other than a defined benefit plan, that is a defined contribution plan. Occasionally, a plan may provide other types of defined contribution benefits, for example, those transferred or rolled over from a profit sharing plan. If a plan has these or other defined contributions benefits, contact Ask PPD for guidance.
3. Determine the following:
   - Whether the grandfather rule applies (that is, whether a balance of ▸AMEC existed as of 12/31/1986, and the plan permitted in-service withdrawals as of 05/05/1986).
   - The type of pre-retirement death benefit derived from AMEC, typically a lump sum or ▸QPSA.
   - The type of post-retirement death benefit derived from AMEC.
   - Whether the plan permits the withdrawal of AMEC at a future date (for example, termination of employment or retirement). If not, do not complete the remainder of this procedure.
   - If any MEC appears to be pre-tax, contact Ask PPD for guidance.
4. Document the findings in the *Employee Contributions Processing Evaluation* and *Estimated Benefits Administration Analysis Memo* (formerly titled *Plan Analysis for Pre-Benefit Estimation and Benefit Administration Memo*), referencing relevant plan provisions.
5. Determine the status of ▸PC2 funding using the best available estimates of liabilities and assets:
   - PC2 is fully funded: Document in the *Estimated Benefits Administration Analysis Memo* that PC2 is fully funded and eligible customers can withdraw AMEC.
   - PC2 is not fully funded: Determine whether the AMEC exceeds the value of the guaranteed benefit plus any 4022(c) allocation at the time PBGC returns AMEC to the participants and beneficiaries in the plan:
     - AMEC does not exceed the value: Document in the *Estimated Benefits Administration Analysis Memo* that PC2 is not fully funded and eligible customers can withdraw AMEC.
     - AMEC exceeds the value: Contact Ask PPD for guidance. Update the *Estimated Benefits Administration Analysis Memo* as directed by ▸PPD.
6. Once available, update the *Participant Review Summary* (see Process 13 Participant Database Construction and Reporting) and ▸Actuarial Case Report (see Process 17 Actuarial Valuation) with the following determinations:
   - All employee contributions determinations recorded in the *Estimated Benefits Administration Analysis Memo* or *Early Plan Analysis Memo (EPAM)*.
   - The type of pre-retirement death benefit derived from AMEC, typically a lump sum or QPSA.
   - The type of post-retirement death benefit derived from AMEC.

     > **Note** All plans with MEC provide for pre-retirement ▸death benefits. Post-retirement death benefits derive from AMEC depending on the elected benefit form.
   - Whether the grandfather rule applies (that is, whether a balance of AMEC existed as of 12/31/1986 and the plan permitted in-service withdrawals as of 05/05/1986).
7. Image the updated *Participant Review Summary* and Actuarial Case Report to the plan file in ▸IPS.

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**TP 36.1B Develop AMEC Tracking Worksheet**

**07/01/2016**

The ▸EBLS/▸PBA/▸FBA has primary responsibility to develop a spreadsheet to track customers eligible to withdraw or otherwise due ▸accumulated mandatory employee contributions (AMEC) as of the date of plan termination (DOPT). However, the EBLS/PBA/FBA confers as needed with the actuary or auditor to complete the spreadsheet.

**EBLS/FBA/PBA**

1. Upon the determination that eligible customers can withdraw ▸AMEC, categorize all customers possibly eligible to withdraw or otherwise due AMEC as follows:
   - Customers PBGC put into pay status on or after ▸DOPT who did not receive the opportunity to withdraw the AMEC at retirement.
   - Customers who are due a benefit but have not retired.
   - Others who may be able to withdraw AMEC (for example, beneficiaries of deceased participants due AMEC).

   **Note** Customers the plan administrator put into pay status before the date of trusteeship (DOTR) are not eligible to withdraw their AMEC.

2. Review the *Estimated Benefits Administration Analysis Memo* (formerly titled *Plan Analysis for Pre-Benefit Estimation and Benefit Administration Memo*) or *Early Plan Analysis Memo (EPAM)* to determine whether the grandfather rule applies.
3. Work with the auditor and actuary to review the available actuarial materials to determine the balance of ▸mandatory employee contributions (MEC) and AMEC at DOPT:
   - If the actuarial materials do not contain sufficient information to determine the balance of ▸MEC, request actuarial support to estimate the MEC and AMEC based on the available data.
   - If the actuary cannot estimate the balance of MEC or AMEC, request that the participant or payee provide:
     - Proof of the balance of MEC and AMEC as of DOPT.
     - If the grandfather rule applies, proof of the balance of MEC as of 12/31/1986.
     - Any other information that may be helpful.
   - If the participant cannot provide proof of the balance of MEC or AMEC, treat the AMEC payment as fully taxable and inform the participant or payee:
     - Of the potential for excess withholding and erroneous reporting to the Internal Revenue Service (IRS).
     - That if the participant or payee is able to provide information about the employee contributions, PBGC may adjust the tax reporting.
4. Develop an AMEC tracking worksheet listing all customers eligible to withdraw or otherwise due AMEC and tracking the following items as needed:
   - Plan Name
   - PBGC Case Number
   - Participant/Beneficiary's Name
   - Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)
   - PBGC Customer ID
   - Balance of MEC as of 12/31/1986 (include only if the grandfather rule applies)
   - Balance of MEC as of DOPT
   - Balance of AMEC as of DOPT
   - Present Value (LS_Term PV) of the benefit including the AMEC as of DOPT

   **Note** The present value of the benefit including the AMEC is used to 1) determine if the benefit is a de minimis benefit and payable in a lump sum (if the benefit is de minimis, the AMEC cannot be separately withdrawn); and 2) calculate the taxable and non-taxable portion of the payment. If the Actuarial Case Report is not available, request an estimate from the actuary.

- Amount of the withdrawal from ▸PACS as of the targeted payment date
- Mailing date of the election form
- Due date for the election
- Whether the customer elected to withdraw
- No response or the response was not within the 60-day period
- Receipt date of the election
- Target or actual date for paying the withdrawal
- Remaining non-taxable MEC

> **Note** Consider using the *AMEC Tracking Worksheet* as-is or modified to meet the specific needs of the ▸CSD or FBA.

5. Update the tracking worksheet, for example, when:
   - A customer requests a withdrawal.
   - PBGC pays a withdrawal.
   - A customer retires without withdrawing.
   - As directed throughout TP 36 Employee Contributions.
6. Image the updated tracking worksheet to the plan file in ▸IPS:
   - After identification of a complete list of customers eligible to withdraw AMEC.
   - Upon completion of the case processing.
   - Upon transfer of the case to another EBLS, PBA, or FBA.
   - Once all listed customers receive a withdrawal of AMEC or go into pay status.
7. If the case is transferred to another EBLS, PBA, or FBA, send or provide access to an updated working copy of the tracking worksheet to the receiving EBLS, PBA, or FBA.

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**TP 36.1C Calculate Benefits with and without Employee Contributions**

**03/30/2011**

The actuary provides a methodology to the ▸EBLS/▸PBA/▸FBA to calculate benefits with and without ▸accumulated mandatory employee contributions (AMEC) and to determine the estimated or final ▸lump-sum value (LS_Term PV) of the benefit.

**Actuary**

1. Program ▸BET or provide estimated calculations to:
   - Calculate benefits with and without the employee-derived annuity and the LS_Term ▸PV of the estimated PBGC benefit.
   - Estimate benefits using the best available information regarding the impact of Priority Category 2 (PC2) benefits on Priority Category 3 (PC3) benefits.
2. At valuation, work with the Actuarial Services Division (ASD) to establish the assumptions that apply to customers who have not made an election.

   **Note** ASD establishes assumptions for a plan about the potential impact of the ▸PC2 allocation on the ▸PC3 allocation based on the facts and circumstances of the case.

3. Program ▸BSRS:
   - Use information from the ▸AMEC tracking worksheet to value customers who elected to withdraw, went into pay status without withdrawing, or have yet to make an election.
   - Program BSRS to calculate the annuity benefit with and without the AMEC and the PV of the PBGC benefit.

**Note** The Pension Protection Act of 2006 (PPA) changed the interest rate and mortality table used to convert employee contributions to an annuity, effective the first plan year beginning after 12/31/2007. The interest rates in §411(c)(2)(C) of the ▸Code, used to accumulate employee contributions through the determination date, remain the same; however, the referenced §417(e)(3) interest rate and mortality table have changed. For all plans with a date of plan termination (DOPT) during a plan year beginning after 12/31/2007, contact the ASD for guidance on converting AMEC to an annuity.

# TP 36.2 Inform Customers about Employee Contributions

**07/01/2016**

| | |
|---|---|
| **Purpose** | To notify customers eligible to withdraw AMEC. |
| **Guidance** | Policy 5.4-9 Lump Sum Benefit Payments<br>Policy 5.11-2 Payment of Priority Category 2 Benefits |
| **Procedure Owner** | Case Team, EBLS/FBA/PBA |

Upon determining that the plan provides for ▸mandatory employee contributions (MEC) and payees may withdraw accumulated ▸MEC (AMEC), update the plan-specific Web page (TP 36.2A Make Initial Plan-Specific Web Page Updates for Employee Contributions).

Update the plan-specific Web page again after the Case Team determines PBGC has reliable data to inform customers about the ▸AMEC and the impact of withdrawal on retirement benefits (see TP 36.2B Update Plan-Specific Web Page with Employee Contributions Information).

After updating the plan-specific Web page, take no further action to notify customers about ▸AMEC until issuing benefit determination letters (BDLs) or if a customer requests to retire (see TP 36.3 Process Employee Contribution-Provided Benefits). When issuing ▸BDLs (see Process 19 Benefit Determination Letters), also complete TP 36.2C Issue Employee Contributions Benefit Determination Letters for any customers eligible to withdraw employee contributions.

Treat a customer request for information on employee contributions as a request to withdraw (see TP 36.3 Process Employee Contribution-Provided Benefits).

**In this Section**

TP 36.2A Make Initial Plan-Specific Web Page Updates for Employee Contributions
TP 36.2B Update Plan-Specific Web Page with Employee Contributions Information
TP 36.2C Issue Employee Contributions Benefit Determination Letters

**TP 36.2A Make Initial Plan-Specific Web Page Updates for Employee Contributions**

**07/01/2016**

Upon the determination that a plan provided for mandatory employee contributions (MEC) and payees may withdraw accumulated MEC (AMEC), ▸PSD updates the plan-specific Web page.

**PSD**

1. Draft an update to the plan-specific Web page (see TP 50 Plan-Specific Web Announcements) to provide general information about when PBGC honors requests to withdraw AMEC (that is, the date ▸CSD expects to begin processing requests).
2. Send the proposed text to Ask PPD for review and publication.
3. Once there is enough information to provide reliable information about the AMEC and its impact on the customer's benefit, proceed to TP 36.2B Update Plan-Specific Web Page with Employee Contributions Information.

**TP 36.2B Update Plan-Specific Web Page with Employee Contributions Information**

**07/01/2016**

As soon as the Case Team determines there is enough information to provide reliable information about ▸accumulated mandatory employee contributions (AMEC) and the impact on the customer's benefit, ▸PSD updates the plan-specific Web page.

**PSD**

1. Draft an update to the plan-specific Web page (see TP 50 Plan-Specific Web Announcements) to provide general information regarding ▸AMEC and how to request a withdrawal (see TP 36.3 Process Employee Contribution-Provided Benefits).
2. Send the proposed text to Ask PPD for review and publication.
3. Proceed as appropriate:
   - On receiving a request for information on withdrawing AMEC, proceed to TP 36.3 Process Employee Contribution-Provided Benefits.
   - On issuing benefit determination letters (▸BDLs), proceed to TP 36.2C Issue Employee Contributions Benefit Determination Letters.

**TP 36.2C Issue Employee Contributions Benefit Determination Letters**

**09/26/2013**

When a plan provides for employee contributions, participants eligible to withdraw ▸accumulated mandatory employee contributions (AMEC) may receive different benefit determination letters (BDLs).

When issuing ▸BDLs (see Process 19 Benefit Determination Letters), inform customers eligible to withdraw employee contributions before or at retirement and customers otherwise payable a single sum derived from employee contributions (for example, ▸AMEC PBGC owes to the beneficiary of a deceased participant) using ▸eALG 404EC-series letters.

**EBLS/PBA/FBA**

1. Use the AMEC tracking worksheet or Actuarial Case Report to determine whether the customer is eligible to withdraw or otherwise due benefits derived from the AMEC:
   - Customer is not eligible: Issue the appropriate BDL according to Process 19 Benefit Determination Letters. Do not complete the remainder of this procedure.

     **Note** Ineligible customers include customers who do not have an election option or any other benefit, such as a beneficiary due the AMEC owed to a deceased participant, but not due continuing annuity payments (that is, the AMEC is only payable as a single sum).

   - Customer is eligible: Proceed to step 2.
2. Proceed according to the ▸lump-sum value of the benefit (LS_Term ▸PV) or of the residual benefit, including AMEC:
   - Value is ▸*de minimis*: Issue the appropriate lump-sum BDL (see eALG Correspondence Help and Process 19 Benefit Determination Letters). Do not complete the remainder of this procedure.
   - Value is not *de minimis*: Proceed to step 3.

**Note** If the LS_Term PV is *de minimis*, the customer cannot withdraw AMEC. PBGC must pay the AMEC as part of a lump-sum or annuity benefit payment.

3. Issue the appropriate eALG 404-series letter for the customer:
   - Participants: *eALG 404EC Deferred Vested - AMEC Eligible Participant*
   - Surviving Spouse under a QPSA: *eALG 404QPEC Deferred Vested - AMEC Eligible Surviving Spouse (QPSA)*
   - Alternate Payee (Separate Interest): *eALG 404APEC Deferred Vested - AMEC Eligible Alternate Payee (SI)*

**Note** eALG automatically includes any required forms and attachments with the letter.

## TP 36.3 Process Employee Contribution-Provided Benefits

**07/01/2016**

| | |
|---|---|
| **Purpose** | To issue elections to withdraw AMEC to eligible requesters. |
| **Guidance** | Policy 5.11-2 Payment of Priority Category 2 Benefits |
| **Procedure Owner** | EBLS/FBA/PBA |

After trusteeship, eligible customers may withdraw their ▸accumulated mandatory employee contributions (AMEC) any time before retirement or when applying for retirement benefits. Withdrawals are payable as soon as the Case Team determines that eligible customers can withdraw ▸AMEC and has enough information to calculate estimated retirement benefits and provide reliable information about the AMEC and the effect of withdrawing AMEC on the customer's benefit (for estimated benefits, use the actuary's best estimate regarding Priority Category 3 (PC3) benefits). If a customer does not request to withdraw the AMEC before applying for retirement benefits, send a withdrawal offer at that time.

AMEC or AMEC remaining upon the death of a customer may be payable to the deceased customer's ▸beneficiary as all or part of a death benefit. Beneficiaries due a death benefit derived from AMEC may receive the AMEC in a withdrawal, as part of ▸annuity payments, or in a ▸lump-sum distribution. The payable death benefit depends on whether the death occurs before or after retirement.

▸CSD begins processing withdrawals and other payments of AMEC no later than when the actuary is able to estimate benefits. Contact Ask PPD to request an exception, if needed.

- If the customer requests to withdraw before retirement, complete TP 36.3A Process Withdrawal Election before Retirement.
- If the customer applies for retirement benefits, complete TP 36.3B Process Withdrawal Election at Retirement.
- If the customer requests to withdraw after the annuity starting date, or PBGC finds that the ▸payee did not receive the required opportunity to withdraw before retirement, complete TP 36.3C Process Withdrawal Election after Annuity Starting Date.
- If PBGC determines that a death benefit derived from employee contributions is payable, complete TP 36.3D Process Death Benefits Derived from Employee Contributions.
- If the customer requests to change an election made under prior PBGC practice (that is, prior to the ▸mandatory employee contributions (MEC) interim procedures published 03/26/2010), complete TP 36.3E Process Request to Change Withdrawal Election Made under Prior Practice.
- If the customer submitted a plan application to withdraw AMEC prior to trusteeship, complete TP 36.3F Process Outstanding Pre-Trusteeship Withdrawal Election.

> **Note** If the benefit including the AMEC is a ▸de minimis benefit, the AMEC cannot be separately withdrawn. However, the payee may elect to split the lump-sum payment for the benefit and receive the AMEC or the non-taxable portion of the payment directly and the remainder as a direct rollover. If a lump sum is elected, the procedures on payment of lump-sum benefits in TP 20 Benefit Payments and TP 36.4A Make Lump-Sum Payment Including Employee Contributions apply. If an annuity is elected, follow TP 20 Benefit Payments to make payment; no special action is needed.

Whenever processing an election form submitted by the participant, record or update the customer's e-mail address in ▸CRM if provided.

**In this Section**

TP 36.3A Process Withdrawal Election before Retirement
TP 36.3B Process Withdrawal Election at Retirement
TP 36.3C Process Withdrawal Election after Annuity Starting Date
TP 36.3D Process Death Benefits Derived from Employee Contributions
TP 36.3E Process Request to Change Withdrawal Election Made under Prior Practice
TP 36.3F Process Outstanding Pre-Trusteeship Withdrawal Election

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**TP 36.3A Process Withdrawal Election before Retirement**

**09/26/2013**

Follow this procedure if the benefit including the ▸AMEC is a non-de minimis benefit. If the benefit including the AMEC is de minimis, follow the procedures for lump-sum benefits in TP 20 Benefit Payments and TP 36.4A Make Lump-Sum Payment Including Employee Contributions if a lump sum is elected.

**EBLS/PBA/FBA**

1. Use the AMEC tracking worksheet to determine if the customer is eligible to withdraw AMEC:
   - If the AMEC tracking worksheet is not yet available, request assistance from the auditor and actuary assigned to the plan to determine if the customer can withdraw AMEC.
   - If the customer received a withdrawal election form under prior practice (that is, prior to the ▸MEC interim procedures published 03/26/2010) and requests a withdrawal before applying for retirement benefits, the customer may withdraw the AMEC any time before applying for benefits. See TP 36.3E Process Request to Change Withdrawal Election Made under Prior Practice.
   - If the customer is not eligible, inform the customer that the AMEC cannot be withdrawn and the reason why. Do not complete this procedure.
2. If the customer is eligible to withdraw the AMEC:
   a. Using the ▸BET or ▸BSRS, calculate the amount of the annuity benefit with and without the AMEC:
      - Participant: Calculate the benefits at ▸NRD in the automatic form payable to an unmarried participant.
      - Surviving spouse under a ▸QPSA: Calculate the benefits at the earliest QPSA commencement date in the form provided by the QPSA.
      - Alternate payee under a separate-interest ▸QDRO: Calculate the benefits at NRD in the automatic form payable under the QDRO.
   b. Select a target withdrawal date for paying the AMEC (for example, three months after sending the withdrawal election form).
   c. Create a one-time payment in ▸Spectrum to calculate the withdrawal amount with the balance of AMEC at ▸DOPT as the principal for the target withdrawal date.
   d. Print the Spectrum calculation for imaging to the participant file in ▸IPS.
   e. Cancel the transaction or save for later payment.
3. Issue the appropriate ▸eALG letter for the customer type (see eALG Correspondence Help):
   - Participant: *eALG 107 Request to Withdraw AMEC – Participant*
   - Surviving Spouse under a QPSA: *eALG 107S Request to Withdraw AMEC – Surviving Spouse (QPSA)*
   - Alternate Payee (Separate Interest): *eALG 107AP Request to Withdraw AMEC – Alternate Payee (SI)*
   - Non-Spouse Beneficiary: *eALG 107NSB Request to Withdraw AMEC – Non-Spouse Beneficiary*

> **Note** eALG automatically includes any required forms and attachments with the letter.

4. Update the AMEC tracking worksheet with the mailing date and the end of the 67-day election period.

> **Note** Policy 5.11-2 Payment of Priority Category 2 Benefits establishes a 60-day election period beginning with customer receipt of the election form. Add one week (seven days) to the 60-day period to allow for the mailing time to the customer. Do not extend this election period.

5. Use the AMEC tracking worksheet to track timely receipt of the election form.
6. Upon receipt, review the election form to determine if the customer correctly completed and returned the form to PBGC within 67 days:
   - If information is missing, contact the customer by phone and/or mail, as appropriate, to obtain missing information.
   - If the election form is acceptable, proceed to TP 36.4 Pay Employee Contributions.
   - If PBGC receives the election more than 67 days after the mailing date, do not pay a withdrawal based on the

election:

- Establish a new target payment date.
- Recalculate the withdrawal.
- Send an updated letter and new election form.

- If the customer does not return the election, update the AMEC tracking worksheet. Do not complete the remainder of this procedure until the customer submits a subsequent request or requests retirement benefits.

7. Image all new or updated customer documentation to the participant file in IPS.
8. Update the AMEC tracking worksheet as appropriate.

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**TP 36.3B Process Withdrawal Election at Retirement**

**09/26/2013**

When a customer who is eligible to withdraw ▸AMEC requests retirement benefits, in addition to completing the procedures in TP 20 Benefit Payments, include an election to withdraw the balance of AMEC as part of the benefit application package.

If the customer does not withdraw, pay the balance of AMEC as of ▸DOPT as part of annuity benefits otherwise due to the customer (see TP 20 Benefit Payments for more information).

Remember that if the benefit including the AMEC is de minimis, the AMEC cannot be separately withdrawn. Follow the procedures for lump-sum benefits in TP 20 Benefit Payments and TP 36.4A Make Lump-Sum Payment Including Employee Contributions if a lump sum is elected.

**EBLS/PBA/FBA**

1. Using the AMEC tracking worksheet, determine if the customer is eligible to withdraw AMEC:
   - If the AMEC tracking worksheet is not yet available, request assistance from the auditor and actuary assigned to the plan to determine if the AMEC is withdrawable.
   - If the customer is not eligible to withdraw the AMEC (for example, the customer already withdrew the AMEC), do not complete this procedure. See TP 20 Benefit Payments to process any other benefits to which the customer may be entitled.
   - If the customer made a withdrawal election under prior practice (that is, prior to the MEC interim procedures published 03/26/2010), do not include a withdrawal offer in the customer's benefit application package unless the customer asks to change the earlier election (see TP 36.3E Process Request to Change Refund Election Made under Prior Practice). See TP 20 Benefit Payments to process any other benefits to which the customer may be entitled.
2. If the customer is eligible to withdraw the AMEC:
   a. Use the ▸BET or ▸BSRS to calculate the amount of the annuity benefit with and without the AMEC.
      - Participant: Calculate the benefits at the requested ▸ASD in the automatic form payable to an unmarried participant.
      - Surviving spouse under a ▸QPSA: Calculate the benefits at the requested ASD in the form provided by the QPSA.
      - Alternate payee under a separate-interest ▸QDRO: Calculate the benefits at the requested ASD in the automatic form payable under the QDRO.
   b. Select a target withdrawal date that coincides with the expected benefit commencement date (BCD) for the retirement benefits (for example, three months after sending the application package).
   c. Create a one-time payment in ▸Spectrum to calculate the withdrawal amount with the balance of AMEC at the DOPT as the principal and the targeted ▸BCD as the payment date.
   d. Print the Spectrum calculation for imaging to the participant file in IPS.
   e. Cancel the transaction or save for later payment.
3. Select the appropriate ▸eALG letter for the customer (see eALG Correspondence Help):
   - Participant: *eALG 200EC Application Request – AMEC Eligible Participant*
   - Surviving Spouse under a QPSA: *eALG 200QPEC Application Request – AMEC Eligible Surviving Spouse (QPSA)*
   - Alternate Payee (Separate Interest): *eALG 200APEC Application Request – AMEC Eligible Alternate Payee (SI)*

> **Note** eALG automatically includes any required forms and attachments with the letter.

4. Update the AMEC tracking worksheet with the mailing date and end of the 90-day election period.

> **Note** The withdrawal election is subject to the 90-day rule for completing an application and preserving the ASD. This is an exception to the 60-day rule for returning the election form. Do not extend the 90-day election

period.

5. Use the AMEC tracking worksheet to track timely receipt of the election form:
   - If the customer does not return the application and election form within 90 days of the mailing date, follow the procedures for an application that is not returned on time (see TP 20 Benefit Payments). Do not extend the 90-day election period. The customer may otherwise elect a withdrawal any time before retirement (see TP 36.3A Process Withdrawal Election before Retirement).
   - If the customer informs PBGC that the customer does not want to retire after receiving the application package, follow the procedures for a customer that no longer wants to apply (TP 20 Benefit Payments). However, if the customer still wishes to withdraw the AMEC, see TP 36.3A Process Withdrawal Election before Retirement.
   - If the customer returns an application without the withdrawal election, call the customer:
     - Inform the customer that the customer has the remainder of the 90-day period to make an election or the AMEC is not withdrawable.
     - Inform the customer that PBGC cannot pay an annuity including AMEC until either PBGC receives the withdrawal election or the 90-day election period ends.
     - Do not extend the 90-day election period.
     - If PBGC receives the election not to withdraw AMEC, process the application for retirement benefits (see TP 20 Benefit Payments). Do not wait for the end of the 90-day election period.
   - If the customer withdraws the benefit application after PBGC receipt, treat the withdrawal election as also withdrawn. However, if the customer still wishes to withdraw the AMEC, see TP 36.3A Process Withdrawal Election before Retirement.
6. Upon receipt, review the election form to determine if the customer correctly completed and returned the form to PBGC within 90 days:
   - If the election form is acceptable, proceed to step 7.
   - If the election form is incomplete or incorrect, inform the customer that the customer has the remainder of the 90-day period to make a valid election or the AMEC is not withdrawable and is included in the annuity. Do not extend the 90-day election period.
7. Image all new or updated customer documentation to the participant file in ▶IPS.
8. Update the AMEC tracking worksheet as appropriate.
9. Proceed to TP 36.4 Pay Employee Contributions to process the election form and to TP 20 Benefit Payments to process the application for retirement benefits.

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**TP 36.3C Process Withdrawal Election after Annuity Starting Date**

**08/30/2011**

PBGC may only offer a withdrawal election for employee contributions after a benefit is in pay status if PBGC placed the benefit into pay status and did not give the payee the opportunity to withdraw the ▸AMEC. Do not offer a withdrawal to any retiree the plan administrator put into pay status or any retiree PBGC put into pay status using a plan application.

**EBLS/PBA/FBA**

1. If PBGC finds (for example, during a review of payee records or upon a request from a payee) that PBGC put an eligible retiree into pay status and did not give the retiree the opportunity to elect a withdrawal of AMEC, determine when and how the retiree entered pay status:
   - If the plan administrator put the retiree into pay status before the ▸DOTR, or PBGC put the retiree's plan application into pay status, proceed according to how PBGC found the error:
     - Payee request: Inform the customer that the customer cannot withdraw AMEC.
     - Review of plan records: Create a memo to the participant's file in ▸IPS to clearly document that the customer cannot withdraw AMEC.

     Do not complete the remainder of this procedure.
   - If PBGC put the retiree into pay status, proceed to step 2.
2. Determine if the retiree was eligible for a withdrawal at retirement and if PBGC previously gave the retiree the opportunity to withdraw the AMEC:
   - If the retiree was not eligible for a withdrawal at retirement or PBGC previously gave the retiree the opportunity to withdraw the AMEC:
     - If the determination is in response to a payee request, inform the retiree that the AMEC is not withdrawable.
     - Do not complete the remainder of this procedure.
   - If the retiree is eligible for a withdrawal and PBGC did not previously give the retiree the opportunity to withdraw the AMEC, proceed to step 3 to give the payee the option of withdrawing the remaining AMEC.
3. Select a target withdrawal date for paying the AMEC that coincides with the date PBGC can reasonably expect to pay the withdrawal and reduce the benefit in pay status to the amount of the employer-derived benefit (for example, three months after PBGC mails the withdrawal election form).
4. Using the ▸BET or ▸BSRS, calculate the amount of the benefit with and without the AMEC:
   - Participant: Calculate the benefits at the participant's ▸ASD.
   - Surviving spouse under a ▸QPSA: Calculate the benefits at the ASD of the QPSA.
   - Other contingent ▸annuitant: Calculate the benefits at the participant's ASD.
   - Alternate payee under a separate-interest ▸QDRO: Calculate the benefits at the ASD of the QDRO.
5. Create a one-time payment in Spectrum:
   a. Calculate the set-off and the balance of AMEC.

      **Note** Consider using the Withdrawal after the ASD Worksheet of the *MEC Withdrawal Workbook* as a job aid for calculating the set-off and determining the balance of AMEC.

   b. Calculate the amount of the withdrawal with the remaining balance of the AMEC at ▸DOPT as the principal for the target withdrawal date.
   c. Print the Spectrum calculation for imaging to the participant file in IPS.
   d. Cancel the transaction or save for later payment.
6. Issue *eALG 108 Notification to Payee of Opportunity to Withdraw AMEC*.
7. Update the AMEC tracking worksheet with the mailing date and the end of the 67-day election period.

   **Note** Policy 5.11-2 Payment of Priority Category 2 Benefits establishes a 60-day election period beginning with customer receipt of the election form. Add one week (seven days) to the 60-day period to allow for the mailing

time to the customer. Do not extend this election period.

8. Use the AMEC tracking worksheet to track timely receipt of the election form.
9. Upon receiving the withdrawal election form, review the form to ensure the customer completed it correctly and on time:
   - Confirm that PBGC received the withdrawal election form within 67 days of the mailing date.
   - If the election is acceptable, update the AMEC tracking worksheet and proceed to TP 36.4 Pay Employee Contributions.
   - If PBGC does not receive the election within 67 days after the mailing date, notify the customer that a withdrawal is not payable.
10. Image all new or updated customer documentation to the participant file in IPS.
11. Update the AMEC tracking worksheet as appropriate.

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**TP 36.3D Process Death Benefits Derived from Employee Contributions**

**07/01/2016**

**EBLS/PBA/FBA**

1. Proceed according to whether the death was pre- or post-retirement:
   - Pre-Retirement Death: Find the applicable scenario and take the action described in ▸Pre-Retirement Death Benefits Derived from Employee Contributions.
   - Post-Retirement Death: Find the applicable scenario and take the action described in ▸Post-Retirement Death Benefits Derived from Employee Contributions.
2. If needed, contact Ask PPD for additional guidance.

**TP 36.3E Process Request to Change Withdrawal Election Made under Prior Practice**

**03/30/2011**

Customers who made an election under prior practice (that is, prior to the ▸mandatory employee contributions (MEC) interim procedures published 03/26/2010, including an election that was not returned timely) may change that election under certain conditions.

**EBLS/PBA/FBA**

1. If a customer who made an election under prior practice requests to change the election, determine whether the customer's benefit is in pay status:
   - In pay status: Inform the customer that he or she is not eligible to change the election. Do not complete this procedure.
   - Not in pay status: Proceed to step 2.
2. Determine whether the customer already withdrew the ▸accumulated mandatory employee contributions (AMEC):
   - Customer withdrew: Inform the customer that he or she is not eligible to change the election. Do not complete the remainder of this procedure.
   - Customer did not withdraw: Proceed to step 3.
3. Proceed according to whether the customer applies for benefits:
   - Customer applies: Proceed according to whether PBGC already sent the customer a benefit application package:
     - Package sent: If the 90-day period beginning with the date PBGC sent the package is not over, send the withdrawal option to the customer.

       **Note** If the 90-day period expires before PBGC receives the new election, do not honor the request to withdraw.

     - Package not sent: Proceed to TP 36.3B Process Withdrawal Election at Retirement.
   - Customer does not apply: Proceed to TP 36.3A Process Withdrawal Election before Retirement.

**TP 36.3F Process Outstanding Pre-Trusteeship Withdrawal Election**

**08/30/2011**

**EBLS/PBA/FBA**

1. Determine if the pre-trusteeship withdrawal election is valid and complete:
   - Election is not valid and complete:
     - Do not honor the election.
     - Treat as a request for information on withdrawing ▸AMEC (see TP 36.3 Process Employee Contribution-Provided Benefits).
     - Do not complete this procedure.
   - Election is valid and complete: Proceed to step 2.
2. Review the *Estimated Benefit Adjustments Analysis Memo*, *Early Plan Analysis Memo (EPAM)*, or *Actuarial Valuation Report* to determine if the plan was subject to a §▸436(d) limitation as provided under the ▸Code that prevented the plan from paying the AMEC in a single sum:
   - The §436(d) limitation did not apply: Honor the election and proceed to TP 36.4 Pay Employee Contributions.
   - The §436(d) limitation applied: Proceed to step 3.
3. Determine if the benefit is in pay status:
   - The benefit is not in pay: Honor the election and proceed to TP 36.4 Pay Employee Contributions.
   - The benefit is in pay status: Proceed to step 4.
4. Determine if the benefit in pay status includes the employee-derived benefit:

   **Note** Plan provisions may allow a participant or beneficiary to receive the portion of a benefit that was not restricted under §436(d) and to defer receipt of the prohibited portion of the benefit until the §436(d) limitation was no longer applicable.

   - The benefit does not include the employee-derived benefit:
     - Honor the election.
     - Proceed to TP 36.4B Make Single-Sum Payment of Employee Contributions on or before Annuity Starting Date to treat the payment as a withdrawal at retirement.
   - The benefit includes the employee-derived benefit:
     - Do not honor the election.
     - Inform the customer that the AMEC is not withdrawable.

## TP 36.4 Pay Employee Contributions

**11/20/2015**

| | |
|---|---|
| **Purpose** | To calculate the total amount and taxable amount of a payment of employee contributions. |
| **Guidance** | Policy 5.11-2 Payment of Priority Category 2 Benefits<br>*Tax Rules for Benefit Payments Derived from Mandatory Employee Contributions* |
| **Procedure Owner** | Actuary, EBLS/PBA/FBA |

A participant, alternate payee, or beneficiary recovers the amount of the participant's MEC tax-free when PBGC pays pension benefits. However, the method of recovering the MEC tax-free depends on when and how PBGC pays the benefit provided by AMEC.

**Annuity Payments:** As allowed by the IRS, PBGC does not routinely determine the taxable and non-taxable portion of annuity payments derived wholly or in part from AMEC. Payees determine these amounts based on information about the benefit in payees' records or that PBGC provides. *IRS Publication 575 Pension and Annuity Income* and *IRS Form 1040 U.S Individual Income Tax Return* provide instructions and a worksheet for payees to make the determination.

**Lump-Sum or Other Single-Sum Payments:** PBGC determines the taxable and non-taxable portion of a single-sum payment of MEC, such as a withdrawal of AMEC or a lump-sum benefit payment that includes AMEC, for tax withholding and reporting purposes. The notification and tax withholding and reporting rules that apply to lump-sum benefit payments, which are eligible rollover distributions, also apply to the taxable portion of a single-sum payment of AMEC. The payee may elect to roll the non-taxable portion with the taxable portion into another qualified retirement plan or traditional individual retirement arrangement under certain conditions. The payee may also elect to receive the non-taxable portion of the payment as direct payment and roll over the remaining taxable portion (note that under IRS rules, the non-taxable amount of the payment is always first attributed to any direct payment to the payee). For additional guidance, see Appendix R 1 Federal Tax Withholding.

**Calculation of Single-Sum Payment:** Use the One-Time Payment function in Spectrum to calculate withdrawals of AMEC including interest. As needed, submit the transaction for immediate payment, save the transaction for later payment, or delete the transaction. Consider using the *MEC Withdrawal Workbook* as a job aid for MEC-related calculations.

Refer customers due a withdrawal of AMEC to *IRS Publication 575 Pension and Annuity Income* (IRS publications typically refer to MEC as "the cost or investment in the contract"), the IRS, or the customer's tax consultant for additional guidance on tax withholding options and potential liability.

- For a lump-sum payment including both employee contributions and other benefits, complete TP 36.4A Make Lump-Sum Payment Including Employee Contributions.
- For a single-sum payment of employee contributions on or before the annuity starting date, complete TP 36.4B Make Single-Sum Payment of Employee Contributions on or before Annuity Starting Date.
- For a single-sum payment of employee contributions after the annuity starting date, complete TP 36.4C Make Single-Sum Payment of Employee Contributions after Annuity Starting Date.
- For a single-sum payment of employee contributions due to an alternate payee, complete TP 36.4D Make Single-Sum Payment of Employee Contributions Due Alternate Payee.

**In this Section**

TP 36.4A Make Lump-Sum Payment Including Employee Contributions
TP 36.4B Make Single-Sum Payment of Employee Contributions on or before Annuity Starting Date
TP 36.4C Make Single-Sum Payment of Employee Contributions after Annuity Starting Date
TP 36.4D Make Single-Sum Payment of Employee Contributions Due Alternate Payee

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**TP 36.4A Make Lump-Sum Payment Including Employee Contributions**

**03/30/2015**

For a lump sum distribution of the present value of a benefit that includes ▸AMEC, the amount of the ▸MEC is the non-taxable portion of the payment. The remainder of the payment is taxable.

To pay a benefit including AMEC in a lump sum, the ▸lump-sum value (LS_Term PV) of the payment must be *de minimis* per Policy 5.4-9 Lump Sum Benefit Payments (that is, $5,000 or less). If the LS_Term PV of the payment is more than $5,000, the payee may withdraw AMEC as a separate single-sum payment before or at retirement (see TP 36.3A Process Withdrawal Election before Retirement).

**EBLS/PBA/FBA**

1. Use the tracking worksheet and relevant actuarial materials (for example, the Actuarial Case Report) to determine:
   - Balance of MEC at the date of plan termination (DOPT) (if unknown, see TP 36.1 Evaluate Employee Contributions Provisions)
   - LS_Term PV at DOPT, including AMEC at ▸DOPT
2. If PBGC cannot determine the estimated or actual balance of MEC, treat the withdrawal as fully taxable:
   - Pay the withdrawal as a ▸lump-sum benefit payment (see TP 20 Benefit Payments).
   - Do not complete the remainder of this procedure.
3. In Spectrum, create a one-time payment with interest using the **Lump-Sum Worksheet** option.
4. Issue *eALG 503EC Payment Advice – AMEC – Single Sum* to each payee.
5. Image all new or updated documentation to the participant file in ▸IPS.

**TP 36.4B Make Single-Sum Payment of Employee Contributions on or before Annuity Starting Date**

**03/30/2015**

For a payment of ▸AMEC on or before the ▸ASD, a proportional exclusion applies. This means that PBGC pays a portion of the ▸MEC as non-taxable income and the remainder of the payment as taxable income when paying the withdrawal. Although PBGC pays all of the AMEC in a single sum, the payee recovers the remaining non-taxable amount of the MEC from future annuity payments.

This procedure also applies when only the employer-derived portion of a benefit is already in pay status because PBGC deferred payment of the AMEC until after the ASD.

**EBLS/PBA/FBA**

1. Review the Actuarial Case Report, *Estimated Benefits Administration Analysis Memo* (formerly titled *Plan Analysis for Pre-Benefit Estimation and Benefit Administration Memo*), or *Early Plan Analysis Memo (EPAM)* or ask the actuary to determine if the grandfather rule applies.
2. Use the tracking worksheet and relevant actuarial materials (for example, the Actuarial Case Report) to determine:
   - Balance of MEC at ▸DOPT (if unknown, see TP 36.1 Evaluate Employee Contributions Provisions)
   - Balance of AMEC at DOPT
   - MEC prior to 1987 (if the grandfather clause applies only)
   - Lump-Sum Term present value of the benefit at DOPT (LS_Term PV)
3. If PBGC cannot determine the estimated or actual balance of the MEC, treat the withdrawal as fully taxable:
   - Pay the withdrawal as a ▸lump-sum benefit payment (see TP 20 Benefit Payments).
   - Do not complete the remainder of this procedure.
4. In Spectrum, create a one-time payment using the **On or Before ASD Worksheet** option to pay the withdrawal of employee contributions.
5. Issue *eALG 503EC Payment Advice – AMEC – Single Sum* to each payee.
6. Image all new or updated documentation to the participant file in ▸IPS.

**TP 36.4C Make Single-Sum Payment of Employee Contributions after Annuity Starting Date**

**03/30/2015**

If PBGC pays the participant the remainder of ▸AMEC after the ▸ASD, set off the balance of the AMEC by the amount of the employee-derived benefits already paid. Reduce the balance of the ▸MEC by the amount of MEC the customer already recovered tax-free from the annuity payments.

This procedure assumes the benefit in pay status consists of both the employee- and employer-derived benefit. If only the employer-derived portion of a benefit is already in pay status because PBGC deferred payment of the AMEC until after the ASD, proceed to TP 36.4B Calculate Non-Taxable Amount of Withdrawal on or before Annuity Starting Date.

**EBLS/PBA/FBA**

1. Review the Actuarial Case Report, *Estimated Benefits Administration Analysis Memo* (formerly titled *Plan Analysis for Pre-Benefit Estimation and Benefit Administration Memo*), or *Early Plan Analysis Memo (EPAM)* or ask the actuary to determine if the grandfather rule applies.
2. Use the tracking worksheet and relevant actuarial materials (for example, the Actuarial Case Report) to determine:
   - Balance of MEC at ▸DOPT (if unknown, see TP 36.1 Evaluate Employee Contributions Provisions)
   - Balance of AMEC at DOPT
   - MEC prior to 1987 (if the grandfather clause applies only)
   - Unreduced benefit (that is, benefit amount including AMEC)
   - Reduced benefit (that is, benefit amount without AMEC or only the employer-derived benefit)
3. Determine the expected payment date.
4. Determine the non-taxable amount of the unreduced benefit and the set-off period:
   - Non-taxable portion of unreduced benefit: Use the Simplified Method worksheet in the *MEC Withdrawal Workbook* to calculate the taxable and non-taxable portion of the unreduced benefit.
   - Set-off period: Determine the number of months the unreduced benefit is in pay status, beginning with the ASD and ending with the month before the expected payment date.
5. In Spectrum, create a one-time payment to pay the withdrawal of employee contributions:
   - Use the **After Annuity Starting Date Worksheet** option.
   - Enter the set-off period and non-taxable amount from the *MEC Withdrawal Workbook*.
6. Issue *eALG 503EC Payment Advice – AMEC – Single Sum* to each payee.
7. Image all new or updated documentation to the participant file in ▸IPS.

**TP 36.4D Make Single-Sum Payment of Employee Contributions Due Alternate Payee**

**07/01/2016**

Contact Ask PPD for guidance on any ▸MEC payment to the alternate payee under a ▸QDRO. Include in the e-mail a descriptive subject line and a summary of the facts and circumstances of the case. Proceed as ▸PPD instructs.

## TP 36.5 Resources for Employee Contributions

**09/30/2016**

**Forms, Letters, and Memos:**

- *AMEC Tracking Worksheet*
- *Employee Contributions Processing Evaluation*
- *Early Plan Analysis Memo (EPAM)*
- *Estimated Benefit Adjustments Analysis Memo*
- *Estimated Benefits Administration Analysis Memo*
- *IRS Publication 575 Pension and Annuity Income*
- *MEC Withdrawal Workbook*

**Customer Correspondence and Forms:**

- *eALG 107 Request to Withdraw AMEC – Participant*
- *eALG 107AP Request to Withdraw AMEC – Alternate Payee (SI)*
- *eALG 107NSB Request to Withdraw AMEC – Non-Spouse Beneficiary*
- *eALG 107S Request to Withdraw AMEC – Surviving Spouse (QPSA)*
- *eALG 108 Notification to Payee of Opportunity to Withdraw AMEC*
- *eALG 200APEC Application Request – AMEC Eligible Alternate Payee (SI)*
- *eALG 200EC Application Request – AMEC Eligible Participant*
- *eALG 200QPEC Application Request – AMEC Eligible Surviving Spouse (QPSA)*
- *eALG 404APEC Deferred Vested - AMEC Eligible Alternate Payee (SI)*
- *eALG 404EC Deferred Vested - AMEC Eligible Participant*
- *eALG 404QPEC Deferred Vested - AMEC Eligible Surviving Spouse*
- *eALG 503EC Payment Advice – AMEC – Single Sum*

**Guidance:**

- *Policy 5.4-9 Lump Sum Benefit Payments*
- *Policy 5.11-2 Payment of Priority Category 2 Benefits*
- *Tax Rules for Benefit Payments Derived from Mandatory Employee Contributions*

**Exhibits:**

*None*

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# TP 37 Develop & Implement Customer Recovery Action Plan

**In this Section**

TP 37. Overview for Develop & Implement Customer Recovery Action Plan
TP 37.1 Develop Customer Recovery Action Plan
TP 37.2 Implement Customer Recovery Action Plan
TP 37.3 Customer Recovery Action Plan Checklist
TP 37.4 Customer Recovery Action Plan
TP 37.5 Resources for Develop and Implement Customer Recovery Action Plan

## TP 37. Overview for Develop & Implement Customer Recovery Action Plan

**07/01/2016**

Two of the essential components to ▸OBA's commitment to excellent customer service are:

- **Prevention** of customer concerns and unmet expectations.
- **Swift smooth recovery** when an unforeseen incident occurs.

It is OBA's goal to prevent **all** potential customer problems and reduce their impact if they do occur. This technical procedure is followed if a potential customer problem is foreseen or has occurred that impacts or will impact more than **50** participants or may negatively reflect upon PBGC.

Although various controls exist to prevent mistakes, anomalies may nonetheless occur due to processing or system failures. Each situation will be unique and responsible staff immediately consults with the responsible division management if they believe there is a plan that has a potential or realized problem.

Responsible staff is any person who has knowledge of a possible or actual problem involving several participants in a specific plan or plans. It may involve a plan at any stage of processing, therefore, the manager(s) may be from ▸CFRD, ▸OPCMD, ▸ASTD, ▸PSD, and/or ▸PADMD.

Regardless of whether OBA is being proactive to prevent a possible incident or is reacting to a specific occurrence, our response is first the rapid development and implementation of a "Customer Recovery Action Plan". After completion we conduct a de-briefing of all parties and summarize our findings to eliminate similar future occurrences and provide an action plan to pursue or implement any recommendations.

OBA's focus is to first fix the situation and then to prevent future incidents. Staff will generally do the following:

- Assess situation and scope
- Notify the appropriate internal parties, including as appropriate:
  - Case Team
  - Department Manager (based on case ownership: OBA or CFRD)
  - Customer Contact Center (CCC)
  - OBA Division Management as appropriate
  - Support Divisions needed (ex.: ▸CCD for eALG, offsite fulfillment/▸DMC and ▸CCC)
  - Large Case Coordinator (if a ▸large case)
- Develop and implement plan for resolution
  - Develop Customer Service Script
  - Develop case-specific eALG letter(s)
  - Identify and obtain additional resources needed
- Document problem and successful resolution to the plan file (▸IPS)
- Debrief involved parties and make recommendations for change to prevent similar incidents, including process or system controls, staff training etc.

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## TP 37.1 Develop Customer Recovery Action Plan

**07/01/2016**

| | |
|---|---|
| **Purpose** | Determination that a potential problems exists or could occur that affects a significant number of participants and can be rectified or prevented with timely action. |
| **Required Input and Source** | Recognition or anticipation by a staff member of an event that has or may negatively impact a group of customers, generally 50 or more. |
| **Process Output and Recipient** | Case specific Customer Recovery Action Plan developed and approved by responsible Manager, with concurrence from supporting divisions/departments. |
| **Control Issues** | Be alert to the potential for customer problems and initiate action whenever possible to prevent their occurrence. Customer Recovery Action Plans are fully documented by memo to the plan file (IPS). |
| **Important Concepts** | The decision to notify each successive level of management is made according to reporting levels and continues based on the significance/scope of the situation. Tailor the Customer Recovery Action Plan to fit each unique situation. Managers are responsible for approving the final plan. Perform thorough analysis to determine how the incident occured and recommend or implement processing or system changes to prevent future occurrences.<br><br>**Timing:** Provide alternate recommendations to Manager within 1 business day of recognition of event. Participation in a Customer Recovery Action Plan generally takes precedence over other processing activities, consult with management as needed to reschedule other priorities. |
| **Guidance** | N/A |
| **Procedure Owner** | CFRD staff, Case Team, other involved staff |

1. Assess the nature of the problem and its impact. Determine the number of affected participants and how they are or will be impacted by PBGC's action. (for example, incorrect information provided, date or amount of payments issue, improper payments by prior administrator.)

   > **Note** Some customer problems may occur due to actions by external parties (for example, prior paying agent not making promised payments or making additional payments in error). ▸OBA assumes responsibility for initiating a Customer Recovery Action Plan regardless.

2. Notify Management and case team members.
3. Management establishes team meeting. The team develops alternate response scenarios and determines preferred recommendations, including identification of specific staff to manage these responses. Use TP 37.3 Customer Recovery Action Plan Checklist for guidance about responsible parties. See also TP 37.4 Develop and Implement Recovery Action Plan - Examples for guidance on developing alternate responses.
4. Brief Manager of situation and recommended action. If situation involves a case that is still pre-trusteeship, ensure that ▸CFRD and the Case Management Analyst are apprised. One manager may assume responsibility for overseeing the Customer Recovery Action Plan or they may jointly assume this responsibility.
5. The responsible Manager approves/selects the Customer Recovery Action Plan and ensures all relevant parties and activities have been identified and notified to ensure a smooth operation.

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## TP 37.2 Implement Customer Recovery Action Plan

**07/01/2016**

| | |
|---|---|
| **Purpose** | Implement approved Customer Recovery Action Plan. |
| **Required Input and Source** | Customer Recovery Action Plan approved by Manager. |
| **Process Output and Recipient** | As described in action plan, may include:<br>• incident specific Customer Contact Center scripts provided to CCC;<br>• incident specific customer letter (eALG) with apology and resolution mailed to customers; and/or<br>• benefit payment related action/correction taken in Spectrum. |
| **Control Issues** | Customer Recovery Action Plans are fully documented by memo to the plan file (IPS). Name the point of contact in any customer letter. |
| **Important Concepts** | Perform thorough analysis to determine how the incident occurred and recommend or implement processing or system changes to prevent future occurrences.<br>**Timing:** Provide alternate recommendations to Managers within 1 business day of recognition of event. Implement Customer Recovery Action Plan immediately upon approval. Develop CCC Scripts and distribute to staff immediately. Develop eALG letter(s) immediately and coordinate with eALG administrator to establish the earliest possible mail date, see TP 15 Prepare and Mail Letters. |
| **Guidance** | N/A |
| **Procedure Owner** | Case Team, other involved staff |

Team members and specific responsibilities are outlined in the approved Customer Recovery Action Plan.

1. Team members follow actions and timeframes according to the approved Customer Recovery Action Plan.
2. Notify responsible Manager upon completion of each action in the plan.
3. Manager verifies that process has been completed according to plan and monitors customer feedback from the phone ▸POC's and ▸CCC for two weeks, or until related calls or inquiries abate, if later.
4. Within 14 days of completion, establish a meeting with all involved parties to analyze the incident that occurred or was averted. Assess as a team whether recommendations for system enhancements/development or operational changes (procedures, staffing, training) are appropriate.
5. Within 30 days of completion, the Manager prepares a memo to the file describing the Customer Recovery Action Plan, including:
   - the incident;
   - the approved Customer Recovery Action Plan;
   - results of the plan - for example, number of customer inquiries before and after the plan was implemented;
   - copy of any customer scripts;
   - congressional or press inquiries, contacts from the PRO's office; and/or
   - results of analysis including whether changes are being made (for example, reviewing procedures with staff, scheduling systems training) and/or recommended (for example, system development/enhancement) and plans to accomplish these recommendations.
6. Provide copy of the final memo to the Chief of Benefits Administration, ▸OBA (attachments do not need to be provided) and ensure the complete memo is imaged to the plan file (▸IPS).

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## TP 37.3 Customer Recovery Action Plan Checklist

**07/01/2016**

**Customer Recovery Action Plan Checklist Table**

| Operation/ System | Staff | Circumstances |
|---|---|---|
| Customer Contact Center (CCC) | ▸CCC Analyst (▸PSD), CCC Supervisor(s), PSD Manager | Incident that may trigger calls customer inquiries. |
| Document Management Center (DMC) | ▸DMC Analyst (▸DMD), Supervisory Auditor (DMD) | Incident requiring local fulfillment, or special mail or data entry processing. |
| eALG | ▸eALG System Administrator (▸CCD), CCD Supervisory Management Analyst | Incident requiring eALG related research, assistance with expediting a special eALG mailing, including off-site fulfillment |
| ▸TRMD | TRMD Program Manager | To provide necessary system support, including LAN/WAN activity, and/or to coordinate support from ▸OIT. |
| ▸PPD | PPD Supervisory Policy Advisor | To coordinate legal or policy support from PPD, ▸CPRD and/or ▸OCC and ▸OGC. |
| ▸CFRD | CFRD Manager and Supervisor | Incident involving▸[1] a plan that is still assigned to CFRD. |
| ▸OBA Management | Chief of Benefits Administration, OBA | As judged necessary by Div. Manager based on case specifics.▸[1] |
| Office of Director | PBGC Director | As judged necessary by ▸CBA based on case specifics.▸[1] |
| ▸COLA | Department Director | To prepare for press or congressional inquiries and/or provide specialized communication pieces. As judged necessary by Div. Manager based on case specifics.▸[1] |
| Problem Resolution Office | ▸PRO | As judged necessary by Div. Manager based on case specifics.▸[1] |

[1]Typically for information only, not action.

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## TP 37.4 Customer Recovery Action Plan

**07/01/2016**

**Examples of possible customer incidents that will elicit action.**

Although each plan is developed individually, the following steps are likely required with most incidents involving customers:

- Determine a case team ▸POC for customers.
- Name POCs in any customer communications.
- Notify the ▸CCC about incident and all Customer Recovery Action Plan activity.
- Develop script for CCC and other team members.

The Examples of Customer Recovery Action Plan Scenarios Table provides a pre- and post- incident customer scenario, customer recovery action plan to follow and a sample of the analysis and recommendation.

**Examples of Customer Recovery Action Plan Scenarios Table**

| **Examples: Customer Scenarios: Pre- and Post-Incident** | **Sample: Customer Recovery Action Plan** | **Sample: Analysis and Recommendation** |
|---|---|---|
| **Post:** ▸eALG Letter intended for one customer mistakenly mailed to multiple ▸participants.<br><br>(user error) | Provide listing of affected customers.<br><br>Develop brief letter of apology and retraction and mail immediately. | Evaluate whether eALG letter request process followed ▸OBA's procedure.<br><br>Management revises their internal eALG authorization process.<br><br>Retraining of staff. |
| **Pre or Post:** Expected payments are delayed due to unforeseen system or processing error(s).<br><br>(user or system error) | Provide listing of affected customers. Prepare off-cycle payment requests. Draft brief letter of explanation and apology for delayed payment and provide new date of payment (if action cannot be taken in time to provide timely payments through off-cycle process). | Evaluate whether processing or system errors caused incident.<br><br>Management will review correct procedures with staff if cause is determined to be processing error(s). |
| **Pre:** Customers have been improperly overpaid by ▸plan administrator, examples, incorrect entitlement determinations, incorrect calculations.<br><br>(pre-PBGC error) | Consult with ▸PPD as necessary for decisions about novel payment issues.<br><br>Correct benefit amounts for individuals in pay at ▸DOTR.<br><br>Prepare advance letter with explanation of benefit adjustments.<br><br>Notify ▸CCC in advance of mailing, and ▸COLA and/or ▸PRO depending on scope.<br><br>Prepare for customer inquiries on this topic when this happens. | |

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# TP 37.5 Resources for Develop and Implement Customer Recovery Action Plan

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

None

# TP 40 Customer Data Fixes

**In this Section**

TP 40. Overview for Customer Data Fixes
TP 40.1 Request Non-Routine Customer Data Fixes
TP 40.2 Resources for Customer Data Fixes

## TP 40. Overview for Customer Data Fixes

**07/01/2016**

Benefit processing staff (▸EBLSs, ▸PVAs, ▸PBAs and ▸FBAs) maintain customer records in the ▸benefit administration applications, such as ▸Spectrum and ▸CRM and implement most data changes (or data fixes) from those applications. However, some data changes, including bulk data changes and fixes required as a result of data exceptions or system failures, cannot be implemented using the benefit administration applications. These non-routine data fixes are forwarded to the Service Desk, which forwards the request to the system administrator for resolution.

All data fixes must be documented for audit purposes.

## TP 40.1 Request Non-Routine Customer Data Fixes

**07/01/2016**

| | |
|---|---|
| **Purpose** | To request a non-routine customer data fix. |
| **Guidance** | *Spectrum User Manual* |
| **Procedure Owner** | EBLS, FBA, PBA, PVA |

1. Proceed according to whether the required non-routine data fix will have a non-financial or financial impact on a customer's record:
   - Non-financial (customer is not in pay and has no payment transactions pending):
     - For a single or multiple customers' records, draft and send an e-mail as follows:
       - **To:** Service Desk
       - **CC:** ▸FBA/▸PVA Project Manager (for FBA/PVA submissions) or ▸CSD management team member (for CSD submissions) and MCD Compliance Program mailbox (for all submissions).
       - **Subject:** Data Fix Request
       - **In the body:** [Add description of the data fix, actions to be performed, rationale for the data fix.]
     - Continue to step 3.

     The Service Desk will assign a ticket number to the data fix request and route the request to the application owner (for example, ▸Spectrum or ▸CRM).
   - Financial (customer is in pay or has a payment transaction pending):
     - For a single and multiple customers' records, draft and send an e-mail requesting concurrence for the data fix as follows:
       - **To:** Approver (must be at or above the approval level for the customer record with largest financial transaction in the request; see the Approval Levels Table in TP 28. Overview for Approve Financial & Non-Financial Transactions through Approval Service).
       - **CC:** FBA/PVA Project Manager (for FBA/PVA submissions) or CSD management team member (for CSD submissions) and MCD Compliance Program mailbox (for all submissions).
       - **Subject:** Data Fix Request for Concurrence
       - **In the body:** [Add description of the data fix, actions to be performed, rationale for the data fix, and identify the approval level (see the Approval Levels Table in TP 28. Overview for Approve Financial & Non-Financial Transactions through Approval Service).]
     - Continue to step 2.
2. Once concurrence is obtained, e-mail the data fix request to the Service Desk along with the attached e-mail with concurrence and other supporting documents (for example, a spreadsheet with data changes).

   The Service Desk will assign a ticket number to the data fix request and route the request to the application owner (for example, Spectrum or CRM).
3. Once the Service Desk has closed the assigned ticket, verify the data fix has been implemented in the appropriate system (for example, Spectrum or CRM).
4. Image the data fix request, the concurrence e-mail (if there is a financial impact) and other supporting documents to the customer's ▸IPS file (or to each customer's IPS file if the request affects multiple customers).

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## TP 40.2 Resources for Customer Data Fixes

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

*Spectrum User Manual*

**Exhibits:**

None

# TP 42 Outstanding or Purged Checks

**In this Section**

TP 42. Overview for Outstanding or Purged Checks
TP 42.1 Distribute Outstanding or Purged Checks Listing
TP 42.2 Take Action on Outstanding or Purged Checks
TP 42.3 Resources for Outstanding or Purged Checks

## TP 42. Overview for Outstanding or Purged Checks

**07/01/2016**

Checks may remain outstanding for a number of reasons, including death, incorrect address, non-receipt, absence for vacation, or forgetfulness. ▸PBGC's paying agent produces a quarterly Outstanding Checks Report listing all negotiable checks that have not been cashed within two months of issuance. The ▸Benefit Payments Division distributes the list to the appropriate Mail POCs, who distribute it further as needed. The responsible processor follows up to determine the reason the checks have not been cashed and what action, if any, needs to be taken.

Checks that have remained outstanding for more than 180 days after the date issued (stale-dated checks) are no longer negotiable and are therefore not on the Outstanding Checks Report. PBGC's paying agent produces a monthly Purged Checks Report listing all stale-dated checks. This monthly report is distributed in the same manner as the quarterly Outstanding Checks Report.

## TP 42.1 Distribute Outstanding or Purged Checks Listing

**07/01/2016**

| | |
|---|---|
| **Purpose** | Produce and distribute a quarterly Outstanding Checks Report or monthly Purged Checks Report for follow-up action by the responsible processor. |
| **Guidance** | N/A |
| **Procedure Owner** | Benefit Payments Division |

1. Receive notification that ▸PBGC's paying agent has placed the quarterly "Outstanding Checks Report Over 90 Days Old" (a.k.a. "Outstanding Checks Report") or the monthly "Stale Dated Payments Report" (a.k.a. "Purged Checks Report") on the Portal.
   - An **outstanding check** is a check that has not been cashed.
   - A **stale-dated check** is one that has not been cashed after 180 days have elapsed from the date issued. Stale-dated checks are no longer negotiable (that is, they cannot be cashed).
   - A stale-dated check for which the funds have been returned to the trust account is called a **purged check**. For the purposes of this procedure, a stale-dated check is the same as a purged check.
2. Create a list of outstanding or purged checks for each Mail POC.
3. Send the list to the appropriate Mail POCs.

## TP 42.2 Take Action on Outstanding or Purged Checks

**07/01/2016**

| | |
|---|---|
| **Purpose** | Determine reasons for outstanding or purged checks and take appropriate actions. |
| **Guidance** | Policy 6.3-1 Underpayment Reimbursement and Interest Payments<br>*Spectrum User Manual* |
| **Procedure Owner** | EBLS/FBA/PBA/PVA |

1. Receive the Outstanding or Purged Checks Report and notify affected staff (if necessary).

   > **Note** Work with the oldest checks first. The goal is to get them cashed before they become stale-dated and appear on the Purged Checks Report.

2. Determine if the payee has died:
   - Verify there is a ▸DOD for the payee in Spectrum.
   - If the payee's payment status in Spectrum is still active, review the payee's records in ▸IPS and ▸CRM to see if he or she has died but the death has not been recorded.
   - If a death notice was received but not processed follow TP 5.1 Process Report of Death.
   - If the payee died before the date of the check, complete an ▸eCARF to stop payment on the check(s).
   - If the form of benefit provides for survivor or beneficiary benefits, attempt to locate the beneficiary or estate. If located, reissue the check to the estate or beneficiary. See TP 5 Death Processing.
3. If the check is under $20, it is de minimis. No further action is necessary. When the check becomes stale-dated the Paying Agent will automatically return the funds to the trust account.
4. Determine if the payee's address has changed
   - If IPS shows a change of address that was not processed, follow TP 4 Participant Addresses and EDD Elections.
   - Once the address is updated in Spectrum, complete an eCARF to stop payment on the check(s), reissue the payment(s) to the new address, and notify the participant.
5. If PBGC records do not indicate an address change or death, call the payee using the telephone number of record. If it is not available, see TP 4 Participant Addresses and EDD Elections to find a phone number.
   - Ask for the payee, explain the purpose for the call, and authenticate the payee's identity.
   - If the person is the payee,
     - Advise that PBGC's records show that there are uncashed benefit check(s).
     - Encourage the payee to cash the check(s) and to enroll in Electronic Direct Deposit.
     - If the payee did not receive the check(s) or lost them, verify the address. If the check is outstanding in PLUS, complete an eCARF to stop payment on the check(s), and reissue the payment(s).
     - If the check is purged, verify the address and complete a NFDE to re-issue the check.
   - If the person is not the payee, obtain the name and address of the person and seek information on the payee.
     - If the person is unable to respond, request that the spouse or executor contact PBGC with the information.
     - If the person advises that the payee is deceased, request the DOD and ask the person to mail a copy of the death certificate
     - Upon receipt of the death notice, follow TP 5.1 Process Report of Death.
     - If telephone contact cannot be made, or the payee is uncooperative, send a letter to the payee at the most recent address advising of the uncashed checks. Document the actions taken.
   - For a single uncashed check, send an *eALG 536 Reminder Notice (Outstanding Check)* requesting that the checks be cashed promptly.
   - For multiple uncashed checks, send an *eALG 537 Intent to Suspend Notice (Outstanding Check)* notifying the payee that payments will be suspended if the checks are not cashed promptly and he or she does not contact the Customer Contact Center.

> **Note** The Outstanding Checks Report from the prior quarter may be useful for identifying payees who were notified previously but still have not cashed their checks.

6. If the post office returns the *eALG 536 Reminder Notice (Outstanding Check)* or *eALG 537 Intent to Suspend Notice (Outstanding Check)*, or the check appears on the next quarterly Outstanding Checks Report after the 537 letter, then
   - Suspend the payment and forward the record for approval. See TP 28 Approve Financial and Non-Financial Transactions through Approval Service.
   - Send an *eALG 538 Suspension Notice (Outstanding Check)* to the payee if a valid address is available, advising of the uncashed checks and suspension action taken.
   - If the payee responds, reinstate the payments and issue a back payment for payments not received while suspended. Pay interest on payments missed while suspended separately using a Special check. Calculate the interest using Spectrum.
7. Document all calls in CRM.

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## TP 42.3 Resources for Outstanding or Purged Checks

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

- *eALG 536 Reminder Notice (Outstanding Check)*
- *eALG 537 Intent to Suspend Notice (Outstanding Check)*
- *eALG 538 Suspension Notice (Outstanding Check)*

**Guidance:**

- Policy 6.3-1 Underpayment Reimbursement and Interest Payments
- *Spectrum User Manual*

**Exhibits:**

None

# TP 44 Foreign Language Services

**In this Section**

TP 44. Overview for Foreign Language Services
TP 44.1 Request Foreign Language Services
TP 44.2 Resources for Foreign Language Services

## TP 44. Overview for Foreign Language Services

**08/28/2015**

A foreign language customer is one who has difficulty understanding English or has expressed a preference for corresponding with PBGC in another language, most often Spanish. The Foreign Language Group and ▶DMC facilitate effective communication between PBGC staff and foreign language customers by providing oral interpretation and obtaining written translation services. The Customer Contact Center (▶CCC) provides telephone call assistance.

## TP 44.1 Request Foreign Language Services

**07/01/2016**

| | |
|---|---|
| **Purpose** | To obtain foreign language interpretation and translation services to communicate with customers whose preferred language is not English. |
| **Guidance** | CRM Home Page |
| **Procedure Owner** | EBLS/FBA/PBA/PVA, CCC, Foreign Language Group, DMC |

Follow the instructions in the table below based on the type of translation service required.

| Translation Service Type | Basic Requirements/Details |
|---|---|
| **Telephone Calls** | |
| **Incoming** Telephone Call from a foreign language participant | 1. Place the customer's call on hold.<br>2. Dial the translation service at 1-866-537-9267.<br>3. Provide the agent customer code **TI3265**, the department or field office name, the phone number you are calling from and the language needed.<br>4. Once the interpreter is on the line, conference in the customer. |
| **Outgoing** Telephone Calls | 1. Dial the translation service at 1-866-537-9267.<br>2. Provide the agent customer code **TI3265**, your department or field office name and the phone number from which you are calling.<br>3. Indicate that assistance is needed with an outgoing call, and provide the outgoing phone number and the language needed.<br>The agent will place you on hold and connect the interpreter, and dial the outgoing phone number. After the introduction, the agent will drop out of the call and leave you with the customer and interpreter.<br>4. Once connected, verify the participant's identity. |
| **Incoming Correspondence** | |
| Translation of Letters, Proofs and Legal Documents From a Foreign Language | **Received by DMC:**<br>1. Image the documents to the customer's ▸IPS file but do not record any sensitive information (such as Social Security Number (▸SSN) or bank account information) on the documents.<br>2. Complete a *Translation Request Form: Request to Translate Documents into English*.<br>3. E-mail the form with the document(s) to be translated to the translation service provider. Redact any sensitive information before e-mailing the document(s).<br>4. The translation service provider sends the translated documents to the Foreign Language Group, who forwards them to the ▸DMC to import to the customer's IPS file. |

| | |
|---|---|
| | **Received by FBA/PVA:**<br><br>Send a ▸CRM service request to the mail point of contact for the Foreign Language Group, providing the<br>• Participant's Customer Identification Number or Social Security Number and ▸PBGC Case Number.<br>• IPS document identification number.<br>• Brief description of the translation work to be performed.<br>• Specific foreign language to be translated, if known. |
| | Normal turnaround times for ▸FBA/▸PVA requests are one to five days for any language, depending on the length and complexity. |
| **Outgoing Customer Correspondence** | |
| Customization of ▸eALG letters/enclosures needing any modifications in Spanish, and English letters to be completely translated into another language including Spanish | Send a CRM service request to the mail point of contact for the Foreign Language Group, providing the<br>• participant's SSN and PBGC Case Number,<br>• brief description of the translation work to be performed, and<br>• letter number (for example, 201, 402LBR). If changes have been made to the standard eALG letter,<br>▪ title the English draft letter "For Translation Only," and image it to the participant's IPS file,<br>▪ include the IPS document identification number in the CRM service request. All modifications to standard letters should have prior approval from a manager.<br>**Important**: English drafts created in eALG for translation purposes only and not mailed should not be forwarded for authorization, since that would create a false IPS record. |
| | Upon completion, the Foreign Language Group will import the completed translation into IPS in its native format (for example, Word) and reassign the service request to the originator with the document ID information.<br><br>Upon receipt of the service request, save the translation to the desktop, open it in its native format, and print and mail it to the customer.<br><br>Normal turnaround times are<br>• three business days for Spanish. Note that responses can take up to five business days for translations that are complex and/or contain multiple pages, applications, or attachments.<br>• five to seven business days for all other languages. Note that responses can take up to ten business days or translations that are complex, and/or contain multiple pages, applications, or attachments. |
| **Note** Any letter created in a foreign language requires that all enclosures, including | |

benefit statements, also be in that language.

**Note** All standard letters are available in eALG in Spanish with the associated enclosures.

| | |
|---|---|
| Review draft of an eALG letter composed in Spanish | Send a CRM service request to the mail point of contact for the Foreign Language Group, providing the<br>• participant's SSN and PBGC Case Number,<br>• brief description of the request, and a<br>• draft of the letter by e-mail. All letters should have prior approval from a manager.<br>**Important**: An English version of the completed translation must already be imaged in the participant's IPS file at the time of the service request. Upon receiving the translation, also image the final version (in Spanish) into the participant's file. |
| | Upon successful review, the Foreign Language Group will send a reply e-mail with attachment, if applicable, and reassign the CRM service request to the original owner.<br>Normal turnaround time is two business days. |

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## TP 44.2 Resources for Foreign Language Services

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

CRM Home Page

**Exhibits:**

None

# TP 45 Non-Receipt of Benefit Payment

**In this Section**

TP 45. Overview for Non-Receipt of Benefit Payment
TP 45.1 Process Report of Non-Receipt
TP 45.2 Process Routine Assertions of Non-Receipt
TP 45.3 Process Non-Routine Assertions of Non-Receipt
TP 45.4 Resources for Non-Receipt of Benefit Payment

## TP 45. Overview for Non-Receipt of Benefit Payment

**07/25/2008**

This procedure describes how to handle assertions from participants or beneficiaries that a benefit payment was due but not received.

Checks may be reported missing for a number of reasons, such as misdirected mail. Payees also may simply have forgotten that they cashed a check. Most reports do not involve fraud or forgery.

Unless the records clearly indicate that a check was not issued or received, the burden is on the payee to provide sufficient evidence that the payment was not issued in accordance with PBGC or plan procedures, or not received.

Routine assertions involve payments made by PBGC or the pension plan administrator where supporting administrative, payment and check reconciliation data are readily available. With non-routine assertions the records are not readily available; are incomplete or contradictory; or are older than the records retention period. In non-routine cases, PBGC will rely heavily on plan provisions, the plan's business practices, or PBGC policy, procedures and business practices in place when the payment was issued to determine whether or not to issue a payment.

PBGC generally replaces a payment or issues a new payment once satisfied that the payment was not received. Interest is paid in non-routine cases if the payment is overdue by more than 180 days.

# TP 45.1 Process Report of Non-Receipt

**07/01/2016**

| | |
|---|---|
| **Purpose** | To determine whether a report of non-receipt of a benefit payment is routine or non-routine and take appropriate action. |
| **Guidance** | Policy 6.3-1 Underpayment Reimbursement and Interest Payments |
| **Procedure Owner** | CCC, EBLS/FBA/PBA/PVA |

When a ▸payee notifies PBGC of an unreceived payment, initiate this procedure immediately. Document all telephone calls in ▸CRM.

### CCC, EBLS/FBA/PBA/PVA

1. Obtain the following identifying information:
   - Expected payment date and type (check or ▸EDD).
   - Home or financial institution address at the time the payment was issued.
   - The payee's explanation of why he or she doesn't believe the payment was made or received.

   If the payee's address has changed, update the address in CRM/▸Spectrum (see TP 4 Participant Addresses and EDD Elections).
2. Initially, review PBGC records and determine if and when the payment was issued by PBGC's paying agent and whether or not it was returned to PBGC. Refer to ledger, address and pay source screens. If issued by PBGC's paying agent, verify the status of the check in ▸PLUS.
3. Determine whether the report of non-receipt is routine or non-routine:
   - **Routine:** Consider the report routine if **both** conditions are true:
     - ▸PBGC's paying agent, an interim paying agent, or the pension plan's administrator or paying agent issued the payment.
     - Proof of the payment is readily available, that is, PBGC can readily obtain a copy of the negotiated check or trace the EDD payment to a financial account to which the payee has access, the EDD payment was deposited to the wrong account, or the records clearly indicate that the payment was returned uncashed or purged as a stale-dated check.

   For routine reports, go to TP 45.2 Process Routine Assertions of Non-Receipt.

   > **Note** The Customer Contact Center (▸CCC) acts only on routine reports of non-receipt of payments recently issued by PBGC's paying agent. The CCC records all other situations in CRM for response by the Case Team's telephone point of contact.

   - **Non-Routine:** Consider the report non-routine if either condition is true:
     - A copy of the negotiated check is not readily available.
     - The EDD payment cannot be traced to a financial account to which the payee has access. This most often occurs when PBGC issues a ▸BDL to a ▸participant who has already received a cash-out of his or her benefit from the prior ▸plan administrator. It may also occur when PBGC issues BDLs to participants who had previously received estimated ▸lump sums, other large payments, or one or more pension payments. The payment may have been made before or after ▸DOPT, and may have been issued by PBGC's paying agent, an interim paying agent, or the pension plan's administrator or paying agent.

   For non-routine reports, go to TP 45.3 Process Non-Routine Assertions of Non-Receipt.

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# TP 45.2 Process Routine Assertions of Non-Receipt

**07/01/2016**

| | |
|---|---|
| **Purpose** | To take action on routine assertions of non-receipt. |
| **Guidance** | Policy 6.3-1 Underpayment Reimbursement and Interest Payments |
| **Procedure Owner** | Customer Contact Center, EBLS/FBA/PBA/PVA |

This procedure is for routine handling by the Customer Contact Center (CCC)[1] and ▸FBAs of assertions from payees when a benefit payment was issued but not received. The handling varies depending on whether the payment was by check or ▸EDD. These procedures primarily apply to payments issued by ▸PBGC's paying agent. If the payment was issued by a prior paying agent or interim agent, FBAs work with that paying agent to determine if it can be replaced and how. If the prior paying agent or interim paying agent is unable or unwilling, follow the procedures for non-routine reports (see TP 45.3 Process Non-Routine Assertions of Non-Receipt).

Complete one of the sub-procedures according to the type of payment not received:

- Payment by check: Proceed according to the status of the check in ▸PLUS:
  - Status is "Outstanding": Complete TP 45.2A Stop and Reissue Unpaid Check.
  - Status is "Paid": Complete TP 45.2B Investigate Assertion of Non-Receipt of Paid Check.
- Payment by EDD: Complete TP 45.2C Investigate Assertion of Non-Receipt of Electronic Direct Deposit.

**In this Section**

TP 45.2A Stop and Reissue Unpaid Check
TP 45.2B Investigate Assertion of Non-Receipt of Paid Check
TP 45.2C Investigate Assertion of Non-Receipt of Electronic Direct Deposit

[1]The Customer Contact Center acts only on routine reports of non-receipt of payments recently issued by PBGC's paying agent. All other situations are recorded in ▸CRM for response by the case team's telephone point of contact.

**TP 45.2A Stop and Reissue Unpaid Check**

**07/01/2016**

For checks from ▸PBGC's paying agent, allow at least seven days from the issue date for clearance and reconciliation at PBGC's paying agent before requesting the check be reissued.

Follow this procedure if the status of the check in ▸PLUS is "Outstanding." If the check is "Paid," see TP 45.2B Investigate Assertion of Non-Receipt of Paid Check.

**CCC, EBLS/FBA/PBA/PVA**

1. Complete the appropriate eCARF:
   - **Stop and Reissue to the Same Address:** Send an ▸eCARF to ▸BPD to stop and reissue the payment.
   - **Stop and Reissue to a Different Address**: Send an eCARF to PBGC's paying agent to stop and reissue the payment with an address change.
2. Record all communication with the ▸participant or authorized representative and the related actions taken in ▸CRM and ▸IPS, as appropriate.

   **Note** If the participant receives a monthly annuity, encourage the participant to enroll for Electronic Direct Deposit (EDD).

3. To cancel a ▸Stop and Reissue Payment request, send another eCARF prior to 4 P.M. on the same business day, with instructions to PBGC's paying agent to cancel the previous request in the comments.

   ▸CCC receives an email confirmation in the Check Action inbox from the eCARF staff that the stop and reissue has been effected. This email is then imaged to the participant's file.

   **Note** If the need arises to issue a non-benefit payment, refer the matter to the BPD Management Analyst. This may be required, for example, to reimburse a check-cashing agency for fees incurred for cashing a PBGC check with a stop payment order, or to issue an overpayment refund when an ACH reclamation is successful and a check is also received to repay an overpayment.

**TP 45.2B Investigate Assertion of Non-Receipt of Paid Check**

**07/01/2016**

Follow this procedure if the status of the check in ▸PLUS is "Paid." If the check is "Outstanding," see TP 45.2A Stop and Reissue Unpaid Check.

**CCC, EBLS/FBA/PBA/PVA**

1. Obtain a copy of the check from PLUS.
2. If the check was negotiated, mail a copy of the cashed check (front and back) to the payee.
3. Contact the ▸payee to determine if the signature is the payee's:
   - If the payee verifies the check endorsement signature, document the finding in ▸CRM. No further action is required.
   - If the payee states that the signature is not the payee's and wishes to pursue replacement of the payment, proceed to TP 12.1 Determine Fraud/Forgery.

**Note** In cases where the check was misdirected due to an error by PBGC or its paying agent at no fault of the customer (for example, PBGC recorded the address incorrectly), replace the check immediately, before initiating fraud/forgery procedures.

**TP 45.2C Investigate Assertion of Non-Receipt of Electronic Direct Deposit**

**07/01/2016**

**CCC, EBLS/FBA/PBA/PVA**

1. Check the ▸PLUS ledger to determine whether ▸PBGC's paying agent automatically issued a manual check to replace an ▸EDD payment rejected by the receiving bank. The manual check may not show in the ▸Spectrum ledger yet.
2. Send an *eCARF - Copy of Paid Check / ACH Tracer* to PBGC's paying agent.

   If the EDD was deposited, the response from PBGC's paying agent indicates the date and to which account. PBGC's paying agent takes no action to replace the payment.
3. Image the ▸eCARF response to the participant file in ▸IPS.
4. Proceed according to the eCARF response:
   - If the EDD was deposited to the correct account (that is, the financial institution account and routing numbers on file with PBGC when the deposit was made), advise the payee to contact that financial institution to obtain the payment. No further action required for this procedure.
   - If the EDD was deposited to another person's account, continue to step 5.
5. Resolve the EDD payment to the incorrect account:
   a. Research to determine the reason (whether due to an error by PBGC or PBGC's paying agent or incorrect information provided by the ▸payee).
   b. Notify ▸BPD by e-mail. Upon receiving instructions, take the requested actions.
   c. Initiate repayment immediately:
      - If time permits, use ▸NFDE to reissue the payment under Pay Source 7 (reissue) in the next monthly check cycle.
      - If there is insufficient time before the deadline for the next pay cycle, or if the next pay cycle is too long for the customer to wait, initiate an off-cycle payment (see TP 29 Off-Cycle Payment).
   d. Notify the payee about the actions needed to replace the payment and how long the process will take.

## TP 45.3 Process Non-Routine Assertions of Non-Receipt

**07/01/2016**

| | |
|---|---|
| **Purpose** | To take action on non-routine assertions of non-receipt. |
| **Guidance** | Policy 6.3-1 Underpayment Reimbursement and Interest Payments |
| **Procedure Owner** | EBLS/FBA/PBA/PVA |

When a ▸participant or ▸beneficiary makes a non-routine assertion of non-receipt of a benefit payment, complete the *Non-receipt of Benefit Payments Facts & Circumstances Determination* to document the research, evaluation and determination of whether to pay the benefit. Image the completed and authorized document to the participant's ▸IPS file.

In non-routine cases, PBGC relies heavily on plan provisions, plan or business practices, and PBGC policy, procedures and business practices in effect at the time of the payment to make a determination. The burden is on the payee to provide sufficient evidence that the payment was not issued or received. PBGC generally requires a Participant Application for Benefits (PAB) and various proofs before issuing payments.

**EBLS/FBA/PBA/PVA:** Prior to commencing research, contact the ▸auditor or ▸EBLS for active cases, or the EBLS only for closed cases, for guidance.

**Important:** Manage customer expectations. Do not indicate whether or not PBGC will reissue the payment. Tell the customer that PBGC may require additional information from the payee, and that the research may take time, but that PBGC will keep the payee informed of its progress.

1. Collect the facts and circumstances of the case:
   a. Contact the ▸payee to complete *Part I Required Information and Evidence* of the Facts & Circumstances Determination. The nature of the research to follow depends on whether the alleged payment was issued by a prior plan administrator or by PBGC.
   b. If the payment was issued by the prior plan administrator, complete *Section A Payment Made by Prior Plan Administrator* to document the information collected.
   c. If the payment was issued by PBGC, complete *Section B Payment Made by PBGC* to document the information collected.

> **Note:** For checks issued January 2003 and after, ▸PBGC's paying agent maintains copies of checks for seven years from the month issued. Copies of checks issued prior to January 2003 are kept six years. If the check is older than 36 months, but not older than the seven-year time frame, the user would fill out an ▸eCARF for a Copy of Paid Check. PBGC's paying agent also maintains listings and may be able to confirm whether a payment was negotiated even if a copy is no longer available.

2. Once sufficient information is obtained, complete *Part II Determination* to document the decision of whether a payment is due:
   a. A payment is **due** if evidence suggests that the payment was not issued, or not received. If a payment is due, also complete *Part III Method of Payment Determination* to indicate whether the payment should be treated as a:
      - Pre-termination liability (that is, a benefit application dated before ▸DOPT is on file);
      - DOPT benefit; or
      - Benefit due a ▸woodwork person.
   b. A payment is **not due** if evidence suggests that the payment was issued and there is no evidence it was *not* received.
3. Make the final determination on the case:
   a. Forward the Facts & Circumstances Determination to the Employee Benefits Supervisor. The supervisor will review the document and may either concur or return it for further research. If necessary, the matter may be

referred to ▸PPD for guidance (see TP 17.1 Refer Policy and Processing Questions).

b. Upon management's concurrence, take action on the determination (see steps 4 and 5 below).

c. Image the completed and authorized Facts & Circumstances Determination to the participant's IPS file.

4. Proceed according to when the payment was issued:

   a. **Payment Issued Prior to DOPT:**

      Issue a Benefit Determination Letter (▸BDL) (see Process 19 Benefit Determination Letters) notifying the payee of the basis for not reissuing the payment. Consider using a Non-Member BDL for this purpose.

   b. **Payment Issued On or After DOPT:**

      Issue an *eALG 569 Confirmation of Payment Letter* notifying the payee of the basis for not reissuing the payment.

5. Proceed according to when the payment was issued or due:

   a. **If Payment was Issued or Due Prior to DOPT:**
      - If the payment was **issued but not received**, the payment is treated as a pre-termination liability and paid accordingly.
      - If the payment was **not issued** and there is a benefit application dated before DOPT in the file, the payment is treated as a pre-termination liability and paid accordingly.
      - If the payment was **not issued** and there is no benefit application dated before DOPT in the file, process the person as a participant at DOPT.

   b. **Payment Issued or Due On/After DOPT:**
      - If records indicate that PBGC's paying agent or the prior paying agent did not issue the payment, or that it was not received, reissue the payment.

6. Reminders:

   a. **Payment of Interest:** Pay interest on replacement payments in non-routine cases if the payment is more than 180 days overdue. Use a Special check to pay interest - do **not** add interest to the replacement check.

   b. **Taxation of Payments:** Claims that the payment was taxable when issued supports a determination that the payment was issued and received as records indicate. If a determination is made to issue a payment, pre-DOPT or post-DOPT, the payment(s) is taxable income for the year in which paid. These payments are not paid as non-taxable replacement payments, as routine assertions are. A new payment must be created.

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## TP 45.4 Resources for Non-Receipt of Benefit Payment

**09/30/2016**

**Forms, Letters, and Memos:**

*Non-Receipt of Benefit Payment Facts & Circumstances Determination*

**Customer Correspondence and Forms:**

*eALG 569 Confirmation of Payment Letter*

**Guidance:**

*Policy 6.3-1 Underpayment Reimbursement and Interest Payments*

**Exhibits:**

*None*

# TP 46 Health Coverage Tax Credit (HCTC)

**In this Section**

TP 46. Overview for the Health Coverage Tax Credit (HCTC)
TP 46.1 Respond to HCTC Inquiries
TP 46.2 Resources for the Health Coverage Tax Credit (HCTC)

## TP 46. Overview for the Health Coverage Tax Credit (HCTC)

**09/30/2016**

This section describes the Health Coverage Tax Credit (HCTC) program and PBGC's role in administering it, and provides guidance for responding to customer inquiries about the program.

The Trade Act of 2002 amended the ▸Internal Revenue Code to provide a tax credit to eligible individuals who obtain health insurance from qualified health plans. The HCTC program is administered by the ▸IRS. The HCTC legislation expired at the end of 2013 and was not in effect for tax years 2014-2015, but the credit was made available retroactively to cover those years when the legislation was reintroduced in 2016. The credit is available to eligible individuals as a credit on their Federal income tax return.

The amount of coverage, which is set by Congress, has changed several times since the inception of HCTC. The IRS has also provided a monthly advanced tax credit in which the IRS pays a fixed percentage of the premium directly to the insurance program in lieu of the individual claiming the credit on his or her tax return. Individuals may still claim the credit on their tax return for any month in which an advanced tax credit is not paid.

Certain PBGC payees are covered under the HCTC legislation and PBGC provides information about potentially eligible payees in ▸PBGC-trusteed plans to the IRS. PBGC has worked with the IRS in establishing the criteria and methodology used in providing this information. PBGC also responds to inquiries about the program and eligibility for the tax credit.

More information about the HCTC program is available online at:

- PBGC.gov
- IRS.gov/hctc

**Who is an Eligible PBGC Pension Recipient for the HCTC Program?**

A participant, surviving spouse, beneficiary, or alternate payee under a ▸QDRO is an **eligible PBGC pension recipient** for any month in which all of the following conditions are met:

- The pension plan has been trusteed by the PBGC, including the month in which the plan is trusteed.
- PBGC pays a benefit to the recipient for that month of which any portion is paid under ▸Title IV of the Employee Retirement Income Security Act (ERISA), including payments made by an interim paying agent for a trusteed plan for which PBGC has not assumed the payments.
- The recipient has attained age 55 as of the first day of the month.

**Other Considerations**

It is important to remember that not all eligible PBGC pension recipients will be eligible for the HCTC program. Eligible PBGC pension recipients must meet other program requirements that PBGC does not determine. The IRS, as the program administrator, is ultimately responsible for determining if an individual meets all of the requirements for the HCTC program.

The following are examples of eligibility scenarios to consider:

- **Retroactive annuity starting date.** A recipient is included beginning with his or her ▸annuity starting date, including a retroactive annuity starting date, as long as the eligibility conditions are met on that date.
- **Frequency of payments.** PBGC includes recipients who are paid monthly or who receive annual annuity payments, as well as those receiving quarterly or semiannually payments whose payments will be converted to annual or monthly payments under Policy 5.4-7 Annuity Benefit Forms. Those receiving quarterly, semiannual or annual payments are treated as eligible for the intervening months in which payments are not made. However, HCTC eligibility ends the month after death.
- **Benefit offsets.** PBGC does not include a recipient for any month in which his or her PBGC benefit is completely offset (that is, a PBGC benefit is not payable) by a non-PBGC benefit or source of income (for example, workers'

compensation, purchased annuity, etc.).

- **Lump-sum payments.** For purposes of the HCTC program a ▸lump-sum payment must be a total distribution of a benefit (that is, the present value of the termination benefit). It cannot be any other type of lump-sum payment. Recipients of lump-sum payments are treated as eligible on a monthly basis beginning the month all of the PBGC requirements are met. Eligibility ends the month after death. Note that PBGC does not include a recipient who was paid a lump sum before August 06, 2002, the effective date of the Trade Act.
- **Qualified health plan coverage.** An eligible PBGC pension recipient must also have coverage under a qualified health plan to qualify for the HCTC. Recipients who have other specified coverage, such as Medicare (see special note in next paragraph), Medicaid, or health insurance paid for by an employer are excluded from the HCTC program. However, PBGC does not determine which recipients have coverage under a qualified plan and includes all payees who meet the PBGC requirements. The IRS is ultimately responsible for determining if the recipient can claim the tax credit.

  **Special note about Medicare:** Most recipients automatically become entitled to Medicare (Part A and/or Part B) at age 65 and are excluded from the HCTC program the month they attain age 65.
- **Date of Birth Not Available.** If a recipient's date of birth is unknown or not readily available (which may be the case when PBGC first takes over a plan), the individual is included as a potentially eligible PBGC pension recipient in the reporting to the IRS. In these cases, the IRS will ultimately determine if the recipient is eligible for the HCTC.

Refer to the PBGC Web site and the IRS Web site for detailed information about HCTC program requirements.

**Notification about the HCTC Program**

PBGC's trusteeship notification letters inform payees about the HCTC. Payees who are otherwise eligible may claim the tax credit beginning the month in which the plan is trusteed by PBGC.

Payees enrolled in the HCTC program whose PBGC benefits are suspended (for example, for failure to return their ▸PIF) and later reinstated may need to reapply with the HCTC program at the IRS.

**PBGC's HCTC Representative**

PBGC's HCTC Representative is located in ▸CSD. The HCTC Representative:

- Serves as a liaison between PBGC and the HCTC program at the IRS.
- Notifies CSD staff about exceptions in monthly exceptions reports from the HCTC program that must be corrected.
- Provides assistance in responding to inquiries about eligibility for the HCTC.

Assistance can be requested directly from the HCTC Representative.

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# TP 46.1 Respond to HCTC Inquiries

**09/30/2016**

| | |
|---|---|
| **Purpose** | To respond to inquiries about the HCTC program and eligibility. |
| **Guidance** | Policy 8.7-1 Health Coverage Tax Credit (HCTC) - PBGC Responsibility |
| **Procedure Owner** | EBLS/PBA/FBA/PVA, CCC |

**In this Section**

TP 46.1A Respond to Inquiries Received by the Customer Contact Center
TP 46.1B Respond to Inquiries Received by CSD

**TP 46.1A Respond to Inquiries Received by the Customer Contact Center**

**09/30/2016**

**CCC**

1. Use the appropriate scripts to determine if the individual is a potentially eligible PBGC pension recipient:
   - If the individual is not a potentially eligible PBGC pension recipient, refer the individual to the ▸IRS at 800-829-1040 (TDD: 800-829-4059) or to the IRS Web site (Keyword: ▸HCTC) for information about HCTC.
   - If the individual is a potentially eligible PBGC pension recipient:
     - Record the inquiry in ▸CRM.
     - Refer the inquiry to the telephone ▸POC designated in ▸CMS.

**TP 46.1B Respond to Inquiries Received by CSD**

**09/30/2016**

This section addresses:

- Eligibility Questions
- Applying for the Tax Credit and Qualified Health Insurance Questions
- IRS Denial of End-of-Year Tax Credit
- Other General Questions
- Other Inquiries

**EBLS/PBA/FBA/PVA**

**Eligibility Questions**

1. If the individual inquires about eligibility for the ▸HCTC, determine whether:
   - The plan has been trusteed by PBGC and, if so, the ▸Date of Trusteeship.
   - The individual has attained age 55 (that is, is at least age 55 as of the first day of the month in question).
   - PBGC is paying a monthly, quarterly, semiannual, or annual benefit to the person (including those in ▸PBGC-trusteed plans still being paid by the interim paying agent).
2. If PBGC paid a lump sum to the individual on or after the Date of Trusteeship (and after August 05, 2002):
   a. Determine individual eligibility:
      - **Individual is not eligible.** If the individual does not meet the criteria, explain that he or she does not appear to be eligible for the tax credit at this time and close the inquiry in ▸CRM. If the individual wishes to pursue the matter, refer him or her to the ▸IRS.
      - **Individual appears eligible.** If the individual meets the criteria (and it appears the individual was not on the list of eligible PBGC pension participants sent to the HCTC program), send an e-mail to the HCTC Representative requesting guidance and include the following participant information:
        - Name
        - ▸SSN
        - ▸DOB
        - Phone Number
        - Date entering pay status (Pension Payments)
        - Date lump-sum payment was made (Lump-Sum)
        - Plan Name
        - PBGC Case Number
        - ▸DOTR
        - Actual Retirement Date
        - Details about the inquiry
        - Whether the response to the participant will be by telephone or in writing (for which the PBGC HCTC Representative will provide specific language).

        > **Note** On rare occasions, the HCTC Representative may respond directly to the individual and provide a copy to the mail ▸POC. Image the copy to the individual's ▸IPS file and close the correspondence in CRM.

   b. Respond to the individual based on the guidance sent by the HCTC Representative:
      - If responding by telephone, call the participant and close the CRM service request.
      - If responding in writing, use *CCS Template 526 Response to HCTC Eligibility Inquiry* and the specific language provided by the HCTC Representative.
   c. Image any e-mail guidance from the HCTC Representative to the participant's IPS file.

**Applying for the Tax Credit and Qualified Health Insurance Questions**

For questions about how to apply for the tax credit or whether a health plan is qualified, refer the caller directly to the IRS at 800-829-1040 (TDD: 800-829-4059).

Payees enrolled in the HCTC program whose PBGC benefits are suspended (for example, for failure to return their ▶PIF) but later reinstated may need to reapply with the IRS.

**IRS Denial of End-of-Year Tax Credit**

A written response is required if a recipient requests proof of their PBGC eligibility for HCTC because they received an HCTC denial letter from the IRS. Confirm that the recipient meets the eligibility criteria during the applicable tax year, and summarize the findings in an e-mail to the HCTC Representative requesting approval to send *CCS Template 526 Response to HCTC Eligibility Inquiry* for all letters.

**Other General Questions**

Use the Frequently Asked Questions about HCTC on the PBGC Web site to answer general inquiries. Also inform the caller about the PBGC and IRS Web sites and provide the Web site addresses.

**Other Inquiries**

Refer inquiries from organizations such as government entities, plan sponsors, unions, U.S. Congress, or other inquiries not listed to the HCTC Representative.

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## TP 46.2 Resources for the Health Coverage Tax Credit (HCTC)

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

- *CCS Template 526 Response to HCTC Eligibility Inquiry*

**Guidance:**

- Policy 8.7-1 Health Coverage Tax Credit (HCTC) - PBGC Responsibility

**Exhibits:**

None

# TP 47 Missing Participants

**In this Section**

TP 47. Overview for Missing Participants
TP 47.1 Receive Missing Participant Information
TP 47.2 Enter Missing Participant into Spectrum
TP 47.3 Notify Missing Participant of Benefit
TP 47.4 Process Benefit Application
TP 47.5 Process Deceased Missing Participant
TP 47.6 Validate Refund Requests
TP 47.7 Respond to Death Match
TP 47.8 Resources for Missing Participants

## TP 47. Overview for Missing Participants

**07/01/2016**

Under the Retirement Protection Act of 1994, PBGC acts as a clearing house for missing participants. If the plan sponsor purchases an annuity contract for the missing participant, PBGC refers the individual to the right insurance company. If the plan sponsor transferred money for the benefit to PBGC, PBGC searches for the missing participant and pays the benefit when the individual is located.

The missing participants process begins when the prior plan administrator submits the plan for standard termination. STCD approves and processes the standard termination; the prior plan administrator submits *Form 501 Post-Distribution Certification for Standard Termination* and *Schedule MP Missing Participant Information* along with attachments at least 60 days following STCD's receipt of the standard termination (see TP 47.1 Receive Missing Participant Information). These forms identify the number of missing participants for whom the plan purchased irrevocable commitments (also called purchased annuities), and the number of missing participants (and designated benefit dollar amounts) for whom the plan made payments to PBGC.

FOD reviews the *Bank Statement* and *Missing Participant Payment Voucher* and records funds received in CFS. CFS then updates CMS on a monthly basis.

The MPP Satff in CSD updates the plan and participant information (see TP 47.1 Receive Missing Participant Information and TP 47.2 Enter Missing Participant into Spectrum) and sends the participant a notice of benefits or annuity information (see TP 47.3 Notify Missing Participant of Benefit). The participant may contact CSD and request a monthly annuity calculation. CSD sends the participant an application package, and the participant completes and returns either a lump-sum or annuity application. CSD processes the payment and sends the participant a payment notification (see TP 47.4 Process Benefit Application).

If the recipient of the application package notifies PBGC that the participant is deceased, the MPP Staff reviews the case and determines whether a designated benefit is payable, the amount of the benefit, and the identity of the beneficiary, before either paying the designated benefit or sending an application package to the beneficiary (see TP 47.5 Process Deceased Missing Participant).

The MPP Staff also validates refund requests from the prior plan administrator (see TP 47.6 Validate Refund Requests).

## TP 47.1 Receive Missing Participant Information

**07/01/2016**

| | |
|---|---|
| **Purpose** | To receive a plan with missing participants from STCD and enter the data into CMS. |
| **Guidance** | CMS Job Aids and User Guide<br>*Plan File Indexing Specification Guide*<br>*Spectrum User Manual* |
| **Procedure Owner** | MPP Staff |

On receipt of a *Plan Transmittal Memo* from ▸STCD for a new or amended plan, the ▸MPP Staff initiates the missing ▸participant process.

1. Receive the *Plan Transmittal Memo* from STCD with the attachments:
   - *Schedule MP Missing Participant Information*
   - *Attachment A Missing Participant Annuity Purchase Information*
   - *Attachment B Missing Participant Individual Information* (one for each missing participant or one spreadsheet for the entire ▸plan)
2. Verify that the information from STCD includes all required documents:
   - Includes all documents: Continue to step 3.
   - Documents missing: Request STCD to provide documents. Do not continue until STCD provides all required documents.
3. Proceed according to whether the memo is for a new or amended plan:
   - New plan:
     a. Send an e-mail to Benefit Management Applications (BMA) to initiate case conversion.

        BMA converts the case to Spectrum and sends an e-mail to the MPP Staff when done.

     b. Assign the ▸CMS task referral to the MPP Staff Lead and continue to step 4.
   - Amended plan: Continue to step 4.
4. Proceed according to whether the plan has annuity-only participants:
   - Plan has annuity-only participants:
     a. Proceed according to whether the information from STCD includes the accrued benefit amount for all annuity-only participants:
        - Amounts included: Continue to step b.
        - Amounts not included: Request STCD to request the plan administrator to provide the accrued benefit amounts. On receipt of the amounts, continue to step b.

     b. Submit an ▸actuarial support request (▸ASR) to the ▸Actuary to sample and confirm accuracy of the accrued benefit amounts.

     c. Proceed according to whether the Actuary finds errors in the ▸plan administrator's calculations:
        - Errors: Request STCD to request the plan administrator to provide updated accrued ▸benefit amounts. Repeat steps b and c until the amounts are correct.
        - No errors: Continue to step 6.
   - Plan has no annuity-only participants: Continue to step 6.
5. Confirm the accuracy of the accrued benefit amounts:
   a. Calculate the accrued benefit amounts for a sample of the annuity-only participants.
   b. Compare to the accrued benefit amounts the plan administrator provided.
   c. Provide the comparison results to the MPP Staff via e-mail.

6. Forward a hard copy of the files from STCD to the MPP Staff Lead.
7. Review the monthly *Lockbox Report* from ▸FOD and the Schedule MP page in CMS that the ▸plan sponsor provided sufficient funding for the plan.
8. Confirm that the package from the MPP Staff includes all required documentation:
   - *Schedule MP Missing Participant Information*
   - *Attachment A Missing Participant Annuity Purchase Information*
   - *Attachment B Missing Participant Individual Information* (one for each missing participant or one spreadsheet for the entire plan)

   If any documents are missing, request the MPP Staff to notify STCD of the missing documents and await instruction before proceeding.
9. Confirm that the number of missing participants and the funding amount match the *Schedule MP Missing Participant Information* to within $1 per participant:
   - Participants and funding do not match:
     a. Request MPP Staff to notify STCD of the discrepancy.
     b. On receipt of updated documentation, return to step 7.
   - Participants and funding match: Continue to step 14.
10. Enter the plan sponsor information into CMS.

    CMS generates an automated e-mail request to ▸PBGC's paying agent to set up an MPP Plan Account. The paying agent sets up the plan account and sends an e-mail to the MPP Staff when complete.
11. Submit copies of plan and participant documents to the ▸DMC for imaging to ▸IPS:
    - Submit the following documents for imaging to the plan file:
      - *Plan Transmittal Memo*
      - *Schedule MP Missing Participant Information*
      - *Attachment A Missing Participant Annuity Purchase Information*
      - *Attachment B Missing Participant Individual Information* (if a spreadsheet covering entire plan)
      - Any other attachments to the *Plan Transmittal Memo*
    - If there is a separate *Attachment B Missing Participant Individual Information* for each participant, image to the participant file as correspondence.
12. Assign the case file to an MPP Staff member.
13. Notify the assigned MPP Staff member of the funding status of the plan.
14. Check ▸PBGC Image Viewer to confirm each document is in the correct file:
    - *Plan Transmittal Memo*: Plan file
    - *Schedule MP Missing Participant Information*: Plan file
    - *Attachment A Missing Participant Annuity Purchase Information*: Plan file
    - *Attachment B Missing Participant Individual Information*: Proceed according to whether there is one attachment per participant or a single spreadsheet for the entire plan:
      - Attachment per participant: Correct *Attachment B Missing Participant Individual Information* in each participant file
      - Spreadsheet for entire plan: Plan file
15. Update the *MPP Plan List* tracking spreadsheet on the `I:` Drive to note all documents are in PBGC Image Viewer and whether the plan sponsor provided sufficient funding.

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## TP 47.2 Enter Missing Participant into Spectrum

**07/01/2016**

| | |
|---|---|
| **Purpose** | To update Spectrum with information for a missing participant. |
| **Guidance** | *Spectrum User Manual* |
| **Procedure Owner** | MPP Staff |

The ▸MPP Staff ensures each missing participant in the ▸plan has a ▸Spectrum account and role associated to the plan. In addition, on receiving an amended *Attachment B* the MPP Staff updates Spectrum for each impacted participant.

1. Enter the ▸participant's information into Spectrum:
   - Participant does not have an entry in Spectrum: Create a new participant record and continue to step 5.
   - Participant already has an entry in Spectrum: Continue to step 2.
2. Proceed according to whether the plan is new for the participant:
   - Not a new plan: Continue to step 3.
   - New plan (that is, the participant has an existing Spectrum entry for a different plan):
     a. Create a new role for the participant in Spectrum.
     b. Enter ▸benefit amount in Spectrum and continue to step 5.
3. Update the participant's existing record in Spectrum.
4. Proceed according to whether the participant already received payment:
   - Paid: Proceed according to whether the amendment is a reduction or increase:
     - Reduction:
       a. Notify ▸STCD that the amendment is a reduction to a benefit already paid.
       b. Create a memo to the participant and plan files in ▸IPS documenting that the participant received payment prior to the reduction, and therefore there is no change to Spectrum. No further action required for this procedure.
     - Increase: Update Spectrum to record the unpaid portion as the amended amount. Continue to step 5.
   - Not paid: Enter the full benefit amount into Spectrum. Continue to step 5.
5. Refresh Spectrum.
6. Reconcile the data in Spectrum to *Schedule MP Missing Participant Information* using a Forest and Trees **MPP Plan Report**.
7. Print, sign, and date the report and then image to the plan file in IPS.

   **Note** Run a new **MPP Plan Report** every time MPP receives an amended *Attachment B*.

8. If not already completed for this month, review the monthly *Lockbox Report* from ▸FOD and proceed according to whether there is sufficient funding for the plan:
   - Sufficient funding: Notify the assigned MPP Staff member that there is sufficient funding.
   - Insufficient funding:
     a. Notify the assigned MPP Staff member that there is insufficient funding.
     b. Repeat step 8 each month until there is sufficient funding.
9. Proceed according to whether there is sufficient funding for the plan:
   - Sufficient funding: Proceed to TP 47.3 Notify Missing Participant of Benefit.
   - Insufficient funding: On notification that there is sufficient funding, proceed to TP 47.3 Notify Missing Participant of Benefit.

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## TP 47.3 Notify Missing Participant of Benefit

**07/01/2016**

| | |
|---|---|
| **Purpose** | To notify missing participants of their benefits. |
| **Guidance** | N/A |
| **Procedure Owner** | Actuary, MPP Staff |

The ▸MPP Staff notifies each missing ▸participant of their eligibility for ▸benefits. The notification process varies based on whether the participant's benefit is a purchased ▸annuity listed on *Attachment A Missing Participant Annuity Purchase Information* (see TP 47.3A Notify Missing Participant of Purchased Annuity) or another type of benefit listed on *Attachment B Missing Participant Individual Information* (see TP 47.3B Notify Missing Participant of Benefit Other than Purchased Annuity).

**In this Section**

TP 47.3A Notify Missing Participant of Purchased Annuity
TP 47.3B Notify Missing Participant of Benefit Other than Purchased Annuity

**TP 47.3A Notify Missing Participant of Purchased Annuity**

**07/01/2016**

**MPP Staff**

1. Use the *Attachment A Missing Participant Annuity Purchase Information* and PBGC's approved locator service to determine the participant's address.
2. Update the participant's address in Spectrum.
3. Issue *eALG 572MP Annuity Purchase Statement* with insurance company information to the participant.
4. If DMC notifies the MPP Staff that the USPS returned the mail for an incorrect address, use the approved locator service to identify the participant's next-most-current address:
   - Address available: Update the address in Spectrum and return to step 2.
   - No address available: Update the participant record in Spectrum to note the incomplete address. Continue to step 5.

     Spectrum automatically updates the list of incomplete missing participants on PBGC's Web site.
5. If the participant contacts PBGC to provide an address:
   a. Update Spectrum with the new address.

      Spectrum automatically removes the participant from the list of unlocatable missing participants on PBGC's Web site when a user updates the participant address to a valid address.

   b. Repeat steps 2–4.

**TP 47.3B Notify Missing Participant of Benefit Other than Purchased Annuity**

**01/31/2017**

**MPP Staff**

1. Proceed according to whether the *Attachment B Missing Participant Individual Information* includes the customer address:
   - Attachment includes address: Update ▸Spectrum with the address and continue to step 2.
   - Attachment does not include address: Use the approved locator service to identify the customer address:
     - Address not available: Mark address incomplete in Spectrum. No further action required for this procedure.
       Spectrum automatically updates the list of incomplete missing ▸participants on PBGC's Web site.
     - Address available: Update Spectrum with the address and continue to step 2.
2. For an annuity-only participant, send an ▸ASR to request an ▸annuity calculation from the ▸Actuary and continue to step 4.

**Actuary**

3. On receipt of the ASR, calculate the annuity and send to the requestor.

**MPP Staff**

4. Issue an application package to the participant including the appropriate application form according to whether the participant is annuity-only:
   - Annuity-Only:
     - Issue *CCS 573MP* to advise the participant of the benefit and to contact PBGC for an application.
     - When the participant requests a benefit application, issue a second *CCS 573MP* with *Form 700 Participant Application for Pension Benefits* and a benefit statement with information on optional benefit forms.
   - Not Annuity-Only and lump sum is equal to $5,000 or less: Issue *CCS 573MP* with *Form 720MP Application for Lump-Sum Payment*.
   - Not Annuity-Only and lump-sum is greater than $5,000: Issue *CCS 573MP* with *Form 703MP Application for Elective Lump-Sum Payment*. If the participant requests an annuity, issue a second *CCS 573MP* with *Form 700 Participant Application for Pension Benefits* and a benefit statement with information on optional benefit forms.
5. On receipt of the completed application, proceed according to whether the participant is deceased:
   - Participant is alive: Proceed to TP 47.4 Process Benefit Application.
   - Participant is deceased: Proceed to TP 47.5 Process Deceased Missing Participant.

# TP 47.4 Process Benefit Application

**07/01/2016**

| | |
|---|---|
| **Purpose** | To review applications for benefits for missing participants or their beneficiaries and make the appropriate payments. |
| **Guidance** | *Spectrum User Manual* |
| **Procedure Owner** | Actuary, MPP Staff |

On receipt of an application for benefits, the ▸MPP Staff first reviews the application for completeness and confirms the applicant provided all required documentation (see TP 47.4A Review Benefit Application) and then processes the payment in ▸Spectrum (see TP 47.4B Process Benefit Payment in Spectrum).

**In this Section**

TP 47.4A Review Benefit Application
TP 47.4B Process Benefit Payment in Spectrum

**TP 47.4A Review Benefit Application**

**07/01/2016**

**MPP Staff**

1. On receipt, review the application for completeness according to the following criteria:
   - The date of the applicant's signature is no more than 90 days before the application filing date.
   - Application is notarized.
   - Application includes proof of age (see Appendix G Acceptable Proof of Age and Death).
   - If the applicant's last name is different from the *Attachment B,* application includes proof of marriage (see Appendix O Acceptable Proof of Marriage) or name change.
   - If the application is for a ▸lump sum over $5,000 and the applicant is married, the application includes a notarized signature by the spouse.
2. If the application is:
   - Complete: Continue to step 3.
   - Incomplete: Proceed according to whether the missing information is available in PBGC's records:
     - Available: Contact the applicant by phone to request permission to add the information:
       - Applicant gives direct permission and provides the information: Document in ▸CRM and annotate the application in ▸IPS. Continue to step 3.

         **Note** Although the information is in PBGC's records, requiring the applicant to provide the information helps prevent fraud.

       - Applicant does not give permission or does not provide the information: Continue to step 4.
     - Not available: Continue to step 4.
3. Check the date of birth on the application against the *Attachment B*:
   - Matches: Issue an *eALG 531 Receipt of Complete Documentation/Information* to the applicant and proceed to TP 47.4B Process Benefit Payment in Spectrum. No further action required for this procedure.
   - Does not match: Proceed according to whether the discrepancy is significant (for example, completely different ▸DOB or ▸SSN, as opposed to a DOB that is off by day only, month only, or year only, or an SSN with more than two incorrect digits):
     - Discrepancy is significant: Continue to step 4.
     - Discrepancy is not significant: Proceed according to whether other proof documents support payment (for example, the SSN or address on the application matches the *Attachment B* or the approved locator service lists both the address on the application and the address on the *Attachment B* for the ▸participant):
       - Proof documents support payment: Issue an *eALG 531 Receipt of Complete Documentation/Information* to the applicant and proceed to TP 47.4B Process Benefit Payment in Spectrum. No further action required for this procedure.
       - Proof documents do not support payment: Continue to step 4.

**Note** The DOB does not impact benefit calculations. The *Attachment B* defines the benefit amount.

4. Proceed according to the type of payment:
   - Lump-Sum:
     a. Issue *eALG 530MP Request for Additional Documentation/Information-Missing Participants ONLY* to the applicant.
     b. Repeat steps 1–4 until the application is complete.
   - Annuity: If not already done, request an ▸annuity calculation from the ▸Actuary via e-mail and continue to step 6.

**Actuary**

5. On receipt of the annuity calculation request, calculate the annuity and send to the ▶MPP Staff via e-mail.

**MPP Staff**

6. On receipt of the annuity calculation, issue an annuity application package to the participant and return to step 1.

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**TP 47.4B Process Benefit Payment in Spectrum**

**09/30/2016**

**MPP Staff**

1. Check in ▸Spectrum and ▸PLUS whether PBGC already paid the applicant:
   - Paid: Confirm whether the previous payment was a partial payment and for the Missing Participant Program (MPP) plan:
     - MPP plan and complete payment: No further action required for this procedure.
     - Different plan or partial payment: Continue to step 2.
   - Not paid: Continue to step 2.
2. Set up the payment in Spectrum.
3. Ensure documentation supporting the benefit payment is in ▸IPS at the time the Spectrum transaction is forwarded, including but not be limited to:
   - Application package
   - Proof documents
   - *MPP Payment Checklist*
   - Other documents supporting the payment
4. Forward the payment in Spectrum for authorization (see TP 28 Approve Financial & Non-Financial Transactions through Approval Service).

**MPP Payment Authorizer**

5. Confirm that all required supporting and proof documentation is in IPS.
6. Verify the payment is correctly set up in Spectrum.
7. Confirm the review for prior payments.
8. Authorize or reject the payment.
   If the payment is not approved, provide an explanation.

**MPP Staff**

9. If the payment is not approved, proceed based on whether more information is needed from the applicant:
   - More information needed from the applicant:
     a. Issue *eALG 530MP Request for Additional Documentation/Information-Missing Participants ONLY* to the applicant.
     b. Upon receipt of the information, proceed to TP 47.4A Review Benefit Application.
   - No additional information needed from applicant:
     a. Make corrections based on the MPP Staff's response.
     b. Repeat steps 2-4 until the MPP Payment Authorizer approves the payment package.
10. If the payment is approved:
    - Issue *eALG 503MP Missing Participant Lump Sum payment notice ONLY* to the applicant.
    - Complete the *MPP Payment Tracking Report*.

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# TP 47.5 Process Deceased Missing Participant

**07/01/2016**

| | |
|---|---|
| **Purpose** | To identify whether and how to pay benefits to the beneficiary of a deceased missing participant. |
| **Guidance** | N/A |
| **Procedure Owner** | Actuary, MPP Staff |

On notification that a missing ▸participant is deceased, the ▸MPP Staff determines whether and how to pay ▸benefits to the beneficiary according to the benefit amount based on whether the designated benefit is greater than $5,000 (see TP 47.5A Process Deceased Missing Participant with Benefit Greater than $5,000) or $5,000 or less (see TP 47.5B Process Deceased Missing Participant with Benefit Less than or Equal to $5,000).

**In this Section**

TP 47.5A Process Deceased Missing Participant with Benefit Greater than $5,000
TP 47.5B Process Deceased Missing Participant with Benefit Less than or Equal to $5,000

**TP 47.5A Process Deceased Missing Participant with Benefit Greater than $5,000**

**07/01/2016**

**MPP Staff**

1. Proceed according to whether the ▸participant was married at ▸DOD:
   - Married: Continue to step 2.
   - Unmarried: Continue to step 5.
2. Proceed according to whether the spouse is alive at the deemed distribution date (DDD).
   - Spouse is alive: Continue to step 3.
   - Spouse is deceased: Continue to step 5.
3. Determine if the participant died after ▸ERD:
   - Participant died on or before ERD:
     a. Calculate the ▸QPSA ▸lump sum amount (equal to the designated benefit minus the $300 loading fee, then divided by two).
     b. Update ▸Spectrum to add a beneficiary record and the QPSA amount.
     c. Issue *eALG 573MP Elective Lump Sum (more than $5,000)* to notify the beneficiary of entitlement to a QPSA lump sum now or a QPSA annuity payable on or after the participant's ERD.
     d. On receipt of a completed application, proceed to TP 47.4 Process Benefit Application. No further action required for this procedure.
   - Participant died after ERD: Continue to step 4.
4. Determine if the participant died after ▸RBD:
   - Participant died on or before RBD:
     a. Calculate the QPSA lump sum amount (equal to the designated benefit minus the $300 loading fee, then divided by two).
     b. Update Spectrum to add a beneficiary record and the QPSA amount.
     c. Issue *eALG 573MP Elective Lump Sum (more than $5,000)* to notify the beneficiary of entitlement to a QPSA lump sum now or a QPSA annuity.
     d. On receipt of a completed application, proceed to TP 47.4 Process Benefit Application. No further action required for this procedure.
   - Participant died after RBD: Continue to step 6.
5. Determine if the participant died after RBD:
   - Participant died on or before RBD: Update Spectrum with the DOD, change the benefit amount to $0, and the participant status to ineligible. No further action required for this procedure.
   - Participant died after RBD: Continue to step 6.
6. Send an ASR to request for benefit calculation to the ▸Actuary via e-mail, including:
   - Application
   - Death certificate
   - Marital facts
   - ▸DOB
   - DOD
   - DDD
   - Participant ID Number

**Actuary**

7. Calculate the benefit due to the beneficiary and send via e-mail to the ▸MPP Staff:
   - Married participant: Benefit is the participant's back payments from RBD to DOD, plus 50% of the spouse's back

payments from the first of the month following the participant's DOD to DDD, plus the QPSA benefit (equal to the designated benefit minus the $300 loading fee and then divided by two).

- Unmarried participant: Benefit is the participant's back payments from RBD to DOD with interest to DDD.

**MPP Staff**

8. On receipt of the benefit calculation, proceed according to whether the beneficiary is a person or an estate:
   - Person: Create a record in Spectrum for the beneficiary and link to the participant's entry.
   - Estate: Create a record in Spectrum for the estate and link to the participant's entry:
     a. In the **Name** field, enter `To the Estate of [participant name]`.
     b. In the **Address** field, enter `c/o [person in charge of the estate]`.
     c. In the **SSN** field, enter the estate's EIN.
9. Document the calculation:
   - Update the benefit amount on the participant's record in Spectrum.
   - Image the calculation to ▸IPS.
10. Proceed according to the marital status of the participant:
    - Married: Continue to step 11.
    - Unmarried: Continue to step 13.
11. Issue a customized *eALG 530MP Request for Additional Documentation/Information-Missing Participants ONLY* to the beneficiary with the appropriate enclosure(s):
    - Benefit over $5,000 and spouse requests annuity: *Form 700 Participant Application for Pension Benefits* and *Form 705 Beneficiary Application for Pension Benefits*.

      **Note** If there are back payments and the payment date is after RBD, a spouse must take the back payments as a lump sum, followed by an annuity going forward.

    - Benefit over $5,000 and beneficiary does not request annuity: *Form 703MP Application for Elective Lump-Sum Payment w/Tax Notice*.
    - Benefit of $5,000 or less: *Form 720MP Application for Lump-Sum Payment [Missing Participants]*.
12. On receipt of the application from the beneficiary, proceed TP 47.4 Process Benefit Application. No further action required for this procedure.
13. Proceed according to DOD:
    - On or after 06/01/2002 and before DDD:
      a. Pay the beneficiary a lump sum in accordance with Policy 8.6-1 Payments to Beneficiaries.
      b. Proceed to TP 47.4 Process Benefit Application. No further action required for this procedure.
    - Before 06/01/2002 or on or after DDD: Pay the designated benefit as a lump sum to the participant's estate:
      a. Issue a customized *eALG 530MP Request for Additional Documentation/Information-Missing Participants ONLY*, *Form 721 Application for Eligible Rollover Payment – Non-Spouse Beneficiary* and/or *Form 721T Tax Election for Payment Not Eligible for Rollover*.

         **Note** If there is no open estate, the beneficiary can request an ▸EIN number online from ▸IRS. If the beneficiary is later unable to cash the benefit check, the beneficiary can request a *Letter of Administration* from a court which verifies that no estate is open and authorizes the beneficiary to negotiate the payment. The court may require proof of relationship to the deceased or beneficiary status.

      b. On receipt of the application, proceed to TP 47.4 Process Benefit Application. No further action required for this procedure.

**Note** Non-spouse beneficiaries are entitled to lump-sums only and may not request annuities.

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**TP 47.5B Process Deceased Missing Participant with Benefit Less than or Equal to $5,000**

**07/01/2016**

**MPP Staff**

1. Determine whether the designated ▸benefit is mandatory:
   - Mandatory: Continue to step 7.
   - Not mandatory: Continue to step 2.
2. Proceed according to the ▸beneficiary:
   - Non-spouse beneficiary: Continue to step 7.
   - Spouse: Issue the *eALG 574MP Mandatory Lump Sum - Missing Participant Plans ONLY* and *Form 720MP Application for Lump-Sum Payment [Missing Participants]*.

     **Note** The annuity amount is half the lump-sum amount.
3. On receipt of the completed *Form 720MP Application for Lump-Sum Payment [Missing Participants]*, proceed according to the form of benefit the spouse requests:
   - ▸Lump Sum: Proceed to TP 47.4 Process Benefit Application. No further action required for this procedure.
   - ▸Annuity: Send an ▸ASR to request an annuity calculation from the ▸Actuary and continue to step 6.

**Actuary**

4. Calculate the benefit due to the surviving spouse (equal to the designated benefit minus the $300 loading fee and then divided by two) and send to the ▸MPP Staff via e-mail.

**MPP Staff**

5. On receipt of the benefit calculation from the ▸Actuary , issue a customized *eALG 530MP Request for Additional Documentation/Information-Missing Participants ONLY* to the beneficiary with the appropriate enclosure(s):
   - Benefit over $5,000: *703MP Application for Elective Lump-Sum Payment w/Tax Notice and Form 705 Beneficiary Application for Pension Benefits.*
   - Benefit of $5,000 or less: *Form 720MP Application for Lump-Sum Payment [Missing Participants]*.
6. On receipt of the application from the beneficiary, proceed to TP 47.4 Process Benefit Application. No further action required for this procedure.
7. Proceed according to ▸DOD:
   - On or after 06/01/2002 and before the deemed distribution date (DDD):
     a. Pay the beneficiary a lump sum in accordance with Policy 8.6-1 Payments to Beneficiaries.
     b. Proceed to TP 47.4 Process Benefit Application.
   - Before 06/01/2002 or on or after DDD: Pay the designated benefit as a lump sum to the ▸participant's estate:
     a. Issue *574MP Mandatory Lump Sum - Missing Participant Plans ONLY*, *Form 721 Application for Eligible Rollover Payment – Non-Spouse Beneficiary* and *Form 721T Tax Election for Payment Not Eligible for Rollover*.

        **Note** If there is no open estate, the beneficiary can request an ▸EIN number online from ▸IRS. If the beneficiary is later unable to cash the benefit check, the beneficiary can request a *Letter of Administration* from a court which verifies that no estate is open and authorizes the beneficiary to negotiate the payment. The court may require proof of relationship to the deceased or beneficiary status.
     b. On receipt of the application, proceed to TP 47.4 Process Benefit Application.

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## TP 47.6 Validate Refund Requests

**07/01/2016**

| | |
|---|---|
| **Purpose** | To respond to refund requests by validating that the participant is not in pay and updating Spectrum to remove the designated benefit. |
| **Guidance** | CMS Job Aids and User Guide |
| **Procedure Owner** | MPP Staff |

The prior ▸plan administrator requests refunds of ▸participant ▸benefits through ▸STCD, who provide the requests to the ▸MPP Staff via the *Refund Request Memo*. If the participant was not already paid, MPP forwards the memo to ▸FOD, who process the refund, and MPP then updates ▸CMS, ▸Spectrum, and the ▸plan and participant files in ▸IPS.

1. On receipt of the *Refund Request Memo* from STCD, verify whether PBGC already paid the participant:
   - Paid: Return the *Refund Request Memo* to notify STCD that PBGC paid the participant. No further action required for this procedure.

     STCD notifies the plan administrator that PBGC already paid the participant.
   - Did not pay: Update the benefit amount in Spectrum to zero and continue to step 2.
2. Sign the memo.
3. Forward the original memo to FOD and copy STCD.

   FOD processes the refund and pays the prior plan administrator.
4. Enter the refund information in CMS as an amendment.
5. Run a Forest and Trees **MPP Plan Report** to balance the plan.
6. Image the documentation to IPS (see TP 16 Plan and Participant File Maintenance):
   - Image the new **MPP Plan Report** to the plan file.
   - Image the memo to the plan and participant files.

## TP 47.7 Respond to Death Match

**07/01/2016**

| | |
|---|---|
| **Purpose** | To respond to a Social Security Death Match to determine whether the match corresponds to a participant, and if so, determine whether the participant is deceased. |
| **Guidance** | N/A |
| **Procedure Owner** | MPP Staff |

1. On receipt of a Death Match attached to an ▸SSN in the ▸CRM queue, take the following actions.
2. On the BPD Payment Support portal page, click the SSA Death Master Request link.

   The ▸SSA Death Master Request form displays.
3. Complete the SSA Death Master Request form and click the **Save** button.

   ▸BPD determines whether the Death Match corresponds to a missing ▸participant and responds via e-mail.
4. Proceed according to BPD's response:
   - Death Match does not correspond to missing participant:
     a. Image the response to the participant file in ▸IPS.
     b. Reassign the participant a ▸dummy SSN and code as incomplete in ▸Spectrum.
     c. Move all files in the participant's old file in IPS to the dummy SSN file.
     d. Create a cross reference memo and image to both the participant's old file and the dummy SSN file in IPS. No further action required for this procedure.
   - Death Match corresponds to missing participant: Issue *eALG 555MP Death Audit Letter* to confirm whether the participant is deceased.
5. Proceed according to the response to the *eALG 555MP Death Audit Letter*:
   - Participant is not deceased: Process the participant's benefit (see TP 47.3 Notify Missing Participant of Benefit and TP 47.4 Process Benefit Application). No further action required for this procedure.
   - Participant is deceased: Issue *eALG 530MP Request for additional documentation/information-Missing Participants ONLY* to request the death certificate.
6. On receipt of the death certificate, update Spectrum to indicate the participant is deceased.
7. Review the death certificate and proceed to TP 47.5 Process Deceased Missing Participant.

## TP 47.8 Resources for Missing Participants

**01/31/2017**

**Forms, Letters, and Memos:**

- *Attachment A (to Schedule MP) - Missing Participant Annuity Purchase Information*
- *Attachment B (to Schedule MP) - Missing Participant Individual Information*
- *Forrest & Trees MPP Plan Report*
- *MPP Payment Checklist*
- *One-Time Payment Summary*
- *Schedule MP Missing Participant Information*
- *STCD Transfer of Missing Participants Filing Attachments Memo*

**Customer Correspondence and Forms:**

- *CCS 573MP*
- *eALG 503MP Missing Participant Lump Sum payment notice ONLY*
- *eALG 530MP Request for additional documentation/information-Missing Participants ONLY*
- *eALG 531 Receipt of Complete Documentation/Information*
- *eALG 555MP MP-Death Audit Letter*
- *eALG 572MP MP-Cover Letter Annuity Purchase Statement*
- *eALG 573MP Elective Lump Sum (more than $5,000) Missing Participant Plans ONLY*
- *eALG 574MP Mandatory Lump Sum - Missing Participant Plans ONLY*
- *Form 700 Participant Application for Pension Benefits*
- *Form 703MP Participant Application for Pension Benefits [Missing Participants]*
- *Form 720MP Application for Lump-Sum Payment [Missing Participants]*
- *Form 721 Application for Eligible Rollover Payment – Non-Spouse Beneficiary*
- *Form 721T Tax Election for Payment Not Eligible for Rollover*

**Guidance:**

- *CMS Job Aids and User Guide*
- *Policy 8.6-1 Payments to Beneficiaries*
- *Spectrum User Manual*

**Exhibits:**

*None*

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# TP 48 MyPBA Correspondence

**In this Section**

TP 48. Overview for MyPBA Correspondence
TP 48.1 Process MyPBA Correspondence
TP 48.2 Resources for MyPBA Correspondence

## TP 48. Overview for MyPBA Correspondence

**03/27/2014**

MyPBA is a software program that allows participants to submit certain forms, request benefit estimates, and update their personal data through the PBGC website. Processing MyPBA correspondence differs from processing mail correspondence, particularly in how and when PBGC responds to the participant. This section applies to correspondence received via MyPBA and also includes instructions on processing a customer's request to disable MyPBA account.

When a participant submits a form through MyPBA, an image of the form is sent to his or her IPS file and processing staff are notified via CRM. PBGC accepts the form with the participant's electronic signature. Participants may also complete other transactions in MyPBA which are not visible to staff and require no action.

Staff may occasionally receive telephone calls from participants requesting assistance in completing a form or other transaction in MyPBA. Calls that are technical in nature (for example, from a participant who is locked out of a MyPBA account) may be referred to the Customer Contact Center (CCC) for assistance. Calls requesting the disabling of an account - for example, due to concern over unauthorized activity - are treated as high priority.

# TP 48.1 Process MyPBA Correspondence

**07/01/2016**

| | |
|---|---|
| **Purpose** | To respond to forms and requests received via MyPBA or to disable a MyPBA account at a participant's request. |
| **Guidance** | N/A |
| **Procedure Owner** | CCC, EBLS/FBA/PBA/PVA, MyPBA Admin Team |

Click on the appropriate link for instructions on processing a form or request received via ▸MyPBA:

A. Pension Benefit Applications - Forms 700, 705, 706
B. Payee Information Form (PIF) - Form 701
C. Lump-Sum Benefit Application - Form 720
D. Designation of Beneficiary - Forms 707, 708, 711
E. Disability Certification - Forms 716 and 716A
F. Request for Benefit Estimate
G. Other Transactions Requiring No Action
H. Requests to Disable a MyPBA Account

**A. Pension Benefit Applications**

- **Form 700 Participant Application for Pension Benefits**
- **Form 705 Beneficiary Application for Pension Benefits**
- **Form 706 Beneficiary Application for Pension Benefits – OF (Optional Forms)**

MyPBA automatically issues an e-mail acknowledging receipt and requesting that the participant submit the required proof documents. In cases where notarized signatures are required, MyPBA directs the participant to print and mail a completed application instead of submitting the application online.

1. Upon receipt of *Form 705 Beneficiary Application for Pension Benefits,* proceed to the next step. For *Form 700 Participant Application for Pension Benefits* and *Form 706 Beneficiary Application for Pension Benefits – OF,* which offer optional benefit forms, view the ▸IPS file to confirm the customer has received an *Optional Benefit Form* statement from ▸PACS. If not, take the following actions:
   a. Issue an *eALG 549 MyPBA Application Submitted without Benefit Estimate* within **10 business days** advising the customer that the application was submitted without their having an estimate of the amount payable under the different optional benefit forms. Attach an *Optional Benefit Form* statement from PACS based on the participant's requested ▸annuity starting date (ASD), and a new benefit application. The customer is asked to call PBGC to keep the benefit form selected in the submitted application or to submit a new form by the date described below. This letter may also be used to remind customers to send any proof documents needed.
   b. Call the customer if a response is not received within 15 days of sending the *eALG 549 MyPBA Application Submitted without Benefit Estimate* and advise that if there is no change in the requested ▸ASD or benefit form, there is no need to submit a new application. Proceed according to the customer's preference:
      - **Customer confirms the ASD and benefit form as requested on the application:** Document the call to ▸CRM and proceed to the next step.
      - **Customer prefers to elect a different ASD and/or benefit form:** Allow the customer 30 days to submit a new application to change the benefit form and retain the requested annuity starting date (if desired). If the new application is not received within 30 days (or the customer calls back to confirm the original election), process the original application as submitted (using the original ASD).

> **Note** If the customer elects a different benefit form but wishes to maintain the original ASD, the new application must be **in writing.** The reason is that if a new application is submitted online, MyPBA may

prefill the application with a prospective ASD that is later than the requested date.

2. Determine whether any further information or proof documents are needed and process the benefit application in accordance with TP 20.3 Process Applications for Annuity Benefits.

**B. Payee Information Form (PIF) - Form 701**

▸MyPBA automatically issues an e-mail acknowledging receipt and indicating PBGC will contact the customer if further information is required.

1. Upon receipt of the ▸PIF, record on the *PIF Tracking Spreadsheet*. See Process 9.5A Notify Payees.
2. Follow up with the participant only to request or clarify data.
3. Update and close the ▸CRM record.
4. Verify data on the form to the participant database and ▸Spectrum (see Process 9.7 Verify Data from Returned Forms).

**C. Lump-Sum Benefit Application - Form 720**

▸MyPBA automatically issues an e-mail acknowledging receipt and requesting that the participant submit the required proof documents.

Determine whether any further information or proof documents are needed and process the benefit application in accordance with TP 20.4 Process Lump-Sum Applications.

**D. Designation of Beneficiary**

- **Form 707 Designation of Beneficiary for Benefits Owed at Death (Currently Receiving Pension Benefits)**
- **Form 708 Designation of Beneficiary (Not Currently Receiving Pension Benefits)**
- **Form 711 Change of Beneficiary for Certain & Continuous (C&C) Benefits Only (Currently Receiving Pension Benefits)**

▸MyPBA automatically issues an e-mail acknowledging receipt of the form.

1. Upon receipt, update the beneficiary information in ▸Spectrum, if necessary.
2. Update and close the ▸CRM record.

**E. Disability Certification**

- **Form 716 Certification of Social Security Disability Status**
- **Form 716A Certification of Pension Plan Disability Status**

Upon receipt of either of these forms, refer to TP 30 Monitor Continuous Eligibility For Disability Benefits.

**F. Request for Benefit Estimate**

▸MyPBA automatically issues an e-mail acknowledging receipt and indicating that PBGC will send the benefit estimate within 15-45 days, and that if more than 45 days are needed, PBGC will contact the participant.

1. Upon receipt, determine and issue the estimated benefit amount (see TP 32 Provide Estimated Benefit Calculations).
2. If more than 45 days are needed to provide the estimate, notify the participant via ▸eALG or by phone, and provide the date by which it will be sent.
3. Upon providing a response, update and close the ▸CRM record.

**G. Other Transactions Requiring No Action**

Participants can also conduct the following transactions that automatically update their ▸Spectrum records:

- Edit Contact Information
- Apply for Electronic Direct Deposit (▸EDD)
- Edit Existing EDD Information
- Designate or Edit Federal Tax Withholding Election
- Change Address
- Change Beneficiary's Address

Processing staff are not notified of the changes and images are not created.

> **Note** Certain ▸MyPBA transactions may appear in ▸AWA for approval; for example, payment destination changes. Though supporting documentation will not be provided, approvers should approve these transactions.

### H. Requests to Disable a MyPBA Account

A customer may contact PBGC to request that his or her ▸MyPBA account be disabled, for example, over concern about unauthorized activity on the account. Most calls will be received by and processed within the ▸CCC. However, a request may be received directly by the benefit processing staff, who coordinates with the MyPBA Admin Team to disable the account. The following addresses both scenarios. Take immediate action on receipt of the request.

#### CCC

1. Upon receipt of a call requesting PBGC to disable a MyPBA account, confirm the customer's identity and ask the reason for the request.
2. Create a ▸CRM interaction and transfer the call to a MyPBA Admin Team Member who can disable the account.

#### MyPBA Admin Team Member

3. Proceed according to the source of the request to disable the MyPBA account:
   - Transferred Customer Call: Disable the account and advise the customer that a letter confirming the account is disabled will follow. Proceed to step 4.
   - E-mail from ▸EBLS/▸FBA/▸PBA/▸PVA: Disable the account and proceed to step 5.
4. Issue an *eALG Generic Letter* to the customer advising that the account is disabled.
5. Create a CRM Participant Alert indicating that the customer has requested the disabling of the MyPBA account. See CRM Plan and Participant Alerts Interim Guidance.

#### EBLS/FBA/PBA/PVA

1. Upon receipt of a call requesting PBGC to disable a MyPBA account, confirm the customer's identity and ask the reason for request.
2. Inform the customer that PBGC will prioritize the request and will send a confirmation letter once the account is disabled.
3. Document the call in a CRM Service Request and keep it in pending status until the following steps are completed.
4. Prepare an e-mail to **MyPBA Account Deactivation Requests** and copy a federal manager assigned to the case in ▸CMS (FBA and PVA staff must also copy a supervisor). Include the customer's name, SSN or Customer ID number, and reason for the request. Also request a date the status can be provided.
5. Send the email with high importance.
6. Once **MyPBA Account Deactivation Requests** confirms the account is disabled, issue an *eALG Generic Letter* to advise the customer.
7. Update and close the CRM Service Request.

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## TP 48.2 Resources for MyPBA Correspondence

**09/30/2016**

**Forms, Letters, and Memos:**

*PIF Tracking Spreadsheet*

**Customer Correspondence and Forms:**

- *eALG 549 MyPBA Application Submitted without Benefit Estimate*
- *eALG Generic Letter*
- *Form 700 Participant Application for Pension Benefits*
- *Form 701 Payee Information Form (PIF)*
- *Form 705 Beneficiary Application for Pension Benefits*
- *Form 706 Beneficiary Application for Pension Benefits – OF*
- *Form 707 Designation of Beneficiary for Benefits Owed at Death (Currently Receiving Pension Benefits)*
- *Form 708 Designation of Beneficiary (Not Currently Receiving Pension Benefits)*
- *Form 711 Change of Beneficiary for Certain & Continuous (C&C) Benefits Only (Currently Receiving Pension Benefits)*
- *Form 720 Application for Lump-Sum Payment*

**Guidance:**

*None*

**Exhibits:**

*None*

# TP 49 Power of Attorney and Guardianship

**In this Section**

TP 49. Overview for Power of Attorney and Guardianship
TP 49.1 Process Power of Attorney Requests
TP 49.2 Process Power of Attorney Revocation
TP 49.3 Process Guardianship and Conservatorship Requests
TP 49.4 Process Assertions of Incapacity
TP 49.5 Legal Requirements for DPOAs
TP 49.6 Special Rules for DPOAs
TP 49.7 Resources for Power of Attorney and Guardianship

## TP 49. Overview for Power of Attorney and Guardianship

**03/30/2016**

This procedure provides guidance on PBGC's processing and approval of ▸powers of attorney and legal guardianship for benefit administration purposes, as set forth in Policy 8.4-1 Power of Attorney. The ▸policy statement applies to participants, ▸beneficiaries, and ▸alternate payees in ▸PBGC-trusteed plans.

A power of attorney (POA) is a written document that authorizes a person (referred to as the Holder) to act as the representative for another person (the Principal). A POA may be ▸Non-Durable, ▸Durable, or ▸Springing Durable.

- A Non-Durable POA operates only while the Principal is competent (able to manage his or her own affairs); it is invalid when the Principal is incompetent. A Non-Durable POA may be prepared using PBGC *Form 715: Power of Attorney*, or any other form.
- A Durable POA begins or continues to operate when the Principal is determined to be incompetent.
- A Springing Durable POA begins to operate only upon the occurrence of a prescribed event relating to the incompetence of the Principal.

A ▸guardian or a ▸conservator is a person appointed by a court to assume responsibility for the care of an individual or the management of the individual's estate (in this case meaning property, including financial affairs). Note that a conservator may also be an institution.

PBGC reviews all powers of attorney, guardianships, and conservatorships submitted for acceptance and notifies the interested parties of the determination. PBGC's policy defines permitted uses of these documents and when they are no longer in effect.

# TP 49.1 Process Power of Attorney Requests

**07/01/2016**

| | |
|---|---|
| **Purpose** | To determine whether a Power of Attorney can be recognized by PBGC, notify the Principal and Holder (as applicable), and take requested actions. |
| **Guidance** | Policy 8.4-1 Power of Attorney<br>Policy 8.5-1 Signature By Mark |
| **Procedure Owner** | CSD/FBA/PVA POA Coordinator(s), EBLS/FBA/PBA/PVA |

Upon receipt of ▸Power of Attorney, review the entire document, including any attachments such as a Principal's Notice, Agent's Acknowledgements and/or notary statements. Be alert for language throughout that impacts the interpretation of the document, such as statements about durability, effective dates, authorities given, and execution requirements.

Determine the Power of Attorney (POA) type and select the appropriate procedure link for processing instructions. Note that a ▸Durable POA with provisions that make it effective at a future date is a ▸Springing Durable POA.

**In this Section**

TP 49.1A Non-Durable Power of Attorney
TP 49.1B Durable Power of Attorney
TP 49.1C Springing Durable Power of Attorney
TP 49.1D POA Authorizing Language Examples

**TP 49.1A Non-Durable Power of Attorney**

**07/01/2016**

**EBLS/FBA/PBA/PVA**

1. Upon receipt of a ▸Non-Durable Power of Attorney (POA), including PBGC *Form 715 Power of Attorney*, review the document for completeness and to ensure it contains the following required information:
   - Name, address, and signature of the Principal (the person executing the POA, authorizing another person to act on his or her behalf);
   - Name and address of the Holder (the person authorized under the POA);
   - Powers that the Principal grants the Holder; and
   - Date the POA was executed and the effective date, if different.
2. If the Principal's signature is by mark (such as an *X*), then in accordance with Policy 8.5-1 Signature By Mark verify it is either
   - notarized, **or**
   - witnessed by two persons, neither of whom is the Holder. The witnesses must sign and date the document, and know the person who signed by mark.
3. Review the POA to ensure it authorizes the Holder to take actions with PBGC with respect to the Principal's benefits. Authority may be granted in a broad or "sweeping" statement giving the agent full authority, or may be specific and enumerate certain acts. Refer to 49.1D POA Authorizing Language Examples to determine whether the POA has language that provides full PBGC Authority. PBGC will recognize a POA for the authority it specifies, subject to the limits in Policy 8.4-1 Power of Attorney. If a POA is not a PBGC Form 715, highlight the authorizing language in the document in image viewer and document the specific section of the POA with the authorizing language in the POA checklist.

   **Note** All foreign power of attorneys must be referred to headquarters for concurrence or direction.

4. Complete the *Non-Durable POA Checklist* to document the determination of whether the POA is approved and the authority granted the Holder (if approved) and submit it to the ▸CSD/▸FBA/▸PVA POA Coordinator for concurrence. If the POA includes an expiration date, document that date on the checklist. If proposing to accept the Non-Durable POA, also complete and submit the *CRM Power of Attorney and Guardianship Data Entry Form* for the Holder(s). Only the active holder(s) (not successors) are entered in ▸CRM.
5. If the decision is to accept the Non-Durable POA, create the POA record in CRM using the *CRM Power of Attorney and Guardianship Data Entry Form* and forward for approval.

   POA authorizer will review and approve the request in CRM.
6. Image the final *Non-Durable POA Checklist* and the *CRM Power of Attorney and Guardianship Data Entry Form* (if applicable) to the participant's IPS file including any supporting e-mail from ▸OCC/▸PPD.

   (Do **not** image draft checklists or data entry forms.)
7. Communicate the determination to Principal and Holder (or Holders if more than one is designated) as applicable:
   - **Approved**: Prepare an *eALG 590 NDPOA Approval to Principal* letter to the Principal and an *eALG 591 NDPOA Approval to Holder (Representative)* to the Holder(s) stating that the request is approved, the authority provided, and the expiration date, if applicable.

     **Note** When a POA specifies **more than one holder** with different or overlapping authority, ensure the letter addresses the specific authority granted to each holder and whether the POA allows them to act independently or if all holders must jointly make a request. If a Successor Holder (one identified to act if the original Holder dies or is otherwise unavailable) is named in the POA, he or she should be identified in the letter and receive a copy.

   - **Not approved**: Prepare an *eALG 592 NDPOA Rejection to Principal* letter to the Principal only, stating the reason (s) the request is not approved. This letter includes PBGC *Form 715: Power of Attorney*, which the Principal may use to prepare and resubmit the Non-Durable POA for review and approval by PBGC.

     **Note** Under certain circumstances, a Non-Durable POA that does not contain all required

information may be approved if the person who executed the POA is unavailable (for example, he or she is out of the country). Contact PPD for guidance using the OPSS POA-Guardianship mailbox.

8. If the POA is approved and currently in effect:
   - Update the customer's ▶Spectrum record to ensure that future correspondence is mailed in care of the Holder at his or her address. If the POA has an expiration date, indicate this in the address field after the Principal's name (for example, add "(EXP 04/11)" for a POA that expires in April, 2011); and
   - Perform any actions requested at the time the POA is received provided they are authorized by the ▶NDPOA and permitted by the policy; for example, change the address or bank information for PBGC payments.
   - If directed by the POA Coordinator, request a CRM alert advising of the expiration date.
9. Update CRM and Spectrum to reflect the POA is no longer in effect upon any of the following:
   - Expiration of a Non-Durable POA
   - Revocation in writing by Principal or Holder (see TP 49.2 Process Power of Attorney Revocation)
   - Principal of a Non-Durable POA becomes incompetent
   - Death of the Principal

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**TP 49.1B Durable Power of Attorney**

**12/22/2016**

**EBLS/FBA/PBA/PVA**

1. Upon receipt of the ▸Durable Power of Attorney (DPOA), review the document for completeness and to ensure it contains the following required information:
   - Name, address, and signature of the Principal (the person executing the ▸POA, authorizing another person to act on his or her behalf);
   - Name and address of the Holder (the person authorized under the POA);
   - Powers that the Principal grants the Holder; and
   - Date the POA was executed and the effective date, if different.
2. If the Principal's signature is by mark (such as an *X*), then in accordance with Policy 8.5-1 Signature By Mark verify it is either
   - notarized, **or**
   - witnessed by two persons, neither of whom is the Holder. The witnesses must sign and date the document, and know the person who signed by mark.
3. If the DPOA has any provisions that would make it "spring" into effect upon the occurrence of a prescribed future event relating to the principal's incompetence, process according to TP 49.1C Springing Durable Power of Attorney.
4. Review the DPOA to ensure it authorizes the Holder to take actions with PBGC with respect to the Principal's benefits. Authority may be granted in a broad or "sweeping" statement giving the agent full authority, or may be specific and enumerate certain acts. Refer to 49.1D POA Authorizing Language Examples to determine whether the POA has language that provides full PBGC Authority. PBGC will recognize a POA for the authority it specifies subject to the limits in Policy 8.4-1 Power of Attorney ***and*** any limits specified in the TP 49.6A Special State Rules for DPOAs. Highlight the authorizing language in the document in image viewer and document the specific section of the POA with the authorizing language in the POA checklist.
5. Ensure the DPOA meets applicable state law requirements for the state in which it was executed (in addition to signature by mark requirements mentioned above). See TP 49.5A State Law Requirements for DPOAs. Note that if a DPOA meets all conditions except the state law requirements, PBGC *will* recognize it as a ▸Non-Durable POA (see below).

   | **Note** All foreign power of attorneys must be referred to headquarters for concurrence or direction. |
   |---|

6. Complete the *Durable Power of Attorney Checklist* to document the determination of whether the POA is approved and the authority provided (if approved) and submit it to an ▸CSD/▸FBA/▸PVA POA Coordinator for concurrence. If proposing to accept the DPOA, also complete and submit the *CRM Power of Attorney and Guardianship Data Entry Form* for the Holder(s). Only the active holder(s) (not successors) are entered in ▸CRM.
7. If the determination is **not** to approve the Durable POA (or to approve it only as a Non-Durable POA), proceed according to the reason:
   - Not approved because the Durable POA covers only health care matters: Review and concur with the *Durable Power of Attorney Checklist* and return it to the reviewer to communicate the determination.
   - Not approved because the Principal did not initial authorities as required by the DPOA document, but may have indicated them by another means (for example, by checkmarks or *x*'s): Review and concur with the *Durable Power of Attorney Checklist* and return it to the reviewer to communicate the determination.
   - Not approved for any other reason: Send an e-mail to the OPSS POA-Guardianship mailbox requesting review of the case by ▸PPD and/or ▸OCC. Obtain PPD concurrence or direction before proceeding.
8. If the decision is to accept the Durable POA, create the POA record in CRM using the *CRM Power of Attorney and Guardianship Data Entry Form* and forward for approval.

   POA authorizer will review and approve the request in CRM.
9. Image the final *Durable Power of Attorney Checklist* and the *CRM Power of Attorney and Guardianship Data Entry Form* (if applicable) to the participant's ▸IPS file including any supporting e-mail from OCC/PPD.

   (Do **not** image draft checklists and data entry forms.)

10. Communicate the determination to the appropriate person(s):
    - **Approved:** Prepare an *eALG 593 DPOA Approval to Principal* letter to the Principal and an *eALG 594 DPOA Approval to Holder (Representative) - also Springing* letter to the Holder stating that the request is approved, and the authority.
    - **Approved only as a Non-durable POA:** Prepare an *eALG 590 NDPOA Approval to Principal* letter to the Principal and *eALG 591 NDPOA Approval to Holder (Representative)* to the Holder.
    - **Not approved:** Prepare an *eALG 595 DPOA Rejection to Requestor* letter to the person who submitted the request stating the reason(s) it was not approved.

    > **Note** When a POA specifies **more than one holder** with different or overlapping authority, ensure the letter addresses the specific authority granted to each holder and whether the POA allows them to act independently or if all holders must jointly make a request. If a Successor Holder (one identified to act if the original Holder dies or is otherwise unavailable) is named in the POA, he or she should be identified in the letter and receive a copy.

11. If the DPOA is approved and currently in effect:
    - Update the customer's ▸Spectrum record to ensure that future correspondence is mailed in care of the Holder at his or her address.
    - Perform any actions requested at the time the POA is received provided they are authorized by the DPOA and permitted by the policy; for example, change the address or bank information for PBGC payments.
    - If directed by the POA Coordinator, request a CRM alert advising of the expiration date.
12. Update CRM and Spectrum to reflect the DPOA is no longer in effect upon either of the following:
    - Revocation in writing by Principal or Holder (see TP 49.2 Process Power of Attorney Revocation)
    - Death of the Principal

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**TP 49.1C Springing Durable Power of Attorney**

**12/22/2016**

**EBLS/FBA/PBA/PVA**

1. Upon receipt of a ▸Springing Durable Power of Attorney (Springing DPOA), review the document for completeness and to ensure it contains the following required information:
   - Name, address, and signature of the Principal (the person executing the Springing DPOA, authorizing another person to act on his or her behalf);
   - Name and address of the Holder (the person authorized under the ▸POA);
   - Powers that the Principal grants the Holder; and
   - Date the Springing DPOA was executed and the effective date, if different.
2. If the Principal's signature is by mark (such as an *X*), then in accordance with Policy 8.5-1 Signature By Mark verify it is either
   - notarized, **or**
   - witnessed by two persons, neither of whom is the Holder. The witnesses must sign and date the document, and know the person who signed by mark.
3. Also review the Springing DPOA to ensure it authorizes the Holder to take actions with PBGC with respect to the Principal's benefits. Authority may be granted in a broad or "sweeping" statement giving the agent full authority, or may be specific and enumerate certain acts. Refer to 49.1D POA Authorizing Language Examples to determine whether the POA has language that provides full PBGC Authority. PBGC will recognize a POA for the authority it specifies subject to the limits in Policy 8.4-1 Power of Attorney ***and*** to any limits specified in the TP 49.6A Special State Rules for DPOAs. Highlight the authorizing language in the document in image viewer and document the specific section of the POA with the authorizing language in the POA checklist.
4. Identify the Springing DPOA's criteria for the authority to "spring" into effect (that is, to determine whether the Principal is incompetent). For example, it may require that one or two doctors provide written documentation that the Principal is incompetent. Highlight the authorizing language in the document in image viewer and document the specific section of the POA with the authorizing language in the POA checklist.
5. Ensure the Springing DPOA meets applicable state law requirements for the state in which it was executed (in addition to signature by mark requirements mentioned above). See TP 49.5A State Law Requirements for DPOAs.

   **Note** All foreign power of attorneys must be referred to headquarters for concurrence or direction.

6. Determine whether the Principal is incompetent if a determination is currently needed (for example, the Holder seeks to perform actions permitted only when the Principal is incompetent). Note that a Springing DPOA may be filed with PBGC before a Principal is incompetent, in which case incompetence will be determined following these guidelines when the Holder seeks to perform actions:
   - PBGC accepts a determination of incompetence as described by the Springing DPOA.
   - If the POA is silent about how incompetence will be determined, PBGC requires a determination from a physician (and that any other state law requirements are met) or a court ruling.
   - If the Holder wishes to execute a third party payment agreement or a spousal waiver, PBGC requires at minimum a physician's determination or a court ruling.
7. Complete the *Durable Power of Attorney Checklist* to document the determination of whether the POA is approved, the authority provided, and whether a current determination of incompetence has been made and the springing provisions are in effect, and submit to an ▸CSD/▸FBA/▸PVA POA Coordinator for concurrence. If proposing to accept the Springing DPOA, also complete the *CRM Power of Attorney and Guardianship Data Entry Form* for the Holder(s). Only the active holder(s) (not successors) are entered in ▸CRM.

   **Note** For a Springing DPOA, with springing provisions not yet in effect, the **POA Status** and **Inactivity Reasons** in the *CRM Power of Attorney and Guardianship Data Entry Form* should be **Inactive** and **Contingent**, respectively.

8. If the determination is **not** to approve the Springing DPOA, proceed according to the reason:
   - Not approved because the Springing DPOA covers only health care matters: Review and concur with the *Durable Power of Attorney Checklist* and communicate the determination.

- Not approved because the Principal did not initial authorities as required by the DPOA document, but may have indicated them by another means (for example, by checkmarks or *x*'s): Review and concur with the *Durable Power of Attorney Checklist* and return it to the reviewer to communicate the determination.
- Not approved for any other reason: Send an e-mail to the OPSS POA-Guardianship mailbox requesting review of the case by ▸PPD and/or ▸OCC. Obtain PPD concurrence or direction before proceeding.

9. Communicate determination to Principal and Holder:
   - **Approved and the springing provisions are not yet in effect** (that is the Principal is not currently alleged to be incompetent): Prepare *eALG 596 Springing DPOA Approval to Principal - Not Yet in Effect* letter to the Principal stating that the ▸DPOA is accepted and confirming that the determination of incompetence will occur in the future.
   - **Approved and the springing provisions are in effect** (acceptable documentation of incompetence has been received): Prepare an *eALG 594 DPOA Approval to Holder (Representative) - also Springing* letter to the Holder.
   - **Not approved** Prepare *eALG 597 Springing DPOA Rejection to Requestor* letter to the requestor stating the reason(s) the request is not approved. If the participant is currently alleged or known to be incompetent, customize the letter to suggest that a guardianship or conservatorship be pursued (an incompetent participant cannot execute a ▸power of attorney).
10. If the decision is to accept the ▸Durable POA, create the POA record in CRM using the *CRM Power of Attorney and Guardianship Data Entry Form* and forward for approval.

    POA authorizer will review and approve the request in CRM.
11. Image the final *Durable Power of Attorney Checklist* and the *CRM Power of Attorney and Guardianship Data Entry Form* (if applicable) to the participant's ▸IPS file including any supporting e-mail from OCC/PPD.

    (Do **not** image draft checklists and data entry forms.)
12. For any POA that is approved and currently in effect, update the customer's ▸Spectrum record to ensure that future correspondence is mailed in care of the Holder at his or her address.
13. For a POA that is temporary, if directed by the POA Coordinator, request a CRM alert advising of the expiration date.
14. Perform any actions requested at the time the POA is received provided they are authorized by the Springing DPOA and by policy – for example, change the address or bank information for PBGC payments, etc.
15. Update CRM and Spectrum to reflect the Springing DPOA is no longer in effect upon either of the following:
    - Revocation in writing by Principal or Holder (see TP 49.2 Process Power of Attorney Revocation)
    - Death of the Principal
16. Upon receipt of acceptable documentation of incompetency of the principal (as approved by CSD/FBA/PVA POA Coordinator):
    - Update **POA Status** in CRM to **Active**.

      POA Authorizer will review and approve the request in CRM.
    - Update the customer's Spectrum record to ensure that future correspondence is mailed in care of the Holder at his or her address.

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**TP 49.1D POA Authorizing Language Examples**

**08/28/2015**

The following table lists examples of language for determining whether a ▶POA grants full PBGC Authority or requires referral to the OPSS POA-Guardianship mailbox.

| Example | Possible Authorizing Language in Power of Attorney (POA) | Comments/Explanation | Grants Full PBGC Authority |
|---|---|---|---|
| A | Make health care decisions on my behalf. | Health care ▶DPOAs are common and clearly do not grant holder authority to deal with PBGC with respect to the principal's pension.<br><br>It is not uncommon for a POA to authorize one or more parties to act on behalf of the principal with respect to health care matters and financial affairs so be alert for additional authorizing language. | No |
| B | Act on my behalf. | This does not clearly designate full authority.<br><br>As always, the POA must be read completely to determine whether there are specific authorities listed in the POA.<br><br>When this is the only language in a POA, refer to the OPSS POA-Guardianship mailbox. | Refer |
| C | I appoint MARY SMITH as my agent to manage and conduct all my affairs and act in all matters in my name and in my behalf. Such acts shall include: [a lengthy list of authorized actions follows] | The authority given is full or "sweeping," provided there is no language limiting the authority elsewhere in the POA.<br><br>Typically, the listing that follows this language illustrates "full," it does not serve to limit the authority.<br><br>Compare to examples D and E. | Yes |
| D | I appoint TOM JONES my true and lawful attorney in fact for me and in my name, place and stead, and on my behalf, and for my use and benefit<br><br>My representative shall exercise or perform any act, power, duty, right, or obligation whatsoever that I now have, or may hereafter acquire the legal right, power, or capacity to exercise or perform, in connection with, arising from, or relating to any person, items, transaction, thing, business property, real or personal, tangible or intangible, or matter whatsoever. [Followed by a lengthy list of specific powers.]" | The authority given is full, provided there is no language limiting the authority elsewhere in the POA.<br><br>The listing that follows this language illustrates "full."<br><br>Compare this to examples C and E. | Yes |
| E | I appoint MARY SMITH as my agent to manage and conduct all my affairs and act in in my name and in my behalf to | The authority given is probably limited to the language listed after "following actions" so authority for PBGC | No |

| | | | |
|---|---|---|---|
| | perform the following actions: | purposes will have to be identified from that listing.<br><br>This language by itself does not provide authority for PBGC purposes. When this is the only language in a POA, it does not have authorizing language for PBGC purposes.<br><br>Compare this to examples C and D. | |
| F | It is my intention to give my agent the broadest possible powers, and I confer on my agent the full power to do everything and anything requisite and necessary to be done as fully as I could do if personally present, with full power to act in my name. | The authority given is full or "sweeping" and provided there is no language limiting the authority elsewhere in the POA.<br><br>This type of statement may be towards the end of a POA and may appear in addition to specific authorities enumerated as a catch-all to clearly identify that full authority is granted. | Yes |
| G | "I grant to my Agent the power to:<br><br>Ask, demand, recover, collect, and receive each and every sum of money, debt, account, legacy, bequest, interest, dividend, annuity, and demand (which now is or hereafter shall become due, owing or payable) belonging to or claimed by me. | Gives authority to interact with PBGC with respect to the pension. | Yes |
| H | "I grant to my Agent the power to<br><br>"Sue for, or commence and prosecute legal actions pertaining to, any property of mine." | Gives authority to interact with PBGC with respect to the pension. | Yes |
| I | Engage in retirement plan transactions. | Gives authority to interact with PBGC with respect to the pension. Any similar language referencing retirement or pension funds may be acceptable. | Yes |
| J | Engage in beneficiary transactions. | Gives authority to interact with PBGC with respect to the pension. | Yes |
| K | Receive amounts due me from government agencies. | Gives authority to interact with PBGC with respect to the pension. | Yes |
| L | Apply to government agencies for benefits. | Gives authority to interact with PBGC with respect to the pension. | Yes |
| M | Deal with representatives of my pension plan. | Gives authority to interact with PBGC with respect to the pension. | Yes |
| N | Engage in banking transactions. | This language by itself is not clearly acceptable. When this is the only language in a POA, refer to the OPSS POA-Guardianship mailbox. | Refer |
| O | Engage in business transactions. | This language by itself is not clearly acceptable. When this is the only language in a POA, refer to the OPSS POA-Guardianship mailbox. | Refer |
| | | | |

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|---|---|---|---|
| P | In the premises | This language by itself is not clearly acceptable. When this is the only language in a POA, refer to the OPSS POA-Guardianship mailbox. | Refer |

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# TP 49.2 Process Power of Attorney Revocation

**07/01/2016**

| | |
|---|---|
| **Purpose** | To process a power of attorney revocation. |
| **Guidance** | Policy 8.4-1 Power of Attorney |
| **Procedure Owner** | CSD/FBA/PVA POA Coordinator(s), EBLS/FBA/PBA/PVA |

A Principal may revoke a ▸power of attorney (POA) in writing, unless he or she is incompetent. PBGC operates under a principle of presumed capacity, presuming competence unless a determination of incompetence is made. All revocations require the review and concurrence of the ▸CSD/▸FBA/▸PVA POA Coordinator. Any proposed rejection of a POA revocation must be referred to headquarters (HQ) via the OPSS POA-Guardianship mailbox for concurrence or direction **before** rejecting. Upon concurrence on a written POA revocation, PBGC updates its records to reflect the agent(s) named in the POA documents are no longer authorized to represent the Principal in interactions with PBGC. Questions about responding to a revocation are sent to the OPSS POA-Guardianship mailbox.

This process does not apply when a new POA includes revocation of prior POAs. The acceptance letter to the Principal includes confirmation of the revocation.

1. If a customer requests during a telephone call that PBGC no longer honor a POA on file, advise the customer that the revocation must be submitted in writing.
2. Upon receipt of a letter or other document revoking a POA, determine whether the ▸participant is in multiple ▸plans trusteed by PBGC.
   - **Customer is not in multiple plans:** Proceed to step 3.
   - **Customer is in multiple plans:** Determine whether the plan is assigned to another office. If the participant is in multiple plans located in separate offices, immediately advise the CSD/FBA/PVA POA Coordinator for the office (s). The POA Coordinator will contact the respective CSD/FBA/PVA POA Coordinator(s) to coordinate the content and timing of responses.
3. Review the Principal's ▸IPS file to ensure that PBGC does not have any notification that the Principal is incompetent. If the file contains a notification of incompetency, contact the OPSS-POA Guardianship mailbox for direction before proceeding.
4. Verify that the revocation is signed by the Principal and clearly identifies the POA and/or agents to which it applies.
5. Complete the *POA Revocation Checklist* to document the determination of whether the POA is revoked and submit to the CSD/FBA/PVA POA Coordinator for concurrence.

   If the determination is that the POA revocation should be rejected, contact headquarters (HQ) via the OPSS POA-Guardianship mailbox for concurrence or direction **before** rejecting.
6. Once concurrence is received, image the checklist to the ▸IPS participant file.

   > **Note** Once a revocation is approved, do not release any information concerning the Principal to the agent(s) under the revoked POA. Refer all such requests to the Disclosure Division, ▸OGC.
7. Determine whether the POA information is present in ▸CRM:
   - If yes, update the **POA Status** to **Inactive** and update the **Inactivity Reason** to **Revoked**.
   - If no, proceed to the next step.
8. Update ▸Spectrum to reflect that the POA is no longer in effect.
9. Communicate to the Principal and former agent(s) that the POA has been revoked and PBGC will no longer honor any request from the former agent(s):
   - Issue a customized *eALG 589 POA Revocation Letter* to the Principal.
   - Issue a customized *eALG 588 POA Revocation Letter – Agent* to the former agent(s).

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## TP 49.3 Process Guardianship and Conservatorship Requests

**09/30/2016**

| | |
|---|---|
| **Purpose** | To determine whether a request for guardianship or conservatorship can be recognized by PBGC, notify the requestor and take requested actions. |
| **Guidance** | 8.4-2 Guardianships and Conservatorships |
| **Procedure Owner** | CSD/FBA/PVA POA Coordinator(s), EBLS/FBA/PBA/PVA |

**EBLS/FBA/PBA/PVA**

1. Review the court documents to determine whether the information appears complete or whether additional information is needed. For example, pages are missing, or the court order provides that the guardianship is in effect upon issuance of letters of appointment or a bond.
   - Information appears complete: Proceed to step 2.
   - Information appears incomplete: Request the additional information and provide a reasonable period to respond, such as 30 days.
2. Review the customer's ▸IPS file to determine whether he or she is in more than one ▸plan and, if so, whether the plan is in another office.
   - If the participant is in more than one plan located in more than one office, immediately advise the ▸CSD/▸FBA/▸PVA ▸POA Coordinator, who will quickly contact the respective CSD/FBA/PVA POA Coordinator(s) to coordinate the content and timing of responses.
     - Determine whether the participant has any ▸powers of attorney or guardianships on file and identify any conflicts or discrepant information.
     - Continue the review, but include whether there is prior guardianship or a plan in more than one office when referring the guardianship to the CSD/FBA/PVA POA Coordinator for direction or concurrence.
3. Review the court document(s) to confirm the following information is included:
   - Name and address of the ▸Ward, the person for whom a ▸guardian or ▸conservator is appointed.
   - Name and address of the guardian(s) or conservator(s), the person(s) authorized to act on the Ward's behalf.

   > **Note** An entity or agency is sometimes named guardian rather than an individual. This is acceptable, however, PBGC will request the entity to identify in writing one or more specific individuals as authorized to act for the entity as guardian and to be notified in writing when these contacts change.
4. Review the court documents to confirm the guardian(s) are authorized to act on behalf of the participant with PBGC.

   In addition to noting the type of guardianship ordered, note any special language in the court documents about authority. There may be language limiting the guardian's authority with respect to the ward's pension payments. Most often, a guardian or conservator will have broad or complete authority with respect to the ward's financial matters. In these cases, authorizing language will be short and complete.
   - A guardian or conservator of the estate (or property) is acceptable for full authority, unless specifically limited.
   - A guardian of the person is most often not acceptable but some states **do** provide that a guardian or conservator over the person has some or all authority over finances under certain circumstances, such as when the ward has a small estate and no guardian of the estate was appointed.
     - If the court documents contain provisions reflecting full or partial financial authority, then PBGC may recognize that authority. It does not matter that the guardian or conservator is named "of the person" if the documents identify some financial authority.
     - If the court documents do not provide financial authority, refer to ▸OCC/▸PPD via the OPSS POA-Guardianship mailbox as a possible rejection.
5. Review the court document(s) to ensure they are valid or "authentic." Verify the court document(s) include the signature of the judge (or other court official, for example, Clerk of the Court), the date executed, the effective date of the appointment, if different, and a court seal or other signed certification.

- Verify the court seal is visible before imaging to IPS. If the ▸DMC imaged the document, DMC will have stamped the document indicating a court seal was visible.
- If a court document does not have a court seal, it may still be authentic and acceptable to PBGC if it has a signed certification.

  A signed certification is a stamp, sticker, box or other notation that is (1) signed by a court official, public agency employee, or custodian of records who is authorized to make the certification and (2) contains a certifying statement that the document is a true/correct/genuine/authentic copy of a court or public agency record.

6. If unable to verify court document(s) are authentic, contact the submitter, guardian, conservator and/or the issuing court.
   - Request by phone the court documents that contain the missing information. Send a letter confirming the conversation, as needed
   - Some courts will have information available online, which will be the most efficient way to verify authenticity. If able to find this information online, print the relevant information for the participant's file and reference it in the comments section of the *Guardianship and Conservatorship Checklist*.
   - If not available online, contact the court by phone and request an original copy of the court order or letters of guardianship. It is more likely that the court official will provide verbal confirmation from the court records that the guardianship is valid and currently in place or not. Information provided verbally is sufficient, provided the information is fully documented to the customer's record in ▸CRM and in the comments section of the *Guardianship and Conservatorship Checklist*. Include name, title, and phone number of the individual providing the information.
   - Wait approximately 30 days before processing without the requested information.
   - If the court documents cannot be verified as authentic, refer the case to OCC/PPD via OPSS POA-Guardianship mailbox as a possible rejection.
7. Determine whether the court order is permanent or temporary.
   - Permanent court order: Continue to step 7.
   - Temporary court order:
     - Note the expiration date.
     - When the expiration date is approaching (or has passed), contact the temporary guardian or conservator to inquire whether the temporary guardianship/conservatorship will be extended or when a permanent court order is expected.
     - Document the response to the participant's CRM records and/or IPS file, as appropriate.
     - If there are no pending action requests from the temporary guardian/conservator that necessitate immediate response on the order, consult with the local CSD/FBA/PVA POA Coordinator about delaying processing the temporary order pending receipt of the permanent order, if one is expected, and whether a permanent order is anticipated that will be accepted by PBGC.

       **Note** Do not delay when PBGC expects to reject the document(s).
8. If more than one guardian or conservator has been authorized to act on behalf of the participant with PBGC, determine whether the individuals may act jointly or individually:
   - **Joint authority language:**
     - joint
     - act together
     - the word "and" joins the named guardians/conservators
   - **Individual authority language:**
     - independent
     - joint and several
     - individual
     - several
     - the word "or" or "and/or" joins the named guardians/conservators
9. Complete the *Guardianship and Conservatorship Checklist* to document the results of the review and submit to the FBA/PVA/CSD POA Coordinator for concurrence or additional guidance. If proposing to accept the guardianship, also complete the *CRM Power of Attorney and Guardianship Data Entry Form* for each guardian or conservator. After

reviewing the material, if there are questions or uncertainly about whether one or more requirements are met, refer to the CSD/FBA/PVA POA Coordinator, who will either provide guidance or refer to OCC/PPD for guidance.

**CSD/FBA/PVA POA Coordinator(s)**

10. Review the proposed determination on the guardianship or conservatorship and proceed accordingly:
    - Do not concur with the proposed determination: Return to the processor for correction.
    - Concur with the proposed determination:
      - If the proposed conclusion is to accept and recognize the guardian(s):
        - Review and concur on the *Guardianship and Conservatorship Checklist* and the *CRM POA and Guardianship Data Entry Form.*
        - Return the documents to the processor to respond and continue processing.
      - If the proposed conclusion is **not** to accept and recognize the guardianship or conservatorship, or there are any questions about how to proceed, send an e-mail to PPD/OCC using OPSS POA-Guardianship mailbox requesting assistance with questions or concurrence on the proposed determination, as follows:
        - In the **Subject** line, enter `Last Name, First Name - Guardianship Issue`
        - In the **Content** field**:** `Describe the question or reason for proposed rejection, referencing relevant information in the document(s) and/or file.`
        - Add **attachments** to email: Attach an electronic version of the checklist, completed to date. For instances in which a referral is being made with questions, include the checklist completed as much as possible.
      - Obtain PPD/OCC concurrence or direction before proceeding.
11. Upon concurrence or direction from OCC/PPD, update and complete the checklist and *CRM Power of Attorney and Guardianship Data Entry Form*, sign and date the *Guardianship and Conservatorship Checklist* to indicate concurrence and communicate the determination or direction from OCC/PPD to the processor.

**EBLS/FBA/PBA/PVA**

12. If the decision is to accept guardianship or conservatorship, create the CRM record using the *CRM Power of Attorney and Guardianship Data Entry Form* and forward for approval.

    POA authorizer will review and approve the request in CRM.
13. Image the final *Guardianship and Conservatorship Checklist* and the *CRM Power of Attorney and Guardianship Data Entry Form* (if applicable) to the participant's IPS file including any supporting e-mail from OCC/PPD.

    (Do **not** image draft checklists or draft data entry forms.)
14. After receiving direction from the CSD/FBA/PVA POA Coordinator on the guardianship or conservatorship:
    - Approved:
      - Issue an *eALG 598 Guardianship/Conservatorship Approval to Holder (Representative)* letter, customizing as needed to address any limits on authority or timeframes.
      - Update the customer's ▶Spectrum record to ensure future correspondence is mailed to the guardian's or conservator's address.
    - Not approved: Issue an *eALG 599 Guardianship-Conservatorship Rejection to Holder (Representative)* letter.
15. Perform any actions the guardian or conservator requested at the time the request was received (for example, change the address or bank information) provided they have the authority.
16. Update CRM and Spectrum to reflect the guardianship or conservatorship is no longer in effect upon any of the following:
    - Expiration of the court order
    - A new court order or letters of guardianship supersedes the previous court order
    - Death of the Ward

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## TP 49.4 Process Assertions of Incapacity

**07/01/2016**

| | |
|---|---|
| **Purpose** | To determine whether a correspondence is Non-Medical Correspondence Concerning Capacity or Medical Correspondence Concerning Capacity and take necessary actions. |
| **Guidance** | N/A |
| **Procedure Owner** | CSD/FBA/PVA POA Coordinator, OCC, PPD |

There are situations in ▸POA and Guardianship processing in which the capacity or incapacity of a customer is important. A customer or principal's signature on any document is acceptable if the individual has the capacity to take that action. A customer is presumed to have the capacity to execute any document ▸CSD receives or requires them to sign, absent documentation indicating incapacity or allegations of incapacity. This is referred to as "presumption of capacity." When PBGC is provided with written documentation regarding a customer's medical status or alleged incapacity, CSD reviews the information provided and responds as appropriate, in consultation with ▸OCC as needed.

The mere mention of a diagnosis of a mental illness (for example, Alzheimer's, dementia, or schizophrenia) does not alone indicate incapacity. The incapacity of the individual is based on the effect of the illness on the individual and, more specifically, the impact on the customer's ability to handle his or her affairs. In situations in which an individual is determined to be incapacitated for one or more reasons, documentation of incapacity will consist of written statements from licensed physicians describing the effect of the illness(es) on the patient's abilities to handle his or her affairs.

PBGC sometimes receives an allegation of a customer's incapacity that may allege some type of fraud or undue influence regarding POA execution or revocation, which may indicate family conflict. For example, a relative may state, "My father has Alzheimer's and does not know what he is signing." These situations are not routine and should always be referred to the OPSS POA-Guardianship mailbox for review and guidance.

PBGC categorizes the communications it receives regarding capacity issues as Non-Medical Correspondence Concerning Capacity and Medical Correspondence Concerning Capacity, and responds based on the communication type and the customer's scenario.

- **Non-Medical Correspondence Concerning Capacity** is a communication from a non-medical professional (for example, a family member) that mentions the customer has a potentially incapacitating disease. The communication may include the person's opinion of the impact the disease has on the customer's ability to handle his or her affairs. See TP 49.4A Non-Medical Correspondence Concerning Capacity.

  Examples:

  - "I am helping my mother, she has Alzheimer's."
  - "I am assisting my uncle who has dementia and is in a nursing home, and is no longer able to handle his financial affairs."
  - "My brother has schizophrenia and I assist him as he is not capable of handling paperwork."
- **Medical Correspondence Concerning Capacity** is a communication from a medical professional referencing a diagnosis of a potentially incapacitating disease **and** the impact on the customer. See TP 49.4B Medical Correspondence Concerning Capacity.

  Examples:

  - "John Doe is my patient. He has dementia and is no longer capable of handling his financial affairs."
  - PBGC receives a copy of an SSA Form 787 on which a medical doctor has indicated the customer is NOT able to manage funds.

In responding to POAs or guardianships that have been provided to PBGC, there may be instances in which CSD receives unsolicited non-medical or medical correspondence about capacity and other instances in which CSD may have solicited the correspondence. Regardless of whether CSD requested the information, CSD reviews the correspondence, determines the impact (if any) on the customer with PBGC, and responds as necessary.

**In this Section**

TP 49.4A Non-Medical Correspondence Concerning Capacity
TP 49.4B Medical Correspondence Concerning Capacity

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**TP 49.4A Non-Medical Correspondence Concerning Capacity**

**03/30/2015**

The following table outlines some guided scenarios on how to proceed with allegations of incapacity after first determining whether the correspondence is Non-Medical Correspondence Concerning Capacity. Contact the OPSS POA-Guardianship mailbox for further guidance.

| Non-Medical Correspondence Concerning Capacity | | | |
|---|---|---|---|
| | **POA Status** | **Processing Action** | **Comments/Explanation** |
| A | ▸Non Durable Power of Attorney (NDPOA) under review | Process the NDPOA. | The information received is not indicative of incapacity. PBGC continues to operate under a presumption of capacity with respect to this customer. |
| B | NDPOA previously accepted on file | Acknowledge the correspondence. No follow up action required. | The information received is not indicative of incapacity. PBGC continues to operate under a presumption of capacity with respect to this customer. |
| C | ▸Durable Power of Attorney (DPOA) under review | Process the DPOA.<br>**Note** If additional documents that require a current signature such as a principal's notice or a new DPOA are needed, they may be requested from the customer. | The information received is not indicative of incapacity. PBGC continues to operate under a presumption of capacity with respect to this customer. This means the customer has capacity to sign any necessary document. |
| D | DPOA previously accepted on file | Acknowledge the correspondence. No follow up action required. | The information received is not indicative of incapacity. PBGC continues to operate under a presumption of capacity with respect to this customer. An incapacity determination would not impact the operation of the DPOA **unless** it had special provisions that only operate in the event of incapacity. With respect to any special provisions contingent upon a determination of incapacity, process like an SDPOA previously accepted on file – not yet in effect. |
| E | ▸Springing Durable Power of Attorney (SDPOA) under review | Process the SDPOA.<br>**Note** If additional documents that require a current signature such as a principal's notice or a new SDPOA are needed, they may be requested from the customer. | Normal SDPOA processing includes advising principal and agent in writing what is required for the agent's authority outlined in the document to be in effect. |
| F | SDPOA previously accepted on file – not yet in effect | Contact the filer to determine if they are attempting to spring the SDPOA and review the requirements per the SDPOA.<br>**Note** The acceptance letter previously issued would have the requirements. | The agent may not realize the specific requirements in the SDPOA, which typically will be one or more written statements from medical professionals. |
| G | SPOA previously accepted on file – in effect | Acknowledge the correspondence. No follow up action required. | The SDPOA is already in effect, so the participant's file already includes sufficient medical information to have |

| | | | |
|---|---|---|---|
| | | | sprung the SDPOA. |
| H | NDPOA or DPOA received for review | Acknowledge the correspondence. No follow up action required. | The information received is not indicative of incapacity. PBGC continues to operate under a presumption of capacity with respect to this customer. |
| I | No ▶POA on file | 1. Contact customer or submitter.<br>• Request purpose of correspondence.<br>• Inquire if a POA or court ordered guardianship exists that they wish to file with PBGC.<br>2. Document the call. | N/A |

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**TP 49.4B Medical Correspondence Concerning Capacity**

**03/30/2015**

The following table outlines some guided scenarios on how to proceed with allegations of incapacity after first determining whether the correspondence is Medical Correspondence Concerning Capacity. Contact the OPSS POA-Guardianship mailbox for further guidance.

| **Medical Correspondence Concerning Capacity** | | | |
|---|---|---|---|
| | **POA Status** | **Processing Action** | **Comments/Explanation** |
| A | ▶Non Durable Power of Attorney (NDPOA) under review | Refer to the OPSS POA-Guardianship mailbox for further guidance. | N/A |
| B | NDPOA previously accepted on file | 1. Inform the agent that they no longer are authorized to act under the NDPOA due to the incapacity of the principal. Advise that a court-ordered guardianship may be necessary for the principal, unless a DPOA executed prior to the incapacity date is available.<br>2. If the NDPOA was entered into ▶CRM, update CRM to change status to inactive. | The NDPOA terminates upon incapacity of the principal and the agent is no longer able to act for the principal.<br>If an effective date for the incapacity is not in the text of the letter, use the date of the letter. |
| C | ▶Durable Power of Attorney (DPOA) under review | Compare the effective date of incapacity to the date the DPOA was executed:<br>• If the DPOA was executed on or after the effective date of the medical correspondence, refer to the OPSS POA-Guardianship mailbox.<br>• If the DPOA was executed before the effective date of the medical correspondence, process the DPOA. | If an effective date for the incapacity is not in the text of the letter, use the date of the letter.<br>While the information received is indicative of possible incapacity, a DPOA is valid after the principal is incapacitated so it does not invalidate a DPOA unless the DPOA was executed when the principal was possibly incapacitated. |
| D | DPOA previously accepted in file | Compare the effective date of incapacity to the date the DPOA was executed:<br>• If the DPOA was executed on or after the effective date of the medical correspondence, refer to the OPSS POA-Guardianship mailbox.<br>• If the DPOA was executed before the effective date of the medical correspondence, acknowledge the correspondence. No additional follow up action required. | If an effective date for the incapacity is not in the text of the letter, use the date of the letter.<br>While the information received is indicative of possible incapacity, a DPOA is valid after the principal is incapacitated so it does not invalidate the previously accepted DPOA unless the DPOA was executed when the principal was possibly incapacitated. |
| E | ▶Springing Durable Power of Attorney (SDPOA) under review | Compare the effective date of incapacity to the date the SDPOA was executed:<br>• If the SDPOA was executed on or after the effective date of the medical correspondence, refer to the OPSS POA-Guardianship | If an effective date for the incapacity is not in the text of the letter, use the date of the letter.<br>While the information received is indicative of possible incapacity, a DPOA is valid after the principal is incapacitated so it does not invalidate |

| | | | |
|---|---|---|---|
| | | mailbox.<br>• If the SDPOA was executed before the effective date of the medical correspondence, process the SDPOA normally. | the previously accepted DPOA unless the DPOA was executed when the principal was possibly incapacitated.<br>Depending on the language in the SDPOA, the medical correspondence may be sufficient to spring the document. |
| F | SDPOA previously accepted on file – not yet in effect | Review the correspondence against the requirements in the SDPOA to spring the document:<br>• If acceptable, write the agent confirming the provisions have sprung. If the SDPOA was entered into CRM, update CRM to change status to active.<br>• If not acceptable, write the agent advising what is necessary to spring the SDPOA. | The agent may not realize the specific requirements in the SDPOA. |
| G | SPOA previously accepted on file – in effect | Acknowledge the correspondence. No follow up action required. | The SDPOA is already in effect, so the participant's file already includes sufficient medical information to have sprung the SDPOA. |
| H | No ▶POA on file | 1. Contact customer or submitter.<br>• Request purpose of correspondence.<br>• Inquire if a POA or court ordered guardianship exists that they wish to file with PBGC.<br>2. Document the call. | N/A |

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# TP 49.5 Legal Requirements for DPOAs

**03/30/2015**

**In this Section**

TP 49.5A State Law Requirements for DPOAs
TP 49.5B Foreign Law Requirements for DPOAs

**TP 49.5A State Law Requirements for DPOAs**

**03/30/2015**

- Apply these requirements to all ▸Durable Powers of Attorney (DPOAs), including ▸Springing DPOAs, based on the state in which the document was executed and the date the document was executed.
- An "X" in this chart means that the answer to the question in the column is yes.
- A Durability Clause states that the ▸power of attorney document will continue to be effective even in the event of a principal's disability or incompetence (sometimes referred to as "incapacity"), and shall remain effective until the death of the principal.

| State and Effective Date | Notary Required? | Two Witnesses Required? | Durability Statement Required? | Special Rules Apply - see TP 49.6A Special State Rules for DPOAs |
|---|---|---|---|---|
| ALABAMA (effective January 1, 2012) | | | | X |
| ALASKA | | | X | |
| ARIZONA | X | 1 witness | X | X |
| ARKANSAS (effective January 1, 2012) | | | | X |
| CALIFORNIA | Or 2 Witnesses | Or Notary | X | |
| COLORADO (effective January 1, 2010) | | | | X |
| CONNECTICUT | | X | X | |
| DELAWARE (effective October 1, 2010) | X | 1 witness | X | X |
| DISTRICT OF COLUMBIA | | | X | |
| FLORIDA (effective October 1, 2011) | X | X | X | X |
| GEORGIA | | | | |
| HAWAII | | | X | |
| IDAHO (effective July 1, 2008) | | | | X |
| ILLINOIS (effective Sept 1, | X | 1 witness | | X |

| | | | | |
|---|---|---|---|---|
| 1989) | | | | |
| INDIANA | X | | | |
| IOWA | | | X | |
| KANSAS | X | | X | |
| KENTUCKY | | | X | X |
| LOUISIANA | | | | X |
| MAINE<br>(effective July 1, 2010) | | X | | X |
| MARYLAND<br>(effective October 1, 2010) | X | X (One can be a Notary) | | |
| MASSACHUSETTS | | | X | |
| MICHIGAN<br>(effective October 1, 2012) | X or witness | X or notary | X | X |
| MINNESOTA | | | X | |
| MISSISSIPPI<br>(effective July 1, 1994) | | | X | |
| MISSOURI | X | | X | |
| MONTANA<br>(effective January 1, 2012) | | | | X |
| NEBRASKA<br>(effective January 1, 2013) | X | | | X |
| NEVADA<br>(effective October 1, 2009) | | | | |
| NEW HAMPSHIRE | X | | X | X<br>(Send Notice and Acknowledgment) |
| NEW JERSEY<br>(effective November 7, 2000) | X | | X | X |
| NEW MEXICO<br>(effective July 1, 2007) | | | | X |
| NEW YORK<br>(effective September 1, | X | | | X |

| | | | | |
|---|---|---|---|---|
| 2009) | | | | |
| NORTH CAROLINA | X | | X | X |
| NORTH DAKOTA | | | X | |
| OHIO<br>(effective March 22, 2012) | | | | X |
| OKLAHOMA | | | X | |
| OREGON | | | | |
| PENNSYLVANIA | | X, if by mark | | X<br>(Send Notice and Acknowledgment) |
| RHODE ISLAND | | | X | |
| SOUTH CAROLINA<br>(effective June 7, 2010) | | X | X | X |
| SOUTH DAKOTA | | | X | |
| TENNESSEE | | | X | |
| TEXAS | X | | X | |
| UTAH | | | X | |
| VERMONT | X | One can be a Notary | X | X |
| VIRGINIA<br>(effective July 1, 2010) | | | | X |
| WASHINGTON<br>(various effective dates) | | | X | X |
| WEST VIRGINIA<br>(effective June 8, 2012) | X | | | X |
| WISCONSIN<br>(effective May 12, 2010) | | | | X |
| WYOMING | | | X | |

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**TP 49.5B Foreign Law Requirements for DPOAs**

**08/28/2015**

- Apply these requirements to all ▸Durable Powers of Attorney (DPOAs), including ▸Springing DPOAs, based on the country in which the document was executed and the date the document was executed.
- An "X" in this chart means that the answer to the question in the column is yes.
- A Durability Clause states that the ▸power of attorney document will continue to be effective even in the event of a principal's disability or incompetence (sometimes referred to as "incapacity"), and shall remain effective until the death of the principal.

| **Foreign entity and Effective Date** | **Notary Required?** | **Two Witnesses Required?** | **Durability Statement Required?** | **Special Rules Apply - see TP 49.6B Special Foreign Rules for DPOAs** |
|---|---|---|---|---|
| AUSTRALIA | X | One a Notary | X | |
| BRAZIL<br>(Brazilian Civil Code, Article 6, January 2002) | | | DPOAs not permitted | X |
| BRITISH COLUMBIA | | Yes, but only one witness required if witness is a lawyer or notary. | X | X |
| ENGLAND<br>(same as Wales) | | One Witness | X | X |
| GERMANY | | | X | X |
| ITALY | Y or other official | N | DPOAs not permitted | X |
| MANITOBA | X/other state-approved witness | | X | |
| MEXICO, JALISCO | X | | X | X |
| MONTSERRAT | | | | |
| NORTHERN MARIANA ISLANDS | | | X | |
| ONTARIO | | X | | |
| PHILIPPINES | | | | |
| POLAND | | | X | X |
| PORTUGAL | | | | X |
| Prince Edward Island (PEI)<br>(effective 1988) | | One witness | X | X |
| | | | | |

| | | | | |
|---|---|---|---|---|
| PUERTO RICO<br><br>(effective January 18, 2012) | X | | X | X |
| QUEBEC | | | DPOAs not permitted | X |
| SCOTLAND<br><br>(Adults of Incapacity Act 2000. Effective 2000.) | | | X | X |
| SLOVAKIA | X | | DPOAs not permitted | X |
| U. S. VIRGIN ISLANDS<br><br>(effective October 1, 2011) | | | | |
| WALES<br><br>(same as England) | | One witness | X | X |

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# TP 49.6 Special Rules for DPOAs

**03/30/2015**

**In this Section**

TP 49.6A Special State Rules for DPOAs
TP 49.6B Special Foreign Rules for DPOAs

**TP 49.6A Special State Rules for DPOAs**

**03/30/2015**

See below for special rules for durable powers of attorney (DPOAs) executed in the following states:

## ALABAMA

**09/26/2013**

**Statutory Cite**: § 26-1A-105

**Effective for DPOAs executed on or after January 1, 2012:**

Durability - presume the document is durable unless it has language indicating it is not.

Signature – the principal must sign and date the DPOA or it may be signed and dated by another individual directed by the principal to sign the principal's name.

**Effective for DPOAs executed before January 1, 2012:**

Durability – a durability clause is required to be recognized as a DPOA.

## ARIZONA

**08/28/2014**

**Effective for DPOAs executed on or after August 1, 1998,**

1. Notary required.
2. Witness required who is not (a) the agent (representative), (b) the agent's spouse, (c) the agent's child, or (d) the notary.
3. The principal must confirm signing of the DPOA was voluntary by signing the precise statement below.
4. The witness must confirm signing of the DPOA was voluntary by signing the precise statement below.

**Principals Statement:**

I, _____, the principal, sign my name to this power of attorney this _____ day of _____ and, being first duly sworn, do declare to the undersigned authority that I sign and execute this instrument as my power of attorney and that I sign it willingly, or willingly direct another to sign for me, that I execute it as my free and voluntary act for the purposes expressed in the power of attorney and that I am eighteen years of age or older, of sound mind and under no constraint or undue influence.

_____Principal

**Witness Statement (needs to be notarized):**

I, _____, the witness, sign my name to the foregoing power of attorney being first duly sworn and do declare to the undersigned authority that the principal signs and executes this instrument as the principal's power of attorney and that the principal signs it willingly, or willingly directs another to sign for the principal, and that I, in the presence and hearing of the principal, sign this power of attorney as witness to the principal's signing and that to the best of my knowledge the principal is eighteen years of age or older, of

sound mind and under no constraint or undue influence.

_____Witness

Notary block (public certificate, under official seal)

**Effective for DPOAs executed on or after April 23, 1996:**

1. Notary required.
2. Witness required who is not (a) the agent (representative), (b) the agent's spouse, (c) the agent's child, or (d) the notary.

**Effective for DPOAs executed on or after July 13, 1995:**

Notary required.

## ARKANSAS

**08/28/2014**

**Statutory Cite: (A.C.A. § 28-68-106)**

**Effective for DPOAs executed on or after January 1, 2012:**

1. **Durability clause** – presume the document is durable unless it has language indicating it is not.
2. **Special Authorities:** The following authorities require a specific/express grant of authority. Therefore, if the DPOA fulfills the requirements of applicable state law but one or more of these authorities are not specifically mentioned, the acceptance letter should clearly specify which of these authorities are not granted and why.
   a. create or change rights of survivorship*;
   b. create or change a beneficiary designation*;
   c. delegate authority granted under the power of attorney; and
   d. waive the principal's right to be a beneficiary of a joint and survivor annuity, including a survivor benefit under a retirement plan.

   *If a POA does not expressly grant an agent these authorities, the agent may not select an optional form for the principal. Unless the principal has been determined incompetent and unable to sign his application, the principal may sign his application to select an optional form other than the normal form. PBGC's POA acceptance letter should specify these restrictions.

**Effective for DPOAs executed before January 1, 2012:**

1. **Durability clause** – a durability clause is required.
2. **Witness requirements** – Two Witnesses or a Notary are required.

## CALIFORNIA

**09/26/2013**

**Statutory Cite:** Cal. Prob. Code §§4121 (effective 04/01/2000; no change to law as of 02/04/2013) and 4404 (effective 07/20/1994; no change to law as of 02/04/2013).

## COLORADO

**09/26/2013**

**Effective for DPOAs executed on or after January 1, 2010:**

Durability - presume the document is durable unless it has language indicating it is not.

**Effective for DPOAs executed before January 1, 2010:**

Durability clause – a durability clause is required.

## DELAWARE

**08/28/2014**

**Effective for DPOAs executed on or after October 1, 2010.**

1. Durability – a durability clause is required to be recognized as a DPOA.
2. Principal's signature must be signed in the presence of a notary. Acknowledgment by a notary, which may be dated later than the date the principal signed the POA, is **not** acceptable.
3. Principal's signature must have at least one witness. This witness may not be not related by blood, marriage or adoption to the principal nor entitled to any portion of the estate.
4. **Spouse as agent** – The agency of a spouse terminates automatically when an action for a legal divorce or legal separation is filed, unless the POA states otherwise. If a POA named a successor agent, that agent may assume authority. Therefore, if PBGC knows that an agent is the spouse of the principal, include a statement in the POA acceptance letter to the principal that they should notify PBGC if any of these events occur, so we may update our POA records accordingly.
5. **Notice to Principa**l – A sample notice to the Principal is included in Delaware POA law, but is not required.
6. **Agent Certification** – A sample agent certification is provided in Delaware POA law, but is not required.
7. **Authorities – A DPOA MAY use a sweeping statement to convey authority, however, certain authorities are not encompassed by this sweeping statement.**
8. **Special authorities are granted only if specifically mentioned in the document.** When reviewing a DPOA, look for specific language mentioning these authorities (see below). If the authorities are not expressly written into the document, they are not granted. Therefore, if the DPOA fulfills the requirements of applicable state law but one or more of these authorities are not specifically mentioned, the acceptance letter should clearly specify which of these authorities are not granted and why.
    a. Create or change rights of survivorship*;
    b. Create or change a beneficiary designation*; and
    c. Delegate authority under the POA.

*If a POA does not expressly grant an agent these authorities, the agent may not select an optional form for the principal. Unless the principal has been determined incompetent and unable to sign his application, the principal may sign his application to select an optional form other than the normal form. PBGC's POA acceptance letter should specify these restrictions.

**Effective for DPOAs executed before October 1, 2010.**

1. Durability – a durability clause is required to be recognized as a DPOA.
2. Notary not required.
3. Witness not required.
4. Notice to Principal not required.

5. Agent Certification is not required.
6. Sweeping statement of authority is acceptable to convey all authorities.

**FLORIDA**

**08/28/2014**

**Effective for DPOAs executed on or after October 1, 2011:**

1. **Springing DPOAs are not permitted.** A POA containing language that the POA springs into effect upon the principal's incapacity is not valid under FLA law and will not be accepted by PBGC.
2. **Notary Required.** Principal's signature must be acknowledged by a notary, which may be dated later than the date the principal signed the POA.
3. **Witnessing requirements. Principal's signature must have at least two witnesses.**
4. **Durability statement is required.**
5. **Multiple Agents.** When more than one agent is named, any agent may act independently unless the DPOA explicitly states otherwise. An explicit statement will be more than the use of joining words such as "and." If a FLA DPOA appears to specify multiple agents have joint authority, identify (highlight in image viewer) this explicit language in the DPOA and note its location on the review checklist. All acceptance letters for DPOAs with multiple agents identify whether the authority is joint or independent.
6. **Authorities** – **A DPOA may NOT use a sweeping statement to convey "all" authority. Authorities** must be specified. When reviewing a FLA DPOA, look for specific authorizing language. Process as a rejection if the document appears to **ONLY** contain sweeping language with respect to authority.
7. **Special authorities are granted only if specifically mentioned in the document with the principal's signature or initials for the certain authorities.** When reviewing a DPOA, look for specific language for these authorities (see below) and the signature or initials of the principal next to each authority. If a special authority is not specifically mentioned, and signed or initialed, it is not granted. Therefore, if the DPOA fulfills the requirements of applicable state law but one or more of these authorities are not specifically mentioned, the acceptance letter should clearly specify which of these authorities are not granted and why.
    a. Create or change a beneficiary designation*; and
    b. Waive the principal's right to be a beneficiary of a joint and survivor annuity, including a survivor benefit under a retirement plan.

*If a POA does not expressly grant an agent these authorities, the agent may not select an optional form for the principal. Unless the principal has been determined incompetent and unable to sign his application, the principal may sign his application to select an optional form other than the normal form. PBGC's POA acceptance letter should specify these restrictions.

**Comparison of FLA DPOA laws applicable**

| **Florida POAs executed before 10/01/2011:** | **Florida POAs executed after 10/01/2011:** |
|---|---|
| Two subscribing witnesses required. | Two subscribing witnesses required. |
| No need to be acknowledged by notary. | Acknowledged by the principal before notary. |
| Durability clause required. | Durability clause required. |
| Springing POA permitted. | Springing POA not permitted. |
| Multiple agents named may act jointly or independently. | Multiple agents named may act with independent authority unless joint authority specified in document. |
| Sweeping provisions for authority valid. | Sweeping provisions for authority invalid. |
| No separate signed enumeration required for | Separate signed enumeration required before |

| | |
|---|---|
| "superpowers." | certain "superpowers" can be granted. |

**IDAHO**

**09/26/2013**

**Effective for DPOAs executed after July 1, 2008:**

Durability - presume the document is durable unless it has language indicating it is not.

**Effective for DPOAs executed before January 1, 2008:**

Durability – a durability clause is required.

**ILLINOIS**

**11/21/2014**

**Effective for DPOAs executed on or after September 1, 1989.**

1. Durability statement is not required. (755 ILCS § 45/2-5, effective September 1, 1989)
2. Notary required. Acknowledgement by a notary of principal's signature is acceptable, or the notary may witness the signature. (755 ILCS § 45/3-3, effective September 1, 1989)
3. One witness is required. Witness or notary may not be any of the following (755 ILCS § 45/3-3.6, effective July 1, 2011) :
   a. The notary.
   b. Attending physician or health care provider of the principal, or relative of either.
   c. Owner or operator or relative of health care facility in which principal is a resident (extends to directors and executive officers of an operator that is a corporate entity but not to other employees of the operator).
   d. Agent or successor agent.
   e. Parent, sibling, or descendant (or spouses) of principal, agent or successor agent.
4. If three or more co-agents are named and the document does not state otherwise, then they can only exercise authority by their majority consent. (755 ILCS § 45/2-10.5, effective July 1, 2011)
5. **A DPOA may use a sweeping statement to convey authority; however, certain authorities are not encompassed by this sweeping statement.**
6. Special authorities are granted only if specifically mentioned in the document. When reviewing a DPOA, look for specific language for these authorities (see below). If the authorities are not expressly written into the document, they are not granted. Therefore, if the DPOA fulfills the requirements of applicable state law but one or more of these authorities are not specifically mentioned, the acceptance letter should clearly specify which of these authorities are not granted and why.
   a. Pay oneself (agent cannot accept payment from the principal unless there is specific authority for this in the document);
   b. Name or change a beneficiary designation made by the principal*; and
   c. Delegate authority under the POA. (*In re Estate of Nicholls v. Nicholls*, 960 N.E. 2d 78 (Ill. App. 2011) (holding that power of attorney must be strictly construed and could not be read to grant the power to change beneficiary designations unless such conduct was expressly allowed under the terms of the document). *See also* 755 ILCS § 45/2-9; 755 ILCS § 45/3-3-4 (statutory short form provides sample language where a principal can choose to expressly grant authority to "name or change beneficiary designations") (effective September 1, 1989).
7. Notice to the Principal is not required. The statutory short form POA does require this. However, third

parties who rely on properly executed Illinois statutory forms have protection from liability if the agent abuses his power. This is not always the case with nonstatutory forms. 755 ILCS § 45/3-3, effective September 1, 1989).

8. Notice to Agent is not required, see below. *Id*.
9. **Spouse as agent** – The agency of a spouse terminates automatically at the divorce, legal separation or death of the spouse. (755 ILCS § 45/2-6, effective September 1, 1989). Therefore, if PBGC knows that an agent is the spouse of the principal, include a statement in the POA acceptance letter to the principal that they should notify PBGC if any of these events occur, so we may update our POA records accordingly.

*If a POA does not expressly grant an agent these authorities, the agent may not select an optional form for the principal. Unless the principal has been determined incompetent and unable to sign his application, the principal may sign his application to select an optional form other than the normal form. PBGC's POA acceptance letter should specify these restrictions.

**KENTUCKY**

**11/30/2010**

Kentucky provides that if a Springing DPOA becomes effective upon the principal's incompetence but does not specify who is to make the incapacity determination, two (2) physicians "licensed to practice medicine" must make a written determination that the principal is "unable . . . to prudently manage or care for [his (her)] person or property."

**LOUISIANA**

**09/26/2013**

Durability - presume the document is durable unless it has language indicating it is not.

**Note:** A Louisiana DPOA may use different terminology than other states, including the following:

- Mandate for DPOA
- Mandatory for representative
- Appearer for principal

**MAINE**

**08/28/2014**

**Effective for DPOAs executed on or after July 1, 2010:**

1. **Durability** – presume the document is durable unless it has language indicating it is not.
2. **Spouse as agent:** The agency of a spouse terminates automatically at the divorce or legal separation. If a POA named a successor agent, that agent may assume authority. Therefore, if PBGC knows that an agent is the spouse of the principal, include a statement in the POA acceptance letter to the principal that they should notify PBGC if any of these events occur, so we may update our POA records accordingly.
3. **Notary** (or other) acknowledgement required.
4. Certain other individuals are authorized by law to take an acknowledgement including:
    a. Judges, or
    b. clerk or deputy clerk of a court of record.

5. **Certain authorities are granted only if specifically mentioned in the document.** When reviewing a ▶DPOA, look for specific language for these (see below) authorities. If the authorities are not specifically mentioned, they are not granted. Therefore, if the DPOA fulfills the requirements of applicable state law but one or more of these authorities are not specifically mentioned, the acceptance letter should clearly specify which of these authorities are not granted and why.
    a. Create or change rights of survivorship*;
    b. Create or change a beneficiary designation*; and
    c. Delegate authority under the POA.
6. Requires Notice to the Principal, see below.
7. Requires Notice to Agent, see below.

* If a POA does not grant an agent these authorities, the agent may not select an optional form for the principal. Unless the principal has been determined incompetent and unable to sign his application, the principal may sign his application to select an optional form other than the normal form. PBGC's POA acceptance letter should specify these restrictions.

**Effective for DPOAs executed before July 1, 2010:**

1. Durability – a durability clause is required to be recognized as a DPOA.
2. Notice to Principal, see below.
    a. If a Maine DPOA fails to meet the above Notice requirement, follow the steps set out below for Pennsylvania DPOAs that do not meet that State's Notice requirement: (1) attempt to secure a valid Notice executed at the same time as the rest of the DPOA; (2) if no such contemporaneous Notice is available and the principal is not incapacitated, ask him/her to execute a current Notice stating that (s)he wishes the original DPOA to remain effective; and finally (3) if no contemporaneous DPOA is available and the principal is incapacitated, apply the "Fitz inquiry" described below for Pennsylvania DPOAs.
3. Notice to Agent, see below.
    a. The agent's acknowledgement does not have to be signed.

**Notice to the Principal (Maine)**

Maine requires that all DPOAs dealing with the principal's finances (including most DPOAs submitted to the PBGC) must include a NOTICE to the principal and a NOTICE to the agent of his (her) legal responsibilities as an agent. The required NOTICE to the principal should substantially follow the following form (i.e., the word "property" could be substituted by the word "money"):

**Notice to the Principal:** As the "Principal" you are using this power of attorney to grant power to another person (called the Agent) to make decisions about your property and to use your property on your behalf. Under this power of attorney you give your Agent broad and sweeping powers to sell or otherwise dispose of your property without notice to you. Under this document your Agent will continue to have these powers after you become incapacitated. The powers that you give your Agent are explained more fully in the Maine Uniform Power of Attorney Act, Maine Revised Statutes, Title 18-A, Article 5, Part 9. You have the right to revoke this power of attorney at any time as long as you are not incapacitated. If there is anything about this power of attorney that you do not understand you should ask a lawyer to explain it to you.

**Notice to Agent (Maine)**

Maine requires that all DPOAs dealing with the principal's finances (including most DPOAs submitted to the PBGC) must include a NOTICE to the principal and a NOTICE to the agent of his (her) legal responsibilities as an agent.

**Notice to the Agent:** As the "Agent" you are given power under this power of attorney to make decisions about the property belonging to the Principal and to dispose of the Principal's property on the Principal's behalf in accordance with the terms of this power of attorney. This power of attorney is valid only if the Principal is of sound mind when the Principal signs it. When you accept the authority granted under this

power of attorney a special legal relationship is created between you and the Principal. This relationship imposes upon you legal duties that continue until you resign or the power of attorney is terminated or revoked. The duties are more fully explained in the Maine Uniform Power of Attorney Act, Maine Revised Statutes, Title 18-A, Article 5, Part 9 and Title 18-B, sections 802 to 807 and Title 18-B, chapter 9. As the Agent, you are generally not entitled to use the Principal's property for your own benefit or to make gifts to yourself or others unless the power of attorney gives you such authority. If you violate your duty under this power of attorney you may be liable for damages and may be subject to criminal prosecution. You must stop acting on behalf of the Principal if you learn of any event that terminates this power of attorney or your authority under this power of attorney. Events of termination are more fully explained in the Maine Uniform Power of Attorney Act and include, but are not limited to, revocation of your authority or of the power of attorney by the Principal, the death of the Principal or the commencement of divorce proceedings between you and the Principal. If there is anything about this power of attorney or your duties under it that you do not understand you should ask a lawyer to explain it to you.

**▼MICHIGAN**

**11/26/2013**

**Effective for DPOAs executed on or after October 1, 2012:**

1. Durability statement is required.
2. A witness or notary is required.
3. A notary may sign **for** the principal. Consult with HQ via OPSS POA-Guardianship mailbox for direction, if a MI ▶POA appears to have a notary signing for a principal.
4. An agent's acknowledgement is required, that substantially follows the form below.

**Agents Acknowledgement (Michigan)**

Acknowledgement by Attorney-in-Fact

I, ..... , have been appointed as attorney-in-fact for ..... the principal, under a durable power of attorney dated .... By signing this document, I acknowledge that if and when I act as attorney-in-fact, all of the following apply:

(a) Except as provided in the durable power of attorney, I must act in accordance with the standards of care applicable to fiduciaries acting under durable powers of attorney.

(b) I must take reasonable steps to follow the instructions of the principal.

(c) Upon request of the principal, I must keep the principal informed of my actions. I must provide an accounting to the principal upon request of the principal, to a guardian or conservator appointed on behalf of the principal upon the request of that guardian or conservator, or pursuant to judicial order.

(d) I cannot make a gift from the principal's property, unless provided for in the durable power of attorney or by judicial order.

(e) Unless provided in the durable power of attorney or by judicial order, I, while acting as attorney-in-fact, shall not create an account or other asset in joint tenancy between the principal and me.

(f) I must maintain records of my transactions as attorney-in-fact, including receipts, disbursements, and investments.

(g) I may be liable for any damage or loss to the principal, and may be subject to any other available remedy, for breach of fiduciary duty owed to the principal. In the durable power of attorney, the principal may exonerate me of any liability to the principal for breach of fiduciary duty except for actions committed by me in bad faith or with reckless indifference. An exoneration clause is not enforceable if inserted as the result of my abuse of a fiduciary or confidential

relationship to the principal.

(h) I may be subject to civil or criminal penalties if I violate my duties to the principal.

Signature: ..... Date: .....

**Effective for DPOAs executed before October 1, 2012:**

1. Durability statement is required.
2. A witness or notary is required.

**MONTANA**

**08/28/2014**

**Effective for DPOAs executed on or after January 1, 2012:**

1. **Durability** – presume the document is durable unless it has language indicating it is not.
2. **Authorities** – A DPOA may use a sweeping statement to convey authority, although this statement will not include certain authorities, see below. If the DPOA's authorizing language appears only contains sweeping language it may be approved, however, note the special authorities below.
3. **Special authorities are granted only if specifically mentioned in the document.** When reviewing a DPOA look for special language for these authorities (see below). If the authorities are not specifically mentioned, they are not granted. Therefore, if the DPOA fulfills the requirements of applicable state law but one or more of these authorities are not specifically mentioned, the acceptance letter should clearly specify which of these authorities are not granted and why.
   a. Create or change a beneficiary designation*; and
   b. Waive the principal's right to be a beneficiary of a joint and survivor annuity, including a survivor benefit under a retirement plan.

*If a POA does not expressly grant an agent these authorities, the agent may not select an optional form for the principal. Unless the principal has been determined incompetent and unable to sign his application, the principal may sign his application to select an optional form other than the normal form. PBGC's POA acceptance letter should specify these restrictions.

**NEBRASKA**

**09/26/2013**

**Effective for DPOAs executed on or after January 1, 2013:**

1. Durability - presume the document is durable unless it has language indicating it is not.
2. Notary required.
3. Other individuals may perform the notary's function of taking an acknowledgement, including:
   a. judges,
   b. clerk or deputy clerk of a court, and
   c. commissioned officer in active service with the Armed Forces.

**NEVADA**

**09/26/2013**

**Effective for DPOAs executed on or after October 1, 2009:**

Durability - presume the document is durable unless it has language indicating it is not.

**Effective for DPOAs executed before October 1, 2009:**

Durability – a durability clause is required to be recognized as a DPOA.

## NEW HAMPSHIRE

**08/28/2014**

**Effective for DPOAs executed on or after May 31, 2005:**

1. **Principal's Notice** – The power of attorney must include a NOTICE to the principal which the principal must sign and date, see below.
2. **Agent's Acknowledgement** – The agent (whether original, alternate or successor agent) may **not** exercise authority granted in a New Hampshire power of attorney unless the agent has signed the power of attorney, attesting as provided below.

   The agent's acknowledgement does not have to be signed concurrently with the DPOA. Therefore, if reviewing a DPOA that does not include the agent's acknowledgement, PBGC will request a copy from principal and/or agent, so that a "complete" review may be done. Until a signed acknowledgement is received, PBGC will not recognize the agent.

**Notice to the Principal:** As the "Principal," you are using this Durable Power of Attorney to grant power to another person (called the "Agent" or "Attorney in Fact") to make decisions, including, but not limited to, decisions concerning your money, property, or both, and to use your money, property, or both on your behalf. If this written Durable Power of Attorney does not limit the powers that you give to your Agent, your Agent will have broad and sweeping powers to sell or otherwise dispose of your property, and to spend your money without advance notice to you or approval by you. Under this document, your agent will continue to have these powers after you become incapacitated, and unless otherwise indicated your Agent will have these powers before you become incapacitated. You have the right to retain this Power and not to release this Power until you instruct your attorney or any other person who may hold this Power of Attorney to so release it to your Agent pursuant to written instructions. You have the right to revoke or take back this Durable Power of Attorney at any time, so long as you are of sound mind. If there is anything about this Durable Power of Attorney that you do not understand, you should seek professional advice.

**Agent's Acknowledgement.** The agent (whether original, alternate or successor agent) may not exercise authority granted in a New Hampshire power of attorney unless the agent has signed the power of attorney, attesting that:

I, _____, have read the attached power of attorney and am the person identified as the Agent for the Principal. I hereby acknowledge that when I act as Agent or "attorney in fact,"; I am given power under this Durable Power of Attorney to make decisions about money, property, or both belonging to the Principal, and to spend the Principal's money, property, or both on the Principal's behalf, in accordance with the terms of this Durable Power of Attorney. This Durable Power of Attorney is valid only if the Principal is of sound mind when the Principal signs it. When acting in the capacity of Agent, I am under a duty (called a "fiduciary duty") to observe the standards observed by a prudent person, which means the use of those powers that is reasonable in view of the interests of the Principal and in view of the way in which a person of ordinary judgment would act in carrying out that person's own affairs. If the exercise of my acts is called into question, the burden will be upon me to prove that I acted under the standards of a fiduciary. As the Agent, I am not entitled to use the money or property for my own benefit or to make gifts to myself or others unless the Durable Power of Attorney specifically gives me the authority to do so. As the Agent, my authority under this Durable Power of Attorney will end when the Principal dies and I will not have authority to manage or dispose of any property or administer the estate unless I am authorized to do so by a New Hampshire Probate Court. If I violate my fiduciary duty under this Durable Power of Attorney, I may be liable for damages and may be subject to criminal prosecution. If there is anything about this Durable Power of Attorney, or my duties under it, that I do not understand, I understand that I should seek professional advice.

_____Agent

## NEW JERSEY

**09/26/2013**

**Effective for DPOAs executed on or after November 1, 2007:**

1. Notary of principal's signature must contain notary's certification that:
   a. the principal personally appeared before the notary; and
   b. the notary was satisfied that the person who appeared before him was the person who executed the ▸DPOA. N.J. Stat. § 46:2B-8.9 (referencing N.J. Stat. § 46:14-2.1).
2. Certain other persons (officers of the State) may perform the notary's function of taking an acknowledgement, including:
   a. any attorney-at-law;
   b. county clerk or deputy county clerk,
   c. register of deeds and mortgages or a deputy register, or
   d. A surrogate or deputy surrogate, or a justice or judge.

N.J. Stat. § 46:14-6.1

## NEW MEXICO

**08/28/2014**

**Effective for DPOAs executed on or after July 1, 2007 (law passed 01/01/2012)***

Durability – presume the document is ▸durable unless it has language indicating it is not.

**Effective for DPOAs before July 1, 2007**

Durability – a durability clause is required to be recognized as a ▸DPOA.

## NEW YORK

**09/26/2013**

**Statutory Cite:** § 5-1501A.

**Effective for DPOAs executed on or after September 1, 2009:**

1. **Durability** - presume the document is ▸durable unless it has language indicating it is not.
2. **Specific Notice and Acknowledgements –**

The ▸power of attorney must be signed and dated by the principal, duly acknowledged, signed and dated by the agent, and contain the **exact wording** (typos, capitalization, and differences in outline numbering/headings are okay **but wording needs to be verbatim**) of provisions from the statute as follows below. NY CLS Gen. Oblig. § 5-1501B.

Caution to the Principal wording under NY CLS Gen Oblig § 5-1513(a):

(a) CAUTION TO THE PRINCIPAL: Your Power of Attorney is an important document. As the "principal," you give the person whom you choose (your "agent") authority to spend your money and sell or dispose of your property during your lifetime without telling you. You do not lose your authority to act even though you have given your agent similar authority.

When your agent exercises this authority, he or she must act according to any instructions you have provided or, where there are no specific instructions, in your best interest. "Important Information for the Agent" at the end of this document describes your agent's responsibilities.

Your agent can act on your behalf only after signing the Power of Attorney before a notary public.

You can request information from your agent at any time. If you are revoking a prior Power of Attorney [fig 1], you should provide written notice of the revocation to your prior agent(s) and to any third parties who may have acted upon it, including the financial institutions where your accounts are located.

You can revoke or terminate your Power of Attorney at any time for any reason as long as you are of sound mind. If you are no longer of sound mind, a court can remove an agent for acting improperly.

Your agent cannot make health care decisions for you. You may execute a "Health Care Proxy" to do this.

The law governing Powers of Attorney is contained in the New York General Obligations Law, Article 5, Title 15. This law is available at a law library, or online through the New York State Senate or Assembly websites, www.nysenate.gov or www.assembly.state.ny.us.

If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

Important Information for the Agent wording under NY CLS Gen Oblig § 5-1513(n):

(n) IMPORTANT INFORMATION FOR THE AGENT:

When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:

(1) act according to any instructions from the principal, or, where there are no instructions, in the principal's best interest;

(2) avoid conflicts that would impair your ability to act in the principal's best interest;

(3) keep the principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record or all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal's name and signing your own name as "agent" in either of the following [fig 1] manners: (Principal's Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal's Name).

You may not use the principal's assets to benefit yourself or anyone else or [fig 1] make gifts to yourself or anyone else unless the principal has specifically granted you that authority in this [fig 2] document, which is either a Statutory Gifts Rider attached to a Statutory Short Form Power of Attorney or a Non-Statutory Power

of Attorney. If you have that authority, you must act according to any instructions of the principal or, where there are no such instructions, in the principal's best interest. You may resign by giving written notice to the principal and to any co-agent, successor agent, monitor if one has been named in this document, or the principal's ▸guardian if one has been appointed. If there is anything about this document or your responsibilities that you do not understand, you should seek legal advice.

Liability of agent:

The meaning of the authority given to you is defined in New York's General Obligations Law, Article 5, Title 15. If it is found that you have violated the law or acted outside the authority granted to you in the Power of Attorney, you may be liable under the law for your violation.

An optional gift rider must be witnessed by two witnesses, one of which can be the notary.

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**Effective for DPOAs executed before September 1, 2009:**

Durability – a durability clause is required to be recognized as a ▸DPOA.

## ▾NORTH CAROLINA

**09/26/2013**

North Carolina requires that a ▸DPOA be filed with the local Register of Deeds before the representative may act following the principal's incapacity. Many North Carolina DPOAs submitted to the PBGC have been stamped by the Register of Deeds, indicating that they have been filed. If a North Carolina DPOA has not been stamped by the Register of Deeds, contact the local office of the Register of Deeds (refer to the *Register Contact Information for North Carolina and South Carolina*). Often a clerk at the Register of Deeds office will confirm that the DPOA has been properly filed. If the clerk does not confirm that the DPOA has been filed, you should notify the representative and/or the principal so that they may arrange for it to be filed or provide confirmation that it already has.

In addition, North Carolina permits durability language not permitted in most other states that require a durability clause. Besides the usual durability language, a passage such as "This power-of-attorney is executed pursuant to the provisions of Article 2 of Chapter 32A of the North Carolina General Statutes, on 'Powers of Attorney'", or other such reference, will suffice to render a POA durable.

## ▾OHIO

**09/26/2013**

**Statutory Cite:** 1337.24.

**Effective for DPOAs executed on or after March 22, 2012:**

1. Durability - presume the document is ▸durable unless it has language indicating it is not.
2. The ▸POA must be signed and dated by the principal or may be signed and dated by another individual in the principal's conscious presence (this other individual needs to be in the principal's sight or hearing), as directed by the principal to sign the principal's name on the power of attorney.
3. Recording in the county recorder's office may be done in Ohio, but it is not required.

**Effective for DPOAs executed before March 22, 2012:**

Durability – a durability clause is required to be recognized as a ▸DPOA.

**▾PENNSYLVANIA**

**08/28/2014**

Pennsylvania requires that all ▸POAs executed in Pennsylvania after April 11, 2000, must include a NOTICE to the principal, which advises him of the consequences of his executing a POA and of some available alternatives. To help ensure that the principal executing a POA understands these matters, the law requires that the principal sign and date the NOTICE. The same law requires that the principal's representative (Pennsylvania calls this person an "Agent") sign a form declaring that he understands the duties of an Agent under a POA; this form also is intended to protect the principal from a representative's carelessness in the discharge of his duties.

Some Pennsylvania POAs executed after April 11, 2000, fail to include the required NOTICE and/or AGENT'S ACKNOWLEDGMENT. Obtaining a valid AGENT'S ACKNOWLEDGMENT is usually not difficult because it may be executed at any time before the Agent seeks to exercise his (her) authority under the POA. Obtaining a valid NOTICE may be more difficult. In such a case you should first ask to be provided a NOTICE that was executed at the time the ▸DPOA was executed. If no such NOTICE was executed, you should next determine whether the principal is incapacitated; if (s)he is not, you may ask that (s)he provide the PBGC with a current NOTICE and a currently signed copy of the POA.

If the principal is incapacitated, the matter is more complicated still. Pennsylvania law provides that when a "third party" (like the PBGC) challenges the exercise of a POA, the representative must "bear the burden" of showing that the attempted exercise of authority is "proper". The PBGC has developed a set of questions (this set of questions is sometimes referred to as a "Fitz inquiry") to be answered by the ▸FBA before deciding whether to challenge the representative's exercise of a DPOA. If the answers to the Fitz questions suggest to the FBA that the representative is responsibly acting to serve the principal, then PBGC does not challenge the use of the DPOA but honors the representative's request.

To decide whether to challenge the representative's use of he DPOA, ask yourself the four Fitz questions:

(1) Is there is a "competing" POA, executed in favor of another person currently effective under its own terms?

(2) Has any relative or acquaintance of either the principal of the representative stated that the representative is likely to exploit the DPOA to deny the principal the use of necessary assets to obtain basic needs?

(3) Has anyone suggested that the principal did not understand what (s)he was signing when (s)he executed the DPOA?

(4) Do you yourself entertain any doubt about the veracity of any of the representative's statements to you (such doubt could be based on the content of the statement itself, upon anything else you might have heard either from the representative or from any other party, or from the statement's apparent inconsistency with any available document)?

If the answer to all four questions is "no", the PBGC will not challenge the representative's exercise of authority under the DPOA, and you should approve the representative's use of the DPOA.

If the answer to any of the above four questions is "yes", there is evidence that the representative may not be acting responsibly to serve the principal – refer the DPOA to OPSS POA-Guardianship, which will decide whether to challenge the representative's use of the DPOA.

As always, the representative must in any case execute a proper ACKNOWLEDGMENT before exercising any authority under the DPOA.

NOTICE

The purpose of this power of attorney is to give the person you designate (your "agent") broad powers to

handle your property, which may include powers to sell or otherwise dispose of any real or personal property without advance notice to you or approval by you.

This power of attorney does not impose a duty on your agent to exercise granted powers, but when powers are exercised, your agent must use due care to act for your benefit and in accordance with this power of attorney.

Your agent may exercise the powers given here throughout your lifetime, even after you become incapacitated, unless you expressly limit the duration of these powers or you revoke these powers or a court acting on your behalf terminates your agent's authority.

Your agent must keep your funds separate from your agent's funds.

A court can take away the powers of your agent if it finds your agent is not acting properly.

The powers and duties of an agent under a power of attorney are explained more fully in 20 Pa.C.S. Ch. 56.

If there is anything about this form that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

I have read or had explained to me this notice and I understand its contents.

(Principal) (Date)

AGENT'S ACKNOWLEDGEMENT

I, _____ , have read the attached power of attorney and am the person identified as the agent for the principal. I hereby acknowledge that in the absence of a specific provision to the contrary in the power of attorney or in 20 Pa.C.S. when I act as agent:

I shall exercise the powers for the benefit of the principal.

I shall keep the assets of the principal separate from my assets.

I shall exercise reasonable caution and prudence.

I shall keep a full and accurate record of all actions, receipts and disbursements on behalf of the principal.

(Agent) (Date)

## ▼SOUTH CAROLINA

**09/26/2013**

**Effective for DPOAs executed on or after June 7, 2010:**

1. Notary required.
2. Durability statement required.
3. Filed with local register as outlined below before agent can act following incapacity.

**Effective for DPOAs executed prior to June 7, 2010:**

South Carolina requires that a ▸DPOA be filed with the local Register of Deeds before the representative may act following the principal's incapacity. Many South Carolina DPOAs submitted to the PBGC have been stamped by the Register of Deeds, indicating that they have been filed. If a South Carolina DPOA has not been stamped by the Register of Deeds, contact the local office of the Register of Deeds (refer to the Register Contact Information for North Carolina and South Carolina). Often a clerk at the Register of Deeds office will confirm that the DPOA has been properly filed. If the clerk does not confirm that the DPOA has been filed, you should notify the representative and/or the principal so that they may arrange for it to be filed or provide confirmation that it already has. S.C. Code Ann. § 62-5-501 (referencing S.C. Code Ann. § 62-2-502).

## ▾VERMONT

**09/26/2013**

**Effective for DPOAs executed on or after June 13, 2002:**

1. **Witness required.** One witness required who may not be the agent.
   a. The witness shall affirm that the principal appeared to be of sound mind and free from duress at the time the ▸power of attorney was signed, and that the principal affirmed that he or she was aware of the nature of the document and signed it freely and voluntarily.
2. **Notary required.** Principal's signature must be acknowledged **before** a notary, who may not be the agent.
3. Agent's acknowledgement required before an agent may act. The acknowledgement must attest in writing that the agent:
   a. accepts appointment as agent;
   b. understands the duties under the power of attorney and under the law;
   c. understands that he or she has a duty to act if expressly required to do so in the power of attorney consistent with subsection 3506(c) of this title; and
   d. understands that the agent is expected to use his or her special skills or expertise on behalf of the principal, if the expectation that the agent does so is expressly provided for in the power of attorney consistent with subdivision 3505(a)(6) of this title.

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Note: An agent may sign at any time after a power of attorney has been executed and before it has been exercised for the first time.

## ▾VIRGINIA

**09/26/2013**

**Effective for DPOAs executed on or after July 1, 2010:**

Durability - presume the document is ▸durable unless it has language indicating it is not.

**Effective for DPOAs executed before July 1, 2010:**

Durability – a durability clause is required to be recognized as a ▸DPOA.

## ▾WASHINGTON

**08/28/2014**

**The following requirements are effective for DPOAs executed on or after the date indicated below:**

1. Durability statement required. (Rev. Code Wash. § 11.94.010, effective July 23, 1989.)
2. **Authorities** – A ▸DPOA may use a sweeping statement to convey authority, however, certain authorities are not encompassed by this sweeping statement. (Rev. Code Wash. § 11.94.050, effective October 1, 1989.)
3. **Special Authorities** – When reviewing a DPOA, look for specific language for these authorities (see below). If the authorities are not specifically mentioned, they are not granted. This applies even if there is a sweeping statement. Therefore, if the DPOA fulfills the requirements of applicable state law but one or more of these authorities are not specifically mentioned, the acceptance letter should clearly specify which of these authorities are not granted and why. (Rev. Code Wash. § 11.94.050, effective October 1, 1989.)
    a. Create or change a beneficiary designation*; and
    b. Waive the principal's right to be a beneficiary of a joint and survivor annuity, including a survivor benefit under a retirement plan.
4. **Spouse/domestic partner as agent** – The agency of a spouse or registered domestic partner terminates automatically at the divorce, legal separation or termination of the domestic partnership. (Rev. Code Wash. § 11.94.080, for agent in a marriage with principal, effective July 22, 2001/ For agent in a registered domestic partnership, effective July 22, 2007.) Therefore, if PBGC knows that an agent is the spouse or registered domestic partner of the principal, include a statement in the POA acceptance letter to the principal that they should notify PBGC if any of these events occur, so we may update our POA records accordingly.

* If a POA does not grant an agent this authority, the agent may not select an optional form for the principal. Unless the principal has been determined incompetent and unable to sign his application, the principal may sign his application to select an optional form other than the normal form. PBGC's POA acceptance letter should specify this restriction.

## ▾WEST VIRGINIA

**09/26/2013**

**Effective for DPOAs executed on or after June 8, 2012:**

1. Durability - presume the document is ▸durable unless it has language indicating it is not.
2. Principal's signature must be notarized, or acknowledged by another individual authorized to take acknowledgements, including;
    a. Judges; or
    b. Any clerk or deputy clerk of a court of record in a place in which the notarial act is performed.

**Effective for DPOAs executed before June 8, 2012:**

- Durability – a durability clause is required to be recognized as a ▸DPOA.

## ▾WISCONSIN

**07/01/2016**

**Executed on or after May 12, 2010.**

1. **Durability** – presume the document is ▸durable unless it has language indicating it is not.
2. **Signature** – The principal may sign the ▸POA. Alternately, another individual may sign for the principal, provided the individual is signing at the direction of the principal and in the principal's

conscious presence, meaning the other individual needs to be in the principal's sight or hearing. Consult with PPD/OCC via referral to OPSS POA-Guardianship if a POA is received with a signature other than the principal's.

3. **Spouse as agent** – If the agent is the principal's spouse, the POA is invalidated upon the filing of an action for the dissolution or annulment of the agent's marriage to the principal or their legal separation. Therefore, if PBGC knows that an agent is the spouse of the principal, include a statement in the POA acceptance letter to the principal that they should notify PBGC if any of these events occur, so we may update our POA records accordingly.
4. **Authorities** – A ▸DPOA may use a sweeping statement to convey authority, however, certain authorities are not encompassed by this sweeping statement.
5. **Special authorities are granted only if specifically mentioned in the document.** When reviewing a DPOA, look for specific language for these authorities (see below). If the authorities are not specifically mentioned, they are not granted. Therefore, if the DPOA is valid under Wisconsin law and one or more of these authorities are not specifically mentioned/expressly granted, the acceptance letter should clearly specify which of these authorities are not granted and why.
    a. Create or change a beneficiary designation*; and
    b. Waive the principal's right to be a beneficiary of a joint and survivor annuity, including a survivor benefit under a retirement plan.

* If a POA does not grant an agent this authority, the agent may not select an optional form for the principal. Unless the principal has been determined incompetent and unable to sign his application, the principal may sign his application to select an optional form other than the normal form. PBGC's POA acceptance letter should specify this restriction.

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**TP 49.6B Special Foreign Rules for DPOAs**

**08/28/2015**

Refer to the special rules below when executing ▸durable powers of attorney (DPOAs) in the following foreign countries or territories:

**▾BRAZIL**

**11/21/2014**

1. May be oral or written. If PBGC is notified of an oral ▸POA from Brazil, it should be referred to HQ.
2. A written POA from Brazil should meet the following requirements:
   a. Signed and dated by principal;
   b. Indicates the place where it was prepared;
   c. Indicates the qualifications of the principal and agent; and
   d. Indicates the purpose of the instrument, the designation of authority, and scope of the powers being granted.
3. Persons aged 16 and under or those under mental disease or defect cannot grant a ▸power of attorney.
4. Brazilian law provides that a power of attorney ceases with a change of status that makes the principal unfit to confer a power of attorney. Accordingly, Brazil does not recognize ▸durable powers of attorney. Once a principal is incapacitated, the power of attorney is no longer in effect. So, PBGC will only recognize POAs executed in Brazil as ▸NDPOAs.
5. Brazilian law is silent on springing powers of attorney so one should presume that such instruments are not recognized as valid in Brazil.

**▾BRITISH COLUMBIA**

**08/28/2014**

1. The witnesses cannot be a person named in the ▸POA, a spouse, child or parent of the principal, or a person who is not an adult, or an employee of the principal unless the witness is a lawyer, notary, public ▸guardian, trustee or financial institution authorized to carry on trust business.
2. Attorney/Agent/Holder of the POA must sign the POA.
3. To confirm someone is a practicing lawyer in British Columbia, go to: http://www.lawsociety.bc.ca/apps/lkup/mbrsearch.cfm
4. British Columbia's law requires the notary to be a member in good standing of the Society of Notaries Public of British Columbia. To confirm that someone is a notary public in good standing, go to: http://www.notaries.bc.ca/findNotary/notaryRoll.rails
5. The POA must state whether it is enduring or not durable.

**▾ENGLAND**

**08/28/2014**

1. The principal is referred to as a donor.
2. A ▸durable power of attorney is referred to as a lasting or an enduring power of attorney.
3. A lasting or enduring ▸POA must include a statement from the donor to the effect that he has:

   (i) read the prescribed information or a prescribed part of it (or has had it read to him), and

   (ii) intends the authority conferred under the instrument to include authority to make decisions on his behalf in circumstances where he no longer has capacity.

Mental Capacity Act of 2005, c. 9, § 9 at http://www.legislation.gov.uk/ukpga/2005/9/contents. The Enduring Power Attorney Act of 1985 was repealed.

4. Furthermore, the statement by the donor must be certified by a "prescribed person." A prescribed person is defined as "(a) a person chosen by the donor as being someone who has known him personally for the period of at least two years which ends immediately before the date on which that person signs the LPA certificate; or (b) a person chosen by the donor who, on account of his professional skills and expertise, reasonably considers that he is competent to make the judgments necessary to certify the matters set out in paragraph (2)(1)(e) of Schedule 1 to the Act." Id. Generally, the prescribed person would be an independent person who fills out Part B on the Office of the Public Guardian's sample lasting POA form ( https://www.gov.uk/government/publications/make-a-lasting-power-of-attorney). The certification involves the donor signing the document in the presence of the prescribed person and the prescribed person signing an acknowledgment to the following effect:

   (i) the donor understands the purpose of the instrument and the scope of the authority conferred under it,

   (ii) no fraud or undue pressure is being used to induce the donor to create a lasting power of attorney, and

   (iii) there is nothing else which would prevent a lasting power of attorney from being created by the instrument.

   Id. at sched. 1, ¶ 2(1)(e).

5. An additional requirement is that the donor's grant of the power of attorney be signed in the presence of at least one witness (who cannot also be the donor). I. at § 9.
6. A lasting or enduring POA must be registered with the Office of the Public Guardian. Office of the Public Guardian, MINISTRY OF JUSTICE at http://www.justice.gov.uk/about/opg.

**▼GERMANY**

**08/28/2014**

1. German ▶POAs do not necessarily have to be in writing. If PBGC is notified of an oral POA from Germany, it should be referred to HQ (as with all foreign POAs) via the OPSS-POA Guardianship mailbox.
2. There are no formal requirements with respect to a written POA for financial and banking transactions, therefore a German power of attorney:
   a. does not need to be witnessed; and
   b. does not need to be notarized.
3. A durability (or springing) statement is required to be recognized as such. If there is no durability or springing clause in the document, then it can only be recognized as an ▶NDPOA.

**▼ITALY**

**08/28/2014**

1. ▶Power of attorney must be in writing.
2. Neither ▶durable or ▶springing POAs are allowed under Italian law. If a ▶POA contains a durability or springing clause, the clause is not valid, even if it was created when the principal had the capacity to act. When a principal becomes incapacitated, guardianship must be sought.
3. So, PBGC will only recognize POAs executed in Italy as ▶NDPOAs.

**▼MEXICO, JALISCO**

**08/28/2015**

In Mexico, state of Jalisco, a power of attorney is referred to as a mandate.

**POLAND**

**08/28/2015**

1. If action to be taken requires a certain execution requirement, then the POA must follow suit (for example, if deed to be filed needs to be notarized to be valid, the agent who is acting on behalf of the principal must be under a POA that is also notarized).
2. Durable Powers Of Attorney are permitted.
3. Springing POAs are not permitted; guardianship must be sought if principal is partially or completely incapacitated (determination made by a court).

**PORTUGAL**

**08/28/2014**

1. Generally, a notary is not required unless the POA is for purposes of conducting real estate or if the POA is drawn up in the interest of the holder or third party.
2. Generally, registration with the registrar's office is not required unless the POA is for purposes of conducting real estate or if the POA is drawn up in the interest of the holder or a third party.
3. PBGC will determine a POA is in the interest of the holder or a third party if it includes a provision(s) that would provide a monetary or pecuniary benefit to the holder or a third party and that is not being used for the benefit of the principal.

**PRINCE EDWARD ISLAND**

**08/28/2014**

1. Durability statement is required. For a power of attorney to be enduring, it must expressly state that it may be exercised during any subsequent legal incapacity of the donor. A power of attorney without a durability statement ceases being in effect upon the donor's (principal's) incapacity.
2. The donor (principal) must sign in the presence of a witness. The witness cannot be the agent/attorney-in-fact or the agent's spouse.
3. A power of attorney granting the power to engage in real estate transactions may need to be registered at the Registry of Deeds office but one with respect to other property transactions does not. Therefore PBGC may recognize a power of attorney that has not been registered.

   Powers of Attorney Act, R.S.P.E.I. 1988

**PUERTO RICO**

**08/28/2014**

**Effective for DPOAs executed on or after January 18, 2012:**

1. **Durability** – the document must contain an express durability provision stating that it is not terminated by the incapacity of the principal. Then, it will remain valid after the principal becomes incapacitated or is judicially declared incapacitated.
2. **Notary required.**
   a. Special Notary Language - it must contain a warning from the Notary to the Principal about the nature and consequences of a durable power of attorney;

3. **Recording of the POA is required** – the ▸POA must be registered with the Director of the Notarial Inspection Office, which is attached to the Supreme Court of Puerto Rico;
4. Every notary before whom a POA is executed, must send to the Notarial Inspection Office a notice certified under his seal, setting forth therein the name or names of the grantor or grantors and of the witnesses, and the date, number, and nature of the deed, specifying the person to whom the power of attorney is granted, extended, modified or revoked.

**Effective for POAs executed before January 18, 2012:**

1. **Durable Power of Attorney's not permitted.**
   a. If a POA contains language indicating it is durable, PBGC may accept it **only** as a ▸non-durable. The acceptance letter will specify that it ceases to be in effect upon incapacity of the principal and why.
2. **Notary required.**
3. **Recording of the POA is required.** Recording of POA with Director of the Notarial Inspection Office, which is attached to the Supreme Court of Puerto Rico, is required.
4. Every notary before whom a POA is executed must send to the Notarial Inspection Office a notice certified under his seal, setting forth therein the name or names of the grantor or grantors and of the witnesses, and the date, nature of the deed, specifying the person to whom the power of attorney is granted, extended, modified or revoked.

**▾QUEBEC**

**08/28/2014**

1. Terminology - In Quebec's civil code:
   a. a ▸power of attorney is referred to as a mandate;
   b. the principal is referred to as the mandator; and
   c. the agent is referred to as the mandatory.
2. There are no requirements for a validly executed ▸non-durable power of attorney under Quebec law.
3. ▸Durable powers of attorney are not permitted.
4. ▸Springing powers of attorney are permitted. For a springing power of attorney to be valid in Quebec,
   a. It must be written by the mandator or by a third person and executed in one of two ways:
      i. It must be notarized; or
      ii. It must be prepared in the presence of two witnesses, and the witnesses must "have no interest in the act and [be] in a position to ascertain whether he is capable of acting."
   b. A springing power of attorney is only effective ("springs") upon a court judgment of the mandator's incapacity. Civil Code of Quebec, ch. IX, div. IV.

**▾SCOTLAND**

**08/28/2014**

A continuing ▸(durable) POA in Scotland must be written and contain the following:

1. Signature of the grantor/principal;
2. Statement that clearly expresses the grantor's intention that the power is a continuing POA (that it will continue even after the grantor becomes incapacitated);
3. If there is a springing clause in the POA, that is a provision noting that the continuing POA is in effect only after the grantor becomes incapable of making decisions to which the power relates, there must also be a statement that the grantor has considered how capacity will be determined;
4. Statutory certification – a certificate signed by a solicitor registered to practice in Scotland, a practicing

member of the Scottish Faculty of Advocates, or a registered or licensed medical practitioner. The certificate must include a statement by the signer that:

a. He has interviewed the grantor immediately before the grantor subscribed the document;

b. He is satisfied, either because of his own knowledge of the grantor or because he has consulted other persons [named in the certificate] who have knowledge of the grantor, that at the time the continuing power of attorney is granted, the grantor understands its nature and extent;

c. He has no reason to believe that the grantor is acting under undue influence or that any other factor vitiates the granting of the power.

5. The continuing POA must also be registered with the Office of the Public Guardian before it is considered valid.

## SLOVAKIA

**08/28/2015**

1. ▸Durable and ▸Springing Durable POAs not permitted.

   **Note** A guardian should be appointed by the courts upon determination of incapacity.

2. An agent may only perform certain special acts (for example, contracting marriage or disclaiming a decedent's estate) if specified in POA.

## U.S. VIRGIN ISLANDS

**08/28/2014**

1. Durability - presume the document is ▸durable unless it has language indicating it is not.
2. The ▸POA must be signed and dated by the principal or may be signed and dated by another individual in the principal's conscious presence (this other individual needs to be in the principal's sight or hearing), as directed by the principal to sign the principal's name on the power of attorney.
3. Notary not required, although a notarized signature on a power of attorney is presumed to be genuine.

   The U.S. Virgin Islands enacted the Virgin Islands Uniform Power of Attorney Act and it is codified as V.I. Code Ann. Tit. 15, §§ 5-501 to 5-523 (2011 supp), section 5-504 of the Act.

## WALES

**08/28/2014**

The same rules as England.

## TP 49.7 Resources for Power of Attorney and Guardianship

**09/30/2016**

**Forms, Letters, and Memos:**

- *CRM Power of Attorney and Guardianship Data Entry Form*
- *Durable Power of Attorney Checklist*
- *Guardianship and Conservatorship Checklist*
- *Non-Durable POA Checklist*
- *POA Revocation Checklist*
- *Register Contact Information for North Carolina and South Carolina*

**Customer Correspondence and Forms:**

- *eALG 588 POA Revocation Letter - Agent*
- *eALG 589 POA Revocation Letter*
- *eALG 590 NDPOA Approval to Principal*
- *eALG 591 NDPOA Approval to Holder (Representative)*
- *eALG 592 NDPOA Rejection to Principal*
- *eALG 593 DPOA Approval to Principal*
- *eALG 594 DPOA Approval to Holder (Representative) - also Springing*
- *eALG 595 DPOA Rejection to Requestor*
- *eALG 596 Springing DPOA Approval to Principal - Not Yet in Effect*
- *eALG 597 Springing DPOA Rejection to Requestor*
- *eALG 598 Guardianship/Conservatorship Approval to Holder (Representative)*
- *eALG 599 Guardianship/Conservatorship Rejection to Holder (Representative)*
- *Form 715 - Power of Attorney*

**Guidance:**

- *Policy 8.4-1 Power of Attorney*
- *Policy 8.4-2 Guardianships and Conservatorships*
- *Policy 8.5-1 Signature By Mark*

**Exhibits:**

*None*

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# TP 50 Plan-Specific Web Announcements

**In this Section**

TP 50. Overview for Plan-Specific Web Announcements
TP 50.1 Plan-Specific Web Announcement
TP 50.2 Resources for Plan-Specific Web Announcements

## TP 50. Overview for Plan-Specific Web Announcements

**07/01/2016**

Communication with ▸plan ▸participants normally begins once PBGC trustees a plan. Plan-specific web announcements are an effective method of communicating plan-level information to participants. Rhythmyx is the software used to create, route, approve and publish announcements to the plan web page.

Web announcements may be created to notify participants of plan trusteeship, the change in paying agent, the transfer of the plan to post valuation administration, and other plan-level information deemed appropriate by ▸CSD management. Web announcement updates are required when ▸BDLs for a plan have not been issued within three years of the Date of Trusteeship.

# TP 50.1 Plan-Specific Web Announcement

**07/01/2016**

| | |
|---|---|
| **Purpose** | To communicate key milestones and plan-specific information to participants over the PBGC Web site. |
| **Timing** | Submit announcement to PPD as early as possible, but no fewer than 5 days before desired publishing date. |
| **Guidance** | N/A |
| **Procedure Owner** | CSD, PPD |

This procedure covers two scenarios:

- TP 50.1A Create and Publish a Web Announcement provides instructions for ▸OBA divisions to create, review and submit the announcement to ▸PPD for review, approval and publishing.
- TP 50.1B Unpublish a Web Announcement provides instructions to request that ▸PPD delete an existing announcement.

**In this Section**

TP 50.1A Create and Publish a Web Announcement
TP 50.1B Unpublish a Web Announcement

**TP 50.1A Create and Publish a Web Announcement**

**07/01/2016**

**CSD**

1. Determine the need for a web announcement to communicate information to ▸plan ▸participants, such as:
   - a key event in the plan's life cycle, such as Trusteeship;
   - the transfer of the plan to post-valuation administration;
   - the result of court proceedings;
   - a response to phone calls from plan participants, relating to the same question; or
   - the status of Benefits Determination Letters.
2. A member of the case team drafts the announcement as directed by ▸CSD management and submits for initial review.

   **Note** To schedule a future deletion date for the announcement, include an end date in the request. To delete an announcement created without a deletion date, see TP 50.1B Unpublish a Web Announcement.
3. The author or designated reviewer reviews the content, makes necessary edits, and submits the announcement for final review.
4. A member of the CSD management team completes the final review of the announcement. The final review must be completed by an individual other than the original author. During this stage, the web announcement content is reviewed and edited, and either:
   - Submitted to ▸PPD for approval and publishing, or
   - Rejected, returning the announcement to draft status.

   Submit announcement to PPD as early as possible but no fewer than 5 days before desired publishing date.

**PPD**

5. Upon receipt of the web announcement, review and take the appropriate action as soon as practicable, but target completion for within 3 business days:
   - Reject any announcements that require more than minor edits. This returns the announcement to draft status.
   - Forward acceptable announcements, with minor edits as needed, to ▸COLA for concurrence. Note that COLA requires 2 business days for review and approval.
   - Once COLA has concurred, forward the announcement for immediate or pending publication, as appropriate.

**TP 50.1B Unpublish a Web Announcement**

**07/01/2016**

Announcements can be scheduled for automatic deletion on a future date when they are created. Live announcements created without a deletion date must be unpublished. To delete a live announcement:

**CSD**

1. Contact ▸PPD by e-mail to request that a plan-specific announcement be unpublished. Provide the following details identifying the announcement:
   - ▸PBGC Case Number
   - Effective date of the announcement
   - Publishing date of the announcement
2. If approved, PPD unpublishes the announcement via Rhythmyx. The message is removed from the ▸plan Web page during the next overnight processing cycle.

**Note** Web Announcements that have expired or been unpublished may be viewed in Rhythmyx, but will not display on the plan Web page.

## TP 50.2 Resources for Plan-Specific Web Announcements

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

None

# TP 51 Earnings Offsets

**In this Section**

TP 51. Overview for Earnings Offsets
TP 51.1 Administer Earnings Offsets before Benefit Determinations
TP 51.2 Reconcile Earnings Offsets for Benefit Determinations
TP 51.3 Reconcile Earnings Offsets Annually after Benefit Determinations
TP 51.4 Process Request for Voluntary Suspension of Supplements
TP 51.5 Resources for Earnings Offsets

## TP 51. Overview for Earnings Offsets

**08/28/2014**

In addition to a participant's vested accrued benefit, a pension plan may pay a supplemental benefit under certain plan criteria. Typically, a supplement is a feature of a particular type of retirement, for example, a 70/80 retirement. These supplements usually are temporary and are payable only until a participant reaches a specified age (typically, age 62 or 65) or becomes eligible for another benefit or a "public" pension (typically, Social Security disability benefits). Some plans also have earnings-offset provisions in which the supplement due for a given year is offset (reduced) by all or part of the participant's earnings from work for that year.

Pension plans administer earnings-offset provisions in various ways, primarily due to timing issues in verifying actual earnings and calculating the earnings offset and the actual supplement that was due. Because plan provisions and practices vary widely, PBGC adopted the rules in Policy 6.2-1 Earnings-Offset Provisions to administer earnings offset provisions in trusteed plans in a uniform manner. Once a plan is trusteed, its earning-offset provisions are generally administered as follows:

1. After trusteeship, at the time benefits are adjusted to the estimated level, PBGC pays estimated PBGC supplements, prior to offset, due the participant which may be equal to or less than the plan supplement.
2. PBGC does not apply the plan's earnings-offset provisions or practices while paying estimated benefits. Any benefit reduction to collect an earnings-offset overpayment implemented by the plan administrator is also discontinued.
3. PBGC collects earnings and other eligibility information, such as about eligibility for SSA disability benefits, for each year the participant is eligible for a plan supplement beginning with the year before the DOPT year and continuing through the year before BDLs are scheduled to be issued. Other eligibility criteria continues to be monitored as well and action taken, when warranted. For example, a participant may no longer be eligible for a supplement upon reaching age 62 and action is taken to stop the supplement.
4. In preparing to issue BDLs, PBGC uses the collected earnings to calculate the applicable earnings offset and actual supplements due and reconciles any difference with those paid. If any earnings-offset overpayments results, the benefit reduction that would have been made to collect the overpayment is applied in calculating the benefit payments that were due through the effective date of the BDL.
   - For the DOPT year through the DOTR year, PBGC applies plan provisions and plan practice in applying the plan's earnings limitations and performing these calculations
   - Beginning the year after the DOTR year, PBGC no longer applies plan provisions and plan practice in applying the plan's earnings limitations and performing these calculations.
5. After BDLs are issued, PBGC continues to collect earnings and other eligibility information for each year the participant is eligible for a PBGC supplement and continues to monitor other eligibility criteria. The actual earnings are used to calculate the actual offset and the actual PBGC supplement due, which is reconciled with the PBGC supplement that was paid.
   - Any resulting earnings-offset underpayment is treated as a benefit underpayment, due on April 1 of the year after the underpayment was incurred.
   - Any resulting earnings-offset overpayment is collected by a 12-month benefit reduction, beginning April 1 of the year after the overpayment was incurred. Earnings-offset overpayments are not treated the same as benefit overpayments and are not subject to the recoupment rules that apply to benefit overpayments.
6. PBGC permits participants to voluntarily suspend payment of their supplement only to avoid earnings-offset overpayment, but continues to perform the yearly reconciliation for those participants.

**Note** Any subsequent reference to a plan's earnings-offset provisions in these procedures includes the plan's earnings limitations and practices for administering those limitations, unless specified otherwise.

All plans with supplements subject to earnings offsets trusteed on or after 08/30/2011 must be administered as provided in Policy 6.2-1 Earnings-Offset Provisions. Plans trusteed before 08/30/2011 must be administered as provided in Policy 6.2-1 Earnings-Offset Provisions and TP 51 Earnings Offsets beginning no later than 01/01/2013.

**Documenting Plan and Participant Files**

When archiving documents or imaging documents to plan or participant files, follow instructions in TP 16 Plan and Participant File Maintenance.

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# TP 51.1 Administer Earnings Offsets before Benefit Determinations

**07/01/2016**

| | |
|---|---|
| **Purpose** | To administer earnings offsets prior to issuing BDLs. |
| **Guidance** | Policy 6.2-1 Earnings-Offset Provisions |
| **Procedure Owner** | Actuary, Auditor (DMD), EBLS/FBA/PBA |

Under Policy 6.2-1 Earnings-Offset Provisions, earnings offsets are not applied while paying estimated ▸benefits. The offsets applicable to estimated supplements will later be reconciled in preparing to issue BDLs as described in TP 51.2 Reconcile Earnings Offsets for Benefit Determinations. For a ▸plan in which ▸BDLs have not been issued, take the following actions. Adjust activities to account for the timing, practicability, status of plan trusteeship processing, and other priorities. Contact Ask PPD for guidance if needed.

**Actuary**

1. Evaluate plan documents and determine if the plan provides supplements that are subject to earnings-offset provisions and document the *Estimated Benefit Adjustments Analysis Memo* accordingly (see Process 10 Benefit Adjustments).
   - If the plan does not provide supplements subject to earnings offsets, no further action is required under these procedures.
   - If the plan provides supplements subject to earnings offsets, notify the assigned ▸auditor and ▸EBLS/▸FBA/▸PBA and continue with these procedures.
2. Work with the auditor and EBLS/FBA/PBA to evaluate plan provisions and practice and prepare a *Summary of Plan Supplement and Earnings-Offset Provisions* or similar summary document that describes the:
   - Amount of the plan supplement(s) payable (prior to offset).
   - Entitlement factors for the supplement, such as age and service, receipt of plan disability benefits, and plant shutdown.
   - Continuing eligibility criteria, such as attaining age 62 or 65, receipt of Social Security disability benefits or other public pension, and so forth. Contact Ask PPD for guidance if a plan applies an eligibility factor for "public" pension benefits or other benefits that are not otherwise identified as Social Security disability benefits.
   - Earnings limitation(s) that apply.
   - Plan provisions and/or plan practice on paying the supplement, for example, whether the plan used estimated earnings to pay an anticipated supplement.
   - Plan provisions and/or plan practice for collecting earnings-offset overpayments, for example, whether the plan applied a 100% temporary reduction or some other percentage or method.

   The *Summary of Plan Supplement and Earnings-Offset Provisions* (or similar summary document) may be updated as needed during trusteeship processing based on new information received during this process.
3. Ensure that the earnings-offset indicator in ▸CMS is set for the plan.
4. Calculate or otherwise determine estimated PBGC supplements (the amount of the supplement payable prior to offset) based on best available information and provide estimates to the EBLS/FBA/PBA.
5. Ensure that the auditor and EBLS/FBA/PBA receive a working copy of the summary for quick reference and ensure a copy is imaged into the plan file.

**Auditor, DMD**

6. Work with the actuary and EBLS/FBA/PBA to evaluate plan provisions and practice and then prepare the *Summary of Plan Supplement and Earnings-Offset Provisions* or similar summary document as described in step 2.
7. Work with the actuary and EBLS/FBA/PBA to:
   - Identify each ▸participant receiving or eligible for the supplement under plan provisions.
   - Collect actual, and when applicable, estimated earnings and evidence of other related eligibility criteria for past years beginning with the year before the ▸DOPT year.
   - Collect historical evidence of the plan's administration of offsets, for example, earnings-offset calculations and

payment records confirming collection of earnings-offset overpayments and/or payment of earnings-offset underpayments.

- Identify the outstanding balance of any earnings-offset overpayments as of DOPT. These will be collected post-DOPT.

8. Include the balance of any outstanding pre-DOPT earnings-offset overpayments that will be collected post-DOPT as an asset in the plan asset evaluation (see the New Asset Evaluation Procedures and Documents).

> **Note** Earnings information will be needed to calculate the earnings offset and actual supplements due the calendar year before the DOPT year. Under most plan provisions, any resulting earnings-offset overpayment for the calendar year before the DOPT year would have been collectible during the DOPT year. In addition, any resulting earnings-offset underpayment would have been payable during the DOPT year. These earnings-offset related adjustments may affect the PBGC benefits payable during the DOPT year.

**EBLS/FBA/PBA**

9. Work with the actuary and auditor to evaluate plan provisions and practice and prepare the *Summary of Plan Supplement and Earnings-Offset Provisions* or similar summary document as described in step 2.
10. Work with the auditor and actuary to obtain and document earnings-offset information from the plans as described in step 7.
11. Using the *Summary of Plan Supplement and Earnings-Offset Provisions* or similar summary document, work with the actuary and auditor to develop a tracking system, such as a worksheet, to identify all participants receiving or due a supplement under plan provisions as of the year before the DOPT year and going forward and to monitor application of earnings-offset provisions and related processing for those participants as further described in TP 51.
12. Assume benefit payments from the prior plan administrator following Process 9 Plan Assumption.
13. Adjust benefits to estimated amounts as provided in Process 10 Benefit Adjustments:
    - Do not apply earnings-offsets to the estimated benefits.
    - Pay the estimated PBGC supplement (the amount prior to offset) provided by the actuary, unless the participant requested voluntary suspension of the supplement (for guidance on voluntary suspension of a supplement, see TP 51.4 Process Request for Voluntary Suspension of Supplements).
    - Discontinue application of any offset using estimated earnings that the plan may have applied.
    - Discontinue any benefit reduction implemented by the plan to collect an earnings-offset overpayment.
    - Enter the end date for the supplement for any participant who is or will no longer be eligible for the supplement under the plan's continuing eligibility criteria upon attainment of a specified age (age 62 or 65 for most plans).
    - Do not pay any underpayments resulting solely from these earnings-offset related adjustments.
14. As soon as practicable after ▸DOTR, collect any missing earnings and other eligibility information beginning with the year before the DOPT year through the most recently ended year:
    - Review the *Summary of Plan Supplement and Earnings-Offset Provisions* or similar summary prepared by the actuary to identify the plan's eligibility criteria for the supplement.
    - Review the historical earnings information obtained by the auditor and identify any years beginning with the calendar before the DOPT year through the most recently ended calendar year for missing earnings and other eligibility criteria.
    - Request missing earnings and other eligibility information using the *eALG 542M Missing Earnings Request Letter*. Follow procedures in eALG Correspondence Help to modify the letter to reflect whether receipt of ▸SSA disability benefits is a continuing eligibility factor for the supplement under the plan.
15. Continue to collect earnings and other eligibility information going forward for each year the participant is eligible for a supplement or until the year BDLs are targeted to be issued.

    No later than January 31 of each year, send the *eALG 542EB Earnings Offset Letter – Payee Receiving Estimated Benefits* to request actual earnings for the prior year and, if applicable, information about receipt of SSA disability benefits. Follow procedures in eALG Correspondence Help to modify the 542EB to reflect whether receipt of SSA disability benefits is an eligibility factor for the supplement under the plan.

> **Note** Do not request proof of earnings. However, do request proof of entitlement to SSA disability benefits, if applicable, under plan provisions.

> **Note** Do not apply earnings offsets using the collected earnings information while paying estimated benefits.

The information will be used later to reconcile earnings offsets and benefit payments in preparation for issuing BDLs as described in TP 51.2 Reconcile Earnings Offset for Benefit Determinations.

**Note** Earnings information will be needed to calculate the earnings offset and actual supplements due the calendar year before the DOPT year. Under most plan provisions, any resulting earnings-offset overpayment for the calendar year before the DOPT year would have been collectible during the DOPT year. In addition, any resulting earnings-offset underpayment would have been payable during the DOPT year. These earnings-offset related adjustments may affect the PBGC benefits payable during the DOPT year.

16. If earnings information is not received as requested, do not send a follow-up request:
    - The plan's maximum earnings limit will be applied when the earnings-offsets are later reconciled.
    - If receipt of SSA disability benefits is a continuing eligibility factor, stop paying the supplement. The participant is assumed to have become eligible for those benefits.
17. Continue to monitor participants' continuing eligibility for a supplement based on plan provisions and take appropriate action, for example:
    - Pay the estimated PBGC supplement due when putting eligible participants into pay status.
    - Stop paying the estimated PBGC supplement when the participant is no longer eligible under plan provisions, for example, at age 62 or 65 or upon receipt of SSA disability benefits.

    **Note** Supplements paid after the participant is no longer eligible for a supplement are benefit overpayments, rather than earnings-offset overpayments, that must be addressed when the BDL is issued.
18. If the participant is no longer eligible for a supplement, notify the participant at least 30 days before the last supplement will be paid.
19. Update the tracking worksheet or system as needed to reflect the payment of the supplement and administration of the earnings-offset provisions based on the above activities.
20. Ensure that all earnings and eligibility information is imaged in each affected participant's file.

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## TP 51.2 Reconcile Earnings Offsets for Benefit Determinations

**07/01/2016**

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|---|---|
| **Purpose** | To reconcile earnings offsets in order to issue benefit determination letters. |
| **Guidance** | Policy 6.2-1 Earnings-Offset Provisions<br><br>Policy 6.2-1 Earnings-Offset Provisions - Appendix - Comprehensive Earnings-Offsets Examples |
| **Procedure Owner** | EBLS/FBA/PBA |

In preparing to issue ▸BDLs, the estimated ▸benefit payments paid by PBGC must be reconciled with those due after earnings offsets have been applied to the year before the ▸DOPT year through the effective date of the BDL. Therefore, the following earnings-offset reconciliation must be completed using the earnings information collected under TP 51.1 Administer Earnings Offsets before Benefit Determinations:

- Earnings offsets and the actual supplements that were due must be calculated for each ▸participant eligible for a supplement under ▸plan provisions beginning with the calendar year before the DOPT year through the calendar year before the year in which the BDL will be issued.
- The actual supplements that were due must then be reconciled with those paid to determine if any earnings-offset overpayments were collectible or any earnings-offset underpayments were payable the following year:
  - Earnings-offset underpayments may be offset against any resulting earnings-offset overpayments that occurred during the same year (contact Ask PPD for guidance on netting earnings-offset underpayments with earnings-offset overpayments that do not occur within the same year). Net earnings-offset underpayments are otherwise owed as of April 1 of the year following the year the underpayment was incurred and are similar to other benefit underpayments.
  - Earnings-offset overpayments are collected by a temporary reduction in the benefit payments otherwise due the participant and are applied in calculating the amount of the actual benefit payments due through the effective date of the BDL.

The plan's earnings-offset provisions and practice are followed in calculating the supplements and benefit payments payable through the ▸DOTR year. For example:

- If the plan used estimated earnings in calculating and paying an anticipated supplement, estimate earnings (if available) must be used to calculate an anticipated PBGC supplement and the benefit payments for that year.
- If the plan applied a 100% benefit reduction to collect an earnings-offset overpayment, a 100% benefit reduction must be applied to collect an earnings-offset overpayment.

After the DOTR year, the method in Policy 6.2-1 Earnings-Offset Provisions is used.

For detailed examples of this reconciliation, see Policy 6.2-1 Earnings-Offset Provisions - Appendix - Comprehensive Earnings-Offsets Examples.

1. Target issuance of BDL and establish the expected effective date of the BDLs. Coordinate issuance of the BDLs with collection of earnings and other eligibility information for the previous year.
2. Review the *Summary of Plan Supplement and Earnings-Offset Provisions* or similar summary document prepared by the actuary to identify the plan's earnings-offset provisions, and practice for applying those provisions.
3. Using the *Summary of Plan Supplement and Earnings-Offset Provisions* or similar summary document, the tracking worksheet, the *Actuarial Case Report* or other information provided by the actuary, and earnings-offset information in the participant's file, identify and evaluate the impact of the following for each participant eligible for a supplement under plan provisions:
   - The dates the participant otherwise met the plan's eligibility requirements for the supplement.
   - For participants in pay status before DOPT, the participant's non-supplemental plan benefit payable before DOPT.

- For each year the participant was eligible for a supplement, the plan supplement, prior to offset, provided under plan provisions for the year before the DOPT year through the year before the year the BDL will be issued.
- For each year the participant was eligible for a supplement, the participant's non-supplemental PBGC benefit due from DOPT through the targeted effective date of the BDL.
- For each year the participant was eligible for a supplement, the PBGC supplement, prior to offset, payable beginning with DOPT through the year before the year in which the BDL will be issued. Note that the PBGC supplement may change due to other factors, such as, the participant's elected benefit and/or the asset allocation.

4. Calculate the actual earnings offsets, actual PBGC supplement due, and any resulting earnings-offset overpayments and benefit reduction or earnings-offset underpayments, using the:
   - *Yearly Earnings-Offset Calculation Worksheet*: Use the yearly worksheet if all of the following apply:
     - The participant was entitled to a supplement for all 12 months of the year.
     - The monthly amount of the supplement, whether the PBGC or plan supplement, that the participant was entitled to was the same for all 12 months.
     - The participant was paid a supplement for all 12 months or the supplement was suspended all 12 months.
     - The monthly amount of the supplement that was paid did not change during the year.
   - *Monthly Earnings-Offset Calculation Worksheet*: Use the monthly worksheet if any of the following apply:
     - The participant was not entitled to a supplement for all 12 months of the year (for example, the first or last year the participant was entitled to the supplement).
     - The monthly amount of the supplement, whether the PBGC or plan supplement, that the participant was entitled to was not the same for all 12 months (for example, due to the participant's benefit form and PBGC's limitations on guaranteed benefits the amount of the PBGC supplement may vary at different times).
     - The participant was paid a supplement for at least one month but not all 12 months.
     - The monthly amount of the supplement that was paid was not the same for all 12 months.

   Contact Ask PPD for assistance if these worksheets are not adequate for performing the reconciliation under plan provisions and/or Policy 6.2-1 Earnings-Offset Provisions.

   If the plan used estimated earnings to calculate an anticipated supplement and estimated earnings information is available:

   - Two offset calculations are needed, one using the estimated earnings and one using the actual earnings, for each year the participant was eligible for a supplement beginning with the year before the DOPT year through the DOTR year. Estimated earnings are not used after the DOTR year.
   - The anticipated supplement is treated as having been paid, rather than the actual amount that was paid, and is entered into the worksheet as the supplement that was paid. Differences between the supplement that was actually paid and the amount that should have been paid will be reflected later in any benefit overpayment or underpayment.

5. If any earnings-offset underpayments result:
   - Treat it as a benefit underpayment due April 1 of the year after the underpayment was incurred.
   - Net the underpayment with any earnings-offset overpayments that occur during the same year.
   - Net the underpayment with any benefit overpayments.

> **Note** Earnings-offset underpayments generally only occur if the plan used estimated earnings to pay an anticipated supplement and the actual earnings were less than those estimated. Earnings-offset underpayments and overpayments generally will only occur during the same year if the offset is applied on a month-to-month basis rather than on a yearly basis. Contact Ask PPD for guidance before netting earnings-offset underpayments with earnings-offset overpayments that are incurred in a different year.

6. If any earnings-offset overpayments result, apply the benefit reduction to the monthly benefit due for the 12-month period beginning April 1 of the year after overpayment was incurred to determine the actual payment that should have been made.

   **Example:** The participant is entitled to a monthly benefit of $1,200, consisting of a life benefit of $1,000 and a temporary supplement of $200. The participant had an earnings-offset overpayment for 2011 that will be collected by a monthly benefit reduction of $150. The participant was eligible for benefit payments of $1,050 ($1,200 - $150) from 04/2012–03/2013.

> **Note** Earnings-offset overpayments are not treated the same as benefit overpayments and the rules in Policy 6.4-1 Repayment of Benefit Overpayments through Recoupment, Recovery, and Administrative Correction do not apply to earnings-offset overpayments.

7. Use the actual benefit payments due to determine any benefit overpayments or underpayments through the effective date of the BDL.

   **Example (continued from step 6):** The participant was due benefit payments of $1,050 ($1,200 - $150) from 04/2012–03/2013. Estimated benefits of $1,225 (including an estimated supplement) were paid from 04/2012–09/2012 and estimated benefits of $1,025 were paid 10/2012–03/2013. The participant will have a net benefit overpayment of $900 for 04/2012–03/2013 that must be recouped

   - Benefit overpayment for 04/2012–09/2012 = ($1,050 - $1,225) X 6 months = $1,050
   - Benefit underpayment for 10/2012–03/2013 = ($1,050 - $1,025) X 6 months = $150
   - Net benefit overpayment 04/2012–03/2013 = $900

8. Issue the BDL (see Process 19 Benefit Determination Letters) and adjust benefit payments in accordance with the BDL as of the effective date of the BDL:
   - Include information about eligibility for the supplement in the BDL.
   - Pay the benefit the participant is entitled to receive including the PBGC supplement prior to offset.
   - Recoup any net benefit overpayments or pay any net benefit underpayments, including any earnings-offset underpayment.
   - Apply the calculated benefit reduction, if any, to collect any earnings-offset overpayment for the previous year to any months remaining in the 12-month collection period.
9. Update the tracking worksheet or system as needed to reflect the payment of the supplement and administration of the earnings-offset provisions based on the above activities.
10. Ensure that all calculations for the reconciliation are imaged in each affected participant's file.

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## TP 51.3 Reconcile Earnings Offsets Annually after Benefit Determinations

**07/01/2016**

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| **Purpose** | To reconcile earnings offsets annually beginning the year after issuing BDLs. |
| **Guidance** | Policy 6.2-1 Earnings-Offset Provisions |
| **Procedure Owner** | EBLS/PBA/PVA/FBA |

Beginning the year after the ▸BDL is issued and continuing for each year the ▸participant is eligible for a supplement, an annual reconciliation must be performed.

1. After the BDL is issued, continue to pay the amount of the PBGC supplement due prior to offset, unless the participant has voluntarily requested suspension of the supplement (see TP 51.4 Process Request for Voluntary Suspension of Supplements).
2. In late December or early January, but no later than January 15, send the *eALG 542FB Earnings Offset Letter – Payee Receiving Final Benefits* requesting actual earnings for the previous year and, if applicable, information about receipt of ▸SSA disability benefits. Follow instructions in eALG Correspondence Help to modify the letter to reflect whether receipt of SSA disability benefits is an eligibility factor for the supplement under the ▸plan:
   - Request proof of entitlement to SSA disability, if applicable, under plan provisions.
   - Do not request proof of earnings.
3. If earnings information and/or information about eligibility for SSA disability benefits, when applicable, is not received as requested, do not sent a follow-up request:
   - The plan's maximum earnings limit must be applied when the earnings-offsets are reconciled.
   - If receipt of SSA disability benefits is a continuing eligibility factor, stop paying the supplement. The participant is assumed to have become eligible for those benefits.
4. Calculate the actual earnings offsets, actual PBGC supplement due, and any resulting earnings-offset overpayments and benefit reduction or underpayments, using one of the:
   - *Yearly Earnings-Offset Calculation Worksheet:* Use the yearly worksheet if all of the following apply:
     - The participant was entitled to a supplement for all 12 months of the year.
     - The monthly amount of the supplement, whether the PBGC or plan supplement, that the participant was entitled to was the same for all 12 months.
     - The participant was paid a supplement for all 12 months or the supplement was suspended all 12 months.
     - The monthly amount of the supplement was the same for all 12 months.
   - *Monthly Earnings-Offset Calculation Worksheet:* Use the monthly worksheet if any of the following apply:
     - The participant was not entitled to a supplement for all 12 months of the year (for example, the first or last year the participant was entitled to the supplement).
     - The monthly amount of the supplement, whether the PBGC or plan supplement, that the participant was entitled to was not the same for all 12 months (for example, due to the participant's benefit form and PBGC's limitations on guaranteed benefits the amount of the PBGC supplement may vary at different times).
     - The participant was paid a supplement for at least one month but not all 12 months.
     - The monthly amount of the supplement was not the same for all 12 months.

   Contact Ask PPD for assistance if these worksheets are not adequate for performing the reconciliation under plan provisions and/or Policy 6.2-1 Earnings-Offset Provisions.

   In calculating the earnings-offset overpayments and underpayment, use the PBGC supplements actually paid each month or year. Note that after the BDL has been issued, the participant should be paid the PBGC termination supplement, prior to offset, unless the participant has requested voluntary suspension of the supplement.

> **Note** Payment of a supplement in excess of the PBGC supplement, prior to offset, is a benefit overpayment subject to recoupment, not an earnings-offset overpayment. The excess over the payable PBGC supplement is the benefit overpayment.

5. If any earnings-offset overpayments results:
   - Apply the 12-month benefit reduction for the period beginning April of the reconciliation year through March of the following year to collect the earnings-offset overpayment.
   - Notify the participant of the change in the benefit payment.
6. Earnings-offset underpayments generally will not occur under this process because the PBGC supplement, prior to offset, is paid. However, earnings-offset underpayments may occur if the supplement was suspended for all or part of a year.

   Treat any earnings-offset underpayment for the previous year as a benefit underpayment due as of April 1 of the reconciliation year:
   - Notify the participant of the underpayment.
   - Pay the underpayment as soon as practicable even if the supplement continues to be suspended.
7. Continue to monitor participant eligibility for a supplement based on plan provisions and take appropriate action, for example:
   - Pay the PBGC supplement due, prior to offset, when putting eligible participants into pay status.
   - Stop paying the PBGC supplement when the participant is no longer eligible under plan provisions, for example, at age 62 or upon receipt of SSA disability benefits.
   - Collect earnings and other eligibility information and apply earnings offsets through the last year that the participant is otherwise eligible for the supplement.
   - Collect any earnings-offset overpayment or pay any earnings-offset underpayment the following year.
8. When the participant is no longer eligible for the supplement, notify the participant at least 30 days before the last supplement will be paid.
9. Update the tracking worksheet to reflect the activities in steps 1-8.
10. Ensure that all earnings and eligibility information (including calculations) is imaged in each affected participant's file.

**Note** Supplements paid after the participant is no longer eligible for a supplement are benefit overpayments subject to recoupment, not earnings-offset overpayments.

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## TP 51.4 Process Request for Voluntary Suspension of Supplements

**07/01/2016**

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|---|---|
| **Purpose** | To suspend a supplement upon written request from the participant. |
| **Guidance** | Policy 6.2-1 Earnings-Offset Provisions |
| **Procedure Owner** | EBLS/FBA/PBA/PVA |

If a participant requests to suspend his or her PBGC supplement (estimated or final), apply the rules in Policy 6.2-1 Earnings-Offset Provisions, section E.6. Voluntary Suspension of PBGC Supplement, as follows:

1. Continue any voluntary suspension of the supplement made by the plan before trusteeship.
2. After trusteeship, honor only written requests for suspension of the supplement.
3. Upon receipt of an acceptable request to suspend the supplement, notify the participant of the date that the suspension will begin, generally no more than 60 days after receipt of the request, and take action to suspend the supplement.
4. Continue to collect earnings and other eligibility information as previously described in TP 51.
5. Reconcile the earnings-offset for each year the participant is eligible for a supplement as previously described in TP 51.
   - If the participant was due all or part of the supplement for the previous year, treat it as an earnings-offset underpayment owed as of April 1 of the reconciliation year and make payment.
   - However, continue the suspension of the monthly supplement unless the participant requests that the supplement be reinstated.
6. Upon receipt of a written request to reinstate a supplement, notify the participant of the date that payment will be reinstated, generally no more than 60 days after receipt of the request, and take action to reinstate the supplement.

   Only pay the supplement retroactively (for the year of reinstatement) if specifically requested by the participant (this request does not have to be in writing). However, do not pay interest on the retroactive payment.

## TP 51.5 Resources for Earnings Offsets

**09/30/2016**

**Forms, Letters, and Memos:**

- *Estimated Benefit Adjustments Analysis Memo*
- *Monthly Earnings-Offset Calculation Worksheet*
- *Summary of Plan Supplement and Earnings-Offset Provisions*
- *Yearly Earnings-Offset Calculation Worksheet*

**Customer Correspondence and Forms:**

- *eALG 542EB Earnings Offset Letter – Payee Receiving Estimated Benefits*
- *eALG 542FB Earnings Offset Letter – Payee Receiving Final Benefits*
- *eALG 542M Missing Earnings Request Letter*

**Guidance:**

- *Policy 6.2-1 Earnings-Offset Provisions*
- *Policy 6.2-1 Earnings-Offset Provisions - Appendix - Comprehensive Earnings-Offsets Examples*

**Exhibits:**

*None*

# TP 52 Cash Balance and Other Statutory Hybrid Plans

**In this Section**

TP 52. Overview for Cash Balance and Other Statutory Hybrid Plans
TP 52.1 Prepare Frequently Asked Questions
TP 52.2 Issue Cash Balance BDLs
TP 52.3 Update Cash Balance Program
TP 52.4 Provide Cash Balance Benefit Calculations
TP 52.5 Pay Cash Balance Annuities
TP 52.6 Pay Cash Balance Lump Sums
TP 52.7 Resources for Cash Balance and Other Statutory Hybrid Plans

# TP 52. Overview for Cash Balance and Other Statutory Hybrid Plans

**08/28/2014**

This technical procedure provides guidance on processing both pre-▸PPA 2006 cash balance (see Policy 5.12-1: Cash Balance Plans-Valuing and Paying Benefits) and post-PPA 2006 statutory hybrid (see Policy 5.12-2: Statutory Hybrid Plans–Valuing and Paying Benefits) plans. For pre-PPA 2006 cash balance plans, follow this technical procedure in its entirety. Process statutory hybrid plans, including post-PPA 2006 cash balance plans, as traditional defined benefit plans except as follows:

- Complete TP 52.1 Prepare Frequently Asked Questions for all cash balance plans, but for statutory hybrid plans only if FAQs will be posted on the plan-specific Web site.
- If ▸*de minimis*▸ lump sums are not equal to the account balance at DOPT, complete TP 52.6 Pay Cash Balance Lump Sums.

**Cash Balance Plans (Pre-PPA 2006)**

A cash balance plan is a ▸defined benefit plan with some features of a ▸defined contribution plan. Whereas most defined benefit plans describe a pension in terms of an annuity at a normal retirement date, cash balance plans generally define the retirement benefit in terms of a hypothetical account balance that is either payable as a lump sum when the participant terminates employment or retires, or converted into an annuity at a given retirement date. Cash balance plans may use fixed or variable interest rates to calculate benefits. In plans that use variable interest rates, PBGC may have to recalculate the final benefit even after ▸BDLs have been issued. A lump-sum benefit may be paid if the present value or the account balance at the date of plan termination (▸DOPT) is less than $5,000; the participant receives the greater of the two. See Policy 5.12-1: Cash Balance Plans—Valuing and Paying Benefits for further information about these plans.

In general, cash balance plans are processed the same as other defined benefit plans, with differences in the following areas:

- Preparing Frequently Asked Questions attachments for ▸eALG letters (see TP 52.1 Prepare Frequently Asked Questions).
- Issuing Benefit Determination Letters (see TP 52.2 Issue Cash Balance BDLs).
- Maintaining a Cash Balance Update Program used for benefit calculations (see TP 52.3 Update Cash Balance Program).
- Processing benefit estimates (see TP 52.4 Provide Cash Balance Benefit Calculations).
- Processing annuity and lump-sum payments (see TP 52.5 Pay Cash Balance Annuities and TP 52.6 Pay Cash Balance Lump Sums).

**Statutory Hybrid Plans (Including Post-PPA 2006 Cash Balance Plans)**

The term *statutory hybrid plan* is a result of the Pension Protection Act of 2006 (PPA 2006) and subsequent regulations issued by the Department of Treasury, and generally refers to those cash balance plans and similar plans, such as pension equity plans, that fall under the PPA 2006 termination rules. Specifically, a statutory hybrid plan is a defined benefit plan that contains a lump sum-based formula (or formula with a similar effect). This includes formulas under the terms of which a participant's accumulated benefit is expressed as the balance of a hypothetical account (for example, a cash balance plan), or as the current value of the accumulated percentage of the participant's final average compensation (for example, a pension equity plan), and under which the accrued benefit is calculated as the ▸actuarial equivalent of the hypothetical account balance or accumulated percentage.

The changes made by PPA 2006 to the administration of applicable cash balance and other similar plans (that is, statutory hybrid plans) include:

- Requiring these plans to provide that, upon plan termination, any variable interest rate (for example, the rate on 30-year Treasury bonds) used by the plan to credit interest to participants' hypothetical accounts or to convert account balances to annuities will be averaged upon plan termination.

- Requiring these plans to establish a three-year vesting criterion for participants in a statutory hybrid plan.
- Allowing these plans to pay lump sums based on a participant's hypothetical account balance (not the greater of the account balance and the present value of the vested monthly accrued benefit).

Policy 5.12-2: Statutory Hybrid Plans—Valuing and Paying Benefits provides guidance on implementing these changes as they affect PBGC valuation and payment of benefits under terminated cash balance and other statutory hybrid plans. This policy applies to cash balance and other statutory hybrid plans that are subject to the PPA 2006 statutory hybrid plan rules. **For most terminated cash balance plans, this means the DOPT was during or after the plan year that begins on or after 01/01/2008; certain collectively bargained plans have later effective dates. It also applies to any plan created as, or converted to, a statutory hybrid plan on or after 06/29/2005.**

For PBGC, the changes required under PPA 2006 and regulations issued by Treasury and PBGC can be summarized as follows:

- Variable rates become fixed upon plan termination—PBGC converts variable rates using an average of the rates used under the plan for the five-year period before plan termination.
- In determining and paying de minimis lump sums, PBGC generally uses only the amount of the participant's account balance at plan termination, instead of comparing the account balance to the present value of the annuity (a "whipsaw lump sum"), unless the plan provided otherwise.
- Default rules are now in place for trusteed plans whose plan provisions did not comply with the PPA 2006 rules.

See Policy 5.12-2: Statutory Hybrid Plans—Valuing and Paying Benefits for further information about these plans.

**Documenting Plan and Participant Files**

When archiving documents or imaging documents to plan or participant files, follow instructions in TP 16 Plan and Participant File Maintenance.

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## TP 52.1 Prepare Frequently Asked Questions

**07/01/2016**

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| **Purpose** | To prepare Frequently Asked Questions (FAQs) and answers for inclusion in letters and/or the plan-specific Web page. |
| **Guidance** | Policy 5.12-1 Cash Balance Plans-Valuing and Paying Benefits<br>Policy 5.12-2 Statutory Hybrid Plans–Valuing and Paying Benefits |
| **Procedure Owner** | Actuary |

This procedure is optional for statutory hybrid ▸plans. If FAQs will not be prepared for the plan-specific Web page, no action is required.

1. For each new plan, prepare plan-specific responses to the frequently asked questions (FAQ) in the *Cash Balance FAQ Template*.
2. Add plan-specific responses to the FAQs to the plan-specific Web page (see TP 50 Plan-Specific Web Announcements).
3. Proceed according to the type of plan.
   - Pre-PPA 2006 Cash Balance Plan: Proceed to step 4.
   - Statutory Hybrid Plan (includes post-PPA 2006 plans): Continue processing the plan as a traditional ▸defined benefit plan. Do not complete steps 4–7.
4. Use the responses to prepare separate FAQ attachments for ▸lump sum and ▸annuity ▸participants, as follows:
   - Annuity FAQ Attachment requires FAQs 1-7 from the *Cash Balance FAQ Template*.
   - Lump-Sum FAQ Attachment requires FAQs 1-9 from the *Cash Balance FAQ Template*.
5. Title each FAQ attachment indicating whether for lump-sum or annuity participants and include the ▸PBGC case number and name. For example, for the XYZ Company cash balance plan, case number 123456, call the attachments *Annuity CB FAQ – 123456 Plan XYZ* and *Lump Sum CB FAQ – 123456 Plan XYZ*.
6. Upon finalizing the FAQ attachments, submit them to Ask PPD for concurrence. ▸PPD forwards the approved documents to ▸CCD to make available in ▸eALG.
7. Upon notification that the FAQ attachments are in production in eALG, notify the Case Team.

## TP 52.2 Issue Cash Balance BDLs

**07/01/2016**

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| **Purpose** | To describe how and when to issue BDLs for cash balance plan participants. |
| **Guidance** | Policy 5.12-1 Cash Balance Plans—Valuing and Paying Benefits<br>Policy 5.12-2 Statutory Hybrid Plans—Valuing and Paying Benefits |
| **Procedure Owner** | EBLS/FBA/PBA/PVA |

This procedure applies only to ▸cash balance plans covered under Policy 5.12-1 Cash Balance Plans—Valuing and Paying Benefits. If the ▸plan is a statutory hybrid plan covered under Policy 5.12-2 Statutory Hybrid Plans—Valuing and Paying Benefits, process the ▸BDLs the same as for a traditional ▸defined benefit plan (see Process 19 Benefit Determination Letters).

1. Upon notification from the case ▸actuary that BDLs may be issued, ensure plan-specific FAQ attachments are available in ▸eALG. There should be an ▸Annuity FAQ and ▸Lump Sum FAQ. Contact the case actuary with any questions.
2. Follow Process 19.2 Review Actuarial Case Request and Issue BDLs for general instructions on issuing BDLs and taking follow-up actions.
3. Use the following tables to determine the correct BDL based on the participant's circumstances. For the non-vested and non-plan members, use the same letters for non-cash balance plans.
   - ▸Retirees Currently Receiving Annuity Benefits Table
   - ▸Retirees Who Received a Lump-Sum Payment Table
   - ▸Non-Retirees (Deferred Vested) Table
4. Contact Ask PPD with any questions regarding the appropriate letter to issue.

## TP 52.3 Update Cash Balance Program

**07/01/2016**

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| **Purpose** | To update valuation programs for cash balance plans that require periodic updating. |
| **Guidance** | Policy 5.12-1 Cash Balance Plans - Valuing and Paying Benefits |
| **Procedure Owner** | Actuary |

Cash balance rates may include interest rates for accumulating the account balance, ▸interest rates for converting the account balance to an ▸annuity, or mortality tables for converting the account balance to an annuity. Any of these rates may be fixed or variable. This section applies only to ▸cash balance plans that have variable rates**.**

Cash balance plans that have variable rates need to be periodically updated, usually annually. The update serves two purposes:

- To ensure software correctly calculates the pension ▸benefits of ▸participants either commencing their PBGC benefits or requesting estimated annuity amounts for a future retirement.
- To provide ▸TRMD with updates to the expected retirement date and termination benefit at the expected retirement date to be loaded to ▸Genesis for use in ▸IPVFB.

The ▸actuary runs periodic updates. Prior to ▸plan closing, the actuary provides the *Instructions for Processing Cash Balance Case* in the Archive.

This section describes how to update ▸ACT valuation programs for cash balance plans that require periodic updating.

**Actuary**

1. Send an email to TRMD Services requesting the plan database be updated with current data in ▸Spectrum. TRMD will deliver this information in electronic format.
2. Create a new folder **I:\software\########\CashBalanceUpdateYYYY**, where YYYY = current year and ######## = 8-digit ▸PBGC case number. For example, if the case number is 123456-00 and the ▸plan year is 2008, the folder is **I:\software\12345600\CashBalanceUpdate2008**.
3. Copy the following files from the previous year to the new folder created above. See the list of files in ▸Files to Copy From Table, if the PBGC case number is 123456-00 and the plan year is 2008, copy the files listed below from **I:\software\12345600\CashBalanceUpdate2007** and put them into the file called **I:\software\12345600\CashBalanceUpdate2008**.

   If this is the first update, create a folder and insert the following files from the ▸Files for First Updates Table.
4. Determine the current cash balance rates by following *Instructions for Processing Cash Balance Case* prepared by the actuary.
5. Update the programming by following the steps in *Instructions for Processing Cash Balance Case*. For instance, if the PBGC case number is 123456-00 and the current plan year is 2008, then update the files in **I:\software\12345600\CashBalanceUpdate2008**. Be sure to leave the files in **I:\software\12345600\CashBalanceUpdate2007** unchanged. The files to update are in the ▸Files to Update Table.
6. Verify the following required participant-level fields listed in the ▸Cash Balance Table are located in the Access database (for example, 12345600.mdb) and the Listing for YYYY Annual Update (for example, 12345600L1.xls):

   **Notes:**

   a. CBPI is "Y" for participants entitled to a cash balance benefit, otherwise "N." CBUI is "Y" for participants whose benefit includes a cash balance benefit as of DoPT (that is, participants with a cash balance account balance) and have an updated XRD and TERM_MB_XRD for the current update. Beneficiaries of deceased participants not yet in pay status and not cashed out will be calculated with CBUI = N and CBPI = Y.

   b. AUXRD is the same as the valuation XRD if a participant's valuation XRD is on or after the first day of the plan

year during which the updates are being calculated. In this case, AUXRB only needs to be updated to reflect the new interest credit rate(s) and new annuity conversion rates, if applicable.

c. AUXRD is the first day of the plan year during which the updates are taking place if a participant's valuation XRD is on or after the first day of the plan year during which the updates are calculated.

   **Example:** Plan Anniversary is 02/01 and updates are being calculated on 05/12/2007. If the participant's valuation XRD is 12/01/2006, AUXRD will be 02/01/2007. If the participant's valuation XRD is 03/01/2007, the AUXRD will equal XRD.

d. AUXRB is the same as TERM_MB_XRD except:

   i. AUXRB reflects the current cash balance rates, and

   ii. AUXRB will be calculated as of AUXRD, so other benefit components, for example, an updated early retirement factor, benefit form conversion factor, or late retirement factor need to be determined as of AUXRD to determine AUXRB.

7. Send an e-mail to TRMD Services to request the Cash Balance Update in Genesis. Use the following format:

   Please perform the Cash Balance Update for PBGC case number ########.

   The electronic files are in **I:\software\########\CashBalanceUpdateYYYY**.

   These files include:

   - An electronic version of the Cash Balance Software Review Checklist.
   - The ######.mdb database, with CBPI, CBBUI, AUXRD and AUXRB updated and ready to be uploaded to Genesis.

The assigned ▸FBA is [Name, Office].

**TRMD**

8. Upon receipt of the Actuary's request, upload the appropriate cash balance fields by replacing XRD and TERM-MB-XRD (for all participants in the database where CBUI and CPUI are 4) with AUXRD and AUXRB, respectively.
9. Archive the following electronic case files as well as other files as determined by the Actuary. See the list of files in the ▸Files to Archive Table, the PBGC case number is 123456-00 and the current year is 2008. See also TP 16.5 Archive Electronic Files.
10. Inform the Actuary via email that the current Annual Update has been performed.

**Actuary**

11. Verify the current Annual Update works properly on Archives and that benefit recalculations can be run.

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# TP 52.4 Provide Cash Balance Benefit Calculations

**07/01/2016**

| | |
|---|---|
| **Purpose** | To provide benefit calculations to cash balance benefit participants. |
| **Guidance** | Policy 5.12-1 Cash Balance Plans - Valuing and Paying Benefits<br>Policy 5.12-2 Statutory Hybrid Plans–Valuing and Paying Benefits |
| **Procedure Owner** | EBLS/FBA/PBA/PVA |

**In this Section**

TP 52.4A Provide Pre-BDL Estimated Benefit Calculations
TP 52.4B Provide Post-BDL Benefit Calculations

**TP 52.4A Provide Pre-BDL Estimated Benefit Calculations**

**12/22/2016**

This procedure applies to ▸cash balance plans under Policy 5.12-1: Cash Balance Plans-Valuing and Paying Benefits. If the ▸plan is a statutory ▸hybrid plan covered under Policy 5.12-2: Statutory Hybrid Plans—Valuing and Paying Benefits, process the plan as a traditional ▸defined benefit plan (see TP 32 Provide Estimated Benefit Calculations).

**EBLS/FBA/PBA/PVA**

1. Upon receipt of inquiry, verify that the plan's status is estimated. If the plan is final, see TP 52.4B Post-BDL Benefit Calculations.
2. Determine if the customer is affected by the Uniformed Services Employment and Reemployment Rights Act of 1994 (▸USERRA) (see TP 62 USERRA Benefits). If so, also include appropriate language in the benefit estimate letter.
3. Run the calculations using the appropriate cash balance update program provided by the ▸actuary. If the rates that will be in effect on the ▸Annuity Starting Date (ASD) are not yet available, issue the estimate using the most current update program.
4. Ensure the plan-specific FAQs are available in ▸eALG. Each plan has two FAQ attachments. If the appropriate FAQ attachment is not available, contact the plan actuary. Do not proceed without the plan-specific FAQ.
5. Send *eALG 305CB Response to Inquiry for Annuity Benefit Estimate - Cash Balance* with Annuity FAQ, and *Form 700 Participant Application for Pension Benefits*, if requested.
6. Upon receipt of the application, see TP 52.5 Pay Cash Balance Annuities or TP 52.6 Pay Cash Balance Lump Sums.

**TP 52.4B Provide Post-BDL Benefit Calculations**

**12/22/2016**

This procedure applies to ▸cash balance plans under Policy 5.12-1: Cash Balance Plans-Valuing and Paying Benefits. If the ▸plan is a statutory ▸hybrid plan covered under Policy 5.12-2: Statutory Hybrid Plans—Valuing and Paying Benefits, process the plan as a traditional ▸defined benefit plan.

**EBLS/FBA/PBA/PVA**

1. Upon receipt of inquiry, verify whether the plan's status is final or estimated. If the plan is estimated, see TP 52.4A Pre-BDL Estimated Benefit Calculations.
2. Proceed according to whether the ▸participant's request is for information only or the participant is ready to apply for ▸benefits now and go into pay status.
   a. **Participant requests an information-only estimate without a specific Annuity Starting Date:**
      i. Run the calculations using the appropriate cash balance update program provided by the ▸actuary.
      ii. Ensure the plan-specific FAQs are available in ▸eALG. Each plan has two FAQ attachments. If the appropriate FAQ attachment is not available, contact the plan actuary. **Do not proceed without the plan-specific FAQ.**
      iii. Issue the estimated benefit calculation, using the appropriate cash balance eALG letter and FAQ attachment according to what the participant is entitled to. Note that these letters are for benefit calculations without a particular ▸Annuity Starting Date.
         - **If eligible for an annuity with Early Retirement Benefit Payable** - Send *eALG 585CB Deferred Vested Annuity – Cash Balance* with *Annuity FAQ*.
         - **If eligible for an annuity with Normal Retirement Benefit Payable** - Send *eALG 585CB Deferred Vested Annuity – Cash Balance* with *Annuity FAQ*.
         - **If eligible for a lump sum** - Send *eALG 585LCB Response to Inquiry for Lump-Sum Estimate w/Annuity Option – Lump Sum* with *Lump Sum FAQ* and *Form 720 Application for Lump-Sum Payment* if the lump-sum amount is less than $5,000, or *Form 703 Application for Elective Lump-Sum Payment* if $5,000 or greater and spousal consent is required. (In a cash balance plan, a participant may receive a lump sum if the present value or the account balance at DOPT is $5000 or less.)
   b. **Participant is ready to go into pay status OR requests an information-only estimate with a specific Annuity Starting Date:**
      i. Run the calculations using the appropriate cash balance update program provided by the actuary. If the rates that will be in effect on the Annuity Starting Date (ASD) are not yet available, issue the estimate using the most current update program.
      ii. Ensure the plan-specific FAQs are available in eALG. Each plan has two FAQ attachments. If the appropriate FAQ attachment is not available, contact the plan actuary. **Do not proceed without the plan-specific FAQ.**
      iii. Send *eALG 584CB Response to Inquiry for a Benefit Estimate – Annuity Starting Date – Cash Balance*, *Annuity FAQ*, and *Form 700 Participant Application for Pension Benefits*.
      iv. Upon receipt of the Benefit Application Package (▸BAP), see TP 52.5 Pay Cash Balance Annuities or TP 52.6 Pay Cash Balance Lump Sums.

# TP 52.5 Pay Cash Balance Annuities

**07/01/2016**

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|---|---|
| **Purpose** | To process an application for cash balance annuity benefit payments. |
| **Guidance** | Policy 5.12-1 Cash Balance Plans - Valuing and Paying Benefits<br>Policy 5.12-2 Statutory Hybrid Plans–Valuing and Paying Benefits |
| **Procedure Owner** | EBLS/FBA/PBA/PVA |

**In this Section**

TP 52.5A Pay Estimated Cash Balance Annuities
TP 52.5B Pay Final Cash Balance Annuities

**TP 52.5A Pay Estimated Cash Balance Annuities**

**07/01/2016**

This procedure applies to ▸cash balance plans under Policy 5.12-1: Cash Balance Plans-Valuing and Paying Benefits. If the ▸plan is a statutory ▸hybrid plan covered under Policy 5.12-2: Statutory Hybrid Plans—Valuing and Paying Benefits, process the payment the same as for a traditional ▸defined benefit plan (see TP 20 Benefit Payments).

**EBLS/FBA/PBA/PVA**

1. Upon receipt of an application for ▸annuity ▸benefits, verify the ▸participant is entitled and eligible to go into pay status now. If the participant is not eligible, call the participant and create a ▸CRM record or send an ▸eALG letter of explanation.
2. Ensure the participant has received a benefit estimate reflecting the ▸Annuity Starting Date (ASD). If not, issue the estimate using the most current update program. See TP 52.4 Provide Cash Balance Benefit Calculations.
3. Verify the application on file is complete. See TP 20.3 Process Applications for Annuity Benefits.
4. Proceed based on whether the cash balance rates used in the estimate provided the participant were fixed or variable (or a combination). A cash balance plan may require up to three rates to calculate benefits (as explained in TP 52.3 Update Cash Balance Program). If any rate used in the estimate was not current as of ASD, a recalculation is required. Contact the case ▸actuary with any questions.
   a. **Estimate was prepared using only fixed OR variable rates current as of the Annuity Starting Date:**
      i. Put the participant into pay status in ▸Spectrum based on the updated benefit estimate with a special check for back payments, as needed (see TP 20.3 Process Applications for Annuity Benefits).
      ii. Confirm authorization of payment(s).
      iii. Issue *eALG 301CB Estimated Benefit, New Payee, No Retroactive Payments – Cash Balance* with *Annuity FAQ,* or *eALG 302CB Estimated Benefit, New Payee, Retroactive Payments – Cash Balance* with *Annuity FAQ*, confirming the date and amount of benefit.
   b. **Estimate was prepared using at least one variable rate not current as of the Annuity Starting Date, AND the rates current as of ASD are now available:**
      i. Run a new estimated benefit calculation.
      ii. Put the participant into pay status in Spectrum based on the updated benefit estimate with a special check for back payments, as needed (see TP 20.3 Process Applications for Annuity Benefits).
      iii. Confirm authorization of payment(s).
      iv. Issue an updated ▸benefit statement with *eALG 301CB Estimated Benefit, New Payee, No Retroactive Payments – Cash Balance* with *Annuity FAQ*, or *eALG 302CB Estimated Benefit, New Payee, Retroactive Payments – Cash Balance* with *Annuity FAQ*, confirming the updated benefit amount.
   c. **Estimate was prepared using at least one variable rate not current as of the Annuity Starting Date, AND the rate(s) current as of the Annuity Starting Date are still not available:**
      i. Put the participant into pay status in Spectrum based on the most current update program with a special check for back payments, as needed (see TP 20.3 Process Applications for Annuity Benefits).
      ii. Confirm authorization of payment(s).
      iii. Issue the *eALG 301CB Estimated Benefit, New Payee, No Retroactive Payments – Cash Balance* with *Annuity FAQ*, or *eALG 302CB Estimated Benefit, New Payee, Retroactive Payments – Cash Balance* with *Annuity FAQ*, confirming the date and amount of benefit.
      iv. Once the required rates are available, run a new estimated benefit calculation with these updated rates;
      v. Adjust the benefit in Spectrum, and notify the participant as needed:
         - **If no adjustments are required:**
           - Image the revised benefit statement onto ▸IPS.
           - Take no further action.
         - **If the revised benefit estimate amount is less than the initial estimate:**

- Adjust benefit to the correct amount.
- Issue the revised benefit statement with *eALG 300CB Estimated Benefit, Pay Status retiree – Adjustment to Current Amount – Cash Balance* with *Annuity FAQ*, or *eALG 300NBPCB Estimated Benefit, Pay Status retiree – Adjustment to Current Amount (No Backpayment – Less Than $1.00) – Cash Balance* with *Annuity FAQ*.

- **If the revised benefit estimate is greater than the initial estimate:**
  - Adjust benefit to the correct amount.
  - Issue a special check with interest (see TP 20.3 Process Applications for Annuity Benefits).
  - Send *eALG 300CB Estimated Benefit, Pay Status Retiree – Adjustment to Current Amount – Cash Balance* with *Annuity FAQ*.

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**TP 52.5B Pay Final Cash Balance Annuities**

**07/01/2016**

This procedure applies to ▸cash balance plans under Policy 5.12-1: Cash Balance Plans-Valuing and Paying Benefits. If the ▸plan is a statutory ▸hybrid plan covered under Policy 5.12-2: Statutory Hybrid Plans—Valuing and Paying Benefits, process the payment the same as for a traditional ▸defined benefit plan (see TP 20 Benefit Payments).

**EBLS/FBA/PBA/PVA**

1. Upon receipt of an application for ▸annuity ▸benefits, verify the ▸participant is entitled and eligible to go into pay status now. If participant is not eligible, call the participant and create a ▸CRM record or send an ▸eALG letter of explanation.
2. Ensure the participant has received a benefit estimate reflecting the ▸Annuity Starting Date (ASD). If not, issue the estimate using the most current update program. See TP 52.4 Provide Cash Balance Benefit Calculations.
3. Verify the application on file is complete. See TP 20.3 Process Applications for Annuity Benefits.
4. Proceed based on whether the cash balance rates used in the estimate provided the participant were fixed or variable (or a combination). A cash balance plan may require up to three rates to calculate benefits (as explained in TP 52.3 Update Cash Balance Program). If any rate used in the estimate was not current as of ASD, a recalculation is required. Contact the case ▸actuary with any questions.
   a. **Estimate was prepared using only fixed OR variable rates current as of the Annuity Starting Date:**
      i. Put the participant into pay status in ▸Spectrum based on the updated ▸benefit statement with a special check for back payments, as needed (see TP 20.3 Process Applications for Annuity Benefits).
      ii. Confirm authorization of payment(s).
      iii. Issue *eALG 500 Retirement Eligibility Letter*, or *eALG 501 PBGC Benefit, New Pay Status - No Retroactive Payments,* confirming the date and amount of benefit.
   b. **Estimate was prepared using at least one variable rate not current as of the Annuity Starting Date, AND rate(s) current as of ASD is/are now available:**
      i. Run a new benefit calculation.
      ii. Put the participant into pay status in Spectrum based on the updated benefit statement with a special check for back payments, as needed (see TP 20.3 Process Applications for Annuity Benefits);
      iii. Confirm authorization of payment(s).
      iv. Issue an updated benefit statement with *eALG 500 Retirement Eligibility Letter* or *eALG 501 PBGC Benefit, New Pay Status - No Retroactive Payments,* confirming the updated benefit amount.
   c. **Estimate was prepared using at least one variable rate not current as of the Annuity Starting Date, AND the rate(s) current as of ASD are still not available:**
      i. Put the participant into pay status in Spectrum based on the estimate provided with a special check for back payments, as needed (see TP 20.3 Process Applications for Annuity Benefits).
      ii. Confirm authorization of payment(s).
      iii. Issue the *eALG 580CB New Payee, No Retroactive Payments – Cash Balance (unknown rates)* or *eALG 581CB New Payee, Retroactive Payments – Cash Balance (unknown rates),* confirming the date and amount of benefit.
      iv. Once the required rates are available, run a new benefit calculation with these updated rates;
      v. Adjust the benefit in Spectrum and notify the participant as needed:
         - **If no adjustments are required:**
           - Image the revised benefit statement onto ▸IPS.
           - Issue the *eALG 583CB Final Benefit, Pay Status Retiree – Confirmation of Correct Amount – Cash Balance (known rates)*.
         - **If the final benefit calculation reveals a net underpayment:**
           - Adjust benefit to the correct amount.

- Issue a special check with interest (see TP 20.3 Process Applications for Annuity Benefits).
- Send *eALG 582CB Final Benefit, Pay Status Retiree - Adjustment to Correct Amount – Cash Balance (known rates)*.

- **If the final benefit calculation reveals a net overpayment:**
  - Follow procedures for recoupment of the current benefit (see TP 7 Recoupment and Administrative Correction).
  - Send eALG *582CB Final Benefit, Pay Status Retiree – Adjustment to Current Amount – Cash Balance (known rates)*, or *eALG 582NBPCB Final Benefit, Pay Status Retiree – Adjustment to Current Amount (No Backpayment – Less Than $1.00) – Cash Balance (known rates)*.

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## TP 52.6 Pay Cash Balance Lump Sums

**07/01/2016**

| | |
|---|---|
| **Purpose** | To process applications for lump sum payments to cash balance participants. |
| **Guidance** | eALG Correspondence Help<br>Policy 5.12-1 Cash Balance Plans–Valuing and Paying Benefits<br>Policy 5.12-2 Statutory Hybrid Plans–Valuing and Paying Benefits |
| **Procedure Owner** | EBLS/FBA/PBA/PVA |

This procedure applies to ▸cash balance plans under Policy 5.12-1 Cash Balance Plans-Valuing and Paying Benefits and, in rare circumstances, to statutory ▸hybrid plans. If the ▸plan is a statutory hybrid plan covered under Policy 5.12-2 Statutory Hybrid Plans–Valuing and Paying Benefits, **and** if *de minimis* ▸lump sums are equal to the account balance at the date of plan termination (▸DOPT), process the plan as a traditional ▸defined benefit plan (see TP 20 Benefit Payments).

1. Upon notification that a ▸participant is ready to receive a ▸lump-sum benefit, verify the participant is eligible to receive a ▸lump-sum payment. The participant is eligible if the
   - Lump sum present value is $5,000 or less; *or*
   - Account balance at DOPT is $5,000 or less.

   The participant receives the larger of the two amounts for cash balance plans under Policy 5.12-1 Cash Balance Plans-Valuing and Paying Benefits. For example, if the lump sum present value is $4,725 and the account balance at DOPT is $5,775, the participant receives a lump sum amount of $5,775, plus interest.
2. Verify the participant has received an estimated ▸benefit statement. See TP 52.4 Provide Cash Balance Benefit Calculations and TP 52.2 Issue Cash Balance BDLs.
3. Verify the participant has completed the appropriate application based on the amount of the lump sum and that the application is on file. See TP 20.4 Process Lump-Sum Applications.
   - If the lump sum is $5,000 or less, *Form 720 Application for Lump-Sum Payment* is required.
   - If the lump sum is greater than $5,000, and participant is married, *Form 703 Application for Elective Lump-Sum Payment,* is required with spousal consent. Verify spouse's signature is properly notarized.
4. Issue the appropriate ▸eALG letter notifying the participant of the status of the application (see TP 20 Benefit Payments).
5. Initiate the lump-sum payment with interest in ▸Spectrum. If the payment will be rolled over to a ▸Roth IRA account, contact ▸BPD for assistance to ensure the payment is set up correctly in Spectrum so appropriate Federal income tax is withheld.
6. Upon authorization of the transaction in Spectrum, issue the appropriate eALG letter confirming the amount and date of the payment.

## TP 52.7 Resources for Cash Balance and Other Statutory Hybrid Plans

**09/30/2016**

**Forms, Letters, and Memos:**

*Cash Balance FAQ Template*

**Customer Correspondence and Forms:**

- *eALG 300CB Estimated Benefit, Pay Status Retiree – Adjustment to Current Amount – Cash Balance*
- *eALG 300NBPCB Estimated Benefit, Pay Status Retiree – Adjustment to Current Amount (No Backpayment – Less Than $1.00) – Cash Balance*
- *eALG 301CB Estimated Benefit, New Payee No Retroactive Payments – Cash Balance*
- *eALG 302CB Estimated Benefit, New Payee, Retroactive Payments – Cash Balance*
- *eALG 302LBRCB Estimated Benefit, New Payee, Retroactive Large Backpayments – Cash Balance*
- *eALG 305CB Response to Inquiry for Annuity Benefit Estimate – Cash Balance*
- *eALG 400CB Pre-DOPT Retiree/Beneficiary – Cash Balance*
- *eALG 401CB Post-DOPT Retiree/Beneficiary – Cash Balance*
- *eALG 401LCB Post-DOPT Lump-Sum Payment by PBGC – Cash Balance*
- *eALG 402CB Underpayment (backpayment w/interest) – Cash Balance*
- *eALG 402LCB Lump-Sum Underpayment with Interest – Cash Balance*
- *eALG 402LBRCB Underpayment (large backpayment w/interest – rollover) – Cash Balance*
- *eALG 402NBPCB Underpayment (no backpayment – less than $1.00) – Cash Balance*
- *eALG 403CB Overpayment – Recoupment – Cash Balance*
- *eALG 403LCB Overpayment – Recovery – Cash Balance*
- *eALG 404CB Deferred Vested Participant – Cash Balance*
- *eALG 404LCB Deferred Vested Lump Sum - $5,000 or Less with Choice of Annuity – Cash Balance*
- *eALG 500 Retirement Eligibility Letter*
- *eALG 501 PBGC Benefit, New Pay Status - No Retroactive Payments*
- *eALG 580CB New Payee, No Retroactive Payments – Cash Balance (unknown rates)*
- *eALG 581CB New Payee, Retroactive Payments – Cash Balance (unknown rates)*
- *eALG 582CB Final Benefit, Pay Status Retiree – Adjustment to Correct Amount – Cash Balance (known rates)*
- *eALG 582NPBCB Final Benefit, Pay Status Retiree – Adjustment to Correct Amount – Cash Balance (known rates)*
- *eALG 583CB Final Benefit, Pay Status Retiree – Confirmation of Current Amount – Cash Balance (known rates)*
- *eALG 584CB Response to Inquiry for a Benefit Estimate – Annuity Starting Date – Cash Balance*
- *eALG 585CB Deferred Vested Annuity – Cash Balance*
- *Form 700 Participant Application for Pension Benefits*
- *Form 703 Application for Elective Lump-Sum Payment*

- *Form 720 Application for Lump-Sum Payment*

**Guidance:**

- *Policy 5.12-1 Cash Balance Plans-Valuing and Paying Benefits*
- *Policy 5.12-2 Statutory Hybrid Plans–Valuing and Paying Benefits*

**Exhibits:**

*None*

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# TP 53 Working Retirement Determinations

**In this Section**

TP 53. Overview for Working Retirement Determinations
TP 53.1 Prepare a Working Retirement Determination
TP 53.2 Determine Participant Eligibility for Working Retirement Benefits
TP 53.3 Act on Re-employment of Payee
TP 53.4 Resources for Working Retirement Determinations

## TP 53. Overview for Working Retirement Determinations

**07/01/2016**

Participants in plans trusteed by PBGC sometimes want to receive early retirement benefits and continue to work for the employer who sponsored the plan (the "▸DOPT employer"). The ▸Internal Revenue Code (IRC) and Department of Labor regulations prescribe the rules under which a qualified plan may pay in-service distribution. Pension plans generally cannot pay in-service distributions (that is, working retirement benefits) to participants who work for the plan sponsor. Policy 5.2-2 Working Retirement is derived from those rules and PBGC regulations.

The policy describes the rules PBGC follows in determining if pension benefits can be paid to participants who work for the DOPT employer. The DOPT employer may be the employer that sponsored the plan, a member of the plan sponsor's controlled group (also known as an affiliated employer), or a purchasing employer (also known as a successor employer) that is treated as the DOPT employer under plan provisions. Generally, a participant must permanently leave employment with the DOPT employer to receive early retirement benefits. In addition the policy addresses certain business transactions that may result in a change in the DOPT employer and if pension benefits are payable as a result of such transactions. The suspension of benefits after reemployment and resumption of payments after work has again ceased are also covered in the policy. Policy 5.2-2 also provides exceptions that must be considered in determining if pension benefits can be paid to working participants:

- **Age 62 Exception:** Beginning January 1, 2006, pension plans may amend to provide working retirement benefits to participants as early as age 62. PBGC will pay working retirement benefits if a plan amended prior to DOPT to provide such benefits; however, before making payment under such a plan amendment, contact Ask PPD for guidance.
- **Lump-sum Payments:** A participant who is otherwise eligible for a de minimis lump sum may be paid the lump sum regardless of work for the DOPT employer.
- **Normal Retirement Benefits:** Regardless of plan provisions to the contrary, normal retirement benefits may be paid to a working retiree beginning on or after the participant's normal retirement date (as defined under the plan) and in accordance with Policy 5.2-4 Annuity Starting Dates.
- **Return of Employee Contributions:** A participant who is otherwise eligible for a return of his or her ▸EEC may receive the EEC sum regardless of work for the DOPT employer.

**Unreduced Early Retirement Benefits (UERB):** UERB are not treated the same as normal retirement benefits for working retirement purposes; UERB may not be paid while a participant continues working for the DOPT employer.

**Shutdown Benefits:** This procedure does not address payment of shutdown benefits as the requirements are substantially different than those that apply to payment of working retirement benefits. Refer to the policy for additional guidance. Note that shutdown benefits or unpredictable contingent event benefits (▸UCEB) from plans that terminated after July 26, 2005 may be subject to phase-in. In addition, shutdown benefits may not be payable from plans that terminated after December 31, 2007 and did not meet specific funding targets. Contact Ask PPD about payment of shutdown benefits or UCEB from any plan that terminates after July 26, 2005.

# TP 53.1 Prepare a Working Retirement Determination

**07/01/2016**

| | |
|---|---|
| **Purpose** | To determine whether participants may receive early retirement benefits while continuing work for a particular DOPT employer. |
| **Timing** | Target completion and imaging of the Working Retirement Determination for within three months of the Date of Trusteeship (DOTR). Complete and image the WRD to the plan file no later than six months after DOTR. |
| **Guidance** | Policy 5.2-2 Working Retirement<br>*Working Retirement Determination Desk Reference* |
| **Procedure Owner** | Auditor, DMD/DCB |

**In this Section**

TP 53.1A Prepare a Working Retirement Determination
TP 53.1B Questions and Answers on Working Retirement Determinations

**TP 53.1A Prepare a Working Retirement Determination**

**07/01/2016**

A working retirement determination (WRD) is a formal determination about whether ▸participants in a plan can work for the employer who sponsored the plan (the "▸DOPT employer"), a member of the ▸plan sponsor's controlled group, or a purchasing employer and receive early retirement benefits.

A sample *Working Retirement Determination Form* and other examples are available in the *Working Retirement Determination Desk Reference Guide*. For additional guidance, see TP 53.1B Questions and Answers on Working Retirement Determinations. Note that, for purposes of this procedure:

- The Plan Sponsor is the specific company or employer that sponsored the pension plan.
- The DOPT employer is the specific or immediate employer(s) for whom participants covered by the plan worked.
- The Plan Sponsor and DOPT employer usually are the same; however, in some situations they may be different.
- An operating DOPT employer, member of the Plan Sponsor's ▸controlled group, or purchasing employer continues production, manufacturing, or providing services and employs or may employ plan participants. Members of the controlled group or a purchasing employer may or may not perform work that is similar or related to the work performed by the DOPT employer.

**Auditor**

1. For all new plans, target completion and imaging of the Working Retirement Determination for within three months of the date of trusteeship (▸DOTR). Complete and image the WRD no later than six months after DOTR.
2. Obtain and review available information needed to make the determination, such as:
   - Trusteeship Agreement & Certification, Trusteeship Working Group (▸TWG) memo, TWG transmittal and related documentation
   - Information related to the Plan Sponsor's controlled group and net worth
   - Asset purchase or sales agreement
   - Bankruptcy documentation: Including petitions, court orders (for example, Order Approving Stipulation Agreement between Debtors and the PBGC), reorganization or liquidation plans, etc.
   - Correspondence with plan sponsors, trustees or administrators, representatives (for example, attorneys), or other parties
   - PBGC News Clips or PBGC Web page information
   - Plan documents, including collective bargaining agreements, union letters of agreement, or similar documents
   - Reportable Event Information List or Letter
   - Other relevant documentation or information.

   Occasionally, additional research may be needed to make the determination. Research may include contacting the DOPT employer, plan sponsor, former administrator or trustee, a purchasing entity or other related parties, and searching the Internet for recent business information about the employer and/or plan sponsor (consider searching for the name(s) on the Internet or using sites such as Dun & Bradstreet, OneSource.com, and Zoominfo.com). Document all contacts and findings in writing and image with the work papers or attach to the WRD.
3. Use the *Working Retirement Determination Form* to document and make the determination. Follow the instructions on the form. Complete the header and each section following its specific instructions.
4. Attach to the form any referenced documentation, including phone contacts or print-outs from the Internet, which has not already been imaged to the plan file.
5. Obtain Supervisory Auditor concurrence.
6. Image the completed *Working Retirement Determination Form* into the Plan-Wide Determinations section of the plan file. (See TP 16 Plan and Participant File Maintenance.)
7. Notify the Case Team of the results of the WRD and ensure that all members of the Case Team, including Employee Benefit Law Specialist (▸EBLS)/Field Benefit Administrator (▸FBA)/Pension Benefit Administrator (▸PBA), get a copy of the determination.
8. Contact Ask PPD with any questions or if assistance is needed.

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**TP 53.1B Questions and Answers on Working Retirement Determinations**

**07/01/2016**

**Auditor**

**Q1. What is a working retirement determination?**

A working retirement determination (WRD) is a formal determination about whether participants in a plan can work for the employer who sponsored the plan (the "DOPT employer"), a member of the plan sponsor's controlled group or a purchasing employer and receive early retirement benefits.

Under Policy 5.2-2 Working Retirement, the DOPT employer is defined as "the employer that sponsored the pension plan as of DOPT. The DOPT employer includes any member of the plan sponsor's controlled group, as determined by PBGC, even if plan provisions do not include the controlled group in its definition of the employer." However, in these procedures:

- The DOPT employer is the specific or immediate employer(s) for whom participants covered by the plan worked.
- The plan sponsor is the specific company or employer that sponsored the pension plan.
- The plan sponsor and DOPT employer usually are the same; however, in some situations may be different.
- The DOPT Employer, a member of the plan sponsor's controlled group or a purchasing employer is an operating employer if it continues production, manufacturing or providing services and employs or may employ plan participants. A member of the plan sponsor's controlled group or purchasing employer may or may not perform work that is similar or related to the work performed by the DOPT Employer.

**Q2. Who makes the working retirement determination?**

The auditor assigned to the plan usually makes the initial WRD. If a WRD is needed after the plan has been transferred to plan closing, request ▶DMD management to assign an auditor, preferably the one who was originally assigned to the case to make the determination.

**Q3. Why is a working retirement determination needed?**

As discussed in the Overview, federal statutes and regulations limit the situations in which working retirement benefits can be paid. Under Policy 5.2-2 Working Retirement, PBGC generally cannot pay early retirement benefits to participants who continue to work for the DOPT employer. PBGC must determine if the limitations on paying early retirement benefits in the policy apply.

As of DOPT, the DOPT employer is assumed to continue to operate. Early retirement benefits cannot be paid to participants who work for the DOPT employer until PBGC determines otherwise. PBGC must determine if an event has occurred that allows for the payment of early retirement benefits to working retirees, or as a result of the event, the limitations in the policy no longer apply.

**Q4. When should a working retirement determination be done?**

A WRD is required for all plans trusteed after March 31, 2007. The initial WRD should be targeted for completion and imaging within three months of the date of trusteeship (DOTR), and must be completed and imaged within six months of DOTR. Working retirement issues usually arise early in plan processing, but can also arise at any time during benefits administration, for example, as a result of bankruptcy proceedings or subsequent business transactions. The event(s) that raise the issue may be before (in some cases many years before) or after DOPT. A WRD is needed for any plan (regardless of date of trusteeship) in which a working retirement issue is identified. Multiple WRDs may be needed during administration of the plan.

**Q5. What is a working retirement issue?**

Working retirement issues primarily arise when an event takes place that potentially allows for the payment of early

retirement benefits to working retirees or the limitations in Policy 5.2-2 Working Retirement no longer apply as a result of the event. Events that raise a working retirement issue primarily include:

1. **DOPT employer permanently ceases operations:** The limitation in Policy 5.2-2 may not apply if the DOPT employer **permanently** ceases operations and a change in the DOPT employer does not result from a sale of the DOPT employer's assets. Operations generally are deemed to have permanently ceased:
   - After the cessation of significantly all of the employer's operations, and
   - The employer, plan sponsor, and employees reasonably do not or cannot expect operations will resume. In some situations the cessation is obvious, for example, the facility has been destroyed or rendered useless. In others, an evaluation of the facts and circumstances may be needed to establish that the cessation is permanent.

   Participants employed by the employer are generally deemed to have permanently left the employment of the DOPT employer as of the cessation date:

   - Maintenance, security or administrative employees who continue to work after the cessation of operations are not deemed to have terminated employment (unless for example, hired by the bankruptcy trustee).
   - If the employer operates multiple facilities, operations at each facility may have to be addressed as one or more of the facilities may permanently cease operations while others continue to operate. Participants who worked at the closed facility may be able to get early retirement benefits while participants who work at the facilities that continue to operate cannot. If the participant from the facility that has ceased operations, transfers to or goes to work for the facility that continues to operate, early retirement benefits cannot be paid to him or her.
   - Temporary shutdowns, layoffs, or furloughs, even when extended, should not be considered as the permanent cessation of operations.
2. **Sale of the DOPT employer's assets:** If all or part of the **operating** assets of the DOPT employer are sold to an unrelated entity (that is, not a member of the plan sponsor's controlled group), participants are generally deemed to have permanently left the employment of the DOPT employer as of the sale date even if they continue working for the purchaser, unless the plan provides otherwise, as described in 3 below.

   Operating assets are assets such as real estate, buildings, furniture, equipment, machinery, inventory, intellectual property (for example, recipe for brewing beer, a brand name, product designs, etc.), account receivables, and similar types of assets that allow for the continuation or resumption of operations.

   If the DOPT employer owned multiple facilities, and sold some but not all of its facilities, participants who work for the purchasing employer may be able to get early retirement benefits while those who continue work at facilities retained by the DOPT employer cannot. In addition, if some but not all of the assets are sold, or the assets are sold piecemeal to multiple purchasers, operations may not reasonably be expected to resume or continue. In some situations a facts and circumstances determination may be needed.

   Sale or Transfer of DOPT employer's stock: A sale or transfer of the DOPT employer's stock does not result in a change in the DOPT employer nor allow for the payment of early retirement benefits to participants who are working for the DOPT employer.
3. **Plan provisions:** If plan provisions specifically: 1) require participants to terminate employment with a purchasing employer in order to receive pension benefits, and/or 2) treat participants who work for a purchasing employer as if they were working for the DOPT employer, then early retirement benefits are not payable to those working participants.
4. **Other transactions:** Other transactions, in which it may not be obvious, may result in a change in the DOPT employer. Such transactions for example, may include mergers or the formation of joint ventures or limited partnerships. It may not be clear if assets and/or stock have been sold, transferred or exchanged. A facts and circumstances determination may be needed to establish if the resulting entity is or continues to be a member of the DOPT employer's or plan sponsor's controlled group. Assistance from Ask PPD should be requested in making these facts and circumstances determinations.

**Q6. What if:**

1. **The DOPT employer has multiple facilities and some no longer operate while others continue to operate?**

   If the DOPT employer had multiple facilities and some no longer operate while others do, the WRD should address operations at each facility. Alternatives are to do separate WRDs for the facilities that continue to operate and those that don't or to do a WRD for each facility. If more than one WRD is done, cross reference all related WRDs in Section D. Determination of the *Working Retirement Determination Form*.
2. **The DOPT employer sold some but not all of its operating assets or facilities?**

If the DOPT employer sold some but not all of its operating assets or facilities, the WRD should address those that were sold and those that were not. An alternative is to do separate WRDs for the operating assets or facilities that were sold and the remaining assets or faculties, or do a WRD for each facility. Cross reference all related WRDs in Section D. Determination of the Working Retirement Determination Form.

3. **The plan terminated some years ago and I'm unable to obtain some of the information that may be material to the WRD? I haven't been able to locate information about ongoing operations, the continued existence of a controlled group, a sale of assets, and other relevant material in the available documentation or using other resources such as contacts with the employer(s) or plan administrator or the Intranet.**

   If material information cannot be found after a reasonable effort is made (as determined by ▸DCB management), certain assumptions may be made based on the information that is available and as indicated by the lack of other information. Reasonable assumptions are identified in the WRD form. The assumptions err on the side of paying participants timely benefits. Document the reason when any assumptions are used in making the determination. All determinations based on such assumptions must be approved by the Supervisory Auditor.

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# TP 53.2 Determine Participant Eligibility for Working Retirement Benefits

**07/01/2016**

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|---|---|
| **Purpose** | To determine the eligibility of a participant who continues to work to receive ▸early retirement benefits. |
| **Guidance** | Policy 5.2-2 Working Retirement<br><br>Policy 5.4-9 Lump-Sum Benefit Payments |
| **Procedure Owner** | EBLS/FBA/PBA/PVA |

Assuming the participant otherwise meets the requirements for ▸early retirement benefits (ERB), payment of ERB depends on whether the participant is working for the ▸DOPT employer or has permanently left, or expects to permanently leave employment with the DOPT employer before the requested ▸annuity starting date (ASD).

- For plans trusteed on and after April 1, 2007, a ▸working retirement determination (WRD) is documented in the *Working Retirement Determination Form* in the plan file (see TP 53.1 Prepare a Working Retirement Determination). A WRD may have also been done for a plan trusteed before that date if a working retirement issue was identified on or after April 1, 2007.
- For plans trusteed before April 1, 2007, the WRD may be documented in a *Working Retirement Memo* prepared by the plan auditor or the Office of Chief Counsel (OCC). For these plans, if a memo is not in the file, the "general rule" applies: The DOPT employer is presumed to be ongoing and participants cannot be paid ERB while working for the DOPT employer.

Participants who left employment with the DOPT employer due to a temporary layoff, shutdown, furlough, or disability, or who expect to return to that employment, are not considered as having permanently left employment.

Use this procedure to determine a working participant's eligibility for retirement benefits in response to participant inquiries, an application for benefits, or upon learning that a participant is receiving early retirement benefits while working. In the latter case, it may be necessary to suspend his or her benefits (see TP 53.3 Act on Re-employment of Payee).

1. Determine if the participant otherwise meets the requirements to receive ERB or normal (or late) retirement benefits.
   - **Normal (or Late) Retirement Benefits:** The participant may receive benefits regardless of employment status on and after the participant's ▸normal retirement date (NRD). The participant's file does not require any special documentation or determination. Note that this provision does not apply to unreduced early retirement benefits (UERB).
   - **Early Retirement Benefits (including Unreduced Early Retirement Benefits):** Continue to the next step.
2. Determine whether any of the following apply and proceed accordingly:
   - **Age 62 Exception:** Beginning January 1, 2006, pension plans may amend to provide working retirement benefits to participants as early as age 62. PBGC will pay working retirement benefits if a plan amended, prior to ▸DOPT, to provide such benefits; however, before making payments under such a plan amendment, contact Ask PPD for guidance.
   - **Lump-sum Payments:** If a participant is due a ▸*de minimis* lump-sum or residual lump-sum distribution for which he or she is otherwise eligible, the benefit is payable regardless of the participant's employment status. However, this exception does not apply if the participant chooses to receive annuity payments in lieu of the lump sum as provided under Policy 5.4-9 Lump-Sum Benefit Payments.
   - **Return of Employee Contributions:** If the participant is due and elects a return of ▸EEC, as provided under Policy 5.11-1 Calculation and Payment of Priority Category 2 Benefits in PBGC Trusteed Plans, the return is payable regardless of the participant's employment status.

     If none of the above applies, proceed to the next step.
3. Review the *Working Retirement Determination* (WRD) and the benefit application or CRM inquiry to determine whether the participant's current employer is the DOPT employer. If a WRD was not done, or a new working retirement issue has been discovered, consider if a new or revised WRD is needed (see TP 53.1 Prepare a Working Retirement Determination).

- If a new or revised WRD is needed, request the auditor to complete one. On receipt of the WRD, proceed with the steps below.
- If a WRD is not needed, assume the general rule in Policy 5.2-2 Working Retirement applies: Participants must permanently leave the employment of the DOPT employer to receive early retirement benefits. Continue to the next step.

4. Proceed according to the participant's current employer.
   - **Non-DOPT Employer:** The participant does not have to leave employment to be paid ERB to which he or she is otherwise eligible. Advise the participant that he or she may receive ERB while continuing to work. Special documentation or determination is not needed in the participant's file. However, keep in mind plan provisions regarding earnings limitations or offsets; see TP 51 Earnings Offsets.
   - **DOPT Employer:** Continue to the next step.
5. Proceed according to the WRD (or general rule; see step 3).
   - **Work Allowed:** If the determination provides that the participant may continue to work for the DOPT employer identified in the WRD (usually a purchasing employer) while receiving ERB, ERB may be paid.
   - **Work Not Allowed:** If the WRD provides that participants must permanently leave the DOPT employer (which may be a purchasing employer) to be paid ERB, or the general rule is assumed to apply, determine when the retiree expects to leave employment. Continue to the next step.
6. Proceed according to whether and when the participant plans to leave employment with the DOPT employer. The participant does not have to leave employment prior to applying for ERB, but must permanently leave employment with the DOPT employer before the ASD in order to be paid ERB.
   - **Participant Does Not Plan to Leave Employment:** Early retirement benefits are not payable because the participant continues or expects to continue to work for the DOPT employer on or after the ASD. To receive benefits, the participant must wait until the sooner of leaving employment or his or her normal retirement date (unless the Age 62 Exception applies). Document the participant file accordingly.
   - **Participant Plans to Leave Employment:** ERB for which the participant is otherwise eligible may be paid. If the participant is applying for benefits:
     a. Pay ERB to which the participant is otherwise eligible effective the later of the elected ASD or the month after the participant permanently leaves employment with the DOPT employer, if the benefit form election and spousal consent (when applicable) are still within 180 days of the ASD.
     b. Do not request proof that the participant has permanently left or will permanently leave employment unless the assertion is questionable; for example, a participant indicates a temporary layoff or furlough and may return to work with the DOPT employer in the future.

        If the assertion is questionable, request that the participant provide proof from the DOPT employer that his or her employment has permanently ended or will permanently end before the ASD. Put the benefit into pay status only after proof is received and imaged into the participant's file.
     c. Follow procedures in TP 20 Benefit Payments. Advise the participant to notify PBGC of any change in his or her plans to terminate employment before the ASD. Document CRM or the participant's file accordingly.

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# TP 53.3 Act on Re-employment of Payee

**07/01/2016**

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| **Purpose** | To determine if benefits must be suspended if a participant is reemployed by the ▸DOPT employer, and adjust benefits, if necessary, after benefits resume. |
| **Guidance** | Policy 5.2-2 Working Retirement |
| **Procedure Owner** | Actuary, EBLS/FBA/PBA/PVA |

### Suspension of Benefits

If PBGC learns that a participant has returned to work (or never left employment) with the ▸DOPT employer after ▸early retirement benefits (ERB) have begun and before the ▸normal retirement age (NRA), or age 62 if the Age 62 Exception is applicable, the benefit may be subject to suspension.

### EBLS/FBA/PBA/PVA

1. Upon learning that a participant who is receiving ERB has returned to work or never left employment, review the *Working Retirement Determination* (WRD) for the plan to determine if participants must have permanently terminated employment with the DOPT employer to receive ERB.
2. If a WRD is not in the plan file,
   a. Consult with the auditor to determine if any ▸working retirement issues have arisen that would require completion of a WRD or a revised WRD. If so, request the auditor to complete an initial or revised WRD (see TP 53.1 Prepare a Working Retirement Determination).
   b. Otherwise, assume that participants must permanently terminate their employment according to the general rule in Policy 5.2-2 Working Retirement.
3. Proceed according to whether work is permitted.
   a. If work is permitted under the WRD, continue to pay the participant and do not continue with this procedure.
   b. If work is not permitted under the WRD or the general rule applies, determine if plan provisions provide for the suspension of benefits after a return to employment.
      i. If the plan specifically provides for continued payment of ERB during a period of re-employment, do not suspend benefits. Prepare a memo to the participant file referencing the specific plan provisions which permit benefits to continue after returning to work with the DOPT employer.
      ii. If the plan does not specifically provide for continued payment of ERB during a period of re-employment, the participant's benefit may need to be suspended. Contact Ask PPD for guidance on notifying the participant.

      Once it is determined that the participant's benefits will be suspended, suspend payments beginning with the first payment that is more than 30 days from the date of the letter notifying him or her of the suspension. Set ▸Spectrum to automatically resume payments as of the earlier of the participant's ▸normal retirement date (NRD) or age 62 if the Age 62 Exception applies. Contact Ask PPD for guidance on the Age 62 Exception. (See Resumption of Benefits, below.)

      **Note** Contact Ask PPD if the participant's initial termination of employment is questionable or does not appear to have been permanent. For example, the participant:
      - returned to work shortly after retirement (for example, within six months of the annuity starting date),
      - alleges he or she was called back to work after a layoff or furlough,
      - returned to work after a period of illness or temporary disability, or
      - otherwise returned to work under similar circumstances.

      Plan provisions generally will establish criteria for determining if a termination of employment is permanent. Typically at least six months must pass between the dates the employee leaves and returns to employment. If the plan does not provide these criteria and the participant returns to employment within six months after leaving

employment, treat the participant as not having permanently left employment.

4. Document the determination to suspend benefits in the *Working Retirement Benefit Suspension Memo*. Image the memo to the participant's file.

**Resumption of Benefits**

**EBLS/FBA/PBA/PVA**

1. Resume payments at the earliest of the following conditions:
   - The participant permanently leaves employment with the DOPT employer. Payments are due beginning the month after employment terminates.
   - The participant attains his or her NRA during re-employment. Payments are due as of the NRD.
   - The participant attains age 62 during re-employment and the Age 62 Exception applies, with ▸PPD concurrence. Payments are due beginning the month after the participant attains age 62.
2. Resume payments as soon as practicable at the pre-suspension amount; however, do not make any back payments before completing the rest of this procedure. Note that payments may have already resumed if previously coded in Spectrum due to the participant attaining NRA or age 62 and the Age 62 Exception applies.
3. Determine if the benefit amount must be adjusted to preserve the actuarially equivalent value of the participant's normal retirement benefit, taking into account payments made before the suspension date.
   - If the benefit in pay prior to suspension was an unreduced (that is, fully subsidized) benefit (for example, an unreduced early retirement benefit) an adjustment is not needed. The value of the early retirement benefit will be equal to or greater than the value of the normal retirement benefit. Continue to step 6.
   - Otherwise, or if in doubt, request the actuary to determine if the resumption of payments without a change in amount will result in total benefit payments that have a value less than the value of the ▸Title IV benefit that would be payable at NRA.

**Actuary**

4. Calculate the benefit that the participant would have received if he or she had actually retired on the date payments resume, in the elected benefit form. This benefit will be reduced by an annuity amount that is equivalent, using plan factors, to the benefit paid before the suspension.
   - If the resulting benefit is larger than the benefit being paid before the suspension, inform the ▸EBLS/▸FBA/▸PBA/▸PVA of the amount of the adjusted benefit.
   - If not, tell the EBLS/FBA/PBA/PVA to resume payments at the amount being paid when the benefit was suspended. (The benefit will not be adjusted if it is less than the amount of the benefit before the suspension.)

   See *Examples of Benefit Suspension and Adjustment* for more detail on determining the need to adjust the benefit and the amount of the adjusted benefit.

**EBLS/FBA/PBA/PVA**

5. Adjust payments if necessary, as determined by the actuary.
6. Calculate net overpayments or underpayments.
   - If net overpayments were made to the participant due to delayed suspension, contact Ask PPD for guidance. Overpayments may be subject to recoupment by a 25% offset.
   - If net underpayments are owed to the participant, pay as soon as practicable with applicable interest (see Policy 6.3-1 Underpayment Reimbursement and Interest Payments).
7. Send the payee an eALG Generic Letter notifying him or her of the resumption of benefits and any adjustments or recoupment.

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## TP 53.4 Resources for Working Retirement Determinations

**09/30/2016**

**Forms, Letters, and Memos:**

- *Examples of Benefit Suspension and Adjustment*
- *Working Retirement Benefit Suspension Memo*
- *Working Retirement Determination Desk Reference Guide*
- *Working Retirement Determination Form*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

- *Policy 5.2-2 Working Retirement*
- *Policy 5.4-9 Lump-Sum Benefit Payments*
- *Working Retirement Determination Desk Reference*

**Exhibits:**

*None*

# TP 54 Benefits Erroneously Paid Before Eligibility

**In this Section**

TP 54. Overview for Benefits Erroneously Paid Before Eligibility
TP 54.1 Provide Options to Payees Paid Before Eligible
TP 54.2 Prepare Benefit Calculations for Payee Paid Before Eligible
TP 54.3 Resources for Benefits Erroneously Paid before Eligibility

## TP 54. Overview for Benefits Erroneously Paid Before Eligibility

**07/01/2016**

PBGC may discover that a payee is erroneously receiving benefit payments for which he or she was not eligible at the time payments commenced, but may have become eligible since then or is entitled to a benefit at a future date. In these situations, as directed by Policy 5.2-6 Erroneous Commencement, PBGC offers the payee two options:

- To continue receiving benefits, actuarially adjusted as necessary to reflect the early retirement date.
- To discontinue receiving any further benefits until at a future date when eligible.

The offer is made as soon as practicable upon learning the payee meets these criteria.

PBGC does not offer these options to payees who were placed into pay erroneously in situations where:

- The payee was eligible for *another* benefit at the date he or she was erroneously placed into pay.
- The payee is erroneously receiving an early retirement restricted under a working retirement situation (see TP 53 Working Retirement Determinations).

PBGC has the discretion to choose not to offer a payee choices if, for example, there is evidence of abuse by a prior plan administrator. To apply this discretion, the case team obtains ▸PPD concurrence and documents the decision to the participant's file.

This process of offering a payee a choice may occur with a payee who is still in estimated pay status, is ready to receive a ▸BDL, or has already received a BDL. The following procedures provide guidance for each situation.

### Documenting Plan and Participant Files

When archiving documents or imaging documents to plan or participant files, follow instructions in TP 16 Plan and Participant File Maintenance.

## TP 54.1 Provide Options to Payees Paid Before Eligible

**09/30/2016**

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| **Purpose** | To identify a payee who may be receiving a benefit for which he or she is not yet eligible (or was not when payments began), to offer the payee available options, and to implement the selected option. |
| **Guidance** | Policy 5.2-4 Annuity Starting Dates<br>Policy 5.2-6 Erroneous Commencement<br>Policy 6.4-3 Computation and Netting of Post-DOPT Overpayments and Underpayments<br>Spectrum User Manual |
| **Procedure Owner** | EBLS/FBA/PBA |

1. Discover a payee who appears to be receiving a benefit for which he or she was not eligible at the time payments began (and was not eligible for any other benefits from the plan at the ▸ASD), but has a current or future benefit entitlement. The payee may be in estimated or final pay status, receiving any type of benefit. If this is a working retirement issue, the following steps do not apply; see TP 53 Working Retirement Determinations.
2. Contact the assigned actuary to confirm that the payee began receiving benefits prior to being eligible. If so, request a ▸benefit statement with calculations for the payee's:
   - ▸Actual Retirement Date (the date the current benefit started).
   - Earliest Retirement Date (beginning on or after the earliest allowable annuity starting date under Policy 5.2-4 Annuity Starting Dates).
   - Any subsequent earliest unreduced retirement date (EURD).
   - ▸Normal Retirement Date.
3. Prepare the *Benefits Paid Before Eligible Memorandum*, attach the benefit statement prepared by the actuary, and obtain ▸CSD management concurrence before taking further action. If CSD management recommends utilizing the discretion to not offer the payee choices, and ▸PPD concurs, document this decision in the memo. Image the memo with concurrence and the benefit statement to the participant's file.
4. Using the benefit statement, prepare the appropriate letter offering the payee the option to either (1) remain in pay status at an actuarially reduced amount or (2) stop receiving payments until reapplying for benefits to begin on or after the payee's earliest allowable retirement date under Policy 5.2-4 Annuity Starting Dates. Determine the correct letter according to the payee's ▸BDL status:
   - **Payee is in estimated pay status and NOT ready for a BDL:** Prepare an *eALG 300NYE Estimated Benefits - Paid Before Eligible*, customized to include the actuarially reduced monthly benefit amounts for the Actual Retirement Date, and the amounts payable on the optional dates (see step 2).
   - **Payee has received a BDL, or is in estimated pay status and ready for a BDL:** If the payee has already received a BDL that incorrectly implied the early benefit was payable, issue a ▸Revised BDL (eALG 411 series) (see Process 19.5 Issue Revised Benefit Determination Letter). If the payee is in estimated pay status and ready for a BDL, prepare the appropriate BDL. For any BDL:
     - Customize the letter to include the offer language and the *Annuity Payment Election Form* from *eALG 300NYE Estimated Benefits - Paid Before Eligible*. Email Ask PPD to request assistance, as needed.
     - Calculate the recoupment amount using ▸PACS and apply it to the monthly benefit amounts. See Policy 6.4-3 Computation and Netting of Post-DOPT Overpayments and Underpayments.
     - Include the actuarially reduced benefit amounts for the Actual Retirement Date in the letter. Include recoupment amounts as applicable.
5. Issue the offer letter with the benefit statement. Image a copy of the benefit statement to the participant's file.
6. If the payee has not responded within 30 days from the date of the letter, call the payee to determine whether a written response has been sent and advise of the default option if no response is received. Document the call in ▸CRM.

> **Note** Payees who elect to stop receiving benefit payments must later reapply for benefits to begin on or after

their earliest allowable retirement date under Policy 5.2-4 Annuity Starting Dates and elect a benefit form. PBGC does not automatically reinstate the benefit form elected for an erroneous benefit commencement.

7. If a payee who received an *eALG 300NYE Estimated Benefits - Paid Before Eligible* disputes the letter, indicating he or she in fact was eligible when the payments began, determine whether a ▶Limited-Scope BDL (providing appeal rights) is appropriate. See Process 19.6 Issue Limited-Scope BDLs.
8. Upon receipt of the payee's election, implement the selected option using Spectrum. If there is no written response within 45 days of the letter, implement the default option, the actuarially reduced benefit amount.
9. Issue a confirmation letter as follows:
   - If the payee elects to continue monthly benefits, or does not respond and the default option applies, send *eALG 547 Advice of Reduced Estimated Benefits*.
   - If the payee elects to cease payments, send *eALG 548 Advice of Cessation of Estimated Benefits*.

**Note** If the payee has received a BDL and recoupment applies, also include the recoupment amount and begin and end dates.

10. Ensure the following, as applicable, are imaged to the participant's file:
    - *Benefits Paid Before Eligible Memorandum* with CSD management and PPD concurrence, when utilizing the discretion to *not* offer options.
    - Benefit statement.
    - Recoupment calculations.

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## TP 54.2 Prepare Benefit Calculations for Payee Paid Before Eligible

**09/26/2008**

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| **Purpose** | To calculate actuarially reduced benefits for a payee receiving a benefit for which he or she is not currently eligible or was not when payments began. |
| **Guidance** | *Actuarial Technical Manual*<br>Policy 5.2-4 Annuity Starting Dates<br>Policy 5.2-6 Erroneous Commencement |
| **Procedure Owner** | Actuary |

1. Upon receipt of a request for a ▶benefit statement for a payee who may be receiving payments that commenced prior to his or her earliest retirement date, prepare benefit calculations for the dates requested. Determine the actuarially reduced benefits for the ▶ARD in accordance with Policy 5.2-6 Erroneous Commencement.
2. Provide the benefit statement to the requesting ▶EBLS/▶FBA/▶PBA.

## TP 54.3 Resources for Benefits Erroneously Paid before Eligibility

**09/30/2016**

**Forms, Letters, and Memos:**

*Benefits Paid Before Eligible Memorandum*

**Customer Correspondence and Forms:**

- *eALG 300NYE Estimated Benefits - Payee Not Yet Eligible*
- *eALG 547 Advice of Reduced Estimated Benefits*
- *eALG 548 Advice of Cessation of Estimated Benefits*

**Guidance:**

- *Actuarial Technical Manual*
- *Policy 5.2-4 Annuity Starting Dates*
- *Policy 5.2-6 Erroneous Commencement*
- *Policy 6.4-3 Computation and Netting of Post-DOPT Overpayments and Underpayments*
- *Spectrum User Manual*

**Exhibits:**

*None*

# TP 55 ValPatch Mailings

**In this Section**

TP 55. Overview for ValPatch Mailings
TP 55.1 Process ValPatch Mailing Request
TP 55.2 Submit eALG Request for Mailing Letters
TP 55.3 Submit ValPatch Mailing Request to TRMD
TP 55.4 Resources for ValPatch Mailings

## TP 55. Overview for ValPatch Mailings

**07/01/2016**

CSD issues letters to plan participants using the eALG system, which alone is sufficient for most mailings. But there are situations in which CSD uses a Valuation Patch, or ValPatch, in conjunction with eALG to expedite a letter request to groups of participants. These are addressed by using a ValPatch data load or group load.

Use a data load when letters must be issued before all the data required to populate them have been loaded into the participant database. eALG pulls participant data from Spectrum to populate various data fields (known as "merge fields") in letters. Examples include participants' Earliest Retirement Dates, Benefit Forms, and amount in pay. When the data in Spectrum (Genesis database) is insufficient to populate the letters, and it is not feasible to update the participants' records before the desired mailing date, use a data load. It is important that data subsequently entered into Spectrum agrees with data used in the data load for the letters to ensure data integrity.

Use a ValPatch group load to identify groups of participants in eALG to receive a certain letter. For example, just after a plan is trusteed, plan participants are loaded as eligible. In this case, use a ValPatch group load to identify groups of payees and non-payees to receive the appropriate trusteeship notification letters for their status.

The following procedures provide instructions on processing a ValPatch Mailing request:

- Use TP 55.1 Process ValPatch Mailing Request to start the ValPatch Mailing process and prepare the data required for the mailing:
  - For a ValPatch Mailing that has calculated data, the actuary uses TP 55.1A Process ValPatch Mailing Request Containing Calculated Data to prepare the appropriate data and has the calculated data reviewed for concurrence. Calculated data is data required for a mailing but is not available in Spectrum (or is different in Spectrum, which could be caused by a court order (QDRO) or the appeals board ruling), but that the case actuary can calculate using the data from other sources. The EBLS/FBA/PBA continues the process in TP 55.1B Process ValPatch Mailing Request.
  - For a ValPatch Mailing without calculated data, the EBLS/PBA/FBA uses TP 55.1B Process ValPatch Mailing Request to prepare and send the ValPatch mailing spreadsheet to the ValPatch Expert (for a list of ValPatch Experts, refer to the TRMD Service Catalog) for review and correction of any discrepant data.
- Use TP 55.2 Submit eALG Request for Mailing Letters to obtain management approval, send the request to DMS, and image/archive all appropriate documentation as necessary.
- Send the ValPatch Mailing request to TRMD/CSD, using TP 55.3 Submit ValPatch Mailing Request to TRMD/CSD, for the following reasons (but not limited to):
  - Broken ValPatch Tool.
  - Complex mailing request.
  - FOD mailing request.
  - OGC mailing request.

# TP 55.1 Process ValPatch Mailing Request

**07/01/2016**

| | |
|---|---|
| **Purpose** | To process a ValPatch Mailing request that includes obtaining and preparing the data for the mailing. |
| **Guidance** | ValPatch Tool |
| **Procedure Owner** | Actuary, EBLS/FBA/PBA, TRMD, ValPatch Expert |

Before performing this procedure, determine the need for a ValPatch Mailing with management, and the actuary, as needed. Use ValPatch Mailings to populate letters with data that is unavailable in ▸Spectrum (known as data loads) or to create groups to receive certain letters (group loads).

Use TP 55.1 Process ValPatch Mailing Request to start the ValPatch Mailing process and prepare the data required for the mailing:

- For a ValPatch Mailing that has calculated data (data required for a mailing but is not available in ▸Spectrum, but that the case actuary can calculate using the data from source documents or the case database), the actuary uses TP 55.1A Process ValPatch Mailing Request Containing Calculated Data to prepare the appropriate data and has reviewed for concurrence. The EBLS/PBA/FBA picks up the remainder of the process in TP 55.1B Process ValPatch Mailing Request.
- For a ValPatch Mailing without calculated data, the EBLS/PBA/FBA uses TP 55.1B Process ValPatch Mailing Request to prepare and send the ValPatch mailing spreadsheet to the ValPatch Expert for review and correction of any discrepant data.

**In this Section**

TP 55.1A Process ValPatch Mailing Request Containing Calculated Data
TP 55.1B Process ValPatch Mailing Request

**TP 55.1A Process ValPatch Mailing Request Containing Calculated Data**

**07/01/2016**

Use this procedure for creating ValPatch Mailings that contain calculated data. Calculated data is data that is not available in ▸Spectrum, but that the case ▸actuary can calculate using the data from source documents or the case database. Use a ValPatch Mailing for ▸BDLs or notices of benefit adjustments. Usually, at a team meeting, management requests the Case Team to perform a ValPatch Mailing and provides the run date and the letter(s) to use. After the actuary completes this process, the ▸EBLS/▸FBA/▸PBA continues the process using TP 55.1B Process ValPatch Mailing Request.

If the ValPatch Mailing Request does *not* contain calculated data, begin the process with TP 55.1B Process ValPatch Mailing Request.

**Actuary**

1. Work with the EBLS/FBA/PBA to determine what calculated (actuarial) data to include in the ValPatch mailing spreadsheet provided by the EBLS/FBA/PBA (usually the calculated data is for data that populates a field in the letter).
2. Provide the calculated data for the fields in the spreadsheet.
3. Complete the ValPatch Mailing Calculated Data Concurrence section of the *ValPatch Mailing Concurrence Memo* and submit to the Actuarial Technical Reviewer or equivalent for concurrence.
4. After obtaining concurrence, do the following:
   - Image the *ValPatch Mailing Concurrence Memo* to the ▸plan file in ▸IPS.
   - Follow TP 16.5 Archive Electronic Files to archive the ValPatch mailing spreadsheet.
   - Provide an electronic copy of the *ValPatch Mailing Concurrence Memo* and the ValPatch mailing spreadsheet to the EBLS/PBA/FBA.
5. Do one of the following based on the need for Benefit Statements of the ValPatch Mailing:
   - Not Needed: Continue to TP 55.1B Process ValPatch Mailing Request.
   - Needed: Use the TRMD Service Catalog to select the ▸Benefit Statement Load service and provide ▸TRMD with the location (`I:\software\[eight-digit PBGC case number]\ValPatch`)of the ▸BSRS files for creating the Benefit Statements and request in the e-mail to archive the files.

**TRMD**

6. If there is a Benefit Statement Load request, retrieve the files.
7. Create the Benefit Statements in ▸ACT.
8. Load into the ▸eALG system.
9. Notify requestor of loaded/failed statements and work with requestor in making corrections, if necessary.

**TP 55.1B Process ValPatch Mailing Request**

**07/01/2016**

Use this procedure for creating ValPatch Mailings that *do not* contain calculated data. Calculated data is data that is not available in ▸Spectrum, but that the case ▸actuary can calculate using the data from source documents or the case database. See TP 55.1A Process ValPatch Mailing Request Containing Calculated Data.

For this procedure, the ▸EBLS/▸FBA/▸PBA role can also perform, and usually does, the requestor role tasks.

**Requestor**

1. Send the ValPatch mailing spreadsheet via e-mail to the ValPatch Expert within the appropriate Case Team or FBA for processing.
2. In the ▸eALG system, begin preparing drafts of the custom letters and, if needed, obtain approval of the drafts from management.

**ValPatch Expert**

3. Receive the ValPatch Mailing request via e-mail from the requestor, which includes a spreadsheet with the data needed for the mailing.
4. Load the ValPatch mailing spreadsheet into the ValPatch Tool.
5. Using the ValPatch Tool, validate (reconcile) the data in the ValPatch mailing spreadsheet with the data in Spectrum and make corrections as needed.
6. Using the ValPatch Tool, assign a unique and descriptive group identifier (for example, 404) for each type of eALG letter expected.
7. Review the error report (`ProcessErrors.csv`) created from the ValPatch Tool and provide the test results via e-mail to the requestor, including the following:
   - Group name(s)
   - Letter type(s)
   - Number of recipients
   - Error report with a listing of errors and warnings to address (for example, multiple ▸SSNs, incomplete addresses in Spectrum, a participant with multiple roles in the plan), if applicable.

   > **Note** Ensure valid and complete addresses in Spectrum, for example, include the province and country code for foreign addresses, as the Fulfillment Center is unable to mail letters with addresses that are not set up correctly or are incomplete.
8. Address all discrepancy data in the error report with the requestor.

   For discrepancies, work with the requestor to identify solutions.

**Requestor**

9. Upon receipt of an e-mail notification from the ValPatch Expert of errors in the spreadsheet:
   - Review and correct any data problems identified in the error report, for example, ValPatch issues a duplicate SSN error, and correct the data in either the ValPatch mailing spreadsheet or Spectrum.
   - For group loads, verify that the correct group names (using letter names) are associated with the appropriate group numbers in the ValPatch mailing spreadsheet.
   - For data loads, verify that the merge field names (for example, "ValPatch.Amount01") in the ValPatch mailing spreadsheet match those in the custom letters.
10. Address all discrepancy data with the ValPatch Expert.
    - Remove participants from the ValPatch mailing spreadsheet as needed.

**ValPatch Expert**

11. After addressing all discrepancy data identified in the report, using the ValPatch Tool, create the files for loading into

the eALG system.

12. Load the files in to the eALG system for processing and notify the requestor to initiate the eALG Letters Request.

**Requestor**

13. For each ValPatch group, run a sample of the letters using the Request Preview function in the eALG system.
14. If the letters show discrepant data in the preview, make corrections based on the following:
    - **Data issue**: For example, missing data or missing data field, make the necessary changes to the ValPatch mailing spreadsheet or the ValPatch Tool. Return to step 3.
    - **Letter Issue**: For example, the payment start date is printing where the payment end date should print, make the appropriate updates in the appropriate template in the eALG system. Return to step 13.

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## TP 55.2 Submit eALG Request for Mailing Letters

**07/01/2016**

| | |
|---|---|
| **Purpose** | To image documentation used to create the ValPatch mailing spreadsheet to the plan file, to obtain management approval, and to submit the eALG Request to DMS for creating and mailing of the letters. |
| **Guidance** | TRMD Service Catalog |
| **Procedure Owner** | EBLS/FBA/PBA |

Follow this procedure after completing TP 55.1B Process ValPatch Mailing Request and the data and letters are ready for approval.

1. Place the final ValPatch mailing spreadsheet in one of the following file directories depending on location:
   - FBAs: `I:\BOARD\FBA\FBA [name]\[eight-digit PBGC case number]\ValPatch`

     **Note** Ask the ▸FBA ▸LAN Administrator for assistance if necessary.

   - Headquarters: `I:\software\[eight-digit PBGC case number]\ValPatch`

   Use the TRMD Service Catalog to submit the file for archiving.

   **Note** For large files, request to have ▸TRMD transfer the files after hours to avoid any degradation in network performance.

2. Submit the *ValPatch Mailing Concurrence Memo* to management for review and approval and include the following as attachments:
   - Hard copies of the sample letters (created from the Preview function in ▸eALG).
   - Final ValPatch mailing spreadsheet loaded into eALG for processing.
3. Based on management's decision, do one of the following:
   - Approved: Image the following items to the plan file in IPS and then continue to step 5:
     - *ValPatch Mailing Concurrence Memo*
     - Plan documents modified in the preparation of the ValPatch Mailing
     - Letter template
     - Sample Letters
   - Not Approved: Correct the issues cited for the rejection of the ValPatch Mailings, if possible, and return to TP 55.1A Process ValPatch Mailing Request Containing Calculated Data or TP 55.1B Process ValPatch Mailing Request, as necessary.
4. Perform these steps in eALG:
   a. Select the letter.
   b. Select the group.
   c. Run the Check Recipients function to identify any issues with a participant's letter and remove the records with issues to continue with the process.
5. Submit the eALG Request.

   **Note** Submit a large ValPatch Mailing (5,000 or more participants) at the end of the day so that the large request does not interfere with existing requests currently processing.

6. Notify DMS via e-mail (to the DMS Sys Admin mailbox) and copy the eALG Administrators if over 5,000 participants, with the following information:
   - eALG Request number(s)
   - Mailing date(s)
   - Letter type(s)

- Number of recipients

7. Work with DMS to resolve any problems.

   DMS provides notification when the job is complete.

8. In cases where participants were removed from the ValPatch mailing spreadsheet (for example, incomplete or incorrect addresses, multiple roles, or deaths), correct the issues and create the letters separately, if needed.
9. Perform any of the following if the ValPatch mailing spreadsheet or supporting documentation changed:
   - Image any supporting documentation used to support the ValPatch Mailing (for example, Benefit Statements not created in eALG), as needed.
   - Place the final ValPatch mailing spreadsheet in one of the following file directories depending on location, as needed:
     - FBAs: `I:\BOARD\FBA\FBA [name]\[eight-digit PBGC case number]\ValPatch`

       **Note** Ask the FBA LAN Administrator for assistance if necessary.

     - Headquarters: `I:\software\[eight-digit PBGC case number]\ValPatch`

     Use the TRMD Service Catalog to submit the file for archiving.

     **Note** For large files, request to have TRMD transfer the files after hours to avoid any degradation in network performance.

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## TP 55.3 Submit ValPatch Mailing Request to TRMD

**07/01/2016**

| | |
|---|---|
| **Purpose** | To submit a ValPatch Mailing request via TRMD. |
| **Guidance** | TRMD Service Catalog<br>ValPatch Tool |
| **Procedure Owner** | EBLS/FBA/PBA, TRMD |

Request ▸TRMD to process a ValPatch Mailing for any of the following reasons, but not limited to:

- Broken ValPatch Tool.
- Complex mailing request.
- ▸FOD mailing request.
- ▸OGC mailing request.

**EBLS/FBA/PBA, Actuary, or FOD/OGC (Requestor)**

1. Submit the ValPatch Mailing request via the TRMD Service Catalog by following the instructions under the ValPatch link found under the **Other Common Requests** section.

**TRMD**

2. Process the ValPatch Request based on the submitted ValPatch mailing spreadsheet.
3. Use the ValPatch Tool to load the spreadsheet.
4. Notify the requestor of any errors or warnings.
5. After the requestor resubmits the ValPatch mailing spreadsheet with all errors and warnings addressed, reload the spreadsheet into the ValPatch Tool.
6. Using the ValPatch Tool, create the files for loading into the ▸eALG system.
7. Load the files in to the eALG system for processing and notify the requestor to initiate the letters request.

**EBLS/FBA/PBA, Actuary, or FOD/OGC (Requestor)**

8. For each ValPatch group, run a sample of the letters using the Request Preview function in the eALG system.
9. If the letters show discrepant data in the preview, make corrections based on the following:
   - **Data issue**: For example, missing data or missing data field, make the necessary changes to the ValPatch mailing spreadsheet or the ValPatch Tool. Return to step 1.
   - **Letter Issue**: For example, the payment start date is printing where the payment end date should print, make the appropriate updates in the eALG system. Return to step 8.
10. Continue to TP 55.2 Submit eALG Request for Mailing Letters to complete the ValPatch Mailing process.

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## TP 55.4 Resources for ValPatch Mailings

**09/30/2016**

**Forms, Letters, and Memos**

*ValPatch Mailing Concurrence Memo*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

- *TRMD Service Catalog*
- *ValPatch Tool*

**Exhibits:**

*None*

# TP 56 Administrative Subpoenas

**In this Section**

TP 56. Overview for Administrative Subpoenas
TP 56.1 Issue Administrative Subpoena
TP 56.2 Resources for Administrative Subpoenas

## TP 56. Overview for Administrative Subpoenas

**07/01/2016**

An administrative subpoena is an official order compelling an individual to provide a government agency with certain information. ▸OBA typically issues subpoenas when plan-related documents that have been requested within an expected timeframe (for example, 30 days) have not been received.

Subpoenas may also be issued when OBA encounters clearly uncooperative sources who will not voluntarily furnish information or documents when requested to do so. Examples are sources who do not respond to letters, refuse to take telephone calls, or agree to provide information but never follow through.

OBA coordinates with ▸OCC in issuing administrative subpoenas. In some cases, OCC may be able to contact the source or its legal counsel to obtain the documents or information needed to administer the plan without issuing a subpoena.

## TP 56.1 Issue Administrative Subpoena

**07/01/2016**

| | |
|---|---|
| **Purpose** | To issue an administrative subpoena. |
| **Guidance** | None |
| **Procedure Owner** | OBA |

1. Consult with ▸FOD, the ▸CFRD Analyst and the ▸OCC attorney assigned to the case to determine whether any subpoenas have already been issued or if the information needed is already available at PBGC.
   - If so, collect copies of the documents and image them to the ▸plan ▸IPS file. No further action is required if all the information has been received.
   - Otherwise, continue to the next step.
2. Document denied requests for information from a ▸plan sponsor or other third party using the *Plan Information Request Log*. Update the spreadsheet as needed to record responses, follow-up requests, etc.
3. If the denial is verbal, or written but does not provide the rationale for denying access:
   a. Prepare a follow-up letter to the plan sponsor or other third party requesting the information as follows:
      - Request that the information be provided within 7 days of the letter date, or, that if access to the information is denied, to provide the rationale for the denial and the contact information for the attorney representing the plan sponsor (or other third party if applicable).
      - Prepare the letter for the division manager's signature.
      - Issue the letter using the approved shipping service or e-mail.
   b. Image a copy of the letter to the appropriate IPS plan file.
   c. Update the *Plan Information Request Log*.
   d. If the information is denied or the plan sponsor does not respond within the timeframe, continue to the next step.
4. Complete the *Denial of Information Advice Memo* to advise OCC that the requested information has been denied or no response has been received.

   The OCC attorney will contact the plan sponsor or its legal counsel for the information, and advise ▸OBA whether a subpoena is needed.
5. If OCC advises that a subpoena is needed to request the information, prepare the *Administrative Subpoena* as follows:
   - Review the list in *Schedule A Documents to be Produced* and choose only those necessary to obtain the required information.
   - Request only documentation in the subpoena; do not include questions.
   - Include the OCC attorney's name on the signature line.
6. Prepare the *Administrative Subpoena Cover Letter* to accompany the subpoena, with the OCC attorney's name on the signature line.
7. E-mail or deliver the prepared *Administrative Subpoena* and *Administrative Subpoena Cover Letter* to the OCC attorney.

   The OCC attorney will sign the documents and provide to the ▸Auditor to issue.
8. Send the subpoena using the approved shipping service to ensure proof of delivery and update the *Plan Information Request Log*.
9. Inform OCC and other PBGC groups supporting the plan when the subpoena is issued, such as FOD.
10. Upon receipt of the subpoenaed information, confirm that all documentation requested was provided and update the *Plan Information Request Log*.
11. Ask the OCC attorney to obtain the requested information directly via the courts in cases where:

- Any of the requested information is not provided, or
- The subpoenaed information has not been provided within the expected period (for example, 30 days).
- Update the *Plan Information Request Log*.

12. Ensure that the subpoena, cover letter, *Plan Information Request Log*, *Denial of Information Advice Memo* and subpoenaed information are imaged to the plan file.

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## TP 56.2 Resources for Administrative Subpoenas

**09/30/2016**

**Forms, Letters, and Memos:**

- *Administrative Subpoena*
- *Administrative Subpoena Cover Letter*
- *Denial of Information Advice Memo*
- *Plan Information Request Log*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

*None*

**Exhibits:**

*None*

# TP 57 Identity Discrepancies

**In this Section**

TP 57. Overview for Identity Discrepancies
TP 57.1 Resolve Identity Discrepancies
TP 57.2 Resources for Identity Discrepancies

## TP 57. Overview for Identity Discrepancies

**09/26/2008**

The name and Social Security Number (SSN) used by a participant or beneficiary may be different from the name and SSN shown in plan or participant records. This procedure describes how to resolve these identity discrepancies.

An individual's name may change for legal reasons such as adoption, marriage, divorce, work purposes (for example, entertainers' stage names), an incorrect birth record, or simply a personal choice. Many participants contact PBGC to report a legal name change shortly after the change is made, often after getting married. Individuals may also report an error in their name in PBGC's records; for example, a benefit statement shows a married participant's maiden name. This may also occur when a participant or beneficiary applies for pension benefits and provides discrepant information.

Discrepancies in an individual's SSN may be due to administrative or clerical errors, or the individual may have mistakenly provided an incorrect SSN to the employer. As with names, individuals may report an error in their SSN in PBGC's records; for example, in a benefit statement some digits of an SSN are transposed. Note that, very rarely, an individual's Tax Identification Number (TIN) is not an SSN. In case of a discrepancy involving such an individual, these procedures may be followed using his or her IRS-issued Individual Taxpayer Identification Number (ITIN) instead of an SSN. See Appendix R Assignment and Withholding from Benefit Payments for more information about TINs.

An individual may also allege that he or she worked under an assumed name or SSN; for example, as an undocumented worker. PBGC is still responsible for paying such individuals if they are due benefits. If someone due benefits from PBGC alleges using or having used a name or SSN different from the one shown in plan or participant records, he or she is ultimately responsible for providing convincing evidence that he or she is the participant or beneficiary due benefits.

## TP 57.1 Resolve Identity Discrepancies

**07/01/2016**

| | |
|---|---|
| **Purpose** | To resolve discrepancies or alleged errors in a participant's or beneficiary's name, Social Security Number (SSN), or other identifying information. |
| **Guidance** | N/A |
| **Procedure Owner** | EBLS/FBA/PBA/PVA |

**In this Section**

TP 57.1A Legal Name Change
TP 57.1B SSN Change
TP 57.1C Other Discrepancies

**TP 57.1A Legal Name Change**

**07/01/2016**

**EBLS/FBA/PBA/PVA**

1. If an individual reports that his or her name changed, ask the individual to provide legal proof of the name change. Proof of a legal name change typically shows the name by which the individual was previously known and the name he or she will be using. Acceptable proofs of a legal name change include:
   - Adoption certificate: Note that this rarely applies to adults.
   - Marriage certificate: A marriage certificate generally does not have to be requested unless a name change due to marriage is questionable, such as if the name change cannot be traced through plan records. See Appendix O Acceptable Proof of Marriage for more information.
   - Divorce decree
   - Amended or corrected birth certificate
   - Court order or other legal document
2. Ask the individual for a copy of his or her ▸SSN card or other proof from ▸SSA to confirm that SSA records have also been changed, such as a Numident (Numerical Identification) query that shows the current name and other names used, or that the name and SSN are consistent with SSA records.
3. If the participant provides sufficient proof of the name change, update ▸Spectrum accordingly.
4. If, for any reason, the individual is unable to provide legal evidence of the name change, follow the procedures in TP 57.1C Other Discrepancies.

**TP 57.1B SSN Change**

**07/01/2016**

**EBLS/FBA/PBA/PVA**

1. If a participant or beneficiary reports that the ▸SSN in PBGC records is incorrect, ask him or her to provide proof of the correct SSN. Acceptable proof includes:
   - A copy of a social security card showing the correct SSN and the same name used in plan or participant records.
   - Documentation from ▸SSA confirming the SSN of the person shown in plan records, such as a Numident (Numerical Identification) query that shows current name, other names used, date of birth, place of birth, and parents' names. For more information on Numident queries, go to www.SSA.gov.
   - An earnings record from SSA showing the participant's SSN and earnings under the plan.
2. If the individual cannot provide a valid SSN, the individual must provide proof that he/she is not eligible for one, for example, a letter from SSA stating that the applicant does not qualify for an SSN. Make every effort to have the person obtain an SSN or ▸ITIN (Individual Taxpayer Identification Number). If the individual is denied an ITIN or refuses to apply for one, obtain a dummy SSN from the Customer Contact Center of ▸CCD as a last resort.

   **Note** PBGC cannot refuse to pay benefits to an otherwise eligible participant or beneficiary because they cannot provide a valid SSN or ITIN. See Appendix R Assignment and Withholding from Benefit Payments for additional information about tax withholding and reporting when a valid SSN or ITIN is not available.

3. If the individual provides sufficient proof of the correct SSN, update the record in Spectrum accordingly.

**TP 57.1C Other Discrepancies**

**07/01/2016**

If a customer alleges using an assumed or false name and/or ▸SSN (for example, Josef Abba claims to have worked and earned benefits under the name Joe Bebba), or a name or SSN change described in TP 57.1A Legal Name Change or TP 57.1B SSN Change appears questionable, make a facts and circumstances determination to establish the identity of the participant or beneficiary. The customer is ultimately responsible for providing convincing evidence that he or she is the participant or beneficiary shown in plan or participant records.

**EBLS/FBA/PBA/PVA**

1. Ask the customer to explain why different identifying information (for example, name, SSN, date of birth) was assumed or used.
2. Ask the customer to provide evidence that reasonably establishes that he or she is the participant or beneficiary due benefits from the plan. Preferred evidence identifies the customer by both the assumed or false name used and the allegedly correct name; however, evidence that reasonably links the customer to both identities may be acceptable. Preferred evidence includes:
   - Immigration and Customs Enforcement (part of the Department of Homeland Security, previously the Immigration and Naturalization Service) records.
   - Social Security Administration records, such as Numident or ▸SSA earnings records.
   - ▸IRS records.

   If preferred evidence is unavailable, other evidence may be applicable, such as:

   - Other legal, court, or government documents.
   - Other evidence such as locator records, public welfare records, or employer records that may reasonably establish the relationship.

   Contact Ask PPD for additional guidance on acceptable evidence if needed.
3. Ask the customer to submit confirmation of the validity of his or her SSN from ▸SSA (for example, a Numident record) or ▸ITIN (Individual Taxpayer Identification Number) from IRS (for example, correspondence with the IRS); in this situation a copy of the SSN card or ITIN alone is not acceptable.
4. If the identity discrepancy includes a discrepancy in the customer's date of birth, request that the customer present proof of age that is consistent with his or her actual name, SSN, or the evidence submitted (see Appendix G Acceptable Proof of Age and Death).
5. Review the evidence and make a determination whether the customer is the participant or beneficiary identified as being due benefits in plan or participant records. Contact Ask PPD for additional guidance if needed to make a determination.
6. Document the determination in writing and image, along with applicable evidence, to the participant's or other person's (for example, beneficiary, spouse, alternate payee) file.
7. Proceed based on the determination:
   a. **The individual is the participant or beneficiary due benefits:**
      i. Prepare an *Discrepancy in Name or Social Security Number Affidavit & Reimbursement Agreement*, including the alleged and assumed name and SSN, the explanation given above of why the discrepant identifying information was used, and a promise to repay if PBGC subsequently learns the customer did not earn benefits. The affidavit must confirm that the customer is the participant or beneficiary due benefits from the plan. The affidavit may also be customized to address or confirm specific information provided by the customer. See *Sample Discrepancy in Name or Social Security Number Affidavit & Reimbursement Agreement*.
      ii. Submit the prepared affidavit to an Employee Benefits Supervisor for approval.
      iii. Send the affidavit to the customer.
      iv. Upon receipt of the affidavit, ensure that it has been properly signed and notarized. Image it to the customer's file.
      v. Update Spectrum accordingly, and take additional actions as appropriate (issue an application for benefits,

etc.).

b. **The individual is not the participant or beneficiary due benefits, or evidence is insufficient to make a determination:**

   i. Create a record in Spectrum if necessary, and code the customer as a Non-Member.

   ii. Prepare *eALG 405NM Non-Member BDL*. This letter may be used whether or not the person is already receiving benefits.

   - Customize the letter to explain why benefits are not due, the reason for declaring the participant a Non-Member (for example, that the evidence they provided was insufficient to establish their identity).
   - Include a statement that PBGC will not pay the individual benefits (or, if already in pay, that PBGC will stop payment by a date no less than 45 days after the letter is issued).
   - If payments have been made, initiate recovery action.

   iii. Submit the letter to an Employee Benefits Supervisor for approval.

   iv. Upon approval, issue the letter.

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## TP 57.2 Resources for Identity Discrepancies

**09/30/2016**

**Forms, Letters, and Memos:**

- *Discrepancy in Name or Social Security Number Affidavit & Reimbursement Agreement*
- *Sample Discrepancy in Name or Social Security Number Affidavit & Reimbursement Agreement*

**Customer Correspondence and Forms:**

*eALG 405 NM Non-Member BDL*

**Guidance:**

*None*

**Exhibits:**

*None*

# TP 58 Plan Loans and Other Distributions

**In this Section**

TP 58. Overview for Plan Loans and Other Distributions
TP 58.1 Obtain Information about Plan Loan or Distribution
TP 58.2 Determine if Distribution is a Plan Loan or Other Distribution
TP 58.3 Process Plan Loan
TP 58.4 Process Other Distribution
TP 58.5 Determine Requirement for and Request Spousal Consent
TP 58.6 Resources for Plan Loans and Other Distributions

# TP 58. Overview for Plan Loans and Other Distributions

**11/21/2014**

This procedure describes how to process plan loans and other distributions from plan assets to participants and beneficiaries other than *bona fide* benefit payments. Soon after trusteeship and during data gathering, the plan and participant records may reveal that a participant or beneficiary received a distribution from plan assets other than a benefit payment. A distribution may be identified during:

- Review of ▸Form 5500s
- Review of the plan asset statements
- Site visit and telephone conference interviews with former plan administrators
- Review of plan and participant files

After identification of a distribution, PBGC will determine whether to treat the distribution as a plan loan as described in Policy 6.6-4 Plan Loans or as an "other distribution" as described in Policy 6.6-2 Assignment or Alienation of Benefits and this procedure.

- **Loans.** PBGC treats all plan loans as due and payable at ▸DOPT. PBGC gives the participant or beneficiary (the "borrower") the opportunity to repay the unpaid loan balance, and if the borrower does not repay, offsets the borrower's benefit by the unpaid loan balance. This amount is reported to the IRS as a taxable distribution. Plan loans are treated as a plan asset as of DOPT regardless of whether they are repaid or offset.
- **Other distributions.** If a distribution to a participant or beneficiary (the "distributee") is determined to be a pre- or post-DOPT distribution, PBGC offsets the distributee's benefit by the amount of the distribution, and reports the distribution to the IRS as a taxable distribution. The distributee will not have the opportunity to repay the amount. The method of offset depends on whether the distribution occurred before or after DOPT. A post-DOPT distribution is included in plan assets, while pre-DOPT distribution is not.
- **Fiduciary breaches.** Some distributions from plan assets may be considered fiduciary breaches. This procedure does not include the process for handling a fiduciary breach. Refer to Policy 6.6-2 and the New Asset Evaluation Procedures and Documents for further guidance.

**Spousal Consent and Protection:** If ▸spousal consent was needed but not obtained at the time of the loan or distribution, PBGC will attempt to obtain it directly from the spouse, unless the loan is repaid by the borrower. If unable to obtain spousal consent, PBGC will provide the spouse a survivor annuity attributable to the offset amount, and will reduce the benefit of the borrower or distributee accordingly.

### Documenting Plan and Participant Files

When archiving documents or imaging documents to plan or participant files, follow instructions in TP 16 Plan and Participant File Maintenance.

## TP 58.1 Obtain Information about Plan Loan or Distribution

**07/01/2016**

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| **Purpose** | To obtain all documents needed to determine whether to process distribution as a plan loan or other distribution. |
| **Guidance** | eALG Correspondence Help<br>Policy 6.6-2 Assignment or Alienation of Benefits<br>Policy 6.6-4 Plan Loans |
| **Procedure Owner** | Auditor, DMD/DCB |

1. Create a *Plan Loans and Distributions Tracking Spreadsheet* to identify and track plan loans, if desired.
2. If there is evidence a participant or beneficiary received a distribution from the plan that was not a bona fide ▸benefit payment, obtain and review information about the distribution, for example:
   - Date and amount of loan or distribution.
   - Written loan agreement or other documentation concerning the distribution.
   - Interest rate.
   - Loan terms (for example, interest rate and repayment schedule).
   - Amount(s) repaid and dates.
   - Participant or beneficiary's current marital status, marital status at the time of the loan or distribution, and spousal contact information.
   - Evidence of ▸spousal consent, if needed (see TP 58.5 Determine Requirement for and Request Spousal Consent for requirements).
   - Copy of Form 1099-R or other evidence if the distribution was previously reported to the ▸IRS.
3. If additional information is required, contact the ▸plan administrator.
4. If additional information is needed from the participant or beneficiary, work with the ▸EBLS/▸FBA/▸PBA to customize and issue *eALG 551 Request for Information on Loan or Distribution* (see eALG Correspondence Help).
5. If using a *Plan Loans and Distributions Tracking Spreadsheet*, update the spreadsheet with the information about the plan loan or distribution.
6. If PBGC suspects a fiduciary breach:
   a. Complete the relevant steps in the New Asset Evaluation Procedures and Documents.
   b. If ▸OCC, ▸OGC, and ▸OBA determine not to pursue the possible breach, continue to TP 58.2 Determine if Distribution is a Plan Loan or Other Distribution.

## TP 58.2 Determine if Distribution is a Plan Loan or Other Distribution

**07/01/2016**

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| **Purpose** | To determine whether to process distribution as a plan loan or other distribution and document the determination. |
| **Guidance** | Policy 6.6-2 Assignment or Alienation of Benefits<br>Policy 6.6-4 Plan Loans<br>*Treatment of Plan Distributions other than Benefit Payments Flowchart* |
| **Procedure Owner** | Auditor, DMD/DCB |

1. Analyze the information and determine whether the distribution is a plan loan under Policy 6.6-4 Plan Loans (a ▸properly documented loan or ▸improperly documented loan), or as a pre- or post-date of plan termination (DOPT) ▸other distribution under Policy 6.6-2 Assignment or Alienation of Benefits.

   > **Note** Spousal consent is not required if the borrower's accrued benefit was less than the amount of the plan's *de minimis* cash-out (lump sum) limit. If the auditor believes the benefit was *de minimis*, validate this with the actuary.

2. If PBGC suspects a fiduciary breach:
   a. Complete the relevant steps in the New Asset Evaluation Procedures and Documents.
   b. If ▸OCC, ▸OGC, and ▸OBA determine not to pursue the possible breach, continue to step 3.
3. If the borrower attests to the loan and evidence of the attestation is needed:
   a. Customize the *Affidavit for Plan Loans* with the appropriate information:
      - Borrower's name and ▸SSN
      - Plan name
      - State and county of residence
      - Date and amount of loan
      - Description of evidence of loan
      - Description of repayments, or statement that no repayments were made
      - Other information as required
   b. Work with the ▸EBLS/▸FBA/▸PBA to prepare, customize, and issue *eALG 559 Affidavit for Plan Loan-Cover Letter* including:
      - Date of loan
      - Amount borrowed
      - Description of evidence of loan
4. On obtaining all available information regarding the distribution, determine whether to treat the distribution as a plan loan or an other distribution.
5. Prepare a *Plan Loan or Other Distribution Determination*.
6. Attach all supporting documentation or reference documents in Image Viewer, including the following:
   - **Background and Facts:** Description of information obtained and facts and circumstances surrounding the distribution.
   - **Analysis:** Description of how the policy was applied to the facts and circumstances of the distribution.
   - **Conclusion:** Final determination of whether to treat the distribution as a plan loan or pre- or post-▸DOPT distribution.
7. Submit the *Plan Loan or Other Distribution Determination* and attachments to the ▸DCB Supervisory Auditor for concurrence.
8. On receipt of DCB Supervisory Auditor concurrence, submit the *Plan Loan or Other Distribution Determination* and attachments to Ask PPD for concurrence.

9. On receipt of ▸PPD concurrence, image the *Plan Loan or Other Distribution Determination* and all supporting documentation to both the plan and participant files in IPS (see TP 16 Plan and Participant File Maintenance).
10. If using a *Plan Loans and Distributions Tracking Spreadsheet*, update the spreadsheet with the determination.
11. Continue according to the determination of how to treat the distribution:
    - **Plan Loan:** Proceed to TP 58.3 Process Plan Loans.
    - **Other Distribution (Pre- or Post-DOPT):** Proceed to TP 58.4 Process Other Distribution.

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# TP 58.3 Process Plan Loan

**07/01/2016**

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| **Purpose** | To notify the borrower of the unpaid loan balance at DOPT and the repayment option, then to take action on repayment or process the loan as an offset and distribution if not repaid. |
| **Guidance** | eALG Correspondence Help<br>Policy 6.6-4 Plan Loans |
| **Procedure Owner** | Actuary, Auditor, DMD/DCB |

**In this Section**

TP 58.3A Determine Unpaid Loan Balance at Date of Plan Termination and Notify Borrower
TP 58.3B Take Action on Repayment of Loan
TP 58.3C Take Action if Borrower Does Not Repay Loan

**TP 58.3A Determine Unpaid Loan Balance at Date of Plan Termination and Notify Borrower**

**07/01/2016**

On determining that the distribution is a plan loan, gather the information needed to send an *eALG 552 Loan Repayment Option* letter.

**Auditor**

1. Request the ▸actuary to calculate:
   - Unpaid loan balance at the date of plan termination (▸DOPT).
   - Annuity equivalent at the normal retirement date (▸NRD) of the unpaid loan balance at ▸DOPT in the plan's normal benefit form.
2. Provide the actuary with information about the loan gathered in TP 58.1 Obtain Information about Plan Loan or Distribution in addition to the information required to calculate the termination benefit, including but not limited to:
   - Borrower's name and ▸SSN
   - Date of birth
   - Date of hire
   - Salary, if applicable
   - All additional information required to calculate the termination benefit

**Actuary**

3. Using guidance in Policy 6.6-4 Plan Loans, calculate the unpaid loan balance at DOPT using the terms specified in the loan and plan documents:
   - If the loan documents conflict with the plan documents, use the plan documents.
   - Discount any payments made after DOPT back to DOPT.
   - Use the interest rate and repayment period specified in the loan agreement, unless one of the following exceptions applies:
     - If the rate or repayment period in the loan agreement conflicts with the plan document, use the plan documents.
     - If the loan agreement does not specify or uses an incorrect interest rate or repayment period, use the plan documents.
     - If the loan agreement and the plan document do not specify an interest rate or use an incorrect interest rate, then use the rate at which PBGC credits underpayments in ▸PACS.
   - If the loan document and the plan do not specify a due date for payments, then assume quarterly payments were due on the first day of each calendar quarter.
4. Calculate the annuity equivalent at ▸NRD of the unpaid loan balance at DOPT in the plan's normal form using the rates PBGC uses to value immediate and deferred annuities.
5. Document the calculation and provide the unpaid loan balance at DOPT and the annuity equivalent at NRD of the unpaid loan balance at DOPT in the plan's normal benefit form to the auditor for inclusion in the *eALG 552 Loan Repayment Option* to the participant.

**Auditor**

6. Work with the ▸EBLS/▸FBA/▸PBA to prepare *eALG 552 Loan Repayment Option*.
7. Upon successful review of the draft, request the EBLS/FBA/PBA to issue the letter to the borrower.
8. If using a *Plan Loans and Distributions Tracking Spreadsheet*, update the spreadsheet with the unpaid loan balance and the date of notification to the borrower.
9. Proceed according to the response from the borrower:
   - If the borrower requests more than 60 days to repay the unpaid loan balance at DOPT, contact Ask PPD.
   - If the borrower provides evidence that would change the unpaid loan balance at DOPT, return to step 3 and recalculate that amount.

- If the borrower repays the loan within 60 days, proceed to TP 58.3B Take Action on Repayment of Loan.
- If the borrower does not respond within 60 days, proceed to TP 58.3C Take Action if Borrower Does Not Repay Loan.

**Note** Include the **full amount of the unpaid loan balance at DOPT** in the Plan Asset Evaluation. See the New Asset Evaluation Procedures and Documents. Note that even if the unpaid loan balance at DOPT is or appears to be greater than the value of the borrower's termination benefit, the full amount is included the plan assets.

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**TP 58.3B Take Action on Repayment of Loan**

**07/01/2016**

**Auditor**

1. Obtain a copy of the check or other evidence from FOD/COD certifying that PBGC received payment of the unpaid loan balance at the date of plan termination (▸DOPT) and the payment cleared.
2. Scan the copy of the check or other evidence to both the plan file (Plan Asset Audit section) and participant file in ▸IPS.
3. Inform the ▸actuary that the customer repaid the loan and advise not to offset the benefit for the loan.
4. Work with the ▸EBLS/▸FBA/▸PBA to send an *eALG 558 Confirmation of Loan Repayment* letter to the borrower advising that PBGC received the payment and will not offset the termination benefit or report the distribution to the ▸IRS.
5. If using a *Plan Loans and Distributions Tracking Spreadsheet*, update the spreadsheet with the date of repayment.

**TP 58.3C Take Action if Borrower Does Not Repay Loan**

**07/01/2016**

**Auditor**

1. Confirm with FOD/COD that the loan was not repaid.
2. Work with the ▸EBLS/▸FBA/▸PBA to prepare and issue *eALG 553 Notification of Offset for Loan* to the borrower.
3. Complete the form on the Plan Loans and Other Distributions (1099-R Requests) Portal site to request that ▸PBGC's paying agent prepare a 1099-R to the borrower. Complete all required fields of the form, including:
   - **Payment Date:** Enter the date PBGC issued the *eALG 553 Notification of Offset for Loan* letter.
   - **Gross Distribution:** Enter the unpaid loan balance at the date of plan termination (DOPT) provided by the actuary.
4. Print a copy of the screen by selecting **My Record** and image the copy to the participant file in ▸IPS.

   PBGC's paying agent images a copy of the 1099-R to the participant file.
5. Inform the actuary that the borrower did not repay the loan.

**Actuary**

6. Offset the final benefit by the ▸actuarial equivalent of the unpaid loan balance at ▸DOPT:
   - Calculate the termination benefit without regard to the loan in the valuation.
   - Permanently reduce the termination benefit by the annuity equivalent of the unpaid loan balance at ▸DOPT. If needed, further reduce the benefit to provide a protected survivor annuity (see TP 58.5 Determine Requirement for and Request Spousal Consent).

   **Note** If a situation occurs where the benefit is not enough to cover the unpaid loan balance (which can happen primarily in majority owner situations), consult with ▸DCB Supervisory Auditor about whether to contact ▸OCC for debt collection action.

**Auditor**

7. If using a *Plan Loans and Distributions Tracking Spreadsheet*, update the spreadsheet to indicate that the borrower did not repay.
8. Proceed to TP 58.5 Determine Requirement for and Request Spousal Consent.

## TP 58.4 Process Other Distribution

**07/01/2016**

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| **Purpose** | To notify the distributee of the offset and taxation for the distribution and process accordingly. |
| **Guidance** | eALG Correspondence Help<br>Policy 6.6-2 Assignment or Alienation of Benefits<br>Policy 6.6-4 Plan Loans |
| **Procedure Owner** | Auditor, DMD/DCB, EBLS/FBA/PBA |

These steps describe how to process a participant distribution as a pre- or post-date of plan termination (▸DOPT) distribution. If a distributee received more than one distribution, contact Ask PPD for further guidance.

**Auditor**

1. Work with the ▸EBLS/▸FBA/▸PBA to prepare the *eALG 554 Notification of Offset* letter (see eALG Correspondence Help).
2. Upon successful review of the draft letter, request the EBLS/FBA/PBA to issue the letter to the distributee.
3. Complete the form on the Plan Loans and Other Distributions (1099-R Requests) Portal site to request that ▸PBGC's paying agent prepare a 1099-R to the distributee. Complete all required fields of the form, including:
   - **Payment Date:** Enter the date the distribution was made.
   - **Gross Distribution:** Enter the amount of distribution received.
4. Print a copy of the screen on the Portal site by pressing **My Record** and image the copy to the participant file in ▸IPS.

   PBGC's paying agent images a copy of the Form 1099-R to the participant file in IPS.
5. If using a *Plan Loans and Distributions Tracking Spreadsheet*, update the spreadsheet with information about the distribution.
6. Proceed to TP 58.5 Determine Requirement for and Request Spousal Consent.

> **Note** A pre-▸DOPT distribution is not considered a plan asset at DOPT.

# TP 58.5 Determine Requirement for and Request Spousal Consent

**07/01/2016**

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| **Purpose** | To attempt to obtain spousal consent, if needed, for plan loans and other distributions. |
| **Guidance** | eALG Correspondence Help<br>Policy 6.6-2 Assignment or Alienation of Benefits<br>Policy 6.6-4 Plan Loans |
| **Procedure Owner** | Actuary, Auditor, DMD/DCB, EBLS/FBA/PBA |

If a married participant takes a loan or other distribution from a pension plan, the spouse must consent to the loan or distribution unless the participant's benefit is ▸*de minimis* at that time. When PBGC trustees a plan and identifies a loan or distribution that did not have the required ▸spousal consent, PBGC contacts the spouse directly and asks if the spouse wishes to consent at this time. PBGC does this only to determine whether to "protect" the survivor benefit attributable to the loan or distribution; the consent does not affect the offset of the participant's benefit.

**Auditor**

1. Determine whether PBGC needs to request spousal consent:
   a. Determine whether PBGC requires spousal consent, that is, whether both criteria are true:
      - The borrower or distributee **is currently married to the same spouse** as when the loan or distribution was made.
      - The present value of the accrued benefit **at the time the loan or distribution was made** was more than the plan's *de minimis* cash-out level (typically $5,000).
   b. Determine whether PBGC needs to seek spousal consent:
      - Spousal Consent on File or Not Required: Do not complete the remainder of this procedure.
      - Spousal Consent Required but Not Obtained: Continue to step 2.
2. Request the actuary to calculate the spouse's protected survivor annuity. Supply the actuary with information gathered in TP 58.1 Obtain Information about Plan Loan or Distribution in addition to the information needed to estimate the termination benefit, including:
   - Borrower's or distributee's name and ▸SSN
   - Spouse's name and SSN
   - Date of birth of borrower or distributee and spouse
   - Date of hire
   - Salary, if applicable

**Actuary**

3. Estimate the monthly amount of the spouse's protected survivor annuity:
   - **For Loans**, use guidance in Policy 6.6-4 Plan Loans. Start with the ▸actuarial equivalent of the unpaid loan balance at the date of plan termination (DOPT) in the plan's qualified joint and survivor (QJSA) form at the normal retirement age (NRA); the spouse's protected survivor annuity is the monthly amount of the survivor benefit for this ▸QJSA benefit.
   - **For other distributions,** use guidance in Policy 6.6-2 Assignment or Alienation of Benefits. Estimate the monthly amount of the benefit offset, calculated in the plan's QJSA form at ▸NRA based on whether the distribution occurred pre- or post-▸DOPT; the spouse's protected survivor annuity is the monthly amount of the survivor benefit for this QJSA benefit.

**Auditor**

4. Work with the ▸EBLS/▸FBA/▸PBA to develop *eALG 556 Spousal Consent Request – Loan* or *eALG 557 Spousal Consent Request - Distribution* (see eALG Correspondence Help).

5. Submit the letter to ▸DCB Supervisory Auditor for review and concurrence.
6. After DCB Supervisory Auditor concurrence, submit the letter to Ask PPD for review and concurrence.
7. After ▸PPD concurrence, work with the EBLS/FBA/PBA to send the letter directly to the spouse.
8. Wait 30 days for a response from the spouse:
   - If the spouse does not respond within 30 days, treat as if PBGC did not receive spousal consent.
   - If the spouse requests additional time, determine and grant a reasonable amount of time.
9. Prepare the *Spousal Consent Memo to File* documenting whether:
   - PBGC obtained spousal consent.
   - The spouse is entitled to a protected survivor annuity.
10. Image the memo to the spouse's and the borrower's or distributee's file in ▸IPS.
11. Inform the actuary of the spouse's response for consideration in the determination of the participant's final benefit:
    - If the spouse consents, the actuary offsets the benefit without spousal protection.
    - If the spouse does not consent, the actuary offsets the benefit and calculates the cost of providing a protected survivor annuity.
12. Image the actuary's calculations and any supporting documentation to the borrower or distributee's file in IPS for reference when placing the participant or spouse into pay status.
13. If using a *Plan Loans and Distributions Tracking Spreadsheet*, update the spreadsheet with the spousal consent results.

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## TP 58.6 Resources for Plan Loans and Other Distributions

**09/30/2016**

**Forms, Letters, and Memos:**

- *Affidavit for Plan Loans*
- *Plan Loan or Other Distribution Determination*
- *Plan Loans and Distributions Tracking Spreadsheet*
- *Spousal Consent Memo to File*

**Customer Correspondence and Forms:**

- *eALG 551 Request for Information on Loan or Distribution*
- *eALG 552 Loan Repayment Option*
- *eALG 553 Notification of Offset for Loan*
- *eALG 554 Notification of Offset for Distribution*
- *eALG 556 Spousal Consent Request – Loan*
- *eALG 557 Spousal Consent Request – Distribution*
- *eALG 558 Confirmation of Loan Repayment*
- *eALG 559 Affidavit for Plan Loan – Cover Letter*

**Guidance:**

- *Policy 6.6-2 Assignment or Alienation of Benefits*
- *Policy 6.6-4 Plan Loans*
- *Treatment of Plan Distributions other than Benefit Payments Flowchart*

**Exhibits:**

*None*

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# TP 59 Data Load Requests

**In this Section**

TP 59. Overview for Data Load Requests
TP 59.1 First Pay and Customer Data Loads
TP 59.2 Miscellaneous Limited, Family, and Benefit Adjustment Data Loads
TP 59.3 Miscellaneous Full Data Loads
TP 59.4 Valuation Data Loads
TP 59.5 Resources for Data Load Requests

## TP 59. Overview for Data Load Requests

**07/01/2016**

The following procedures provide guidance for performing the various customer data loads using the Data Load Request wizard in Spectrum:

- **First Pay Load**: Performed at Plan Assumption to transfer payment responsibility from the prior plan administrator to PBGC.
- **Customer Load**: To load non-payees, usually at the time the plan is assumed. May be combined with the First Pay load.
- **Miscellaneous Loads**: To load various customer data. There are two types of Miscellaneous data loads: Limited and Full. The Data Elements List in the application defines what data may be loaded with each type of load.
- **Family Load**: To correct the status of Beneficiaries initially loaded as Participants (PP), and add deceased Participants to the database and link them to Beneficiaries in pay status.
- **Benefit Adjustments Load**: To adjust benefits of payees whose estimated payments are greater or less than what PBGC has determined they should be receiving.
- **Valuation Load**: Populates records with valuation data that enable Benefit Determination Letters to be issued.

There are various means by which data may be loaded: electronically from the user's desktop, electronically by ▸TRMD, manually from the user's desktop, or manually by the ▸DMC. The decision as to which method will be used should be made before the Data Load Request is initiated. TRMD performs Miscellaneous Full and Valuation loads.

Processing steps are included for both the person requesting the load and for the staff requested to assist with the load (TRMD or DMC), as applicable. For technical guidance, there are references throughout these procedures to the *Spectrum Data Load Management Users Manual*. There are also help screens within the Data Load Management application.

# TP 59.1 First Pay and Customer Data Loads

**07/01/2016**

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| **Purpose** | To load payees and other customers into Spectrum using various data load methods. |
| **Guidance** | *Customer Role and Eligibility Status Guidance* in *Spectrum User Manual*<br>*Plan File Indexing Specification Guide*<br>*Spectrum User Manual* |
| **Procedure Owner** | DMC, EBLS/FBA/PBA, TRMD |

The ▸EBLS/▸FBA/▸PBA is required to initiate all First Pay and Customer Data Load Requests, which may be done together in a combined load.

**EBLS/FBA/PBA**

1. Verify that an account for the▸ plan is open with ▸PBGC's paying agent:
   - If the Case Team in ▸CMS did not include an EBLS before ▸CFRD transferred the case to ▸CSD, proceed to step 2 to manually open an account.
   - If the Case Team in CMS included an EBLS before CFRD transferred the case to the CSD, proceed to step 3 to begin the data load.

     When CFRD transfers the case to CSD with an assigned EBLS, CMS automatically generates an e-mail containing the *Notification of Authorization to Make Payments Memo* requesting the account be opened, ▸SSC replies with a confirmation, and ▸CCC images both messages to the plan file. No further notification to SSC is needed.
   - If uncertain about the status of the account, check ▸PLUS:
     - If the account is open in PLUS, document that fact in a memo to the ▸IPS plan file and proceed to step 3 to begin the data load
     - If the account is not open, continue to step 2.
2. To open an account, complete the *Notification of Authorization to Make Payments Memo* and send to management via e-mail. After reviewing the document, the Employee Benefits Supervisor e-mails the document to PLUS System Administration and copies the Paying Agent ▸COR. PLUS System Administration submits the request to the Paying Agent. Once the Paying Agent has initiated the request (that is set up the Account Master on PLUS). PLUS System Administration notifies the CSD and New Plan E-Mail group of the status. CCC then images the message to the plan file.

   If corrections or updates are needed to PLUS System for the Account Master on PLUS, the Employee Benefits Supervisor notifies PLUS System Administration and copies the Paying Agent COR by e-mail. PLUS System Administration reviews the request and submits to the Paying Agent. Once the Paying Agent has implemented the request, PLUS System Administration notifies CSD.
3. Ensure that all data elements required for the data load are available (see the list within the Data Load Management wizard; for guidance on which codes to use when loading customers, see the *Customer Role and Eligibility Status Guidance* on the *Spectrum User Manual*).

   > **Note** When recording the benefit form for a surviving spouses or other beneficiary of a participant who had been in pay status and is now deceased, enter the residual benefit form. For example, for the surviving spouse of a participant who received a Joint & 50% Survivor benefit, enter a straight life benefit form.
4. Determine which of the following methods to use for the data load:
   - Electronic load from desktop
   - Electronic load by ▸TRMD at user's request
   - Manual load at desktop
   - Manual load by ▸DMC at user's request
5. Initiate the Data Load Request in ▸Spectrum and prepare the necessary documents according to the data load

method:

- **All Methods:**
  - Submit all data on a single spreadsheet.
  - Name all data fields correctly according to the Data Elements List (for example, the column with ▸SSNs must be named PRT_ID for Spectrum to accept the data).
  - If available, include in the data load the form of ▸benefit from the data the prior plan administrator or interim paying agent provided.
- **Electronic Load from User's Desk Top** (the file must be in an acceptable format):
  - Excel
  - Access
  - Text file containing comma-separated values (CSV)
- **Manual Load at Desktop**: No special preparation is needed, but ensure the data is in a format that the Approver can easily use to verify the load.
- **Electronic Load by TRMD**:
  - Load the spreadsheet to the shared drive (`I:/software/[8-Digit PBGC Case Number]/Customer`).
  - Name the data file with the ▸PBGC Case Number, follow by an underscore and the load type.
  - **Examples:**
    - First Pay or combined First Pay and Customer load: `I:/software/PBGC Case Number/Customer/12345600_FPLoad.xls`
    - Customer Load: `I:/software/PBGC Case Number/Customer/12345600_CLoad.xls`
  - Request TRMD to archive the data (see TRMD Service Catalog).
- **Manual Load by DMC**: Deliver the hard copy data to the Datahub Coordinator on initiating the Data Load Request and attach a printout of the summary request screen for reference.

**TRMD**

6. On receipt, obtain the file with the data from the data load folder in the shared drive in `I:/software/[PBGC Case Number]/[subfolder]`.

   Contact the EBLS/FBA/PBA if necessary to confirm.
7. If necessary, convert the data to a format that can be accepted by the Data Load Request wizard (Excel, Access, or text file with CSV).
8. Load the data and advise the requestor when complete.

**DMC**

9. On receipt, review the data to load the processing staff provided and notify the processing staff if any data is missing or unclear.
10. Complete all steps through data sampling and correcting data errors.
11. Forward the Data Load Request to Employee Benefits Supervisor leads for approval once there are no errors in customer records and no failed sample records. Advise the processing staff by e-mail once these steps are completed.

**EBLS/FBA/PBA**

12. Once the data is in the staging table, sample the data as the Data Load Request wizard directs and verify or fail each sample record:
    - If sampling is successful, correct all errors identified on the **Customer Error Report** provided by the wizard. (The Data Sample does not include records with errors.)
    - If the sampling is not successful and reveals problems with the data, consider reloading the data and then starting the sampling process over. This may require fixes to the spreadsheet.
13. Review the **Reconciliation Report** at any time during the data load process.

    The **Reconciliation Report** indicates discrepancies between data included with the Data Load Request and data in the staging table and is updated as changes are made to the data. Users can export the report to PDF or RTF formats.

14. Prepare the *Data Load Reconciliation Memo* to reconcile the source data to the data load totals on the Reconciliation Report.

    A *Data Load Reconciliation Memo* is required for each data load. For example, if all payees are loaded first and a second load is created for all non-payees, two memos are required.

15. Forward the Data Load Request for approval once there are no errors in customer records and no failed sample records.

    Data loads require authorization by an approver at level 30 or above. See TP 28. Overview for Approve Financial & Non-Financial Transactions through Approval Service.

16. Provide the *Data Load Reconciliation Memo* to the approver for concurrence.

**Employee Benefits Supervisor or Other Approver**

17. Review the data load for accuracy and completeness and ensure that all discrepancies between the plan administrator data are addressed in the *Data Load Reconciliation Memo*.
18. Upon successful review:
    - Approve the data load.
    - Sign the *Data Load Reconciliation Memo* to indicate concurrence and return it to the processing staff.
    - Return to Process 9.4 Initiate First Pay and Customer Data Loads to complete processing, as needed.

**EBLS/FBA/PBA**

19. Ensure the signed *Data Load Reconciliation Memo* and check register and other sources of payee and customer data used for the load are archived or imaged to the plan file. See TP 16 Plan and Participant File Maintenance.

    Do not image the Reconciliation Report or Customer List, since they are automatically imaged once the data load is forwarded.

20. If there are duplicate payments pending from PBGC and the prior plan administrator:
    a. Contact the ▶BPD Management Analyst to request options for preventing the duplicate payment (for example, deactivating the plan).
    b. Confer with the Employee Benefits Supervisor to review options and determine action based on the response from the BPD Management Analyst.
    c. If payees receive duplicate payments, administratively correct the overpayment (see TP 2 Administrative Correction of Benefit Overpayments).
21. Return to Process 9.4 Initiate First Pay and Customer Data Loads to complete processing, as needed.

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# TP 59.2 Miscellaneous Limited, Family, and Benefit Adjustment Data Loads

**07/01/2016**

| | |
|---|---|
| **Purpose** | To update Spectrum with certain participant data using a Data Load Request. |
| **Timing** | Schedule Benefit Adjustment data loads to allow for notification letters to be issued to payees at least 30 days before the effective date of the adjustments (see Process 10.4 Identify Current Payees for Benefit Adjustments). |
| **Guidance** | *Spectrum Data Load Management Users Manual* in the *Spectrum User Manual* |
| **Procedure Owner** | Actuary, EBLS/FBA/PBA, TRMD |

The ▸EBLS must initiate the Data Load Request for a Family load. However, either the EBLS/▸FBA/▸PBA or ▸TRMD may initiate the Data Load Request for a Benefit Adjustment or Miscellaneous Limited data load.

**EBLS/FBA/PBA**

1. Ensure that all data elements required for the data load are available. A list is available within the Data Load Management wizard.
2. Determine which of the following methods will be used for the data load:
   - Electronic load from desktop
   - Electronic load by TRMD at user's request
   - Manual load at desktop
   - Manual load by ▸DMC at user's request
3. Initiate the Data Load Request in Spectrum and, as indicated below, prepare the necessary documents based on how the data will be loaded. Ensure that all data is submitted on a single spreadsheet and all data fields are named correctly according to the Data Elements List (for example, the column with Social Security Numbers must be named PRT_ID for the data to be accepted).
   - **Electronic Load from User's Desk Top**: Prepare the document with the data to be loaded. The document must be in one of the following formats: Excel, Access, or a text file containing comma-separated values (CSV).
   - **Electronic Load by TRMD**: Load the spreadsheet to the shared drive I:/software/DATAHUB into the folder with the 8-digit ▸PBGC Case Number for the plan (create the folder if necessary) and new subfolder named to reflect the type of load ("MiscLtd", "Family", or "BenAdjust"). Name the data file "RequestID" followed by the Request Identification Number generated by Data Load Management. For example: I:/software/DATAHUB/12345600/MiscLtd/RequestID126.xls
   - **Manual Load at Desktop**: No special preparation is needed, but the data should be in a format that the Approver can easily use to verify the load.
   - **Manual Load by DMC**: Ensure the hard copy data to be used indicates the correct names for the data elements. Deliver the hard copy data to the Datahub Coordinator in the DMC once the Data Load Request is initiated, and attach a printout of the summary request screen for reference.
4. Make changes to the Data Load Request as needed, such as adding support staff to assist with the load and assigning a temporary data load owner. Changes may be made as long as no records have yet been loaded to the staging area.
5. Sample the data once it is loaded into the staging table, as directed by the Data Load Request wizard. Verify or Fail each sample record. Note that if TRMD or the DMC does the load, they will also sample and correct the data as needed, but the EBLS should also perform this step. Once the sampling is completed:
   - If sampling is successful, correct all errors identified on the Customer Error Report provided by the wizard. (The Data Sample does not include records with errors.)
   - If the sampling is not successful and reveals problems with the data, consider reloading the data and then starting the sampling process over. This may require fixes to the spreadsheet used.

6. View any data errors listed on the Customer Error report screen and take action to:
   - Correct or update data as needed, and
   - Drop customers and recover dropped customers.
7. Review the Reconciliation Report, which may be exported to PDF or RTF format, at any time during the data load process. This report indicates discrepancies between data included with the Data Load Request and data in the staging table, and is updated as changes are made to the data. Explain discrepancies in the comments field of the report.
8. Forward the load for approval once there are no errors on customer records and there are no failed sample records.
9. Notify case team once the data load is approved.
10. Image source documentation for the load to the plan file. But do not image the Reconciliation Report or Customer List; these are automatically imaged once the load is approved.
11. For Benefit Adjustment loads, work with the case team to advise customers at least 30 days before the effective date in accordance with Process 10.4 Identify Current Payees for Benefit Adjustments.

**TRMD**

The EBLS/FBA/PBA is required to initiate all Family Data Load Requests, but may request that TRMD initiate Benefit Adjustment and Miscellaneous Limited loads and complete them through forwarding to the Employee Benefits Supervisor for approval. Take the following steps if TRMD is requested to process an electronic data load.

1. Obtain the file from the subfolder set up for the data load in the shared drive I:/software/DATAHUB. If the EBLS/FBA/PBA initiates the Data Load Request, the file name will begin "RequestID" followed by the Request ID Number.
2. If necessary, convert the data to a format that can be accepted by the Data Load Request wizard (Excel, Access, or text file with comma-separated values (CSV)).
3. If requested to perform the complete load by the EBLS/FBA/PBA, initiate the Data Load Request and complete all other steps through forwarding the load for approval. Notify the EBLS/FBA/PBA of the status by email.

**DMC**

Take the following steps if the DMC is requested to process a manual data load.

1. Upon receipt, review the data to be loaded provided by the EBLS/FBA/PBA. Notify the EBLS/FBA/PBA if any data is missing or unclear.
2. Complete all steps through data sampling and correcting data errors.
3. Forward the Data Load Request to the Employee Benefits Supervisor for approval once there are no errors in customer records and no failed sample records. Advise the EBLS/FBA/PBA by email once these steps are completed.

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## TP 59.3 Miscellaneous Full Data Loads

**07/01/2016**

| | |
|---|---|
| **Purpose** | To load into Spectrum miscellaneous data that may include valuation data. |
| **Guidance** | *Spectrum Data Load Management Users Manual* in the *Spectrum User Manual* |
| **Procedure Owner** | EBLS/FBA/PBA, Employee Benefits Supervisor, TRMD |

▸TRMD must initiate the Data Load Request for a Miscellaneous Full Data Load.

**EBLS/FBA/PBA**

1. Load the spreadsheet with the data to be loaded to the shared drive I:/software/DATAHUB into the folder with the 8-digit ▸PBGC Case Number for the plan (create the folder if necessary) and new subfolder for the data file named "MiscFull". (For example: I:/software/DATAHUB/12345600/MiscFull/dataload.xls) Ensure that all data is submitted on a single spreadsheet and all data fields are named correctly according to the Data Elements List (for example, the column with Social Security Numbers must be named PRT_ID for the data to be accepted).
2. Request that TRMD perform the data load (see the TRMD Service Catalog). Include the name and location of the file with the data to be loaded.

**TRMD**

3. Obtain the data file from the shared drive.
4. If necessary, convert the data to a format that can be accepted by the Data Load Request wizard (Excel, Access, or text file with comma-separated values (CSV)).
5. Initiate the Data Load Request and take all steps through forwarding the data for approval by the Employee Benefits Supervisor.
6. Notify the ▸EBLS/▸FBA/▸PBA by email that the load has been forwarded.

**Employee Benefits Supervisor**

7. Upon successful review and approval of the data load, notify the case team.

**EBLS/FBA/PBA**

8. Ensure the source document for the data load is imaged to the plan file.

## TP 59.4 Valuation Data Loads

**07/01/2016**

| | |
|---|---|
| **Purpose** | To load valuation data into Spectrum that will enable Benefit Determination Letters to be populated with required customer data. |
| **Guidance** | *Spectrum Data Load Management Users Manual* in the *Spectrum User Manual* |
| **Procedure Owner** | Actuary, TRMD |

All Valuation data loads are initiated by ▸TRMD.

**Actuary**

1. Load the files to I:/software into the folder with the 8-digit ▸PBGC Case Number for the plan and subfolder named "FinalValuation".
2. Request that TRMD perform the data load (see the TRMD Service Catalog). Include the name and location of the data files.

**TRMD**

3. Initiate the Data Load Request and perform all steps in the process through approving the data load. (Valuation data loads are self-approved in AWA.)
4. Notify the case team by email when the data load is complete.

## TP 59.5 Resources for Data Load Requests

**09/30/2016**

**Forms, Letters, and Memos:**

*Data Load Reconciliation Memo*

*Notification of Authorization to Make Payments Letter*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

- *Customer Role and Eligibility Status Guidance in the Spectrum User Manual*
- *Spectrum Data Load Management User Manual in the Spectrum User Manual*

**Exhibits:**

*None*

# TP 60 Data Sampling

**In this Section**

TP 60. Overview for Data Sampling
TP 60.1 Determine Items for Sample
TP 60.2 Compare Samples to Source
TP 60.3 Resources for Data Sampling

## TP 60. Overview for Data Sampling

**08/28/2014**

Data sampling is a methodical system for selecting a representative group of participants to be used in testing the reliability of a data element during an electronic data or participant database review. By using either a random number generator or a mathematically determined interval to produce an adequately sized random sample, the auditor ensures that there is no bias in the selection of entries to test the reliability of data.

Data may be divided into sub-populations to ensure that all significant groups of participants are represented in the sample. If so, each sub-population is sampled and tested individually. Coordination between the auditor and the actuary is required to determine which errors are to be considered significant or insignificant.

- Insignificant errors should be corrected, but do not affect the reliability of the data element.
- The number of significant errors determines the reliability of each data element.
  - If the data element has too many significant errors, it is not reliable and designated as "Failed."
  - Otherwise, it can be used, and is designated as "Passed."

Typically, the auditor uses data sampling either to test e-data (see Process 11.4B Review Electronic Data) or the participant database (see Process 12.2 Test Participant Database for Small Plan and Process 13.2 Monitor and Test the Participant Database). The procedure consists of two parts. First, the auditor selects the sample to be tested (see TP 60.1 Determine Items for Sample). Once the sample has been selected, testing can begin (see TP 60.2 Compare Samples to Source).

**Note** If the Participant Database has been built using Leo, then the auditor uses Leo's audit functions to perform sampling.

## TP 60.1 Determine Items for Sample

**07/01/2016**

| | |
|---|---|
| **Purpose** | To create a statistical sample of a dataset for testing. |
| **Guidance** | *Leo/ACT Format User Manual* |
| **Procedure Owner** | Auditor |

This procedure is intended for use in all plans, regardless of the number of participants. For plans with more than 500 participants, consider using additional judgmental sampling to supplement the random sampling, as appropriate to the case.

1. Determine the sample dataset for testing:
   - If using Leo to create the sample, use the sampling wizard within Leo, then proceed to TP 60.2 Compare Samples to Source.
   - If not using Leo to create the sample, continue with this procedure.
2. Define the population from which the sample is to be drawn (if selection of the sample size is done while the participant database is being built, use estimated numbers for defining the total population).
   a. Beginning with the total population in the participant database, exclude the following, as applicable:
      - **Non-Members:** Remove non-members since they are not affected by the benefit calculation and are therefore irrelevant to these procedures.
      - **Early Benefit Determination Letter Participants:** Participants who received early ▸BDLs may be removed if previously sampled as part of the Early BDL Database review.

   All remaining participants in the plan will be the sampling population.

   b. Document the definition of the sampling population in the work papers (see the *Definition of Sample Size Work Paper* for an example).
3. Divide the sampling population into sub-populations based on shared characteristics to create more homogeneous groups using the following criteria:
   - **Sub-Populations based on expectation of data accuracy.** These are based on the auditor's experience and prior knowledge gathered during the database-building phase. Any available information related to difficulties encountered during the database creation could provide guidance about the expected level of error within the database, as well as help identify participant sub-populations that may be prone to having lower levels of data element accuracy. For example:
     - Plans of organizations that have undergone mergers and/or acquisitions. Each sub-population could contain the participants from one of the merged entities.
     - Plans where original source documentation is both manual data and electronic data. Sub-populations could segregate participants for whom the data was originally from manual sources from those for whom the data was originally from electronic sources.
   - **Sub-Populations based on facilitation of sample examination.** For example, when a group within the sampling population requires a similar set of data elements for benefit calculations which are of lesser importance for the benefit calculation of another group, the former group may be treated separately.

**Note** The use of sub-populations is not mandatory for all databases. An auditor may choose not to use sub-populations (with the approval of the Supervisory Auditor), if the database is simple. For example, a small plan with a rate x service benefit formula, no benefit formula changes, no mergers of organizations, same sources of information, and/or good data, or a plan where PBGC is accepting accrued benefits because of very limited source documents, may not need sub-populations. In such cases, one sample population may be sufficient.

1. Stratify the population, or each of the sub-populations identified in step 2, using one or more factors. For example:
   - **Sub-Population A:** Retirees may be stratified into:
     - Retirees in pay status for less than one year prior to ▸DOPT.
     - Retirees in pay status for more than one year prior to DOPT.

- **Sub-Population B:** Non-Retirees may be stratified into:
  - Separated vested
  - Active vested
  - Active non-vested

> **Note** Strata within a population will not have the same rigorous sample size requirements that each population has, but stratification can assist in obtaining a sample that has adequate representation of all important factors within the population.

2. Document the definitions of sub-populations and stratifications, as applicable, in the participant database work papers (see the *Definition of Sample Size Work Paper* for an example).
3. Use the ▸Sample Size Table to determine the sample sizes for each sub-population (or population if no sub-populations are defined). For any sub-population with 50 or fewer participants, perform a 100% review.
4. In the review work papers, record the following parameters used to determine the sample sizes (as defined by ▸DMD management):
   - **Expected Error Rate:** 2%
   - **Required Upper Precision Limit:** 5% for all sub-populations
   - **Confidence Level:** One-sided 95% confidence level
5. For each sub-population that has been stratified, allocate sub-population sample sizes proportionally across the strata.
   - In order to provide sufficient coverage for each stratum within the sub-population, set the sample size to at least 10 participants for each stratum within a sub-population.
   - For any stratum with fewer than 10, perform a 100% review.

**Example:**

Sub-population B has a sample size of 160 and the following stratification:

- Active vested = 31% (2,823 participants)
- Active non-vested = 5% (467 participants)
- Separated vested = 64% (5,878 participants)

For appropriate coverage from each stratum, the sample size for active non-vested should be increased to 10. The final sample sizes would then be:

- Active vested = 50
- Active non-vested = 10
- Separated vested = 102

Therefore, the total sample size for Sub-Population B is 50 + 10 + 102 = 162.

6. Document the sample size for each sub-population and stratum and include it in the participant database work papers (see the *Definition of Sample Size Work Paper* for an example).
7. Determine the sample selection technique to be used and select the sample items. Then take the following steps for each stratum of each sub-population (or for each sub-population, if not stratified) independently:
   - Number the participants by assigning the number 1 to the first individual, 2 to the second, and so on.
   - **If using random selection:**
     i. Use a random number generator to generate as many random numbers as required by the sample sizes determined (for example, in the *Definition of Sample Size Work Paper*, 64 random numbers are generated for strata Retirees > 1 Year).
        - Each set of random numbers should be between 1 and the maximum number of participants in the sub-population stratum.
        - Print the results.
     ii. Select the participants whose assigned number corresponds to the random number generated.
     iii. Document the sample selection in a table (see example in *Select Random Sample Work Paper*), and attach the random number printouts. Include in the participant database work papers.

- **If using interval selection:**
    i. Determine the interval size by dividing the total number of participants by the desired sample size and round down to the nearest integer (for example, in the *Definition of Sample Size Work Paper*, for strata Retirees > 1 Year, 876/64 = 13.6875, round down to 13).
    ii. Choose one random number as a starting point. The random number should be between 1 and the calculated interval. The participant whose assigned number corresponds to the random number will be the first selected.
    iii. From the starting point, select the participants whose assigned number corresponds to the numbers determined by adding multiples of the interval (using the example from the *Definition of Sample Size Work Paper*, if the starting point is 10, select 10, 23 (10+13), 36 (23+13), and so on).
    iv. Document the sample selection in a table and include with participant database work papers (see example in *Select Interval Sample Work Paper)*.

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## TP 60.2 Compare Samples to Source

**11/20/2015**

| | |
|---|---|
| **Purpose** | To determine the reliability of a dataset by comparing a statistical sample to the source documents. |
| **Guidance** | *Participant Data Audit Statistical Sampling* |
| **Procedure Owner** | Auditor |

This procedure presumes the use of statistical sampling (see TP 60.1 Determine Items for Sample). However, it can be modified for use with a judgmental sample.

1. Prior to investigating the sample, meet with the actuary to determine which data element conditions will be considered a significant error vs. an insignificant error and document in the work papers.
   - An **error** occurs whenever any data element value does not match the defined source.
   - A **significant error** is any error that will affect the benefit calculation, such as ▸DOB, date of hire, ▸DOTE, earnings, benefit form, or retirement date.
   - An **insignificant error** is any error that will not affect the benefit calculation, such as an incorrectly spelled last name.
   - For the purpose of the review, data elements with missing information are **not** considered an error if no source documentation was available to populate that data element. (Missing data includes data elements that have been populated using benefit estimation techniques.) However, if a data element is missing for a participant for whom a source document does exist, then the missing data is considered an error.
2. Clearly document all missing data elements in the work papers.
3. Investigate the sample items in the participant database or e-data:
   - Compare the data in the selected participant records to the corresponding source documents.
   - Indicate whether a tested data element passes or fails (for example, using a check mark or an *x*).
   - If an error is discovered, determine whether it is significant or insignificant, based on the criteria set forth in step 1.
   - When a significant error is discovered, the entire participant record (not just the data element) should be considered an error and documented in the work papers.
   - Insignificant errors should be documented in the work papers and subjected to further investigation; however, only significant errors would cause a participant to be in error for the sampling objectives.
4. Determine whether the significant error rate for the sample exceeds the expected error rate:
   - To calculate the actual error rate observed in the sample for each sub-population, divide the total number of participants with one or more significant errors found in the sample by the sample size.
   - If the actual error rate identified in the sample is no more than the expected error rate of 2% (per ▸Sample Size Table), then at a 95% confidence level, the estimated upper limit of error does not exceed the 5% maximum tolerable error rate; designate the sample as "Passed."
   - If the actual error rate identified in the sample exceeds the expected error rate of 2% (per ▸Sample Size Table), the estimated upper limit of error at a 95% confidence level exceeds the tolerable error rate; designate the sample as "Failed" (see *Report 410 - Audit Summary* and *Report 420a - Errors by Data Element* for examples).
5. Document all results in a table on the *Participant Data Review Work Paper Summary* and include with the review work papers. If a 100% review was completed, state this on the document. If applicable, entries within the table are determined by the sub-population and sample data used throughout the sampling evaluation process. If using Leo, use the following reports:
   - *Report 410 - Audit Summary*
   - *Report 415 - Errors by Customer*
   - *Report 416 - Significant Errors by Customer*
   - *Report 417 - Insignificant Errors by Customer*
   - *Report 420a - Errors by Data Element*

6. Proceed according to whether the sampling is for e-data or the participant database.
    - If the sampling is for e-data, return to Process 11.4B Review Electronic Data.
    - If the sampling is for the participant database, return to Process 13.2A Monitor Participant Database in Leo.

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## TP 60.3 Resources for Data Sampling

**09/30/2016**

**Forms, Letters, and Memos:**

- *Database Sample Work Papers*
- *Definition of Sample Size Work Paper*
- *Participant Data Review Work Paper Summary*
- *Select Interval Sample Work Paper*
- *Select Random Sample Work Paper*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

- *Leo/ACT Format User Manual*
- *Participant Data Audit Statistical Sampling*

**Exhibits:**

*None*

# TP 61 Successor Plan Determinations

**In this Section**

TP 61. Overview for Successor Plan Determinations
TP 61.1 Determine if Successor Plan Determination Needed
TP 61.2 Determine if a Trusteed Plan is a Successor Plan
TP 61.3 Resources for Successor Plan Determinations

## TP 61. Overview for Successor Plan Determinations

**11/29/2011**

Under §4022 of ▸ERISA, PBGC must guarantee payment of all ▸nonforfeitable benefits provided under a single-employer plan, other than those becoming nonforfeitable solely on account of termination of the plan. For purposes of §4022, the time that a ▸successor plan has been in effect includes the time that a previously established plan or ▸predecessor plan was in effect (within the meaning of §4021(a)). As a result, the calculation and valuation of benefits provided by a trusteed plan (the current plan) may be significantly impacted if PBGC determines that it is a successor plan.

Section 4021(a) of ERISA describes a successor plan as a plan that covers a group of employees, which includes substantially the same employees as a previously established plan (the ▸prior plan) and provides substantially the same benefits as that plan provided. A three-part test is used to determine if a plan is a successor to a previously established plan. The three factors to evaluate are:

1. Coverage Factor: Does the current plan cover substantially the same employees or group(s) employees as the prior plan?
2. Benefits Factor: Does the current plan provide substantially the same benefits for the same employees or group(s) employees as the prior plan?
3. Continuity Factor: Was there a gap in the termination of coverage under the prior plan and the beginning of coverage under the current plan?

In addition to meeting the factors of the three-part test, if the sponsor of the current plan is not the same as for the prior plan or is not a member of the same controlled group, the prior plan's assets and liabilities must have been transferred to the current plan for a successor relationship to exist.

A previously established plan may or may not be a PBGC-trusteed plan; it may have terminated in a standard termination or may be ongoing. In addition, even though the current plan may be related to the prior plan, it may not necessarily be its successor. If a current plan is related to a prior plan, PBGC must determine if it is a successor to that plan. If PBGC determines that the current plan is a successor to a prior plan, PBGC treats the plans as one plan in calculating and valuing the benefits payable under the current plan. Treating the plans as one plan may have a significant impact on the application of the following:

- ▸§436 Limitations
- ▸Maximum Guaranteeable Benefit
- ▸PC3 allocation
- ▸Phase-In
- Substantial/Majority Owner Phase-In

These procedures describe how to determine if a successor plan determination is needed and, if so, how to make the determination.

## TP 61.1 Determine if Successor Plan Determination Needed

**07/01/2016**

| | |
|---|---|
| **Purpose** | To determine if a successor plan determination is required. |
| **Guidance** | *Successor Plan Determinations Additional Guidance* |
| **Procedure Owner** | Actuary |

Whether or not a successor plan determination is required must be documented in the *Estimated Benefit Adjustments Analysis Memo* (see Process 10.1 Analyze Plan Documents).

The ▸actuary completes the *Estimated Benefit Adjustments Analysis Memo* and, if required, makes the ▸successor plan determination. The actuary works with the ▸auditor to identify whether a ▸prior plan existed and to obtain the required documentation, when needed.

A successor plan determination is **not** required if the ▸ASD Management can show that, regardless of a determination, PBGC limitations do not affect termination benefits. Address the questions in the *Estimated Benefit Adjustments Analysis Memo* to determine if any further action is necessary.

1. Early in the plan processing, ideally within six to eight months of trusteeship, take the following actions to the extent necessary to determine if a prior plan existed and therefore a successor plan determination is required:
   a. Review the ▸TWG memo and other documentation to see if the current plan is identified as being related to a prior plan.
   b. Review plan documents, including collective bargaining unit agreements and purchase/sales agreements to identify any prior plan(s).
   c. Review plan ▸AVRs to identify offsets by another plan's benefit or other factors indicative of the existence of a prior plan.
   d. Review the *Working Retirement Determination Form* (see TP 53 Working Retirement Determinations), if completed, to identify possible changes in the ▸DOPT employer or plan sponsor (for example, a sale of DOPT employer's operating assets is documented, a transfer of plan assets and liabilities is documented, etc.), which may be indicative of a change in plan sponsorship or establishment of a new plan.
   e. Review available PBGC information sources that list terminated plans (standard and trusteed) to rule out existence of possible prior plans.
   f. If information in the plan and/or PBGC records otherwise indicates the possible existence of a prior plan, request information about the existence of any prior plans that are or may be related to the current plan from the plan sponsor and/or plan administrator and other parties in interest (for example, union officials).
2. Based on the review in step 1, document the *Estimated Benefits Adjustments Analysis Memo* whether a successor plan determination is required:
   a. If a successor plan determination is not required, no further action required.
   b. If a successor plan determination is required, review the available plan documentation to see if information about the prior plan's provisions is available.

      If necessary, request the required information from the plan sponsor and/or administrator and other parties in interest (for example, union officials).
3. To determine if the current plan is a successor to the prior plan, follow the instructions in TP 61.2 Determine if a Trusteed Plan is a Successor Plan.

## TP 61.2 Determine if a Trusteed Plan is a Successor Plan

**07/01/2016**

| | |
|---|---|
| **Purpose** | To determine if a trusteed plan is a successor plan. |
| **Guidance** | *Successor Plan Determinations Additional Guidance* |
| **Procedure Owner** | Actuary |

Once a prior plan has been identified, and if a successor plan determination is required, evaluate the factors of the ▸three-part test to determine if a plan is a successor to a prior plan.

Complete the *Successor Plan Determination Form* to:

- Determine if the current plan is a successor to the prior plan.
- Document the determination.
- Document the impact on the calculation of benefits payable by PBGC.

Perform the following steps:

1. Review relevant documentation for both plans, including but not limited to:
   - Plan documents
   - ▸CBA
   - Minutes from pension board and union meetings
   - Purchase agreements
   - Statements by the plan sponsor in memoranda or other outside documents
   - Summary plan documents
2. For additional guidance on making the determination, refer to *Successor Plan Determinations Additional Guidance*.
3. If there is any uncertainty as to whether the current plan is a successor to the prior plan, document the issue(s) in the *Successor Plan Determination Form* and e-mail the form with "Successor Plan Issue – [enter Plan Name]" in the **Subject** field to Ask PPD requesting assistance.

   ▸PPD evaluates the issue(s) and asks for ▸OCC assistance, if needed.
4. Upon completion of the *Successor Plan Determination Form*, e-mail the determination, with "Successor Plan Determination – [enter Plan Name]" in the **Subject** field to Ask PPD requesting concurrence.
5. After receiving concurrence from PPD, image the *Successor Plan Determination Form* to the plan file in ▸IPS.

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## TP 61.3 Resources for Successor Plan Determinations

**09/30/2016**

**Forms, Letters, and Memos:**

- *Estimated Benefit Adjustments Analysis Memo*
- *Successor Plan Determination Form*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

- *Successor Plan Determinations Additional Guidance*

**Exhibits:**

*None*

# TP 62 USERRA Benefits

**In this Section**

TP 62. Overview for USERRA Benefits
TP 62.1 Process Potential USERRA Eligibility for a Participant
TP 62.2 Process Potential USERRA Eligibility for a Plan
TP 62.3 Usage of USERRA Letter Language
TP 62.4 Resources for USERRA Benefits

# TP 62. Overview for USERRA Benefits

**07/01/2016**

Policy 5.15-1 Treatment of Benefits Earned During Military Service became effective on August 1, 2009, and addressed the effect of the Uniformed Services Employment and Reemployment Rights Act of 1994 (▸USERRA) on PBGC benefits. The policy was updated effective August 30, 2011 to address the effect of the Heroes Earnings Assistance and Relief Tax Act of 2008 (▸HEART).

### USERRA Background

USERRA, enacted on October 13, 1994, provides that upon reemployment after an absence due to military service within the time period permitted under law, an employer must credit the employee with pension service for the entire absence for purposes of participation, vesting, accrual, and eligibility for benefits. In other words, a participant must get pension credit for time served in the military if he or she returns to work for the employer.

Military service is defined broadly. It includes service regardless of whether the employee volunteered for or was called to active duty. It also includes service in the National Guard or Reserves. Refer to Policy 5.15-1 Treatment of Benefits Earned During Military Service for a more detailed definition.

### HEART Background

HEART expanded entitlement to pension benefits for employees and their survivors if the employee dies or becomes disabled on or after January 1, 2007, while serving in the military. Under HEART, plans are required to provide that if a participant dies while performing qualified military service, survivors of the participant are entitled to any additional benefits (other than benefit accruals) that would have been provided under the plan had the participant resumed employment the day before the date of death, and then terminated employment on account of death. Such additional benefits include vesting service, accelerated vesting, and survivor benefits contingent on termination of employment due to death. Contact Ask PPD for guidance.

HEART permits but does not require plans to provide service for benefit accruals if a participant dies while performing qualified military service, or to provide service for vesting or accrual purposes if a participant becomes disabled while performing qualified military service.

### How USERRA and HEART Affect PBGC Benefits

Before the first edition of Policy 5.15-1 Treatment of Benefits Earned During Military Service became effective, PBGC recognized additional pension service under USERRA and HEART only if the qualifying event (reemployment, death, or disability) occurred before DOPT. Based on a new regulation, as of August 1, 2009, PBGC now recognizes the additional service up to ▸DOPT even if the qualifying event occurs after DOPT. See TP 62.1 Process Potential USERRA Eligibility for a Participant.

This policy applies to all reemployments under USERRA and deemed reemployments under HEART, even if the qualifying event occurred before the effective date of the policy. If a participant who received a ▸BDL before August 1, 2009 inquires about eligibility for additional benefits under HEART or USERRA, PBGC will review the case and grant the additional benefits if the participant is eligible.

PBGC notifies participants who are potentially affected by USERRA and HEART using specific ▸eALG letters or by inserting language into standard letters.

### Documenting Plan and Participant Files

When archiving documents or imaging documents to plan or participant files, follow instructions in TP 16 Plan and Participant File Maintenance.

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# TP 62.1 Process Potential USERRA Eligibility for a Participant

**07/01/2016**

| | |
|---|---|
| **Purpose** | To review the participant's information and proof documents for potential eligibility of additional pension service under USERRA. |
| **Guidance** | Policy 5.8-1 Benefit Corrections<br><br>Policy 5.15-1 Treatment of Benefits Earned During Military Service |
| **Procedure Owner** | Actuary, Auditor, EBLS/FBA/PBA/PVA |

**In this Section**

TP 62.1A Determine Participant Eligibility for Additional Pension Service under USERRA
TP 62.1B Notify Participant of USERRA Eligibility
TP 62.1C Notify PPD and Case Team of USERRA Eligibility Results
TP 62.1D Determine Successor in Interest

**TP 62.1A Determine Participant Eligibility for Additional Pension Service under USERRA**

**07/01/2016**

The ▸EBLS/▸FBA/▸PBA/▸PVA receives notification from a participant via a phone call, letter, e-mail, or from the ▸CCC that the participant believes his or her benefit may be affected by ▸USERRA. If the call comes in through the CCC, the ▸CSR screens the caller using a predefined script and transfers the call if the participant is potentially eligible for additional pension service under USERRA.

> **Note** Under the ▸HEART Act of 2008, if a plan participant on military leave at ▸DOPT dies or becomes disabled while performing USERRA-qualified service, the surviving spouse may be due a higher benefit based on additional pension service up to DOPT. Contact Ask PPD for guidance.

**EBLS/FBA/PBA/PVA**

1. Determine if the participant is possibly eligible for additional pension service under USERRA by using the *USERRA Questionnaire* to ask the appropriate questions.
2. Complete the *USERRA Questionnaire* based on the participant's answers:
   - If the participant is potentially eligible, send ▸PPD the *USERRA Questionnaire* for tracking purposes.
   - If the participant is *not* eligible, inform the participant.
3. Document the call in ▸CRM and image the *USERRA Questionnaire* to the participant's file in▸ IPS.

   If the participant is not eligible, no further action required in this procedure.
4. Send the *eALG 625 — Request for Information — USERRA*, with the attached *Form 712 Uniformed Services Information Form* to the participant.
5. After receiving the *Form 712 Uniformed Services Information Form* and proof documents from the participant, review for acceptability:
   - If the information and proof documents are acceptable, continue to step 6.
   - If the information and/or proof documents are *not* acceptable, request the required information or documents using the *eALG 530 Request for Additional Documentation/Information*.
   - If provided on the form, record or update the customer's e-mail address in CRM.
6. Based on the *Form 712 Uniformed Services Information Form* and proof documents, determine if the participant was re-employed with the pre-service employer:
   - **Can Determine**: Continue to step 7.
   - **Cannot Determine**: If it is unclear if an ongoing employer is the pre-service employer (for example, due to the sale of the company or its assets), proceed with a successor in interest determination based on the plan status:
     - If the plan is in PVA, complete the determination (or send to the PVA to determine).
     - For other plans, send the request to the assigned ▸DMD auditor.

     The auditor or PVA determines if the employer is a successor in interest in TP 62.1D Determine Successor in Interest. Once the determination is complete, continue to step 7.

> **Note** Policy 5.15-1 Treatment of Benefits Earned During Military Service defines the **pre-service employer** as the employer that employed the individual prior to his or her uniformed service or any employer that is a successor in interest to the former employer. The determination of whether an employer is a **successor in interest** is made on a case-by-case basis considering the factors described in Policy 5.15-1 Treatment of Benefits Earned During Military Service, Section C.5.

7. Proceed according to whether the participant is potentially eligible for additional pension service under USERRA:
   - **Potentially Eligible:** Send request for a final determination of USERRA eligibility and a possible benefit recalculation to the ▸actuary. If the participant received a Benefit Estimate, ▸BDL, or is in pay status, request a revised statement. If there was a successor interest determination, include the *Successor in Interest Memo* in the request.
     - If the plan is assigned to a PVA, send the request to ▸CSD.

- For other plans, send the request to the actuary.

  Wait for response from the Actuary and then continue to step 11.

- **Not Eligible**: If the participant is not eligible, continue to step 11.

**Actuary**

8. Determine whether the participant is affected; if so, recalculate the benefit and prepare a revised benefit statement.
9. Inform the EBLS/FBA/PBA/PVA of the determination.
10. Continue to TP 62.1C Notify OPSS and TPD of USERRA Eligibility Results.

**EBLS/FBA/PBA/PVA**

11. Perform one of the following based on the participant's eligibility for additional pension service under USERRA:
    - **Eligible**: If the participant is eligible for additional pension service, continue to TP 62.1B Notify Participant of USERRA Eligibility.
    - **Not Eligible**: If the participant is not eligible for additional pension service under USERRA, send one of the following:
      - Participant Received BDL: Send a revised BDL with appeal rights to the participant (even though there was no change to the benefit).
      - Participant has not Received BDL: Send the *eALG 626 — Notice of Non-entitlement — USERRA* to the participant.
12. Image all appropriate documentation to the participant's file in ▶IPS.

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**TP 62.1B Notify Participant of USERRA Eligibility**

**07/01/2016**

This procedure assumes the participant is eligible for additional pension service under ▸USERRA as determined in TP 62.1A Determine Participant Eligibility for Additional Pension Service under USERRA.

**EBLS/FBA/PBA/PVA**

1. Determine if the participant received a ▸BDL:
   - **Received BDL**: Send a Revised BDL and Benefit Statement, including additional pension service under USERRA. See Process 19.5 Issue Revised Benefit Determination Letter.
   - **Not Received BDL**: Determine if the participant is in pay status:
     - In Pay Status: Send an eALG 300 series letter and a revised a benefit statement.
     - Not in Pay Status: Send an eALG 200 or 300 series letter and provide an Estimated Benefit Statement.
2. If the participant is in pay status, adjust the benefit in ▸Spectrum and issue a back payment with interest, as appropriate.
3. Image all appropriate documentation to the participant's file in ▸IPS.

**TP 62.1C Notify PPD and Case Team of USERRA Eligibility Results**

**07/01/2016**

This procedure assumes the participant is eligible for additional pension service under USERRA as determined in TP 62.1A Determine Participant Eligibility for Additional Pension Service under USERRA.

**Actuary**

1. Use the *USERRA Tracking Information* spreadsheet to document additional USERRA information required by PPD for tracking purposes.
2. Send the spreadsheet to Ask PPD, and in the subject line, enter "USERRA Tracking Information."
3. Determine if the Valuation is final:
   - **Valuation Final**: No further action required in this procedure.
   - **Valuation not Final**: Determine if the *Participant Review Summary* is complete:
     - *Participant Review Summary* Complete: Update the valuation database with the participant's USERRA information.
     - *Participant Review Summar*y not Complete: Provide the auditor with the participant's USERRA information to include in the participant database and to update the *Small Plan Database Construction and Analysis Report* or *Database Building Construction Report* and the *Participant Audit Summary* documents, as appropriate.

**TP 62.1D Determine Successor in Interest**

**07/01/2016**

If it is unclear whether an employer is the pre-service employer with regard to ▸USERRA (for example, due to the sale of the company or its assets), follow the steps to determine if the employer is a successor in interest.

**DMD Auditor/PVA**

1. Prepare the *Successor in Interest Memo* documenting the pre-service employer findings.
2. Send the memo to Ask PPD for concurrence, and in the subject line, enter "USERRA Successor in Interest Memo for [Plan Name]."
3. After obtaining concurrence from ▸PPD:
   - Image the memo to the plan file in ▸IPS.
   - Notify the requestor (if applicable).

## TP 62.2 Process Potential USERRA Eligibility for a Plan

**07/01/2016**

| | |
|---|---|
| **Purpose** | To advise participants at a plan level who were not previously notified in the Trusteeship letter of potential eligibility for additional pension service under USERRA. |
| **Guidance** | Policy 5.15-1 Treatment of Benefits Earned During Military Service |
| **Procedure Owner** | Auditor, EBLS/FBA/PBA |

If the ▸EBLS/▸FBA/▸PBA sends the Trusteeship letter before the auditor identifies a group of participants potentially eligible for additional pension service under ▸USERRA, the EBLS/FBA/PBA sends *eALG 627 — General Information — USERRA* to the defined group.

**Auditor**

1. Determine the defined group that is potentially eligible for additional pension service under USERRA based on the following criteria:
   - Pre-service employer was ongoing as of ▸DOPT, including as a successor in interest, as applicable.
   - Participant(s) served in the uniformed services as of DOPT.
2. Provide the list of participants to the EBLS/FBA/PBA.

**EBLS/FBA/PBA**

3. Send *eALG 627 — General Information — USERRA* to the participants on the list provided by the auditor.
4. If the participant contacts PBGC, follow TP 62.1A Determine Participant Eligibility for Additional Pension Service under USERRA.

## TP 62.3 Usage of USERRA Letter Language

**03/29/2012**

The usage of USERRA Letter Language Table provides instructions for using ▸USERRA letter language for specific ▸eALG series letters.

**Usage of USERRA Letter Language Table**

| eALG Series Letter | Instructions | Letter Language |
|---|---|---|
| 200 | **Instructions:**<br><br>Use when providing a Benefit Estimate to the ▸participant, spouse, or ▸beneficiary if the participant was potentially eligible for additional service under ▸USERRA and the additional service is not included in the estimate.<br><br>**Placement in Letter:**<br><br>Insert the paragraph just before the paragraph beginning with the sentence "Within 90 days of receipt of your application, we will contact you to confirm the amount of your payment and the date you will receive your first payment."<br><br>**Reference:**<br><br>See TP 32 Provide Estimated Benefit Calculations. | **The language to insert for the participant is:**<br><br>If you were serving in the Uniformed Services at the time your pension plan terminated and later returned to work for the company that sponsored your pension plan, you may be due additional pension credit. If you think this may apply to you, please call us at the telephone number provided below so that we can determine whether the benefit provided in this estimate needs to be adjusted.<br><br>**The language to insert for spouse or beneficiary is:**<br><br>If FX.PrismPart.FullName.XF was serving in the Uniformed Services at the time that the plan terminated and later returned to work for the company that sponsored the pension plan, you may be due a greater benefit than what is stated in this letter and in your benefit calculations. If you think this may apply to you and have not already provided PBGC with this information, please contact us at the telephone number or address below. |
| 300 | **Instructions:**<br><br>Use when providing a Benefit Estimate if the participant is potentially eligible for additional pension service under USERRA and the additional service is not included in the estimate.<br><br>**Placement in Letter:**<br><br>Insert the paragraph directly after the paragraph beginning with the sentence "This estimate is based on the information you provided us."<br><br>**Reference:**<br><br>See TP 32 Provide Estimated Benefit Calculations. | **The language to insert for the participant is:**<br><br>If you were serving in the Uniformed Services at the time your pension plan terminated and later returned to work for the company that sponsored your pension plan, you may be due additional pension credit. If you think this may apply to you, please call us at the telephone number provided above so that we can determine whether the benefit provided in this estimate needs to be adjusted.<br><br>**The language to insert for spouse or beneficiary is:**<br><br>If FX.PrismPart.FullName.XF was serving in the Uniformed Services at the time the plan terminated and later returned to work for the company that sponsored the pension plan, you may be due a greater benefit than what is stated in your benefit estimate. If you think this may apply to you and you have not already provided PBGC with this information, please contact us at the telephone number or address above. |
| 400 | **Instructions:**<br><br>Use when providing a Benefit Determination Letter if the participant is potentially eligible for additional pension service under USERRA and | **The language to insert for the participant is:**<br><br>If you were serving in the Uniformed Services at the time that your pension plan terminated and you later returned to work for the company that sponsored your |

| | | |
|---|---|---|
| | the additional service is not included in the benefit statement.<br><br>**Placement in Letter:**<br><br>Insert the paragraph directly after the appeals paragraph.<br><br>**Reference:**<br><br>See Process 19.2 Review Actuarial Case Report and Issue BDLs. | pension plan, you may be due a greater benefit than what is stated in this letter and in your benefit statement. If you think this may apply to you and you have not already provided PBGC with this information, please contact us at the telephone number or address below.<br><br>**The language to insert for spouse or beneficiary is:**<br><br>If FX.PrismPart.FullName.XF was serving in the Uniformed Services at the time that the plan terminated and later returned to work for the company that sponsored the pension plan, you may be due a greater benefit than what is stated in your benefit statement. If you think this may apply to you and you have not already provided PBGC with this information, please contact us at the telephone number or address below. |

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## TP 62.4 Resources for USERRA Benefits

**09/30/2016**

**Forms, Letters, and Memos:**

- *Successor in Interest Memo*
- *USERRA Questionnaire*
- *USERRA Tracking Information*

**Customer Correspondence and Forms:**

- *eALG 625 — Request for Information — USERRA*
- *eALG 626 — Notice of Non-entitlement — USERRA*
- *eALG 627 — General Information — USERRA*
- *Form 712 Uniformed Services Information Form*

**Guidance:**

- *Policy 5.8-1 Benefit Corrections*
- *Policy 5.15-1 Treatment of Benefits Earned During Military Service*

**Exhibits:**

*None*

**08/28/2015**

The Appendices provide additional information on specific topics, including background information, reference material, list of job aids, and list of ▸OBA systems.

**In this Section**

Appendix A Sensitive Information
Appendix B Source Documents for Participant Data
Appendix C OBA Key Financial Spreadsheets Procedures
Appendix E References
Appendix G Acceptable Proof of Age and Death
Appendix H Historical SPARR and SPDRR Information
Appendix J Participant Forms Information
Appendix N Correspondence and Phone Call Guidelines
Appendix O Acceptable Proof of Marriage
Appendix Q OBA Systems
Appendix R Assignment and Withholding From Benefit Payments

# Appendix A Sensitive Information

**In this Section**

Appendix A Overview for Sensitive Information
Appendix A 1 Sending Sensitive Information
Appendix A 2 Receiving Sensitive Information
Appendix A 3 Working with Sensitive Information
Appendix A 4 Reporting a Breach of Sensitive Information
Appendix A 5 Reference and Training Information for Sensitive Information

## Appendix A Overview for Sensitive Information

**07/01/2016**

PBGC collects sensitive information about participants and beneficiaries in trusteed pension plans and about PBGC employees that is considered personally identifiable information (PII). PII is information or data that can be used to distinguish or trace an individual's identity, or any personal information that can be linked to a specific individual. Examples of PII include: name, social security number, date of birth, home mailing address, home telephone number, and home e-mail address. Sensitive information also includes confidential business and financial information submitted by plan sponsors, PBGC contractors, and other individuals and entities who are seeking to do business with PBGC.

The Privacy Act of 1974 as amended (5 ▸USC §552a) mandates PBGC establish administrative, technical, and physical safeguards to ensure the integrity of records maintained on individuals. It requires the protection against any anticipated threats that could result in substantial harm, embarrassment, or compromise to an individual. ▸FISMA requires agencies to report security incidents/breaches to a Federal incident response center within one hour of discovery.

PBGC employees and contractors must be aware of the responsibilities regarding sensitive data (see Directive IM 10-3 Protecting Sensitive Information) and follow the PBGC privacy procedures (see Directive IM 05-9 Privacy Program) when working in the field, remotely, or at PBGC offices.

This appendix is in addition to any other training or guidance on sensitive information from ▸OGC or ▸OBA.

This appendix covers several topics related to sensitive information:

- Appendix A 1 Sending Sensitive Information covers sending sensitive information in a variety of formats, including via e-mail, large file transfer, and physical documents, as well as zipping and encrypting electronic documents.
- Appendix A 2 Receiving Sensitive Information covers receiving sensitive information electronically via e-mail or physically as paper documents, as well as how to scan electronic files for viruses and safely transport paper documents.
- Appendix A 3 Working with Sensitive Information covers preventing breaches of security and privacy when storing documents, removing information from PBGC, printing, or teleworking.
- Appendix A 4 Reporting a Breach of Sensitive Information covers reporting a breach.
- Appendix A 5 Reference and Training Information for Sensitive Information provides links to additional resources and information on sensitive information.

The Sensitive Information Scenario Table provides additional questions/scenarios when dealing with sensitive information.

**Sensitive Information Scenario Table**

| Question/Scenario... | Do the following... |
|---|---|
| Third-party request for access to or copies of sensitive information. | Refer the request through supervisory channels to the PBGC's Disclosure Office for processing under the Freedom of Information Act and the Privacy Act. |
| Media inquiry. | Refer to ▸COLA. |
| A unique situation or question about the the best method for handling or transporting sensitive information. | Contact the OBA Security/Privacy Liaison, or ▸DMC/Fulfillment Center COR for guidance. |

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# Appendix A 1 Sending Sensitive Information

**11/30/2012**

This section covers how to:

- Send sensitive information via e-mail
- Zip and encrypt files being sent via e-mail
- Transfer a large volume of data via Large File Transfer (LeapFile)
- Ship physical (hard copy) documents with sensitive information

**In this Section**

Appendix A 1.1 Send Sensitive Information via E-Mail
Appendix A 1.2 Zip and Encrypt Files Using WinZip
Appendix A 1.3 Transfer Files Using Large File Transfer
Appendix A 1.4 Ship Physical Sensitive Information

**Appendix A 1.1 Send Sensitive Information via E-Mail**

**11/30/2012**

Users can transfer or send files with sensitive information electronically using a pgbc.gov e-mail Outlook account on the PBGC network. However, take the following precautions when preparing e-mail that contains sensitive data:

- Do not include sensitive data in the **Subject** line of the e-mail, except for the name of a deceased individual, if needed.

  Include sensitive data only in the body of the e-mail or in an attachment.

- Do not include full ▸SSNs in the body of an e-mail. Use the customer ID where possible, or else the last four digits of the SSN.

- If transferring or sending files to a source outside of the PBGC network (for example, a contract actuary), see Appendix A 1.2 Zip and Encrypt Files Using WinZip. For transferring or sending a large amount of data, see Appendix A 1.3 Transfer Files Using Large File Transfer.

- When using the **Reply to All** option to respond to an e-mail that contains sensitive information or to add sensitive information to an e-mail reply, remove any recipients who are not authorized or do not need to view the sensitive information.

- Do not send sensitive e-mails to a private e-mail account.

- PBGC uses a system called IronPort to automatically quarantine incoming and outgoing e-mails with sensitive or suspicious content or zipped or encrypted attachments:
  - EISO staff review quarantined e-mails and, if the quarantine is a false positive, releases the e-mail for transmission to the recipient.
  - If the recipient or sender of an e-mail with zipped or encrypted attachments is on the Mailflow Authorized distribution list (also called the bypass list), IronPort does not quarantine the e-mail.
  - To request addition to the bypass list, request your supervisor to send an e-mail with justification to the Senior Agency Information Security Officer and carbon-copy EISO. Supervisor's approval is required due to previous OMB memoranda requiring that management officials be responsible for sensitive information and to ensure that a manager confirms the employee is allowed to send sensitive information outside the agency.
  - The bypass list only affects zipped and encrypted attachments. If a user on the bypass list sends unencrypted attachments with sensitive information or puts sensitive information in the body of the e-mail, IronPort quarantines the e-mail.
  - IronPort may confuse other 9-digit numbers, such as ▸EINs, with SSNs. To prevent quarantine of e-mails containing 9-digit numbers, request addition to the bypass list and list the numbers in an encrypted attachment.

**Appendix A 1.2 Zip and Encrypt Files Using WinZip**

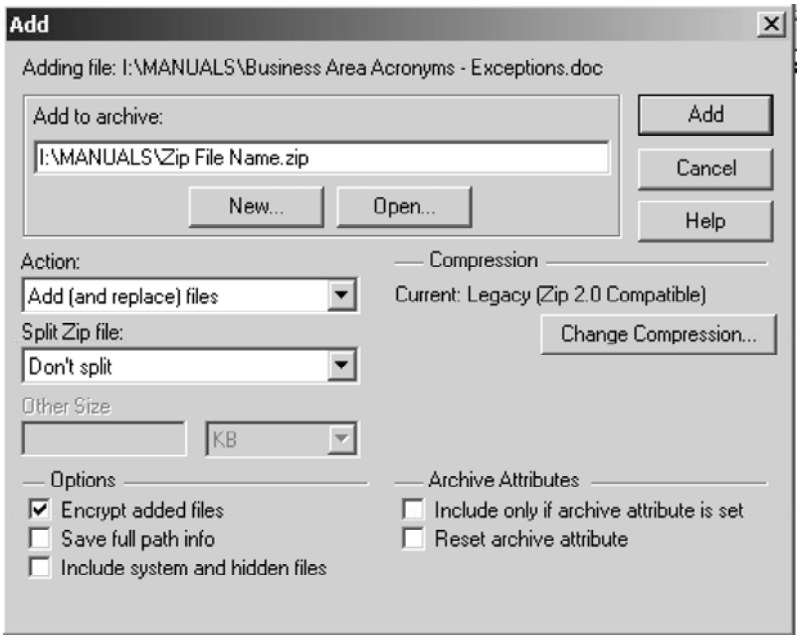
**11/30/2012**

It is important to keep all sensitive data safe during electronic transfer outside PBGC (for example, to a contract actuary). Zip and encrypt files for transfer on a CD, PBGC-approved flash drive, or in an e-mail.

**Sender**

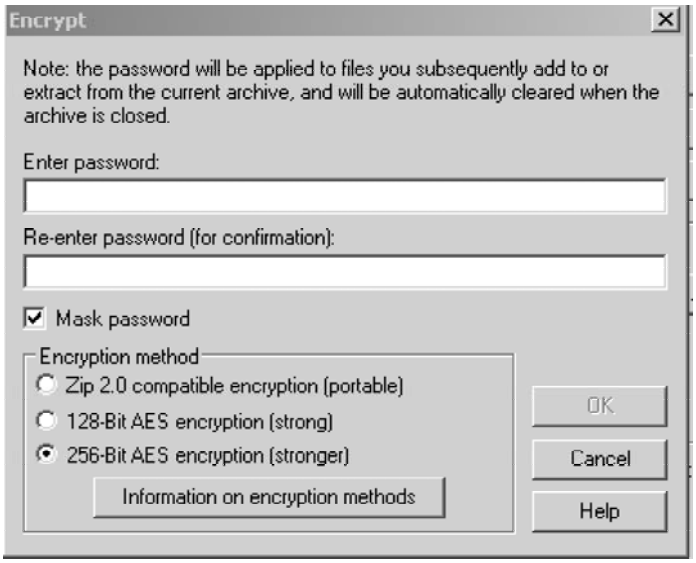
1. Right-click the file you want to zip and encrypt.
2. Click **Add to ZIP file...** in the menu.

   The **Add** dialog box displays.




3. Select **Encrypt added files** from the Options area.
4. Click **Add**.
5. Click **OK** in the **WinZip Caution** dialog box, if necessary.

   The **Encrypt** dialog box displays.



6. Type a password in **Enter Password** field.

   Passwords are case sensitive.
7. Type the password again in **Re-enter password (for confirmation)** field.
8. Select the **Mask password** check box.
9. Select the **256-Bit AES encryption (stronger)** option in the Encryption method area.
10. Click **OK**.

    The Encrypted file has an asterisks (*) following the file name, for example Zip File Name.zip*.
11. Send the encrypted file and the password in separate e-mails.

**Recipient**

12. On receiving the e-mails containing the encrypted file and password, extract the document(s):
    a. Right-click the encrypted file and select **Open in WinZip** from the context menu.
    b. In WinZip, click the **Extract** button.
    c. Select the location to save the document(s) and click **Extract**.
    d. Enter the password and click **OK**.

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**Appendix A 1.3 Transfer Files Using Large File Transfer**

**11/21/2014**

One option for transferring data is to use the PBGC-approved Large File Transfer - Internet (LFTi), also called Leapfile. Use the PBGC Large File Transfer - Internet (LFTI) Web site to exchange large or confidential files with someone on the PBGC network. The site walks users through the steps for uploading/downloading data safely.

Training on Large File Transfer is available at Data Acquisition, Section 4: Transferring Data Files.

To retrieve and download transferred files, the recipient needs an LFTi account. To set up an account, submit a request through ▶GetIT .

**Appendix A 1.4 Ship Physical Sensitive Information**

**07/01/2016**

As a custodian of pension records for which PBGC is responsible, you may be asked to ship records containing sensitive personally identifiable information concerning the plan participants. This information could include, but is not limited to, personnel files, pension files, ▸DOL/▸IRS/PBGC Forms 5500, plan valuation documents, and plan documents.

It is of paramount importance to follow certain guidelines and procedures in the process of shipping documents to PBGC to ensure information is sent safely and securely. Work with the ▸DMC for details regarding a specific shipping situation.

Follow these guidelines for shipping sensitive information:

- Do not over-pack boxes.
- Strap boxes with packing tape encircling the entire box a minimum of twice lengthwise and twice widthwise.
- Label each individual box as a number of a total number (for example, "Box 2 of 15").
- Insert packing material in vacant box space to avoid damage or movement of documents during shipping.
- Ensure that the shipping label clearly defines a physical address **and** a receiving party—never ship to an address only or to a P.O. Box.
- Use the shipping method agreed upon for the particular shipping job.
- Provide the PBGC recipient with a shipping date and tracking number via e-mail or telephone call.
- If the volume of boxes does not require use of banker's boxes, send documents in approved and secured shipping vessel, such as a document box or envelope. Always ensure the package is taped securely before shipment.
- Follow-up with recipient to confirm successful delivery of shipment.

Carefully plan and select the approved shipping service for the shipment quantity and for the expected delivery time frame, barring any time constraints. Shipments to or from PBGC headquarters or to the ▸FBA offices do not always require overnight or next day delivery service by a certain time. Consider coordinating the shipment(s) using ground services where applicable.

If there are any questions, contact ▸OBA's shipping Account Administrator in the DMC.

## Appendix A 2 Receiving Sensitive Information

**11/30/2012**

In the field, PBGC employees or contractors may encounter a situation where they must receive or transfer to PBGC sensitive electronic files on non-PBGC sanctioned media. Observe PBGC best practices when receiving, storing, and transferring these files:

- Request that the electronic files on non-PBGC sanctioned flash drives and CDs are zipped and encrypted. Request that e-mailed electronic files meet the guidelines in Appendix A 2.1 Receive Sensitive Information via E-Mail.
- Scan unprotected and unencrypted electronic data on CDs, flash drives, and e-mails for viruses using a PBGC-encrypted laptop according to Appendix A 2.2 Scan Files for Viruses.
- Secure paper documents for safe transport to PBGC according to Appendix A 2.3 Receive/Transport Paper Documents.

**In this Section**

Appendix A 2.1 Receive Sensitive Information via E-Mail
Appendix A 2.2 Scan Files for Viruses
Appendix A 2.3 Receive/Transport Paper Documents

**Appendix A 2.1 Receive Sensitive Information via E-Mail**

**11/30/2012**

Use the following guidelines when receiving sensitive information:

- On receiving unencrypted data or data that is not password protected from a source outside PBGC, do not reply to the e-mail.

  If needed, acknowledge receipt of the e-mail with a new message that does not include the sensitive data or any attachments.

- If there is a suspicion that the data is compromised, report a breach or potential breach. See Appendix A.4 Reporting a Breach of Sensitive Information.

- Copy the received files (encrypted or unencrypted) to a separate directory on a PBGC laptop or PC, decrypt if needed, and run a virus scan. See Appendix A 2.2 Scan Files for Viruses.

**Appendix A 2.2 Scan Files for Viruses**

**07/01/2016**

Scan all CDs, flash drives, and e-mail attachments from outside PBGC before usage. See Appendix A 2.1 Receive Sensitive Information via E-Mail.

Laptops in the field may not have up-to-date virus scanning software. As an added precaution, ▸TRMD has a standalone PC available to check all data acquired in the field. To request assistance with scanning, see the TRMD Service Catalog.

To perform a virus scan:

1. If needed, place the CD or flash drive in a PBGC-encrypted laptop or standalone PC.
2. Double-click on the yellow shield  icon located in the task bar of the laptop.

   If the icon does not display, contact the PBGC Service Desk.
3. Select **Custom Scan**.
4. Select the drive and/or file to scan and click **Scan**:
   - **Virus not detected**: Use approved methods for transferring sensitive data (for example, zipped and encrypted files sent via e-mail from your pbgc.gov account to another pbgc.gov account, or use Large File Transfer (LeapFile) to send large files. See Appendix A 1 Sending Sensitive Information.
   - **Virus detected**: The name of the infected file, the virus detected, and the action taken on the virus display in the Results list. Click **Remove Risk** to clean the file. The antivirus software attempts to remove the virus; if it is not successful it quarantines the virus to protect your laptop. Please remember some viruses cannot be cleaned and you may need to request "clean" data. If unsure whether the virus was removed, contact the PBGC Service Desk for technical support.
5. Click **Close** to exit the application.

**Appendix A 2.3 Receive/Transport Paper Documents**

**11/20/2015**

In the field (for example, when acquiring data at the plan administrator's location) or at PBGC headquarter locations, staff may need to transfer a small or large volume of sensitive paper documents or files. Follow these PBGC best practices:

- When transferring a small volume of sensitive paper files, place the files in a locked briefcase, pouch, or other container for transit to PBGC. Put a tag, label, or decal on the briefcase, pouch, or container that lists you as the owner, your PBGC mailing address, and other contact information so that the container can be returned if it is lost or misdirected.
- If transporting sensitive information by car, lock the briefcase or pouch out of sight (for example, in the car's trunk) and bring it with you when you arrive at your destination.
- If you cannot lock up your laptop or briefcase in your hotel, keep the briefcase with you. Do not leave sensitive information locked in a car overnight.
- Only use on-site copiers, not commercial copying services. Ensure the copier does not retain any sensitive information.
- If files obtained in the field are too large to fit in a briefcase, ship to PBGC. See Appendix A 1.4 Ship Physical Sensitive Information.
- When transporting sensitive documents between PBGC headquarter buildings, secure the documents in a sealed container and take all other precautions necessary to secure the sensitive information, including actions noted above. Contractor employees must obtain approval by their immediate supervisor or COR prior to transporting any sensitive documents from one PBGC headquarter building to another.

In addition, on-site mobile scanning is an option for large amounts of paper documents. For PBGC, the ▸DMC performs all plan file scanning and most participant file scanning. All relevant documents collected from the plan administrator, sponsor, and other sources are indexed and submitted to the DMC to be scanned. See Process 11.2 Perform Site Visit for more information.

## Appendix A 3 Working with Sensitive Information

**11/30/2012**

PBGC employees and contractors are responsible for all sensitive information they obtain in the course of performing official duties, whether in electronic or hard copy format, and must treat such information in a manner that prevents the information from being accessed by or disclosed to a person or entity who is not authorized to receive it.

Responsibilities for protecting sensitive information include:

- Always log off, turn off, or lock your computer before leaving your desk to ensure that no sensitive information is compromised.
- Follow all guidelines, procedures, and best practices for sending and receiving sensitive information. See Appendix A 1 Sending Sensitive Information and Appendix A 2 Receiving Sensitive Information.
- Store sensitive information according to Appendix A 3.1 Store Hard Copy or Electronic Format Sensitive Information.
- Remove sensitive information from PBGC (for example, for teleworking) only according to Appendix A 3.2 Remove Sensitive Information from PBGC.
- Take precautions to protect sensitive information when printing. See Appendix A 3.3 Print Sensitive Information.
- When remoting or teleworking with sensitive information, follow Appendix A 3.4 Remote/Teleworking Guidelines for Protecting Sensitive Information.
- Report any breach or suspected breach of sensitive information immediately (see Appendix A 4 Reporting a Breach of Sensitive Information). For other security concerns:
  - Report any suspected security violation immediately to the PBGC Service Desk.
  - Report suspected poor security practices or any other suggestions to improve information security to PBGC's Senior Agency Information Security Office, the system's Information System Security Officer, or any EISO employee.
  - Direct general information security questions to Ask EISO.
  - For questions about privacy incidents, contact PBGC's Privacy Officer, OGC Privacy, or your supervisor.

**In this Section**

Appendix A 3.1 Store Hard Copy or Electronic Format Sensitive Information
Appendix A 3.2 Remove Sensitive Information from PBGC
Appendix A 3.3 Print Sensitive Information
Appendix A 3.4 Remote/Teleworking Guidelines for Protecting Sensitive Information

**Appendix A 3.1 Store Hard Copy or Electronic Format Sensitive Information**

**11/30/2012**

Follow these guidelines for storing sensitive information:

- Store sensitive information in a locked drawer, cabinet, or briefcase when it must be left unattended at home, while on travel in a hotel room, or in the office.
- Do not download sensitive information to a home computer.
- Use approved methods for storing information:
  - Encrypted laptops
  - Encrypted flash drives
  - Encrypted hard drives and CDs (work with the Service Desk as needed to create encrypted CDs)
  - PBGC network drives
- Shred or place in designated shred bins non-record copies of sensitive information in hard copy format when the information is no longer needed for an assignment or task (do not discard in recycling bins or regular trash). See the Records Management page on the PBGC Intranet.

**Appendix A 3.2 Remove Sensitive Information from PBGC**

**07/01/2016**

When necessary for an authorized business purpose (for example, teleworking or travel), request authorization to remove sensitive information by completing the appropriate form from ▸OBA or ▸OGC and submitting for concurrence to your immediate supervisor.

Once the supervisor approves, follow these guidelines to remove information from PBGC:

- Only remove copies of sensitive PBGC information from PBGC's offices, not original documents or records.
- Only remove the minimum amount of sensitive information necessary to perform a particular assignment or task.
- Only remove files containing sensitive information from PBGC when necessary and approved.
- PBGC staff that remove sensitive information in hard copy format from the PBGC's offices are responsible for taking reasonable precautions to prevent the loss or unauthorized disclosure of the information. See Appendix A 2.3 Receive/Transport Paper Documents for rules on transporting documents.
- Always use PBGC-owned systems (laptops and flash drives) to carry encrypted/password protected files outside of the office.

**Appendix A 3.3 Print Sensitive Information**

**11/30/2012**

Per Directive IM 10-3 Protecting Sensitive Information, promptly retrieve print outs from copiers, printers, or fax machines so that sensitive information is not accessed by individuals who do not have a need to know.

To securely print a job, ensure the printer does not start printing until you are physically present at the printer. First, select to print a "locked" job when printing and then provide a password at the printer's control panel to print. This functionality is only available on the Ricoh printers.

**Send a Locked Job to the Ricoh Printer**

1. From the application (for example, Microsoft Word or Excel), select to print from a Ricoh printer.
2. From the **Print** dialog box, click the **Preferences** button.

   The **Printing Preferences** dialog box displays.
3. On the **Setup** tab, select the **Locked Print** option in the **Job Type** drop-down box.
4. Click the **Details** button.

   The **Locked Print Details** dialog box displays.
5. Enter a user ID, a four- to eight-digit password, and click **OK**.

   The **Locked Print Details** dialog box closes.
6. After making any additional printer settings, click **OK** to close the **Printing Preferences** dialog box.
7. Click **Print** from the **Print** dialog box.

   The print job is sent to the printer and saved on the printer's hard disk.

**Print a Locked Job at the Ricoh Printer**

1. From the Ricoh printer, select the **Printer** button on the control panel.
2. Under the Jobs Lists & Error Logs section, select **Print Jobs**.
3. Selected **Locked Print Jobs List**.
4. Select your job from the list.
5. Select **Print**.
6. Enter the numeric password and click **OK**.

   The locked job type prints.

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**Appendix A 3.4 Remote/Teleworking Guidelines for Protecting Sensitive Information**

**11/30/2012**

Follow these guidelines when working remotely:

- Access sensitive information through PBGC's network via PBGC Remote Access.
- Download and store sensitive information on PBGC-owned equipment or systems only (do not download to a personal computer) with written authorization.
- Do not send sensitive information to a personal e-mail account.
- Secure physically PBGC-issued laptops or portable electronic devices used for teleworking to prevent disclosure of sensitive information to unauthorized persons.
- Do not remove sensitive information from PBGC without written authorization. See Appendix A.3.2 Remove Sensitive Information from PBGC.
- Do not print sensitive information at home or a remote site.
- Observe all guidelines for e-mailing sensitive information. See Appendix A 1.1 Send Sensitive Information via E-Mail.

## Appendix A 4 Reporting a Breach of Sensitive Information

**11/30/2012**

All employees and contractors are required to report an actual or suspected breach of sensitive information as soon as they become aware of the incident. A breach is the actual or potential (however small) exposure of sensitive PBGC information (on paper or electronically) to unauthorized parties. A breach most often is the disclosure of personally identifiable or sensitive information that can result in a broad range of harm to individuals, including identity theft. Breaches can occur at any time and place when appropriate safeguards have not been followed.

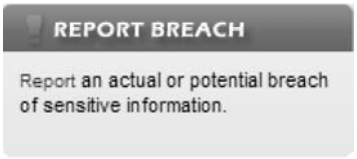
PBGC personnel must report **all** breaches immediately upon discovery regardless of whether the breach has been confirmed or is only suspected.

To report a breach:

1. Navigate to PBGC's intranet.

   | **Note** If the intranet is unavailable, report the breach via e-mail to the Privacy Breach mailbox. |
   |---|

2. Click the **Report** link within the Report Breach section.

   The Report an actual or potential breach of sensitive information Web page displays, which describes the information required to include in the report of the potential breach.

3. Review the instructions on the page and click the For your convenience, please click here to begin the email link.

   An Outlook e-mail opens.

4. Complete the e-mail:
   a. Write the e-mail with the required information and according to the sensitive information guidelines for e-mail. See Appendix A 1.1 Send Sensitive Information via E-Mail.
   b. Add a recipient to the CC field:
      - Contractors: COR
      - Federal Employees: Supervisor
   c. Click **Send**.

   The PBGC Privacy office follows up with the submitter as needed.

5. If the breach involves fraudulent check cashing, proceed to TP 12 Fraud and Forgery.

## Appendix A 5 Reference and Training Information for Sensitive Information

**07/01/2016**

Use the following links for reference and/or training information for sensitive information:

- *OBA Records Management Policy & Procedures Manual*
- On the Directives & Policies page on the PBGC Intranet:
  - Directive IM 05-2 PBGC Information Security Policy
  - Directive IM 05-9 Privacy Program
  - Directive IM 10-3 Protecting Sensitive Information
- Large File Transfer, available at Data Acquisition, Section 4: Transferring Data Files
- Privacy Resources on the PBGC Intranet
- Records Management on the PBGC Intranet
- Report a Breach

# Appendix B Source Documents for Participant Data

**05/31/1996**

**In this Section**

Appendix B Preferred Source Documents for Participant Data Elements
Appendix B Source Documents for Active Non-Vested Participants and Terminated Vesteds with Creep
Appendix B Source Documents for Active Participants
Appendix B Source Documents for Participants Who Were Paid Out Distributions
Appendix B Source Documents for Retirees
Appendix B Source Documents for Terminated Non-Vested Participants
Appendix B Source Documents for Terminated Vested Participants

## Appendix B Preferred Source Documents for Participant Data Elements

**11/29/2011**

As of 10/2005, PBGC routinely requests proof documents (birth certificate, marriage certificate, spouse's birth certificate, and death certificate, as applicable) only from participants applying for benefits. Copies of these documents are acceptable.

The titles of forms listed as source documents in the Preferred Source Documents for Participant Data Table may vary from organization to organization. The listed titles are considered the most common and are representative of those used throughout the corporate world.

**Preferred Source Documents for Participant Data Table**

| Data Element | Primary Source | Secondary Source | Other Sources/ Memos To The File |
|---|---|---|---|
| **Universal Data Elements** | | | |
| Name | Pension Application<br>Employee Application | Employee Application<br>Birth Certificate | |
| Social Security Number (SSN) | W-2s | Pension Application<br>Employee Application | Insurance Enrollment Form<br>W-4s |
| Address | Pension Application | Employee Application | See TP 4 Participant Addresses and EDD Elections |
| Sex | Birth Certificate /PIF | Employee Application | Insurance Form |
| Marital Status | Marriage Certificate / PIF | Employee Application | Insurance Form |
| Date Of Birth (DOB) | Birth Certificate / PIF | Employee Application | Personnel Record/ Employee Card |
| Date Of Hire (DOH) | Personnel Record/ Employee Card<br>Pension Application | Personnel Action Form | Payroll Change Form |
| Date Of Termination Of Employment (DOTE) | Personnel Record/ Employee Card | Personnel Action Form | Payroll Change Form |
| Date Of Retirement (DOR) | Pension Application | Personnel Action Form | Benefit Calculation Statement |
| Type Of Retirement (ex. early, normal, disability) | Pension Application | Benefit Calculation Statement | Check Register |
| Form Of Benefit (ex. ▸SLA, ▸J&S) | Pension Application | Benefit Calculation Statement | Check Register |
| Spousal Information | Beneficiary Designation Form / PIF | Employee Family Record | Insurance Form |
| Date Of Death (If Applicable) | Death Certificate / PIF | Letters Of Notice | PBGC Death Project |
| Amount Of Benefit Receiving | Pension Application | Benefit Calculation Statement | Check Register |
| **Plan-Specific Data Elements** | | | |
| Hourly Rates | Hourly Rate Sheet | Payroll Change Form | Personnel Action Form |
| Salary Information | Payroll Register | W-2 | SSA |

| | | | |
|---|---|---|---|
| Pension Salary | Payroll Register | W-2 | SSA |
| Date Of Transfer Between Plans | Time Card | Personnel Action Form | Qualifying Event Notification |
| Date Of Participant Eligibility | Personnel Record | Pension Application | Benefit Calculation Statement |
| Years Of Service | Personnel Record | Payroll Register | SSA |

For union plans, a union steward might be able to provide some or all information.

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## Appendix B Source Documents for Active Non-Vested Participants and Terminated Vesteds with Creep

**05/31/1996**

Collect names, SSNs, and addresses for all active non-vested participants, and make sample copies of source documents.

- birth certificates
- W2s and W4s from file, if applicable
- employment applications
- personnel action forms (or equivalent)
- payroll forms (for change in rates, dates of termination)
- insurance forms
- union records

## Appendix B Source Documents for Active Participants

**08/30/2011**

Collect information for all active participants. Some participant information is only retained on a sampling basis to support the participant data review, other documents should be collected to support benefit processing. See also Process 11.2 Perform Site Visit.

**Collect samples of the following:**

- birth certificates
- W2s from file, if applicable
- marriage certificates
- employment applications
- personnel action forms (or equivalent)
- payroll forms (for change in rates, dates of termination)
- time cards
- insurance forms
- employee family records (useful for finding unlocatable participants)
- death certificates (for beneficiaries in pay status)
- exit interviews
- memos/records regarding termination
- union records
- Form I-9 (proof of eligibility to work in the U.S.A.), if available

**Collect original copies of:**

- beneficiary designation form
- any spousal consent or waiver form
- participant loan documents - loan application, loan agreement, repayment schedule.
- QDRO documents.

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## Appendix B Source Documents for Participants Who Were Paid Out Distributions

**05/31/1996**

Collect information on former participants who were paid out distributions or "cashed out," and make sample copies of source documents.

- check registers
- canceled checks
- retirement application forms (including spousal waivers, W4s, withholding forms, deductions, etc.)
- calculation sheets
- W2s from file, if applicable
- personnel action forms (or equivalent)
- payroll forms (for change in rates, dates of termination)
- death certificates (for beneficiaries in pay status)
- exit interviews
- beneficiary designation form

## Appendix B Source Documents for Retirees

**04/05/2002**

Review retiree information, and make copies of the preferred source documents for each data element. For each data element use the preferred source, when available. As trustee of the plan, PBGC takes the original of the retirement folder (including materials used in determining entitlement and calculating the benefit) for all retirees, if the plan administrator maintained such files. It is particularly important that PBGC collects ***all*** completed benefit related forms, not just sample copies.

- retirement application forms (including spousal waivers, W4s, withholding forms, deductions, etc.)
- ▶QDRO documents
- participant loan documents - loan application, loan agreement, repayment schedule
- birth certificates
- calculation sheets
- W2s from file, if applicable
- marriage certificates
- employment applications
- personnel action forms (or equivalent)
- any documentation identifying breaks in service and all start and end dates
- payroll forms (for change in rates, dates of termination)
- time cards
- insurance forms
- employee family records (useful for finding unlocatable participants)
- death certificates (for beneficiaries in pay status)
- exit interviews
- memos/records regarding termination
- beneficiary designation form
- Form I-9 (proof of eligibility to work in the U.S.A.), if available

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## Appendix B Source Documents for Terminated Non-Vested Participants

**11/01/1996**

Collect names, SSNs and addresses for all terminated non-vested participants, and make sample copies of source documents. Note that the term "terminated non-vested participant" refers to people no longer actively employed by the company, and for whom there are records, who may not be covered by the pension plan or who may have terminated prior to completing enough service to be a deferred vested participant. Depending on whether the plan was properly amended according to ERISA amendments, PBGC ERISAfication of the plan may increase the universe of covered employees.

- birth certificates
- W2s and W4s from file, if applicable
- employment applications
- personnel action forms (or equivalent)
- payroll forms (for change in rates, dates of termination)
- insurance forms
- exit interviews
- memos/records regarding termination

## Appendix B Source Documents for Terminated Vested Participants

**08/30/2011**

Collect information for all ▸terminated vested participants. Some participant information is only retained on a sampling basis to support the participant data review, other documents should be collected to support benefit processing. See also Process 11.2 Perform Site Visit.

**Collect samples of the following:**

- birth certificates
- W2s and W4s from file, if applicable
- marriage certificates
- employment applications
- personnel action forms (or equivalent)
- payroll forms (for change in rates, dates of termination)
- time cards
- insurance forms
- employee family records (useful for finding unlocatable participants)
- death certificates (for beneficiaries in pay status)
- exit interviews
- memos/records regarding termination
- union records

**Collect original copies of:**

- beneficiary designation form
- any ▸spousal consent or waiver form
- participant loan documents - loan application, loan agreement, repayment schedule
- ▸QDRO documents

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# Appendix C OBA Key Financial Spreadsheets Procedures

**07/01/2016**

The following OBA Key Financial Spreadsheets Procedures are available in PDF format:

- OBA Receivables Report
- Final Preliminary Probables Worksheet Spreadsheet 2015
- Multiemployer (ME) Reasonably Possibles Worksheet Results Report Spreadsheet
- Non-recoverable Future Financial Assistance Valuation Results Report Spreadsheet
- Table 1 PVFB and Non-recoverable Financial Assistance Spreadsheet 2015
- Table 1 and 7 Detail Report (FOD Report) Spreadsheet 2015
- Table 7 Reconciliation of PVFB Results Spreadsheet 2015

**Benefits Administration and Payment Department**
**Procedure for Key Financial Spreadsheets**

| | |
|---|---|
| **Name of Department Director:** | **Cathy Kronopolus** |
| **Department Director Approval – Signature and Date:** |  |
| **Effective Date:** | **July 1, 2015** |

## A. General Background

1. *Background Information*:

   i. Spreadsheet Title: BAPD Receivables Report
   ii. FOD Spreadsheet Reference No. BAPD/RSD SP/BAPD 47
   iii. Business Cycle Affected: Benefit Payments
   iv. Financial Statement Line Item Affected: Receivables
   v. Responsible Department/Division: BAPD
   vi. Spreadsheet Purpose: To convey the prior month's closing balance of receivables due to BAPD benefit overpayments.
   vii. Name of Spreadsheet Preparer/Owner: Jerome Smith Recovery Coordinator
   viii. Name of Spreadsheet Reviewer: David Smith BPB Branch Chief (acting)
   ix. Name of Spreadsheet Approver: David Smith BPB Branch Chief (acting)

2. *Inherent Risk Considerations* – the nature, extent, and timing of management review of individual spreadsheets should include consideration of the following:

   i. If this is a new spreadsheet, was the spreadsheet designed reviewed and approved prior to its use (Y/N)? The spreadsheet was designed, reviewed & approved in approximately 2014.
   ii. If this spreadsheet was based on a prior version and if any updates made, were those updates reviewed and approved (Y/N)? The spreadsheet is generated anew each month & is not edited thereafter.
   iii. Does spreadsheet contain any management estimates or assumptions (Y/N)? No
   iv. Does spreadsheet contain formulas that span multiple sheets (Y/N)? No
   v. Does spreadsheet contain any Lookup functions (Y/N)? No
   vi. Does spreadsheet contain any if/then functions (Y/N)? No
   vii. Does spreadsheet contain any Macros or Visual Basic programming (Y/N)? No

viii. Does spreadsheet rely on any imported data (Y/N)? No
ix. Does spreadsheet make use of filters (Y/N)? No
x. Does spreadsheet contain any hidden columns or rows (Y/N)? No
xi. Does the spreadsheet potentially contain confidential business data as defined by 18 U.S.C. 1905 (Y/N)? No
xii. Does the spreadsheet potentially contain privacy act data as defined by 5 U.S.C.522a (Y/N)? Yes

3. *Instructions on Spreadsheet Preparation* – The spreadsheet is created automatically when the user invokes the prescribed menu options in the Recovery Tracking Tool.

Instructions for creating the spreadsheet:

1. Login to the recovery tracking tool
2. Choose the '**Run Financial Reports**' option from the 'More options' drop down box on the Recovery Processing screen.
3. In the 'Available Reports' listbox, double-click the '**#2 FOD Report**'
4. Enter the first day of the reporting period – usually the first day of the previous month – and click 'ok'
5. Enter the last day of the reporting period – usually the last day of the previous month – and click 'ok'
6. The tool will compile the data and assign a unique Run ID.
7. To export the data to Excel, double-click the unique Run ID in the '**Report History**' listbox.

a. The Excel file will be located in the user's **H:\Ares\Output** folder and will be named **mmyy_BAPDReceivables(RunIDzzz).xlsx**
b. **mm** is the month following the first day of the reporting period (step #4 above). If the reporting period start date is 01 MAY 2015, mm = 06
c. **yy** is the year of the month following the first day of the reporting period (step #4 above). If the reporting period end date is 31 DEC 2015, yy = 2016
d. **zzz** is the unique Run ID assigned by Ares in step #6.

Instructions for reviewing the spreadsheet:

- Verify that the opening balance matches the closing balance from the prior month's spreadsheet
- Verify that the closing balance at the bottom of the detail worksheet matches the closing balance on the summary worksheet.
- Visually scan the detail worksheet for any obvious anomalies (blank rows, blank columns, unreasonable numbers, etc.)
- After the initial review, the Recovery Coordinator emails the spreadsheet to the BPB Branch Chief, recommending delivery to FOD.
- After the Branch Chief's review, the same email is forwarded to FOD. The email conversation serves as evidence of review.

Instructions for storing a copy of the spreadsheet:

Save a copy of the final spreadsheet in the shared drive location specified in the attached **Appendix: IT Management of Key Spreadsheets**

Additional instructions related to the spreadsheet review and delivery to FOD are contained in the BAPD Operating Manual, Technical Procedure 6.2F: http://intranet/standards_manuals/manuals/procedures/index.htm#TP6_2F.htm.

4. *Inclusion of Key Spreadsheets in Business Cycle Memos* – The spreadsheet & the associated Recovery process is documented in the Benefit Payments cycle memo.

## B. Management Considerations

1. Review and approval of all changes to a spreadsheet: The spreadsheet cannot be changed after it is created. It is protected with a complex, random password that is not recorded.
2. Validity of spreadsheet inputs should be ascertained (e.g. manually keyed or imported data is complete and accurate): The Recovery Tracking Tool includes system edits which prevent users from entering invalid data types (e.g. dates into number fields).
3. Updated consolidated list of all financial spreadsheets is included in the business contingency plan. The spreadsheet is delivered to FOD where it is used as a source for a ledger entry. The FOD copy is a record. The BAPD copy is retained only for reference purposes & is not considered a record, therefore it is not included in the business contingency plan.
4. Other (if necessary) N/A

## C. Promoting Spreadsheet Integrity

1. Password protection: It is protected with a complex, random password that is not recorded
2. Locking important calculation cells: All cells are locked to prevent changes.
3. Revision history (versioning). It cannot be updated.

## D. IT Access Restrictions, Storage, Archiving, and Backup of Key Spreadsheets

**See Appendix: "IT Management of Key Spreadsheets" for further details.**

1. Limiting access to write/update:
    i. The spreadsheet is stored in an area of the I:\ drive accessible only to authorized users: \\prod\fs\share\iod\RSD-Key-Financial-Spreadsheets\Receivables. This location as setup under the guidance of OIT and new users can only obtain access to it via the GetIT process.
    ii. Every year the business owner requests from OIT a list of all users who have access to this location.
        1. The owner then contacts each users' supervisor and determines if the user still needs access to the location.
        2. Access is removed (as needed) via the GetIT process.
        3. The owner than obtains an updated list of users from OIT and ensures only users with proper management approval have access.
2. Spreadsheet resides on file servers with periodic backups: The I:\ drive is periodically backed up by OIT processes.

3. Ensure compliance with WSD data retention and OIT storage and security requirements (e.g., using the recently redesigned I drive structure developed by the OIT).

    i. Retention: See B.3 above. BAPD's copy is not a record.
    ii. Storage: See D.1 above & the Appendix
    iii. Security: See D.1 above & the Appendix.

4. Other (if necessary): N/A

PBGC
Protecting America's Pensions
Pension Benefit Guaranty Corporation
1200 K Street, N.W., Washington, D.C. 20005-4026

## IT Management of Key Spreadsheets

### Managing Access to Secure Repositories Containing Key Financial Spreadsheets

In collaboration with the Office of Information Technology (OIT), BAPD has established the following secure repositories (file system folders) for storage of key financial spreadsheets:

| Secure Repository Location | Primary Business Owner | Alternate Business Owner(s)[1] |
|---|---|---|
| \\prod\fs\share\iod\ASD-Key-Financial-Spreadsheets | House, Bill | Young Scott |
| \\prod\fs\share\iod\RSD-Key-Financial-Spreadsheets\Receivables | Smith, David | Gray, Michelle |

All access to the secure repositories above is managed through GetIT in accordance to the procedures outlined in the Enterprise Systems and Services Access Modification Standard Operating Procedure (SOP). That SOP is based on PBGC Access Control standard 01-32 which derives authority from directive PBGC Information Security Policy IM-05-02, section 7-C(1). This facilitates the process by which business owners can ensure "Least Privilege" by approving user access, thru GetIT, to secure repositories containing key financial spreadsheets which are necessary to accomplish tasks in accordance with their roles and responsibilities. The secure repositories detailed above, established in conjunction with OIT, are identifiable by access control entries for security principals beginning with "K-". These repositories are backed up nightly and comply with OIT storage and security requirements.

### Recertification of Access to Secure Repositories Containing Key Financial Spreadsheets

In collaboration with the Office of Information Technology (OIT), Business Owners from BAPD will work with OIT on an annual basis to recertify the access to secure repositories. OIT will provide Business Owners with reports of access to secure repositories containing key financial spreadsheets. The Business owner(s) for each secure repository will review the access of their users and update access as needed to ensure Least Privilege. This will ensure that access is based on need. Any access updates identified as part of the Recertification process will be made in accordance with the procedures outlined in the Enterprise Systems and Services Access Modification Process.

[1] If no alternate business owner is specified the, the highest ranking supervisor in the primary business owner's organization will be automatically assigned as a GetIT Approver for access to the repository

# Appendix E References

**09/30/2016**

The following reference materials are available:

**Benefit Administration**

- *Free Surviving Spouse Benefit (FSSB) Calculation & Benefit Administration Guidance*
- *Off-Cycle Checklist*
- *PBGC Benefit Form Elections Job Aid*
- *Proof of Marriage Record*
- *Recovering an Overpayment Minus Federal Tax Withholding Guidance*
- *Summary of Federal Tax Withholding Requirements for PBGC Benefit Payments*
- *Summary of Qualified Joint and Survivor Annuity Requirements*
- TGBR ("The Global Banking Resource") Web site
- *TGBR Job Aid*

**Case Processing**

- *CMS Milestones Job Aid*
- *Database Construction Guidelines*
- *Working Retirement Determination Desk Reference Guide*

**System User Documentation**

- Actuarial Calculation Toolkit Web Site
- Archive Manual
- Case Management System (CMS) Job Aids and User Guide
- Customer Relationship Management (CRM) Home Page
- eALG Correspondence Help
- *IPS User Manual*
- *Leo/ACT Format User Manual*
- Payment Adjustment Calculation System (PACS) Help
- *PLUS Web Manual*
- *Spectrum User Manual*

**Participant Correspondence**

- *Benefit Determination Letter Templates*
- eALG Correspondence Help
- *Letter Authorization Checklist*

**Plan Documentation**

- *OBA Records Management Policy & Procedures Manual*
- Plan Document Type Index Barcode Sheets
- *Plan File Indexing Specification Guide*

**Policy and Legislation**

- *PBGC Operating Policy Manual*
- PPA At A Glance

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# Appendix G Acceptable Proof of Age and Death

This appendix contains answers to questions concerning documents that are acceptable as proof of age and death.

**In this Section**

Appendix G1 Acceptable Proof of Age
Appendix G2 Acceptable Proof of Death

# Appendix G1 Acceptable Proof of Age

**08/30/2016**

**When are proof of age documents required?**

PBGC requires proof of age documents from customers when they apply for benefits.

**Are original proof of age documents required?**

Generally, copies are acceptable. However, PBGC may request originals or certified copies of any proof documents, for example if the document appears to have been altered.

**What document(s) are acceptable as proofs of age?**

PBGC accepts a copy of any one of the following documents that provide the individual's date of birth:

- Birth certificate
- Baptismal certificate or other church record
- U.S. Passport, expired or current (An unsigned passport is acceptable if the document appears genuine and OBA has no reason to question the individual's age or identity.)
- U.S. Passport Card, expired or current
- Permanent Residence Card (Green Card)
- U.S. Certificate of Naturalization

**Is a driver's license an acceptable proof of age?**

No, PBGC does not accept driver's licenses as proof of age.

**What other documents are acceptable for proof of age?**

If one of the above is not readily available, customers are directed to the ▶CCC for guidance about alternate proofs of age that PBGC accepts. Customers are advised that PBGC accepts any two from a list of alternate proofs of age.

**Does PBGC accept two of the same type of documents for alternate proofs of age?**

No. PBGC requires two different types.

**Must each document include the individual's date of birth?**

One of the two documents must provide a date of birth. It is preferable that both documents provide date of birth, but if that is not available, one alternate document may specify "age" that validates the date of birth provided in another alternate document.

**What alternate proofs of age are acceptable?**

- A notarized statement by the doctor or midwife who was present at the birth indicating the date of birth as shown in the medical records.
- A statement from the local office of the Social Security Administration showing the amount of the Social Security benefit being received and the date of birth of the recipient. A Social Security card is not acceptable proof.
- A military record of service.
- A marriage certificate, certified as correct by the custodian of the record.

- A vaccination record.
- A school record, certified as correct by the custodian of the record.
- A copy of a birth certificate of the participant's child showing the participant's age at the time of birth.
- Adoption papers.
- An accepted application for life insurance. This must be sent to PBGC by the insurance company.
- An employment record, certified as correct by the custodian of the record.
- A labor union card, certified as correct by the custodian of the record.
- Records of any fraternal organization to which the participant belongs, certified as correct by the custodian of the record.
- An official record of a foreign government or foreign church, certified as correct by the custodian of the record.
- A census transcript showing the participant's age. The participant may obtain this document from the US Census Bureau by requesting a census search using a US Census Bureau Form BC600. This is submitted to the Census History Staff, Bureau of the Census, Washington, DC. A fee is charged by the US Census Bureau. The participant must know the correct street address and name of the head of household at the time of the census.
- A petition for Naturalization of Certificate of Citizenship.
- An immigration visa or application for Permanent Residence.
- Foreign passport, expired or current.

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## Appendix G2 Acceptable Proof of Death

**07/01/2016**

### When are proof of death documents required?

PBGC requires proof of death documents, for example, to:

- Determine the date payments were no longer payable to a payee, and whether any overpayments have occurred.
- Determine benefits that may be due the estate.
- Process a beneficiary's application for benefits and confirm the date the benefits begin.

### Are original proof of death documents required?

Generally, copies are acceptable. However, PBGC may request originals or certified copies of any proof documents, for example, if the document appears to have been altered.

### What document(s) are acceptable as proofs of death?

PBGC accepts any one of the following documents that provide the proof of an individual's death:

- Death certificate.
- Social Security Death Index (SSDI) report of death.
  Complete the SSA Death Master Query to request ▸BPD to perform a manual SSA Death Master File search.
  BPD forwards the results by e-mail.
- Statement of death executed by an attending physician or intern of the institution where the death occurred.
- Statement executed by a funeral director or authorized representative.
- Coroner's report or verdict of the coroner's jury of the state where the death occurred.

For additional guidance on documents that are acceptable as proof of death, contact ASK PPD.

# Appendix H Historical SPARR and SPDRR Information

**In this Section**

Appendix H1 Historical SPARR Information
Appendix H2 Historical SPDRR Information

## Appendix H1 Historical SPARR Information

**10/28/2016**

The ▸Small Plan Average Recovery Ratio (SPARR) is determined by the SPARR & SPDRR Coordinator, ▸OBA (see TP 25.1 Determine Small Plan Average Recovery Ratio (SPARR)).

**Small Plan Average Recovery Ratio (SPARR) Calculation Table**

| SPARR Year | SPARR Calculation Date | Covers Final Recoveries in Plans with Termination Initiation Dates in the Calculation Period | | Applies to Plans with Termination Initiation Dates | | Summary of Calculated SPARRs |
|---|---|---|---|---|---|---|
| | | Start | End | Start | End | SPARR (%) |
| FY 2016 | 09/09/2016 | 10/01/2008 | 09/30/2013 | 10/01/2015 | 09/30/2016 | 9.39 |
| FY 2015 | 07/17/2015 | 10/01/2007 | 09/30/2012 | 10/01/2014 | 09/30/2015 | 9.29 |
| FY 2014 | 05/06/2014 | 10/01/2006 | 09/30/2011 | 10/01/2013 | 09/30/2014 | 4.93 |
| FY 2013 | 08/26/2013 | 10/01/2005 | 09/30/2010 | 10/01/2012 | 09/30/2013 | 17.23 |
| FY 2012 | 06/21/2012 | 10/01/2004 | 09/30/2009 | 10/01/2011 | 09/30/2012 | 12.56 |
| FY 2011 | 01/31/2011 | 10/01/2003 | 09/30/2008 | 10/01/2010 | 09/30/2011 | 12.30 |
| FY 2010 | 06/30/2009 | 10/01/2002 | 09/30/2007 | 10/01/2009 | 09/30/2010 | 9.15 |
| FY 2009 | 06/30/2008 | 10/01/2001 | 09/30/2006 | 10/01/2008 | 09/30/2009 | 3.85 |
| FY 2008 | 03/31/2008 | 10/01/2000 | 09/30/2005 | 10/01/2007 | 09/30/2008 | 4.26 |
| FY 2007 | 12/31/2007 | 10/01/1999 | 09/30/2004 | 10/01/2006 | 09/30/2007 | 4.35 |
| FY 2006 | 09/30/2007 | 10/01/2000 | 09/30/2005 | 10/01/2005 | 09/15/2006 | 4.13 |
| FY 2006 | 09/30/2007 | 10/01/1998 | 09/30/2003 | 09/16/2006 | 09/30/2006 | 3.5 |
| FY 2005 | 09/29/2006 | 10/01/1999 | 09/30/2004 | 10/01/2004 | 09/30/2005 | 4.39 |
| FY 2004 | 09/30/2005 | 10/01/1998 | 09/30/2003 | 10/01/2003 | 09/30/2004 | 3.42 |
| FY 2003 | 09/30/2004 | 10/01/1997 | 09/30/2002 | 10/01/2002 | 09/30/2003 | 7.86 |
| FY 2002 | 09/30/2003 | 10/01/1996 | 09/30/2001 | 10/01/2001 | 09/30/2002 | 9.6 |
| FY 2001 | 09/30/2002 | 10/01/1995 | 09/30/2000 | 10/01/2000 | 09/30/2001 | 4.94 |
| FY 2000 | 09/30/2001 | 10/01/1994 | 09/30/1999 | 10/01/1999 | 09/30/2000 | 4.58 |
| FY 1999 | 09/30/2000 | 10/01/1993 | 09/30/1998 | 10/01/1998 | 09/30/1999 | 8.01 |
| FY 1998 | 09/30/1999 | 10/01/1992 | 09/30/1997 | 10/01/1997 | 09/30/1998 | 6.84 |
| FY 1997 | 03/31/1999 | 10/01/1991 | 09/30/1996 | 10/01/1996 | 09/30/1997 | 5.98 |
| FY 1996 | 09/30/1998 | 10/01/1990 | 09/30/1995 | 10/01/1995 | 09/30/1996 | 7.9 |
| FY 1995 | 09/30/1997 | 10/01/1989 | 09/30/1994 | 10/01/1994 | 09/30/1995 | 7.22 |
| FY 1994 | 09/30/1997 | 10/01/1988 | 09/30/1993 | 10/01/1993 | 09/30/1994 | 7.04 |
| FY 1993 | 06/30/1997 | 12/18/1987 | 09/30/1992 | 10/01/1992 | 09/30/1993 | 7.44 |
| FY 1992 | 03/31/1997 | 12/18/1987 | 09/30/1991 | 10/01/1991 | 09/30/1992 | 7.73 |
| FY 1991 | 08/30/1996 | 12/18/1987 | 09/30/1990 | 12/18/1990 | 09/30/1991 | 12.01 |

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## Appendix H2 Historical SPDRR Information

**10/28/2016**

The ▸Small Plan DUEC Recovery Ratio (SPDRR) is determined by the SPARR & SPDRR Coordinator, ▸OBA. The SPDRR applies to plans with a termination initiation date on or after September 16, 2006, and total ▸UNGB that does not exceed $20 million.

**Small Plan DUEC Recovery Ratio (SPDRR) Calculation Table**

| SPDRR Year | SPDRR Calculation Date | Covers Final Recoveries in Plans with Termination Initiation Dates in the Calculation Period | | Applies to Plans with Termination Initiation Dates | | Summary of Calculated SPDRRs |
|---|---|---|---|---|---|---|
| | | Start | End | Start | End | SPDRR (%) |
| FY 2016 | 09/09/2016 | 10/01/2008 | 09/30/2013 | 10/01/2015 | 09/30/2016 | 29.84 |
| FY 2015 | 07/17/2015 | 10/01/2007 | 09/30/2012 | 10/01/2014 | 09/30/2015 | 29.53 |
| FY 2014 | 05/06/2014 | 10/01/2006 | 09/30/2011 | 10/01/2013 | 09/30/2014 | 13.56 |
| FY 2013 | 08/26/2013 | 10/01/2005 | 09/30/2010 | 10/01/2012 | 09/30/2013 | 33.45 |
| FY 2012 | 06/21/2012 | 10/01/2004 | 09/30/2009 | 10/01/2011 | 09/30/2012 | 30.72 |
| FY 2011 | 01/31/2011 | 10/01/2003 | 09/30/2008 | 10/01/2010 | 09/30/2011 | 33.77 |
| FY 2010 | 06/30/2009 | 10/01/2002 | 09/30/2007 | 10/01/2009 | 09/30/2010 | 32.36 |
| FY 2009 | 06/30/2008 | 10/01/2001 | 09/30/2006 | 10/01/2008 | 09/30/2009 | 60.55 |
| FY 2008 | 03/31/2008 | 10/01/2000 | 09/30/2005 | 10/01/2007 | 09/30/2008 | 59.74 |
| FY 2007 | 12/31/2007 | 10/01/1999 | 09/30/2004 | 10/01/2006 | 09/30/2007 | 28.42 |
| FY 2006 | 09/30/2007 | 10/01/1998 | 09/30/2003 | 09/16/2006 | 09/30/2006 | 16.29 |

# Appendix J Participant Forms Information

**07/01/2016**

### How does OBA use participant forms?

OBA uses participant forms to:

- Collect information to determine:
  - Benefit entitlement.
  - Benefit amounts.
  - When to begin paying benefits.
  - What type of benefit to pay (form and/or frequency of benefits).
  - Who is authorized to take actions on behalf of a participant, and what actions may be taken.
- Administer:
  - Debt collection.
  - Benefit processing.

### How do I prepare or provide participant forms?

- All participant forms are available through eALG and are standard enclosures to the appropriate letter templates.
- In exceptional circumstances when eALG is not appropriate (participants not loaded into Spectrum), hard copies are available from the DMC (see TP 34 Requests for Supplies).

### Where are samples of the participant forms?

- View and print participant forms and other enclosures from eALG Correspondence Help.

### Whose signature is acceptable?

- The participant's, beneficiary's, spouse's, or alternate payee's (only for his/her documents).

  **Note:** PBGC accepts electronic signatures on forms submitted via MyPBA (see TP 48 MyPBA Correspondence).

- The legal guardian of any of the above.
- The designated representative in a Power of Attorney (POA), subject to limitations (see TP 49 Power of Attorney and Guardianship).

### Is any other form of signature acceptable?

OBA accepts a notarized **Signature by Mark** such as an *X*. A **Signature by Mark** that is not notarized must meet the following criteria to be accepted:

- Two witnesses, who know the person making the mark, must sign and date the document at the time the mark is made.
- One of the two witnesses must state that he/she is a disinterested party; that is, someone who will **not** receive a direct financial benefit from the witnessed document.

For a POA that is **not** notarized:

- The representative of the person who makes the mark cannot be a witness.
- Neither of the two witnesses is required to state that he/she is a disinterested party.

See Policy 8.5-1 Signature by Mark for more information.

**Must a notarization date always match the date of the signature being notarized?**

No. ▸Spousal consent may be notarized on or after the date of the spouse's signature. Power of Attorney notarization may be on or after the date of the principal's signature, unless the special state rules provide otherwise. See TP 49 Power of Attorney and Guardianship.

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Appendix J Participant Forms Summary

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## Appendix J Participant Forms Summary

**07/01/2016**

700 701 702 703 703MP 704 705 706 707 708 709 710 711 713 714
715 716 716A 718 719 720 720CD 720MP 721 721T 722 723 724 SSA 581

**Participant Forms Summary Table**

| Form # | Form Title | Usage Comments |
|---|---|---|
| **700** | Participant Application for Pension Benefits | • Post-▸DOPT participants use this to apply for ▸annuity benefits<br>• Gives the participant the option to elect form of benefit<br>**Includes:**<br>• Designation of Beneficiary for continuing payments<br>• Designation of Beneficiary for payments owed at death<br>• ▸Spousal consent to elected benefit form and ▸beneficiary<br>• Federal Tax Withholding Election<br>• Method of Receiving benefit payments<br>• Description of Benefit Options from PBGC - Your Benefit, Your Choice |
| **701** | Payee Information Form (PIF) | • Completed by ▸payees as part of the data collection/verification process<br>• Designation of beneficiary included for any amounts that may be due at death. |
| **702** | General Information Form (GIF) | • Requests information from non-retirees at ▸DoPT only upon management's approval<br>• For limited use only |
| **703** | Application for Elective Lump-Sum Payment | • Sent to ▸cash balance plan participants with lump-sum entitlements of more than $5,000.<br>• **Spousal consent is required** for an "elective" ▸lump-sum distribution.<br>**Includes:**<br>• Lump-Sum Payment Election<br>• Spousal consent to receive a consensual lump-sum benefit<br>• Participant Election of direct payment, rollover, or combination<br>• Special Tax Notice Regarding PBGC Non-Periodic Payments |
| **703MP** | Application for Elective Lump-Sum Payment [Missing Participants] | • Same as Form 703 (above), but sent only to participants in the Missing Participants Program.<br>• Requires notarization of the applicant's signature |
| **704** | Report of Earnings and Social Security Disability Information | Sent in January of each year to participants whose benefits are subject to earnings offsets to obtain income information for the prior calendar year. |
| **705** | Beneficiary Application for Pension Benefits | Eligible spouses of deceased participants who died after retirement, alternate payees (**shared payment - QDRO)** and beneficiaries (such as ▸C&C benefits or optional forms) use this form to apply for annuity benefits.<br>**Includes:**<br>• Federal Tax Withholding Election<br>• Method of Receiving benefit payment |

| | | |
|---|---|---|
| | | • Designation of Beneficiary for payments owed at death and/or for the remaining period of a certain period benefit. |

| | | |
|---|---|---|
| **706** | Beneficiary Application for Pension Benefits - Optional Forms | ▸QPSA spouses and alternate payees (**separate interest QDRO**) use this form to apply for benefits.<br>**Includes:**<br>• Election of Benefit Form<br>• Federal Tax Withholding Election<br>• Method of Receiving benefit payments<br>• Description of Benefit Options from PBGC - Your Benefit, Your Choice<br>• Designation of Beneficiary for payments owed at death and/or for the remaining period of a certain period benefit |

| | | |
|---|---|---|
| **707** | Designation of Beneficiary for Benefits Owed at Death (Currently Receiving Pension Benefits) | Completed by a participant currently receiving pension benefits to designate a beneficiary for payments owed at death. |

| | | |
|---|---|---|
| **708** | Designation of Beneficiary (Not Currently Receiving Pension Benefits) | Completed by a participant not currently receiving benefits to designate a beneficiary for payments owed at death. |

| | | |
|---|---|---|
| **709** | Plan Participation Information | Sent to a ▸woodwork participant to collect information to enable ▸OBA to determine entitlement to benefits. |

| | | |
|---|---|---|
| **710** | Application for Electronic Direct Deposit | • Payees use this form to choose EDD or change financial institutions.<br>• Sent at payee's request. |

| | | |
|---|---|---|
| **711** | Change of Beneficiary for Certain & Continuous (C&C) Benefits Only (Currently Receiving Pension Benefits) | Completed by a participant currently receiving Certain & Continuous annuity benefits to change his/her beneficiary for benefits payable for periods after death and before the Certain Period ends. |

| | | |
|---|---|---|
| **713** | Election to Withdraw Employee Contributions | • Sent to a payee who wishes to withdraw employee contributions before going into pay status.<br>• Sent to participant who wishes to withdraw employee contributions when applying for retirement benefits. |

| | | |
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| **714** | Withdrawal of Employee Contributions – Non-Spouse Beneficiary | Non-spouse beneficiaries use this form to apply for payment of the deceased participant's employee contributions. |

| | | |
|---|---|---|
| **715** | Power of Attorney (POA) | Participant/beneficiary or alternate payee authorizes another individual to perform actions on his/her behalf while he/she is competent.<br>**Includes:**<br>• Filings Instructions<br>• Alternative POAs meeting PBGC's requirements are accepted.<br>• See TP 49 Power of Attorney and Guardianship for more information. |
| **716** | Certification of Social | • Mailed to affected payees periodically to ensure entitlement to |

| | | |
|---|---|---|
| | Security Disability Status | benefits.<br>• Payee completes to certify whether still eligible for Social Security disability benefits. |
| **716A** | Certification of Pension Plan Disability Status | • Mailed to affected payees periodically to ensure entitlement to benefits.<br>• Payee completes to certify whether still eligible for disability benefits under the pension plan. |
| **718** | Installment Payment Agreement | • Sent by ▸OBA to a debtor to recover overpayments.<br>• Debtor executes forms and returns it to ▸FOD. |
| **719** | Election to Withhold FIT from Periodic Payments | Payees complete this form to change federal tax withholding. |
| **720** | Application for Lump-Sum Payment | • Sent to post-▸DOPT participants, beneficiaries and ▸alternate payees who are eligible for a cash-out or a ▸Large Reimbursement.<br>• J&S Waiver Provisions do not apply.<br>• Includes participant election for payment destination.<br>• Includes Special Tax Notice Regarding PBGC Non-Periodic Payments<br>• EDD election does not apply. |
| **720CD** | Application for Lump-Sum Payment<br>[Child or Other Dependent] | • For use by a child or other dependant (▸QDRO) who is eligible for a single payment to apply for payment.<br>• Payment is processed through participant's payment record. |
| **720MP** | Application for Lump-Sum Payment<br>[Missing Participants] | • Same as Form 720 (above) but sent only to participants in the Missing Participant Program.<br>• Requires notarization of the applicant's signature. |
| **721** | Application for Eligible Rollover Payment – Non-Spouse Beneficiary | Sent to a non-spouse beneficiary entitled to a single payment that is rollover-eligible. |
| **721T** | Tax Election for Payment Not Eligible for Rollover | Sent to an estate or person due a single payment that is not rollover-eligible. |
| **722** | Financial Statement of Debtor | Sent to debtors who are seeking PBGC's consideration to waive or reduce their debt. |
| **723** | Request for Additional Time to File an Appeal of a PBGC Benefit Determination | Optional form available from Appeals Division, ▸OGC for customers requesting addtional time to file an appeal of a ▸BDL. |
| **724** | Appeal of a PBGC Benefit Determination | Optional form available from Appeals Division, OGC for customers to use to file an appeal. |
| **SSA 581** | Authorization to Obtain Earnings Data from SSA | • Form signed by participant authorizes ▸SSA to provide PBGC with earnings and employment data.<br>• Sent as needed, usually when there is insufficient information to determine benefit eligibility of amount of benefits. |

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# Appendix N Correspondence and Phone Call Guidelines

**08/30/2011**

This appendix provides guidance on telephone calls and customer service.

**In this Section**

Appendix N1 Process CRM Telephone Call Records Guidelines
Appendix N2 PBGC Customer Service Pledge

## Appendix N1 Process CRM Telephone Call Records Guidelines

**12/22/2016**

▸CSD demonstrates its commitment to excellent customer service in many ways, including its timely and thorough responses to participant telephone calls and correspondence. CSD utilizes the ▸CRM system to record and track **all** incoming and outgoing participant calls.

The ▸CCC is often a participant's first telephone point of contact with the PBGC. The 800 number (1-800-400-PBGC, or 1-800-400-7242) and a TTY connection (Federal relay service at 1-800-877-8339) is provided to participants with most standard communications, including participant brochures, all ▸eALG letters and the participant newsletters. CCC phones are staffed from 8:00 A.M. to 5:00 P.M. (Eastern time) each work day. Regardless of whether the plan is at HQ or at an ▸FBA, participants are provided with the 800 number. ▸CSRs direct calls to the appropriate staff member in CSD (telephone ▸POC in the plan's ▸CMS Team) when they are unable to satisfy the participant.

CSRs are trained and empowered to handle a wide range of participant services and whenever possible will resolve the participants inquiry in the initial phone call. The CCC receives as many as 20,000 calls in a single month.

Upon receipt of a call from a participant, the CSR (or other CSD call recipient) utilizes the participant's ▸SSN or name to access basic information about the participant through and initiates a CRM record. Each telephone call is recorded in CRM using the appropriate problem code(s) and closed using a resolution code(s). Outgoing telephone calls to or about a participant are also recorded in CRM. The CRM Documentation Table provides additional guidance on documenting different call types in CRM.

**CRM Documentation Table**

| **CALL TYPE** | **call typically completed by...** | **M*** **OA**** | **Basic Elements Documented in CRM** |
|---|---|---|---|
| **Administrative Requests** | | | |
| **Residential Address Change** (For processing instructions, see TP 4 Participant Addresses and EDD Elections.) | ▸CCC | **M** | Street Address, City, State, Zip Code, Country Code, Telephone Number |
| **Electronic Direct Deposit** sign up or change (For processing instructions, see TP 4 Participant Addresses and EDD Elections.) | CCC | **M**<br><br><br><br>**OA** | ACH Bank Routing Number<br>ACH Account Number<br>ACH Account Type (savings, checking)<br>Date of first payment by ▸EDD or to new bank |
| **Banking Address** paper checks mailed to bank (For processing instructions, see TP 4 Participant Addresses and EDD Elections.) | CCC | **M**<br><br>**OA** | Street Address, City, State, Zip Code, Country Code<br>Bank Account Number<br>Date first payment will be mailed to bank |
| **Federal Tax Withholding Election/Change** | EBLS/FBA/PVA | **M** | See Appendix R 1.9 Processing a Change to Federal Tax Withholding Election. |
| ***I need a replacement check(s).*** | CCC | **M**<br><br>**OA** | Date original check(s) issued.<br><br>Verify in ▸PLUS that check(s) are not already cashed. |

| | | | |
|---|---|---|---|
| | | | Verify the customer's address.<br>If no address change is required, send an eCARF to ▶BPD to stop check(s) and issue replacement(s).<br>If an address change is required, send an eCARF to ▶PBGC's paying agent to change the address, stop check(s) and issue replacement(s).<br>PBGC's paying agent issues replacement check(s). |
| **Status Calls** | | | |
| ***What is the status of my plan?*** | CCC transfers to CSD/▶FBA | **OA** | Has valuation been completed?<br>If no, when expected?<br>Has ▶BDL been sent?<br>If yes, what date?<br>If no, when expected?<br>Enter any information given to participant in "Notes" field in CRM. |
| ***What is the status of my check (s)?*** | CCC | **OA** | If more than seven days after the first of a month and caller has not received expected check, see Administrative Requests, Banking Address section: I need a replacement check (s). |
| ***What's the status of EDD request?*** | CCC | **OA** | Query CRM to review current bank information. |
| ***What is the status of my benefit application?*** | CCC transfers to CSD/FBA | **OA** | Date application received.<br>Date acknowledgment letter sent.<br>Application complete?<br>If yes, date payments will commence.<br>If no, what actions are required for completion.<br>Date form(s) and letter sent to participant.<br>Any additional information provided to participant or commitments made (that is, "will call back".) |
| ***What is the status of my appeal?*** | CCC, will be transferred to the Appeals Division or CSD/FBA | **OA** | Transfer based on whether appeal open (to the Appeals Division) or closed (TPD/ FBA).<br>If closed, will or has a ▶Revised BDL (eALG 411 series) been sent?<br>Provide date.<br>Date appeal decision effective. |
| ***When am I eligible for benefits?*** | CCC transfers to CSD/FBA | **M** | ▶DOB<br>▶DOH<br>▶DOTE |
| If estimated benefit calculation is | | | |

| | | | |
|---|---|---|---|
| requested, see TP 32 Provide Estimated Benefit Calculations for processing instructions. | | **OA** | Comments include:<br>Whether entitled to benefit.<br>Amount and form of benefit.<br>▸Annuity Starting Date<br>Normal Retirement Date.<br>Spouse's date of birth.<br>General eligibility requirements. |
| ***When will BDL be issued?*** | CCC transfers to CSD/FBA | **OA** | Comments include:<br>Benefit Amount.<br>Benefit Effective Date.<br>Normal Retirement Date.<br>Date BDL is or will be sent. |
| **Forms and Letters** | | | |
| ***Letters: I never received my BDL (or other document).*** | CCC transfers to CSD/FBA | **OA** | Comments include:<br>Document requested<br>Date *eALG 540 Cover Letter to send with copy of BDL* (or other document transmittal) sent. |
| ***Please send an application.*** | CCC transfers to CSD/FBA | **OA** | Comments include:<br>Date application mailed.<br>Date forms and cover letter, or other information sent.<br>If application inappropriate (as participant is not yet eligible), date for participant to contact PBGC to request application. |
| ***Please send other forms or information.***<br><br>(For information about participant forms, see Appendix J Participant Forms Information.) | CCC | **OA** | Comments include:<br>Forms or information requested by participant |
| **Inquiries** | | | |
| ***Where's my check? (Issued)*** | CCC | **M**<br>**OA** | Date check issued.<br>eCARF completed (for stop payment), when appropriate. |
| ***Where's my check? (Non-Issued)*** | CCC transfers to CSD/FBA | **M** | Research entitlement. |
| **Initial Death Notification or Inquiry**<br><br>(For processing instructions, see TP 5 Death Processing.) | CCC | **M** | Date of Death.<br>Identify of caller (name, telephone number and address if different than participant).<br>Surviving spouse.<br>Correspondence sent if different than participant's address. |

| | | | |
|---|---|---|---|
| | | | Spouse's SSN.<br>Comments include:<br>Spouse's date of birth, if applicable. |
| | | **OA** | Date acknowledgment letter is sent.<br>Date of application. |
| **Outgoing Calls** | | | |
| Confirming expected benefit payment | CSD/FBA | **OA** | Call may be made in lieu of or in addition to eALG 300 or 500 series letter. Provide the date and amount of payment(s). |

*Mandatory ▸CRM field, completed by ▸PSD staff, if not automatically completed by database.

**Other action, includes information provided to caller, by PSD staff.

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## Appendix N2 PBGC Customer Service Pledge

**06/30/2006**

**Our Service Pledge**

Our customers deserve our best efforts as well as our respect and courtesy:

- On the first call from you, our customer, we will say:
  - What can be done immediately and what will take longer.
  - When it will be done.
  - Who will handle your request.
- We will call you if anything changes from what we first told you, give you a status report, and explain what will happen next.
- We will have staff available from 8:00 A.M.–5:00 P.M. Eastern Time, Monday–Friday to answer your calls. For participant inquiries, our CCC will be open two hours longer, until 7:00 P.M. If you leave a message, we will return your call within one work day.
- We will acknowledge your letters within one week of receipt.

# Appendix O Acceptable Proof of Marriage

**In this Section**

Appendix O I. Introduction
Appendix O II. Length of Marriage Requirement
Appendix O III. Types of Marriage
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## Appendix O I. Introduction

**11/29/2011**

PBGC recognizes a marriage based on the laws of the country or state in which the marriage occurred. However, PBGC may not recognize a marriage even though the marriage was valid where it was contracted if it is void because it violates the law or public policy of the state or country in which the participant and/or spouse lives. Furthermore, PBGC will not routinely attempt to establish that a marriage is not valid unless there is reason to suspect the validity of the marriage.

**Why does PBGC require proof of marriage?**

If a participant is married when he or she retires, PBGC must pay the benefit as a ▸QJSA, the plan's automatic form for benefit for a married participant, unless the participant elects another form of benefit with spousal consent, that is, the spouse waives the QJSA benefit (see Policy 5.4-7 Annuity Benefit Forms and *Summary of Qualified Joint and Survivor Annuity Requirements*).

Additionally, PBGC provides a ▸QPSA to a surviving spouse of a participant with vested benefits who dies before retirement (see Policy 5.7-2 Payment of Qualified Preretirement Survivor Annuities in Plans Terminating on and after August 23, 1984).

Proof of marriage must be in the file in order to pay the QJSA or QPSA or another form of benefit that is based on marriage, such as an ▸FSSB that is not a QJSA (see Policy 5.4-8 Paying and Converting Complex Benefit Forms). Proof of marriage is required even when the spouse waives survivor benefits.

**When do we require proof of marriage documents from our customers?**

**Pre-DOTR Retiree [Payee]:**

PBGC generally does not require proof of marriage if the participant retired prior to the ▸DOTR and is or was receiving a form of benefit based on marriage. PBGC accepts the prior administrator's determination of the form of benefit even if proof of the marriage is not received from the plan administrator, or is not in the plan administrator's files. However, the participant's spouse at retirement (as indicated in plan records) must provide proof of marriage when the surviving spouse's benefits are payable.

The Payee Information Form (Form 701) determines whether the participant was married when they retired and requests the marriage date, but the retiree is not required to send in proof of the marriage. However, PBGC may request proof of marriage if the validity of a marriage appears questionable or the form of benefit at retirement was not based on marriage and surviving spouse's benefits are subsequently found to be payable.

**Post-DOTR Retiree:**

PBGC requires proof of marriage for participants or surviving spouses who retire on or after DOTR (that is, benefits were not already in pay as of DOTR). PBGC's Participant Application for Pension Benefits (Form 700) asks whether the participant is currently married and requests the marriage date and proof of marriage. Similarly, PBGC's Beneficiary Application for Pension Benefits (Form 706), determines if the applicant is the spouse of the deceased participant and if so requests proof of the marriage. If proof of the marriage is not already in the file as a result of earlier data gathering, PBGC will request proof of the marriage; proof of marriage must be in the file prior to making payments.

Other Situations: PBGC will request proof of marriage if PBGC subsequently finds proof was not previously obtained or the validity of a marriage is questionable. Examples in which proof is otherwise required:

- PBGC finds surviving spouse's benefits are payable upon the death of the participant even though the participant's benefit at retirement was not a QJSA or a form of benefit based on marriage. For example, the plan provides an FSSB payable after the death of the participant, however, marriage was not a requirement at retirement or the elected form of benefit (with spousal consent) at retirement was not based on marriage. (Note that FSSBs are common in steel plans.) Eligibility is often based on whether the surviving spouse is the participant's widow(er) for Social Security purposes; marriage to the participant at retirement may or may not be required depending on plan provisions. See *Free Surviving Spouse Benefit (FSSB) Calculation & Benefit Administration Guidance*.
- The participant did not elect a QJSA and the spouse is claiming entitlement to a QJSA survivor benefits and a valid waiver to the QJSA is not in the file (see Policy 5.7-5 Spousal Consent (Qualified Joint-and-Survivor Annuities)).

- More than one spouse claims entitlement to surviving spouse benefits. (Note that in certain situations, proof of divorce may also have to be requested.)

**What type of proof of marriage is acceptable?**

Generally, original documents are not required; copies are acceptable. However, original, certified or notarized copies of any proof documents may be requested if the document provided appears to have been altered. All proof of marriage documents must be imaged to the retiree's file (see TP 16.2 Maintain Participant File). *All documents, regardless of whether it is an original or certified or notarized copy must be returned to the retiree.*

If the applicant cannot provide proof of marriage and wants to receive the QJSA form of benefit, PBGC must document why the participant cannot provide proof and make a facts and circumstances determination based on the laws of the jurisdiction in which the marriage purportedly occurred to establish that the marriage is valid. All marriage proof guidance should be imaged to the participant's file in IPS (see TP 16.2 Maintain Participant File). The focus is whether PBGC can or cannot reasonably recognize the marriage.

***Additional Guidance:*** *If a participant cannot provide proof of marriage, PBGC cannot reasonably recognize the marriage, or the type of marriage is one that PBGC does not recognize, the participant may be able to elect one of the PBGC optional forms of benefit that provides a similar benefit.*

**Example:** If the plan's QJSA is a 50% joint and survivor benefit, but proof of marriage is not available or PBGC is unable to recognize the marriage (for example, proof of a common-law marriage is not readily available), the participant can elect the optional PBGC 50% joint and survivor benefit (spousal consent to the optional form should be obtained in good faith).

**How should proof of marriage be documented?**

Specific requirements for documentation of different types of marriage can be found throughout this Appendix. In addition, if desired, proof of marriage can be documented in the optional job aid *Proof of Marriage Record*, which includes instructions. For examples of how to use the job aid, see *Proof of Marriage Record Samples*.

**If the participant has been married multiple times, what additional proof does PBGC require?**

If a matter involves competing claimants to surviving-spouse benefits, contact Ask OPSS for guidance on how to handle the situation.

**Do we ever require proof that a marriage continues or has not ended?**

This issue occasionally arises, particularly in the following situations:

- A participant's marital status is unknown or given as single or divorced, and the spouse alleges a continued marriage.
- Another party, for example a subsequent spouse or family member, contests the existence of a marriage.

Once proof of a marriage is received (or if it is already in file), assume the marriage continues to exist until proof that the marriage ended, including if it was not valid or did not take place, is received. Generally, a party to the marriage does not have to prove the continued existence of the marriage, even, for example, if the parties were separated for several years but not divorced. Do not request evidence of a continuing marriage unless compelling evidence to the contrary is already in file or is received.

Proof of divorce is generally accepted as proof that a marriage ended. Other evidence (for example, a court order) that a marriage ended should be referred to ASK OPSS for guidance. In these situations, the marriage may have ended or may not have been valid, but certain marital or inheritance rights may remain or the marriage may meet the definition of a deemed or putative marriage.

On the rare occasion that evidence of continued marriage is needed, request the participant or spouse to provide at least two items from the list of proof documents in Section IV Ceremonial Marriage, subheading (iii): Presumption of Ceremonial Marriage (even if a ceremonial marriage is not alleged). The proof documents must be dated within one year of the participant's retirement date or date of death, or specifically indicative of the continuing existence of the marriage

as of the participant's retirement date or date of death.

If the validity of a marriage is contested (for example, when two individuals allege they were married to a participant at the time of death and claim entitlement to a surviving-spouse benefit), contact Ask OPSS for additional guidance.

**When do we require proof of divorce or that a marriage ended?**

PBGC should not routinely require proof of divorce or that a marriage otherwise ended. If the validity of a marriage is challenged, contact Ask OPSS for guidance. For example, if plan or PBGC records indicate that a participant was married at DOPT, but, at the time of retirement, the participant states that he or she is single or divorced, do not routinely request proof of the divorce. However, if communications with the participant or the participant's spouse indicate that the marriage has not ended, asking for proof of divorce would be appropriate if the marital status cannot be confirmed otherwise.

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## Appendix O II. Length of Marriage Requirement

**10/28/2005**

Pension plans may require that a participant have been married for up to one year (but no more than one year) before surviving spouse or other spousal benefits are payable. A plan's length of marriage requirement may be less than one year however, one year is common. The same PBGC rules that apply to a one-year marriage requirement apply to requirements that are less than one year.

Plans with a one-year marriage requirement may deny ▸QPSA benefits if a participant has not been married for a full year as of the participant's death. Plans are required to pay benefits in the form of a ▸QJSA to a married participant (unless the spouse waives the QJSA). Note that if the participant dies or the couple divorces before a full year of marriage, the spouse may not be entitled to survivor benefits.

For additional information on this topic, please refer to Policy 5.7-4 Marriage Requirements.

## Appendix O III. Types of Marriage

**07/01/2016**

PBGC recognizes a marriage based on the laws of the jurisdiction in which the marriage occurred. In determining whether PBGC can recognize the marriage, consider the marriage types in the Types of Marriage Table.

**Types of Marriage Table**

| Type of Marriage | Description |
|---|---|
| **Ceremonial** | A marriage that is performed in public, by an authorized official or clergy, in accordance with the laws of the location where the marriage occurred. Most jurisdictions require that a license be obtained by persons intending to contract a ceremonial marriage. However, the marriage may be valid under State law despite the fact that a license was not secured.<br><br>*Refer* to IV. Ceremonial Marriage. |
| **Common-Law** | In some states a valid marriage may be created without a formal ceremony. Generally the parties must:<br>• Enter into the marriage by mutual consent to become husband and wife from that time on.<br>• Have intent to marry.<br>• Consider themselves to be husband and wife.<br>• Be legally capable of entering into a valid marriage.<br>• In some states, cohabit and hold themselves out to the public as husband and wife.<br>The marriage must be contracted in a state where common-law marriage is recognized.<br><br>*Refer* to V. Common-Law Marriage. |
| **PBGC Presumption of Marriage** | A presumption that a marriage exists when formal marriage documents are not available due to unusual circumstances. For example, the country in which the marriage was created limits or denies access to its records, or did not provide documentation, and the parties to the marriage provide convincing evidence of marriage.<br><br>If a matter involves multiple marriages and there are competing claimants to surviving-spouse benefits, contact ASK PPD for further guidance.<br><br>*Refer* to VIII. PBGC Presumption of Marriage |
| **Indian Tribal or Custom** | A marriage where the parties were subject to a tribal government at the time of the marriage, the parties had been following tribal customs and laws, and the marriage was in accordance with tribal customs and laws.<br><br>*Refer* to VI. Indian Tribal or Custom Marriage. |
| **Chinese Custom** | A marriage that took place in China and met the Chinese procedural requirements of law and custom.<br><br>*Refer* to VII. Chinese Custom Marriage. |
| **Putative** | Under the laws of some States, a party to a void marriage may acquire inheritance rights as a spouse; this relationship is called a putative marriage. The essential basis of a putative marriage is a good faith belief (in a life case) or good faith until the worker dies (in a death case). The marriage may be invalid because of some defect of which the putative spouse was unaware, such as a prior undissolved marriage of one of the |

| | |
|---|---|
| | parties, or failure to meet the requirement of solemnization.<br><br>*Refer cases of putative marriage to the ▸ PPD Marriage Issues Coordinator by sending an e-mail to the* ASK PPD with details about the marriage and the reason for contacting PPD. |
| **Deemed** | A marriage that would have been valid, except for a legal impediment.<br><br>A legal impediment may exist:<br><br>• When a prior marriage has not been dissolved.<br>• When an attempted dissolution of a prior marriage is not valid, for example, a mail-order divorce.<br>• If the prior marriage was dissolved, but there was a restriction against remarriage still in effect at the time of remarriage.<br>• If the marriage is invalid because of a procedural defect in connection with the marriage, for example, a religious marriage in a country that requires a civil ceremony or failure to comply with State licensing requirements.<br>• When the marriage is invalid for reasons under State law other than those listed above.<br>*Refer cases of deemed marriage to the PPD Marriage Issues Coordinator by sending an e-mail to the* ASK PPD with details about the marriage and the reason for contacting PPD. |
| **Same-Sex** | Refer cases of same-sex marriage to ASK PPD with details about the marriage and the reason for contacting PPD. |
| **Polygamous Marriage** | A foreign polygamous marriage contracted in a jurisdiction that recognizes such marriage may be considered valid in some states to the extent that the spouses share equally in the intestate personal property of the worker.<br><br>*Refer cases of polygamous marriage to the PPD Marriage Issues Coordinator by sending an e-mail to the* ASK PPD with details about the marriage and the reason for contacting PPD. |

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## Appendix O IV. Ceremonial Marriage

**07/01/2016**

i. **Preferred Proof**

Obtain one of the following:

1. Marriage certificate.
2. Public record of the marriage: A copy of or statement as to a public record of the marriage, certified by the custodian of the record.
3. Religious record of the marriage: A copy of or statement as to a religious record of the marriage certified by the custodian of the record.
4. Foreign records: A foreign document based on church or civil records issued pursuant which shows the participant and spouse as husband and wife.

All marriage proof guidance should be imaged to the participant's file in ▸IPS (see TP16.2 Maintain Participant File).

If preferred proof of marriage is not readily available, request the applicant to obtain proof from the custodian of the record (for example, courthouse, church, civil authority, etc.) before requesting secondary proof of a ceremonial marriage.

ii. **Secondary Proof**

If preferred proof cannot be obtained:

Document the file with:

- An explanation about why preferred proof cannot be obtained.
- A description of the ceremony (when it took place, where it took place, who performed the ceremony, names of witnesses, and any other pertinent details).

Request one of the following:

- A signed statement from the clergyman or other official who performed the ceremony.
- Other evidence of probative value indicating a ceremony took place (for example, photos taken at the ceremony).
- Newspaper account of the wedding.
- Notarized statements from at least two people who have knowledge that the ceremony took place. Indicate in the statement the relationship of the person to the parties of the marriage and provide details of how the person knew of the ceremony.
- Notarized statements of witnesses to the marriage ceremony.

All marriage proof guidance should be imaged to the participant's file in IPS (see TP16.2 Maintain Participant File).

One piece of evidence is generally acceptable. However if the evidence is suspect or otherwise unconvincing, request additional evidence.

In determining the acceptability of the secondary proof, consider the following: the statement and conduct of the parties, length of time the parties have lived together as husband and wife, and whether children were born of the relationship.

If secondary evidence of marriage cannot be obtained, determine if a ***presumption of ceremonial marriage*** applies.

iii. **Presumption of Ceremonial Marriage**

When a ceremonial marriage is alleged, accompanied by cohabitation and repute, a presumption arises that there was in fact such a marriage. Apply the presumption of ceremonial marriage when neither preferred nor secondary proof of marriage can be obtained. The presumption of ceremonial marriage is strong when supporting evidence shows that the parties have lived together as husband and wife for many years, and it can be rebutted only by convincing evidence to the contrary. The absence of a record in the place where the marriage is alleged to have occurred will not in itself defeat the presumption.

To support a presumption of marriage, obtain two items from the following list that are indicative of a marital or husband-wife relationship:

1. Excerpts from naturalization certificates, deeds (for example, joint tenancy by the entirety), immigration

records, insurance policies, or passports which indicate the parties as husband and wife.

2. An IRS tax return, showing status as married, filing jointly, or married, filing separately. (Financial information is not needed and should be blocked out to preserve privacy.)
3. Records which show a marital relationship such as business, employment, bank, fraternal, school, labor, church, or birth records, including pension plan records and documents.
4. Official records from other government agencies indicating a marital relationship such a Social Security Benefit award notice.
5. Purchase agreements, contracts, or leases executed by parties, letters to both parties, or letters from one party to the other indicating a marital relationship.
6. Automobile titles made out jointly in the names of the parties.
7. Wills naming the other party as a spouse.
8. Any other evidence indicating a spousal relationship, such as birth certificates of children born of the relationship, a death certificate or obituary that indicates the marital relationship.

Evaluate the evidence that is obtained and document the file if a presumption of marriage is found. *If a presumption of marriage cannot be found, refer the case to the PPD Marriage Issues Coordinator by sending an e-mail to the* ASK PPD with details about the marriage and the reason for contacting ▶PPD.

**Note** Do not routinely attempt to establish a common-law marriage when a ceremonial marriage is alleged but no record is found.

iv. **Foreign Ceremonial Marriage**

The preferred proof of a foreign marriage is an official document that verifies the marriage ceremony occurred under the laws of that country. All marriage proof guidance should be imaged to the participant's file in IPS (see TP16.2 Maintain Participant File). If the participant or payee cannot provide an official document, *refer the case to the PPD Marriage Issues Coordinator by sending an e-mail to the* ASK PPD with details about the marriage and the reason for contacting PPD.

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## Appendix O V. Common-Law Marriage

**07/01/2016**

### i. Basic Requirements

In some states a valid marriage may be created without a formal ceremony. While individual state laws vary, generally the requirements are:

1. The marriage is entered into by mutual consent of the parties to become husband and wife from that time on and is not solemnized by a ceremony;
2. The parties must have intent to marry;
3. The parties must consider themselves husband and wife;
4. Both parties must be legally capable of entering into a valid marriage;
5. In some states, the parties must cohabit and present themselves to the public as husband and wife.

### ii. Important Concepts

1. Agreement to marry.

   An agreement to marry must:

   - Contemplate a permanent union exclusive of others;
   - Be in the present tense; and
   - Contemplate a marital status that cannot be terminated at will but can be terminated only in the same manner as a ceremonial marriage, that is, death, divorce or annulment.

2. Cohabitation.

   Cohabitation means living together as husband and wife.

3. Sojourn.

   In some states a common-law marriage can arise from a temporary stay or sojourn within a state's borders if the parties present themselves as husband and wife, even though the parties were never domiciled in that state.

4. Common-Law Marriage entered into outside the U.S.

   Common-law marriages entered into outside the U.S. are generally not recognized. If a common-law marriage was entered into outside of the U.S., follow the instructions below according to marriage type, and contact ASK PPD for additional guidance.

   **Note:** If documentation of a ceremonial marriage cannot be obtained, do not automatically pursue proof of a common-law marriage unless a participant or spouse specifically alleges a common-law marriage exists or existed.

### iii. Participant Alleges Common-Law Marriage

If a participant alleges a common-law marriage:

1. Ask the spouse to affirm that he or she mutually consented or agreed to the common-law marriage with the participant. The affirmation may be:
   a. In writing or by other contact (phone, email, etc.). Continue to step 2.
   b. Deemed if the spouse gives spousal consent and waives the QJSA. A *Common-Law Marriage Facts & Circumstances Determination* form does not have to be completed and additional proof of the marriage is not required unless the plan provides other spousal benefits such as a ▸Free Surviving Spouse Benefit (FSSB).

**Hint:** Additional proof of the marriage is not needed in this situation because the spouse has waived the QJSA and the participant may elect the automatic form for unmarried participants or an optional form. The participant may elect an optional form of benefit that provides survivor benefits and designate the spouse as the beneficiary. The existence of the marriage is no longer relevant.

2. Complete the *Common-law Facts & Circumstances Determination* form.
3. Ask the participant to submit at least two forms of corroborating evidence as described in section v. Corroborating Evidence of Common-law Marriage.
4. Determine if PBGC can recognize the marriage following the instructions in vi. Facts & Circumstances Determination.

**iv. Surviving Spouse Alleges Common-Law Marriage**

If a surviving spouse alleges having been in a common-law marriage with a deceased participant, review the plan and/or participant's file to determine if the participant appears to have mutually consented or agreed to a common-law marriage with the spouse.

**Common-Law Marriage Facts & Circumstances Determination In file**

1. If a determination was previously made that PBGC will recognize the marriage between the participant and the surviving spouse, generally no further proof of the marriage is needed.
2. If a determination was previously made that the marriage could not be recognized, generally surviving spouse benefits will not be payable.
3. If a determination is not on file, determine if the participant previously affirmed the marriage. Continue to section iv., subsection 2, below.

**Common-Law Marriage Previously Affirmed by Participant**

The participant's affirmation of the marriage with the surviving spouse generally may be established by:

- A documented allegation by the participant in his or her participant record of marriage to the surviving spouse, even if not confirmed by corroborating evidence. For example, entries on a General Information Form (GIF), Payee Information Form (PIF) or other PBGC form; correspondence, or other documentation.
- Evidence in plan records indicating a marital relationship, for example, an employment application, health or insurance cards or records, emergency contact information, or other administrative documents identifying the spouse.

1. If the participant's affirmation of the common-law marriage cannot be established, go to section iv., subsection 3: Common-law Marriage Not Affirmed by Participant.
2. If the participant's affirmation of the common-law marriage can be established, complete the *Common-law Facts & Circumstances Determination*.
3. Ask the spouse to submit at least two forms of corroborating evidence as described in vi. step 5.
4. Determine if PBGC can recognize the marriage following the instruction in vi., step 6.

**Common-Law Marriage Not Affirmed by Participant**

If the participant did not previously affirm a common-law marriage with the other party (for example, the participant identified himself or herself as unmarried/single):

1. Complete the *Common-law Facts & Circumstances Determination*. Modify the form to document responses to the following question:
   - Why does the other party to the relationship consider himself or herself married to the participant?
   - Why does the other party think that the participant did not identify himself or herself as married?
   - Is there a valid reason why the participant could not enter into a ceremonial marriage?
2. Ask the party to submit at least **three** forms of corroborating evidence that the parties were married at the time of the participant's retirement and/or death, as described in vi. Facts & Circumstances Determination, step 5.
3. Determine if PBGC can recognize the marriage following the instructions in vi., step 6.

**v. Corroborating Evidence of Common-Law Marriage**

Corroborating evidence of the common-law marriage may be obtained from plan and participant records or from the participant or spouse.

1. A document that simply lists both parties may not sufficiently demonstrate a marital relationship if the parties used different last names.
2. Corroborating evidence of a common-law marriage will generally describe the nature of the relationship. For example, the document will:
   a. Identify the parties as husband and/or wife;
   b. List the parties as Mr. and Mrs.;
   c. Show the parties as using the same last name;
   d. Identify one of the parties as "spouse;"
   e. State the parties are "married"; or
   f. Include a similar description.
3. Acceptable evidence of a common-law marriage include:
   a. A judgment, decree, settlement agreement, ▸domestic relations order (DRO), or other court order issued by a court pursuant to state law that specifically recognizes the marital relationship of the parties. For example, the alternate payee under a DRO is specifically identified as the spouse. Additional proof generally is not needed in this situation.
   b. Beneficiary designations showing a relationship of spouse, husband, or wife. For example, a PBGC designation of beneficiary for payments owed a payee, or other designations, such beneficiary for an ▸Individual Retirement Account (IRA).
   c. Birth certificates of children resulting from the marriage indicating the parents' marital status.
   d. Church, school, labor or fraternal organizations.
   e. Death certificate or obituary for either party.
   f. Deed to house (for example, property held as "tenants by the entirety" or similar) or lease agreement.
   g. Employment/personnel records.
   h. Financial (for example, bank statements) records, business records, purchase agreements.
   i. Notarized statements from people (excluding children resulting from the marriage) who can confirm the relationship. Two or more statements are not adequate proof; at least one other form of evidence must be obtained.
   j. Health or life insurance policies.
   k. Immigration or naturalization papers.
   l. Proof that SSA, the Veteran's Administration, or other federal, state or local governmental agencies recognize the marriage or spouse for purposes of paying spousal benefits.
   m. State or federal tax returns showing a marital status of married.
   n. A will or probate document that specifically indicates the marital relationship of the parties. For example, the beneficiary of the will is specifically identified as the spouse.
   o. Other similar documents indicative of a marital relationship.

**vi. Facts & Circumstances Determination**

1. Review the *Common-law Facts & Circumstances Determination* to determine if the marriage was entered into in a state where common-law marriage is recognized. Refer to the SSA Program Operations Policy Manual, specifically policy GN 00305.075 State Laws on Validity of Marriages Entered into Without a Ceremony, to determine if the state in which the marriage was entered into recognizes common-law marriages.
   - If the state does not recognize common-law marriages, determine whether the couple subsequently lived in or sojourned to a state that does recognize common-law marriage.
   - If not, the marriage cannot be recognized. Skip to step 4.
2. If the marriage was entered into in a state that recognizes common-law marriage, evaluate the remaining

information on the *Common-law Facts & Circumstances Determination*, taking into consideration:

- Whether the information received appears to meet the related state laws for common-law marriage.
- Whether the information provided by the parties does not appear to conflict with the Basic Requirements (section i.) and Important Concepts (section ii.) and is reasonable and consistent. For example, if the participant consistently identified the other party as a friend, girlfriend or boyfriend, "unrelated;" described the relationship as "none;" or made statements that he or she was never married, the affirmation or mutual agreement requirement that the relationship was a common-law marriage generally will not be met. The other party must provide substantial convincing evidence to the contrary.
- Simply living together does not constitute a common-law marriage.
- The parties have consistently represented themselves as married to the public and other governmental agencies or organizations.

  **Example 1:** If the couple failed to inform a public assistance agency of the common-law marriage in order to qualify food, housing assistance, or Medicaid, the marriage may not have existed (or fraud may have been committed, in which the nature of the relationship would remain questionable).

  **Example 2:** State or federal tax returns indicate the parties filed as "single/unmarried."
- If one or both of the parties considered themselves no longer married simply because they stopped living together, then a common-law marriage may not have existed.
- A common-law marriage cannot circumvent legal barriers that would prevent either party from entering into a ceremonial marriage. For example, an earlier marriage that has not been legally terminated by divorce, annulment or death.

After reviewing the *Common-law Facts & Circumstances Determination*, continue to step 3, below.

3. Evaluate the corroborating evidence taking into consideration:
   - The evidence should describe the nature of the relationship as required in step 5.
   - Two different forms of evidence must have been received (for example, two statements from people who can confirm the relationship is not sufficient evidence; at least one other form of evidence is needed).
   - The evidence must reasonably corroborate the relationship. If any evidence indicates that a marital relationship did not exist, an explanation is required and additional corroborating evidence must be obtained and considered.
   - Evidence that corroborates the marital relationship over time generally should be considered as more consistent and therefore of higher corroborative value. For example, military papers showing the participant as married to the spouse that were issued 20 years ago and recently completed tax returns showing the couple as married.
4. Document the decision as to whether PBGC is or is not able to recognize the marriage for the purposes of paying spousal benefits.
   - If the determination is that the marriage can be recognized, follow the rules for payment of ▸qualified pre-retirement survivors annuities (QPSA) and ▸qualified joint-and-survivor annuities (QJSA) or payment of other benefits to a spouse, such as a FSSB or payments owed a deceased participant.
   - If the determination is that the marriage cannot be recognized, the participant is treated as being unmarried.

   **Hint:** If the participant is treated as unmarried, he or she may elect an optional form of benefit such as one of the optional joint-and-survivor annuities and provide protection for the other party that is equal to or exceeds the QJSA by designating the party as the beneficiary.
5. Image all completed documentation and proof to the participant or spouse's file (see TP16.2 Maintain Participant File).
6. If PBGC determines that the common-law marriage can be recognized and the participant was in pay, Policy 5.7-5 Spousal Consent (Qualified Joint-and-Survivor Annuities) will apply.
7. If additional guidance is needed, contact the marriage issues coordinator at ASK PPD and confirm that the following steps have been taken:
   - A complete and accurate *Common-law Facts & Circumstances Determination* has been completed.
   - All corroborating evidence has been obtained (see step v. above).
   - All documentation has been imaged to the participant and/or spouse's file.

   ▸PPD will provide additional guidance to decide if the marriage can be recognized; request additional evidence if needed; and/or refer the matter to the Office of the Chief Counsel (OCC) if necessary.

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## Appendix O VI. Indian Tribal or Custom Marriage

**10/28/2005**

For an Indian Tribal or Custom Marriage, if the tribe is known to provide for licensing or ceremonial requirements, request this documentation. Otherwise, request Indian tribal rolls as evidence.

All marriage proof guidance should be imaged to the participant's file in IPS (see TP 16.2 Maintain Participant File).

For additional information on this topic, please refer to the ▸SSA Program Operations Policy Manual, specifically policy GN 00305.090 Indian Tribal or Custom Marriage.

## Appendix O VII. Chinese Custom Marriage

**10/28/2005**

For a Chinese Custom Marriage, if the spouse's application claims Ceremonial Marriage to the participant, and the participant confirms this in writing, this is normally accepted as sufficient proof. If one party is deceased or lives outside the U.S., request alternate proofs of a Ceremonial Marriage, or the following, with a notarized translation:

- Three-generation papers.
- Certificate of village elder.

All marriage proof guidance should be imaged to the participant's file in IPS (see TP 16.2 Maintain Participant File).

For additional information on this topic, please refer to the ▶SSA Program Operations Policy Manual, specifically policy GN 00305.095 Chinese Custom Marriage.

## Appendix O VIII PBGC Presumption of Marriage

**07/01/2016**

In unusual situations, participants and spouses may not be able to obtain official documentation of the marriage, usually (but not always) because the marriage was created outside of the U.S. For example:

A marriage may have been created under a foreign jurisdiction without an easily recognizable ceremony or formal process. In some jurisdictions, a marriage may be created simply by registering the marriage with local officials and no formal documentation is issued.

Some countries where marriage records may be located limit or deny access to records. Such countries may include but are not limited to North Korea, The People's Republic of China, the former countries of the Soviet Union, and Vietnam.

Records of the marriage, official or otherwise (for example, a church record), may have been lost or otherwise cannot be located or have been destroyed.

If the participant or spouse is unable to provide documentation of the marriage:

1. If documentation is not obtainable, do not assume the marriage was common-law; common-law marriages that are contracted in foreign countries generally cannot be recognized. If such a common-law marriage is alleged, follow instructions in Section V. Common-Law Marriage and contact ASK PPD for additional guidance.
2. Ask the participant or spouse why formal documentation is not available and document the reason.
3. Assume a ceremonial marriage took place and follow the instructions in Section IV. Ceremonial Marriage, and obtain proof of the marriage described in ii. Secondary Proof or iii. Presumption of Ceremonial Marriage.

If a matter involves competing claimants to surviving-spouse benefits (that is, when a participant has been married multiple times), contact ASK PPD for additional guidance.

## Appendix O IX. Additional Resources

**03/27/2009**

For additional information relating to this topic, the following PBGC policies are useful:

- Policy 5.4-7 Annuity Benefit Forms
- Policy 5.7-2 Payment of Qualified Preretirement Survivor Annuities in Plans Terminating on or after August 23, 1984
- Policy 5.7-4 Marriage Requirements
- Policy 6.6-3 Qualified Domestic Relations Orders
- Policy 5.7-5 Spousal Consent (Qualified Joint-and-Survivor Annuities)

The *Summary of Qualified Join and Survivor Annuity Requirements* job aid provides a summary of applicable laws and regulations regarding ▸QJSAs.

The SSA Program Operations Policy website can also be consulted for additional information. The following topics are particularly useful:

- Common-Law Marriage – General
- State Laws on Validity of Marriages Entered into Without a Ceremony.

## Appendix O X. Resources for Acceptable Proof of Marriage

**09/30/2016**

**Forms, Letters, and Memos:**

*Common-Law Marriage Facts & Circumstances Determination*

**Customer Correspondence and Forms:**

*None*

**Guidance:**

*None*

**Exhibits:**

*None*

# Appendix Q OBA Systems

**07/01/2016**

## Introduction

This appendix provides a brief overview of the Office of Benefits Administration (OBA). OBA systems handle Plan and Participant data. Plan data contains multiple participants; while, Participant data contains individual data within a plan.

If you experience any problems while using the systems below, please contact the Help Desk.

**In this Section**


Appendix Q Actuarial Calculation Toolkit
Appendix Q Archive
Appendix Q Case Management System (CMS)
Appendix Q Customer Relationship Management (CRM)
Appendix Q eAutomated Letter Generation (eALG)
Appendix Q Image Processing System (IPS)
Appendix Q MyPBA
Appendix Q Payment Adjustment Calculation System (PACS)
Appendix Q Spectrum
Appendix Q eReports

## Appendix Q Actuarial Calculation Toolkit

**11/29/2011**

The ACT system (ACTv5) is used by actuaries to define how a plan is valued and how benefit statements for that plan should be generated. ACT also allows the actuary to define how a plan's benefit estimation calculation is to be completed, prior to final valuation.

Actuaries use ACT to take basic data from the Participant Data Review Report, which includes the finalized participant and perform the valuation. Once the valuation is complete:

- ACT data is provided to other systems such as ADT and Datahub, to load the data into the paying database, Genesis.
- Benefit statements for each customer is loaded into eALG (Automated Letter Generation) system, so that Benefit Determination letters can be sent to customers.
- All files related to that particular plan are archived and are made available through the Archive system.

ACT includes the following tools:

- ValTool: The Valuation Spreadsheet Tool.
- DRS: The DOPT Report System.
- A Design Tool: BET (Benefit Estimation Tool and BSRS - Benefit Statement and Recalculation System).
- A Runtime Tool: BET (Benefit Estimation Tool and BSRS - Benefit Statement and Recalculation System).

See the Actuarial Calculation Toolkit Web site for more information.

## Appendix Q Archive

**07/01/2016**

The Archive system stores all the historical data for a case including as applicable, electronic payment data from a plan's prior paying agent, the electronic source data used to build the participant database, the sampled participant database and the finalized participant database and the finalized plan valuations. The Archive system allows you to select a case and then view or copy any particular file associated with that case. Users can also access more than one case at a time.

The Archive system is the permanent storage location of ▸OBA's case-related software, including actuarial valuation spreadsheets, ▸Benefit Statement, and Recalculation Programs.

See the Archive Manual for more information.

## Appendix Q Case Management System (CMS)

**07/01/2016**

The Case Management System (CMS) is a suite of applications for OBA and other departments that tracks the processing and maintenance of a pension plan. It supports:

- Workflow, case and sponsor information;
- Milestone processing;
- Case processing team assignment data to other OBA mission-critical systems such as Spectrum, IPS, CRM, and eALG; and
- Other functions that underlie PBGC's trusteed case processing.

CMS maintains plan, financial, statistical, and other case-specific information for single employer and multi-employer plan terminations, ensuring efficient and accurate case processing and providing a flexible, easy-to-use interface that can rapidly accommodate changes in business requirements.

A User ID and Password is required.

Click the link below for job aids:

*CMS Job Aids and User Guide*

## Appendix Q Customer Relationship Management (CRM)

**11/30/2007**

The Customer Relations Management (CRM) system facilitates sharing of customer information across Departments and enables PBGC to better capture and measure its ability to meet customer service expectations. Specifically, the CRM application provides:

- Integrated workflow and tracking of customer contacts across channels;
- Synchronization with PBGC's systems that currently track and manage customer data; and
- Views into IPS/FileNet, Appeals Data, and Payment History Data.

See the CRM Home Page for more information.

## Appendix Q eAutomated Letter Generation (eALG)

**07/01/2016**

The eAutomated Letter Generation (eALG) System allows users to communicate quickly and efficiently with PBGC customers via automated, standardized letter templates, which may also be customized as-needed. eALG provides the user direct access to:

- An intranet, browser-based application;
- Genesis directly;
- New security requirements;
- Improved system and sub-system stability, reliability, and maintainability.

Continuation of the current level of integration with the following PBGC operations:

- PBGC off-site fulfillment
- Customer Relationship Management (CRM) System
- Image Processing System (IPS)
- eReports
- Case Management System (CMS)
- TRMD (Import Benefit data, ValPatch and ADL)

See the help page within the eALG application for more information. To access this application, a User ID and Password is required.

## Appendix Q Image Processing System (IPS)

**07/01/2016**

The Image Processing System (▸IPS) is an on-line repository for those ▸OBA plan and participant documents necessary for benefit determination and administration. The documents are available on-line for review as an electronic file.

IPS is primarily used to manage PBGC plan and participant documents. The IPS translates paper documents into digital images that are then saved and stored on optical disks. These digital images are retrieved at end user workstations using the index information assigned during the scanning process (SSN and/or ▸PBGC Case Number). Case number and doc type are the key indexes. Participant data includes case number, doc type, and SSN for each participant. System users can perform a participant name search to retrieve the plan name. IPS delivers confirmations of submitted letters to the eALG.

See the IPS User Manual for more information.

## Appendix Q MyPBA

**07/01/2016**

MyPBA is a software program that allows participants to submit certain forms and update their personal data via the PBGC Web site instead of by mail or phone. Using MyPBA, participants may conduct such transactions as:

- Apply for benefits
- Request a Benefit Estimate
- Submit the Payee Information Form (PIF)
- Designate a beneficiary
- Apply for Electronic Direct Deposit
- Designate or edit Federal Tax Withholding information

While MyPBA is actually used by PBGC's customers, OBA staff still must process the forms and requests that participants submit. However certain transactions, such as address changes, require no action by staff.

For additional information about MyPBA transactions, see TP 48 MyPBA Correspondence.

## Appendix Q Payment Adjustment Calculation System (PACS)

**08/30/2011**

PACS is a Web-based application to determine if PBGC must refund money to or recoup money from customers receiving a benefit or who received a benefit. PACS also establishes a recoupment schedule, if the customer owes PBGC money.

PACS retrieves customer information from the Genesis database and plan information from the CMS database to pre-populate data fields within the application. If any of the required information for pre-filling the forms is not in the database, the user can manually enter the missing data.

Anyone who has access to CMS or Spectrum may access all the functions in PACS.

See PACS Help on the PACS Application page for more information.

## Appendix Q Spectrum

**07/01/2016**

Spectrum replaces PRISM as OBA's participant database and benefit administration system. Spectrum enables CSD staff to enter, update, and view data in one application, which streamlines the data entry process and expedites benefit payments.

Spectrum allows CSD staff and other users to:

- View and update customer information.
- Manually add and bulk-load data.
- Create, edit, suspend, resume, terminate, and reinstate payments.
- View ledger information.
- Change payee status.
- Make standard data fixes.

In addition, Spectrum integrates with other PBGC applications and services, including Approval Service, eALG, CRM, and infrastructure elements such as the Genesis database.

See the Spectrum User Manual for more information.

# Appendix Q eReports

**07/01/2016**

**What is eReports?**

- eReports is a series of Web-based reports designed to provide authorized users with current and accurate participant-related data.

**How is eReports used?**

- eReports is used to monitor and manage Benefit Determination Letter issuance, participant data, benefit payments, etc.
- Reports may be generated on demand, providing the user with access to current data to better manage benefit processing.

**What are the benefits of using eReports?**

- Valuable tool for users to identify where data needs to be updated.
- All reports may be downloaded and exported to another application for further customization.
- A series of related reports are available at one user interface screen.
- Reports support OBA's management coordination efforts by summarizing overall performance and production activities.

**How do I access eReports?**

There are two methods to access eReports:

- From PBGC's Intranet, type "**eReports**" (or http://ereports) in the address line.
- Select the **eReports** link from the Unified Desktop.

**For more information...**

See eReports Online Help.

**In this Section**

Appendix Q eReports Summary

**Appendix Q eReports Summary**

**03/29/2012**

| | | |
|---|---|---|
| **Benefit Change Completion Report** | **Customer Data Report** | **Forecaster Report** |
| **Letter Information Report** | **Lump Sum Report** | **Unissued BDL Report** |

**Benefit Change Completion Report**

- The Benefit Change Completion Report identifies participants with an Active Benefit "1" (active pay) who have been issued a Benefit Determination Letter (BDL) but have pending benefits administration activities. Users may sort the pending activities into the following groupings:
- Active Benefit
- Pending Special Checks
- Pending Recoupments
- All Pending Changes Sorted by Type.

**Letter Information Report**

- The Letter Information Report indicates that participant records are populated with required valuation data in Genesis necessary to issue BDLs. This report also indicates if a benefit statement is on file and provides an overview of the Plan's Participant payment statuses.
- The Letter Information Report enables users to easily identify Customers who require locator action and manage the remaining Customers according to the types of Benefit Determination Letters they should receive based on: Payment Frequency, Customer Type, SSN, and Name.

**Customer Data Report**

- The Customer Data Report lists key data elements for all Customers in a specifically requested Pension Plan. The data elements are reported for all the Participants in the Plan, and includes their family members.
- The Customer Data Report is used throughout the life of the Plan, assisting the user in managing participant data.

**Lump Sum Report**

- The Lump Sum Report groups customers into one of five categories, comparing the Present Value of their Guaranteed Benefit to the total lump sum paid as of the report date.
- The Lump Sum Report allows users to quickly identify customers paid an estimated Lump Sum distribution and determine the appropriate follow-up action to be taken.

**Forecaster Report**

- The Forecaster Report provides information on participants that have or will have benefit changes within the next 30, 60, 90, and 365 days. It lists customers who are eligible for normal retirement, as well as pending benefit and deduction changes for retirees. Users may sort the pending activities into the following groupings:
- Active Benefit
- Pension Deduction Changes
- Future Payments.
- The Forecaster Report is used throughout the life of the Plan, and is a valuable tool in ensuring participant payment data is accurate, and when certain actions need to be taken.

**Unissued BDL Report**

- The Unissued Benefit Determination Letter report captures and lists participants or their beneficiaries that are eligible for a Benefit Determination Letter but have not yet received one.
- The Unissued Benefit Determination Report is used after the guaranteed benefits for Customers are determined.

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# Appendix R Assignment and Withholding From Benefit Payments

**10/31/2008**

This appendix provides guidance in processing an assignment and/or withholding request from the benefit of a participant in a PBGC-trusteed plan. These requests are classified according to two categories, allowable and non-allowable deductions.

**In this Section**


Appendix R 1 Federal Tax Withholding
Appendix R 2 IRS Levies
Appendix R 3 Qualified Domestic Relations Order (QDRO)
Appendix R 4 Third Party Payment Requests
Appendix R 5 Non-Allowable Deductions
Appendix R 6 Garnishment Request or Child Support Not Ordered Under a QDRO
Appendix R 7 Request for Assignment of a Benefit Due an Incarcerated Payee
Appendix R 8 Resources for Assignment and Withholding from Benefit Payments

# Appendix R 1 Federal Tax Withholding

**10/31/2008**

**In this Section**

Appendix R 1.1 Introduction to Federal Tax Withholding
Appendix R 1.2 Annuity or Periodic Payment Tax Withholding and Reporting
Appendix R 1.3 Lump-Sum or Non-Periodic Payment Tax Withholding and Reporting
Appendix R 1.4 Other Tax Withholding Considerations
Appendix R 1.5 1099-R Reporting Requirements
Appendix R 1.6 Non-Resident Alien Tax Withholding Requirements
Appendix R 1.7 Mandatory Withholding Requirements - Invalid TIN
Appendix R 1.8 Residents of the Commonwealth of Puerto Rico and other U.S. Possessions
Appendix R 1.9 Processing a Change to Federal Tax Withholding Election
Appendix R 1.10 Returned Form 1099-R
Appendix R 1.11 Requests for Replacement or Revised Form 1099-R
Appendix R 1.12 Additional Resources

**Appendix R 1.1 Introduction to Federal Tax Withholding**

**07/01/2016**

**Q1. What is the purpose of Tax Withholding?**

**A1.** PBGC withholds federal income tax in accordance with the Internal Revenue Code (IRC) and guidance it receives from the IRS regarding PBGC-specific issues. PBGC must withhold federal income tax from pension benefit payments, for both annuity and lump-sum payments. Tax withholding is done in anticipation that a taxpayer will have a tax liability. Federal taxes, but not state or local, are withheld from pension payments. The taxpayer may have a tax liability for which he or she is responsible. The liability may be more than, less than, or equal to the tax withheld.

**Q2. Why does PBGC require a Valid Taxpayer Identification Number from the Payee?**

**A2.** To fulfill its tax withholding and reporting responsibilities, PBGC requires a Taxpayer Identification Number (TIN). A foreign TIN, such as a Canadian Social Insurance Number (SIN), cannot be used. It is illegal to use a TIN that belongs to another person, including a deceased spouse.

**A valid TIN is:**

- a Social Security Number (SSN) issued by the Social Security Administration (SSA), or
- an Individual Taxpayer Identification Number (ITIN) issued by the Internal Revenue Service (IRS), or
- for estates, an Employer Identification Number (EIN).

a. **When a TIN is Available**

Follow the TIN Available Table to identify which TIN to use for the recipient.

| Recipient | Use the |
|---|---|
| Participant | Participant's SSN/ITIN |
| Spouse | Spouse's SSN/ITIN |
| Non-spousal Beneficiary | Beneficiary's SSN/ITIN |
| Estate | Deceased Payee's SSN or Estate's EIN |

b. **When a TIN is Not Available**

If a TIN is not available, mandatory tax withholding rules apply (refer to Appendix R 1.7 Mandatory Withholding Requirements - Invalid TIN).

> **Note** PBGC cannot refuse to make payments if an applicant for benefits or payee does not provide a valid TIN. Always encourage the applicant or payee to get a valid TIN—either an SSN or an ITIN from the IRS.

c. **Applying for an SSN or ITIN**

- SSN: For information on applying for an SSN, refer payees to the SSA at the SSA Web site or 1-800-772-1213. Applicants residing in the U.S. complete the SSA Form SS-5; applicants living outside the U.S. must use the SSA Form SS-5-FS.
- ITIN: Payees who do not qualify for an SSN may qualify for an ITIN from the IRS. To obtain an ITIN, IRS Form W-7 Application for IRS Individual Taxpayer Identification Number must be completed and sent to the IRS with proof showing the applicant is due pension benefits from PBGC and other required documentation described on Form W-7. Refer payees to the IRS Web site or 1-800-829-1040 for additional information.

Allow the applicant or payee 90 days from the date of our request to provide a TIN. If the TIN is not submitted timely, use a PBGC-generated ID number (a Dummy SSN) to make payment and apply mandatory tax withholding to the payment(s).

> **Note** A PBGC-generated ID number is not a valid TIN; therefore, mandatory withholding must be applied (see Appendix R 1.2 Annuity or Periodic Payment Tax Withholding and Reporting).

Sometimes applicants or payees may think that they do not need a TIN if they can claim withholding under a tax

treaty; however, a TIN is required to claim withholding under a tax treaty (see Appendix R 1.6 Non-Resident Alien Tax Withholding Requirements).

**Q3. Annuity vs. Lump-sum Payments - Why is it important?**

**A3.** For tax withholding and reporting purposes, annuities are periodic pension payments and lump sums are non-periodic pension payments. The tax rules that apply to periodic pension payments are considerably different than those that apply to non-periodic pension payments. One major difference is that different withholding methods and rates apply for annuities and lump sums. Another major difference is that tax on most lump-sum payments may be deferred; however, tax on annuity payments generally cannot be deferred.

**Q4. Are There Limits on Tax Withholding?**

**A4.** Under Policy 6.6-1 Withholding from Benefit Payments, PBGC may limit the amount of any withholding a payee requests to the extent allowed under the IRC and the withholding reduces or eliminates other withholdings required under federal law. For example, PBGC will not withhold additional or more tax than required if the requested withholding reduces or eliminates a payment owed under a QDRO or an IRS tax levy. PBGC may also limit the amount of a rollover-eligible payment that can be directly rolled into another qualified retirement plan or individual retirement arrangement (IRA) if it reduces or eliminates other required withholdings. Contact ASK PPD for additional guidance in these situations.

**Q5. Tax Advice vs. Tax Information – What is the difference?**

**A5.** There can be a fine line between giving advice and giving information. Do not give advice on federal income tax to payees. What may seem like information can really be advice and may be as simple as:

- If you do not have tax withheld, you will owe more on your income tax return.
- If you elect a rollover, your taxes will be less when you retire.
- When you get older you do not have to pay as much tax, so you probably do not need to have tax withheld.
- If we overpaid you, you were probably taxed too much. You should amend or adjust your tax return.

Guidance is limited to what is known and what PBGC will or can do:

- PBGC must withhold tax from your pension unless you elect otherwise. Here are the options you haveI cannot tell you which is bestYou should check with IRS.
- If you rollover your lump sum, we will not withhold tax or report the payment as taxable income to IRS.
- We can take out extra for taxes if you want, however, I do not know if you will owe less to IRS.
- We cannot change your 1099-R because you were overpaidWe will report the gross payment minus the amount withheld for recoupment as income to IRSorWe recommend that you check with IRS to see what effect paying us back may have on your taxes.

The only tax "advice" PBGC should give is: We suggest you contact IRS or your tax consultant for more information.

If in doubt about whether you are giving advice, rather than information, contact ASK PPD for help.

**Q6. How are payments to an Alternate Payee Under a Qualified Domestic Relations Order (QDRO) taxed?**

**A6.** ▸Alternate payees who are spouses or former spouses under a QDRO generally are subject to the same tax treatment (except for the 10% early distribution tax) and have the same withholding options as the participant for either an annuity or a lump-sum payment.

Children or other dependents are generally not liable for paying the taxes on the distribution. The participant remains liable for the taxes.

For more information on QDROs, see TP 13 Domestic Relations Orders and State Agency Orders.

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## Appendix R 1.2 Annuity or Periodic Payment Tax Withholding and Reporting

**09/26/2013**

Annuities are subject to federal income tax withholding and reporting and are treated as wages for withholding purposes. PBGC does not determine the taxable income of annuity benefit payments; they are reported to the ▸IRS as "taxable income not determined." The IRS and the payee subsequently determine if all or part of the income is taxable. The portion of the benefit attributable to after-tax employee contributions is not considered for withholding purposes. PBGC must withhold federal income tax on annuities unless the taxpayer elects otherwise. There are multiple withholding options available to the taxpayer for having tax withheld.

PBGC cannot refuse to make payments if the payee does not provide a valid ▸TIN. A PBGC-generated ID number (that is, Dummy ▸SSN) is not a valid TIN and should only be used as a last resort. Encourage the taxpayer to get a valid TIN. If a PBGC-generated ID number is used, mandatory tax withholding rules must be applied to the payee's benefit.

### Tax Withholding Methods for Annuities for Taxpayers Residing in the U.S.

1. **No Withholding** - with this option, the taxpayer:
   - elects not to have tax withheld
   - must provide a home address in the U.S., and
   - must have the payment delivered to a U.S. address.
2. **Withholding Allowance Method** - the taxpayer elects to have his or her tax calculated using IRS Tax Tables, based on designated marital status and number of allowances.
   - Nothing is withheld if the annuity is less than the minimum amount in the Tax Tables.
   - This method is preferred by the IRS.
3. **Fixed Dollar Amount** - the taxpayer elects how much tax to withhold.

   > **Note** If a payee elects tax withholding based on a fixed percentage instead of a fixed dollar amount: 1) calculate the tax withholding based on that percentage of the current gross dollar amount of the benefit; 2) notify the payee in the eALG 300- or 500-series letter that the withholding amount will be treated as a fixed dollar amount and will not automatically adjust, even if the benefit amount changes in the future; and 3) ask the payee to contact PBGC if he or she wishes to change the withholding amount should the benefit amount change in the future (or for any other reason).

4. **Withholding Allowance Plus Fixed Dollar Amount**

   The taxpayer elects to have their tax calculated using IRS Tax Tables, based on a designated marital status and number of allowances, and requests an additional amount be withheld. The tax tables are in IRS Publication 15 (Circular E), Employer's Tax Guide (Including Wage Withholding and Advance Earned Income Credit Payment Tables).

5. **Election Unknown/No Election Received**

   If no election is received from the taxpayer, PBGC must still pay the annuity. An automatic or default withholding is applied, based on a marital status of "married" with three (3) allowances, regardless of known marital status.

   **Notes:**

   - Special tax withholding rules apply to payees who live outside the U.S. (refer to Appendix R Section 1.6 Non-Resident Alien Tax Withholding Requirements).
   - During the plan assumption process, participant withholding elections are captured from existing payment records (refer to Process 9 Plan Assumption).

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**Appendix R 1.3 Lump-Sum or Non-Periodic Payment Tax Withholding and Reporting**

**11/20/2015**

A ▸lump-sum payment is a non-periodic payment. The ▸IRS defines a lump-sum payment as the distribution or payment in one tax year of a plan participant's entire balance from all of the employer's qualified plans of one kind. PBGC refers to all non-periodic payments as "lump-sum" payments, which may or may not be a total distribution as defined by the IRS. Lump sums PBGC pays include:

- Lump-sum benefit payments of the present value (or lump-sum value) as of ▸DOPT of a benefit in a single sum under Policy 5.4-9 Lump Sum Benefit Payments.
- Refunds of elective ▸employee contributions under Policy 5.11-1 Calculation and Payment of Priority Category 2 Benefits in PBGC Trusteed Plans.
- ▸Large reimbursements under Policy 6.3-1 Underpayment Reimbursement and Interest Payments.
- Payments to estates under Policy 8.6-1 Payments to Beneficiaries.
- Non-rollover eligible payments that cannot be paid as special annuity payments.

All or part of a lump-sum payment may be taxable income. The taxable portion of a lump-sum payment is subject to federal income tax withholding and reporting. The non-taxable portion is not subject to tax withholding, but must be reported to the IRS. In addition, PBGC generally must withhold taxes from the taxable portion of a lump-sum payment; the taxpayer can only elect "No Withholding" if the payment is **not** rollover eligible. Therefore, unlike with annuities, PBGC must determine the taxable and non-taxable portions of a lump-sum payment.

Payees generally apply for a lump-sum payment and elect a payment or tax withholding method using the following forms:

- *Form 720 Application for Lump-Sum Payment*. Used by:
  - Participants
  - Surviving spouses due a lump-sum payment in lieu of a ▸QPSA
  - Surviving spouses who are the beneficiary for a lump-sum benefit due to a deceased participant
  - Alternate payees under a ▸QDRO who are spouses or former spouses
- *Form 703 Application for Elective Lump-Sum Payment*. Used by a participant.
- *Form 721 Application for Lump-Sum Payment – Non-Spouse Beneficiary or Estate*.
- Plan Application. Used by a participant, beneficiary, or alternate payee and sent to the plan administrator before DOPT when specific requirements are met.

An alternate payee under a QDRO who is a child or other dependent uses *Form 720CD Application for Lump-Sum Payment*; however, a payment or tax withholding election is not provided as the payee is not responsible for the taxes on the payment. For guidance on making a lump-sum payment, see TP 20 Benefit Payments.

The amount of tax withheld from a lump-sum payment depends on a number of variables, including:

- Type or purpose of payment
- Taxable portion of the lump sum
- Method of payment
- Withholding method elected
- Whether the lump sum is rollover eligible

**Payment Rollover Eligible**

Payees may defer taxes on most lump-sum payments if the payee elects to roll the payment directly into another U.S. qualified retirement plan or traditional ▸IRA, or the payee rolls the payment over within 60 days of the payment date. All or part of the payment is payable in a rollover and the payee defers taxes on the taxable amount that rolls over. Rollover-eligible payments include:

- Lump-sum benefit payments or a large reimbursement to a participant, surviving spouse, or ▸alternate payee under a QDRO who is a spouse or former spouse.
- A large reimbursement to a participant, surviving spouse, or alternate payee under a QDRO who is a spouse or former spouse, as long as the payment meets the requirements in Policy 6.3-1 Underpayment Reimbursement and Interest Payments.
- Plan loans treated as "actual" distributions in which the benefit payment is offset by the value of the loan under Policy 6.6-4 Plan Loans.

In addition to rolling over the taxable portion of a lump-sum payment, the payee may also elect to roll over the non-taxable portion of the payment (for example, the non-taxable amount of a withdrawal of employee contributions), if accounted for separately. Exceptions in the rollover rules apply to rollovers to a Roth IRA and rollovers by a non-spousal beneficiary. Exceptions in the rollover rules apply to rollovers to a Roth IRA and rollovers by a non-spousal beneficiary. The payee may also elect to receive the non-taxable portion of the payment as a direct payment and roll over the remaining taxable portion (note that under IRS rules, the non-taxable amount of a payment is always first attributed to any direct payment to the payee).

**Rollovers to Roth IRAs**

The payee may elect to roll a lump-sum payment into a Roth IRA; however, the payee cannot defer taxes on the payment. The participant must meet specific requirements to roll a payment into a Roth IRA; the payee and the receiving financial institution are responsible for determining if those requirements are met. PBGC generally accepts an election for rollover to a Roth IRA, but special payment instructions apply (see Processing a Rollover Payment to a Roth IRA Interim Procedure).

**Rollovers by Non-Spousal Beneficiaries**

Lump-sum payments to non-spousal beneficiaries technically are not rollover eligible. However, certain non-spousal beneficiaries may elect to have a lump-sum payment (that would otherwise be rollover eligible) paid directly into an "inherited" IRA as rollover eligible, meaning the payee defers the tax. The 60-day rollover option available to recipients of rollover-eligible distributions does not apply to non-spousal beneficiaries. Recipients must either directly roll over the payment or take a check.

Rollovers by non-spousal beneficiaries are permitted if the payment meets the following criteria:

- The payment is otherwise rollover eligible.
- The beneficiary is a designated person who is not the participant's spouse. An estate or other entity, such as a church or charitable organization who is a beneficiary, cannot roll over the payment into an inherited IRA. Determine the beneficiary under Policy 8.6-1 Payments to Beneficiaries and TP 5 Death Processing.
- The distribution must be a direct trustee-to-trustee transfer to an IRA specifically set up to receive the distribution. The payee cannot elect to roll the payment into an existing IRA or the beneficiary's own IRA.
- The IRA must be clearly titled to show that it is an inherited IRA, for example:
  - Tom Smith as beneficiary of John Smith
  - John Smith, deceased 11/17/2006, for the benefit (FBO) of Tom Smith

**Payment Not Rollover Eligible**

The payee may not defer taxes if the payment is not rollover eligible. Payments that are not rollover eligible include:

- Payments that are not lump-sum payments, such as annuity payments or annuity underpayments that do not meet the definition of a large reimbursement (previously known as a large back payment reimbursement (LBR)).

- Lump-sum payments to estates or other entities, such as churches, charitable or other organizations.
- Lump-sum payments to non-spousal beneficiaries are technically not rollover eligible; however, payees may elect to roll the payment over as described in Rollovers by Non-spousal Beneficiaries.
- Lump-sum payments including interest less than $200.
- Plan loans treated as partial distributions of the benefit where the benefit is not offset by the value of the loan (contact ASK OPSS for additional guidance).

**Note** An election to roll over all or part of an ▸RMD is always rollover eligible, even if the payment is otherwise not rollover eligible.

For more information on lump-sum payments:

- Appendix R 1.3.1 Lump-Sum Payment Tax Withholding Options
- Appendix R 1.5 1099-R Reporting Requirements

**In this Section**

Appendix R 1.3.1 Lump-Sum Payment Tax Withholding Options

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**Appendix R 1.3.1 Lump-Sum Payment Tax Withholding Options**

**11/20/2015**

**Note** Payees generally complete *Form 720 Application for Lump-Sum Payment* to receive a lump-sum payment. The form includes the tax withholding election. (See TP 20 Benefit Payments.)

**Lump-Sum Withholding Elections:** The withholding methods for lump-sum payments depend on whether the payment is rollover eligible (see Appendix R 1.3 Lump-Sum or Non-Periodic Payment Tax Withholding and Reporting for information on rollover eligibility). Payees with a valid ▶ITIN can generally elect the withholding options in the Lump-Sum Payment and Tax Withholding Options Table for lump-sum payments. PBGC cannot refuse to pay a lump sum if the taxpayer did not make a withholding election.

**Lump-Sum Payment and Tax Withholding Options Table**

| # | Type of Lump Sum | Direct Payment | Direct Rollover |
|---|---|---|---|
| 1 | **Rollover Eligible Payment**<br>Payable to:<br>• Plan participant<br>• Surviving spouse<br>• Alternate payee under a ▶QDRO who is a spouse or former spouse | • **Mandatory withholding:** Withhold 20% of the taxable portion of the payment.<br>• **Withholding in excess of 20%:** The payee may elect more than 20% withholding by electing one of:<br>  • **Higher withholding percentage:** If this is the case, the user cannot input a fixed percentage in Spectrum. Manually calculate the resulting dollar amount and input as a fixed dollar amount withholding election.<br>  • **Additional dollar amount:** Enter in Spectrum as a fixed dollar amount withholding election.<br>• **Non-taxable amounts:** If the payment includes a non-taxable amount, the non-taxable amount is always first attributable to any direct payment made to the payee.<br>• **Non-resident aliens:** Special rules apply (see Appendix R 1.6 Non-Resident Alien Tax Withholding Requirements).<br>• **Tax consequences:**<br>  • The payment is taxable the year of payment.<br>  • 10% early distribution tax may apply to lump-sum payments (refer to Appendix R 1.4 Other Tax Withholding Considerations). PBGC does not automatically withhold this tax. The customer has to elect a fixed percent withholding (of 20% + 10% = 30%) if they | • **Lump-Sum Payment:**<br>  • More than $500: Rollover amount must be at least $500.<br>  • Less than or equal to $500: Only 100% of the payment may be rolled over.<br>• **Withholding does not apply:** Do not withhold tax.<br>• **Tax consequences:**<br>  • Tax is deferred.<br>  • The payment may be taxable income when distributed from the recipient plan or IRA.<br>  • The recipient plan may have different distribution rules than PBGC. For example, the plan may prohibit partial distributions or distributions before a certain age.<br>  • Depending on the type of plan or when the distribution is made, the later distribution may be subject to different tax treatment than if it were received from PBGC.<br>  • The payee may also roll over the non-taxable portion of a refund of employee contributions or a lump sum that includes ▶EEC. |

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| | | wish to withhold this tax.<br>• The payee may still defer tax by subsequently rolling the lump sum into a qualified retirement plan or an ▸IRA within 60 days of receipt. However, the payee must make up the 20% withheld or that amount remains taxable. | |
| **2** | **Rollover Eligible Payment: Split Payment Elected**<br><br>(PBGC pays a portion of the lump sum directly to the payee and directly rolls over the rest.) | See row 1. | See row 1. |
| **3** | **Rollover Eligible Payment: Rollover to Roth IRA**<br><br>(The tax cannot be deferred.) | See row 1.<br><br>Different tax rules may apply when distributed from the Roth IRA. | See row 1.<br><br>**Exception:** The 10% early distribution tax does not apply (see Appendix R 1.4 Other Tax Withholding Considerations).<br><br>Different tax rules may apply when distributed from the Roth IRA. |
| **4** | **Payment to a Non-Spousal Beneficiary Treated as Rollover Eligible**<br><br>(Payment may be treated as rollover eligible if payment otherwise would have been rollover eligible.) | See row 1.<br><br>**Exceptions/tax consequences:**<br>• 10% early distribution tax does not apply because the payment is being made due to the death of the participant (see Appendix R 1.4 Other Tax Withholding Considerations).<br>• The payee may not defer taxes by subsequently rolling the payment into a qualified retirement plan or an IRA within 60 days of receipt. | • **Inherited IRA rule:** Rollover must be made to an inherited IRA; rollover cannot be made to another plan or the beneficiary's own IRA.<br>• **Withholding does not apply:** Do not withhold tax.<br>• **Tax consequences:**<br>  • Tax is deferred.<br>  • The payment may be taxable income when distributed from the recipient plan or inherited IRA.<br>  • Special distribution rules may apply to non-spousal beneficiaries. Inform customers to consult their tax advisors for details. |
| **5** | **Non-Rollover Eligible Payment** | • **No withholding:** To qualify for no tax withholding, the taxpayer must provide a home address in the U.S. **and** have the payment delivered to a U.S. address.<br>• **Fixed percent:** If this is the case, the user cannot input a fixed percentage in ▸Spectrum. Manually calculate the resulting dollar amount and input as a fixed dollar amount withholding election.<br>• **Fixed dollar amount:** Enter in Spectrum as a fixed dollar amount withholding election.<br>• **Default withholding:** If no | Not applicable. |

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| | | election is received from the payee, withhold 10% of the payment.<br>• **Non-resident aliens:** Special tax withholding rules apply (see Appendix R 1.6. Non-Resident Alien Tax Withholding Requirements). | |
| **6** | **Payment < $200 per year including interest**<br>Payment may not be split. It is payable only as a direct payment or as a rollover. | Rows 1-5 apply accordingly, except:<br>**Withholding does not apply:** Do not withhold tax.<br>**Note:** The payee may still defer tax by subsequently rolling the lump sum within 60 days of receipt into a qualified retirement plan or an IRA that will accept the payment. | Rows 1-5 apply accordingly. |

**Notes:**

- Special tax withholding rules apply to **payees who live outside the U.S.** (refer to Appendix R 1.6 Non-Resident Alien Tax Withholding Requirements).
- **10% early distribution tax** may apply to lump-sum payments (refer to Appendix R 1.4 Other Tax Withholding Considerations), but it is not automatically withheld. The customer may elect a fixed percent of 30% if they wish to withhold the mandatory 20% plus the additional 10% early distribution tax.
- **Special tax treatments** may apply (refer to Appendix R 1.4 Other Tax Withholding Considerations).

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## Appendix R 1.4 Other Tax Withholding Considerations

**08/30/2011**

### 10% Tax on Early Distributions

This tax applies to plan participants under age 59½ at the time a lump-sum payment is made unless:

- Participant attains age 55 on or before **actual** ▸DOTE.
- Payment is a disability benefit.
- Payment is due to the death of the plan participant.
- Payment is to an ▸alternate payee under a ▸QDRO.
- IRS levy applies to the payment.
- The payment is rollover eligible and payment is in a rollover into another qualified retirement plan, traditional ▸IRA, or Roth IRA.
- ▸IRS provides additional exceptions; however, not all apply to PBGC payments.

PBGC does not automatically withhold this tax.

Generally the 10% tax on early distributions does not apply to PBGC **annuity** payments.

### Alternate Payees under a Qualified Domestic Relations Order (QDRO)

Alternate payees who are spouses or former spouses under a QDRO generally are subject to the same tax treatment (except for the 10% early distribution tax) and have the same withholding options as the participant for either an annuity or a lump-sum payment.

### Special Tax Treatments

Special tax treatments such as capital gains treatment or the 10-year tax option may be available for non-periodic or lump-sum payments when:

- The participant was born before 01/02/1936.
- The lump sum is a total distribution. (As defined by the IRS, a total distribution is the distribution of a participant's "account balance" within one tax year. When distributed, no further payments (such as monthly or survivor benefits) are due the participant or surviving spouse or beneficiaries).
- The payment is directly to the taxpayer; the payee did not roll over any portion (payment must be entire account balance per the IRS).
- These special tax treatments have not been previously applied to a payment from the plan.

**Notes:**

- Alternate payees under a QDRO, surviving spouses, beneficiaries, and estates may use these special tax treatments if they meet the requirements for special tax treatments.
- Any subsequent payment, such as a residual lump sum payment outside the tax year of payment of the estimated benefit, is not eligible for the special tax treatments.
- PBGC does not adjust withholding calculations if an optional tax treatment applies. The taxpayer applies the capital gains or the 10-year tax option tax treatment when completing their tax return.

### Benefit Back Payments

Benefit back payments are annuity back payments or underpayments PBGC owes the taxpayer. Benefit back payments are payable as special payments or as ▸large reimbursements (previously called large back payment reimbursements (LBR)):

- Special payments are similar to annuity payments. However, the taxpayer can elect a tax withholding method for the special payment that is different from the method for the annuity. Base the tax withholding on the number of months for which the special payment occurs, instead of a single monthly payment. If the number of months is not given, treat the payment as a single monthly payment. Rollover options do not apply.
- Large reimbursements are back payments that are more than three times the amount of the participant's current or future monthly benefit **and** are more than $5,000 including interest. Pay large reimbursements as lump sums subject to the rollover rules that apply to other lump sums.
- A back payment may be subject to some of the special tax treatments, such as the 10-year tax option or capital gains treatments, which apply to other types of lump-sum payments, **if** the back payment is a total distribution (for example, a beneficiary receives a payment owed a participant and whether the payment is large or not, there is no additional benefit owed.)

**Tax on Excess Accumulations**

To make sure that participants receive their retirement benefits during their lifetime, rather than their beneficiaries', payments from all of a participant's pension plans begin no later than the participant's required beginning date. These payments cannot be less than the ▸RMD, whether PBGC pays as an annuity or in a single-sum. If the payment is less than the RMD, the participant may need to a pay a tax on excess accumulations that equals 50% of the unpaid part of the RMD. PBGC sets the ASD no later than RBD, so this tax does not apply to annuities.

Participants are responsible for determining the amount of the RMD because PBGC may not have all of the information needed to do so correctly. Refer the participant to *IRS Publication 575 Pension and Annuity Income* or the IRS Web site for additional information if requested. The payee generally cannot directly roll the RMD into another qualified retirement plan or traditional IRA. However, when processing a participant's application for a lump-sum distribution or other single-sum payment, accept the participant's election to roll all or part of the distribution, which may include an RMD, into another qualified retirement plan or traditional IRA. The participant may have the option of taking the RMD from the receiving plan or IRA.

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**Appendix R 1.5 1099-R Reporting Requirements**

**07/01/2016**

**IRS Reporting Requirements**

PBGC reports pension payments to the Internal Revenue Service (IRS) on Form 1099-R. The taxpayer also receives a copy of this form for use in filing his or her income tax return.

**Annuities**

- In the year PBGC assumes payment, the payee will receive 1099-Rs from prior paying agent(s) and PBGC's paying agent. A PBGC 1099-R includes only payments made by PBGC's paying agent. The prior plan administrator and interim paying agent are responsible for issuing 1099-Rs for the payments they made.
- For tax purposes, PBGC's payments are considered "constructively paid" as of the issue date, usually the first of the month.
- PBGC may not always know the taxable amount of an annuity payment; therefore, as allowed under IRS rules, PBGC checks the "taxable amount not determined" box in box 2b of Form 1099-R. Generally, the taxable amount would be the same as the gross amount. However, the taxable amount may be less than the gross amount if the annuity contains a non-taxable portion, such as mandatory employee contributions.

**Lump Sums**

- Unlike annuity payments, PBGC determines the taxable and non-taxable income shown on the 1099-R.
- Two 1099-Rs are provided in the event of a split payment, when part of the lump sum is paid as a direct rollover and part is paid directly to the taxpayer.

**1099-R Box by Box**

The How PBGC Completes the 1099-R Form Table describes how PBGC completes the 1099-R form for annuity and lump-sum payments.

**How PBGC Completes the 1099-R Form Table**

| Box | Name | Annuities | Lump Sums |
|---|---|---|---|
| 1 | Gross Distribution | Total amount paid before tax or any other deductions are withheld. | Total amount paid before tax or any other deductions are withheld. |
| 2a | Taxable Amount | Blank - Not applicable to PBGC payments because PBGC does not determine the taxable amount of an annuity. | Direct Rollover = $0<br><br>Direct Rollover to Roth IRA = Taxable amount of the payment (which may or may not equal the amount in Box 1).<br><br>Direct Payment = Taxable amount of the payment (which may or may not equal the amount in Box 1). |
| 2b | Taxable Amount Not Determined | Checked<br><br>Checking box 2b allows the taxpayer to decide if there is some portion of his or her benefit that is not taxable (that PBGC may not be aware of or able to confirm) and to adjust his or her tax return accordingly. If PBGC did not check this box and entered an amount in Box 2a, "taxable amount," they may not have this opportunity, or | Not checked |

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| | | the IRS may be less likely to accept an allegation from the taxpayer that a portion is non-taxable. | |
| 2b | Total Distribution | Not checked | Checked |
| 3 | Capital Gains | Blank - Not applicable to PBGC payments. | Blank - Not applicable to PBGC payments. |
| 4 | Federal Income Tax Withheld | The amount of Federal Income Tax withheld. | The amount of Federal Income Tax withheld. |
| 5 | Employee Contributions | Blank - Not applicable to PBGC payments because annuity payments are reported as "taxable amount not determined." | The non-taxable portion of the employee contributions, if any. |
| 6 | Net Unrealized Appreciation in Employer's Securities | Blank - Not applicable to PBGC payments. | Blank - Not applicable to PBGC payments. |
| 7 | Distribution Code | Distribution Codes 2, 3, 4, or 7. See Table How PBGC and the Paying Agent Determine the 1099-R Distribution Codes for an explanation. | PBGC uses distribution codes A, G, L (rare) 1, 2, 3, 4, 7, or certain combinations of the codes. Codes D, E, F, J, P, R, S, T, 5, 6, and 8 are not known to apply to PBGC payments at this time. See Table How PBGC and the Paying Agent Determine the 1099-R Distribution Codes for an explanation. |
| 8 | Other | Blank - Not applicable to PBGC payments. | Blank - Not applicable to PBGC payments.<br>1099-R instructions say to report:<br>Present value of the benefit if a total distribution is being made.<br>Percentage of the distribution if the payment is made to multiple beneficiaries (see Box 9a). |
| 9a | Your Percentage of Distribution | Blank - Not applicable to PBGC payments. | Blank - Not applicable to PBGC payments.<br>1099-R instructions say to report the percentage of the payment received by the person whose name is on the 1099-R, if the total distribution is made to more than one person. |
| 9b | Total ▶EEC | Blank - Not applicable to PBGC payments because annuity payments are reported as "taxable income not determined" | Blank - Not applicable to PBGC payments.<br>1099-R instructions say to report the total EEC or balance of remaining EEC. |
| 10 – 15 | State and Local Information | Blank - Not applicable to PBGC payments. | Blank - Not applicable to PBGC payments. |

**Distribution Codes on Form 1099-R**

The distribution codes in box 7 of Form 1099-R show the IRS and the taxpayer how the annuity and lump-sum payments should be treated for tax purposes and what, if any, special tax treatments may apply. PBGC and the paying agent

determine the distribution codes per the How PBGC and the Paying Agent Determine the 1099-R Distribution Codes Table.

**How PBGC and the Paying Agent Determine the 1099-R Distribution Codes Table**

| Distribution code in Box 7 of 1099-R | Annuities | Lump Sums |
|---|---|---|
| **Code 1 - Early distribution, no known exception** | Blank - Not applicable to PBGC payments. | The paying agent uses code "1" if the payee was not age 59 ½ or older at the time of the distribution. If the ▸DOB is blank, they use code "7."<br><br>The lump sum is subject to the 10% early distribution tax. (For an explanation of this tax, refer to Appendix R 1.4 Other Tax Withholding Considerations). |
| **Code 2 – Early distribution, exception applies**<br><br>Code "2" indicates that the 10% early distribution tax does not apply even though the taxpayer is or was under age 59 ½ at the time of the distribution(s).<br><br>For additional information on the 10% early distribution tax, refer to Appendix R 1.4 Other Tax Withholding Considerations.<br><br>To change a category of distribution code to "2," see Appendix R 1.11 Requests for Replacement or Revised Form 1099-R. | Code "2" indicates that the 10% early distribution tax does not apply because:<br>• The reported annuity payments are part of a series of substantially equal periodic payments, and/or<br>• The taxpayer is an Alternate Payee under a ▸QDRO.<br><br>Each year before the 1099-Rs are created, the paying agent sets the code to "2" if:<br>• The payee is not age 59 ½ as of December 31 and<br>• Code "3" or "4" has not already been entered.<br><br>(If the age of the payee cannot be determined, the paying agent's system will enter code "7.") | The paying agent does not determine if code "2" applies.<br><br>PBGC must notify the paying agent when code "2" applies, as follows.<br><br>The 1099-R instructions allow code "2" for lump-sum payments where the distribution was made:<br>• Because of an IRS levy.<br>• After separation from service with the DOPT employer in or after the year the participant reached age 55, *if known*. Accept the participant's assertion of his or her actual DOTE if after DOPT.<br>• To an Alternate Payee under a QDRO. |
| **Code 3 – Disability** | PBGC must notify the paying agent that Code "3" applies.<br><br>It is used when the participant is receiving a disability pension payment from the plan.<br><br>It is not to be confused with the IRS Tax Credit described in *Publication 524, Credit for the Elderly or Disabled.* Customers should consult their tax advisors for details.<br><br>PBGC must:<br>• Determine whether the participant meets the requirements of PBGC's Disability Policy (refer to Policy 5.9-1 Disability Benefits).<br>• Notify the paying agent that Code "3" applies. ▸BPD | PBGC must notify the paying agent that Code "3" applies.<br><br>It is used when the participant is receiving a disability pension payment from the plan.<br><br>It is not to be confused with the IRS Tax Credit described in *Publication 524, Credit for the Elderly or Disabled.* Customers should consult their tax advisors for details.<br><br>PBGC must:<br>• Determine whether the participant meets the requirements of PBGC's Disability Policy (refer to Policy 5.9-1 Disability Benefits).<br>• Notify the paying agent that Code "3" applies. BPD maintains a Portal page where users can notify the paying agent. BPD sends an e-mail |

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| | maintains a Portal page where users can notify the paying agent. BPD sends an e-mail once a year (around early November) instructing users on how to use the Portal page.<br>Code "3" is not used in combination with any other codes. | once a year (around early November) instructing users on how to use the Portal page.<br>The 10% early distribution tax does not apply to payments due to disability.<br>Code "3" is not used in combination with any other Codes. |
| **Code 4 – Death** | PBGC must notify the paying agent that Code "4" applies.<br>Code "4" is used to indicate the payment is being made to a surviving spouse or other beneficiary and special tax treatment may apply.<br>Notify the paying agent that Code "4" applies. BPD maintains a Portal page where users can notify the paying agent. BPD sends an e-mail once a year (around early November) instructing users on how to use the Portal page. | The paying agent sets the code to "4" when the First Name is "Estate" or when the Advice is "Death Benefit."<br>A "4" is used regardless of the age of the taxpayer to indicate payment to a surviving spouse or other beneficiary and special tax treatment may apply.<br>The 10% early distribution tax does not apply to payments due to death.<br>Code "4" may be used in combination with code "A" or "G." |
| **Code 7 – Normal distribution** | Each year before the 1099-Rs are created, the paying agent sets the code to "7" if<br>• the payee is age 59 ½ as of December 31<br>and<br>• They have not already been coded "3" or "4."<br>Used by default usually at plan assumption and/or when date of birth (DOB) is unknown or blank. Send DOB to the paying agent to correct.<br>Code "7" indicates the annuity is not subject to the 10% early distribution tax because the participant is age 59 ½ or older as of December 31. | The paying agent sets the code to "7" if the participant is aged 59 ½ or older at the time payment is made.<br>Code "7" indicates the lump sum is not subject to the 10% early distribution tax because the participant is age 59 ½ or older at the time of the payment (that is, the issuance date).<br>May be used in combination with code "A." |
| **Code A - May be eligible for 10-year tax option** | Blank - Not applicable to PBGC payments. | The paying agent sets the code to "A" if:<br>• The participant was born before 01/02/1936<br>• In Spectrum, if the payment is due to death and paid to a beneficiary, Spectrum may transmit the beneficiary DOB (not the participant DOB) to the paying agent. Verify that the participant's DOB is on paying agent's system, and notify them if a correction is necessary.<br>• The lump sum is a total distribution |

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| | | • No part of the lump sum is paid as a direct rollover<br>Code "A" indicates the distribution may be eligible for the 10-year tax option method of computing the tax on lump-sum distributions. (For an explanation of the 10-year tax option, refer to Appendix R 1.4 Other Tax Withholding Considerations)<br>Code "A" must be used in combination with Codes "4" or "7." |
| **G – Direct rollover and rollover contribution** | Blank - Not applicable to PBGC payments. | Paying agent uses Code "G" when the payment is a direct rollover.<br>Code "G" may be used in combination with Code "4." |

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## Appendix R 1.6 Non-Resident Alien Tax Withholding Requirements

**07/01/2016**

The tax withholding rules that apply to payees who live outside the U.S. (non-resident payees) may be different from those that apply to payees who live within the U.S. These rules are referred to as the non-resident alien (NRA) tax withholding rules and apply to all payees who live outside the U.S. regardless of whether the payee is a U.S. citizen or non-resident alien. How the NRA rules apply depends on whether the pension benefit is being paid as an annuity or in a lump sum.

### Annuities

If a non-resident payee elects **No Withholding**, the payer of an annuity benefit (in this case, PBGC's paying agent) must withhold 30% of the gross payment for Federal income tax. Elections to have tax withheld, as described in Appendix R 1.2 Annuity or Periodic Payment Tax Withholding and Reporting, by a non-resident payee are generally acceptable. A non-resident payee may also elect to have tax withheld under a tax treaty (see Tax Treaty Elections).

1. If a **No Withholding** election is received from a non-resident payee, enter the election into Spectrum:
   - Ensure that the non-resident payee's residence address outside the U.S. is also entered into Spectrum.
   - Do not attempt to enter NRA withholding; PBGC's paying agent will make this entry as described in step 2.

   > **Note** A non-resident payee may elect to have tax withheld under the Withholding Allowance Method, described in Appendix R 1.2 Annuity or Periodic Payment Tax Withholding and Reporting, with the result that no or zero tax is withheld. Such an election is acceptable.

2. PBGC's paying agent automatically applies 30% NRA withholding, if a payee who:
   - Resides outside the U.S. elects **No Withholding**.
   - Has elected **No Withholding** and moves outside the U.S.

   The **No Withholding** entry and address outside the U.S. must be in Spectrum in order for PBGC's paying agent to determine that the NRA rules apply.

3. PBGC's paying agent then:
   a. Solicits an *IRS Form W-8Ben Certificate of Foreign Status of Beneficial Owner for U.S. Tax Withholding* from the non-resident payee.

      *IRS Form W-8Ben Certificate of Foreign Status of Beneficial Owner for U.S. Tax Withholding* is used to claim tax withholding under a tax treaty (see Tax Treaty Elections).

   b. Changes the withholding from the 30% NRA rate to the default Withholding Allowance Method of "married with 3 allowances" (the payee is treated as not having made a tax withholding election).

4. If a non-resident payee has not made a tax withholding election (for example, when applying benefits), enter the default Withholding Allowance Method of "married with 3 allowances" into Spectrum.

   The payee is treated as having made an election to have tax withheld. PBGC's paying agent will solicit an *IRS Form W-8Ben Certificate of Foreign Status of Beneficial Owner for U.S. Tax Withholding* from the non-resident payee, as step 3 describes.

### Lump-Sum Payments

The NRA rules that apply to lump-sum payments depend on whether or not the payment is an eligible rollover distribution:

- **Eligible Rollover Distribution:** Tax is not withheld from eligible rollover distributions paid directly into another U.S. qualified retirement plan or a traditional or Roth IRA (located in the U.S.), even if the payee does not live in the U.S. Payees who live outside the U.S. and are due an eligible rollover distribution have the same tax withholding options as payees who live inside the U.S.:
  - If a non-resident payee is due an eligible rollover distribution, follow the procedures in Appendix R 1.3 Lump-Sum or Non-Periodic Payment Tax Withholding and Reporting.

> **Note** Under the IRC, a **No Withholding** option does not apply to eligible rollover distributions. Therefore, the payee must elect to either have Federal income tax withheld or a direct rollover to another qualified retirement plan or a traditional or Roth IRA to not have tax withheld.

  - A non-resident payee may also elect to have tax withheld under a tax treaty (see Tax Treaty Elections).

- **Not Eligible Rollover Distribution:** A **No Withholding** election from a non-resident payee who is due a payment that is not an eligible rollover distribution cannot be honored. Elections to have tax withheld from a payment that is not an eligible rollover distribution, as described in Appendix R 1.3 Lump-Sum or Non-Periodic Payment Tax Withholding and Reporting, are generally acceptable as long as the withholding is at least 10% of the gross payment:
  - If a non-resident payee elects **No Withholding**, withhold 30% of the gross payment.
  - If the non-resident payee elects other than a fixed percent withholding of 10%, confirm that at least 10% of the gross payment is being withheld. If not, withhold 10% of the gross payment (default withholding).
  - If the non-resident payee does not make a tax withholding election, withhold 10% of the gross payment (default withholding).

> **Note** If a payee makes a **No Withholding** election, consider contacting the payee to ensure that the payee understands the NRA withholding rules and to give the payee the option to make an election to have tax withheld.

**Tax Treaty Elections**

The U.S. has tax treaties with a number of other countries under which tax is withheld in accordance with such a treaty. However, not all countries have such treaties. A tax withholding election under a tax treaty can only be honored if the resident country has a tax treaty with the U.S.

Non-resident payees may elect withholding under a tax treaty for either annuity or lump-sum payments by submitting *IRS Form W-8Ben Certificate of Foreign Status of Beneficial Owner for U.S. Tax Withholding* to PBGC or PBGC's paying agent. Only PBGC's paying agent can implement the form:

- If *IRS Form W-8Ben Certificate of Foreign Status of Beneficial Owner for U.S. Tax Withholding* is received by PBGC, ensure that the form has been imaged to the payee's file and notify PBGC's paying agent that the form has been received.
- If the *IRS Form W-8Ben Certificate of Foreign Status of Beneficial Owner for U.S. Tax Withholding* was received by PBGC's paying agent, PBGC's paying agent submits the form for imaging to the participant's ▸IPS file.
- PBGC's paying agent will evaluate the form and apply the tax rate under the treaty.

> **Note** The payee must have a valid taxpayer identification number (TIN) to qualify for tax treaty benefits. A PBGC-generated ID number (that is, ▸Dummy SSN) cannot be used to qualify for tax treaty benefits.

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## Appendix R 1.7 Mandatory Withholding Requirements - Invalid TIN

**10/31/2008**

If a payee does not have a valid TIN, mandatory withholding applies regardless of the payee's tax withholding election. In addition, tax treaty benefits cannot be applied.

> **Note** If a PBGC-generated ID number (that is, a "Dummy" SSN) is being used, these mandatory withholding rules must be applied. It is illegal to use a TIN that belongs to another person, including a deceased spouse. Use of an invalid TIN may cause the participant to be overtaxed. The IRS will not issue a refund to a person with an invalid TIN. PBGC cannot deny a payment to a customer just because he or she does not have a valid TIN. To avoid mandatory withholding rules and resolve identity discrepancies, every attempt should be made to obtain a valid TIN. Refer to Appendix R 1.1 Introduction to Federal Tax Withholding, for instructions on how a customer applies for an ITIN.

**Annuity or Periodic Payments**

- **Residence within the U.S.** - PBGC applies an automatic or default withholding using a marital status of "single" with zero (0) allowances, regardless of actual marital status or number of allowances.
- **Residence outside the U.S.** - 30% Non-Resident Alien withholding must be applied. Notify the Paying Agent.

**Lump-Sum or Non-Periodic Payments**

- **Direct Rollover** (regardless of U.S. residency) to another U.S. qualified pension plan or traditional IRA – Do not withhold tax.
- **Direct Payment: Residence within the U.S.**
  - Rollover eligible – withhold 20%
  - Not rollover eligible – withhold 10%
- **Direct Payment: Residence outside the U.S.** – apply 30% Non-Resident Alien withholding. Notify the Paying Agent. (Refer to Appendix R 1.6 Non-Resident Alien Tax Withholding Requirements if the payee lives outside the U.S.)

## Appendix R 1.8 Residents of the Commonwealth of Puerto Rico and other U.S. Possessions

**07/01/2016**

This section describes the requirements for withholding from benefit payments when the payee resides in a U.S. possession.

*IRS Publication 570 Tax Guide for Individual with Income from U.S. Possessions* discusses how payees should treat income received from U.S. possessions, including the Commonwealth of Puerto Rico, for federal income tax purposes. In order to qualify for certain tax benefits, the payee must be a bona fide resident of American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, the U.S. Virgin Islands, or Puerto Rico for the entire tax year. Generally a payee is considered a bona fide resident of one of the possessions if during the tax year they:

- Meet the presence test
- Do not have a tax home outside the relevant possession, and
- Do not have a closer connection to the United States or to a foreign country than to the relevant possession.

For inquiries about these tax benefits from residents of U.S. possessions other than Puerto Rico:

- Refer the case to ▸PPD by sending an email to the ASK PPD mailbox.

Bona fide residents of Puerto Rico will generally pay tax to Puerto Rico on their worldwide income. The U.S. income rule states that income is not possession income if, under the rules of the Internal Revenue Code (IRC) sections 861-865, it is treated as income:

- From sources in the United States, or
- Effectively connected with the conduct of a trade or business in the United States.

### Determining Possession Source Income

Income, including pension payments, which the payee receives from sources within Puerto Rico, must be separately identified from U.S. source income. Pension income is ”sourced” according to where services were performed that earned the pension. If the participant earned his or her pension by working:

- Entirely within the U.S., the pension would be considered U.S. source income.
- Entirely within Puerto Rico, the pension would be considered Puerto Rico source income.
- Part of the time in Puerto Rico and part of the time in the U.S. or elsewhere, PBGC considers the pension as U.S. source income. The pension income is also considered U.S. source income if the participant temporarily worked outside of Puerto Rico and continued to earn pension service. For example, airline flight crew members generally will not meet these requirements if they flew (that is, performed services) outside of Puerto Rico even if they were residents of Puerto Rico or based in Puerto Rico.

In addition, any interest PBGC pays on the pension payments is considered as having the same source as the income (for example, if the pension is Puerto Rico source income, the interest is considered Puerto Rico source income).

### Are special actions required if a payee is a resident of Puerto Rico?

Generally no special action is needed if a payee is a resident of Puerto Rico; continue to follow federal tax withholding procedures for PBGC pension payments. However, if the payee asserts that federal tax withholding should not apply to their benefit payment because they are a bona fide resident of Puerto Rico and their pension is Puerto Rico source income, special action may be required depending on whether the pension payment is an annuity or lump sum.

### Annuity or Periodic Payments

No special action is needed if the pension payment is an annuity. A federal tax withholding election should be obtained. Payees living within the U.S., including Puerto Rico, have the option of electing no federal tax withholding. Therefore, residents of Puerto Rico who believe they are not subject to U.S. federal tax withholding may elect to have no tax

withheld from their benefit payments.

**Lump-sum or Non-periodic Payments**

Unlike annuity payments, PBGC must determine the taxable portion of a lump-sum payment and report it to IRS. Special action is required if a resident of Puerto Rico asserts that their PBGC benefit payment is not subject to federal income tax and the payment is a lump-sum or non-periodic payment.

PBGC will not withhold U.S. federal income tax or report the payment as taxable if a payee requests that federal income tax not be withheld and declares in writing that he or she is a bona fide resident of Puerto Rico and the pension is Puerto Rico source income. The payee should be sent:

- *Form 721 Application for Lump-Sum Payment – Non-Spouse Beneficiary or Estate* and a
- *Resident of Puerto Rico Request for Exclusion from U.S. Federal Income Tax Withholding* declaration.

The following guidance should be given to the payee when completing the application and declaration. If the declaration is received:

- PBGC will not treat the pension as U.S. source income and will not apply federal income tax withholding to the payment.
- The payment will be treated as not rollover eligible. PBGC will not rollover the payment to another qualified retirement plan or IRA, including a Puerto Rico plan. PBGC will only make the payment directly to the payee.
- The payee should elect "No Withholding" when he or she completes *Form 721 Application for Lump-Sum Payment – Non-Spouse Beneficiary or Estate*.
- PBGC will not withhold Puerto Rico income tax.

**Special coding is needed when entering the lump-sum payment in Spectrum and federal income tax will not be withheld.**

1. Obtain from the customer a signed *Resident of Puerto Rico Request for Exclusion from U.S. Federal Income Tax Withholding* declaration certifying they are excluded from federal tax withholding.
2. Contact ▶BPD regarding any payment or Spectrum-related questions when making payments to residents of Puerto Rico who are excluded from U.S. federal tax withholding.
3. Instruct the Paying Agent via e-mail to report a "zero" in the taxable amount box on the 1099-R form.

**Responding to Payee Requests that PBGC Withhold Tax for Puerto Rico**

As stated in Policy 6.6-1 Withholding from Benefit Payments, PBGC does not withhold from benefit payments any income that is not required by federal law to be withheld such as state or local taxes. Puerto Rico tax is treated similarly to state or local taxes. Therefore, PBGC does not withhold taxes for Puerto Rico nor generally report the pension payment to the Puerto Rico Department of the Treasury, (see *Non-Allowable Deductions, 1. State and Local Taxes* for additional information on responding to this request).

**IRS Reporting Requirements for Residents of Puerto Rico**

PBGC and ▶SSC report lump-sum payments to the IRS on Form 1099-R. The taxpayer receives a copy for use in filing their income tax return.

**Annuity or Periodic Payments**

PBGC will send a 1099-R to IRS showing the total amount paid. However, PBGC does not determine the taxable income of annuity benefit payments. These payments are reported to the IRS as "taxable income not determined." The IRS and the payee subsequently determine if all or part of the income is taxable.

**Lump-sum or Non-Periodic Payments**

The Paying Agent will send a 1099-R to the IRS reporting the amount of the payment and calculating the taxable amount as usual for lump sums unless instructed otherwise. If the payee returns a *Resident of Puerto Rico Request for Exclusion from U.S. Federal Income Tax Withholding* declaration, then instruct the Paying Agent via e-mail to report a "zero" in the taxable amount box on the1099-R form.

**Note** PBGC's decision to not withhold federal income tax is not a determination that the payee does not have a federal income tax liability. For information about their potential federal income tax liability, the payee should be referred to the Internal Revenue Service (IRS).

**Puerto Rico Tax Reporting Form 480.7C Informative Return – Retirement Plans and Annuities**

If a payee requests a Form 480.7C:

- For annuities:

  Request that ▸SSC send out the Form 480.7C. BPD maintains a Portal page where users can make the request. BPD sends an e-mail once a year (around early November) instructing users on how to use it.

- For lump sums:

  Ensure there is a *Resident of Puerto Rico Request for Exclusion from U.S. Federal Income Tax Withholding* declaration in the participant's file.

  Request that SSC send out the Form 480.7C. BPD maintains a Portal page where the request can be made. BPD sends an e-mail once a year (around early November) instructing users on how to use it.

**What about income tax the payee may owe to Puerto Rico?**

A payee may have a tax liability owed to Puerto Rico; however, PBGC does not make this determination. If the payee has questions about tax owed to Puerto Rico, refer the payee to the Department of the Treasury of the Commonwealth of Puerto Rico at http://www.hacienda.gobierno.pr,

or

**Departamento de Hacienda**
P.O. Box 9024140
San Juan, P.R. 00902-4140
Tel: (787) 721-2020

**Footnote 1** - Residents of Puerto Rico are considered as living within the United States and for federal tax purposes are treated as U.S citizens or resident aliens. The non-resident alien (NRA) tax rules generally do not apply to payees living in Puerto Rico.

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## Appendix R 1.9 Processing a Change to Federal Tax Withholding Election

**03/29/2012**

Participants may request changes to their existing federal tax withholding elections either by phone or letter. The same rules that apply to other routine changes, such as address changes, also apply to these requests.

### Telephone Notification

Document the phone call, including the specific election changes the customer requests, in ▸CRM. Update ▸Spectrum with the requested changes as applicable:

- Election not to withhold.
- Marital status and number of withholding allowances.
- Specific amount to withhold.

### Written Notification

For written notification requesting a change to an existing tax withholding election, follow established guidelines for processing correspondence. For instances where a mandatory withholding would apply (such as for non-US residents or customers with invalid Taxpayer Identification Numbers), make reasonable efforts to contact the customer to determine their withholding preference.

### MyPBA

Participants can designate or edit a Federal Tax Withholding Election on ▸MyPBA which automatically updates their Spectrum records. See TP 48 MyPBA Correspondence.

**Appendix R 1.10 Returned Form 1099-R**

**03/30/2011**

If mail is returned, the following steps occur (refer to TP 4 Participant Addresses and EDD Elections for additional information).

- The post office will forward a Form 1099-R if a current forwarding order is on file at the post office.
- The post office will return a 1099-R to ▸SSC if the forwarding order has expired.
  - If the post office provides a forwarding address, SSC will change the address in ▸Spectrum and re-mail the 1099-R.
  - If the post office does not provide a forwarding address, SSC will review ▸CRM for a new address. If there is a new address, the 1099-R is sent to that address.
- If the address has not changed, the 1099-R will be sent to the Customer Contact Center (CCC). The CCC will use locator services to locate the payee and, if an address is found, update the address in CRM, and mail the 1099-R to the new address. Otherwise, the CCC will hold the 1099-R pending a request from the payee for the 1099.

## Appendix R 1.11 Requests for Replacement or Revised Form 1099-R

**07/01/2016**

### Requests for a Replacement or Duplicate Form 1099-R

If a payee reports non-receipt of a Form 1099-R or requests a duplicate 1099-R:

1. Advise the payee that he or she can review and print a duplicate 1099-R using ▸MyPBA (as of the date specified in ▸BPD's annual e-mail sent in early November).

   If a participant has not already registered, encourage him or her to do so by going to MyPBA and clicking "Create Your MyPBA Login."

2. For participants without Internet access, or for a duplicate 1099-R for prior years:
   - **Customer Contact Center:** Confirm the mailing address, enter the correct address in ▸CRM if necessary (see TP 4 Participant Addresses and EDD Elections), and mail the 1099-R in the pending file or a replacement 1099-R.
   - **CSD Staff**: Confirm the address, make any necessary change in CRM (see TP 4 Participant Addresses and EDD Elections), and mail the 1099-R.

   > **Note** Duplicate 1099-Rs up to 5 years prior are available on the Paying Agent's PLUS Web System, and up to 7 years prior are available upon request to the Paying Agent using the BPD Payment Support Community's portal page entitled 1099-R Tax Corrections and Updates.

### Requests for a Revised Form 1099-R

1. If a payee requests a revised 1099-R, refer the request to the appropriate ▸EBLS, FBA, or ▸PVA, who will then determine if the request can be honored. Customers may request corrections to the category of distribution code for disability, death, or a distribution made after separation from service with the ▸DOPT employer in or after the year the participant reached age 55. For guidance in determining if the 1099-R contains an error and must be corrected, see Appendix R 1.5 1099-R Reporting Requirements.

   > **Note** PBGC is required under ▸IRS regulations to correct an erroneous entry on a 1099-R. However, a payee may also use *IRS Form 5329, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts* to inform the IRS that the 10% tax on early distributions does not apply when an erroneous category of distribution code has been entered on a 1099-R. Inform the payee of the option of using Form 5329 rather than waiting for PBGC to issue a corrected 1099-R.

2. If appropriate, forward the request to the Paying Agent for processing via the BPD Payment Support Community's portal page entitled 1099-R Tax Corrections and Updates.

   > **Note** The Paying Agent processes corrections recommended by the 15th of November the third year after issuance of the form. For example, the latest date a user can request a correction to a 2012 1099-R (issued in January 2013) is 11/15/2016.

**Appendix R 1.12 Additional Resources**

**10/31/2008**

The Forms and Publications section of the IRS website, http://www.irs.gov/formspubs/index.html, can also be consulted for additional information on this topic. The following documents are particularly useful:

- *Job Aid: Summary of Federal Tax Withholding Requirements and PBGC Benefit Payments*
- IRS General Instructions for Forms 1099-R and 5498
- IRS Publication 15 (Circular E), Employer's Tax Guide (Including Wage Withholding and Advance Earned Income Credit Payment Tables)
- IRS Publication 54 Tax Guide for U.S. Citizens and Resident Aliens Abroad
- IRS Publication 515 Withholding of Tax on Nonresident Aliens and Foreign Entities
- IRS Publication 519 U.S. Tax Guide for Aliens
- IRS Publication 570 Tax Guide for Individual with Income from U.S. Possessions
- IRS Publication 575 Pension and Annuity Income
- www.ssa.gov
- www.irs.gov

## Appendix R 2 IRS Levies

**07/01/2016**

The Pension Benefit Guaranty Corporation (PBGC) will honor federal tax levies against the benefit of a participant or beneficiary upon receipt of a Notice of Levy from the Internal Revenue Service (▸IRS). The participant's benefit must be in pay when the levy is received. PBGC will not place the benefit in pay at IRS's request.

State Street Corporation (▸SSC), as PBGC's paying and withholding agent, is responsible for implementing all IRS levies. In the event PBGC receives a levy, the form is sent to SSC for implementation.

The three types of IRS levy forms are:

- **Form 668-A(c) Notice of Levy:** This levy applies to assets, which can be a pension payment, the right to a pension payment, or the present value of a benefit. SSC must withhold the entire asset until a release from the levy is received from IRS.
- **Form 668-W(c) Notice of Levy on Wages, Salary, and Other Income:** This levy applies to income that is a pension payment and/or interest the participant currently receives or is scheduled to receive in the future. IRS allows a certain amount of the income to be exempted from the levy. SSC determines the exempt amount and withholds any remaining income until a release from the levy is received. If the exempt amount is more than the pension payment, SSC notifies IRS that withholding does not apply.
- **Form 668-D Release of Levy/Release of Property from Levy:** This levy releases SSC and PBGC from the levy and withholding stops.

PBGC does not notify the participant prior to the change in benefit amount because the IRS notification to the taxpayer is considered sufficient notice.

IRS levies include a statement that the levy does not permit the attachment of retirement type funds (which includes pension benefits paid by PBGC) unless the IRS indicates a specific authorization by checking a box and providing an additional signature on the levy. This box must be checked and the signature must be provided for PBGC to honor the levy.

Note that the IRS Levy deduction field in ▸Spectrum is not used as modifications to Spectrum are not required. SSC implements manual changes to ▸PLUS to implement an IRS Levy.

In the event the IRS levy form is directly received by PBGC:

**BPD or DMC**

1. Image a copy of the IRS levy to the participant's file.
2. Complete the *IRS Levy Cover Sheet for SSC*.
3. Send the original IRS levy and the *IRS Levy Cover Sheet for SSC* to:

   Operations Officer, Retirement Investment Services, at State Street Corporation

**CSD Headquarters Staff**

1. Image a copy of the IRS levy to the participant's file.
2. Complete the *IRS Levy Cover Sheet for OGC*.
3. Use interoffice mail to send the original IRS levy and the *IRS Levy Cover Sheet for OGC* to:

   Office of General Counsel/Privacy Officer

   1200 K Street, N.W.

   11th Floor

**FBA/PVA**

1. Image a copy of the IRS levy to the participant's file.
2. Complete the *IRS Levy Fax Cover Sheet*.
3. Fax the original IRS levy and the *IRS Levy Fax Cover Sheet* to OGC. Enter the following information in the **To** section:

   Fax: 1-202-326-4112

   Attention: Office of General Counsel
4. Complete the *IRS Levy Cover Sheet for OGC*.
5. Send the original IRS levy and the *IRS Levy Cover Sheet for OGC* to:

   Office of General Counsel/Privacy Officer

   1200 K Street, N.W.

   11th Floor

   Washington, DC 20005

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## Appendix R 3 Qualified Domestic Relations Order (QDRO)

**09/29/2006**

PBGC will pay all or a portion of a participant's benefit to an alternate payee pursuant to a Qualified Domestic Relations Order (QDRO), as defined in ERISA sec. 206(d)(3)(B).

For additional information on the processing of QDROs, see TP 13 Domestic Relations Orders and State Agency Orders.

## Appendix R 4 Third Party Payment Requests

**03/30/2015**

A Third Party Payment request is a request to send a benefit payment to another person or an account that does not bear the ▸payee's name. PBGC may honor requests to pay 100% of the net benefit after federal income tax withholding (but not less) of a payee's benefit to a third party. PBGC cannot implement a third party payment request based on a phone call. The request must be confirmed and approved in writing by both parties.

Upon receipt of a third party payment request, follow the instructions in TP 20.5L Third Party Payment Requests.

## Appendix R 5 Non-Allowable Deductions

**09/29/2006**

1. State and Local Taxes
2. Health Insurance Premiums*
3. Life Insurance Premiums

PBGC does not deduct and withhold from pension benefits where not required by federal law. Requests to deduct State and Local Taxes, Health Insurance Premiums, or Life Insurance Premiums from a participant's benefit are generally not allowed by PBGC.

Upon receipt:

1. If the request originated by phone, contact the payee and document details in CRM. Respond in writing using the *eALG 539 Non-Allowable Deduction* letter if the request originated as a letter or if the request came from a third party such as a court, government office or similar agency.
2. Ensure that any written response is imaged into the participant's file (IPS).

* PBGC retains discretionary authority to withhold or deduct health insurance premiums or other amounts as appropriate, including where the agency agreed to withhold certain amounts in specific pension plans.

## Appendix R 6 Garnishment Request or Child Support Not Ordered Under a QDRO

**09/29/2006**

PBGC may receive orders that are not domestic relations orders, such as a garnishment order from a state agency for child support payments, or a California joinder. PBGC will not comply with an order that is not a ▶QDRO. PBGC is not bound by a joinder because it is preempted by ERISA. (A joinder is a procedure that developed in California to protect spouses under community property law before ERISA was amended to provide for QDROs. A joinder makes a pension plan a party to a divorce action between a plan participant and his or her spouse usually for the limited purpose of dividing the participant's benefit under the plan.)

If the type of order is not evident, treat the item as a Domestic Relations Order (DRO) and determine the qualification status as outlined in TP 13.2 Review Domestic Relations Orders.

## Appendix R 7 Request for Assignment of a Benefit Due an Incarcerated Payee

**07/01/2016**

PBGC may receive a request from a State requesting the payee's benefit be directed to the warden of the institution where the payee is presently incarcerated. These direct requests generally cannot be honored by PBGC as these requests are preempted by the anti-alienation provision of ERISA (see Policy 6.6-2 Assignment and Alienation of Benefits).

For all assignment requests of a benefit due an incarcerated payee, consider the following:

- A request to send the payee's benefits to the warden/jail may be honored if the request comes directly from the payee and can be confirmed by a written agreement between the payee and the warden or state. However, do not send the payment to the warden/state based on a court order or state form or agreements. In this instance, follow steps outlined in Appendix R Section 4 Third Party Payment Requests.
- Anytime a participant indicates payment should not be made to the warden/jail, the appropriateness of the request must be investigated and documented due to the possibility of coercion or intimidation.

**Note** Most states bar the slayer of a participant from receiving payments as that participant's beneficiary (a "slayer exception"). If a beneficiary convicted of killing the participant applies for benefits, or PBGC learns that a beneficiary in pay was convicted of killing the participant, see TP 20.5K Slayer Exception for guidance.

**When PBGC determines that payments cannot be sent to the warden/state**

Upon receipt of a request from a State requesting the incarcerated payee's benefit is paid directly to the warden/jail:

1. Complete and send the *Unable to Comply* letter stating that PBGC does not honor these requests.
2. Ensure a copy of the letter is sent to the participant.
3. Image the letter to the participant's file (▸IPS).

If additional guidance on how to proceed is required, contact ASK PPD.

## Appendix R 8 Resources for Assignment and Withholding from Benefit Payments

**09/30/2016**

**Forms, Letters, and Memos:**

- *IRS Levy Cover Sheet for OGC*
- *IRS Levy Cover Sheet for SSC*
- *IRS Levy Fax Cover Sheet*
- *Resident of Puerto Rico Request for Exclusion from U.S. Federal Income Tax Withholding*
- *Unable to Comply*

**Customer Correspondence and Forms:**

- *eALG 539 Non-Allowable Deduction*
- *Form 480.7C Informative Return – Retirement Plans and Annuities*
- *Form 720 Application for Lump-Sum Payment*
- *Form 721 Application for Lump-Sum Payment – Non-Spouse Benficiary or Estate*

**Guidance:**

*None*

**Exhibits:**

*None*

# Transmit Approved Transactions to PBGC's Paying Agent

**11/20/2015**

The Outgoing File Administrator collects, packages, sends and processes acknowledgments for authorized financial and non-financial changes to payee records that have passed system-based edits.

## In this Section


Overview for Transmitting Approved Transactions to PBGC's Paying Agent 2
Workflow for Transmitting Approved Transactions to PBGC's Paying Agent 3
Transmit Approved Transactions to PBGC's Paying Agent Procedures 6
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# Overview for Transmitting Approved Transactions to PBGC's Paying Agent

**08/30/2016**

The Outgoing File Administrator collects, packages, sends and processes acknowledgments for authorized financial and non-financial changes to payee records that have passed system-based edits.

The Data Integrity Team reviews the *Error/Variance Reports*, tracks resolutions, and reconciles payment errors between Spectrum and PLUS.

# Workflow for Transmitting Approved Transactions to PBGC's Paying Agent

**11/20/2015**

**Note** For a hard copy of the workflow, click on the link to the printable PDF version, and print to a plotter printer in landscape orientation for optimal output. Specify these options from the **Print** dialog box.

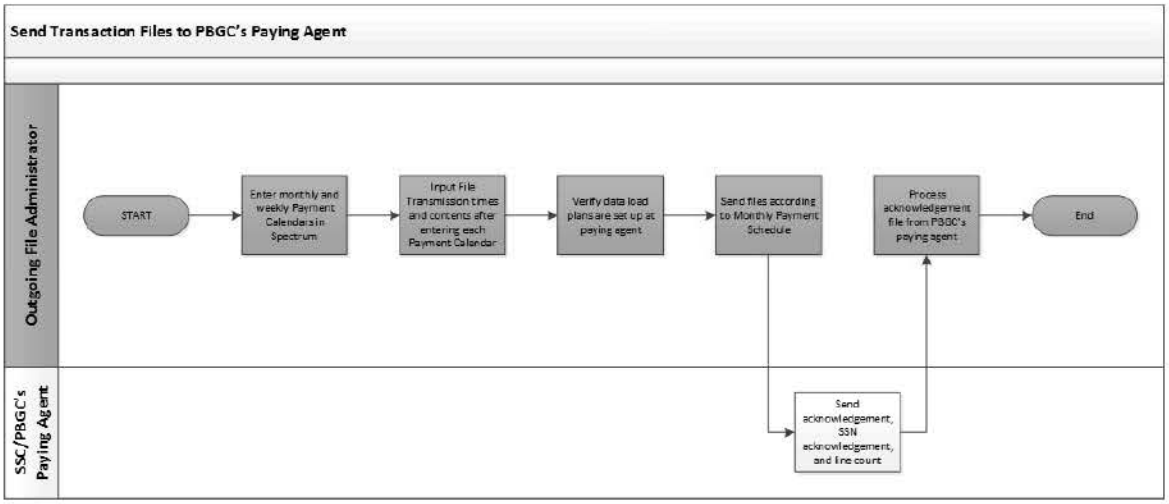
Click one of the following links to access a printable PDF version of the workflow:

- PDF of Workflow for Send Transaction Files to PBGC's Paying Agent
- PDF of Workflow for Reconcile Spectrum File Errors

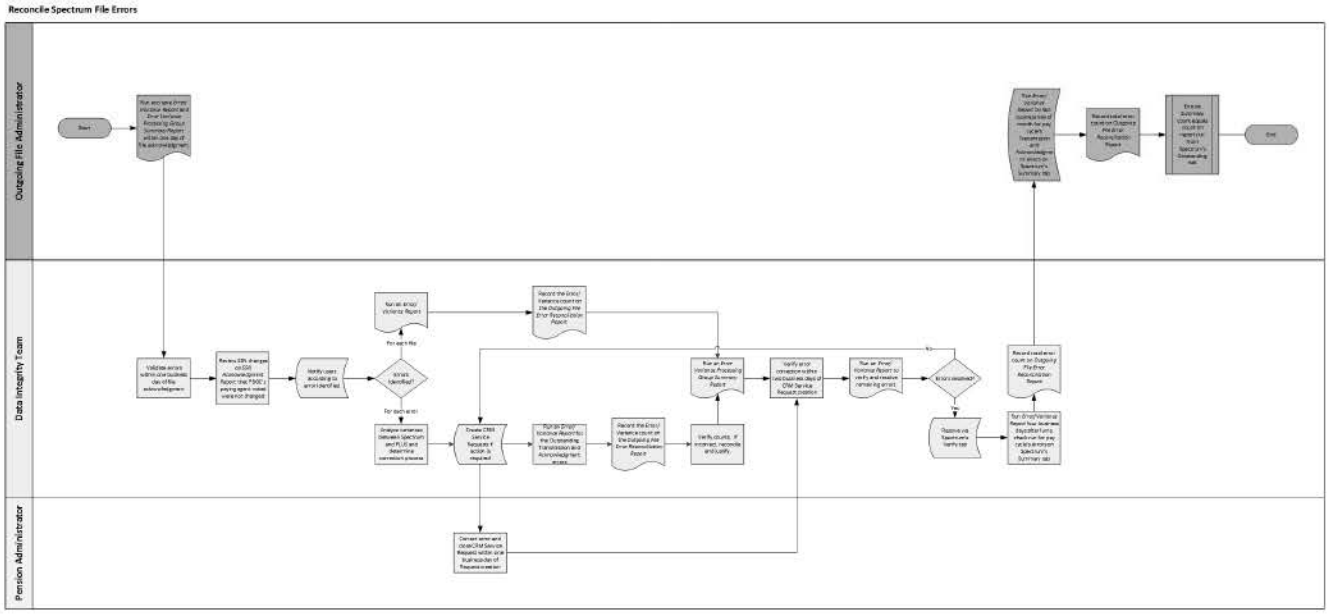
Select one of the following for the detailed workflow associated to the specific procedure:

- Workflow for Send Transaction Files to PBGC's Paying Agent
- Workflow for Reconcile Spectrum File Errors

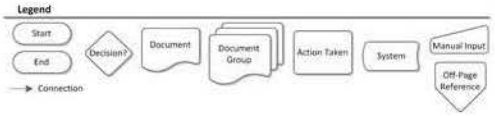
# Workflow for Send Transaction Files to PBGC's Paying Agent



# Workflow for Reconcile Spectrum File Errors




## Workflow Legend



# Transmit Approved Transactions to PBGC's Paying Agent Procedures

**08/30/2016**

| | |
|---|---|
| **Purpose** | To collect, package, send and process acknowledgments for authorized financial and non-financial changes to payee records that have passed system-based edits; to reconcile payment errors between PBGC systems and PLUS. |
| **Procedure Owner** | Outgoing File Administrator, Senior Pension Administration Supervisor, Pension Benefit Analyst, Data Integrity Team, Pension Administrator (CSD, PVA, FBA) |

## In this Section

1. Send Transaction Files to PBGC's Paying Agent via Spectrum 7
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# 1. Send Transaction Files to PBGC's Paying Agent via Spectrum

**02/27/2017**

## Outgoing File Administrator

## Input Payment Calendars

1. Enter the monthly and weekly Payment Calendars in Spectrum by October 15th of each year.

---

**Note** It is important to enter the Payment Calendars on or before 10/15 because on any given date, Spectrum needs to know the cut-off dates for both the current and the following pay cycles. For example, if the Last Minute File date for the November 2015 pay cycle is 10/20/2015, then on the very next day (10/21/2015), Spectrum must know the cut-off dates for both the December 2015 pay cycle and the January 2016 pay cycles. If the *Payment Schedule Key Dates* are not finalized by 10/15, enter estimated dates in the Payment Calendars and change them once the *Payment Schedule Key Dates* are published.

**Note** Current Pay Cycle is defined as: once the Last Outgoing File Date and Time for a payment cycle has passed, the next pay cycle is considered "current." Pay cycles go from "Last Outgoing File Date & Time" to "Last Outgoing File Date & Time."

---

**Example - MONTHLY Pay Cycles**

| | |
|---|---|
| Last Outgoing File Date for 03/01/2016 monthly pay cycle | 02/16/2016 17:00:00 |
| From 02/16/2016 at 17:00:01 - 03/17/2016 at 17:00:00 the 04/01/2016 pay cycle is "current" | |
| Last Outgoing File Date for 04/01/2016 monthly pay cycle | 03/17/2016 17:00:00 |
| From 03/17/2016 at 17:00:01 - 04/18/2016 at 17:00:00 the 05/01/2016 pay cycle is "current" | |
| Last Outgoing File Date for 03/01/2016 monthly pay cycle | 04/18/2016 17:00:00 |

**MONTHLY PAYMENTS**

a. Retrieve the dates from the *Payment Schedule Key Dates* schedule.

b. Enter in each field

   i. Payment Date – pay cycle date (always the 1st of the month)

   ii. Pay Run Frequency – monthly

   iii. PBGC's Paying Agent - SSC

   iv. Pre-Trial Balance Date – leave blank unless otherwise instructed by Trial Administrator

   v. Last Outgoing File Date – last minute file date at 17:00:00 per *Payment Schedule Key Dates*

   vi. Death Processing Date – leave blank because the field is a placeholder for a future Spectrum enhancement

   vii. PA Check Run Date – PBGC's Paying Agent check run date per *Payment Schedule Key Dates*

   viii. ACH Settlement Date – Earlier of:

   - Payment Date
   - ACH Advance Funding date per *Payment Schedule Key Dates*

---

**Note** The ACH Settlement Date is usually the payment date (1st of the month). If the first of the month falls on a Saturday, Sunday, or Federal Holiday, the ACH Settlement Date reverts to the previous Friday.

For example; if the 2015 *Payment Schedule Key Dates* specifies Friday 07/31/2015 [not Saturday 08/01/2015] to advance-fund ACH's for 08/01/2015 payments, the user would input 07/31/2015, not 08/01/2015.

ix. Post Balancer Run Date - four business days after PA Check Run Date at 17:00:00

x. Additional Post Balancer Reconciliation: leave blank unless otherwise instructed by Balancer Administrator

c. Ask the BPD Program & Management Analyst who produces the *Monthly Payment Schedule* and *File Schedule* to verify all dates entered using the *Payment Calendar & File Verification E-mail.*

**WEEKLY PAYMENTS**

**Note** There are usually only 3 weekly files per month because there are typically no Off-Cycle payments run the same week as the Annuities & Specials check run date on the *Monthly Payment Schedule*. Generally, there are no weekly off-cycles processed around the fiscal year end 09/30 and the calendar year end 12/31.

d. Obtain the dates from the *Payment Schedule Key Dates* schedule.

e. Enter in each field

i. Payment Date – Friday's date

**Note** For entering weekly Payment Dates:

For Fridays dated 1, 2, or 15, use the next business day as the Payment Date. (The 1st of the month is reserved for monthly payments, the 2nd for "4049" payments, and the 15th for "SIDs.")

It is OK to use the same ACH Settlement date for both weekly and monthly payments.

When the last business day of the month is a Friday, use Thursday as the Payment Date.

ii. Pay Run Frequency - Weekly

iii. PBGC's Paying Agent - SSC

iv. Pre-Trial Balance Date – leave blank unless otherwise instructed by Trial Administrator

v. Last Outgoing File Date – 12:30 PM Tuesday

**Note** This is the date and time on or before which a payment must be approved for the payment date. It is **different** from the actual file transmission date and time, which is input on the Outgoing Transmissions Screen.

**Note** Spectrum uses this "Last Outgoing File Date" and time to enforce the Off-Cycle deadline date and time. For example, TP 29 Off-Cycle Payment specifies that weekly off-cycles with a 04/17/2015 payment date must be approved by NOON on Tuesday 04/14/2015. If we input 04/14/2015 at 12:30, Spectrum will not permit the user to approve a 04/17/2015 weekly off-cycle after 12:30 PM on Tuesday, 04/14/2015. We input 12:30 PM instead of exactly 12:00 PM to give Spectrum time to update all of the data and tables before it cuts off. If we wish to extend the deadline to 5:00 PM, we would input 04/14/2015 at 17:00 [military time] in the "Last Outgoing File Date" field. Spectrum would then permit approvals of 04/17/2015 dated weekly off-cycle payments up to 5:00 PM on 04/14/2015.

vi. Death Processing Date – leave blank because it is a placeholder for a future Spectrum enhancement

vii. PA Check Run Date – Thursday's date

**Note** Although the PA usually runs the weekly payments on Wednesdays, a Spectrum 4.0 edit ensures the Last File is sent before the PA check run date. By inputting Thursday's date, additional time becomes available to transmit the Wednesday file if problems exist.

viii. ACH Settlement Date - enter the same value as the Payment Date

ix. Post Balancer Run Date – three business days at 17:00:00 after payment date

x. Additional Post Balancer Reconciliation - leave blank unless otherwise instructed by Balancer Administrator

f. Ask the BPD Program & Management Analyst who produces the *Monthly Payment Schedule* and *File Schedule* to verify all dates entered using the *Payment Calendar & File Verification E-mail*.

## Prepare Checklist and Data Load Plans

2. Process Each Payment Cycle by creating a directory for the monthly pay cycle in the `I:\PRISM32\Integrator\FYYYY` folder and name it `YYYYMM`.

   - **Example**

     Name the folder 201509 for the September 2015 pay cycle and 201510 for the October 2015 pay cycle.

3. Use the *File Generation Checklist* to record the processing steps.

4. Finalize and place the *File Generation Checklist* in the monthly pay cycle folder by the 10th or previous business day of the following month.

   - **Example**

     The September 2017 pay cycle's checklist is due 09/10/2017.

5. Process the following plans as noted below.

   **For Data Load plans**

   a. Receive e-mails for new Data Load plans.

   b. Before the 1st file, verify that the plan numbers are setup at PBGC's Paying Agent, including the "sub-account" numbers "3, 4, 9 and Z" for each new plan.

      For example, new plan number "987654" should have 5 separate plan numbers setup on PLUS:

      i. 6-digit plan number, denote as 987654

      ii. 03 (disability payments) denote as 03-987654

      iii. 04 (death payments) denote as 04-987654

      iv. 9 (Roth IRA Rollovers) denote as 9-987654

      v. Z (Other [non-Roth] "split" Rollovers) denote as Z-987654

   c. If the plan is not set up, contact the user using the *STD E-mail to Setup Plan on PLUS*.

   **For new large plans (10,000 or more customers in pay status)**

   d. Discuss with PBGC's Paying Agent and agree upon a schedule for sending separate files containing the Data Load data for these large plans.

   e. Because of lengthy processing and file transfer times involved, it is best to send 20,000 customers or less in each file for new plans. For example, if the new plan has 60,000 customers, send three files of 20,000 each.

## Input Files

6. Two business days after the Payment and *File Schedule* are published:

   a. Verify Payment Calendars against the Payment and *File Schedule*.

   b. Input but do not approve File Transmission times and contents.

i. For each monthly and weekly payment calendar, schedule the files but do not approve them yet

ii. Retrieve the date and time from the *File Schedule*

iii. Use the following *Spectrum File Profiles* to define the contents of each file:

- Early file profile name: Monthly-Transmit All but OTP/BP
- OBA Cutoff file profile name: Monthly-All Payments
- Last Minute file profile name: Monthly-All Payments
- Weekly file profile name: Weekly-All Payments
- Trial Balance Date Time: This field is ONLY for the monthly OBA Cutoff file. Leave blank for other files. Enter 1:00 AM one business day after the date the Trial Balance Projection File is expected from SSC per the *File Schedule,* which is usually the same day as the OBA Cutoff file.

c. Ask the BPD Program & Management Analyst who produces the *Monthly Payment Schedule* and *File Schedule* to verify all dates entered using the *Payment Calendar & File Verification E-mail*.

7. By November 1st each year:

a. Agree on a date with PBGC's Paying Agent for an extra file containing name, address, and SSN changes to be sent in late December before they generate IRS Form 1099-R's.

b. Communicate this file date to the Management Analyst who is responsible for producing the *Monthly Payment Schedule*.

c. Schedule the file in Spectrum.

d. Input the date, time, and contents of the file using the Spectrum Standard Transmission Profile according to the *Spectrum File Profiles* called "Yearly-1099Rupdate".

e. Ask the BPD Program & Management Analyst who produces the *Monthly Payment Schedule* and *File Schedule* to verify the file entered using the *Payment Calendar & File Verification E-mail*.

## Process File

8. For each monthly and weekly payment cycle, send files according to the *Monthly Payment Schedule* and *File Schedule*.

a. On or before the first scheduled file for the processing month, approve the files for the monthly and weekly payment cycles for transmission. For example, monthly and weekly files for the 09/01/2016 payment cycle must be approved by 08/03/2016 (the date of the 1st weekly file).

9. Process the acknowledgment file.

a. Within one business day of each outgoing file generated, PBGC's Paying Agent sends an acknowledgment file.

b. Within one business day of each outgoing file generated, SSC uploads the PBGC *Integrator Transaction Detail Summary Report* (also known as the Line Count Report) to the PBGC Portal project "Benefit Payment Reports" under the folder "SLA_001_Integrator Trans Detail."

c. Within one business day of acknowledgment, confirm that the number of PBGC's Paying Agent transactions sent matches those received by PBGC's Paying Agent.

i. Run an *After Action Report*

The *After Action Report* is unable to run due to t7269.

BMA Operations posts the *After Action Reports* to the Portal at these times:

Early file: NOON on file date

OBA Cutoff file: NOON on file date

Last Minute file: NOON one business day after file date

Weekly files: NOON one business day after file date

ii. Compare the Line Count in the *After Action Report's* Outgoing Transmissions section to those reported on the Line Count Report using the *How to Check Line Count* exhibit. If the counts do not match, consult PBGC's Paying Agent and the PBGC Service Desk to determine why.

d. After verifying the line count in Spectrum, select "Approve to Load to Prod" for the acknowledgment file. This updates the customer records.

10. Process SSN changes.

a. Within one business day of each outgoing file generated, PBGC's Paying Agent places the *SSN Acknowledgment Report* in the PBGC portal project Benefit Payment Reports \ SLA_001_Integrator SSN Change Report folder.

b. Within one business day after the *SSN Acknowledgment Report* is received, upload the *SSN Acknowledgment Report* to the pay cycle directory in the BPB Integrator Operations portal project.

## 2. Reconcile Spectrum File Errors

**02/27/2017**

### VALIDATE

### Data Integrity Team

### Within two business days of acknowledgment:

**For each file:**

1. Validate both Transmission and Acknowledgment errors.

---

**Note** Exception for last minute file errors: Validate and distribute errors within two business days after the lump sum check run.

**Note** Transmission errors are generated any time a transaction is approved. The Error/Variance screen may show 99 transmission errors one day and 101 the next. DIT only processes transmission errors ONCE per FILE. DIT is not constantly looking for new transmission errors every day.

**Note** To confirm acknowledgment, look at the Outgoing Transmissions tab for the corresponding file date. The transmission status should read "Acknowledgment File Processed."

---

2. On the *SSN Acknowledgment Report*, review the SSN changes.
   - SSN changes also appear on the *Error Variance Report* with the message "Transaction was not acknowledged by the PA."
   - For SSN changes the Paying Agent did process, "resolve" the error in Spectrum.
   - For SSN changes the Paying Agent noted were not changed, create a CRM service request.

### For each error:

3. Create CRM service requests.

---

**Note** There are 4000 characters available to you if you desire to use it in the 'Additional Comments for Service' field. Do not use "#" or *any* special characters because Spectrum will truncate all text after and including these symbols.

---

**Note** Due to t7270 after creating each CRM service request,'re-filter' the Error/Variance screen.

---

### OUTSTANDING

### Pension Administrator (CSD, PVA, FBA)

1. Within one business day of service request creation date:
   a. Correct the error.
   b. Close the CRM service request, noting how it was resolved.
      If a Service Desk ticket was opened, include the SD number.

## VERIFY and RESOLVE

### Data Integrity Team

2. For each error in each file, within two business days of CRM service request creation, verify that the user closed the CRM service request.

---

**Note** Exception for "Account Master Not Found" Errors: By one business day before the next scheduled file.

---

3. If the CRM service request is still open, send *STD E-mail to Follow-Up on CRM Service Requests* to POC and ask them to resolve the error and close the CRM service request. Be sure to copy the Project Manager, Assistant Project Manager, and Outgoing File Administrator on the *STD E-mail*.
4. Re-queue the "Account Master Not Found" errors so they will be transmitted in the next Outgoing File (must be completed one business day before the next scheduled file).

---

**Note** In Spectrum, filter by Plan Number, then "Select All" so you don't have to re-queue thousands of transactions (if it's a large plan, for example) individually.

---

5. If the CRM service request was closed, on Spectrum's Verify tab, enter a Disposition and Disposition Reason and resolve the error. Include SD number if any.

## MONTH-END

### Outgoing File Administrator

6. On the *Error Variance Report*:
   a. By the 10th day of the pay cycle month or previous business day (example: by 10/10/2017 for the 10/01/2017 pay cycle), run an *Error Variance Report* from the Resolved tab.
   b. Verify the resolutions of the lesser of: 10 transactions or a 5% sample.
   c. Use PBGC's Random Number Generator to select the sample.
   d. Annotate which transactions were selected on the *Error Variance Report*.
   e. Paste the results of the Random Number Generator in the second worksheet in the Microsoft Excel workbook.
   f. Post it to the BPB Integrator Operations portal.

## 3. Run Reports

**02/27/2017**

### Outgoing File Administrator

1. By the 10th or previous business day of the pay cycle month, send the *Large Payment Report* to the Program Analyst in the OBA Director's Office.

   For example, the 05/01/2017 Payment Cycle's *Large Payment Report* is due on 05/10/2017.

   a. Run an *After Action Report*.

      - *After Action Report* does not run due to Spectrum t7263, BMA Operations posts the *After Action Report* to the portal by 17:00:00 on the last business day of the month.

   b. Send the PBGC Portal link to the Program Analyst in the OBA Director's Office, using the *Large Payment Report E-mail*.

2. By the 10th or previous business day of the pay cycle month, prepare an *After Action Memorandum* using the template and post it to the Portal.
3. Present the *After Action Memorandum* at the After Action Team meetings, usually scheduled by the BPB Branch Chief or designee.
4. Update the Paying Agent *SLA Acknowledgment File Report* by the 10th of the pay cycle month.
5. Post it to the appropriate pay cycle's folder in the portal project called "BPB Internal Controls Project".

   Folder path: _BPB PA SLA Program/Monthly Reporting/FYyyyy/yyyy_mm

# Resources for Transmitting Approved Transactions to PBGC's Paying Agent

**02/27/2017**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Exhibits:**

- *After Action Memorandum*
- *After Action Report Example*
- *Data Load Notification for Plan Number*
- *Death Process E-mail*
- *Error Variance Report*
- *File Generation Checklist*
- *File Schedule*
- *How to Check Line Count*
- *Large Payment Report E-mail*
- *Monthly Payment Schedule*
- *Payment Calendar & File Verification E-mail*
- *Payment Schedule Key Dates*
- *PBGC Transaction Detail Summary Report (Line Count)*
- *SLA Acknowledgment File Report*
- *Spectrum File Profiles*
- *SSN Acknowledgment Report*
- *STD E-mail*
- *STD E-mail to Follow-Up on CRM Service Requests*
- *STD E-mail to Setup Plan on PLUS*

# Trial Balance

**11/29/2011**

Trial Balance detects discrepancies in payment related data in either the Spectrum System or in PBGC's paying agent's payment system.

## In this Section

Overview for Trial Balance .....2
Workflow for Trial Balance .....3
Reconcile Variances .....4
Resources for Trial Balance .....6

# Overview for Trial Balance

**11/29/2011**

BAPD performs a Trial Balance before the annuity, special check and lump sum check runs to ensure that PBGC's paying agent makes only approved payments and to correct discrepancies (variances) between approved amounts and PBGC's paying agent's records before the check-run.

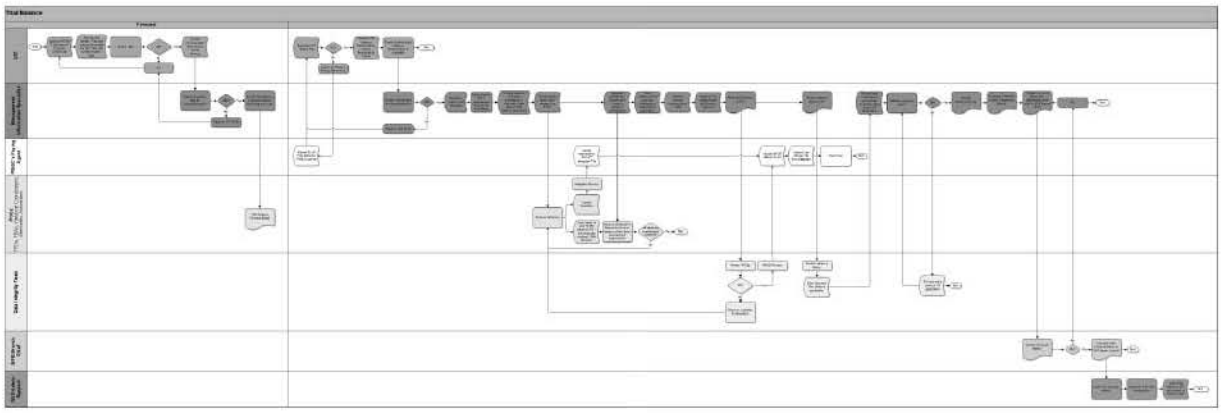
# Workflow for Trial Balance

**11/29/2011**

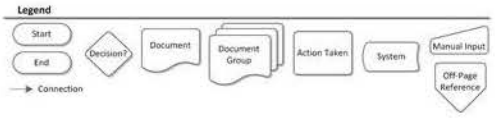
**Note** For a hard copy of the workflow, click on the link to the printable PDF version, and print to a plotter printer in landscape orientation for optimal output. Specify these options from the **Print** dialog box.

Click one of the following links to access a printable PDF version of the workflow:

- PDF of Workflow for Trial Balance



Workflow Legend



# Reconcile Variances

**11/20/2015**

| | |
|---|---|
| **Purpose** | To ensure that PBGC's paying agent makes only approved payments and to correct discrepancies (variances) between approved amounts and PBGC's paying agent's records before the check run. |
| **Guidance** | Trial Balance Desk Reference<br>Workflow for Trial Balance |
| **Procedure Owner** | Management Information Specialist |

The Management Information Specialist performs or monitors the performance of the monthly Trial Balance review and reconciliation of approved payments in the Spectrum system compared to projected payments in PBGC's paying agent's payment system before the annuity, special check, and lump sum check runs to ensure that the paying agent makes only authorized payments. Exceptions are identified and addressed in a timely manner in accordance with the published *Monthly Payment Schedule*, to ensure incorrect payments are not made.

The Trial Balance schedule is established for the entire fiscal year after key financial and non-financial processing dates are published. The Trial Balance forecast is scheduled to run at noon on the same day as the BAPD cutoff as published by BAPD. The Management Information Specialist schedules the Trial Balance forecasts using Trial Manager.

The process begins with the BAPD cut-off at which point the Second Integrator File is generated. The *Forecast of Approved Payments* is auto-run in the database and populates the tables with data. PBGC's paying agent updates the Second Integrator File and runs Trial Balance in PLUS. Trial Balance data is uploaded to the database and PBGC's paying agent sends an extract of the data to PBGC. The Management Information Specialist verifies receipt of automatically generated e-mail messages from Oracle Server Account signaling receipt and loading of the extract.

Refer to TP 11 Trial Balance of the BAPD Operations Manual for the following:

- Maintain the Trial Balance POC List.
- Trial Balance Variance Notification (TB Notify).
- Users Response to Variance Notification.

## Management Information Specialist

1. Review Forecast data for reasonableness.
2. E-mail *Forecast Detail Reports* to the distribution list.
3. Review variance data for reasonableness.
4. Identify false positives.
5. Select true variances and send to POCs, Variance Coordinators, and Managers.
6. Generate the *Distribution Report* and e-mail to all Variance Coordinators, Alternates, TPD Managers, Associates, and FBA Project Managers.
7. Give the *Variance Resolution Forms* and associated NFDE forms to the BPB Data Integrity Team to adjust Trial Balance and PLUS with the correct balance information.
8. Route NFDE to Data Integrity Team.
9. Process late submissions.
10. Validate data entry and correction codes.

11. Update `EOM_STAT.xls` on the PBGC Portal.
12. Prepare the *Closeout Memo & Timeliness of Non-Compliance Report* for the BPB Branch Chief detailing the monthly Trial Balance activity including the number of variances, accounting for false positives.
13. Research repeating variances after checks have been generated that could affect future cycle Trial Balance.

# Resources for Trial Balance

**09/30/2016**

**Forms, Letters, and Memos:**

*Variance Resolution Form*

**Customer Correspondence and Forms:**

None

**Guidance:**

Trial Balance Desk Reference

**Exhibits:**

- *Closeout Memo & Timeliness of Non-Compliance Report*
- *Distribution Report*
- `EOM_STAT.xls`
- *Forecast Detail Reports*

# NFDE

**08/30/2012**

The NFDE process is used to manually update PLUS by filing NFDE forms to add or change a participant's benefit payments outside of the normal check cycle and/or when Spectrum and PLUS are out of sync.

## In this Section

Overview for NFDE ..... 2
Workflow for NFDE ..... 5
NFDE Procedures ..... 6
Resources for NFDE ..... 17

# Overview for NFDE

**08/30/2016**

The NFDE process involves the transmission of payment-related transactions that cannot be handled through the automated process (AWA for approval and Integrator for transmission).

BPB staff enter transactional information into NFDE that formats the data for transmission to PBGC's paying agent. This mechanism is used:

- To make payments outside of the normal monthly payment cycle (weekly off-cycle payments).
- To accommodate transactions that fail due to system design limitations (for example, transaction 12, non-taxability of reissued checks) or program bugs.
- To issue instructions directly to PBGC's paying agent outside of the normal data transmission cycle for updates such as plan number changes (for example, SSN, Name, and Foreign Address) and to correct last minute problems such as duplicate payments that are discovered during the final preparations for issuing payments.

The following are key concepts and guidelines for use by TPD managers and team leads, PVA/FBA Project Managers, Associates, CORs, and EBLSs for avoiding incorrect payments:

- Key NFDE Concepts

NFDEs only update PBGC's paying agent's system (PLUS/PLUS Web), not Spectrum.

There are two components to a NFDE transaction:

1. Select **Transmit to BPB** in PLUS Web sends an e-mail to the NFDE mailbox with an attached spreadsheet.
2. Fax a completed and signed NFDE form to 202-326-4214 or 4216:
    - Do not use any other extension for NFDEs unless specifically directed to do so. BPB does not process NFDEs in a timely manner if misdirected to any number other than 4214 or 4216.
    - If the NFDE requires a signature by a TPD or RSD approver, do not use 4214 or 4216. Only properly completed and signed forms go to 4214 or 4216.

BPB processes NFDE transaction only when the faxed form is matched to the e-mailed spreadsheet:

- If BPB has a faxed form, but no e-mail, BPB alerts the submitter to the discrepancy.
- If BPB has an e-mail, but no faxed form, the transaction is not processed. Due to internal complexities, BPB is unable to isolate these discrepancies in time to the requester.

BPB's role is to verify the NFDE is properly authorized and the requested action is appropriate given the exact state of Spectrum and PLUS. Deadlines published on the monthly payment schedule are designed to ensure that BPB verifies the NFDE and requested action accurately. Please be mindful of the deadlines.

Due to PLUS constraints, the following types of NFDEs cannot be acknowledged in the normal way. BPB acknowledges them via an e-mail to the submitter no later than the second business day after the lump-sum split-check run:

- NFDEs intended to update an existing lump-sum payment.
- NFDEs intended to update an existing special check payment.
- NFDEs with an asterisk in any field (the asterisk indicates that the contents of the field are to be deleted).

- NFDEs that end a pay source.
- NFDEs intended to change the name, SSN, or plan number.

  These NFDEs must have “Name change,” “SSN change,” or “Plan number change,” written on the top.

Except for off-cycles and purged check reissues, which are transmitted each Wednesday, NFDEs are not transmitted to PBGC's paying agent until the date indicated on the monthly payment schedule, which is 3:00 P.M. on the same day as the last Integrator file. Verify that the NFDE was processed by checking the ledger. Consult payment or ledger schedule for dates the ledgers post.

- Instructions for paying lump sums and relevant workarounds

Refer to the *Spectrum User Manual* for instructions to create a one-time payment.

Refer to Appendix L of the *Spectrum User Manual* for instructions for changing and stopping back payments and one-time payments.

- Action type ADD versus UPDATE

If you select the wrong action type, the NFDE will likely not get transfered to PLUS.

**Action type UPDATE:** An **UPDATE** is used if there is a benefit on PLUS that needs to be modified.

> **Example 1**: PLUS is setup to pay a $500 special, but it should be $400. **UPDATE** the amount from $500 to $400.
>
> **Example 2**: An individual who is receiving a monthly payment has changed their address. UPDATE the address in PLUS.

**Action type ADD:** An **ADD** is used if a new benefit needs to be created on PLUS.

> **Example 1**: A $1,000 special check did not get processed in time and therefore is not in PLUS. **ADD** a new $1,000 payment.
>
> **Example 2**: A new retiree’s benefit remains queued in Spectrum. ADD the new payee to PLUS.

- Payment Frequency

If a payment frequency is mishandled, the NFDE may not be transferred to PLUS. Regardless of the payment frequency, the amount displayed by Spectrum is the equivalent monthly amount. Multiply the Spectrum amount by the appropriate factor to get the NFDE amount.

> **Example**: An annual payment of $120 displays in Spectrum as $10 per month.

For **annual payments**, multiply the Spectrum amount by 12 to get the NFDE amount.

> **Example**: A semi-annual (twice a year) payment of $600 displays in Spectrum as $100 per month.

For **semi-annual payments**, multiply the Spectrum amount by six to get the NFDE amount.

> **Example**: A quarterly payment of $240 displays in Spectrum as $80 per month.

For **quarterly payments**, multiply the Spectrum amount by three to get the NFDE amount.

- Recoupments

If a recoupment is mishandled, do not transfer the NFDE to PLUS.

On the NFDE, put the amount that remains after the recoupment amount is deducted.

**Example**: PLUS is set up to pay $1,000 monthly and a monthly $100 recoupment is implemented, then the amount that goes into the NFDE is $900.

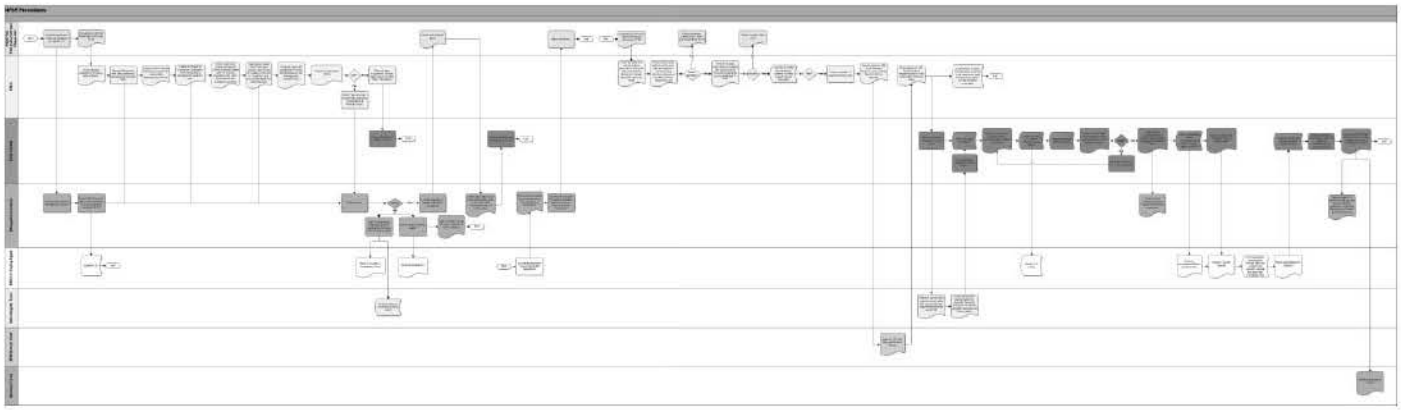
# Workflow for NFDE

**11/30/2012**

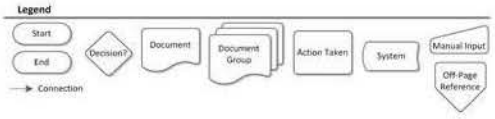
**Note** For a hard copy of the workflow, click on the link to the printable PDF version, and print to a plotter printer in landscape orientation for optimal output. Specify these options from the **Print** dialog box.

Click one of the following links to access a printable PDF version of the workflow:

- PDF of Workflow for NFDE



Workflow Legend



# NFDE Procedures

**08/30/2016**

| | |
|---|---|
| **Purpose** | To update the paying agent's system directly, outside of the Spectrum/AWA/Integrator process. |
| **Guidance** | *Spectrum Known Issues*<br>*Spectrum User Manual* |
| **Procedure Owner** | NFDE Team, Data Integrity Team, Management Analyst, Senior Pension Administrator |

## In this Section


1. Complete Monthly Adjustment Forms ..... 7
2. Complete Off-Cycle Request Forms ..... 8
3. Review and Audit Data for Quality Control ..... 9
4. Complete Lump Sum Check and Special Check Updates 10
5. Rectify NFDE Data ..... 11
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7. Receive the Acknowledgment Reports ..... 13
8. Update PLUS for Items Not Supported by NBX/PLUS .. 14
9. Verify Reissue Purged Check Payment NFDE Form..... 15

# 1. Complete Monthly Adjustment Forms

**11/20/2015**

TPDs, FBAs, and Plan Administrators complete the *Monthly Adjustment Forms*.

## Senior Pension Administrator

1. Check the *Monthly Adjustment Forms* for data problems.
2. Place all other forms with data problems in the Management Analyst's inbox and log the transaction into the *NBX Spreadsheet* with a comment to the Management Analyst.
3. Check for *Return of Employee Contribution Forms*.
4. Place the *Return of Employee Contribution Forms* into the Management Analyst's inbox.
5. Check the *Lump Sum Check Forms* and *Special Check Forms* for update code "2" in the **Action Type** field.

   If the update code "2" is present in the **Action Type** field, log the transaction into the *NBX Spreadsheet* with an Exception comment.
6. Check the top of the *Lump Sum Check Forms* and *Special Check Forms* for the notation “Revised or Correction.”

   If “Revised or Correction” notation is present, place the *Lump Sum Check Forms* and *Special Check Forms* in the Management Analyst's inbox.
7. Place forms with an asterisk "*" in any field in the Management Analyst's inbox.
8. Check for *Adjustment Forms* and write “Late” on the form near the received stamp for *Adjustment Forms* received between 4:00 P.M. Trial Tuesday through 12:00 P.M. Friday:
   a. Place the late *Adjustment Forms* in the Management Analyst's inbox.
   b. Place all other *Adjustment Forms* in the Data Control All Other NBX Transactions inbox by 4:00 P.M. Trial Tuesday.

## Management Analyst

9. Fax the forms to PBGC's paying agent.
10. Stamp “FAXED” at the top of the form and return the forms to the Senior Pension Administrator.

## 2. Complete Off-Cycle Request Forms

**11/20/2015**

TPDs, PAs, and FBAs complete the *Off-Cycle Payment Request Forms* per TP 29 Off-Cycle Payment. The BPB Branch Chief reviews the *Off-Cycle Payment Request Forms* and supporting documentation to make a determination to approve or disapprove the request.

All *Off-Cycle Payment Request Forms* received after 12:00 P.M. Tuesday are considered late and are processed at the BPB Branch Chief's discretion. The BPB Branch Chief reviews all of the late *Off-Cycle Payment Request Forms* and determines whether to take any of the following actions:

- Process the payment in the current NBX payment cycle.
- Fax the form to PBGC's paying agent.
- Delay processing until the next NBX payment cycle.
- Disapprove the request per BAPD Technical Procedure 29.

### Senior Pension Administrator

1. Retrieve the *Off-Cycle Payment Request Forms* from the inbox by 12:00 P.M. Tuesday.
2. Check the amounts to verify that the totals are correct and that the amounts on the *Off-Cycle Payment Request Memorandum* and the manual data entry forms are equal.
3. Check the manual data entry forms to verify that they are approved correctly. Use the *Spectrum Approvers List* and *Manual Form Approvers List* to verify that the Approver is an approved approver and has the level of authority to approve the requested transaction.
4. Check the forms for completeness:
   a. Contact the requesting division or FBA if the request is incomplete or more information is needed.
   b. Ask the requestor to make the necessary corrections to forms and resubmit per BAPD Technical Procedure 29 if unable to correct the data.
5. Check to verify an *Annuity Check Form* is included with the *Special Check Form* if the participant is not established in PLUS.
   - Contact the requestor to have the form submitted if the *Annuity Check Form* is required but not included.
   - Inform the requestor that the Off-Cycle payment request cannot be completed until the *Annuity Check Form* is completed and submitted.
6. Check the PLUS, NBX, and Spectrum systems to verify the request has not already been paid.
   - If the request has been paid, inform the requester.
7. Submit all screened *Off-Cycle Payment Request Forms* to the BPB Branch Chief for approval.
8. Place the approved *Off-Cycle Payment Request Forms* in the Data Control NBX Off-Cycle inbox by 4:00 P.M. Tuesday.
9. Check PLUS to verify that a duplicate payment is not set up to be paid that month on check-run day.
10. Take a screen shot of the PLUS screen showing that no payment is set up and include the printout in the off-cycle file.

## 3. Review and Audit Data for Quality Control

**03/28/2013**

The Senior Pension Administrator retrieves the *manual data entry forms* from the Data Control inbox and reviews them for quality control.

### Account Auditor

1. Retrieve the *manual data entry forms* from the inbox and check each form against the data entered into the NFDE application to ensure the data on the *manual data entry forms* is the same as the data entered into the NFDE application.
    - Circle the field to identify where a correction is required if a difference is found.
2. Group all checked *manual data entry forms* by "forms for correction" and "forms complete" and return to Data Control.
3. Give Off-Cycle corrections to Data Control no later than 9:00 A.M. Wednesday.
4. Give Adjustment corrections to Data Control no later than 9:00 A.M. Trial Thursday.

# 4. Complete Lump Sum Check and Special Check Updates

**11/20/2015**

Lump Sum Check and Special Check updates are not supported by NBX or PLUS.

## Management Analyst

1. Retrieve the *Lump Sum Check Forms* and *Special Check Forms* from the inbox.
2. Review the *Lump Sum Check Forms* and *Special Check Forms* to determine if the requested transaction is correct:
   - Fax to PBGC's paying agent if the forms are correct.
   - Contact the requestor to explain the necessary corrections if the forms are incorrect.
     a. Request a new or revised form be sent to BPB with the term **Revised or Correction** and **Attention** with the name of the assisting Management Analyst written at the top.
     b. Instruct the requestor to send the corrected approved manual form to PBGC BPB by fax or forward to the Data Integrity Team Lead, Attn: BPB Manual Collection Box; provide information regarding any applicable processing deadlines.

## 5. Rectify NFDE Data

**03/28/2013**

### Management Analyst

1. Retrieve the incomplete or incorrect form from the inbox.
2. Review each form with missing or incorrect data along with the explanation provided to clarify the error and to determine the best approach to correct the error.
3. Contact the requester to explain how to make the necessary corrections.
   a. Request a new or revised form be sent to BPB with the term **Revised or Correction** and **Attention** with the name of the assisting Management Analyst written at the top.
   b. Instruct the requester to fax the corrected and approved manual form to the PBGC BPB or forward it to the Data Integrity Team Lead, Attn: BPB Manual Collection Box, and provide information regarding any applicable processing deadlines.
4. Retrieve revised forms marked **Revised or Correction** and addressed to them from the inbox.
5. Review the form to determine if the requestor corrected the form as advised.
   - Follow the incorrect forms steps listed above if still incorrect.
   - Initial the upper right corner of the form and place the form in the All Other NBX Transactions inbox in Data Control if correct by 1:00 P.M. Trial Wednesday.
6. Receive an e-mail notification from PBGC's paying agent listing the failed NBX transactions and an explanation of the error.
7. Retrieve the forms associated with failed NBX transactions from the inbox.
8. Review the forms to clarify the error and to determine the best approach to correct the error.
9. Contact the requestor within two business days following receipt of e-mail from PBGC's paying agent to explain the transaction failure, how to make necessary corrections, provide alternative approaches for getting the requested transaction processed, and any applicable processing deadlines.

# 6. Process NBX Files

**03/28/2013**

## Data Control

1. Run queries to verify that the following fields are correct:
   - Case Number
   - SSN
   - Name
2. Initiate the steps to generate the *Transaction Spreadsheets* for the combined data entered into NFDE for all the FBAs and Management Analyst:
   - `MasterPensionAddmmddyyyy.xls`
   - `MasterPensionChangemmddyyyy.xls`
   - `MasterLumpSumAddmmddyyyy.xls`
   - `MasterSpecialAddmmddyyyy.xls`

   The current date is input in the mmddyyyy format to identify the date the file is sent to PBGC's paying agent.
3. Generate the weekly Off-Cycles by 12:00 P.M. Wednesday to PBGC's paying agent.
4. Generate the monthly Adjustment files by 6:00 P.M. Trial Tuesday.
5. Check the *Control Total Reports* against the *Audit Spreadsheets* to verify that the totals are equal:
   - `MasterPensionAddmmddyyyy.xls`
   - `MasterPensionChangemmddyyyy.xls`
   - `MasterLumpSumAddmmddyyyy.xls`
   - `MasterSpecialAddmmddyyyy.xls`

   a. Research the variances and make corrections if the totals are not equal.

   b. Re-generate the spreadsheets and create and recheck the *Control Total Reports* after corrections are made.
6. Notify the Management Analyst that the *Audit Spreadsheets* are ready for certification.
7. Place a copy of the *Control Total Report* and *Audit Spreadsheets* in the Management Analyst's inbox.
8. Send the consolidated *Master Spreadsheets* via NBX File Exchange to PBGC's paying agent.
9. E-mail the *Control Total Reports* to PBGC's paying agent.
10. Move the *Transaction* and *Audit Spreadsheets* to the archive spreadsheet directory after successful upload to the NBX File Exchange.

    PBGC's paying agent runs the *Transaction Spreadsheets* through NBX and creates PLUS pension, special, and lump sum transaction files.

# 7. Receive the Acknowledgment Reports

**11/20/2015**

## Data Control

1. Receive the *Acknowledgement Report* from PBGC's paying agent.
2. Receive the *Off-Cycle Acknowledgment Report* by Monday following Wednesday's file transmission.
3. Receive the *Adjustment Acknowledgement Report* by Friday the week following Thursday's file transmission.
4. Generate entries into an acknowledgment table in NFDE.
5. Notify the submitter by e-mail of the successful transaction.
6. Move the *Acknowledgment e-mail* to the archive e-mail acknowledgment directory.
7. Provide the *PBGC's Paying Agent Error Report* and NFDE forms to the Management Analyst with explanation of the exceptions attached.
8. Provide a copy of the *PBGC's Paying Agent Error Report* to the BPB Balancer Team to aid in Integrator research.

## Management Analyst

9. Analyze the reason for the failed transactions and provide advice and guidance to the submitter regarding the best method to correct the error.
10. Resolve the exceptions and determine the disposition of the request within five business days.

## 8. Update PLUS for Items Not Supported by NBX/PLUS

**03/28/2013**

Users request the following updates to PLUS that NBX or PLUS do not support:

- SSN Change.
- SSN Name Change.
- Case Change.
- Starting or Stopping QDRO Deduction.

### Management Analyst

1. Review the e-mail request and verify it is from a manager and if it is correct.
2. E-mail PBGC's paying agent with instructions to make the requested changes to the PLUS data.
3. Review the *Employee Contribution Form* to ensure it is complete and correct.
   - Contact the user to address the problem and request a new or revised *Employee Contribution Form* if it is incomplete or incorrect.
   - Sign the *Employee Contribution Form*, make a copy, and mail the original to PBGC's paying agent by overnight mail.
4. Submit the copied *Employee Contribution Form* to the Data Integrity Team Lead to imaged to IPS.
5. Retrieve the *Late Adjustment Forms* from the inbox.
6. Review the *Late Adjustment Forms* to determine the purpose for the form and decide if the transaction must be processed due to special circumstances.
   - Submit the *Late Adjustment Forms* to Data Control to be processed in the current payment cycle.
   - Notify the requester by e-mail that the form was received late and that the requested transaction will not be processed in the current payment cycle unless there are special circumstances.
     a. Provide the requestor with alternative approaches for getting the requested transaction processed.
     b. Provide a reference to the *Monthly Payment Schedule*.
     c. Carbon copy: the BPB Branch Manager, BPB Management Analyst, and BPB Paying Agent COR.

# 9. Verify Reissue Purged Check Payment NFDE Form

**11/20/2015**

Checks become stale dated 180 days after the issue date, and can no longer be cashed. Funds from stale dated checks are returned to the PBGC Trust Account.

Each month PBGC's paying agent sends a *Purged Check Listing* to BPB of all checks that are not cashed, are outstanding for more than 180 days, and are stale dated.

## BPB Reissue Purged Check Coordinator

1. Generates a *Purged Check Report* no later than the last week of the month after receiving the *Purged Check Listing.*
2. Distributes an individualized report to each responsible Mail POC.

   FBAs fax requests for Reissue Purged Check NFDE forms to (202) 326-4214 or (202) 326-4216.

## BPB Reissue Purged Check Processor

1. Review each submitted Reissue Purged Check NFDE form and verify that it adheres to the following criteria:
   - Form Type: Is **Reissue Purged**.
   - Action Type: Is **Add**.
   - Submitter: Signed the form.
   - Submitter's name or User ID: Printed on the form.
   - Approver: Signed the form.

     Verify that the designated approver is on the list of AWA Approvers for NFDE.
   - Check Date: Matches the date on the BPB Payment Schedule.
   - Amount: Check the list of AWA Approvers for the NFDE Team to verify that the designated approver is authorized to approve the payment amount on the form.

   Does not meet the criteria above, e-mail the submitter indicating that the form does not meet the criteria and provide a reason for the rejection.
2. Locate the participant's record in PLUS Web.
3. Verify the following information submitted on the Reissue Purged Check NFDE form matches the participant's record in PLUS Web:
   - **Participant Search** page, enter the **SSN** to verify the following item:
     - SSN
   - **Search Results** page:
     - Case Number: Matches Account ID on form.
     - Address
     - Name
   - **Pension Recurring Participant Details** page:
     - Participant status: Is **Active**.

- Union ID: Matches Payment ID on form.

- **Pension Check Ledger History** page:
  - Check Number
  - Check Date
  - Payment Status: Is **Purged**.
  - Amount: Is net amount.

  If the address does not match the information in PLUS Web, check Spectrum.

  The information in Spectrum takes precedence. If any of the other items listed do not match the participant's record in PLUS Web, e-mail the submitter indicating the form does not match the participant's record, and provide a reason for the rejection.

4. Deliver the verified forms to the NFDE team to process.

# Resources for NFDE

**09/30/2016**

**Forms, Letters, and Memos:**

- *Annuity Add Check Form*
- *Annuity Check Paper Form*
- *Annuity Update Check Form*
- *Lump Sum Check Form*
- *Lump Sum Check Paper Form*
- *Off Cycle Memo*
- *Return of Employee Contribution Memo*
- *Special Check Form*
- *Special Check Paper Form*

**Customer Correspondence and Forms:**

None

**Guidance:**

- *Spectrum Known Issues*
- *Spectrum User Manual*

**Exhibits:**

- *Acknowledgment E-mail*
- *Acknowledgment Report*
- *Annuity Change Control Totals*
- *Audit Annuity Add Spreadsheet*
- *Audit Annuity Change Spreadsheet*
- *Audit Lump Sum Check Spreadsheet*
- *Audit Special Check Spreadsheet*
- *Key NFDE Concepts E-mail*
- *Lump Sum Control Totals*
- *PBGC's Paying Agent Error Report*
- *Return of Employee Contribution Spreadsheet*
- *Special Check Control Totals*

# Other Pre-Check Run Discrepancy Reports

**11/20/2015**

Each month the BPB Management Analyst identifies and corrects payments that may be incorrect before the monthly check-run. The date varies according to the *Monthly Payment Schedule* posted on PBGC's Intranet. The Reports used in this process include:

- *More Than One Pay Source Report*
- *Missing Payment ID Report*
- *Negative Check Report*
- *Inconsistent Pay Status Report*
- *AS Control Report*
- *Status 3 Report*

## In this Section


Duplicate Pay Source Report .....2
Missing Payment ID Report.....8
Negative Check Report .....13
Inconsistent Pay Status Report .....18
Approval Service Control Report .....23
Status 3 Report.....28

# Duplicate Pay Source Report

**11/20/2015**

The *More Than One Pay Source Report* is commonly referred to as the *Duplicate Payment Report* because it lists payees with more than one pay source that may be getting incorrect payments.

## In this Section

Overview for Duplicate Pay Source Report ..... 3
Workflow for Duplicate Pay Source Report ..... 4
Determine Cause of Duplicate Pay Source ..... 5
Resources for Duplicate Pay Source Identification ..... 7

# Overview for Duplicate Pay Source Report

**08/30/2011**

The purpose of this process is to identify and correct PLUS pay source records that may produce incorrect payments prior to the check-run, to ensure participant's benefit payment is accurate, and to ensure benefit payments are accurately posted to participant ledgers in Spectrum/PRISM.

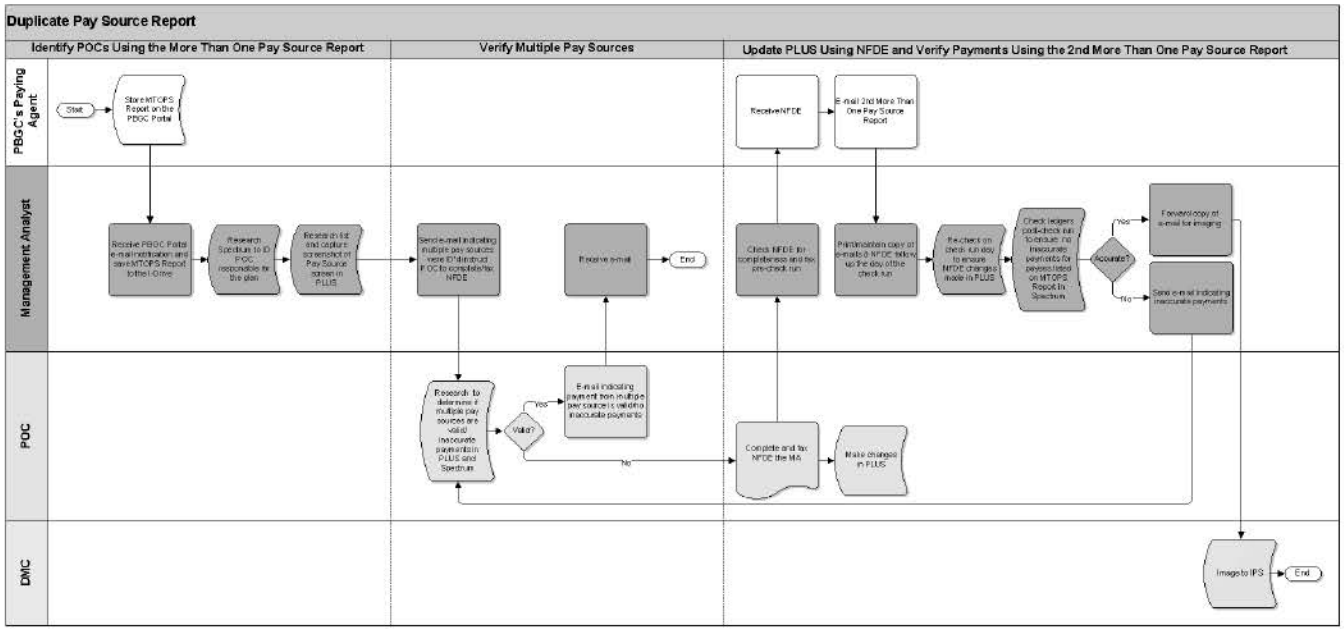
# Workflow for Duplicate Pay Source Report

**08/30/2011**

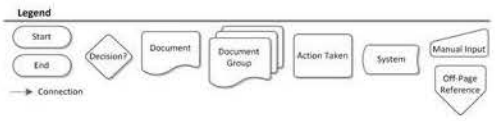
**Note** For a hard copy of the workflow, click on the link to the printable PDF version, and print on Tabloid size paper (11" x 17") in landscape orientation for optimal output. Specify these options from the **Print** dialog box.

Click one of the following links to access a printable PDF version of the workflow:

- PDF of Workflow for Duplicate Pay Source Report




Workflow Legend



# Determine Cause of Duplicate Pay Source

**11/20/2015**

| | |
|---|---|
| **Purpose** | To identify and correct PLUS pay source records that may produce incorrect payments prior to the check run; to ensure benefit payments are accurately posted to participant ledgers in Spectrum/PRISM. |
| **Guidance** | TP 28<br>NFDE<br>Trial Balance<br>Workflow for Duplicate Pay Source Identification |
| **Procedure Owner** | BPB Management Analyst, POC |

PBGC's paying agent stores the *More Than One Pay Source Report* on the PBGC Portal. PBGC's paying agent receives the NFDE and e-mails the *More Than One Pay Source Report E-mail* to the Management Analyst.

## BPB Management Analyst

1. Receive the *More Than One Pay Source Report Portal E-mail* that the *More Than One Pay Source Report* was uploaded.
2. Research each name on the list using PBGC Image Viewer, Case Management System (CMS), and Spectrum to identify the POC for the plan and determine potential cause of the negative check and a corrective action.
3. Research each name on list in PLUS and obtain screenshot of *Pay Source* screen.
4. E-mail the POC, POC Supervisor, and Cc: the Management Analyst indicating multiple pay sources were identified during trial balance that need to be reviewed:
   - Indicate the payee is scheduled to receive payment from more than one pay source.
   - Instruct POC to complete a NFDE form to correct the pay source if necessary.
   - Instruct POC to forward the approved NFDE form to the attention of the Management Analyst.
5. Receive e-mail from the POC indicating the data was valid or invalid.
   - If data is invalid, receive the NFDE. Check to ensure that it is correct, signed, dated, properly approved, and fax to PBGC's paying agent before the check-run.
6. Receive the *More Than One Pay Source Report E-mail* on check-run day, use the report to monitor corrections, and repeat steps 1-5.
7. Print and maintain copies of e-mails and NFDE for follow up the day of the check-run.
8. Re-check PLUS on check-run day to ensure NFDE changes were made.
9. Check Spectrum ledgers following check run to ensure no inaccurate payments for payees listed on the *More Than One Pay Source Report*.
   - If the data is accurate, forward copy of e-mail to DMC for imaging to IPS.
   - If the data is inaccurate, send e-mail to POCs indicating inaccurate payments.
10. Make changes in PLUS.

## POC

11. Receive e-mail and research PLUS and Spectrum to determine if multiple pay sources are valid or if there are inaccurate payments.
    - If the data is valid, e-mail the BPB Management Analyst indicating the payment from multiple pay sources is valid.
    - If the data is invalid, complete a NFDE and forward it to the Management Analyst.

# Resources for Duplicate Pay Source Identification

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

- *Duplicate Pay & Status 3 Report E-mail*
- *Duplicate Pay & Status 3 Report E-mail 2*
- *Duplicate Payment E-mail*
- *Monthly Payment Schedule*
- *More Than One Pay Source Report*
- *More Than One Pay Source Report E-mail*
- *More Than One Pay Source Report Portal E-mail*
- *Multi Pay Report E-mail*

# Missing Payment ID Report

**11/20/2015**

The *Missing Payment ID Report* process is executed to identify and correct PLUS payment records that do not have a Payment Identification Number (referred to as a Payment ID or Union ID in PLUS) before the monthly check-run. Ensure benefit payments are accurately posted to participant ledgers in Spectrum/PRISM.

## In this Section

Overview for Missing Payment ID Report ..... 9
Workflow for Missing Payment ID Report ..... 10
Determine Cause of Missing Payment ID ..... 11
Resources for Missing Payment ID Report ..... 12

# Overview for Missing Payment ID Report

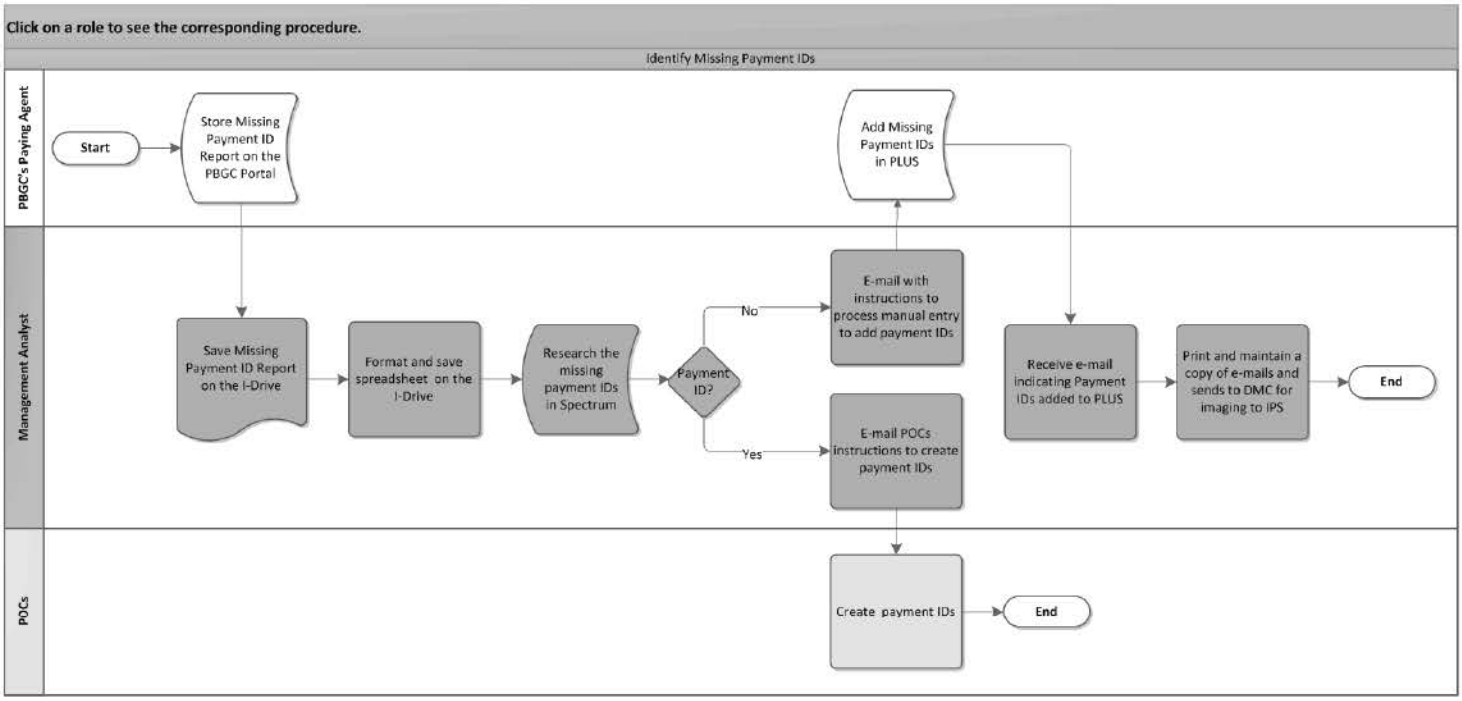
**11/20/2015**

PBGC's paying agent generates and sends the *Missing Payment ID Report* twice monthly. The date is variable and can be found on the *Monthly Payment Schedule* on PBGC's Intranet. The first report is received from PBGC's paying agent the first day Trial Balance is sent. PBGC's paying agent sends an e-mail notification on the Check-Run Date to ensure all missing Payment ID's are identified and corrected before the check-run.

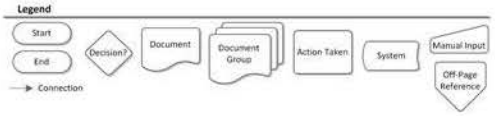
# Workflow for Missing Payment ID Report

**08/30/2011**

**Note** Print workflows in landscape orientation on legal-sized paper for optimal output. Specify these options from the **Print** dialog box.




## Workflow Legend



# Determine Cause of Missing Payment ID

**11/20/2015**

| | |
|---|---|
| **Purpose** | To identify and correct PLUS pay source records that may produce incorrect payments prior to the check run; to ensure benefit payments are accurately posted to participant ledgers in Spectrum/PRISM. |
| **Guidance** | TP 28<br>NFDE<br>Trial Balance<br>Workflow for Missing Payment ID Report |
| **Procedure Owner** | BPB Management Analyst |

PBGC's paying agent stores the *Missing Payment ID Report* on the PBGC Portal each month and makes manual changes in PLUS to add Payment ID to the participant's payment record. DMC images e-mails to IPS.

## BPB Management Analyst

1. Receive the *Missing Payment ID Report Portal E-mail* containing the first *Missing Payment ID Report*.
2. Research Spectrum and Approval Worklist Application (AWA) to identify the missing Payment ID for each name on the list.
   - If a Payment ID does exist e-mail PBGC's paying agent *instructions* to manually enter a participant's Payment ID in PLUS.
   - If no Payment ID exists, e-mail POCs *instructions* to create a Payment ID.
3. Receive reply e-mail from PBGC's paying agent indicating action taken to add Payment ID in PLUS.
4. Print and maintain a copy of e-mails to use the day of the check run to ensure requested changes were made.
5. Forward a copy of the e-mails to DMC for imaging to IPS.

# Resources for Missing Payment ID Report

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

- *Missing Payment ID PLUS E-mail*
- *Missing Payment ID PLUS E-mail 2*
- *Missing Payment ID Report*
- *Missing Payment ID Report Portal E-mail*
- *Missing Payment ID User E-mail*
- *Monthly Payment Schedule*

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**Note** If you click on a document hyperlink and receive an access denied error page, contact the Administrator of the BPB Procedures Project portal.

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# Negative Check Report

**11/20/2015**

The *Negative Check Report* process is executed to identify and correct PLUS payment records that have a negative check amount which results in no payment being made to the participant before the monthly check-run; and to ensure timely and accurate benefit payments are issued to the participant; to ensure benefit payments are accurately posted to participant ledgers in Spectrum/PRISM.

## In this Section

Overview for Negative Check Report ..... 14
Workflow for Negative Check Report ..... 15
Determine Cause of Negative Check ..... 16
Resources for Negative Check Report ..... 17

# Overview for Negative Check Report

**11/20/2015**

PBGC's paying agent sends the *Trial Run Net Negative Report* monthly after Trial Balance and Last File. The date is variable and can be found on the *Monthly Payment Schedule* on PBGC's Intranet.

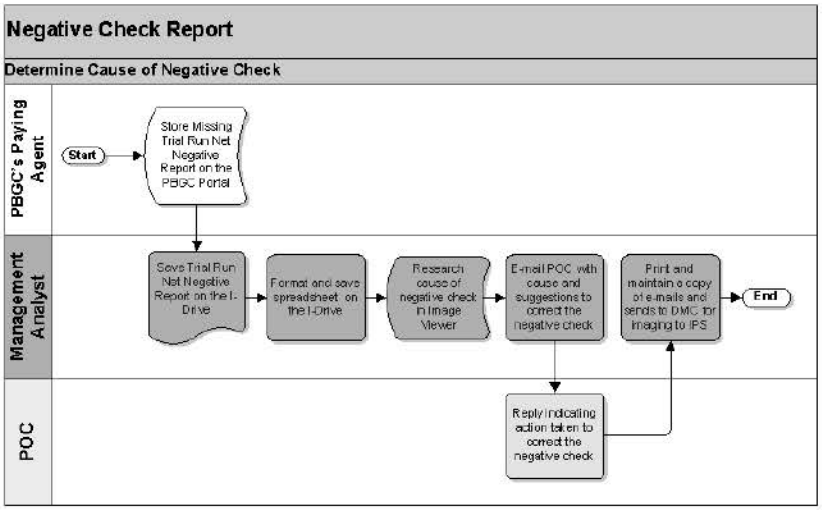
# Workflow for Negative Check Report

**08/30/2011**

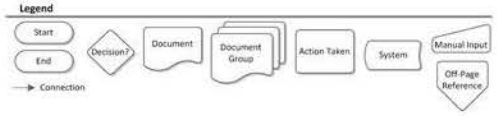
**Note** For a hard copy of the workflow, click on the link to the printable PDF version, and print on Letter size paper (8.5" x 11") in landscape orientation for optimal output. Specify these options from the **Print** dialog box.

Click one of the following links to access a printable PDF version of the workflow:

- PDF of Workflow for Negative Check Report




Workflow Legend



# Determine Cause of Negative Check

**11/20/2015**

| | |
|---|---|
| **Purpose** | To identify and correct PLUS pay source records that may produce incorrect payments prior to the check run; to ensure benefit payments are accurately posted to participant ledgers in Spectrum/PRISM. |
| **Guidance** | TP 28<br>NFDE<br>Trial Balance<br>Workflow for Negative Check Report |
| **Procedure Owner** | BPB Management Analyst |

PBGC's paying agent stores the monthly *Trial Run Net Negative Report* on the PBGC Portal. The Management Analyst *e-mails* the POC regarding the negative check and receives a reply indicating corrective actions taken. DMC images the e-mails to IPS.

## BPB Management Analyst

1. Receive the *Trial Run Net Negative Report Portal E-mail* containing the *Trial Run Net Negative Report*.
2. Research each name on the list using PBGC Image Viewer, Case Management System (CMS), and Spectrum to identify the POC for the plan and determine potential cause of the negative check and a corrective action.
3. E-mail the POC indicating what may have caused the negative check and suggestions for correcting the participant's payment record at PBGC's paying agent, so that eligible participants can receive their benefits in a timely fashion.
    - If the research finds that a medical deduction is more than the check, PBGC's paying agent adjusts the benefit accordingly.
    - If the benefit is reduced, the POC will adjust taxes in Spectrum and PLUS.
4. Receive reply e-mail from the POC indicating the action taken to correct the negative check.
5. Print and maintain a copy of the e-mails to use the day of the check-run to monitor the status of the negative checks.
6. Forward a copy of the e-mail to DMC for imaging to IPS.

# Resources for Negative Check Report

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

- *Monthly Payment Schedule*
- *Negative Check E-mail*
- *Trial Run Net Negative Report*
- *Trial Run Net Negative Report Portal E-mail*

# Inconsistent Pay Status Report

**08/30/2011**

The Inconsistent Pay Status process is executed to identify and correct participant records in PLUS where the participant is in more than one plan and the payee status is different between the two plans; to ensure accurate benefit payments and prevent potential over payments.

## In this Section

Overview for Inconsistent Pay Status Report ..... 19
Workflow for Inconsistent Pay Status Report ..... 20
Determine Cause of Inconsistent Pay Status ..... 21
Resources for Inconsistent Pay Status Report ..... 22

# Overview for Inconsistent Pay Status Report

**11/20/2015**

PBGC's paying agent stores the *Inconsistent Status Report* on the PBGC Portal each month after Trial Balance. The date is variable and can be found on the *Monthly Payment Schedule* on PBGC's Intranet.

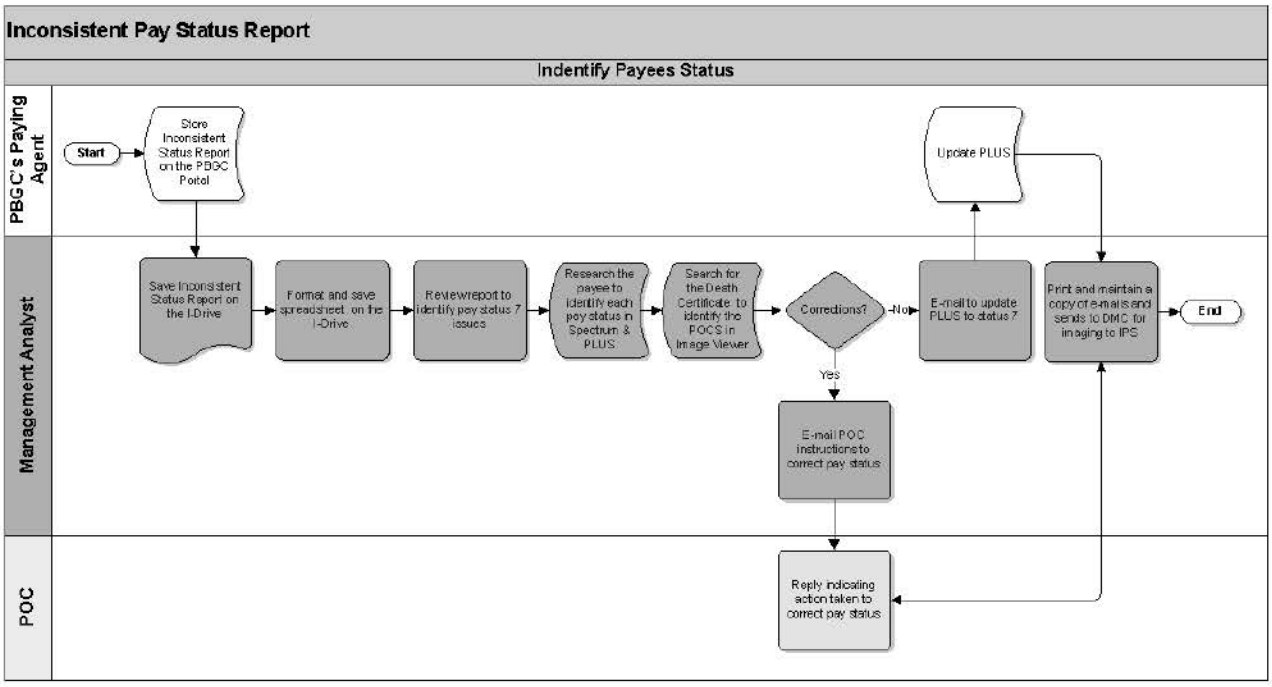
# Workflow for Inconsistent Pay Status Report

**08/30/2011**

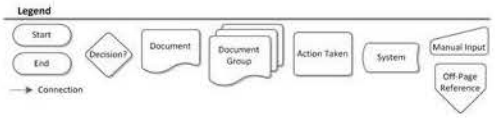
**Note** For a hard copy of the workflow, click on the link to the printable PDF version, and print on Legal size paper (8.5" x 14") in landscape orientation for optimal output. Specify these options from the **Print** dialog box.

Click one of the following links to access a printable PDF version of the workflow:

- PDF of Workflow for Inconsistent Pay Status Report




Workflow Legend



# Determine Cause of Inconsistent Pay Status

**11/20/2015**

| | |
|---|---|
| **Purpose** | To identify and correct PLUS pay source records that may produce incorrect payments prior to the check run; to ensure benefit payments are accurately posted to participant ledgers in Spectrum/PRISM. |
| **Guidance** | TP 28<br>NFDE<br>Trial Balance<br>Workflow for Inconsistent Pay Status Report |
| **Procedure Owner** | BPB Management Analyst |

PBGC's paying agent stores the monthly *Inconsistent Status Report* on the PBGC Portal. The Management Analyst *e-mails* the POC regarding inconsistencies between plans and receives a reply indicating corrective actions taken. PBGC's paying agent makes manual changes in PLUS to update pay status accordingly. DMC images the e-mails to IPS.

## BPB Management Analyst

1. Receive the *Inconsistent Status Report Portal E-mail* containing the *Inconsistent Status Report*.
2. Review report to identify Pay Status 7 inconsistencies.
3. Research the payee in Spectrum and PLUS to identify each pay status.
4. Search for the Death Certificate using PBGC Image Viewer and identify the POC responsible for maintaining the plan using the Case Management System (CMS) and the Approval Worklist Application (AWA).
5. E-mail the POC indicating that the payee is in two plans and the status codes are inconsistent between the two plans; and provide instructions on how to research and correct the inconsistency.
   - If a status change is needed, complete a NFDE.
   - If a status change is needed send e-mail to PBGC's paying agent *requesting an update to status 7 in PLUS*.
6. Receive reply e-mail from POC indicating action taken to correct inconsistent pay status.
7. Receive reply e-mail from PBGC's paying agent indicating action taken to update Status 7 in PLUS.
8. Print and maintain a copy of the e-mails to use the day of the check run to ensure requested changes were made.
9. Forward a copy of the e-mails to DMC for imaging to IPS.

# Resources for Inconsistent Pay Status Report

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

- *Inconsistent Pay Status PLUS E-mail*
- *Inconsistent Pay Status PLUS E-mail 2*
- *Inconsistent Status Report*
- *Inconsistent Status Report Portal E-mail*
- *Monthly Payment Schedule*

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**Note** If you click on a document hyperlink and receive an access denied error page, contact the Administrator of the BPB Procedures Project portal.

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# Approval Service Control Report

**11/20/2015**

The *Approval Service Control Report* is a monthly report from BMA Operations used to prevent double payments from occurring.

## In this Section

Overview for Approval Service Control Report.....24
Workflow for Approval Service Control Report.....25
Correct Double Payments in PLUS .....26
Resources for Approval Service Control Report.....27

# Overview for Approval Service Control Report

**08/30/2011**

The purpose of this process is to identify and correct PLUS pay source records that may produce incorrect payments prior to the check-run, to ensure participant's benefit payment is accurate, and to ensure benefit payments are accurately posted to participant ledgers in Spectrum/PRISM.

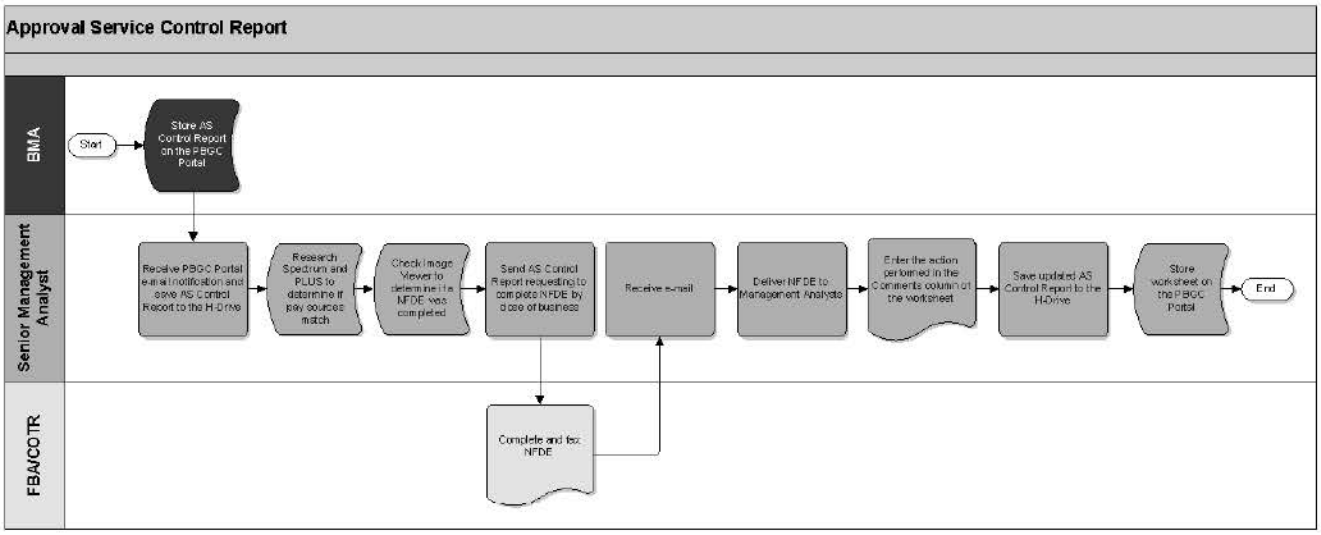
# Workflow for Approval Service Control Report

**08/30/2012**

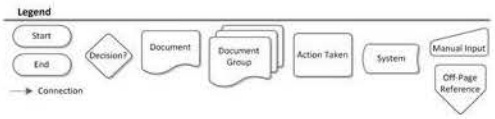
**Note** For a hard copy of the workflow, click on the link to the printable PDF version, and print on Legal size paper (8.5" x 14") in landscape orientation for optimal output. Specify these options from the **Print** dialog box.

Click one of the following links to access a printable PDF version of the workflow:

- PDF of Workflow for Approval Service Control Report




Workflow Legend



# Correct Double Payments in PLUS

**11/20/2015**

| | |
|---|---|
| **Purpose** | To identify and correct PLUS pay source records that may produce incorrect payments prior to the check run; to ensure benefit payments are accurately posted to participant ledgers in Spectrum/PRISM. |
| **Guidance** | TP 28<br>NFDE<br>Trial Balance<br>Workflow for AS Control Report |
| **Procedure Owner** | BPB Senior Management Analyst |

The purpose of this process is to prevent double payments.

## BPB Senior Management Analyst

1. Retrieve the *Approval Service Control Report* from the PBGC Portal project called "BPB Integrator Operations" within one business day after the Last Minute Cutoff.

   This project has sub-folders for each payment cycle.

2. If the report is not there by 10:00 A.M., contact BMA Operations, who is responsible for posting the report there.
3. Check the worksheet out of the PBGC Portal.
4. Save a copy to your `H: drive` and do not change the name of the report.

   The file has worksheets for AUTHL and AUTHP.

5. Research to determine if pay sources match on PLUS and Spectrum.
6. Check PBGC Image Viewer to determine if a NFDE was completed.
7. Where there is a potential double payment:
   - Send the *AS Control Report E-mail* to the User, FBA Project Manager and Assistant Project Manager, COR, and Cc: the BPB Management Analysts, and request that they complete (and if faxing send it to your attention) a NFDE form to update PLUS by close of business.
   - Monitor the fax for the NFDE and hand-deliver it to a BPB Management Analyst.
8. Enter the action performed in the Comments column of the worksheet.
   - If no action is necessary, explain why.
9. Save the updated worksheet on the `H: drive` and keep the same name.
10. Check the updated worksheet back into the PBGC Portal within one business day of the Last Minute Cutoff.

# Resources for Approval Service Control Report

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

- *AS Control Report*
- *AS Control Report E-mail*
- *AS Control Report E-mail 2*
- *Monthly Payment Schedule*

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**Note** If you click on a document hyperlink and receive an access denied error page, contact the Administrator of the BPB Procedures Project portal.

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# Status 3 Report

**11/20/2015**

The *Status 3 Report* from PBGC's paying agent is used to identify Status 3 or future pay participants.

## In this Section

Overview for Status 3 Report .....29
Workflow for Status 3 Report.....30
Identify Participants in Future Pay Status .....31
Resources for Status 3 Report .....32

## Overview for Status 3 Report

**08/30/2011**

PBGC's paying agent is notified to change these to Status 1 or current pay participants in PLUS. The purpose of this process is to identify and correct PLUS pay source records that may produce incorrect payments prior to the check-run, to ensure participant's benefit payment is accurate, and to ensure benefit payments are accurately posted to participant ledgers in Spectrum/PRISM.

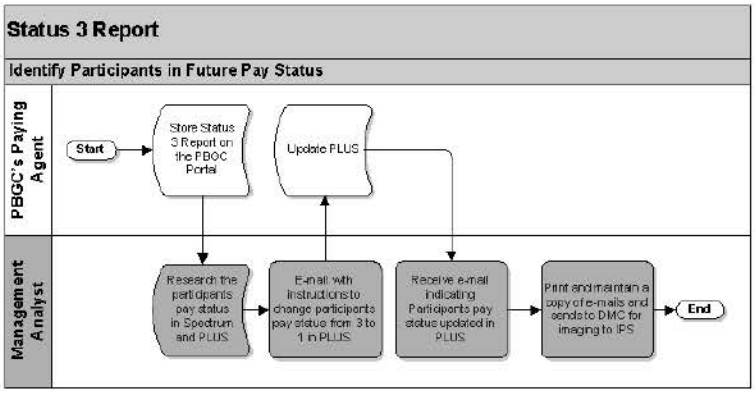
# Workflow for Status 3 Report

**08/30/2011**

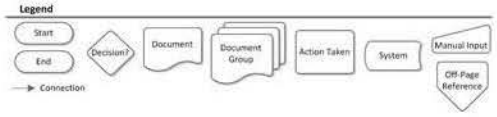
**Note** For a hard copy of the workflow, click on the link to the printable PDF version, and print on Letter size paper (8.5" x 11") in landscape orientation for optimal output. Specify these options from the **Print** dialog box.

Click one of the following links to access a printable PDF version of the workflow:

- PDF of Workflow for Status 3 Report




Workflow Legend



# Identify Participants in Future Pay Status

**11/20/2015**

| | |
|---|---|
| **Purpose** | To identify and correct PLUS pay source records that may produce incorrect payments prior to the check run; to ensure benefit payments are accurately posted to participant ledgers in Spectrum/PRISM. |
| **Guidance** | TP 28<br>NFDE<br>Trial Balance<br>Workflow for Status 3 Report |
| **Procedure Owner** | BPB Management Analyst |

PBGC's paying agent stores the *Status 3 Report* on the PBGC Portal each month and updates PLUS to change participants' future pay status, Status 3, to current pay status, Status 1. DMC images e-mails to IPS.

## BPB Management Analyst

1. Receive the *Status 3 Report Portal E-mail* that the *Status 3 Report* was uploaded.
2. Research Spectrum and PLUS to identify the Pay Status 3 participants.
   - If future pay status is in current pay cycle, e-mail PBGC's paying agent *instructions to change Status 3 participants to Pay Status 1 in PLUS*.
3. Receive reply e-mail from PBGC's paying agent indicating PLUS was updated.
4. Print and maintain a copy of e-mails to use the day of the check run to ensure requested changes were made.
5. Forward a copy of the e-mails to DMC for imaging to IPS.

# Resources for Status 3 Report

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

- *Monthly Payment Schedule*
- *Status 3 PLUS E-mail*
- *Status 3 Report*
- *Status 3 Report Portal E-mail*

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**Note** If you click on a document hyperlink and receive an access denied error page, contact the Administrator of the BPB Procedures Project portal.

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# Ledger Load

**08/30/2011**

The Ledger Load process is executed to coordinate Ledger Loads with PBGC's paying agent and OIT and ensure data quality of ledgers.

## In this Section

Overview for Ledger Load ..... 2
Workflow for Ledger Load ..... 3
Ledger Load Procedures ..... 6
Resources for Ledger Load ..... 10

# Overview for Ledger Load

**11/20/2015**

Ledgers are created as part of the check-run process. Each check-run creates a ledger file. PBGC's paying agent uploads Ledger Files to PBGC's servers in accordance with the *Ledger Load Schedule* published on PBGC's Intranet. Newly uploaded ledgers are immediately accessible within PLUS Web and are accessible within Spectrum within two business days.

Ledgers are referred to by FOD as Subsidiary Ledgers or Sub-Ledgers, while participants refer to ledgers as payment history.

# Workflow for Ledger Load

**08/30/2012**

**Note** For a hard copy of the workflow, click on the link to the printable PDF version, and print on Tabloid size paper (11" x 17") in landscape orientation for optimal output. Specify these options from the **Print** dialog box.

Click one of the following links to access a printable PDF version of the workflow:

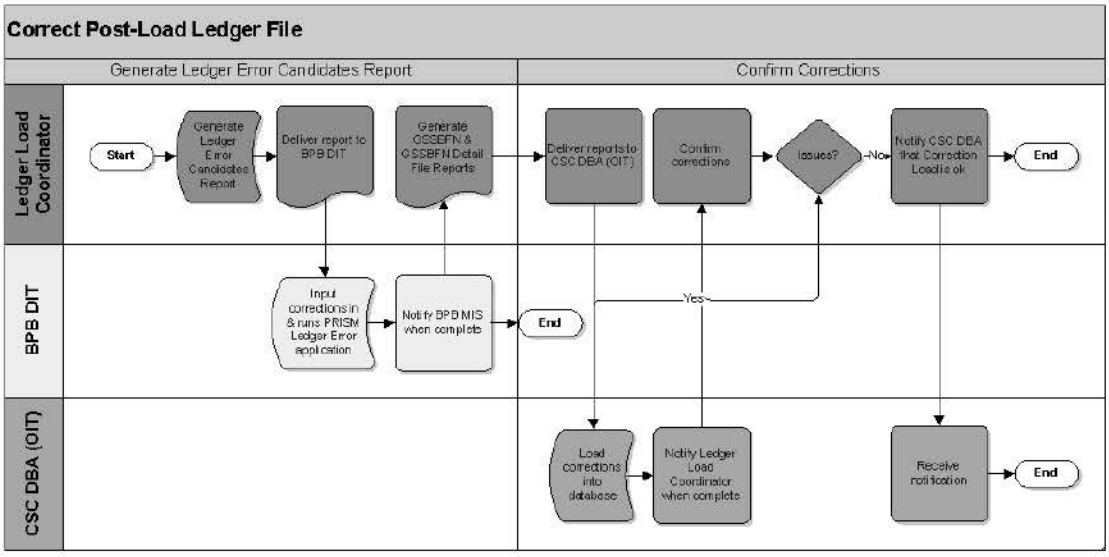
- PDF of Workflow for Load Ledger File
- PDF of Workflow for Correct Post-Load Ledger File

Select one of the following for the detailed workflow associated to the specific procedure:

- Workflow for Load Ledger File
- Workflow for Correct Post-Load Ledger File

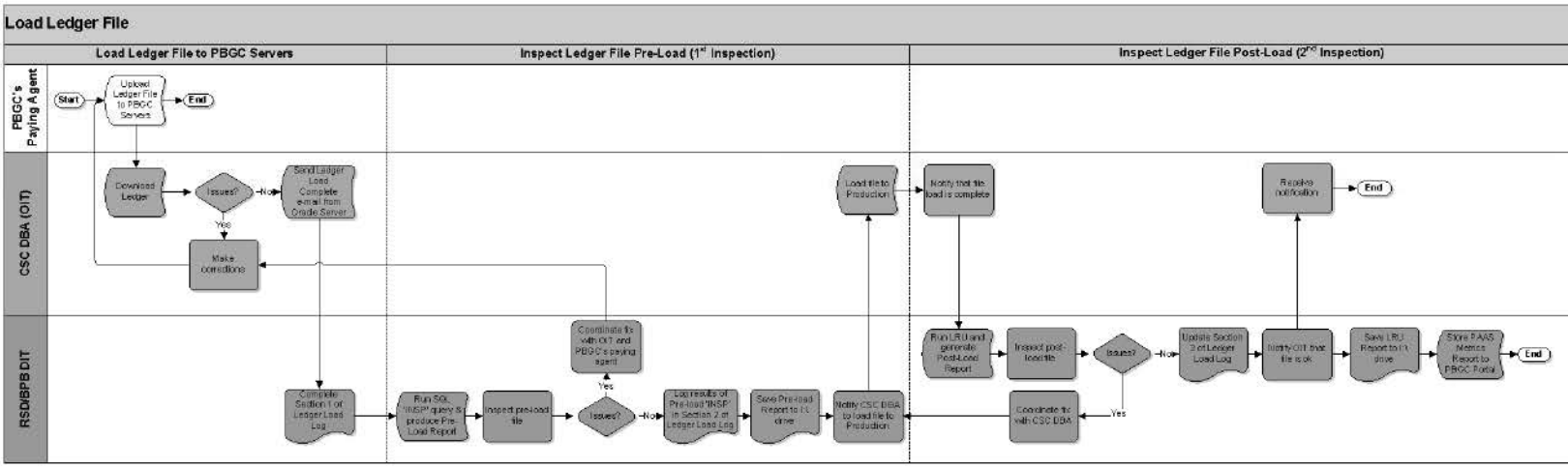
# Workflow for Correct Post-Load Ledger File

## Workflow for Correct Post-Load Ledger File

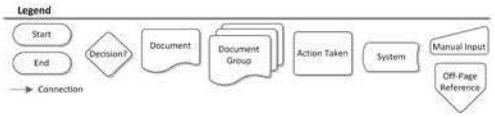


# Workflow for Load Ledger File

## Workflow for Load Ledger File




## Workflow Legend



# Ledger Load Procedures

**11/20/2015**

| | |
|---|---|
| **Purpose** | To coordinate Ledger Loads with PBGC's paying agent and OIT and ensure data quality of ledgers. |
| **Guidance** | PRISM Online User Manual<br>Workflow for Ledger File Load<br>Workflow for Ledger File Error Correction |
| **Procedure Owner** | Ledger Load Coordinator, BPB Data Integrity Team, CSC DBA |

PBGC's paying agent uploads Ledger Files to the PBGC servers. Once the Ledger File upload is complete, an automated program stages the Ledger File to a temporary database table and generates a *Genesis e-mail notification* from Oracle Server Account to the responsible parties notifying them of the success or failure of the load.

The BPB Data Integrity Team (DIT) receives the *Oracle e-mail notification*, then completes the first section of the *Ledger Load Log* maintained on the PBGC shared network drive (Shared on 'BAPD1' Resources), executes a query producing the *Ledger Pre-Load Report*, and reviews the report results. The BPB DIT logs the inspection results in the second section of the *Ledger Load Log* and saves the *Ledger Pre-Load Report* to the network and shared `I:\Ledger Loads` in a folder named for the current Fiscal Year and month. Each report is numbered and logged.

The BPB DIT inspects the Pre-Load File by comparing the Record Count and PRISM Ledger Gross figures to the Control Total Record Count and CTRL Gross from the *Ledger Pre-Load Report*. For Non-Adjustment files, both pairs of numbers must match for the Ledger File to pass inspection at the pre-load phase. For Adjustment files, only the record counts must match. The number pairs should also match the figures presented in the data load e-mail from Oracle Server Account.

If the Ledger File inspection is successful, the BPB DIT notifies OIT to load the Ledger File to production. If the Ledger File fails inspection, the BPB DIT coordinates corrective action with OIT and PBGC's paying agent. Once OIT notifies the BPB DIT the Ledger File has been loaded to production, the BPB DIT performs a second inspection of the Ledger File by launching the Ledger Reporting Utility (LRU) and reviewing the results.

The BPB DIT inspects the Post-Load File by comparing the Record Count and PRISM Ledger Gross figures to the Control Total Record Count and CTRL Gross from the *Ledger Pre-Load Report*. Both pairs of numbers must match for the Ledger File to pass inspection at the post-load phase, and should also match the figures presented in the e-mail from the CSC Production DBA.

The BPB DIT logs the relevant data in the third section of the *Ledger Load Log* if the Ledger File passes the second inspection and saves the *LRU Report* generated by the second inspection to the network and shared `I:\Ledger Loads`. If the Ledger File fails inspection, the BPB DIT coordinates corrective action with OIT.

Post *PAAS Metrics Report* for the monthly check run and weekly off-cycle check runs to the PBGC Portal by noon of the deadline dates. For off-cycles, the deadline is typically the last business day of the week unless that is a holiday, then the deadline is the business day following the holiday. For the monthly check run, the deadline is the last business day of the month.

## In this Section

1. Load Ledger File ..... 7
2. Correct Post-Load Ledger File ..... 9

# 1. Load Ledger File

**11/20/2015**

The *Ledger Load Schedule* describes action items and deadlines for tasks not included in the *Monthly Payment Schedule*; and is published to PBGC's Intranet by the 21st of each month for the following month's activity. OIT loads corrections to production by the last workday of each month.

---

**Note** Procedures owners are to coordinate with backups at least one week prior to extended absences to ensure that Ledgers are loaded in a timely manner during any absences.

---

## Ledger Load Coordinator

1. Generate the *Ledger Load Schedule* and publish to PBGC's Intranet.
2. E-mail the *Ledger Load Schedule* to the OIT CSC DBA, PBGC's paying agent, and the BPB EBLS Advocates.

## BPB Data Integrity Team

3. Receive the *Oracle e-mail notification* of the Ledger File upload and complete the first section of the *Ledger Load Log* located on the shared `I:\Ledger Load`.
4. Execute a query that produces the *Ledger Pre-Load Report* and review the report result.
5. Log the inspection results in the second section of the *Ledger Load Log*.
6. Save the *Ledger Pre-Load Report* to the network and shared `I:\Ledger Loads` in a folder named for the current Fiscal Year and month.
7. Perform first inspection of the Ledger File:
   - Compare the Record Count and PRISM Ledger Gross figures to the Control Total Record Count and CTRL Gross from the *Ledger Pre-Load Report*.
   - For Non-Adjustment files, both pairs of numbers must match for the Ledger File to pass inspection at the pre-load phase.
   - For Adjustment files, only the record counts must match.

     The number pairs should also match the figures presented in the data load e-mail from Oracle Server Account.
8. Notify OIT to load the Ledger File to production if the Ledger File inspection is successful.
9. Coordinate corrective action with OIT and PBGC's paying agent if the Ledger File fails inspection.
10. Perform second inspection of the Ledger File by launching the Ledger Reporting Utility (LRU) and review the results:
    - Compare the Record Count and PRISM Ledger Gross figures to the Control Total Record Count and CTRL Gross from the *Ledger Pre-Load Report*.

      Both pairs of numbers must match for the Ledger File to pass inspection at the post-load phase, and should also match the figures presented in the e-mail from the CSC Production DBA.
11. Log the relevant data in the third section of the *Ledger Load Log* if the Ledger File passes the second inspection.
12. Saves the *LRU Report* generated by the second inspection to the network and shared `I:\Ledger Loads`.

13. Coordinate corrective action with OIT if the Ledger File fails inspection.

## 2. Correct Post-Load Ledger File

**11/20/2015**

### Ledger Load Coordinator

1. Deliver *Ledger Error Correction Candidates Report* to BPB Data Integrity Team.
2. Deliver correction reports to CSC DBA (GSSBFN and GSSBFN_detail).
3. Confirm corrections.

### BPB Data Integrity Team

4. Use the PRISM Ledger Error application to input corrections and notify the Ledger Load Coordinator when complete.

### CSC DBA

5. Load corrections to database and notify Ledger Load Coordinator when complete.

# Resources for Ledger Load

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

- *Check Schedule*
- *Genesis E-mail Notification*
- *Ledger Error Correction Candidates Report*
- *Ledger Load Log*
- *Ledger Load Schedule*
- *Ledger Pre-Load Report*
- *LRU Report*
- *Oracle E-mail Notification*
- *PAAS Metrics Report*

---

**Note** If you click on a document hyperlink and receive an access denied error page, contact the Administrator of the BPB Procedures Project portal.

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# Post Balancer

**03/29/2012**

The Balancer Team reviews and facilitates correction of unmatched payment records where the payments approved in Spectrum differ from the ledger record loaded into Spectrum from PLUS.

## In this Section

Overview for Post Balancer ..... 2
Workflow for Post Balancer ..... 3
Post Balancer Procedures ..... 4
Resources for Post Balancer ..... 11

# Overview for Post Balancer

**03/29/2012**

The Balancer Team reviews and facilitates correction of unmatched payment records where the payments approved in Spectrum differ from the ledger record loaded into Spectrum from PLUS. The Balancer Team also provides assistance to the FBAs, PVAs, or TPDs.

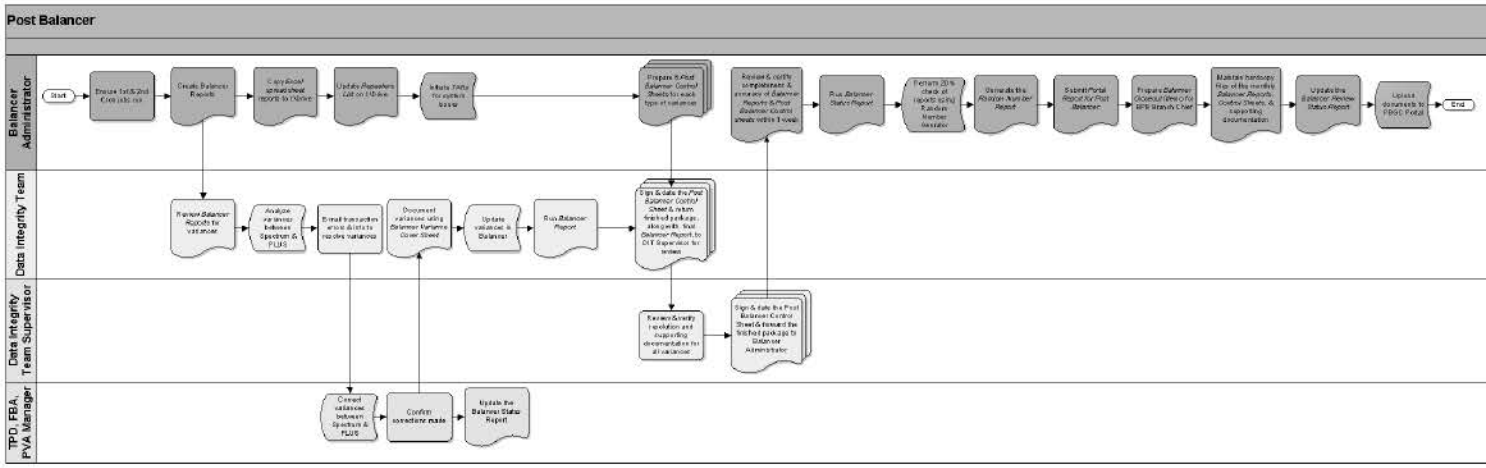
# Workflow for Post Balancer

**03/29/2012**

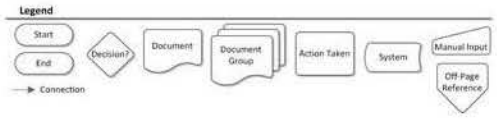
**Note** For a hard copy of the workflow, click on the link to the printable PDF version, and print to a plotter printer in landscape orientation for optimal output. Specify these options from the **Print** dialog box.

Click one of the following links to access a printable PDF version of the workflow:

- PDF of Workflow for Post Balancer




Workflow Legend



# Post Balancer Procedures

**03/29/2012**

| | |
|---|---|
| **Purpose** | To review and facilitate correction of unmatched payment records where the payments approved in Spectrum differ from the ledger record loaded into Spectrum from PLUS. |
| **Guidance** | Analyze Variances Instructions |
| **Procedure Owner** | Balancer Administrator, Senior Pension Benefit Analyst, Data Integrity Team Supervisor |

## In this Section

1. Generate Post Balancer Reports ..... 5
2. Reconcile Monthly Post Balancer Reports ..... 7
3. Review the Post Balancer Reconciliation Reports ..... 9

# 1. Generate Post Balancer Reports

**11/20/2015**

## Balancer Administrator

1. Ensure the first CRON job for the Spectrum projection was run the day after the Last Minute file on the *Monthly Payment Schedule* to capture authorized payments for the month.
2. Ensure the second CRON job for Out of Balance (OOB) and Variance determination, was run on the ninth calendar day after the Last Minute file date.
   - **Example**

     If the Last Minute File date is 01/18/2012, the second CRON job is scheduled to run on 01/27/2012.

   The second CRON job should not be run until after the split lump ledgers are loaded.

   a. Review the proposed *Monthly Payment Schedule*.

   b. Reschedule the second CRON job for one calendar day after the split lump ledgers are loaded if the split lump ledgers are not scheduled to be loaded until after the ninth day after the Last Minute file.
      - **Example**
        - If the Last Minute file date is 12/16/2011, add nine days to figure out when the second CRON job is scheduled to run (12/25/2011).
        - If the split lump ledgers will not be loaded 12/27/2011, reschedule the second CRON job to run on 12/28/2011.
        - Send a request to the Service Desk to reschedule the CRON jobs.

   c. Request the Payment Schedule Preparer to correct the date of the second CRON job to the rescheduled date.
3. Create the *Balancer Reports* and check them for reasonableness: correct date, correct amounts from Spectrum and ledgers, and the counts on the *individual reports* match the *Balancer Status Report*.
4. Copy the *Excel spreadsheet reports* to the directory `I:\Balancer\YYYY\YYYYMM`.

   BMA Operations provides six reports including status codes that are uploaded to the PBGC Portal ten days after the Last Minute file date.
5. Update *Repeaters List* on the I: drive.
6. Initiate TAR's for system issues.
7. Prepare six *Balancer Control Sheets*, one for each of the following types of variances:
   - Spectrum Gross is Null – Annuities and Specials
   - Ledger Gross is Null – Annuities and Specials
   - No Match – Annuities
   - Spectrum Gross is Null – Lumps
   - Ledger Gross is Null – Lumps
   - No Match – Lumps

   The template is located in `I:\Balancer\BalrControlSheet.doc`.
8. Type the following in the comments section of the Control Sheets:

- Spectrum Projection Date: From the first Oracle e-mail. It should be the day after the Last Minute file.
- Split Ledger Load Date: From the Payment Schedule on the Intranet.
- Balancer Report Run Date: From the second Oracle e-mail. It should be nine calendar days after the Last Minute file.

9. Give the *Balancer Control Sheets* and *Balancer Reports* to the Data Integrity Team (DIT) Supervisor two business days after the second CRON job.

## 2. Reconcile Monthly Post Balancer Reports

**11/20/2015**

The Balancer Team completes reviews and corrections within four weeks of receipt of reports from Balancer Administrator and returns the report to the Data Integrity Team (DIT) Supervisor.

The DIT Supervisor certifies the BPB Balancer Error Correction process is complete and forwards the *Balancer Report* and *Balancer Control Sheets* to the Balancer Administrator ten business days after receipt from the Balancer Team.

### Data Integrity Team

1. Write or stamp the date received on the *Balancer Control Sheets*.
2. Review the *Balancer Report* for variances.
3. Analyze the variances between Spectrum and PLUS.

   See Analyze Variances Instructions for additional guidance.
4. E-mail the POC, Variance Coordinator, PVA or FBA, Project Manager, Assistant Project Manager, and Balancer Administrator the transaction error and provide the information about how to resolve the variance and request the POC respond to the e-mail message within two business days.
   - Cc: the TPD Manager if the POC is not the PVA or FBA.

     Refer to the BAPD Community Portal Page for the FBA contacts list.

     Refer to the *Variance Coordinators List* provided by the Trial Balance Administrator.
   - Send a second reminder e-mail requesting the POCs to follow-up within one business day.
   - E-mail the BPB Branch Chief, MCD Compliance, and COR if there is no response to the reminder e-mail.

     Corrections may be necessary on Spectrum, PLUS or both.

     PLUS corrections may require a NFDE form, or instructions to the POC to e-mail the Management Analyst to instruct PBGC's paying agent to make the corrections.
5. Use the *Balancer Variance Cover Sheet* as a guideline for which documentation to attach for each variance.
6. Update each variance in the Balancer application:
   a. Choose the out of balance (OOB) condition, corrective action, and enter comments as necessary.
   b. Close the variance in the Balancer application once it is resolved.
7. Run the *Balancer Report* reflecting that all variances were closed.
8. Sign and date the *Balancer Control Sheet* and return the finished package, along with the final *Balancer Report*, to the DIT Supervisor for review.
9. Update the *Balancer Review Status Report* four weeks after receipt.

### Data Integrity Team (DIT) Supervisor

10. Review and verify resolution and supporting documentation for all variances.
11. Update the *Balancer Review Status Report.*
12. Sign and date the *Balancer Control Sheets* and forward the finished package to the Balancer Administrator within ten business days of receipt from the DIT.

## 3. Review the Post Balancer Reconciliation Reports

**11/20/2015**

The Data Integrity Team (DIT) performs Reconcile Post Balancer Reports for each month, and returns the completed *Balancer Reports* and *Balancer Control Sheets* to the Balancer Administrator.

### Balancer Administrator

1. Review and certify the completeness and accuracy of the *Balancer Reports* and the *Balancer Control sheets* within one week after they are received from the DIT.
2. Run the *Balancer Status Report* to show that all variances were closed.
3. Use the Random Number Generator to insert the maximum number (the sample size is 20% of the maximum number) from each of the following six reports:
   - *PRISM Annuities and Special Balancer Report - Prism Gross is NULL.*
   - *PRISM Annuities and Special Balancer Report - Ledger Gross is Null.*
   - *PRISM Annuities and Special Balancer Report - Prism Gross and Ledger Gross Do Not Match.*
   - *PRISM Lump Sum Balancer Report - Prism Gross is Null.*
   - *PRISM Lump Sum Balancer Report - Ledger Gross is Null.*
   - *PRISM Lump Sum Balancer Report - Prism Gross and Ledger Gross Do Not Match.*
4. Highlight the specified number on the reports.
   a. Review the participants.
   b. Generate the *Random Number Report*.
5. Submit the *Portal Report for Post Balancer* by the 15th of the month following the payment month.
   - **Example**

     The Portal Report for the October 11th pay cycle is due November 15th:

   a. Complete the *Portal Post Balancer Checklist* on `I:\Balancer`.
   b. Access the PAAS Metrics Document Submission Portlet on the PBGC portal.
   c. Select Post Balancer.
   d. Select the date.
   e. Wait for the screen to refresh.
   f. In the "Upload file" box, attach the checklist you just completed.
   g. Check the boxes to indicate whether payments were on time and accurate.
   h. Submit the report.
6. Prepare the *Post Balancer Closeout Memo* for the BPB Branch Chief.
   - Include a statement above the Balancer Administrator's signature attesting to the review of the specifically identified sample.
7. Maintain hardcopy files of the monthly *Balancer Reports*, *Balancer Control Sheets*, and supporting documentation for current fiscal year and prior fiscal year.
8. Update the *Balancer Review Status Report*.

9. Upload the following documents to the PBGC Portal:
    - *BMA Ops Annuities and Special Balancer Report - Prism Gross is NULL.*
    - *BMA Ops Annuities and Special Balancer Report - Ledger Gross is NULL.*
    - *BMA Ops Annuities and Special Balancer Report - Prism Gross and Ledger Gross Do Not Match.*
    - *BMA Ops Lump Sum Balancer Report - Prism Gross is NULL.*
    - *BMA Ops Lump Sum Balancer Report - Ledger Gross is NULL.*
    - *BMA Ops Lump Sum Balancer Report - Prism Gross and Ledger Gross Do Not Match.*
    - *PRISM Annuities and Special Balancer Report - Prism Gross is NULL.*
    - *PRISM Annuities and Special Balancer Report - Ledger Gross is Null.*
    - *PRISM Annuities and Special Balancer Report - Prism Gross and Ledger Gross Do Not Match.*
    - *PRISM Lump Sum Balancer Report - Prism Gross is Null.*
    - *PRISM Lump Sum Balancer Report - Ledger Gross is Null.*
    - *PRISM Lump Sum Balancer Report - Prism Gross and Ledger Gross Do Not Match.*

# Resources for Post Balancer

**09/30/2016**

**Forms, Letters, and Memos:**

*Post Balancer Closeout Memo*

**Customer Correspondence and Forms:**

None

**Guidance:**

Analyze Variances Instructions

**Exhibits:**

- *Balancer Control Sheet*
- *Balancer Report*
- *Balancer Review Status Report*
- *Balancer Status Report*
- *Balancer Variance Cover Sheet*
- *BMA E-mail Balancer Report*
- *BMA Operations Balancer Reports:*
  - *BMA Ops Annuities and Special Balancer Report - Prism Gross is NULL*
  - *BMA Ops Annuities and Special Balancer Report - Ledger Gross is NULL*
  - *BMA Ops Annuities and Special Balancer Report - Prism Gross and Ledger Gross Do Not Match*
  - *BMA Ops Lump Sum Balancer Report - Prism Gross is NULL*
  - *BMA Ops Lump Sum Balancer Report - Ledger Gross is NULL*
  - *BMA Ops Lump Sum Balancer Report - Prism Gross and Ledger Gross Do Not Match*
- *Monthly Payment Schedule*
- *Oracle CRON Job E-mail*
- *Portal Post Balancer Checklist*
- *PRISM Balancer Reports:*
  - *PRISM Annuities and Special Balancer Report - Prism Gross is NULL*
  - *PRISM Annuities and Special Balancer Report - Ledger Gross is NULL*
  - *PRISM Annuities and Special Balancer Report - Prism Gross and Ledger Gross Do Not Match*
  - *PRISM Lump Sum Balancer Report - Prism Gross is NULL*
  - *PRISM Lump Sum Balancer Report - Ledger Gross is NULL*
  - *PRISM Lump Sum Balancer Report - Prism Gross and Ledger Gross Do Not Match*
- Random Number Generator

- *Random Number Report*
- *Repeaters List*
- *Sample Status 6 E-mail Message*
- *Variance Coordinators List*

# Funding Reconciliation

**03/28/2013**

The Funding Reconciliation process ensures that funds requested by PBGC's paying agent are used for approved benefit payments for Corporate, Class Action (Page-Collins) and Fleming, and that non-benefit payment activity funded by PBGC is properly documented.

## In this Section

Overview for Funding Reconciliation .....2
Workflow for Funding Reconciliation.....3
Funding Reconciliation Procedures .....4
Resources for Funding Reconciliation .....10

# Overview for Funding Reconciliation

**11/20/2015**

PBGC's paying agent stores the *Wire Transfer Request Letter* from its Public Funds Division on the PBGC Portal, initiating the monthly funding reconciliation process. The BAPD Deputy Director or designated alternate (BAPD Front Office) approves the funding requested in the *Wire Transfer Request Letter*. The BAPD Front Office prepares and signs a *Wire Transfer Request Memorandum* for PBGC's Financial Operations Department (FOD) authorizing a funds transfer to PBGC's paying agent.

BPB compiles the supporting documentation.

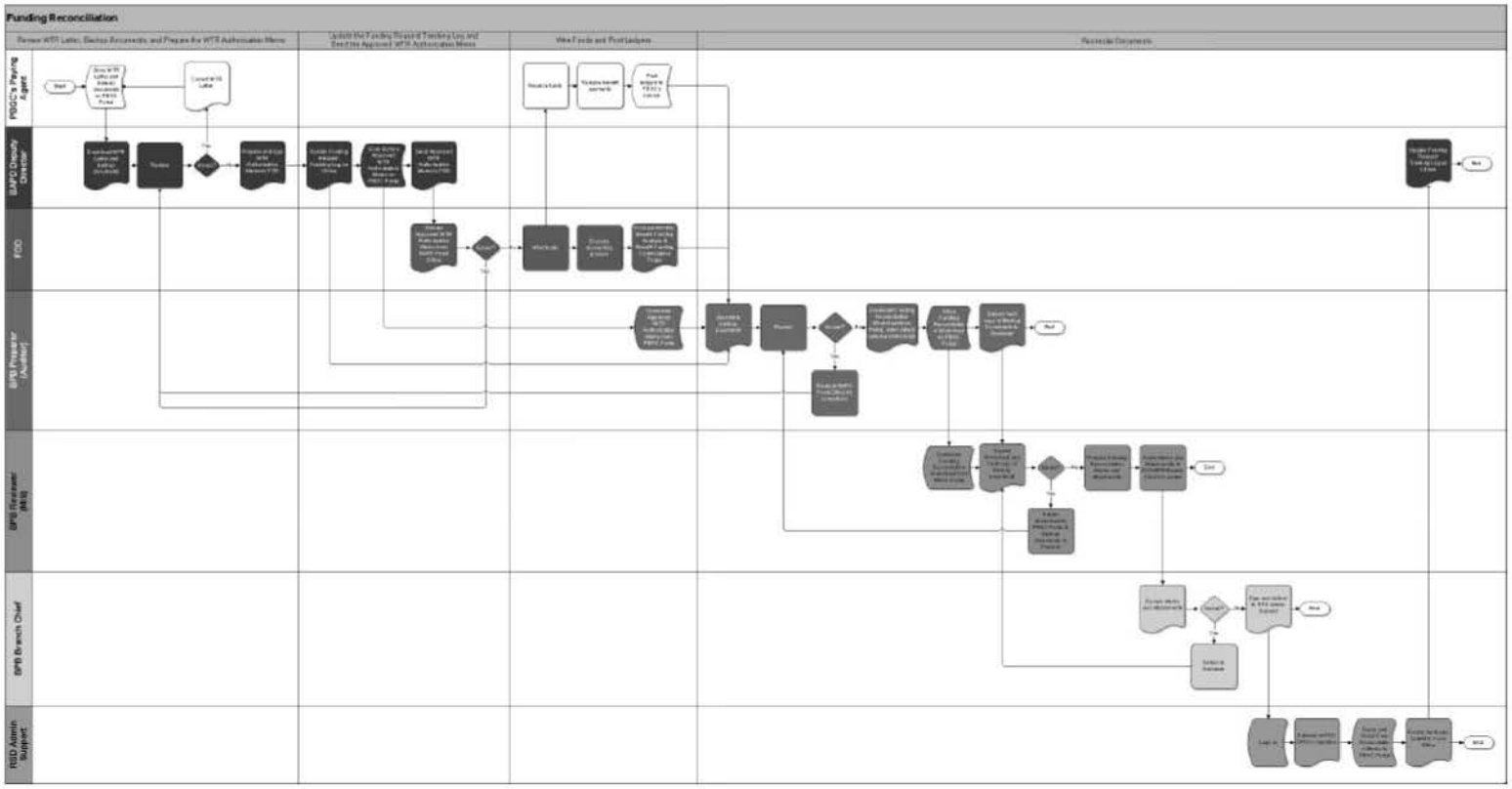
# Workflow for Funding Reconciliation

**08/30/2011**

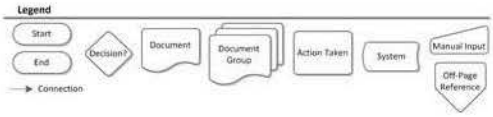
**Note** For a hard copy of the workflow, click on the link to the printable PDF version, and print to a plotter printer in landscape orientation for optimal output. Specify these options from the **Print** dialog box.

Click one of the following links to access a printable PDF version of the workflow:

- PDF of Workflow for Funding Reconciliation




Workflow Legend



# Funding Reconciliation Procedures

**11/20/2015**

| | |
|---|---|
| **Purpose** | To reconcile funds requested by PBGC's paying agent to benefit payment records; to differentiate funding for benefit payments from funding for non-benefit payment activity; to review and audit the funding request documents. |
| **Guidance** | N/A |
| **Procedure Owner** | BPB Management Information Specialist, BPB Auditor, BAPD Deputy Director, BAPD Front Office, FOD |

PBGC's paying agent stores the *Wire Transfer Request Letter* with backup documents to the PBGC Portal and posts ledgers for the funded payments to PBGC's servers.

The BAPD Deputy Director, or BAPD Front Office staff drafts the *Wire Transfer Memorandum* to FOD and updates the *Funding Request Tracking Log* on the shared `I: drive`. The BAPD Front Office then scans and stores the Approved *Wire Transfer Memorandum* to the PBGC Portal, and sends a hardcopy to FOD. FOD wires approved funds to the paying agent and produces the *Monthly Benefit Funding Analysis and Benefit Funding Cumulative Totals* documents.

The BPB Auditor, or designated Preparer downloads the Approved *Wire Transfer Memorandum* from the PBGC Portal, assembles the backup documents that support the funding request, and reviews the documentation for accuracy and completeness. The BPB Auditor downloads the *Funding Reconciliation Excel Worksheet template* from the PBGC Portal, enters data into the worksheet, and balances the worksheet. Once the worksheet is balanced, the BPB Auditor stores the completed worksheet to the PBGC Portal and delivers the assembled hardcopy backup documents to the BPB Management Information Specialist for review.

BPB Management Information Specialist, or designated Reviewer downloads the completed *Funding Reconciliation Excel Worksheet* from the PBGC Portal and reviews the worksheet and hardcopy backup documents. The BPB Management Information Specialist then prepares the *Funding Reconciliation Memorandum* with attachments and routes the hardcopy memo to the BPB Branch Chief for review, concurrence and routing to the RSD Manager and BAPD Deputy Director.

The BPB Branch Chief reviews and approves the *Funding Reconciliation Memorandum* and routes to the RSD Division Manager for review. Both the Branch Chief and Division Manager must complete their review within one week after the monthly BPB After-Action meeting—normally held by the end of the month following the payment month (although scheduling conflicts may require extension to the first week of the following month). The RSD Manager forwards the reviewed memo to the BAPD Front Office.

## In this Section

1. Approve Funding Request Memorandum .....5
2. Balance Funding Reconciliation Worksheet.....7
3. Determine Non-Benefit Payments .....9

# 1. Approve Funding Request Memorandum

**11/20/2015**

## BAPD Front Office

1. Print the *Funding Request Letter* from the PBGC Portal.
2. Print the *Participant Payment Report* (PPR) and *Ledger Control Report* as supporting documentation for the *Wire Transfer Request Letter*.
3. Provide the *Funding Request Letter*, *PPR* and *Ledger Control Report* to the BAPD Deputy Director for review.
4. Create the *Wire Transfer Request Memorandum* if the BAPD Deputy Director authorizes the *Wire Transfer Request Letter*.
5. Scan the signed *Wire Transfer Request* and store on the PBGC Portal.

   All individuals in Cc: of memorandum should be team members of the PBGC Portal folder and automatically notified when the memorandum is uploaded.
6. Send the original hard copy of the Approved *Wire Transfer Request Memorandum* to FOD.

## BAPD Deputy Director

7. Update the *Benefit Funding Tracking Log* located `I:\WP\Department\Candee\Benefit Funding Request\Post-Portal Request.`
8. Draft, sign, and send the Approved *Wire Transfer Request Memorandum* authorizing FOD to send money to PBGC's paying agent.

## FOD

9. Receive the *Wire Transfer Request Memorandum* and send funds to PBGC's paying agent.

## BPB Auditor

10. Download the Approved *Funding Request documentation* from the PBGC Portal and determine the month of the funding request.

    - **Example**

      A memorandum dated March 31, 2011, with funds scheduled to arrive at PBGC's paying agent on April 2, 2011 will be included in the April reconciliation.

      The month of the funding request is based on the arrival date stated in the BAPD Funding Memorandum.
11. Obtain a copy of the *Funding Request Tracking Log* maintained by the BAPD Front Office.
12. Match the benefit funding number of the memorandum to a corresponding entry in the BAPD Front Office *Funding Request Tracking Log* and ensure that copies of all funding memorandums authorizing the transfer of funds to PBGC's paying agent during the reconciliation period are on hand.
13. Document discrepancies or irregularities in the Funding Request numbering sequence in the Notes tab of the *Funding Reconciliation Details Spreadsheet*.
14. Review the funding backup documents received from PBGC's paying agent and the Approved *Wire Transfer Request Memorandum* from the BAPD Director or Deputy.

    Each funding request is identified by a unique funding request sequence number.

15. Compile a binder of funding support documents from PBGC's paying agent and FOD.
16. Stores spreadsheets for Corporate, Page-Collins, and Fleming on the PBGC Portal.

## BPB Management Information Specialist

17. Review the *Funding Reconciliation Details Spreadsheet* from the BPB Auditor for accuracy and completeness.
18. Compile and send the following documents to the BPB Branch Chief and RSD Manager by the 22nd of the month:
    - *Funding Reconciliation Memorandum.*
    - *Funding Reconciliation Summary.*
    - *Funding Reconciliation Details Spreadsheet.*

## 2. Balance Funding Reconciliation Worksheet

**11/20/2015**

### BPB Auditor

1. Download the *Funding Reconciliation Excel Worksheet Template* (WKS) from the PBGC Portal (`BPB Internal Controls Project\D05 - Funding Recon Corporate, PC, Flem (Monthly)\Templates\YYYYMM_Corp_Fund_Rec_template.xls`).

   The template has four tabs: 1) Summary Template, 2) Detail Template, 3) MIS Template, and 4) Notes.

2. Complete the sections in the Summary Template while referring to the *Wire Transfer Request Memorandum* prepared by the BAPD Front Office.
   - Date: record "arrive on" dates of the funding request.
   - Benefit Funding Number, in sequential order.
   - Approved Funding amount.
   - Funding Type.
   - NBP Funding.
3. Use the Excel Insert Worksheet function to create a separate worksheet for each funding request.
4. Copy/Paste the Detail Template to each worksheet.
5. Rename each worksheet tab to match the Funding Request Number.
6. Complete each section of the detail worksheet:
   - Variance – requires no input, formula cells calculate the variance.
   - Funding Request Number & Approved Funding Amount – insert links back the Summary worksheet for these.
   - Bank Backup – Record details from the backup documentation supplied by the bank:
     - Date of the document.
     - Document type.
     - Dollar amount supported by the documentation.
     - Subtotal is calculated automatically.
   - Benefits Paid and NBP
     - Doc ID or Log Number - Enter the document ID:
       - If it's a *Ledger Load Report*, enter the log number for the report.
       - If a screenshot, enter the last name of the payee.
     - Date – For *Ledger Load Reports* enter the check or payment date.
     - Type – RMSM, LSM, OC as appropriate
     - Benefits Paid $$$ - Enter dollars and cents paid.
7. Compare the total for each of the three sections (PBGC Funding, PBGC's paying agent Documentation and Benefits Paid).
   - If the totals match and there are no variances, the spreadsheet is balanced, and continue to step 11.

- If the spreadsheet does not balance, investigate the variances, resolve, and continue to step 8.

8. Document variances in the Notes tab of the spreadsheet, thoroughly and completely explaining the variances for the reviewer.
9. Flag unresolved items for follow-up and continue to follow up until flagged items are resolved.
10. Summarize and report unresolved items at the end of the fiscal year.
11. Upload spreadsheet to the PBGC Portal.

## 3. Determine Non-Benefit Payments

**11/20/2015**

Funds wired to the PBGC's paying agent are used for two things: benefit payments that create ledger entries, or an action that does not result in a benefit payment, also known as a Non-Benefit Payment (NBP). NBPs usually do not create ledger entries. An important part of the Funding Reconciliation process is to identify and document the NBPs.

Reasons for NBPs include but are not limited to:

1. Refunds by the paying agent to PBGC's trust account for multiple returns of funds (Returns to Trust, or RTT).
2. Over withholding of taxes.
3. Recovery collection errors.

Researching NBPs includes checking the customer record on PBGC's paying agent's benefit payment system to ensure that the funding did not result in a benefit payment, or that a ledger entry for the requested funds does not exist.

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**Note** NBPs do not produce ledgers – ledger reports are not applicable.

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### BPB Auditor

1. Review the funding backup documentation and determines reason for the NBP. NBP activity documentation from PBGC's paying agent includes but is not limited to:
   - *Reconcilement Correction Request Sheet.*
   - *Outstanding Check Reconciliation Listing*.
   - *Purge Sheet* with input date and record number.
   - *Memorandum* in re: Returns of Benefit Payments for CDA # xxxxxxxxx, listing record numbers and totals for individual Purge Sheets.
   - *Pension Check Request.*
   - Front and back copies of checks.
   - *Purged Check List*.
   - Copy of PBGC *Check Action Request Form* (CARF).
2. Look for the customer record in PLUS and ensure that the funding did not result in a benefit payment, or that a ledger entry for the requested funds does not exist.

   The PLUS Document Type should not be 1, 2, 3, or 4 the types for benefit payments produced by a check run or 5 – a manual check.
3. Update the *Funding Reconciliation Details Spreadsheet* in the Documentation, the Benefits Paid, and NBP sections using the designation `NBP` to record the NBP data.

# Resources for Funding Reconciliation

**09/30/2016**

**Forms, Letters, and Memos:**

- *Funding Reconciliation Memorandum*
- *Wire Transfer Request Memorandum*
- *Wire Transfer Request Letter*

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

- *Funding Reconciliation*
- *Funding Reconciliation Details Spreadsheet*
- *Funding Reconciliation Summary*
- *Funding Reconciliation Excel Worksheet Template*
- *Funding Request Tracking Log*
- *Ledger Control Report*
- *Ledger Load Report*
- *Monthly Benefit Funding Analysis and Benefit Funding Cumulative Totals*
- *Participant Payment Report*

---

**Note** If you click on a document hyperlink and receive an access denied error page, contact the Administrator of the BPB Procedures Project portal.

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# eCARF

## In this Section

Overview for eCARF ..... 2
eCARF Procedures ..... 5
Resources for eCARF ..... 37

# Overview for eCARF

**03/30/2016**

A collection of eCARFs is used to initiate Aftermath Transactions following check run processing. The forms are used by staff in CSD, PVAs, FBAs, BPD, and the CCC to initiate a request after confirming with PBGC and PBGC's paying agent systems that the requestor of the transaction is a current participant and that the request is valid based on their payment record. Then, BPD or PBGC's paying agent staff process the eCARF form.

An eCARF is initiated based on information from multiple sources including reports (Death Match, Purged Check, Outstanding Check) and calls received from participants inquiring or reporting an incident regarding their payment. A staff member reviews the information and determines the appropriate action based on the circumstances.

What are eCARF Transactions?

eCARF transactions involve two payment types: ACH and check payments. The eCARF process consists of 10 transactions performed by two groups: BPD and PBGC's paying agent (SSC). Of the 10 transactions, BPD performs four and PBGC's paying agent performs the remaining six transactions. For additional information, see the eCARF Processing Entities and Transactions Table.

For additional information about how the eCARF Portlets are organized, see the Structure of the eCARF Portal Community*.

**Note** The data needed to complete these transactions includes personally identifiable information (PII) and is considered privacy data that must be protected according to PBGC Information Security policy. See Appendix A Sensitive Information for additional information.

### eCARF Processing Entities and Transactions Table

| Processing Entity | Check Payment | ACH Payment | Job Aid |
|---|---|---|---|
| **BPD** | **eCARF-BPD Portlet**:<br>• **Stop and Reissue**: Use this transaction to stop a purged, damaged, or lost check and reissue it to the payee. The information on the check must be identical to the check being replaced.<br>• **Return to Trust**: Use this transaction to stop and return a payment to trust. This may be due to death or when a participant decides to return to the workforce after retirement. | **eCARF-BPD Portlet**:<br>• **ACH Deletion**: Use this transaction to delete an ACH payment within the cutoff date range specified on the payment schedule. | eCARF BPD Transactions Job Aid |

* Operating units initiate eCARFs from one of the data entry portlets in the BAPD Paying Agent Portal Community. Each data entry portlet has work queues associated with it that prompt BPB or PBGC's paying agent to perform the activities required for the given transaction. The image below shows all data entry portlets and work queues available to a Portal Administrator. Staff in operating units, BPB or at PBGC's paying agent only see those portlets that are appropriate to their job duties.{FILE6 ...

| | | | |
|---|---|---|---|
| | **eCARF-SSC Portlet**:<br>• **Stop and Reissue with Address Change**: Use this transaction to stop and reissue a payment to a new address when the participant relocates temporarily. | | |
| **PBGC's Paying Agent** | **eCARF-SSC Portlet**:<br>• **Stop and Reissue with Address Change**: Use this transaction to stop and reissue a payment to a new address when the participant relocates temporarily.<br>• **Stop and Reissue Deduction Check**: Use this transaction to stop and reissue a deduction check (for example, IRS levee or QDRO).<br>• **Stop and Reissue ACH Replacement Check**: Use this transaction to reissue an ACH replacement check.<br>• **Return to Trust ACH Replacement Check**: Use this transaction to return an ACH replacement check to trust.<br>**eCARF-Payment Verification Portlet**:<br>• **Copy of Paid Check**: Use this transaction to obtain a photocopy of the front and back of a negotiated check that is reported as not cashed by the participant. | **eCARF-Payment Verification Portlet**:<br>• **ACH Tracer**: Use this transaction to trace an ACH payment when a participant claims not to receive the payment by the third of the month. The request can be made for the current month and one month prior.<br>**eCARF ACH Reclamation:**<br>• **ACH Reclamation**: Use this transaction to reclaim funds electronically deposited into a deceased payee's account. | SSC eCARF Transactions Job Aid |

Types of Sources that Initiate an eCARF

The Types of Sources that Initiate an eCARF Table presents the different ways to initiate an eCARF.

### Types of Sources that Initiate an eCARF Table

| Source Type | Originator | Frequency | Description | Recipient |
|---|---|---|---|---|
| Participants Calls | Participants or their representatives (family member, nursing home, power of attorney) | Daily | Calls received from participants inquiring or reporting an incident regarding their payment. | CCC, FBAs |
| Death Match Report | PBGC's paying agent | Weekly | List of PBGC's deceased participants. | CSD, FBAs |
| Purged Check Report | PBGC's paying agent | Monthly | List of checks that have not been cashed or negotiated within the specified 180-day period. The checks cannot be negotiated. | CSD, FBAs |
| Outstanding Check Report | PBGC's paying agent | Quarterly | List of checks that have not been cashed but are still within the 180-day period, and therefore valid. | CSD, FBAs |

# eCARF Procedures

**03/30/2016**

| | |
|---|---|
| **Purpose** | To facilitate correct issuance of benefits to participants, to ensure the proper use of the eCARF Portlets and Queues, and to ensure the eCARF data is entered correctly. |
| **Guidance** | PBGC Directive IM 10-3 Protecting Sensitive Information |
| **Procedure Owner** | BPD and PBGC's paying agent |

## In this Section

Process eCARFs - BPD Staff.....6
Process eCARFs - PBGC's Paying Agent Staff .....23

# Process eCARFs - BPD Staff

**03/30/2016**

The ACH Deletion, Return to Trust, Stop and Reissue, and Stop and Reissue with Address Change transactions are initiated by staff members in the CSD, PVAs, FBAs, BPD, and CCC. These staff members are considered submitters. They use the eCARF-BPD Portlet to initiate eCARF transactions.

When a submitter initiates an ACH Deletion, Return to Trust, or Stop and Reissue transaction, the transaction is logged in the eCARF BPD Queue where a BPD staff member can pick it up for processing. A Stop and Reissue with Address Change transaction is logged in the eCARF BPD Approval Queue, and then it moves to the eCARF BPD Queue where a BPD staff member can pick it up for processing.

BPD staff use a series of applications to process eCARF transactions. Spectrum, CRM, and IPS are used to validate participant and payment information. PLUS Web is used for validating information as well as processing eCARF transactions. Additionally, there are numerous Portlets and queues on the Portal used to process eCARF transactions concurrently with PLUS Web.

The following sections provide details for processing each transaction.

## In this Section

Process eCARF ACH Deletion ..... 7
Process eCARF Return to Trust ..... 9
Process eCARF Stop and Reissue ..... 11
Process eCARF Stop and Reissue with Address Change ..... 13
Approve Expedited Mailing Requests ..... 18
BPD eCARF Transactions Job Aid ..... 20

## Process eCARF ACH Deletion

**03/30/2016**

To begin an eCARF ACH Deletion ensure that the check run was processed and that the ledger was posted to PLUS Web by the ACH Deletion Cutoff date that is published in the Monthly Payment Schedule. A BPD staff member completes the following steps to process the eCARF ACH Deletion transaction.

1. Launch PLUS Web and log in.

   The Stop Payment tab opens.

2. Launch the BPD Paying Agent Community and then click the **eCARF BPD Queue** link.

   A list of eCARF transactions displays.

3. From the queue, click the **Created On** date/time link for the first eCARF on the list.

   The eCARF opens in a new window.

4. Determine if the eCARF was submitted by CCC:

   - Not from CCC: Go to step 5.
   - From CCC: Do not process the request. Then, send it back to CCC. Go to step 7 to close out the transaction.

5. Copy the SSN from the eCARF and paste it into PLUS Web, then click the **Search** button.

   The search results for that SSN display.

6. From the search results, locate the record corresponding to the relevant Account ID (Case Number) and verify the following information matches the eCARF:

   - Payee name
   - Plan number
   - Payment type
   - Check date
   - Check amount
   - Check number is 000000000
   - Payment Status is "NA"
   - Stop Payment Requested is "N"

---

**Note** If the request is not for the current month or is missing from the ledger, return the eCARF to the submitter.

---

7. Verify the information matches:

   - If the information does not match:
     a. Click **Edit** at the bottom of the eCARF form.
     b. Select **NO ACTION TAKEN** from the **BPD Action** drop-down menu.
     c. Enter the reason the request cannot be fulfilled in the **BPD Comments** field.
     d. Select **Yes** in the **BPD Complete** field.
     e. Enter today's date in the **Complete Date** field.

f. Click the **Save** button. No further action is required.

The submitter receives an e-mail notification that the transaction moved from the eCARF BPD Queue into the eCARF BPD Completed queue.

- If the information matches, go to step 8.

8. From the search results, click the corresponding **SSN** link.

   The Pension Check Ledger History screen for the selected SSN displays.

9. From the ledger, select the payment that matches the eCARF and click the **Stop Payment** button.
10. From the **Type of ACH Deletion?** section, select the **ACH Deletion** option, then click the **Submit** button.

    A confirmation message states that the transaction has processed.

11. Review the Payment Confirmation page to ensure that the information is correct.
12. On the eCARF form:
    a. Click the **Edit** button.
    b. Select **PLUS UPDATED** from the **BPD Action** drop-down menu.
    c. Select **Yes** in the **BPD Complete** field.
    d. Enter today's date in the **Complete Date** field.
    e. Click the **Save** button.

    The submitter receives an e-mail notification that the transaction is complete. The notification e-mail serves as a prompt for the submitter to print the document and submit it for imaging.

For an example, see *eCARF – ACH Deletion.*

## Process eCARF Return to Trust

**03/30/2016**

Before beginning an eCARF Return to Trust ensure that at least three days have passed since the check run date published in the Monthly Payment Schedule. A BPD staff member completes the following steps to process the eCARF Return to Trust transaction.

1. Launch PLUS Web and log in.

   The Stop Payment tab opens.

2. Launch the BPD Paying Agent Community and then click the **eCARF BPD Queue** link.

   A list of eCARF transactions displays.

3. From the queue, click the **Created On** date/time link for the first eCARF on the list.

   The eCARF opens in a new window.

4. Copy the SSN from the eCARF and paste it into PLUS Web, then click the **Search** button.

   The search results for that SSN are listed.

5. From the search results, locate the record corresponding to the relevant Account ID (Case Number) and verify the following information matches the eCARF:

   - Payee name
   - Plan number
   - Payment type
   - Check date
   - Check amount
   - Check number
   - Payment Status is "NA"
   - Stop Payment Requested is "N"

   **Note** If the payment does not appear in the ledger, send the eCARF back to the submitter.

6. Verify the information matches:

   a. If the information matches, go to step 7.

   b. If the information does not match:

      i. Click **Edit** at the bottom of the eCARF form.

      ii. Select **NO ACTION TAKEN** from the **BPD Action** drop-down menu.

      iii. Enter the reason the request cannot be fulfilled in the **BPD Comments** field.

      iv. Select **Yes** in the **BPD Complete** field.

      v. Enter today's date in the **Complete Date** field.

      vi. Click the **Save** button. No further action is required.

      The submitter receives an e-mail notification that the transaction moved from the eCARF BPD Queue into the eCARF BPD Completed queue.

7. From the search results, click the corresponding **SSN** link.

The Pension Check Ledger History screen for the selected SSN displays.

8. From the ledger, select the payment that matches the eCARF and click the **Stop Payment** button.
9. From the **Type of Return to Trust?** section, select the **Stop and Return to Trust** option, then click the **Submit** button.

   A confirmation message states that the transaction has processed.
10. Review the Payment Confirmation page to ensure that the information is correct.
11. On the eCARF form:
    a. Click the **Edit** button.
    b. Select **PLUS UPDATED** from the **BPD Action** drop-down menu.
    c. Select **Yes** in the **BPD Complete** field.
    d. Enter today's date in the **Complete Date** field.
    e. Click the **Save** button.

    The submitter receives an e-mail notification that the transaction is complete. The notification e-mail serves as a prompt for the submitter to print the document and submit it for imaging.

For an example, see *eCARF – Return To Trust.*

## Process eCARF Stop and Reissue

**03/30/2016**

Before beginning an eCARF Stop and Reissue ensure that at least seven days have passed since the beginning of the payment month published on the Monthly Payment Schedule. A BPD staff member completes the following steps to process the eCARF Stop and Reissue transaction.

1. Launch PLUS Web and log in.

   The Stop Payment tab opens.

2. Launch the BPD Paying Agent Community and then click the **eCARF BPD Queue** link.

   A list of eCARF transactions displays.

3. From the list, click the **Created On** date/time link for the first eCARF on the list.

   Detailed information about the eCARF displays in a new window.

4. Copy the SSN from the eCARF and paste it into PLUS Web, then click the **Search** button.

   The search results for that SSN are listed.

5. From the search results, locate the record corresponding to the relevant Account ID (Case Number) and verify the following information matches the eCARF:

   - Payee name
   - Plan number
   - Payment type
   - Check date
   - Check amount
   - Check number
   - Payment Status is "Outstanding"
   - Stop Payment Requested is "N"

---

**Note** If the request does not appear in the search results, send the eCARF back to the submitter.

---

6. From the search results, click the corresponding **SSN** link.

   The Pension Check Ledger History screen for the selected SSN displays.

7. Scroll to the **Reissue Address** section which shows the address where the check was originally sent.

8. Verify that the address matches Spectrum:

   a. If the address does not match, reject the request as not valid:

      i. Click **Edit** at the bottom of the eCARF form.

      ii. Select **NO ACTION TAKEN** from the **BPD Action** drop-down menu.

      iii. Enter the reason the request cannot be fulfilled in the **BPD Comments** field.

      iv. Select **Yes** in the **BPD Complete** field.

      v. Enter today's date in the **Complete Date** field.

      vi. Click the **Save** button. No further action is required.

      The submitter receives an e-mail notification that the transaction was not approved.

b. If the address matches:

   i. In PLUS Web, scroll to the **Type of Stop & Reissue?** section.

   ii. Select the **Stop & Reissue to Participant** option, then click the **Stop Payment** button.

   A confirmation message states that the transaction has processed.

   iii. Review the Payment Confirmation page to ensure that the information is correct.

   iv. On the eCARF form:

      1. Click the **Edit** button.
      2. Select **PLUS UPDATED** from the **BPD Action** drop-down menu.
      3. Select **Yes** in the **BPD Complete** field.
      4. Enter today's date in the **Complete Date** field.
      5. Click the **Save** button.

      The submitter receives an e-mail notification that the transaction is complete. The notification e-mail serves as a prompt for the submitter to print the document and submit it for imaging.

For an example, see *eCARF – Stop and Reissue.*

## Process eCARF Stop and Reissue with Address Change

**03/30/2016**

The eCARF Stop and Reissue with Address Change transaction involves two steps. In the first step, a BPD Approver reviews and approves the request, and in the second step, a BPD Processor processes the transaction.

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**Approve eCARF Stop and Reissue with Address Change**

**03/30/2016**

A BPD Approver completes the following steps to approve an eCARF Stop and Reissue with Address Change.

1. Launch PLUS Web and log in.

   The Search and View Payment Details tab opens.

2. Open the BPD Paying Agent Community, and then click the **eCARF BPD Approval Queues** link.

3. Scroll to the eCARF BPD Overnight Approval Portlet.

   A list of eCARF transactions displays.

4. From the list, click the **Created On** date/time link for the first eCARF on the list.

   Detailed information about the eCARF displays in a new window.

5. Copy the SSN from the eCARF, paste it into PLUS Web, and then click the **Search** button.

   The search results for that SSN display.

6. From the search results, locate the record corresponding to the relevant Account ID (Case Number) and verify:

   a. Name on the eCARF matches the name in PLUS Web:

      - If the name matches, continue to step 6.b.
      - If the name does not match, go to step 10, follow the steps for an invalid request, and include a comment that the names do not match.

   b. Address on the eCARF matches the address on the Check Ledger in PLUS Web:

      - If the address matches, go to step 10, follow the steps for an invalid request, and include a comment that the wrong transaction type was submitted.
      - If the address does not match, verify the address in Spectrum:
        - If the address matches, go to step 10, follow the steps for an invalid request, and include a comment that the wrong transaction type was submitted.
        - If the address does not match, continue to step 7.

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**Note** The eCARF contains a comment stating that the address is temporary and must be used only for the Stop and Reissue with Address Change request.

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7. In PLUS Web, click the **SSN** link to display the Pension Participation Information Options page.

8. Select the **Check Ledger History** option and click the **View** button.

   The Pension Check Ledger History page displays.

   a. Determine if the request is an ACH Replacement Check:

      - ACH Replacement Check: Select **ACH Replacement Check** from the **Transaction Type** menu, and click the **Save** button.

        This action sends the request to PBGC's paying agent. No further action is required.

      - Not ACH Replacement Check: Continue to step 8.b.

   b. Verify that the following information matches the information in PLUS Web:

      - Check date

- Check amount
- Payment type
- Payment Status is "Outstanding"
- Stop Payment Requested is "N"

9. In PLUS Web, click the check number link.

   The Pension Check Ledger Details page displays.

10. Scroll to the **Check Information** section of the page and view the **Check Address** fields to determine where the check was originally sent:

- If the name and address in the eCARF match the name and address in PLUS Web, do not approve because the Transaction Type is incorrect. Reject the request as not valid:

  a. On the eCARF, click the **Edit** button.

  b. Select **No** in the **BPD Approval** field.

  c. Enter today's date in the **Approval Date** field.

  d. Add a comment or reason for not approving the eCARF.

  e. Click the **Save** button. No further action is required.

  The submitter receives an e-mail notification that the transaction is not approved.

- If the name and address in the eCARF do not match the name and address in PLUS Web, process the request as valid:

  a. On the eCARF, click the **Edit** button.

  b. Select **Yes** in the **BPD Approval** field.

  c. Enter today's date in the **Approval Date** field.

  d. Click the **Save** button.

  The system places the request into the eCARF BPD Queue.

**Process eCARF Stop and Reissue with Address Change**

**03/30/2016**

A BPD Processor completes the following steps to process an eCARF Stop and Reissue with Address Change after it has been approved.

1. Launch PLUS Web and log in.

   The Stop Payment tab opens.

2. Launch the BPD Paying Agent Community and then click the **eCARF BPD Queue** link.

3. Scroll to the eCARF - Stop and Reissue with Address Change Portlet.

   A list of eCARF transactions displays.

4. From the queue, click the **Created On** date/time link for the first eCARF on the list.

   Detailed information about the eCARF including the new address displays in a new window.

   - If the eCARF is approved, continue to step 5.
   - If the eCARF is not approved:
     a. Select **No Action Taken** from the **BPD Action** drop-down list.
     b. Select **Yes** from the **BPD Complete** drop-down list.
     c. Enter the current date in the **Complete Date** field.
     d. Click the **Save** button. No further action is required.

     The submitter receives an e-mail notification that the transaction is not approved.

5. Copy the SSN from the eCARF and paste it into PLUS Web, then click the **Search** button.

   The search results for that SSN are listed.

6. From the search results, locate the record and verify that the **Case Number** matches the participant's record in the eCARF:

   - If the case number is FLEM, click the **Process by SSC** check box and click the **Save** button.

     The transaction is sent to PBGC's paying agent. No further action is needed.
   - If the case number is not FLEM, continue to step 7.

7. From the search results, click the corresponding **SSN** link.

   The Pension Check Ledger History screen for the selected SSN displays.

8. Verify that the following information matches what is in the PLUS Web Ledger:

   - Payee name
   - Plan number
   - Payment type
   - Check date
   - Check amount
   - Payee name on the eCARF
   - Payment Status is "Outstanding"
   - Stop Payment Requested is "N"

**Note** This information should match since the transaction was reviewed during the approval process.

9. From the ledger, select the payment that matches the eCARF and click the **Stop Payment** button.
10. From the **Type of Stop & Reissue?** section, select the **Stop & Reissue to Participant** option, then click the **Submit** button.

    A section with empty address fields displays at the bottom of the page.
11. Copy the address from the eCARF and paste it into PLUS Web.

    Each address line has a different character limit. See the Character Limit Table for guidance.

    - If the participant's address exceeds the character limit or is a foreign address that does not fit into PLUS Web, click the **Process by SSC** check box and click the **Save** button.

      This sends the request to PBGC's paying agent. No further action is required.
    - If the participant's address is within the character limit or is a foreign address that can be processed in PLUS Web, enter the address and click the **Submit** button.

      The PLUS Web Stop Payment Confirmation page displays.
12. On the eCARF form:
    a. Click the **Edit** button.
    b. Select **PLUS UPDATED** from the **BPD Action** drop-down list.
    c. Select **Yes** from the **BPD Complete** drop-down list.
    d. Enter the current date for the **Complete Date** field.
    e. Click the **Save** button.

    The submitter receives an e-mail notification that the transaction is complete. The notification e-mail prompts the submitter to print the document and submit it for imaging.

For an eCARF example, see *eCARF – Stop and Reissue with Address Change*.

## Approve Expedited Mailing Requests

**03/30/2016**

If a participant states hardship, PBGC can approve an expedited payment for eCARF Stop and Reissue, eCARF Stop and Reissue with Address Change, and eCARF ACH Replacement Check requests. The participant must provide justification of the hardship for the expedited request.

Expedited requests cannot be delivered to a P.O. Box, so when initiating the request, the submitter must first determine if the participant's address is a P.O. Box:

- Is a P.O. Box, then the submitter cannot submit the expedited request. A Stop and Reissue with Address Change must be submitted instead.
- Is not a P.O. Box, then the submitter must include the justification for hardship provided by the participant and selects the **Expedited Mailing** check box so that the processing team and PBGC's paying agent are aware of the request.

The request moves simultaneously through two different queues. The eCARF BPD Queue Overnight Approval is where a BPD approver reviews and approves the expedited request. The eCARF BPD Queue is where a BPD staff member completes the necessary steps to process the eCARF Stop and Reissue transaction or the eCARF Stop and Reissue with Address Change transaction. If the expedited mailing request is approved, as soon as the BPD staff completes processing the eCARF, PBGC's paying agent prepares the overnight payment. However, if the expedited mailing request is not approved, the payment is mailed as originally scheduled.

### BPD Approver

A BPD staff member completes the following steps to approve an expedited mailing request for an eCARF Stop and Reissue or an eCARF Stop and Reissue with Address Change.

1. Launch the BPD Paying Agent Community and then click the **eCARF BPD Queue Overnight Approval** link.

   A list of eCARF transactions displays.

2. From the queue, click the **Created On** date/time link for the first eCARF on the list.

   The eCARF opens in a new window.

3. Review the justification for the expedited mailing request:

   - If the justification is not valid:

     a. Click the **Edit** button.

     b. Enter the reason for rejecting the request in the **BPD Comments** field.

     c. Select **No** in the **Request Approved** field.

     d. Enter today's date in the **Complete Date** field.

     e. Click the **Save** button.

     PBGC's paying agent receives an e-mail notification that the expedited mailing request is not approved. The payment is mailed as originally scheduled. No further action is required.

   - If the justification is valid:

     a. Click the **Edit** button.

     b. Select **Yes** in the **Request Approved** field.

     c. Enter today's date in the **Complete Date** field.

d. Click the **Save** button.

PBGC's paying agent receives an e-mail notification that the transaction is approved. The payment is expedited. PBGC's paying agent staff update the comments field on the eCARF with the tracking number.

The following are eCARF examples:

*eCARF – Stop and Reissue (Overnight Mailing)*

*eCARF – Stop and Reissue with Address Change (Overnight Mailing)*

## BPD eCARF Transactions Job Aid

**03/30/2016**

The BPD eCARF Transactions Job Aid provides BPD with guidance for initiating eCARF transactions. The scenarios and examples in the BPD eCARF Transaction Scenarios and What to Do Table are not comprehensive.

### BPD eCARF Transaction Scenarios and What to Do Table

| Sample Scenario | Procedure | What To Do... | Expected Result... |
|---|---|---|---|
| A participant is deceased and is overpaid by PBGC because PBGC's paying agent was not notified in a timely manner of the death. | Return to Trust | • Check PLUS Web to verify the check status is "Outstanding."<br>• Check PLUS Web to verify participant's status is "Active."<br>• Update the participant information in CRM.<br>• Click eCARF-BPD from the BPD Paying Agent Community.<br>• Select **Return to Trust** from the **Transaction** drop-down list.<br>• Enter all required information.<br>**Note** Required information is indicated with an asterisk.<br>• Click **Save** and close. | • BPD receives a Return to Trust transaction in the BPD Queue.<br>• BPD processes the request in PLUS Web and stops the check.<br>• BPD indicates the request is complete and the Portal sends an e-mail acknowledgment back to the submitter.<br>• Submitter prepares and scans the request into IPS. |
| A Death Match Report indicates that a participant died and the ACH Deletion Cutoff date on the payment schedule has not passed. | ACH Deletion | • Check the Benefit Payment Schedule to verify the ACH Deletion Cutoff date has not passed.<br>• Update the participant information in CRM.<br>• Click eCARF-BPD from the BPD Paying Agent Community.<br>• Select **ACH Deletion** from the **Transaction** drop-down list.<br>• Enter all required information. | • BPD receives an ACH Deletion transaction in the BPD Queue.<br>• BPD processes the request in PLUS Web to delete the ACH.<br>• BPD indicates the request is complete and the Portal sends an e-mail acknowledgment back to the submitter.<br>• Submitter prepares and scans the |

| | | | |
|---|---|---|---|
| | | **Note** Required information is indicated with an asterisk.<br>• Click **Save** and close. | request into IPS. |
| The 7th of the month has passed and the participant has not received their check. The participant requests a replacement check. | Stop and Reissue | • Check PLUS Web to verify the check is "Outstanding."<br>• Check PLUS Web to verify participant's status is "Active."<br>• Update the participant information in CRM, if necessary.<br>• Click eCARF-BPD from the BPD Paying Agent Community.<br>• Select **Stop and Reissue** from the **Transaction** drop-down list.<br>• Enter all required information.<br>**Note** Required information is indicated with an asterisk.<br>• Click **Save** and close. | • BPD receives a Stop and Reissue transaction in the BPD Queue.<br>• BPD processes the request in PLUS Web.<br>• Participant is mailed a replacement check.<br>• BPD indicates the request is complete and the Portal sends an e-mail back to the submitter.<br>• Submitter prepares and scans the request into IPS. |
| The participant has moved and the check was mailed to the old address. No forwarding address was submitted to the post office. The participant calls to provide a new address and requests a replacement check. | Stop and Reissue with Address Change | • Check PLUS Web to verify the check is "Outstanding."<br>• Check PLUS Web to verify participant's status is "Active."<br>• Update the participant information in CRM.<br>• Click eCARF-SSC from the BPD Paying Agent Community.<br>• Select **Stop and Reissue with Address Change** from the **Transaction** | • BPD receives a Stop and Reissue with Address Change transaction in the BPD Approval Queue.<br>• BPD processes the request in PLUS Web.<br>• Participant is mailed a replacement check.<br>• BPD indicates the request is complete and the Portal sends |

| | | | |
|---|---|---|---|
| | | drop-down list.<br>• Enter all required information.<br>**Note** Required information is indicated with an asterisk.<br>• Click **Save** and close. | an e-mail back to the submitter.<br>• Submitter prepares and scans the request into IPS. |

# Process eCARFs - PBGC's Paying Agent Staff

**03/30/2016**

Stop and Reissue ACH Replacement Check, Return to Trust ACH Replacement Check and Stop and Reissue Deduction Check that the CSD, PVAs, FBAs, BPD, PSB, and CCC staff members initiates. These staff members are considered the submitters who use the eCARF-SSC Portlet to initiate eCARF transactions.

When a submitter initiates a Stop and Reissue ACH Replacement Check, Return to Trust ACH Replacement Check or Stop and Reissue Deduction Check transaction, the transaction is logged in the eCARF SSC Queue where a paying agent member can begin the respective process. PLUS Web and other paying agent specific systems are used for validating information as well as processing the eCARF transactions. Additionally, there are numerous portlets and queues on the portal used to process the eCARF transactions concurrently with PLUS Web.

The following sections provide details for processing each transaction.

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## eCARF SSC: Stop and Reissue with Address Change

**03/30/2016**

### PBGC's Paying Agent Staff

1. Open the OBA Paying Agent Portal Community and click **eCARF SSC Queue**.
2. Confirm the submitter is approved by referring to the eCARF Authorization List provided by PBGC.
3. Confirm Check is outstanding in Check Status Database.
4. Enter the check request through Check Request Database (Special Services/Retiree Services Database).
5. Fill out the check request form confirming the correct plan name.
6. Save and submit the request.
7. Print Replacement Checks and send to the recipient.
8. Image the request to IPS.
9. If the request is not valid, click **Edit** at the bottom of the eCARF form and enter the following:
   a. Select **NO ACTION TAKEN** from the SSC Action drop-down.
   b. Enter the reason the request cannot be fulfilled in the SSC Comments field.
   c. Select **Yes** in the SSC Complete field.
   d. Enter the current date in the Complete Date field.
   e. Click **Save**.

   The requester receives an e-mail notification that the eCARF is removed from the **eCARF SSC Queue**.
10. If the request is valid, click **Edit** at the bottom of the eCARF form and enter the following:
    a. Select **PLUS UPDATED** from the SSC Action drop-down.
    b. Select **Yes** in the SSC Complete field.
    c. Enter the current date in the Complete Date field.
    d. Click **Save**.

    A notification e-mail serves as prompt for the requester to print the document and submit for imaging to IPS.

## eCARF SSC: ACH Tracer

**03/30/2016**

### PBGC's Paying Agent Staff

1. Open the OBA Paying Agent Portal Community and click **eCARF SSC Verification Queue**.
2. Confirm the submitter is approved by referring to the eCARF Authorization List provided by PBGC.
3. Click the **Created On date/time** to open the eCARF form in the work queue.
4. In PLUS navigate to the Participants Ledger and confirm that the payment was made.
5. If the request is not valid, click EDIT at the bottom of the eCARF form and enter the following:
   a. Select **NO ACTION TAKEN** from the SSC Action drop-down.
   b. Enter the reason the request cannot be fulfilled in the SSC Comments field.
   c. Select **Yes** in the SSC Complete field.
   d. Enter today's date in the Complete Date field.
   e. Click **Save**.

   The requester receives an e-mail notification that the eCARF is removed from the **eCARF SSC Verification Queue**.
6. Enter the ACH Database and confirm that the payment was not returned or rejected by the participant's bank.
7. Enter the findings into the ACH comments field and close out the issue.
8. If the request is valid, click **Edit** at the bottom of the eCARF form and enter the following:
   a. Select **ACH Tracer – Initiated from the SSC** Action drop-down.
   b. Click **Save**.

   The requester receives an e-mail notification that the request is initiated.
9. Following the response from Retiree Services, click **Edit** at the bottom of the eCARF form and enter the following:
   a. Select either **ACH Tracer – Completed – Funds Deposited** or **ACH Tracer – Completed – Funds Not Deposited** from the SSC Action drop-down.
   b. Select **Yes** in the SSC Complete field.
   c. Enter the current date in the Complete Date field.
   d. Click **Save**.

   The requester receives an e-mail notification that the transaction is removed from this queue. The notification e-mail serves as prompt for the requester to print the document and submit for imaging to IPS.

## eCARF SSC: Copy of Paid Check

**03/30/2016**

### PBGC's Paying Agent Staff

1. Open the OBA Paying Agent Portal Community and click **eCARF Payment Verification**.
2. Confirm the submitter is approved by referring to the eCARF Authorization List provided by PBGC.
3. Click the **Created On date/time** to open the eCARF form in the work queue.
4. If the request is not valid, click EDIT at the bottom of the eCARF form and enter the following:
   a. Select **NO ACTION TAKEN** from the SSC Action drop-down.
   b. Enter the reason the request cannot be fulfilled in the SSC Comments field.
   c. Select **Yes** in the SSC Complete field.
   d. Enter today's date in the Complete Date field.
   e. Click **Save**.

   The requester receives an e-mail notification that the eCARF is removed from this queue.
5. In the FISERV System, request a copy of the paid check.
6. Print front and back of check.
7. Image the request to IPS.
8. If the request is valid, click **Edit** at the bottom of the eCARF form and enter the following:
9. Select **Copy of Paid Check – Initiated from the SSC** Action drop-down and click **Save**.

   The requester receives an e-mail notification that the request is initiated.
10. When Retiree Services responds to the request, click **Edit** at the bottom of the eCARF form and enter the following:
    a. Select **Yes** in the SSC Complete field.
    b. Enter today's date in the Complete Date field.
    c. Click **Save**.

    The requester receives an e-mail notification that the transaction is removed from this queue. The notification e-mail serves as prompt for the requestor to print the document and submit for imaging.

## eCARF SSC: Stop and Reissue ACH Replacement Check

**03/30/2016**

### PBGC's Paying Agent Staff

1. Open the OBA Paying Agent Portal Community and click **eCARF SSC Queue**.
2. Confirm the submitter is approved by referring to the eCARF Authorization List provided by PBGC.
3. Confirm Check is outstanding in Check Status Database.
4. Enter the check request through Check Request Database (Special Services/Retiree Services Database).
5. Fill out the check request form confirming the correct plan name.
6. Save and submit the request.
7. Print Replacement Checks and send to the recipient.
8. Image the request to IPS.
9. If the request is not valid, click **Edit** at the bottom of the eCARF form and enter the following:
   a. Select **NO ACTION TAKEN** from the SSC Action drop-down.
   b. Enter the reason the request cannot be fulfilled in the SSC Comments field.
   c. Select **Yes** in the SSC Complete field.
   d. Enter the current date in the Complete Date field.
   e. Click **Save**.

   The requester receives an e-mail notification that the eCARF is removed from the **eCARF SSC Queue**.
10. If the request is valid, click **Edit** at the bottom of the eCARF form and enter the following:
    a. Select **PLUS UPDATED** from the SSC Action drop-down.
    b. Select **Yes** in the SSC Complete field.
    c. Enter the current date in the Complete Date field.
    d. Click **Save**.

    A notification e-mail serves as prompt for the requester to print the document and submit for imaging to IPS.

## eCARF SSC: Stop and Reissue Deduction Check

**03/30/2016**

### PBGC's Paying Agent Staff

1. Open the OBA Paying Agent Portal Community and click **eCARF SSC Queue**.
2. Confirm the submitter is approved by referring to the eCARF Authorization List provided by PBGC.
3. Confirm the check is outstanding in Check Status Database.
4. Enter check request through Check Request Database (Special Services/Retiree Services Database).
5. Fill out the check request form confirming the correct plan name.
6. Save and submit the request.
7. Associate submits to Manager for approval.

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**Note** The Financial Control Area, Client Services, PBGC Team prints the Deduction Checks and delivers to the PBGC Team.

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8. Image the request to IPS.
9. If the request is not valid, click **Edit** at the bottom of the eCARF form and enter the following:
   a. Select **NO ACTION TAKEN** from the SSC Action drop-down.
   b. Enter the reason the request cannot be fulfilled in the SSC Comments field.
   c. Select **Yes** in the SSC Complete field.
   d. Enter the current date In the Complete Date field.
   e. Click **Save**.

   The requester receives automatic e-mail notification that the eCARF is removed from the **eCARF SSC Queue**.
10. If the request is valid, click **Edit** at the bottom of the eCARF form and enter the following:
    a. Select **PLUS UPDATED** from the SSC Action drop-down.
    b. Select **Yes** in the SSC Complete field.
    c. Enter the current date in the Complete Date field.
    d. Click **Save**.

    A notification e-mail serves as prompt for the requester to print and to submit the document for imaging to IPS.

## eCARF SSC: Return to Trust ACH Replacement Check

**03/30/2016**

### PBGC's Paying Agent Staff

1. Open the OBA Paying Agent Portal Community and click **eCARF SSC Queue**.
2. Confirm the submitter is approved by referring to the eCARF Authorization List provided by PBGC.
3. Confirm Check is outstanding in Check Status Database.
4. Enter the check request through Check Request Database (Special Services/Retiree Services Database).
5. Fill out the check request form in the check request database and confirm the correct plan name.
6. Save and submit the request.
7. Associate submits to manager for approval.
8. Image the request to IPS.
9. If the request is not valid, click **Edit** at the bottom of the eCARF form and enter the following:
   a. Select **NO ACTION TAKEN** from the SSC Action drop-down.
   b. Enter the reason the request cannot be fulfilled in the SSC Comments field.
   c. Select **Yes** in the SSC Complete field.
   d. Enter today's date In the Complete Date field.
   e. Click **Save**.

   The requester receives an e-mail notification that the eCARF is removed from this queue.
10. If the request is valid, click **Edit** at the bottom of the eCARF form and enter the following:
    a. Select **PLUS UPDATED** from the SSC Action drop-down.
    b. Select **Yes** in the SSC Complete field.
    c. Enter today's date in the Complete Date field.
    d. Click **Save**.

    A notification e-mail serves as prompt for the requester to print the document and submit for imaging to IPS.

## eCARF SSC: ACH Reclamation (Incoming)

**03/30/2016**

### PBGC's Paying Agent Staff

1. Open the OBA Paying Agent Portal Community and click **eCARF SSC Reclamation Queue (Incoming)**.
2. Click the **Created On date/time** to open the eCARF form in the work queue.
3. Export spreadsheet and convert to 80 Common Plus Transaction Format (80 Byte).
4. Post the file to PLUS Edit.
5. If the request contains errors, click **Edit** at the bottom of the eCARF form and enter the following:
   a. Select **NO ACTION TAKEN** from the SSC Action drop-down.
   b. Enter the reason the request cannot be fulfilled in the SSC Comments field.
   c. Select **Yes** in the SSC Complete field.
   d. Enter the current date in the Complete Date field.
   e. Click **Save**.

   The requester receives an automatic e-mail notification that the transaction is removed from the eCARF SSC Reclamation queue.
6. If the request contains no errors, click **Edit** at the bottom of the eCARF form and enter the following:
   a. Select **INITIATED – RECLAMATION** from the SSC Action drop-down.
   b. Click **Save**.

   The requester receives an e-mail notification that the transaction is removed from the eCARF SSC Reclamation Queue (Incoming) and resides in the eCARF SSC Reclamation Queue (Initiated). Associated financial institution has 30 days to respond to the request.

## eCARF SSC: ACH Reclamation (Initiated)

**03/30/2016**

### PBGC's Paying Agent Staff

1. Once notification is received from the financial institutions concerning the disposition of the reclamation request, open the OBA Paying Agent Portal Community and click on the **eCARF SSC Reclamation Queue (Initiated)** hyperlink.
2. Open the transaction, click **Edit**, then select from the drop down menu and input the reason the financial institution provided.
3. If funds are received:
   a. Select **PLUS UPDATED** from the SSC Action drop-down.
   b. Select **Yes** in the SSC Complete field.
   c. Enter today's date in the Complete Date field.
   d. Click **Save**.

   A notification e-mail serves as prompt for the requester to print the document and submit for imaging to IPS.
4. If the reply is no funds reclaimed-insufficient funds, the request is processed as an eCARF Reclamation LOI.

   A notification e-mail serves as prompt for the requester to print the document and submit for imaging to IPS.

# eCARF SSC: ACH Reclamation (LOI)

**03/30/2016**

## BPD Portal Team

1. Open the OBA Paying Agent Portal Community and click **eCARF SSC Reclamation LOI Queue**.
2. In the **eCARF SSC LOI Queue** select the insufficient funds export view, and click to export the data to Excel.
3. Conduct clean-up activities as necessary in the newly generated spreadsheet (remove exponential notation, correct for leading zeros, etc.).
4. Import the spreadsheet to the Access database "Reclamation LOI.mdb."
5. Validate all information for the participant (for example, SSN, routing number, date, etc.) using Genesis.
6. Correct any errors found in the participant information.
7. Navigate to the mail merge template, "Template_InsufficientFundsLOI.docx."

   The template will automatically merge the Reclamation LOI and generate reclamation letter requests in a single Word file. Save the Word file using the following convention: LOI Insufficient Funds MMDDYY
8. E-mail the letters to the SSC Associate by midday Friday.

## PBGC's Paying Agent Staff

1. The SSC Associate updates the **eCARF SSC Reclamation LOI Queue** and mails/faxes the letters to the respective financial institutions.
2. If funds are received and the reclamation is succesful:
   a. Select **PLUS UPDATED** from the SSC Action drop-down.
   b. Select **Yes** in the SSC Complete field.
   c. Enter today's date in the Complete Date field.
   d. Click **Save**.

      A notification e-mail serves as prompt for the requester to print the document and submit for imaging to IPS.
3. If other responses are received, the SSC Associate images the request to IPS and updates the LOI Queue accordingly.

---

**Note** If no response is received from the financial institution within 45 days, the request is closed out.

---

**SSC eCARF Transactions Job Aid**

**03/30/2016**

## SSC eCARF Transaction Scenarios Table

| Sample Scenario | Procedure | What to do... | Expected result... |
|---|---|---|---|
| A participant moved and the check was mailed to the old address. No forwarding address was submitted to the USPS. The participant called to provide a new address and is requesting a replacement check. | Stop and Reissue – Address Change Permanent | • Check PLUS Web to verify check is outstanding (OUTSTDG).<br>• Check PLUS Web to verify the participant is "Active – Paying" in the **Participant Status** field.<br>• Update the participant information in CRM.<br>• Click the **eCARF Address** icon.<br>• Select **Stop and Reissue – Address Change** from the **Transaction** drop-down.<br>• Enter all required information.<br>**Note** Required information is indicated with an asterisk.<br>• Select **Permanent** (address change) from the **Change** drop-down.<br>• Click **Save**, and close ☒. | • SSC receives a Stop and Reissue with Address Change request in the SSC Queue.<br>• SSC processes the request in PLUS Web.<br>• SSC mails a replacement check to the participant.<br>• SSC indicates the request is complete and the Portal sends an e-mail acknowledgment to the ProcessCheckAction e-mailbox.<br>• A CCC Administrator prints the acknowledgment and scans it into IPS which can be viewed with PBGC Image Viewer. |
| A participant closed the bank account receiving benefit payment checks due to fraud. A payment dated 03/01/2009 was rejected by the bank since the account was closed. A replacement check was mailed to the participant's home address. Two weeks have elapsed and the participant has not received the replacement check. | Stop and Reissue – ACH Replacement Check | • Check PLUS Web to verify the Replacement Check is OUTSTDG.<br>• Check PLUS Web to verify the participant is "Active – Paying" in the **Participant Status** field.<br>• Update the participant information in CRM, if necessary.<br>• Select the **eCARF Address** icon.<br>• Select **Stop and Reissue – ACH Replacement Check** from the **Transaction** drop-down. | • SSC receives a Stop and Reissue with Address Change into the SSC Queue.<br>• SSC processes the request in PLUS Web.<br>• SSC mails a replacement check to the participant.<br>• SSC indicates the request is complete and the Portal sends an e-mail acknowledgment to the |

| | | | |
|---|---|---|---|
| | | • Enter all required information.<br>**Note** Required information is indicated with an asterisk.<br>• Enter address change only if requested by the participant.<br>• Click **Save**, and close ☒. | ProcessCheckAction mailbox.<br>• A CCC Administrator prints the acknowledgment and scans it into IPS which can be viewed with PBGC Image Viewer. |
| A participant is experiencing a hardship (for example, about to be evicted) and has not received a check. The participant cannot wait, and needs a replacement check sent via expedited delivery. | Stop and Reissue with Overnight Request | • Check PLUS Web to verify the Replacement Check is OUTSTDG.<br>• Check PLUS Web to verify the participant is "Active – Paying" in the **Participant Status** field.<br>• Update the participant information in CRM, if necessary.<br>• Select the **eCARF** icon.<br>• Select **Stop and Reissue** from the **Transaction** drop-down .<br>• Enter all required information.<br>**Note** Required information is indicated with an asterisk.<br>• Click **Overnight Request**.<br>• Write an explanation for overnight request in the field labeled **Comments**.<br>• Write a comment to explain hardship.<br>• Click **Save**, and close ☒. | • BPD receives a Stop and Reissue request in the BPD work queue.<br>• The SSC COR and designee receive a request in the Overnight Request queue.<br>• SSC COR or designee approves the request. SSC receives an e-mail upon approval or rejection.<br>• If the request is approved, SSC issues a tracking number.<br>• A replacement check is sent to the participant via overnight delivery.<br>• SSC scans the replacement check and the approved Overnight Request e-mail into IPS which can be viewed with PBGC Image Viewer.<br>• CCC contacts the participant to provide the overnight tracking |

| | | | |
|---|---|---|---|
| | | | information.<br>• A CCC Administrator prints the acknowledgment and scans it into IPS which can be viewed with PBGC Image Viewer. |
| A participant found an original check dated 06/01/2009. The check was never replaced, and the participant requested a new one. | Reissue Purged Check | Issue a one-time payment through SPECTRUM. | The participant is issued a one-time payment. |
| A participant stated the electronic payment was not in the account and it is the third of the month. | ACH Tracer Request | • Select the **Payment Verification** icon.<br>• Select **ACH Tracer** from the **Transaction** drop-down.<br>• Enter all required information.<br>**Note** Required information is indicated with an asterisk.<br>• Click **Save**, and close ☒. | SSC traces the ACH payment and scans a copy of the results into IPS which can be viewed with PBGC Image Viewer. |
| A participant waited until the seventh of the month and still has not received a check. The participant is requesting a replacement check. | Stop and Reissue | • Check PLUS Web to verify the Replacement Check is OUTSTDG.<br>• Check PLUS Web to verify the participant is "Active – Paying" in the **Participant Status** field.<br>• Update the participant information in CRM, if necessary.<br>• Select the **eCARF** icon.<br>• Select **Stop and Reissue** from the **Transaction** drop-down.<br>• Enter all required information.<br>**Note** Required information is indicated with an asterisk.<br>• Click **Save**, and close ☒. | • SSC receives a Stop and Reissue with Address Change request in the SSC Queue.<br>• SSC processes the request in PLUS Web.<br>• SSC mails a replacement check to the participant.<br>• SSC indicates the request is complete and the Portal sends an e-mail acknowledgment to the ProcessCheckAction e-mailbox.<br>• A CCC Administrator prints the acknowledgment and scans it into IPS which can be viewed with PBGC Image |

| | | | |
|---|---|---|---|
| | | | Viewer. |
| The participant did not receive a check. It is the 15th of the month and the participant is now out of town. The participant is requesting a replacement check to be sent to a temporary address. | Stop and Reissue – Address Change Temporary | • Check PLUS Web to verify the check is OUTSTDG.<br>• Check PLUS Web to verify the participant is "Active – Paying" in the **Participant Status** field.<br>• Update the participant information in CRM.<br>• Click the **eCARF Address** icon.<br>• Select **Stop and Reissue – Address Change** from the **Transaction** drop-down.<br>• Enter all required information.<br>**Note** Required information is indicated with an asterisk.<br>• Click **Save**, and close ☒. | • SSC receives a Stop and Reissue with Address Change into the SSC Queue.<br>• SSC processes the request in PLUS Web.<br>• SSC mails a replacement check to the participant.<br>• SSC indicates the request is complete and the Portal sends an e-mail acknowledgment to the ProcessCheckAction e-mailbox.<br>• A CCC Administrator prints the acknowledgment and scans it into IPS which can be viewed with PBGC Image Viewer. |
| A participant did not receive a check. It is past the seventh of the month. The check status in PLUS Web is "Paid" yet the participant indicates the check was not cashed. | Copy of Check Request | • Select the **Payment Verification** icon.<br>• Select **Copy of Paid Check** from the **Transaction** drop-down.<br>• Enter all required information.<br>**Note** Required information is indicated with an asterisk.<br>• Click **Save**, and close ☒. | • SSC copies the paid check and scans it into IPS which can be viewed with PBGC Image Viewer.<br>• Service Request to POC. |

# Resources for eCARF

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

PBGC Directive IM 10-3 Protecting Sensitive Information

**Exhibits:**

- *eCARF – ACH Deletion*
- *eCARF – ACH Tracer*
- *eCARF – Copy of Paid Check*
- *eCARF – Reclamation*
- *eCARF – Return To Trust*
- *eCARF – Return To Trust ACH Replacement Check*
- *eCARF – Return To Trust (Death)*
- *eCARF – Stop and Reissue*
- *eCARF – Stop & Reissue ACH Replacement Check*
- *eCARF – Stop and Reissue (Overnight Mailing)*
- *eCARF – Stop and Reissue with Address Change*
- *eCARF – Stop and Reissue with Address Change (Overnight Mailing)*

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**Note** If non-BPD users click a document hyperlink and receive an access denied error page, contact the Administrator of the BPD Procedures Project portal to inquire about obtaining access.

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# Check Processing

**08/30/2011**

Check Processing covers processing checks received from participants or their designated representatives with emphasis on reconciling the information to account for all checks received.

## In this Section

Overview for Check Processing.....2
Check Processing Procedures .....3
Resources for Check Processing .....11

# Overview for Check Processing

**03/30/2016**

Debtors, relatives of debtors, representatives for debtors, or third parties send negotiable instruments to the OBA Lockbox (790374) at US Bank including: Live Personal Checks, Money Orders, Cashier's Checks, and sometimes uncashed PBGC Pension Checks, etc.

# Check Processing Procedures

**03/30/2016**

| | |
|---|---|
| **Purpose** | To process checks received from participants and/or their designated representatives; to reconcile the information with the aim to account for all checks received. |
| **Guidance** | TP8<br>eCARF<br>NFDE<br>Ledger Load<br>PBGC Data Breach Procedures<br>Cash Reconciliation Cycle Memo<br>Workflow for Check Processing Administration |
| **Procedure Owner** | BPD Check Processing Team, BPD Check Processing Coordinator |

US Bank sends returned pension checks, personal checks, money orders, cashier checks, and copy deposit checks to DMC to be imaged to IPS. DMC generates a *Daily IPS DM Report* of all transactions. PBGC's paying agent corrects Adjustment Ledgers and applies transaction codes in PLUS Web. The BPD Check Processing Team follows up with PBGC's paying agent to ensure that all requests are completed.

## In this Section

1. Receive Daily Check Bag ..... 4
2. Upload Daily IPS DM Report to BPD Operations Portal 5
3. Process Checks in BPD Operations Portal ..... 6
4. Adjust Payment Ledgers ..... 8
5. Process Treasury/IPAC Payments ..... 9
6. Process Overpayment Refunds ..... 10

# 1. Receive Daily Check Bag

**03/30/2016**

**Check Copies:** Debtors send checks to OBA Lockbox (790374) at US Bank. US bank sends the check bag to DMC. DMC images checks to IPS, generates the *Daily IPS DM Report,* and sends check bag and a hardcopy of the *Daily IPS DM Report* to the BPD Check Processing Team.

**Live Checks (misdirected):** Some debtors misdirect live checks and send them directly to DMC instead of to the OBA Lockbox (790374). These checks are also included in the daily check bag. BPD sends these checks to the OBA Lockbox (790374) and the checks eventually come back to BPD as a check copy.

**Returned Pension Checks:** Sometimes family members of deceased payees send uncashed PBGC pension checks to the OBA Lockbox (790374) or DMC. These checks are also included in the daily check bag.

## BPD Check Processing Team

1. Remove contents of check bag and compare what is in the bag to the hardcopy of the *Daily IPS DM Report*.
    - If the contents of the check bag match the information on the *Daily IPS DM Report,* date and initial the *Daily IPS DM Report*, place in bag, and send back to DMC.
    - If the contents of the check bag do not match the information on the *Daily IPS DM Report*, research to determine the cause of the issue. If necessary, initiate the PBGC Data Breach Procedures documented on PBGC's Intranet.
2. If there are any live checks in the bag, keep them in a locked cabinet and overnight them to the OBA lockbox as soon as possible that same day.

## 2. Upload Daily IPS DM Report to BPD Operations Portal

**03/30/2016**

### BPD Check Processing Team

1. In IPS Document Management (DM) generate the *IPS DM Check Report* for Alexandria for the previous day and save it as an Excel spreadsheet in the IPSDM Check Report folder on the shared `I: drive`.
2. Open the Microsoft Access Daily IPSDM Manifest database and import the Excel version of the check report.

   This tool obtains additional data from Genesis (for example, full SSN) and exports the report as a CSV file.
3. Upload the *Daily IPS DM Report* (CSV version) to the BPD Operations Portal.

   This populates the three queues: Copy, Live, and Pension.

# 3. Process Checks in BPD Operations Portal

**03/30/2016**

## BPD Check Processing Team

**Live check queue:** Complete the following for each check in the queue:

1. Click on a participant in the queue.
2. Record the check in the *Lockbox Deposits Spreadsheet* (there are 2 tabs: *Lockbox Deposits Monthly List* and *Daily Lockbox Deposit Sheet*) on the shared `I: drive`.
3. Place the check in the Fed Ex envelope.

   Obtain the Fed Ex label from the Fed Ex Coordinator.
4. Select SENT TO LOCKBOX in the portal queue.

   This removes the transaction from the live check queue and places it in one of the copy check queue.
5. Print the *Lockbox Deposits spreadsheet* and include it with the checks.
6. Deliver the package to the Fed Ex Coordinator.
7. Receive the Fed Ex tracking number from the Fed Ex Coordinator.
8. Enter the Fed Ex tracking number into the *Lockbox Deposits Spreadsheet* on the shared `I: drive`.

   Live checks should be sent to the OBA lockbox on the same day they are received from the DMC.

**Copy check queues:** There are separate queues for the following types of checks:

- Checks originally sent to the OBA Lockbox (790374) at US Bank.
- Checks originally sent to the DMC and subsequently sent to the OBA Lockbox (790374) at US Bank by BPD.
- Checks originally sent to the FOD Lockbox (790373) at US Bank (installment payments).

  Complete the following for each check in the queue:

  1. Click on a participant in the queue.
  2. Research PLUS Web, PBGC Image Viewer, Spectrum, and CRM to determine why the check was sent to PBGC.
  3. Validate the amount of the check:
     - If the debtor paid the correct amount, complete the *Adjustment Ledger Form* on the portal, directing PBGC's paying agent to update the associated payee's ledger.
     - If the debtor overpaid PBGC, process an overpayment refund.

**Pension check queue:**

1. Click on a participant in the queue.
2. Research PLUS Web, PBGC Image Viewer, Spectrum, and CRM to determine if the payment has already been returned to trust:
   - If payment was returned to trust, shred the pension check.
   - If the payment was not returned to trust, select Return to Trust in PLUS Web, and shred the pension check.

## 4. Adjust Payment Ledgers

**03/30/2016**

PBGC's paying agent receives the *Adjustment Ledger Form* in the SSC Processing Portal queue, makes ledger adjustment in PLUS Web, and marks as complete in the SSC Processing Portal queue. An *eCARF Acknowledgement E-mail* is generated from the SSC Processing Portal queue to the Check Processing Inbox.

### BPD Check Processing Team

1. Check PLUS Web to ensure the ledger was credited:
   - If ledger was credited, image the *eCARF Acknowledgement E-mail* to IPS.
   - If the ledger was not credited, follow up with PBGC's paying agent to ensure requests were completed.

## 5. Process Treasury/IPAC Payments

**03/30/2016**

The *FOD Debt Collection Report* (there are 2 tabs: *Debt Record Report* and *PIF & WO*) records payments made by debtors either by installments (via the FOD Lockbox (790373) at US Bank) or collected by the Treasury Department's Fed Debt program. The installment payments are part of the Daily Check Bag activity and therefore require no further action. The Treasury/IPAC payments must be researched so that the appropriate payment ledgers can be credited if necessary.

### BPD Check Processing Coordinator

1. Record the payment in the *Recovery CARFs Spreadsheet*.
2. Research PLUS Web, PBGC Image Viewer, Spectrum, and CRM to determine how the PLUS ledger needs to be credited.

   If the debt was incurred before PBGC's paying agent began making payments for that plan, there is no PLUS ledger and therefore no ledger credit.
3. In the Credit Month column, describe how the ledger is to be credited.

### BPD Check Processing Team

4. Complete the portal *Adjustment Ledger Form*, directing PBGC's paying agent to update the associated payee's ledger in accordance with the instructions in the *Recovery CARFs spreadsheet*.

## 6. Process Overpayment Refunds

**03/30/2016**

When debtors overpay their debts, PBGC instructs the paying agent to issue an overpayment refund. A common reason for this is for ACH payments. PBGC reclaims the money through an ACH reclamation, but the debtor also sends a check.

See the PSD process for eCARF procedures.

# Resources for Check Processing

**09/30/2016**

**Forms, Letters, and Memos:**

*Adjustment Ledger Report*

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

- *Adjustment Ledger Acknowledgment E-mail*
- *Daily IPS DM Report*
- *eCARF Acknowledgment E-mail*
- *FOD Debt Collection Report:*
  - *Debt Record Report*
  - *PIF & WO*
- *IPS DM Check Report*
- *Lockbox Deposits Spreadsheet:*
  - *Lockbox Deposits Monthly List*
  - *Daily Lockbox Deposit Sheet*
- *Recovery CARFs Spreadsheet*

# Outstanding Check Notification

**11/20/2015**

The Outstanding Check Notification process is executed to prepare and distribute a quarterly *Outstanding Checks Report* notifying the responsible point of contact (Mail POC) of checks that have not been cashed more than 60 days after issuance.

## In this Section

Overview for Outstanding Check Notification ..... 2
Format Outstanding Check Spreadsheet ..... 3
Resources for Outstanding Check Notification ..... 5

# Overview for Outstanding Check Notification

**03/30/2016**

Each quarter PBGC's paying agent produces an *Outstanding Check Listing* itemizing all checks that are outstanding and remain uncashed after two months and sends it to BPD. No later than the last week of the month after receiving the *Outstanding Check Listing*, the BPD Outstanding Check Coordinator/Operator generates an *Outstanding Checks Report* that facilitates distribution of individualized reports to each responsible Mail POC. Within two weeks from receipt of the spreadsheet BPD and PBGC's paying agent will resolve all unidentified POC data.

# Format Outstanding Check Spreadsheet

**03/30/2016**

| | |
|---|---|
| **Purpose** | To notify POC's of Quarterly Outstanding Checks. |
| **Guidance** | TP42<br>eCARF<br>Workflow for Outstanding Check Notification |
| **Procedure Owner** | BPD Outstanding Check Coordinator/Operator, Senior Pension Administrator |

PBGC's paying agent produces a quarterly *Outstanding Check Listing* of all uncashed checks that have been outstanding for greater than two months and stores the spreadsheet titled *PBGC Outstanding MMDDYYYY* on the PBGC Portal. The PBGC Portal automatically distributes the report to a pre-defined distribution list.

## BPD Outstanding Check Coordinator/Operator

1. Receive *PBGC Portal e-mail message* with a link to the *Outstanding Check Spreadsheet*.
2. Save the *Outstanding Check Spreadsheet* to the Outstanding Check directory on the shared `I: drive` as `SSCOutstandingChecks.xls`.
3. Open the OutstandingCheck Access database.
4. Confirm each step performed by the macro by clicking OK when prompted to complete the process of importing the *SSCOutstandingChecks Spreadsheet* into Access:
   a. Delete all entries in the temporary table *SSCOutstandingChecks* to prepare for the current run.
   b. Import PBGC's paying agent spreadsheet.

      This imports data from the spreadsheet to the temporary table *SSCOutstandingChecks*.
   c. Copy data from the temporary table *SSCOutstandingchecks* to the processing table *OutstandingChecks*.
   d. Enter user ID and password when prompted by the "Logon to Oracle 8" dialog box.

      These steps in the macro retrieve the information from Genesis.
   e. Update entries in the *OutstandingChecksTable* with the PBGC Case ID Number.
   f. Update the entries in the *OutstandingChecksTable* with the POC data.
   g. Archive entries in the *OutstandingChecksTable* to the ArchiveOutstandingChecks table for audit purposes.
   h. Prepare data in the order and format for e-mailing outstanding check data to the POC's.

      When the macro is complete, the *OutstandingChecksTable* displays the POC data.
   i. If there is a row containing no POC data indicating that no corresponding data was found in PRISM, research PLUS and Spectrum to identify the required POC data; work with PBGC's paying agent to identify the participant and check data necessary to retrieve the POC data.
5. Retrieve the *standard e-mail message* and attach to the clipboard:
   a. E-mail the *Outstanding Checks Report* and Instructions for How to Process an Outstanding Check to the Mail POC.
   b. Return to the *OutstandingChecksTable*, select and highlight all rows where the Login Last and First Name are the same.

c. Click TO and select the name of the outstanding check report recipient.

d. Type `Outstanding Report` in the Subject and insert the standard e-mail message from the clipboard into the body of the e-mail message and click SEND.

e. Repeat this process until the table is empty.

# Resources for Outstanding Check Notification

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

Instructions for How to Process an Outstanding Check

**Exhibits:**

- *Outstanding Checks Report*
- *Outstanding Checks Table*
- *Outstanding Check Report E-mail to POCs*
- *PBGC's Paying Agent E-mail with Outstanding Check List*
- *Outstanding Check Listing*

# Purged Check Notification

**11/20/2015**

The Purged Check Notification process is executed to prepare and distribute a monthly *Purged Check Report* notifying the responsible point of contact (Mail POC) of checks that have not been cashed more than 180 days after issuance.

## In this Section

Overview for Purged Check Notification .....2
Format Purged Check Spreadsheet .....3
Resources for Purged Check Notification .....5

# Overview for Purged Check Notification

**03/30/2016**

Checks automatically become stale dated after 180 days from the issue date and can no longer be cashed. Funds from stale dated checks are returned to the PBGC Trust Account.

Each month PBGC's paying agent sends a *Purged Check Listing* to BPD of all uncashed checks that have been outstanding greater than 180 days and have become stale dated. No later than the last week of the month after receiving the *Purged Check Listing*, the BPD Purged Check Coordinator/Operator generates a *Purged Check Report* and distributes an individualized report to each responsible Mail POC.

# Format Purged Check Spreadsheet

**03/30/2016**

| | |
|---|---|
| **Purpose** | To notify POC's of monthly Purged Checks. |
| **Guidance** | TP42<br>NFDE<br>Workflow for Purged Check Notification |
| **Procedure Owner** | BPD Purged Check Coordinator/Operator, Senior Pension Administrator |

PBGC's Paying Agent produces a monthly *Purged Check Listing* of all uncashed checks that have been outstanding for greater than 180 days and have become stale dated and stores the Stale Dated Payment Report Spreadsheet on the PBGC Portal. The PBGC Portal automatically distributes the report to a pre-defined distribution list.

## BPD Purged Check Coordinator/Operator

1. Receive the *PBGC Portal e-mail message* with a link to the *Purged Check Spreadsheet*.
2. Save the Purged Check Spreadsheet to the Purged Check directory on the shared `I: drive`.
3. Open the Purged Check Spreadsheet and remove PBGC's paying agent logo, headers, any other extraneous information, and make any other necessary changes.
4. Save the modified spreadsheet into the Purged Check directory on the shared `I: drive` as `SSCPurgedChecks.xls`, and close.
5. Open the Purged Check Access database, click Macros under Objects, then double-click Process_PurgeChecks to run macro.
6. Confirm each step performed by the macro by clicking OK when prompted to complete the process of importing the *SSCPurgedChecks Spreadsheet* into the database:
   a. Delete all entries in the temporary table *SSCPurgedChecks* to prepare for the current run
   b. Import PBGC's paying agent spreadsheet renamed to `SSCPurgedChecks.xls`

      This imports data from the spreadsheet to the temporary table *SSCPurgedChecks*.
   c. Copy data from the temporary table *SSCPurgedchecks* to the processing table *PurgedCheck*.
   d. Enter user ID and password when prompted by the "Logon to Oracle 8" dialog box.

      These steps in the macro retrieve the information from Genesis.
   e. Update entries in the *PurgedChecks table* with the PBGC Case ID Number.
   f. Update the entries in the *PurgedChecks table* with the POC data.
   g. Archive entries in the *PurgedChecks table* to the *ArchivePurgedChecks table* for audit purposes.
   h. Prepare data in the order and format for e-mailing purged check data to the POC's.

      When the macro is complete, the *PurgedCheck* table displays the POC data.
   i. If there is a row containing no POC data indicating that no corresponding data was found in PRISM, research PLUS and Spectrum to identify the required POC data; work with PBGC's paying agent to identify the participant and check data necessary to retrieve the POC data.
7. Retrieve the *standard e-mail message* and attach to the clipboard:

a. E-mail the *Purged Check Report* and *Instructions for How to Reissue a Purged Check* to each Mail POC.

b. Return to the *PurgedChecksTable* and click File.

c. Click TO and select the name of the purged check report recipient.

d. Type `Purged Report` in the Subject and insert the standard e-mail message from the clipboard into the body of the e-mail message and click SEND.

e. Repeat this process until the table is empty.

# Resources for Purged Check Notification

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

Instructions for How to Reissue a Purged Check

**Exhibits:**

- *PBGC Portal E-mail PBGC's Paying Agent Purged Check List*
- *Purged Check Report*
- *Purged Check Report E-mail to POCs*
- *Purged Checks Table*
- *Purged Check Listing*

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**Note** If non-BPD users click a document hyperlink and receive an access denied error page, contact the Administrator of the BPD Procedures Project portal to inquire about obtaining access.

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# Notice of Change

**03/28/2013**

PBGC's paying agent and PBGC update Spectrum system with new routing and account numbers from the Federal Reserve, to ensure participants are paid properly.

## In this Section

Overview for Notice of Change.....2
Load Accuity Data into Genesis.....3
Resources for Notice of Change.....5

# Overview for Notice of Change

**11/29/2011**

The Federal Reserve System notifies PBGC's paying agent on an ongoing basis of new or invalid routing and account numbers. PBGC's paying agent updates their system automatically for these Notices of Change (NOC) and each week sends an NOC file to PBGC with the corrected numbers. OIT runs a NOC process that updates PBGC's database accordingly. The process also updates bank address information that is received once each month by CD-ROM.

# Load Accuity Data into Genesis

**11/20/2015**

| | |
|---|---|
| **Purpose** | To update Spectrum with new routing and account numbers from the Federal Reserve to ensure that participants are paid properly. |
| **Guidance** | Workflow for Notice of Change |
| **Procedure Owner** | Senior Pension Administrator |

Accuity sends the bank address files on compact disc to the Senior Pension Administrator by overnight express mail on the 15th day of each month. Within seven business days from receipt of the Accuity CD, the Senior Pension Administrator should complete the following steps:

- Load the data from the CD to `W:\Drive\NOC`.
- Send an e-mail requesting that OIT Database Administrator (DBA) to load the data.
- Delete last month's file from `W:\Drive\NOC`.

The OIT DBA sends a reply e-mail to the Senior Pension Administrator confirming the Accuity file data is loaded into the Genesis database within two business days from receipt of the e-mail from the Senior Pension Administrator.

The NOC file is sent electronically from PBGC's paying agent to the PBGC Server each week on Friday by 1:00 P.M.

OIT runs a CRON job using the NOC file to update Spectrum each week on Friday at 7:00 P.M. Oracle sends two automated e-mail messages once the Spectrum update is complete: the *Log File* used to Load the NOC file and the *Post-NOC Load Process* showing Spectrum was successfully updated.

BMA Operations e-mails the *NOC Report* to the Senior Pension Administrator by the first business day of the week by noon.

The *Management Report* is due from the Senior Pension Administrator each week on Thursday.

In the event that there are no NOCs to report, PBGC's paying agent e-mails BMA Operations, OIT CSC DBA, and the Senior Pension Administrator by Friday at 1:00 P.M.

## Senior Pension Administrator

1. Ensure receipt of the CD by the 22nd of each month.
2. Load the bank address data from the CD to `W:\Drive\NOC\BankAddrFiles`.

   The file names are case sensitive and must be exact.
3. Delete the previous month's Accuity CD data from `W:\Drive\NOC`.
4. Prepare and send an e-mail to the OIT CSC DBA to inform them that the Accuity CD data is on the `W:\Drive\NOC` and *request to load the data* into the Genesis database.
5. Receive e-mail confirmation from the OIT CSC DBA that the Accuity data file was loaded into Genesis.
6. Ensure receipt of NOC file by Friday at 1:00 P.M.
7. Receive two automated e-mail messages from Oracle: the *Log File* and the *Post-NOC load process*.
8. Receive the *NOC Report* on Monday and place `W:\NOC\NOC Reports`.

   Follow up with BAM Operations if the *NOC Report* is not received by Monday.

9. Perform quality control check within two business days after the *NOC Report* is received by random sampling the Spectrum updates to confirm the NOC changes are correct.
10. Filter 'no match' errors where DEST or ACH is older than 30 days before the report date.
11. Send the *NOC Errors e-mail* to the PVA Project Manager, Assistant Project Manager, FBA, and COR within five business days after receiving the *NOC Report*.

    Refer to the Table of Reasons and Error Codes.
12. Prepare the weekly *Management Report* using data from the *NOC Report* in the `W:\NOC\NOC Reports`.

# Resources for Notice of Change

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

- Error Codes
- Table of Reasons

**Exhibits:**

- *E-mail Request to Load Data*
- *Log File*
- *Management Report*
- *NOC Errors E-mail*
- *NOC Report*
- *Post-NOC Load Process*

# Unscheduled Payments by the Paying Agent

**06/27/2013**

An unscheduled payment is an emergency payment made to payees outside of the normal check run.

## In this Section

Overview of Unscheduled Payments by the Paying Agent 2
Unscheduled Payments by the Paying Agent ..... 3
Resources for Unscheduled Payments by the Paying Agent 4

# Overview of Unscheduled Payments by the Paying Agent

**03/30/2016**

Sometimes contingencies may constrain payments to payees outside of a regular scheduled check run that result in an unscheduled payment. Approving these unscheduled payments is part of BPD's **payment reconciliation** function.

# Unscheduled Payments by the Paying Agent

**03/30/2016**

| | |
|---|---|
| **Purpose** | To make payments to payees outside of regular scheduled check run. |
| **Guidance** | FM 05-3 |
| **Procedure Owner** | BPD Branch Chief, Management Analyst, PBGC Paying Agent |

Unusual circumstances sometimes necessitate payments outside of a regularly scheduled check run. Approving these payments is a part of BPD's **payment reconciliation** function (FM 05-3). The request for an unscheduled payment must be submitted via a signed memo from a BPD Management Analyst, approved and signed by the BPD Branch Chief, and faxed to the PBGC paying agent.

**Non-benefit payments (NBP):** Unscheduled NBPs are disbursed via a **manual check**, not a check run. These payments are done outside of PLUS and do not result in a ledger record or a tax form. As NBPs, manual checks are not included on the *Benefit Payment Distribution* (known as Single-Multi) report.

**Examples:**

- Overpayment refunds: These become necessary when, for example, an ACH reclamation is successful and someone also sends in a check to repay an overpayment. Other scenarios result in the need for partial refunds.
- Check return fees: When a stop payment order is placed on a check, a check cashing company has no way to know that and therefore may honor the check. Reimbursing the check cashing company for the benefit payment can be handled under TP 2 Administrative Correction of Benefit Overpayments, but the check return fee, if PBGC chooses to pay it, is an NBP.

**Benefit payments (BPs):** Unscheduled BPs are disbursed via a previously unscheduled check run and are very rare. These should never be approved if the payment could be included in the weekly off cycle check run or another monthly check run. BPD contacts the PBGC paying agent, asking for the next available date for an unscheduled check run. Usually the PBGC paying agent can arrange one within 48 hours, but it may be longer than that if there are conflicting check runs. As BPs, these payments are included on the *Benefit Payment Distribution* (known as Single-Multi) report.

**Example:** This is very rare because BPs can almost always wait until a scheduled check run. An unscheduled check run is only appropriate for emergencies and must be documented in as a "deviation from procedures that is applicable to participant processing" as described in the OBA Operations Manual.

# Resources for Unscheduled Payments by the Paying Agent

**09/30/2016**

**Forms, Letters, and Memos:**

*Unscheduled Payments Memo*

**Customer Correspondence and Forms:**

None

**Guidance:**

*GA 05-3*

Exhibits:

None

# Introduction to Recovery and Death Match Processes

**08/30/2011**

There are two ▶Recovery and Death Match Processes involving the following activities:

## Recovery of Benefit Overpayments

When the initial attempts to recover ▶benefit overpayments (for example, by ▶ACH reclamation or direct request) are not successful, field offices and ▶TPDs forward cases to the ▶BPB Recovery Team for more aggressive debt collection action. Key activities of the BPB Recovery Team include issuing subpoenas to banks to determine the identity of ▶debtors, issuing demand letters, executing installment agreements, forwarding debts to the U.S. Treasury Department for collection, and forwarding cases to ▶OGC or ▶OIG for further action as needed.

## Death Match

Death Match is the process of matching ▶Spectrum records with records in the Social Security Administrations (▶SSA) Death Master File (▶DMF). The ▶Death Match Coordinator ensures the DMF is updated on schedule, the automated Death Match process runs on schedule and at toward the end of each month (after the automated Death Match) sends lists of recent deaths to field offices and TPDs for last minute action.

**In this Section**

Recovery of Benefit Overpayments
Death Match Administration

## Recovery of Benefit Overpayments

**08/30/2012**

▶BPB recaptures overpayments made to ▶debtors or ▶participants in error or after ▶DOD. Overpayments are also recaptured for estimated benefits to living participants (▶BDL) situations.

**In this Section**

Overview for Recovery of Benefit Overpayments
Recovery of Benefit Overpayments Procedures
Resources for Recovery of Benefit Overpayments

**Overview for Recovery of Benefit Overpayments**

**11/29/2011**

The ▶Auditor responsible for Recovery Services performs a variety of duties necessary to ensure compliance with TP 6 Recover Overpayments of the ▶BAPD Operations Manual and Policy 6.4-1 Repayment of Benefit Overpayments through Recoupment, Recovery, and Administrative Correction as they relate to the management of recovery operations from overpaid participants and issuance of Administrative Subpoenas to banks.

**Recovery of Benefit Overpayments Procedures**

**11/26/2013**

| | |
|---|---|
| **Purpose** | To recapture overpayments in excess of $500 made to debtors or participants in error or after DOD. |
| **Guidance** | Fed Debt<br>NACHA Rule Book<br>Policy 6.4-1<br>Processing Recovery Referrals<br>Recovery Services Procedures<br>Recovery Status-Reason codes |
| **Procedure Owner** | RSD/BPB Recovery Coordinator |

**Prioritizing cases**

When the volume of work is such that cases can be processed timely, cases are generally handled on a first in, first out basis. However, team members may give higher priority to cases of high value and/or high likelihood of recovery when doing so, in their professional opinion, may increase the total amount of money recovered overall.

**Pursuing recovery by other means**

Sometimes personal phone calls and/or other efforts outside the normal process can be more effective than a subpoena or a demand letter. Team members may defer procedural steps (for example, sending a demand letter or a subpoena) until efforts of this nature are taken if, in their professional opinion, it makes the process more efficient or may increase overall recoveries.

**Minimizing hand-offs**

When the research results indicate that the next step is something that ▶BPB does (for example, revised tracking number memo, demand letter, subpoena, ▶OGC or ▶FOD referral, etc.), rather than sending it back to the ▶POC, BPB will perform the action directly and keep the POC informed.

For tracking number requests, when research uncovers new information that should be in the tracking number memo, make the correction directly and return the updated memo to the POC along with a tracking number.

**Team meetings**

Bring unusual situations that may require actions outside of the normal processes to the team meetings, as scheduled, for discussion.

Refer to TP 6 Recover Overpayments of the ▶BAPD Operations Manual for the following:

- Write off a hardship request for debts less than $1,000.
- Write-Off Cases.
- Initiate Recovery Actions.
- Process Hardship Requests.
- Subpoena Process.
- Process Estates, Trusts, and Other Legal Entities.

**Referring Cases to Treasury for Collection (CRS or FedDebt)**

Contact with debtors after a debt has been referred to Treasury

If a ▶debtor contacts ▶RSD (for example, if the debtor submits a late financial statement) about the debt after the case has been referred to Treasury for collection, refer the debtor to Treasury.

Once PBGC has referred a debt to Treasury for collection, per the Program Agreement, PBGC must cease any further communication with anyone associated with the debt. If an individual contacts PBGC regarding the debt after it has been referred to the Treasury Department, refer the individual to the following:

- For CRS: 1-855-549-2685
- For FedDebt: 1-888-826-3127

**In this Section**

Open a Recovery Case
Close a Recovery Case
Identify the Debtor
Subpoenas Not Honored by Banks
Process Referrals to OGC
Field Office Transfers
Refer Cases to Treasury for Collection (CRS or FedDebt)
Request OPSS Assistance
Refer Fraud to PBGC's Paying Agent or OIG
Reverse an ACH Reclamation

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**Resources for Recovery of Benefit Overpayments**

**09/30/2016**

**Forms, Letters, and Memos:**

- *Fraud Referral Memo*
- *Recovery Referral Memo*
- *RSD Debt Write-off Memo*

**Customer Correspondence and Forms:**

- *eALG 514 Letter Advice to Debtor*
- *eALG 516 Administrative Subpoena*
- *eALG 516F Follow-up Letter to Administrative Subpoena*

**Guidance:**

- FedDebt
- NACHA Rule Book
- Policy 6.4-1 Repayment of Benefit Overpayments through Recoupment, Recovery, and Administrative Correction
- Processing Recovery Referrals
- *Recovery Intake Checklist*
- Recovery Services Procedures
- Recovery Status-Reason codes

**Exhibits:**

- *BPB Treasury Referral Spreadsheet*
- *FedDebt template*

**Death Match Administration**

**08/30/2012**

The ▶Death Match Coordinator executes three specific tasks for the Death Match process:

- Verifies that the weekly Death Master File (▶DMF) update occurs each Monday.
- Verifies that the monthly (day before last Integrator file) Death Match process runs.
- Performs a "last minute" manual death match that enables ▶ACH payments to be deleted at the last minute near the end of each month.

**In this Section**

Overview for Death Match Administration
Workflow for Death Match Administration
Death Match Administration Procedures
Resources for Death Match Administration

**Overview for Death Match Administration**

**11/20/2015**

## Weekly Death Master File (DMF) Update

▶NTIS receives the Death Master File (▶DMF) from the Social Security Administration (▶SSA). ▶OIT downloads the weekly DMF update file from the NTIS website and uploads the DMF into ▶Spectrum on Sunday. The ▶Death Match Coordinator then receives two e-mails: the *Death Master File E-mail Notification* that the DMF has been moved from NTIS to Spectrum and that the upload is complete. The record counts are input weekly in the *Death Master File Tracking Spreadsheet* (there are 3 tabs: *Weekly DMF Update, Monthly Automated DM, Monthly Last Minute Manual DM*) and stored on the PBGC Portal.

## Monthly Automatic Death Match Process

An automated death processing (▶CRON Job) runs the day before the last Integrator File is sent to ▶PBGC's paying agent. Customers reported deceased on the latest *DMF Report* are updated to ▶Status 7 in Spectrum.

## Monthly Manual Death Match Process

On Mondays designated in the monthly payment schedule (generally Mondays between the last Integrator file and the first of the month), the Death Match Coordinator generates queries in ▶Golden 32 to determine the total number of records in the file correlating with ▶participants in active paying status in Spectrum and exports and sends the *Manual Death Match FBA Report Spreadsheet* to the ▶FBAs before the ▶ACH deletion deadline published in the *Monthly Payment Schedule* on PBGC's Intranet. The FBAs update the *Manual Death Match FBA Report Spreadsheet* that is stored on the PBGC Portal.

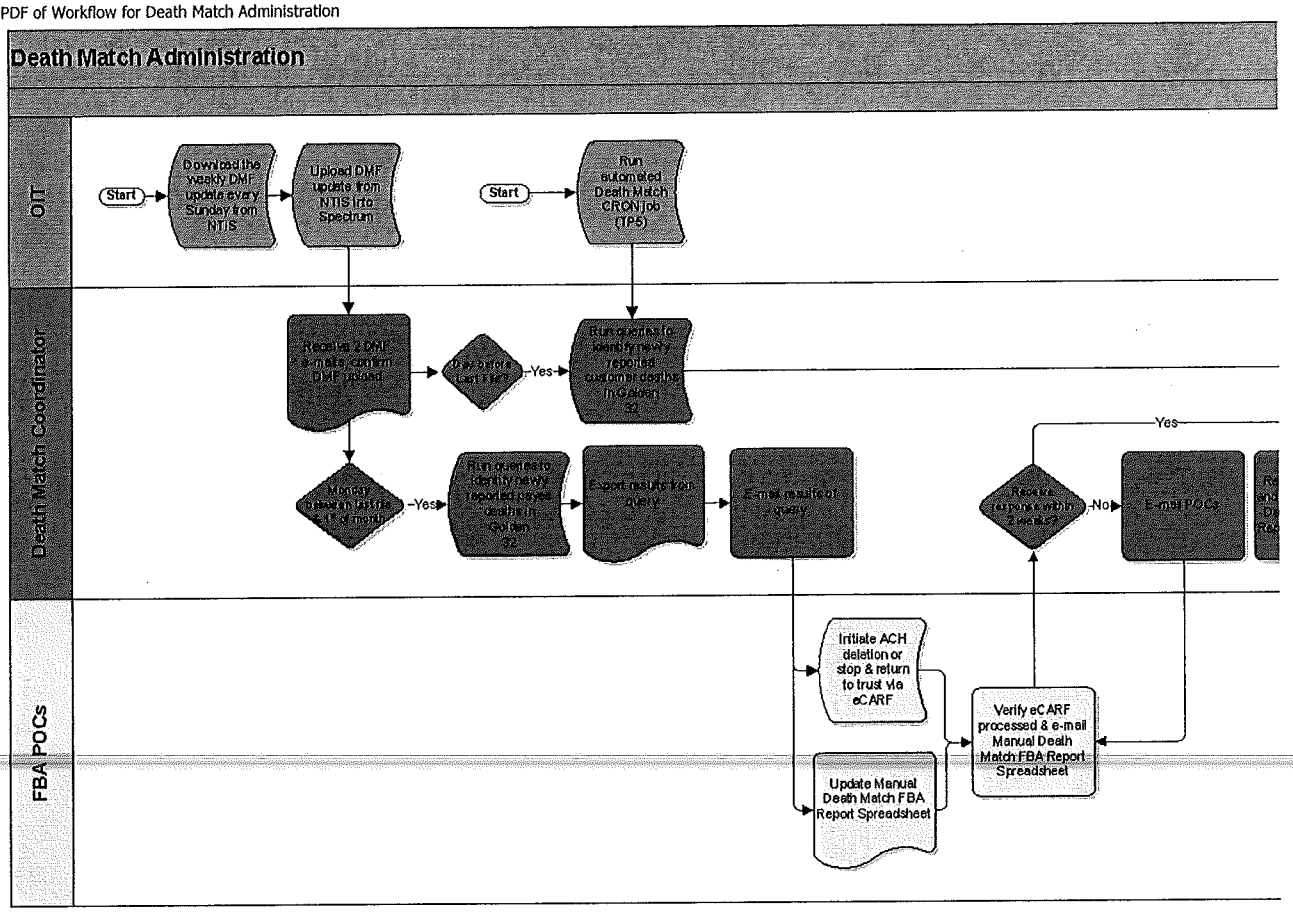
**Workflow for Death Match Administration**

**08/30/2011**

Note For a hard copy of the workflow, click on the link to the printable PDF version, and print on Tabloid size paper (11" x 17") in landscape orientation for optimal output. Specify these o

Click one of the following links to access a printable PDF version of the workflow:

- PDF of Workflow for Death Match Administration




Workflow Legend

**Death Match Administration Procedures**

**11/20/2015**

| | |
|---|---|
| **Purpose** | To ensure PBGC's version of the SSA Death Master File is kept up-to-date and to ensure the data is used to avoid as many improper payments as possible. |
| **Guidance** | TP 5<br>eCARF<br>Workflow for Death Match Administration |
| **Procedure Owner** | Death Match Coordinator, FBAs |

The ▶Death Match Coordinator prepares a monthly *Death Match Closeout Report* for the ▶BPB Branch Chief.

**In this Section**


1. Verify Weekly DMF Update
2. Execute Monthly Automated Death Match
3. Execute Monthly Manual Death Match
4. Submit Death Match Closeout Report

## 1. Verify Weekly DMF Update

**11/20/2015**

▶OIT downloads the weekly Death Master File (DMF) from the ▶NTIS website and uploads the DMF into ▶Spectrum.

**Death Match Coordinator**

1. Receive two e-mail notifications:
   - *Death Master File E-mail Notification* to Field Offices that the DMF has been obtained from NTIS.
   - *Death Match Complete E-mail Notification* that DMF upload is complete.
   - Input weekly record counts in the *Death Master File Tracking Spreadsheet* (there are 3 tabs: *Weekly DMF Update, Monthly Automated DM, Monthly Last Minute Manual DM*) and store on the PBGC Portal.

## 2. Execute Monthly Automated Death Match

**11/20/2015**

▶OIT automatically runs a ▶CRON Job the day before the last Integrator File is sent to ▶PBGC's paying agent. The day before the Last File is sent to PBGC's paying agent, the ▶Death Match Coordinator identifies newly reported customer deaths in ▶Golden 32.

**Death Match Coordinator**

1. Run queries in Golden 32 to count number of newly reported customer deaths.
2. Include data from query in the *Death Match Closeout Report.*

### 3. Execute Monthly Manual Death Match

**11/20/2015**

The Monday after the Last File is sent (and subsequent Mondays per the payment schedule) to ▶PBGC's paying agent, the ▶Death Match Coordinator identifies newly reported ▶payee deaths in ▶Golden 32 and notifies field offices. ▶POCs initiate ▶eCARFs to delete ▶ACH payments or to stop payment on checks and return funds to ▶trust.

**Death Match Coordinator**

1. Receive two e-mail notifications:
   - *Death Master File E-mail Notification* to Field Offices that the Death Master File (DMF) has been moved from ▶NTIS to ▶Spectrum.
   - *Death Match Complete E-mail Notification* that DMF upload is complete.
2. Input weekly record counts in the *Death Master File Tracking Spreadsheet* (there are 3 tabs: *Weekly DMF Update, Monthly Automated DM, Monthly Last Minute Manual DM*) and store on the PBGC Portal.
3. Run queries in Golden 32 to identify newly reported payee deaths.
4. Export results of query.
5. E-mail results of query to field offices and ▶TPDs.
6. Receive the updated *Manual Death Match FBA Report Spreadsheet* from the ▶FBAs:
   - If response within 2 weeks, receive the updated *Manual Death Match FBA Report Spreadsheet* and store on the PBGC Portal.
   - If no response within 2 weeks, e-mail the FBAs.
7. Review actions taken by the FBAs in the *Manual Death Match FBA Report Spreadsheet* and e-mail the FBAs if discrepancies are found.

**FBAs**

8. Receive the results of the query from the Death Match Coordinator to initiate ▶ACH Deletions or stop payments on checks:
   - Submit eCARF to initiate the ACH Deletions:

     Include in eCARF comment section "Last minute death report from BPB".
   - Update the *Manual Death Match FBA Report Spreadsheet* and e-mail back to the Death Match Coordinator.
9. E-mail the Death Match Coordinator and explain actions taken in the *Manual Death Match FBA Report Spreadsheet.*
10. Receive e-mail from the Death Match Coordinator to resolve discrepancies, if any.
11. Process death verifications.

## 4. Submit Death Match Closeout Report

**11/20/2015**

**Death Match Coordinator**

1. Prepare and send the *Death Match Closeout Report* to the ▶BPB Branch Chief including:
   - Verification that the weekly Death Master File (▶DMF) update occurred each Monday.
   - Verification that the monthly (day before last Integrator File) Death Match process was executed.
   - Verification that a last minute manual death matches enabling ▶ACH payments to be deleted near the end of each month occurred.

**Resources for Death Match Administration**

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

- *Death Master File Tracking Spreadsheet*:
  - *Monthly Automated DM*
  - *Monthly Last Minute Manual DM*
  - *Weekly DMF Update*
- *Death Match Complete E-mail Notification*
- *Death Match Verified E-mail Notification*
- *Death Match Closeout Report*
- *Death Master File E-mail Notification*
- *Manual Death Match FBA Report Spreadsheet*
- *Monthly Payment Schedule*

**Note** If you click on a document hyperlink and receive an access denied error page, contact the Administrator of the BPB Procedures Project portal.

# Introduction to Division Administration Processes

**03/30/2016**

This section documents administrative activities outside of Core Monthly, Aftermath, and Recovery and Death Match Processes. There are nine Division Administration Processes involving the following activities:

**In this Section**

Approval Administration
NBX Administration
NFDE Administration
PLUS Web Administration
Payment Schedules Development
Controls
Approvers Quarterly Confirmation
Paper Check Reconciliation
Paying Agent and Spectrum Data Synchronization
Paying Agent Invoice Processing
COOP Considerations
Year-End Activities

# Approval Administration

**11/29/2011**

The Management Information Specialist receives requests to change Approval Worklist Application (▶AWA) user functions and privileges/approval levels and Service Administration Tool (▶SAT) Approval Rules.

**In this Section**

Overview for Approval Administration
Approval Administration Procedures
Resources for Approval Administration

**Overview for Approval Administration**

**03/30/2016**

The Management Information Specialist processes changes to the Approval Worklist Application (▶AWA) user functions and privileges/approval levels and implements the changes in AWA.

The Approval Queue is purged each month. Following the purge, the *Purged Transactions Report* is sent to the ▶POCs and ▶Approvers notifying them of what was purged from the approval queue.

The Management Information Specialist processes changes to the Service Administration Tool (▶SAT) Approval Rules. These change requests include adjusting users' approval levels adjusted based on their status (for example, promotions, demotions, and terminations) for transactions based on certain dollar amounts as well for conflicts of interests, and changes to the threshold limits. The ▶OBA Director approves changes to the threshold limits.

**Approval Administration Procedures**

**03/30/2016**

| | |
|---|---|
| **Purpose** | To assign, maintain and remove AWA functions using SAT; to monitor and maintain the AWA Approval Queue; to assign and maintain SAT Approval Rules. |
| **Guidance** | Workflow for AWA User Functions Maintenance |
| **Procedure Owner** | Management Information Specialist |

The Management Information Specialist is responsible for the following:

- Establish and maintain threshold limits for payments.
- Assign approval levels to employees and enable transaction routing to ▶approvers at their appropriate level.
- Assign approvers to cover other queues.
- Assign or bar employees from approving transactions in specific cases (inclusions and exclusions).
- Establish self-approval criteria; designate the proportion of transactions that may be self-approved.

The Management Information Specialist coordinates with the backup Approval Administrator to ensure reporting deadlines are met; adjusting out of office voice and e-mail messages to direct customers to the backup at least one week prior to extended absences; notifies ▶CSD/▶FBA management that approval changes must be submitted before the extended absence at least one week before a period of time when both the primary and backup will be unavailable (for example, the month of December).

**In this Section**

Change AWA User Functions and Purge AWA Queue

**Change AWA User Functions and Purge AWA Queue**

**03/30/2016**

The Management Information Specialist identifies all transactions in the approval queue that are pending approval and sends the *OBA Cut-off e-mail* notifying all ▶Approvers and the Management Team of the number of outstanding transactions by user/approver that are pending approval two days prior to the financial ▶cut-off date. One business day prior to the cut-off, the Management Information Specialist identifies pending transactions remaining in the queue and reports results to all approvers and the Management Team.

The Management Information Specialist completes updates to the approval threshold limits for ▶annuities, back payments and one-time payments within three business day from receipt of approval to do so.

The Management Information Specialist assigns a new approver, a temporary approver, or effect a change in approval levels within three business days of valid request from management.

▶Employee Separation

▶Inclusion and Exclusion Management

▶Payment Queue Purge

The Management Information Specialist identifies all transactions in the approval queue that are pending approval and sends the *OBA Cut-off e-mail* notifying all ▶Approvers and the Management Team of the number of outstanding transactions by user/approver that are pending approval two days prior to the financial ▶cut-off date. One business day prior to the cut-off, the Management Information Specialist identifies pending transactions remaining in the queue and reports results to all approvers and the Management Team.

The Management Information Specialist completes updates to the approval threshold limits for ▶annuities, back payments and one-time payments within three business day from receipt of approval to do so.

The Management Information Specialist assigns a new approver, a temporary approver, or effect a change in approval levels within three business days of valid request from management.

▼Employee Separation

**Management Information Specialist**

1. Receive e-mail from ▶OIT of the employee separation.
2. Verify the approval privileges for the separating employee.
3. Remove the employee's approval privileges, when appropriate.

▼Inclusion and Exclusion Management

Inclusions are managed by the Management Information Specialist and provide a way to assign specific approvers to a case. Approvers may be assigned for levels 1 and 2. Selected individuals must meet established ▶OBA-specific criteria. A plan must have at least two approvers at each level. Inclusions are established when management has determined it is advisable to assign specific approvers to a case. The Manager or Supervisor supplies the Management Information Specialist with the case number and the names of the approvers and approval levels. Exclusions are established by the Management Information Specialist to exclude Approvers from cases where there is a potential conflict of interest in the case. Refer to the Personal Interest Conflicts System (▶PICS) procedure for the procedures to request, manage and confirm excluded employees.

**Management Information Specialist**

1. Review the request and ensure the request is from the appropriate management level, that the approver(s) meets the criteria for the requested approval level, and that at least two approvers are identified for each level.
2. Use ▶SAT to add and update the inclusion(s).

   Refer to the SAT User Guide for a detailed description of the process.
3. Respond to the requestor confirming that the requested action has been implemented.
4. Use SAT to establish exclusions.

   Refer to the SAT User Guide for a detailed description of the process.

▼Payment Queue Purge

Financial transactions that are not approved by the final approval deadline are purged immediately following the deadline. The Management Information Specialist queries the approval queue and creates a report of the payment transactions remaining in the queue after the final deadline that have a payment date for the upcoming check run. The payment date, case number and case_cust_id from the report are

used to identify and match records in the queue that should or should not be purged. Transactions with past or future pay dates and deaths are not purged. ▶AWA is used to select and purge the transactions.

**Management Information Specialist**

1. Create a report listing the purged transactions.
2. E-mail the *Purged Transaction Report* to ▶OBA personnel and to the case points-of-contact.

   This notification provides users with the information needed to resubmit the transaction or to seek alternative methods of payment (for example, Off-Cycle checks), if necessary.
3. Maintain the formal list of purged transactions and all related correspondence for future inquiry and analysis purposes.

**Resources for Approval Administration**

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

SAT User Guide

Personal Interest Conflicts System (PICS) procedure

**Exhibits:**

- *OBA Cut-off E-mail*
- *Purged Transaction Report*

# NBX Administration

**08/28/2014**

**In this Section**

Overview for NBX Administration
NBX Administration Procedures
Resources for NBX Administration

**Overview for NBX Administration**

**08/28/2014**

▶Net Benefit Exchange (NBX) is a software program from ▶SSC to transmit payment oriented ▶NFDE electronic files to SSC in a secure manner.

**NBX Administration Procedures**

**03/30/2016**

| | |
|---|---|
| **Purpose** | To approve, grant, modify, remove and re-certify PBGC employees' access to the NBX application. |
| **Guidance** | N/A |
| **Procedure Owner** | BPD COR, NBX System Administration Team, PLUS Information Owner, BPD Manager |

**In this Section**

Grant or Modify NBX Access
Remove NBX Access
Re-Certify NBX Access

**Grant or Modify NBX Access**

**03/30/2016**

**BPD Manager or BPD COR**

1. Submit an ▶ELAN via ▶GetIT to request ▶NBX application access for a PBGC employee.

**PLUS Information Owner**

2. Once a *Service Request E-mail* from GetIT is received, confirm the ELAN request is valid and approved.

**NBX System Administration Team**

3. Once an e-mail from GetIT is received specifying that the request has been approved, login to the NBX application.
4. Click **System Configuration & Utilities**.
5. Select **User Maintenance**.
6. Verify if the employee is new to the NBX application.
   - If the employee is in the NBX application, go to step 7.
   - If the employee is new to the NBX application, go to step 8.
7. Update the following fields in the NBX application,
   a. Highlight the employee.
   b. Click **Modify**.
   c. Update the fields as noted in the GetIT service request.
   d. Click **Save** and go to step 9.
8. Create a new record for the new employee using the information from the GetIT service request and Microsoft Outlook's address book.
   a. Click **Add**.
   b. Enter the **User ID**.
   c. Enter the **Name.**

   | **Note** List is refreshed and access for additional employees may be added. |
   |---|

9. Click **Cancel**.
10. Click **Exit**.
11. Once the NBX application is updated, go to the ▶BPD Systems Administration portal.
12. Click **Administration** to access System Admin Record Manager.
13. Enter the PBGC User's ID for the employee that was added or modified from the NBX application in the **Search For** field.
    - If the employee is in BPD Systems portal, go to step 14.
    - If the employee is new to the BPD Systems portal, go to step 15.
14. Click **Record Number** for the employee and the record will display.
    a. Scroll to the bottom of the record and click **Edit**.
    b. Update **NBX** from **No** to **Yes** to indicate the employee has NBX application access.
    c. Click **Save.**
15. Create a new record for the new employee
    a. Select the tab that relates to the location for which the employee works (that is, ▶FBA office location or Federal group).
    b. Click the **New Record Icon** to add the person to the location selected.
    c. Enter the **First Name.**

d. Enter the **Last Name**.
e. Enter the **PBGC User ID**.
f. Enter the **Extension**.
g. Select the **Department/Division** code from the drop-down list.
h. Enter the **Email Address**.
i. Change **Federal** to **Yes** or **No**.
j. Change **NBX** to **Yes**.
k. Click **Save**.

16. Close the service request ticket via GetIT.

Top of Page

**Remove NBX Access**

**03/30/2016**

**NBX System Administration Team**

1. Once an *HDELAN Employee Separation Notification E-mail* from PBGC's ▶OIT service desk or an e-mail from the PLUS Information Owner requesting employee access be removed from the ▶NBX application is received, login to the NBX application.
2. Click on **System Configuration & Utilities**.
3. Select **User Maintenance**.
4. Select the PBGC User to be deleted from the User Access List and click **Delete**.

   **Note** List is refreshed and access for additional employees may be deleted.

5. Click **Cancel**.
6. Click **Exit**.
7. Once the NBX application is updated, go to the ▶BPD Systems Administration portal.
8. Click **Administration** to access System Admin Record Manager.
9. Enter the PBGC User's ID for the employee that was deleted from the NBX application in the **Search For** field.
10. Click **Record Number** for the employee and the record will display.
11. Scroll to the bottom of the record and click **Edit**.
12. Update **NBX** from **Yes** to **No** to indicate the employee no longer has NBX application access.
13. Click **Save**.

**Re-Certify NBX Access**

**03/30/2016**

**NBX System Administration Team**

1. Compare the ▶BPD System Administration Database and ▶NBX application to ensure both are accurate, completely list all NBX users.
2. Go to the BPD Systems Administration portal.
3. Click **Administration** to access System Admin Record Manager.
4. Select **NBX Users** from the drop-down.
5. Click **Export to Excel.**
6. Select **Save As** from the drop-down and choose the H: drive.
7. Name file as follows: NBX Recertification User Access_YYYY
8. Send an e-mail to the BPD Managers and BPD ▶COR for each group/location identified in the excel file as having staff members with NBX application access.

**BPD Managers and BPD CORs**

9. Review and validate staff's NBX application access by setting the drop-down to **Keep** or **Delete** in the excel spreadsheet for each staff member.
10. E-mail the updated excel file back to the NBX System Administration Team.

**NBX System Administration Team**

11. Save all excel files received from the management teams and name as Department_NBX Recert.
12. Compile the results from the BPD CORs and BPD Manager into an excel spreadsheet and upload to the following portal location: PLUS Administration/User Access/Annual Recertifications/NBX Recert YYYY.
13. Review each employee and update as specified in the excel spreadsheet:
    - If the employee was set to **Keep,** there is no update required.
    - If the employee was set to **Delete,** see Remove NBX Access.
14. Notify the PLUS Information Owner that the BPD Systems Administration Database and NBX application are in sync.

**PLUS Information Owner**

15. Once notification is received from the NBX System Administration Team that systems are in sync, send a memo to the BPD Manager validating the completion of the annual recertification by providing an overview of the process for that year.

**Resources for NBX Administration**

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

- *Employee Separation Notification E-mail*
- *Service Request E-mail*

## NFDE Administration

**In this Section**

Overview for NFDE Administration
NFDE Administration Procedures
Resources for NFDE Administration

**Overview for NFDE Administration**

**03/30/2016**

Net Benefits Exchange Form Data Entry (▶NFDE) Application Administration involves approving, managing, and confirming access to the NFDE application. An annual recertification process helps ensure that not only is NFDE application's access accurate and up-to-date, but that the ▶BPD System Administration portal database used to track and manage administration is an accurate reflection of the application's access.

**NFDE Administration Procedures**

**03/30/2016**

| | |
|---|---|
| **Purpose** | To approve, grant, modify, remove and re-certify PBGC employees' access to the NFDE application. |
| **Guidance** | N/A |
| **Procedure Owner** | BPD Paying Agent COR, FBA COR, NFDE System Administration Team, OIT, OSSD, CSD Manager |

**In this Section**

Grant or Modify NFDE Access
Remove NFDE Access
Re-Certify NFDE Access

**Grant or Modify NFDE Access**

**03/30/2016**

**CSD Manager or FBA COR**

1. Submit an ▶ELAN via ▶GetIT to request ▶NFDE application access for a PBGC employee.

**BPD Paying Agent COR**

2. Once a *Service Request E-mail* from GetIT is received, confirm the ELAN request is valid and approved.

**NFDE System Administration Team**

3. Once an e-mail from GetIT is received specifying that the request has been approved, update the NFDE Administration access file (`NFDE.mdw`) by adding the PBGC User ID.
4. Send an e-mail to ▶OIT with the updated `NFDE.mdw` access file attached asking for the new file to replace the existing access file.

   Currently the requests are compiled and submitted each Friday in which changes were made to the access file.

**OIT**

5. Once an e-mail from the NFDE System Administration Team is received with an updated `NFDE.mdw` access file, replace the existing `NFDE.mdw` access file with the new file.
6. Send an e-mail to the NFDE System Administration Team confirming that the file has been updated.

**NFDE System Administration Team**

7. Once an e-mail from OIT is received stating that the `NFDE.mdw` access file has been updated, confirm with the PBGC employee that access is granted and validate access works as expected.
8. Close the service desk ticket via GetIT.
9. Create a new record for the employee if the individual is new to the ▶BPD System Administration portal, or if the individual already has a record, update the following fields:
   a. Change **NFDE_CENT** or **NFDE_DIST** to **Yes**.

      The NFDE application has two different user types, distributed and central. The majority of NFDE users are given access to NFDE Distributed. The users are able to access the NFDE application and enter transactions. The Central NFDE User is a very small group of users in BPD that are able to package and prepare transactions for transmission to the ▶PBGC's paying agent.

   b. Change **NFDEStatus** to **ACTIVE**.
   c. Change the **Date** to the date of the e-mail that was sent authorizing NFDE application access by the NFDE System Administration Team.
   d. Update **NFDECIOAddlineItemNo** with the service desk ticket number from GetIT. The number is captured for tracking purposes.

**NFDE System Administration Team**

1. Once an *HDELAN Employee Separation Notification E-mail* from PBGC's ▶OIT service desk or an e-mail from the ▶BPD Paying Agent ▶COR requesting employee access be removed from the ▶NFDE application is received, update the NFDE Administration access file (`NFDE.mdw`) by removing the PBGC User ID.

   The notification e-mail will be saved in electronic format to the PBGC's portal for audit purposes to show appropriate approval was received for each delete.

2. Send an e-mail to OIT with the updated `NFDE.mdw` access file attached asking for the new file to replace the existing access file.

   Currently the requests are compiled and submitted each Friday in which there have been changes made to the access file.

**OIT**

3. Once an e-mail from OIT is received with an updated `NFDE.mdw` access file, replace the existing `NFDE.mdw` access file with the new file.
4. Send an e-mail to the NFDE System Administration Team confirming that the file has been updated.

**NFDE System Administration Team**

5. Once an e-mail from OIT is received stating that the `NFDE.mdw` access file has been updated, update the following fields in the BPD Systems Administration portal to indicate the employee no longer has NFDE application access:
   a. Change **NFDE_CENT** or **NFDE_DIST** from **Yes** to **No**.
   b. Change **NFDEStatus** from **ACTIVE** to **DELETED**.
   c. Change the **Date** to the date of the e-mail that was sent authorizing the removal of access by the NFDE System Administration Team.

**Re-Certify NFDE Access**

**03/30/2016**

**NFDE System Administration Team**

1. Compare the ▶BPD System Administration Database and `NFDE.mdw` access file to ensure both are accurate, completely list all ▶NFDE users, and that both databases are synchronized.
2. Generate the excel file referred to as the NFDE Table from the `NFDE.mdw` access file used by the NFDE application to authenticate user access.
3. Sort the NFDE Table by group/location.
4. Contact the ▶OBA HR Liaison in Organizational Support & Staff Development (▶OSSD) to obtain the most current list of ▶CSD Managers and ▶FBA ▶CORs.

**OSSD**

5. Provide the NFDE System Administration team with an updated contact list of the current CSD Managers and FBA CORs.

**NFDE System Administration Team**

6. Send a *NFDE Recertification E-mail* to CSD Managers and FBA CORs for each group/location identified in the excel file as having staff members with NFDE application access.

**CSD Managers and FBA CORs**

7. Review and validate staff's NFDE application access by setting the radio button to **Keep** or **Delete** in the excel spreadsheet for each staff member.
8. E-mail the updated excel file back to the NFDE System Administration Team.

**NFDE System Administration Team**

9. Upload all excel files received from the management teams to the following portal location: ▶PLUS Administration/YYYY NFDE recertification/Manager Responses.
10. Compile the results from the FBA and CSD managers into an excel spreadsheet and upload to the following portal location: PLUS Administration/YYYY NFDE recertification/References.
11. Review each employee and update the following fields in the BPD Systems Administration portal as specified in the excel spreadsheet:
    - If the employee was set to **Keep** populate the **NFDERecerDate** with the date the e-mail confirmation was provided back by the manager via e-mail.
    - If the employee was set to **Delete** update the following fields in the BPD Systems Administration portal to indicate the employee no longer has NFDE application access:
        a. Enter **NFDERecerDate** with the date that the e-mail confirmation was provided back by the manager via e-mail.
        b. Change **NFDE_CENT** or **NFDE_DIST** from **Yes** to **No**.
        c. Change **NFDEStatus** from **ACTIVE** to **DELETED**.
        d. Enter **NFDEDeleteRef** with the date that the e-mail confirmation was provided back by the manager via e-mail.
12. Remove the PBGC User ID from the `NFDE.mdw` access file.
13. Send an e-mail to ▶OIT with the updated `NFDE.mdw` access file attached asking for the new file to replace the existing access file.

**OIT**

14. Once an e-mail with the updated `NFDE.mdw` access file from the NFDE System Administration Team is received, replace the existing `NFDE.mdw` access file with the updated file.
15. Send an e-mail to confirm the file is updated to the NFDE System Administration Team.

**NFDE System Administration Team**

16. Once an e-mail from OIT stating the `NFDE.mdw` access file has been updated is received, compare the BPD System Administration Database and `NFDE.mdw` access file to confirm all modifications are accurately and completely applied and that both databases are synchronized.

**BPD Paying Agent COR**

17. Send a *NFDE Recertification Memo* to the BPD Manager validating the completion of the annual recertification by providing an overview of the process for that year.

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**Resources for NFDE Administration**

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

- *HDELAN Employee Separation Notification E-mail*
- *NFDE Recertification E-mail*
- *NFDE Recertification Memo*
- *Service Request E-mail*

**PLUS Web Administration**

**06/27/2013**

The ▶PLUS Web Administrator confirms, validates, and manages access to PLUS Web. The PLUS Web Administrator is also responsible for managing PLUS Master Account to setup plans.

**In this Section**

Overview for PLUS Administration

PLUS Administration Procedures

Resources for PLUS Web Administration

**Overview for PLUS Administration**

**03/30/2016**

▶PLUS Administration involves approving, managing and confirming access to the PLUS Web system. An annual recertification process helps ensure that not only is PLUS's access is accurate and up-to-date, but that the ▶BPD System Administration portal database used to track and manage administration by PBGC is an accurate reflection of the application's access according to the system owner, ▶PBGC's paying agent.

PLUS Administration also involves approving, confirming, and managing each PBGC case on PLUS system's Account Master (i.e. plan setup).

**PLUS Administration Procedures**

**03/30/2016**

| | |
|---|---|
| **Purpose** | To approve, grant, modify, remove and re-certify PBGC employees' access to the PLUS system and to approve, grant, or modify PBGC case setup on PLUS Account Master. |
| **Guidance** | *PLUS Web User Guide* |
| **Procedure Owner** | BPD Paying Agent COR, FBA COR, Paying Agent System Administration Team, PBGC's Paying Agent, PLUS System Administration Team, OSSD, CSD Manager |

**In this Section**

Grant or Modify PLUS Access
Remove PLUS Access
Re-Certify PLUS Access
Review PLUS Web Inactivity Report
Review PLUS Web Deactivation Report
Create or Modify a PLUS Account Master Service Request

**Grant or Modify PLUS Access**

**03/30/2016**

**CSD Manager or FBA COR**

1. Submit an ▶ELAN via ▶GetIT to request ▶PLUS access for a PBGC employee.

**BPD Paying Agent COR**

2. Once a *Service Request E-Mail* from GetIT is received, confirm the ELAN request is valid and approved.

**PLUS System Administration Team**

3. Once a fulfillment e-mail from GetIT is received specifying that the request has been approved, update the following two fields in the Request Management Line Item Summary screen in GetIT:
   a. Select the PLUS System Administration team member to complete the service request in the **Assigned To** drop-down list.
   b. Enter the **Target Completion Date** based upon the Paying Agent Service Level Agreement standards for the system access management.

      The Target Completion Date in GetIT may need to be further modified if the new employee is not immediately available in Microsoft Outlook.
   c. Click **Save.**
   d. Click **Ok.**

   **Note** The service request will be marked as completed if the line item is closed. Be sure to click 'Ok.'

4. Verify if the employee is new to the ▶BPD Systems Administration portal community,
   - If the employee is in the BPD Systems Administration Database, go to step 5.
   - If the employee is not in the BPD Systems Administration Database, go to step 6.
5. Update the following fields within the BPD Systems Administration Database using the information from the GetIT service request and Microsoft Outlook's address book:
   a. Change **PLUSWeb** to **Yes.**
   b. Change **PLUSWeb Status** to **Active Pending.**
   c. Enter the **PWCIOADDLineItemNo.** which is the GetIT service request number provided in the fulfillment e-mail message.
   d. Update the following fields if applicable:
      - **First Name**
      - **Last Name**
      - **PBGC User ID**
      - **Extension**
      - **Department/Division**
      - **Email Address**
      - **Federal**
   e. Click **Save** and go to step 7.

   **Note** The record for the employee displays in the Access Requests for SSC area in the BPD Systems Administration database.

6. Create a new record for the new employee.
   a. Select the tab that relates to the location for which the employee works (that is, ▶FBA office location or Federal group).
   b. Click the **New Record Icon** to add the person to the location selected.

c. Enter the **First Name**.

d. Enter the **Last Name**.

e. Enter the **PBGC User ID**.

f. Enter the **Extension**.

g. Select the **Department/Division** code from the drop-down list.

h. Enter the **Email Address**.

i. Change **Federal** to **Yes** or **No**.

j. Change **PLUSWeb** to **Yes**.

k. Change **PLUSWeb Status** to **Active Pending**.

l. Enter the **PWCIOADDLineItemNo.** which is the GetIT service request number provided in the fulfillment e-mail message.

m. Click **Save** and the record for the employee displays in the Access Requests for SSC area in the BPD Systems Administration database.

7. Complete the PBGC's paying agent's access request form, *State Street User Access Form: Benefit Payment Activities & Reporting*.

8. Upload the *State Street User Access Form: Benefit Payment Activities & Reporting* to the IPayBenefitsIPay User Access Form/Access Request/YYYY location on the portal.

   The form will be saved with the naming convention: MMDDYY_ADDPLUSweb.doc.

   **Note** The date used in the naming convention is the date the form will be sent to the PBGC's paying agent via e-mail.

9. Copy the notification link for the uploaded *State Street User Access Form: Benefit Payment Activities & Reporting*.

10. Click the PLUSWeb Requests tab in the BPD Systems Administration database.

11. Populate the SSC PLUSWeb Access Request with the following information:

    a. Select the **Request Type** from the drop-down list.

    b. Enter **Request Count** with the number of employees.

    c. Copy and paste the notification link from step 9 into the **Request Link**.

    d. Enter **Comments** with the names of the employees.

    e. Click **Save**

    **Note** The record displays automatically in the SSC PLUSWeb Access Request Queue in the BPD Systems Administration portal community.

**Paying Agent System Administration Team**

12. Once a notification e-mail from the BPD Systems Administration portal community is received, click on the access request link to the *State Street User Access Form: Benefit Payment Activities & Reporting*.

    **Note** The User can access the SSC PLUSWeb Access Request Queue in the BPD Systems Administration portal community to find the same link and access the form.

13. Submit the *State Street User Access Form: Benefit Payment Activities & Reporting* to the PBGC's paying agent Help Desk for processing.

    PBGC's paying agent Help Desk calls the BPD Paying Agent COR to validate that the access was approved for each employee.

    Once the notification with the **PLUS User ID** and **password** is received from the PBGC's paying agent Help Desk, send the PBGC employee an e-mail with the new **PLUS User ID** and a separate e-mail with the new **password**.

14. Update the *State Street User Access Form: Benefit Payment Activities & Reporting* with a **PLUS User ID** for each employee on the form.

15. Replace the original form with the updated *State Street User Access Form: Benefit Payment Activities & Reporting* on the BPD Systems Administration portal project.

**Note** Do not change the document name when replacing the original form with the updated form.

16. Go to the SSC PLUSWeb Access Request Queue in the BPD Systems Administration portal community and proceed accordingly for each request:
    a. Click the Created On hyperlink for a record and a pop-up window opens.
    b. Click **Edit**.
    c. Populate the SSC PLUSWeb Access Request Queue - PLUSWeb Access Requests form with the following information:
        i. Change **SSC Complete** to Yes.
        ii. Enter **SSC Complete Date** with the date the updated *State Street User Access Form: Benefit Payment Activities & Reporting* was uploaded to the portal.
        iii. Click **Save**.

        **Note** The record moves automatically to the SSC PLUSWeb Access Request Completed queue and automatically sends an e-mail to the PLUS System Administration Team.

**PLUS System Administration Team**

17. Once a notification e-mail from from the BPD Systems Administration portal community is received, go to the BPD Systems Administration portal community.
18. Select the Administration tab.
19. Scroll to the Access Request for SSC queue.
20. Click on the pending users below the status tab for a record and a pop-up window opens.
21. Click **Edit**.
22. Update the following items:
    a. Enter the **SSCPortalUID** which is the **PLUS User ID**.
    b. Change the **Status** to **Active**.
    c. Click **Save**.

    **Note** The record moves automatically to the Utility - Manage Records area in the BPD Systems Administration database on the portal.
23. Add the employee to the Microsoft Outlook distribution list of PLUS Users if the service ticket was for a new PLUS Web user.
24. Close the service request ticket via GetIT.

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**Remove PLUS Access**

**03/30/2016**

**PLUS System Administration Team**

1. Once an *Employee Separation Notification E-mail* from service desk is received, verify if the employee has access in the ▶BPD Systems Administration database.
   - If the employee has access, go to step 2.
   - If the employee does not have access, update and close the request in ▶GetIT.
2. Update the record for the employee in the BPD Systems Administration database maintained on the portal by modifying the following fields:
   a. Change **PLUSWeb** to **No**.
   b. Change **PLUSWeb Status** to **Delete Pending**.
   c. Enter the **PWCIODeleteLineItemNo** with the GetIT service request number.
   d. Click **Save**.

   **Note** The record moves automatically to the Access Request for SSC queue.
3. Complete the PBGC's paying agent's access request form, *State Street User Access Form: Benefit Payment Activities & Reporting* for all employee records removed in the administrative database.
4. Upload the *State Street User Access Form: Benefit Payment Activities & Reporting* to the PLUS Administration/IPayBenefitsIPay User Access Form/Access Request/YYYY location on the portal.

   The form will be saved with the naming convention: MMDDYY_DELPLUSweb.doc.

   **Note** The date used in the naming convention is the date the form will be sent to the PBGC's paying agent via e-mail.
5. Copy the notification link for the uploaded *State Street User Access Form: Benefit Payment Activities & Reporting.*
6. Click the PLUSWeb Requests tab in the BPD Systems Administration database.
7. Populate the SSC PLUSWeb Access Request form with the following information:
   a. Select the **Request Type** from the drop-down list.
   b. Enter **Request Count** with the number of employees.
   c. Copy and paste the notification link from step 5 into the **Request Link**.
   d. Enter **Comments** with the names of the employees.
   e. Click **Save**.

   **Note** The record displays automatically in the SSC PLUSWeb Access Request Queue in the BPD Systems Administration portal community.

**Paying Agent System Administration Team**

8. Once a notification e-mail from the BPD Systems Administration portal community is received, click on the link to the *State Street User Access Form: Benefit Payment Activities & Reporting.*

   **Note** The User can access the SSC PLUSWeb Access Request Queue in the BPD Systems Administration portal community to find the same link and access the form.
9. Submit the *State Street User Access Form: Benefit Payment Activities & Reporting* to the PBGC's paying agent Help Desk for processing.

   PBGC's paying agent Help Desk removes access for each employee.
10. Go to the SSC PLUSWeb Access Request Queue in the BPD Systems Administration portal community and proceed accordingly for each request:
    a. Click the Created On hyperlink for a record and a pop-up window opens.

b. Click **Edit**.

c. Populate the SSC PLUSWeb Access Request Queue - PLUSWeb Access Requests form with the following information:

   i. Change **SSC Complete** to Yes.

   ii. Enter **SSC Complete Date** with the date the employee's access was removed.

   iii. Click **Save**.

> **Note** The record moves automatically to the SSC PLUSWeb Access Request Completed queue and automatically sends an e-mail to the PLUS System Administration Team.

**PLUS System Administration Team**

11. Once a notification e-mail from the BPD Systems Administration portal community is received, go to the BPD Systems Administration portal community.
12. Select Administration tab.
13. Go to the Access Request for SSC queue.
14. Click on a pending users below the status tab for a record and a pop-up window opens.
15. Click **Edit**.
16. Update the following items:

    a. Change **PLUSWeb Status** to **Delete**.

    b. Change **PLUSWeb** to **No**.

    c. Click **Save**.

> **Note** The record moves automatically to the Utility - Manage Records area in the BPD Systems Administration database on the portal.

17. Remove the employee from the Microsoft Outlook distribution list of PLUS Users.
18. Close the service request ticket via GetIT.

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**Re-Certify PLUS Access**

**03/30/2016**

**PLUS System Administration Team**

1. Request the Paying Agent User Administration Database of all current ▶PLUS users from the ▶PBGC's paying agent.

**PBGC's Paying Agent**

2. Send the Paying Agent User Administration Database to the PLUS System Administration Team.

**PLUS System Administration Team**

3. Compare the ▶BPD System Administration Database and Paying Agent User Administration Database to ensure both are accurate, completely list all PLUS users, and that both databases are synchronized.
4. Generate the excel file from the BPD System Administration Database and sort by group/location.
5. Contact the ▶OBA HR Liaison in Organizational Support & Staff Development (▶OSSD) to obtain the most current list of ▶CSD Managers and ▶FBA ▶CORs.

**OSSD**

6. Provide the PLUS System Administration Team with an updated contact list of the current CSD Managers and FBA CORs.

**PLUS System Administration Team**

7. Send an e-mail to the CSD Managers and FBA CORs for each group/location identified in the excel file as having staff members with PLUS access.

**CSD Managers and FBA CORs**

8. Review and validate staff's PLUS access by setting the radio button to **Keep** or **Delete** in the excel spreadsheet for each staff member.
9. E-mail the updated excel file back to the PLUS System Administration Team.

**PLUS System Administration Team**

10. Upload each excel file received from the management teams to the following portal location: ▶PLUS Administration/YYYY PLUS recertification/Manager Responses.
11. Compile the results from the FBA and CSD managers into an excel spreadsheet and upload to the following portal location: PLUS Administration/YYYY PLUS recertification/References.
12. Review each employee and update the following fields in the BPD Systems Administration portal as specified in the excel spreadsheet:
    - If the employee was set to **Keep** populate the **PLUSRecerDate** field with the date the e-mail confirmation was provided back by the manager via e-mail.
    - If the employee was set to **Delete** update the following fields in the BPD Systems Administration portal to indicate the employee no longer has PLUS application access:
        a. Enter **PLUSRecerDate** with the date that the e-mail confirmation was provided back by the manager via e-mail.
        b. Change **PLUS_Access** from **Yes** to **No**.
        c. Change **PLUSStatus** from **ACTIVE** to **DELETED**.
13. Remove PLUS access for all employees that were identified as no longer needing PLUS access. See Grant or Modify PLUS Access.
14. Send an e-mail to the BPD Paying Agent COR when deletions are completed.

**BPD Paying Agent COR**

15. Send a memo to the BPD Manager validating the completion of the annual recertification by providing an overview of the process for that year.

**Review PLUS Web Inactivity Report**

**03/30/2016**

**PBGC's Paying Agent**

1. Upload weekly a *PLUS Web Inactivity Report* (commonly referred to as the *45 Day Inactivity Report*) of all users that have not used the system in the last 45 days to the portal.

**PLUS System Administration Team**

2. Open the *PLUS Web Inactivity Report* and add a **COMMENT** column to the report to document analysis, action taken and any notes of reference.
3. Once the **COMMENT** column is added to the *PLUS Web Inactivity Report*, review each user and determine the appropriate action.
4. Once the *PLUS Web Inactivity Report* is updated with all additional notes, upload the report to the portal.
5. Send the *First Warning E-mail* to users about access with a carbon copy to ▶CSD Manager or ▶FBA Manager and FBA ▶COR.

**Note** If a user is on the *PLUS Web Inactivity Report* and reaches 60 days of inactivity, then the user is moved to the *PLUS Web Deactivation Report.* See Review PLUS Web Deactivation Report.

**Review PLUS Web Deactivation Report**

**03/30/2016**

**PBGC's Paying Agent**

1. Upload weekly a *PLUS Web Deactivation Report* (commonly referred to as the *60 Day Deactivation Report*) of all users that have not used the system in the last 60 days to the portal.

   The account for each user on the *PLUS Web Deactivation Report* is deactivated.

**PLUS System Administration Team**

2. Open the *PLUS Web Deactivation Report* and add a **COMMENT** column to the report to document analysis, action taken and any notes of reference.
3. Once the **COMMENT** column is added to the *PLUS Web Deactivation Report,* review each user and determine the appropriate action.
4. Once the *PLUS Web Deactivation Report* is updated with all additional notes, upload the report to the portal.
5. Send the *Second Warning E-mail* with instructions on how to reactivate account to users and a carbon copy to ▶CSD Manager or ▶FBA Manager and FBA ▶COR.

| |
|---|
| **Note** If a user is on the *PLUS Web Deactivation Report* for two weeks in a row, then the user's account for PLUS Web is **deleted.** See Remove PLUS Access. |

**CSD Manager**

1. Send an e-mail with a *Notification of Authorization to Make Payments Memo* (see TP 59.1 First Pay and Customer Data Loads) to the ▶PLUS System Administration Team and the ▶BPD Paying Agent ▶COR to create an Account Master in PLUS.

   If an account is set-up in ▶CMS, an automated e-mail requesting an Account Master in PLUS is sent to the PLUS System Administration Team and the BPD Paying Agent COR.

**PLUS System Administration Team**

2. Once an e-mail is received from a ▶CSD Manager or CMS, save the e-mail to the portal as evidence of the request and for use in review of the request in subsequent steps.
3. Once the e-mail is uploaded to the portal, complete an Account Master form on the portal, which generates a service request to create an Account Master in PLUS.

**BPD Paying Agent COR**

4. Once an e-mail notification of the service request to create an Account Master in PLUS is received, review the Account Master form in the Account Master COR approval queue to verify the information.
5. Once information is verified, approve the Account Master form on the portal.

**PBGC's Paying Agent**

6. Once an e-mail notification of the Account Master service request is received, verify the form is complete and has been approved by the BPD Paying Agent COR.

   | **Note** It is important to monitor the queues and not rely on the portal e-mail notifications to initiate work. |
   |---|

7. Once information is verified, create an Account Master on PLUS within 24 hours by entering plan name, plan number and ▶Date of Plan Termination (DOPT) or deemed ▶distribution date for a missing participant program (MPP) request.

   The service request is automatically moved to the Paying Agent's initiated portal queue once updated with information.

**PLUS System Administration Team**

8. Once an e-mail notification stating that the Account Master has been initiated on PLUS is received, forward the e-mail notification to the PBGC ▶POC and the New Plan e-mail distribution list that the Account Master is available to use and data loads can be made to the plan.
9. Once the e-mail notification stating that the Account Master is available to use and data loads can be made to the plan has been sent, save the e-mail to the portal as evidence of notification.

**PBGC's Paying Agent**

10. Once Account Master is available on PLUS Web, which can take 3 days, close out the service request on the portal.

    The service request is then automatically moved to the Account Master completed queue.

**Resources for PLUS Web Administration**

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

*PLUS Web User Guide*

**Exhibits:**

- *First Warning E-mail*
- *Employee Separation Notification E-mail*
- *Notification of Authorization to Make Payments Memo*
- *PLUS Web Deactivation Report*
- *PLUS Web Inactivity Report*
- *Second Warning E-mail*
- *Service Request E-mail*
- *State Street User Access Form: Benefit Payment Activities & Reporting*

**Payment Schedules Development**

**03/30/2016**

The timing of many of the ▶BPD processes is dictated by the various payment schedules.

**In this Section**

Overview for Payment Schedules Development
Payment Schedules Development Procedures
Resources for Payment Schedules Development

**Overview for Payment Schedules Development**

**11/20/2015**

The Management Analyst creates the Monthly Payment Schedule and Payment Schedule Key Dates using an Excel spreadsheet template. The spreadsheet template used to create these schedules is maintained on the PBGC Portal.

**Payment Schedules Development Procedures**

**03/30/2016**

| | |
|---|---|
| **Purpose** | To enable processors to organize, process, and submit payments, changes, etc. relating to participants in timely manner; to determine the key dates in the monthly benefit payment cycle. |
| **Guidance** | N/A |
| **Procedure Owner** | Management Analyst |

The "Template" worksheet specifies the rule used to set the date of each event. Some dates must be entered manually, others are calculated by formulas. The worksheet also contains a link to the Office of Personnel Management website where federal holidays are scheduled.

The "Instructions" worksheet contains detailed step-by-step instructions for creating the Monthly Payment Schedule.

The "Key Dates" worksheet contains the Annual Payment Schedule Key Dates. This schedule is produced manually based on the schedule for the previous year. ▶PBGC's paying agent has major input into the dates. This sheet must be updated each year before any monthly schedules are created. After all the dates have been determined, the color-coded version of the schedule is created manually using the prior year's spreadsheet.

**In this Section**

Create the Monthly Payment Schedule
Create the Monthly Payment Schedule E-mail
Create the Payment Schedule Key Dates

**Create the Monthly Payment Schedule**

**03/30/2016**

**Management Analyst**

1. Open the *Payment Schedule Template* on the PBGC Portal and save a copy.
2. Update the Month and Year.
3. Use the information in the "Rule" column to determine the dates to enter in the "Date" column.
4. Eliminate all the formulas.
5. Sort the entire block of data in the "Date" and "ID #" columns.
6. Determine if there are any holidays for that month and if so, add rows for each one.

   For the December schedule only: Ask ▶PBGC's paying agent for the latest date that they can receive an Integrator file containing names, ▶SSNs, and addresses before running the 1099-Rs. Put an additional row in the schedule for that date. Label it as "INTEGRATOR file sent to PBGC's paying agent containing Name, Address and SSN changes. LAST FILE BEFORE 1099R RUN."
7. Remove the shading from the "Day" and "Date" columns and change text to black.
8. Create the *Monthly Payment Schedule E-mail.*

   See detailed instructions in the ▶BPD Procedures Project on the portal.

**Create the Monthly Payment Schedule E-mail**

**03/30/2016**

**Management Analyst**

1. Open the *Payment Schedule E-mail Template* on the PBGC Portal and save a copy.
2. Enter the Month and Year into the header.
3. Starting with event #50 in the *Payment Schedule Template* copy the block that has a border around it and paste into the *Payment Schedule E-mail Template.*
4. Adjust the row heights and widths so the schedule fits on one page in the *Payment Schedule E-mail Template.*
5. Print the *Payment Schedule E-mail Template* and review it carefully.
6. Delete the "ID #" column in the *Payment Schedule E-mail Template.*
7. Submit the Monthly Payment Schedule for review to the ▶BPD Team (including the BPD Manager) and ▶PBGC's paying agent one week prior to the check-run and make corrections as needed.
8. On the day before the ▶Annuity check run, create an e-mail using the *Payment Schedule OBA Webmaster E-mail* from the PBGC Portal. Attach the Word document and send the e-mail to the ▶OBA Web Team.
9. Review the Monthly Payment Schedule on the test intranet for accuracy. If the schedule checks out, instruct the OBA Web Team to put it into live production.
10. E-mail the Monthly Payment Schedule to the appropriate distribution list on the day following the ▶Annuity check run.

**Create the Payment Schedule Key Dates**

**03/30/2016**

**Management Analyst**

1. Review the prior year's Payment Schedule Key Dates and compare the dates with the upcoming year.
2. Create a draft of the Payment Schedule Key Dates.
3. E-mail the draft of the Payment Schedule Key Dates to ▶PBGC's paying agent.
4. Coordinate the final approval of the Payment Schedule Key Dates with PBGC's paying agent and the ▶BPD Manager.
5. Coordinate with the ▶OBA Webmaster to have the Payment Schedule Key Dates posted to PBGC's Intranet.
6. Provide ▶OIT the Cutoff and Last Minute File dates to be entered into Integrator.

**Resources for Payment Schedules Development**

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

- Monthly Payment Schedule
- *Payment Schedule OBA Webmaster E-mail*
- *Payment Schedule E-mail Template*
- Payment Schedule Key Dates
- *Payment Schedule Template*

# Controls

**11/29/2011**

A ▶control is a safeguard against risk.

**In this Section**

Overview for Controls
Operations of the Controls
Resources for Controls

**Overview for Controls**

**03/30/2016**

Internal ▶Controls are defined for PBGC "cycles" (also known as "processes") including Benefits Payment, Benefits Determination, Financial Reporting, Present Value of Future Benefits and Investments. Each cycle has a corresponding "cycle memo" (owned by the ▶ICC and maintained in Corporate Controls and Reviews Department (CCRD) which summarizes the associated processes and controls. ▶CCRD distributes the cycle memos to each department for review every winter (often February) and publishes updates in the early spring (often March/April). The memos are a key input for both the internal and external ▶auditors so the annual reviews/updates are scheduled such that they can be completed in time for the annual audits.

Information Technology Controls are defined for each information system including ▶PLUS and PLUS Web.

**Key Internal Controls**

The *Key Internal Control Matrix* is maintained in the CCRD whose director is a member of the Internal Controls Committee (ICC). All of the ▶key internal controls owned by ▶BPD are in the Benefits Payment cycle. These controls are associated with the Integrator (D01A), Trial Balance (D01B), Balancer (D01C), Approval Administration (D02A and D03), Funding (D05) and other processes (D09, D13, D14, and D16).

**Non-Key Internal Controls**

In addition to key internal controls, the cycle memos define non-key internal controls which are also important safeguards but do not rise to the same level of materiality as do key internal controls.

**Other BPD Internal Controls**

BPD develops other controls as needed to mitigate risks that CCRD and/or the auditors have not yet focused on (for example, Manual PLUS changes and Death Match). These controls may or may not be added to the CCRD-maintained control matrix in the future.

**Information Technology (IT) Controls**

Because of ▶OBA's reliance on ▶PBGC's paying agent's PLUS programs (PLUS, PLUS Web, MyPenPay), BPD must continuously monitor IT controls defined by the National Institute of Standards and Technology (▶NIST) in conjunction with the Federal Information Security Management Act (▶FISMA). NIST Special Publication 800-53 identifies nearly 20 different control families (Access Control-▶AC, Contingency Planning-▶CP, Incidence Response-▶IR, etc.) containing hundreds of individual IT controls that must be implemented and monitored. If a required control is not yet implemented, it must be documented on the quarterly *Plan of Action and Milestones* (▶POA&M) report.

**Operations of the Controls**

**03/30/2016**

| | |
|---|---|
| **Purpose** | To report to MCD on a quarterly basis the existence and maintenance of internal controls over financial and non-financial activities in BPD. |
| **Guidance** | Approval Administration<br>Post Balancer<br>Funding Reconciliation<br>Integrator<br>Paper Check Reconciliation<br>Quarterly Confirmations<br>Trial Balance<br>Key Internal Control Matrix<br>OBA Key Internal Control Schedule |
| **Procedure Owner** | Key Internal Controls Coordinator, Management Information Specialist, Management Analyst, PBGC's Paying Agent COR, BPD Manager, OIT, MCD |

The following details the protocol for control owners logging and reporting control functions, and outlines the associated time frames.

- Employee Log for Controls
- Reporting Form for Controls
- Time Frames for Controls

**Operations of the Controls**

**03/30/2016**

| | |
|---|---|
| **Purpose** | To report to MCD on a quarterly basis the existence and maintenance of internal controls over financial and non-financial activities in BPD. |
| **Guidance** | Approval Administration<br>Post Balancer<br>Funding Reconciliation<br>Integrator<br>Paper Check Reconciliation<br>Quarterly Confirmations<br>Trial Balance<br>Key Internal Control Matrix<br>OBA Key Internal Control Schedule |
| **Procedure Owner** | Key Internal Controls Coordinator, Management Information Specialist, Management Analyst, PBGC's Paying Agent COR, BPD Manager, OIT, MCD |

The following details the protocol for control owners logging and reporting control functions, and outlines the associated time frames.

▼Employee Log for Controls

▶Control owners initial the *Employee Log for Controls* sheet once the function associated with the control has been performed during the specified time period. Each control owner has a folder with the log designated for each month. The log is checked monthly.

MCD provides control sheets to the Key Internal Controls Coordinator to distribute to the control owners. Control owners document and investigate any discrepancies. The ▶BPD Manager reviews the completed control sheets for accuracy, signs off on quarterly control sheets, and returns the signed control sheets to the Key Internal Controls Coordinator.

**Key Internal Controls Coordinator**

1. Distribute control sheets to control owners.
2. Check complete control sheets for accuracy.
3. Give control sheets to the BPD Manager.
4. Return signed control sheets to MCD.

▶Reporting Form for Controls

▶Time Frames for Controls

**Operations of the Controls**

**03/30/2016**

| | |
|---|---|
| **Purpose** | To report to MCD on a quarterly basis the existence and maintenance of internal controls over financial and non-financial activities in BPD. |
| **Guidance** | Approval Administration<br>Post Balancer<br>Funding Reconciliation<br>Integrator<br>Paper Check Reconciliation<br>Quarterly Confirmations<br>Trial Balance<br>Key Internal Control Matrix<br>OBA Key Internal Control Schedule |
| **Procedure Owner** | Key Internal Controls Coordinator, Management Information Specialist, Management Analyst, PBGC's Paying Agent COR, BPD Manager, OIT, MCD |

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MCD provides control sheets to the Key Internal Controls Coordinator to distribute to the control owners. Control owners document and investigate any discrepancies. The ▶BPD Manager reviews the completed control sheets for accuracy, signs off on quarterly control sheets, and returns the signed control sheets to the Key Internal Controls Coordinator.

**Key Internal Controls Coordinator**

1. Distribute control sheets to control owners.
2. Check complete control sheets for accuracy.
3. Give control sheets to the BPD Manager.
4. Return signed control sheets to MCD.

▼Reporting Form for Controls

According to the schedule published by MCD, the control owner and their immediate supervisor sign the *Reporting Form for Controls*. The ▶BPD Manager or designate forwards the reports to MCD.

▼Time Frames for Controls

The specified time period varies from one control to the next. For example, the funding reconciliation control is performed monthly, the quarterly confirmations every three months, and the SAS-70 review is performed annually. All but four ▶BPD ▶controls are Phase I as defined by MCD's annual schedule. Phase II controls are due the same months as Phase I controls. D08 (SAS 70) is submitted annually.

**Resources for Controls**

**09/30/2016**

**Forms, Letters, and Memos:**

- *Reporting Form for Controls*

**Customer Correspondence and Forms:**

None

**Guidance:**

- *OBA Key Internal Control Schedule*
- *Key Internal Control Matrix*

**Exhibits:**

- *Employee Log for Controls*

## Approvers Quarterly Confirmation

**11/29/2011**

Each quarter the Management Analyst sends confirmation requests to various ▶POCs to verify the ▶AWA/▶SAT system authorization levels for non-financial and financial transactions.

**In this Section**

Overview for Approvers Quarterly Confirmation
Approvers Quarterly Confirmation Procedures
Resources for Approvers Quarterly Confirmation

**Overview for Approvers Quarterly Confirmation**

**03/30/2016**

The Management Analyst generates the *Quarterly Approval Report* from ▶AWA/▶SAT and sends the reports via portal notification to ▶CSD, ▶FBAs, MCD, ▶OASD, PPD, ▶ASD, ▶PBGC's paying agent, ▶BPD, and the Front Office Director for their review as well as to confirm any updates to approval levels in the AWA/SAT systems. The Management Information Specialist implements the authorization level updates in AWA/SAT.

Once confirmation of the changes is received from the portal, the Management Analyst drafts and e-mails the *Summary Memo* and generates the *Final Report* in AWA/SAT of all the changes. MCD provides *Control Sheets* to be signed and returned.

**Approvers Quarterly Confirmation Procedures**

**03/30/2016**

| | |
|---|---|
| **Purpose** | To update AWA/SAT system authorization levels for non-financial and financial transactions. |
| **Guidance** | Workflow for Approvers Quarterly Confirmation |
| **Procedure Owner** | Management Analyst, Management Information Specialist, BPD Manager |

Each quarter the Management Analyst reviews the *Quarterly Approval Report* from ▶AWA/▶SAT and sends the report data via a portal notification to the ▶POCs to request system approval updates.

After receiving confirmation of AWA/SAT system approval level updates from the Management Information Specialist, the Management Analyst drafts and e-mails a *Summary Memo* of all updates to the Division Manager and ▶BPD Manager. MCD provides *Control Sheets* to be signed and returned.

**In this Section**

1. Update AWA/SAT System Authorization Levels
2. Distribute Summary Memo, Final Report, and Sign Control Sheets

## 1. Update AWA/SAT System Authorization Levels

**11/20/2015**

**Management Analyst**

1. Review the *Quarterly Approval Report* from ▶AWA/▶SAT and send the report via portal notification to the ▶POCs to get system approval updates.
2. Send the Management Information Specialist AWA/SAT system approval changes via a portal notification to be implemented.

**Management Information Specialist**

3. Implement approval level updates in AWA/SAT systems and e-mail to confirm the changes were made.

## 2. Distribute Summary Memo, Final Report, and Sign Control Sheets

**03/30/2016**

**Management Analyst**

1. Draft and e-mail a *Summary Memo* of all updates to the Division Manager and ▶BPD Manager.
2. File signed copy of the *Summary Memo.*
3. Generate the *Final Report* in ▶AWA/▶SAT and send to the BPD Manager.
4. Sign *Control Sheet* and give to the BPD Manager.

**BPD Manager**

5. Sign *Control Sheet* and give to the Senior Pension Analyst.

**Senior Pension Analyst**

6. Sign *Control Sheet* and return all to MCD.

**Resources for Approvers Quarterly Confirmation**

**09/30/2016**

**Forms, Letters, and Memos:**

*Summary Memo*

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

- *Control Sheets*
- *Final Report*
- *Quarterly Approval Report*

**Paper Check Reconciliation**

**03/28/2013**

PBGC's Paper Check Reconciliation process ensures the accountability for all the checks printed and issued in support of the monthly ▶annuity check run process.

**In this Section**

Overview for Paper Check Reconciliation
Review the Paper Check Reconciliation Package
Resources for Paper Check Reconciliation

**Overview for Paper Check Reconciliation**

**11/20/2015**

PBGC's monthly pension checks are printed by ▶DST Output (DSTO), ▶PBGC's paying agent check processing sub-contractor for monthly benefit payment checks. The Key Internal Control Owner reviews and approves the monthly reconciliation of paper checks conducted by DSTO and PBGC's paying agent in accordance with PBGC's *Cycle Memo's* Key Internal ▶Control D09 (a.k.a. Control 17).

PBGC's paying agent compiles the *Paper Check Reconciliation Package* that reflects data from the check reconciliation process including comparing the number of checks printed according to DSTO to the number of checks printed according to PBGC's paying agent records. The *Paper Check Reconciliation Package* is submitted to the Key Internal Control Owner confirming that the Check Reconciliation process was completed, audited by DSTO, and reviewed by the paying agent auditors. The Key Internal Control Owner completes a *Paper Check Reconciliation Review Memo* to validate review of the *Paper Check Reconciliation Package* and sign the *Check Processor Control Sheets* documenting the Paying Agent Check Reconciliation was executed in accordance with the Key Internal Control D09.

**Review the Paper Check Reconciliation Package**

**03/30/2016**

| | |
|---|---|
| **Purpose** | To ensure that PBGC's paying agent's reported printed Check Total for the Monthly Pension Check Run matches the check processor's reported printed Check Total; to ensure that the check processor's documentation supports any mutilated or pulled checks. |
| **Guidance** | Key Internal Control D09 (a.k.a. Control 17)<br>Key Internal Control Matrix<br>Cycle Memo<br>Workflow for Paying Agent Check Reconciliation |
| **Procedure Owner** | Key Internal Control Owner, DSTO, PBGC's Paying Agent |

**DSTO**

1. Perform the monthly check reconciliation process and produce the *DST Output Quality Audit Report.*

**PBGC's Paying Agent**

2. Review, validate and upload the *DST Output Quality Audit Report* to the PBGC portal as part of the *Paper Check Reconciliation Package* for the ▶BPD paying agent ▶COR by the 15th of the month.

**Key Internal Control Owner**

3. Review the *DST Output Quality Audit Report* and note errors, exceptions or non-compliance items:
   - If there are no errors, exceptions or non-compliance items, continue to step 4.
   - If exceptions or non-compliance items are found in the *DST Output Quality Audit Report,* notify the paying agent auditors that the *DST Output Quality Audit Report* has items of note and request details from PBGC's paying agent by sending a *Non-compliance Memo.* Continue to step 4.

   > **Note** Add non-compliance issue to the Management Program agenda and track until resolved.

4. Review the following supporting documentation and cross validate the check numbers and checks printed:
   - *PBGC Check Processing Sheet*: PBGC's paying agent report showing the totals of checks printed and processed.
   - *Check Security Sheet*: DSTO documents check numbers printed for the check-run, net amount of checks, and check totals.
   - *State Street Payee Converted Packed File Report*: ▶PLUS report generated from the check-run with breakdown of mailing groups, net amount, and check totals.
   - *Preprocessor Balancing Report*: DSTO's report showing the breakdown by mailing groups and check totals to be mailed.
   - *PBGC Monthly Production Reconciliation*: DSTO's Post Reconciliation of the Monthly Check Run production of the transmission, check stock, and output mailed.
   - *Check Stock Issuance Report*: DST's production reconciliation of checks issued including mutes and voids.
   - *Quality Control Check List*: Check list that DST uses for their verification of check output.
   - *Mail Distribution by Type Report*: DSTO's Mail distribution report by mail type showing check totals.
   - *Monthly Check Summary Spreadsheet*: PBGC's paying agent creates the ▶control spreadsheet to reconcile and confirm the check-run data transmitted to DSTO to what DSTO printed, inserted, and mailed.
5. Send any discrepancies to the PBGC's paying agent and an updated package is produced for the Key Internal Control Owner.
6. Create the *Paper Check Reconciliation Review Memo.*
7. Create a PDF called the *Paper Check Reconciliation Report* that includes the *Paper Check Reconciliation Review Memo* and the *Paper Check Reconciliation Package.*
8. Store the *Paper Check Reconciliation Report* on the PBGC portal under BPD Internal Controls project.

9. Sign the *Employee Log for Controls* that is stored in a locked desk drawer in a binder with the *Quarterly Reporting Form for Controls*.

   MCD provides both the *Employee Log for Controls* and *Quarterly Reporting Form for Controls* each quarter.

10. Sign the *Quarterly Reporting Form for Controls* with the BPD Manager at the quarterly review.

    BPD Manager visually inspects the binder at the quarterly review to confirm the *Employee Log for Controls* is being signed each month.

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**Resources for Paper Check Reconciliation**

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

- Cycle Memo
- Key Internal Control D09 (a.k.a. Control 17)
- Key Internal Control Matrix

**Exhibits:**

- Check Processor Control Sheets
  - *Employee Log for Controls*
  - *Quarterly Reporting Form for Controls*
- DST Output Quality Audit Report
- *Non-compliance Memo*
- *Monthly Check Summary Spreadsheet*
- *Paper Check Reconciliation Review Memo*
- *Paper Check Reconciliation Report*
- *Paper Check Reconciliation Package*

# Paying Agent and Spectrum Data Synchronization

**03/29/2012**

The Management Information Specialist ensures payment data in ▶Spectrum and ▶PLUS are consistent.

**In this Section**

Overview for Paying Agent and Spectrum Data Synchronization
Compare Paying Agent and Spectrum Data
Resources for Paying Agent and Spectrum Data Synchronization

**Overview for Paying Agent and Spectrum Data Synchronization**

**11/21/2014**

Each quarter, ▶PBGC's paying agent securely transmits an extract data file to PBGC via server and sends the file notification via PBGC Portal notification to the Management Information Specialist. The Management Information Specialist submits a request for ▶OIT via ▶GetIT to run a database job of ▶PLUS and ▶Spectrum data to populate table data with the system variances.

The Management Information Specialist runs queries and generates reports on the data and e-mails the data to ▶POCs. The POCs review the data to determine which system has the correct data: PLUS or Spectrum. The POCs have the data changes imaged to ▶IPS and e-mail the updated spreadsheets back to the Management Information Specialist.

PBGC's paying agent updates PLUS, if needed, and sends a notification that PLUS was updated.

## Compare Paying Agent and Spectrum Data

**11/21/2014**

| | |
|---|---|
| **Purpose** | To ensure payment data in Spectrum and PLUS are consistent. |
| **Guidance** | N/A |
| **Procedure Owner** | Management Information Specialist, Management Analyst |

Each quarter, ▶PBGC's paying agent securely transmits an extract data file to PBGC via server and sends the file notification via PBGC Portal notification to the Management Information Specialist.

### Management Information Specialist

1. Submit a request for ▶OIT via ▶GetIT to run a database job of ▶PLUS and ▶Spectrum data to populate table data with the system variances.
2. Verify the data load and e-mails OIT to notify the load was successful.
3. Attach the data files into Access and run various pre-written queries on the data to identify errors or differences between PLUS and Spectrum data.
4. Upload the reports generated from the queries to the PBGC Portal.

   The queries categorize the data by organization and data category:

   - ▶Annuity.
   - Deduction Source.
   - Destination.
   - ▶DOB.
   - ▶Pay Source.
   - Status.
   - Type.
   - ▶Genesis Annuities.
   - Genesis Deduction Source.
   - Genesis Pay Source.
   - PBGC's paying agent Annuities.
   - PBGC's paying agent Deduction Source.
   - PBGC's paying agent Pay Source.
5. Export query data for each category into Excel spreadsheets.
6. E-mail spreadsheets to ▶POCs with instructions and deadlines.
7. Import the updated spreadsheets into Access and run queries on the data into the ▶NFDE transmission format.

   The NFDE transmission format is sent to PBGC's paying agent via ▶NBX (transfer protocol).

### Management Analyst

8. Review report data and coordinate with POCs to determine data and system issue resolutions.

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**Resources for Paying Agent and Spectrum Data Synchronization**

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

None

# Paying Agent Invoice Processing

**03/27/2014**

**In this Section**

Overview for Paying Agent Invoice Processing
Process Paying Agent Invoice
Resources for Paying Agent Invoice Processing

**Overview for Paying Agent Invoice Processing**

**03/30/2016**

▶PBGC's paying agent submits a monthly invoice to the ▶BPD Paying Agent ▶COR at PBGC for review and approval.

Each monthly invoice will include charges for all services rendered and supplies provided (per contract allowances) during that month.

PBGC's paying agent bills for completed work for monthly check issuance and ▶ACH payments in the same month the work is executed. So monthly checks, ACH and postage charges for the 10/01/2013 check run are charged on the 09/2013 monthly invoice since that is when the work was completed for these payments and the cost was incurred by the vendor.

**Process Paying Agent Invoice**

**03/30/2016**

| | |
|---|---|
| **Purpose** | To correctly review and approve or reject a monthly invoice from PBGC's paying agent. |
| **Guidance** | N/A |
| **Procedure Owner** | BPD Paying Agent COR, FOD, PBGC's Paying Agent |

**PBGC's Paying Agent**

1. Send a *Monthly Invoice Package* to include all supporting documentation via a monthly email to Financial Operations Department (▶FOD) detailing all work completed.

> **Note** This submission is due within 45 days of the end of the month to the FOD via InvoiceManager@pbgc.gov and carbon copy the ▶BPD Paying Agent ▶COR.

**FOD**

2. Upon receiving a *Monthly Invoice Package* via email, load the invoice into the Consolidated Financial System (CFS).

**BPD Paying Agent COR**

3. Upon receiving a *Monthly Invoice Package* via email, save a copy of the email to the BPD Contract COR portal project in an invoice folder.
4. Print the *Monthly Invoice Package* which contains the PBGC Billing Spreadsheet, the actual PBGC monthly invoice, and direct deposit/ACH/pension back-up documents from the email.
5. Review of the *Monthly Invoice Package* and proceed accordingly:
6. Analyze and validate the paper check and ACH totals:
   a. Create a new tab in the *SLA_023 Monthly Invoice* excel workbook and name the tab **YYYY_MM**.
   b. Populate tab with paper check and ▶ACH payment numbers as provided in the backup documentation in the Direct Deposit - ACH - Paper Checks Pension and Lump Sum section of the *Paying Agent Monthly Invoice.*
   c. Validate the paper check and ACH totals against the numbers submitted on the PBGC Billing Spreadsheet.
   d. Verify paper check and ACH numbers match those on the monthly invoice.
7. Analyze and validate each line item on the monthly invoice against backup documentation:

> **Note** Backup documentation is listed on the Backup Reference List tab of the *SLA_023 Monthly Invoice* excel workbook.

   a. Verify the number of items being charged for each line on the PBGC Billing Spreadsheet are substantiated (i.e. match) on backup documentation.
   b. Populate the Invoice Tracking tab of the *SLA_023 Monthly Invoice* excel workbook with the number of items being charged for each line item.
   c. Verify that each line item charge subtotal in *SLA_023 Monthly Invoice* excel workbook matches PBGC Billing Spreadsheet.
   d. Validate that the total Monthly Invoice total in the *SLA_023 Monthly Invoice* excel workbook matches the PBGC Billing Spreadsheet.
   e. Validate total monthly invoice total in *SLA_023 Monthly Invoice* excel workbook matches the monthly invoice.
8. Confirm whether or not there are any perceived discrepancies and proceed accordingly:
   - If there are any perceived discrepancies between the *Monthly Invoice Package* and the analysis, send an email to PBGC's paying agent to allow for additional clarification or documentation to resolve the discrepancy.
   - If there are no perceived discrepancies between the *Monthly Invoice Package* and the analysis, move to step 9.
9. By the 5th business day of receiving a system generated email from CFS, enter **approve** or **reject** in CFS for the *Paying Agent Monthly Invoice.*
10. File hard copies of the review in a locked cabinet for auditing purposes and future reference.

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**Resources for Paying Agent Invoice Processing**

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

- *Monthly Invoice Package*
- *SLA_023 Monthly Invoice*

**COOP Considerations**

**03/30/2016**

A ▶COOP is a collection of documents that describe how an organization's most important functions will be brought back into operation after some kind of adverse event disrupts them. The overall ▶OBA COOP plan is maintained in a different division and feeds into the agency level plan maintained in ▶WSD. This section summarizes ▶BPD-specific considerations surrounding continuity of operations and goes beyond the major catastrophes (for example, tornado, hurricane, major system failure, etc.) that are the focus of the agency-level plan, and extends into lower impact events that are mostly confined to BPD or a small subset of its customers.

The master copies of COOP test plans for BPD applications are maintained in the BPD Procedures Project on the PBGC Portal.

In the context of COOP, a "critical function" is defined as something that must be brought back into operation within seven days of the disruption and an "essential" function within 30 days. Senior management's general philosophy as it relates to BPD operations is that it is "critical" to continue existing payments and anything beyond that (for example, new payments, changing amounts, destination, etc) are, at most, "essential." Since ▶PBGC's paying agent is a completely separate entity, they can maintain existing payments even if all functions at PBGC are out of operation.

- **"Critical" functions** are those required to get paper checks in the mail and electronic direct deposits to the Federal Reserve. These functions include the continuing operation of ▶PLUS. Operations confined to PBGC in D.C. or any of its field offices including connectivity to PBGC's paying agent are not "critical" as defined in the context of COOP.
- **"Essential" functions** are those that are necessary to create new benefits or to change any data in PBGC's paying agent's system related to existing ▶payees (benefit amount, frequency, destination, etc.). These functions involve the following BPD systems and operations:
  - Approval Worklist Application (▶AWA) and Service Administration Tool (▶SAT).
  - Transmission of data to/from PBGC's paying agent (Integrator and ▶NFDE-related operations).
- Other key BPD-related functions including trial balance, post balance, and the various manual transaction processing functions are neither "critical" or "essential" as defined in the context of COOP.

**BPD Systems and Applications Table**

| System/Application | Description |
|---|---|
| AWA | Approval Worklist Application |
| ▶CMS | Case Management System |
| ▶CRM | Customer Relationship Management |
| ▶eCARF | Electronic Check Action Request Form |
| ▶Genesis | The unified database that underlies multiple PBGC systems, including Spectrum and CMS. Genesis serves as a repository for customer-related information. |
| ▶Golden 32 | Database used in the Death Match Process that is used to determine the total number of records in the file correlating with participants in active paying status in Spectrum. |
| ▶PBGC Image Viewer | The IPS subsystem used to view documents imaged to IPS. |
| ▶IPS | Image Processing System |
| ▶LRU | ▶Ledger Reporting Utility |
| NFDE | Net Benefit Exchange (NBX) Forms Data Entry |
| ▶NBX | Net Benefit Exchange |
| PBGC Portal | PBGC's document repository. |
| ▶PLUS | PBGC's paying agent's Pension and ▶Lump Sum System |
| ▶PRISM | ▶Participant Records Information System Management |

| | |
|---|---|
| SAT | Service Administration Tool |
| ▶Spectrum | Once fully implemented, Spectrum will replace PRISM as OBA's participant database and benefit administration system. It is currently used to administer payments, replacing PRISM Benefits. In addition, Spectrum integrates with other PBGC applications and services, including Approval Service (AS), ▶eALG, CRM, PRISM applications, and infrastructure elements, such as the Genesis database. |

**In this Section**

Plan For Lower-Impact Adverse Events

Top of Page

**Plan For Lower-Impact Adverse Events**

**03/30/2016**

| | |
|---|---|
| **Purpose** | To ensure continuity of operations in the event of adverse circumstances. |
| **Guidance** | USPS<br>Zip Express |
| **Procedure Owner** | BPD, CSD, FBA, CCC, DO, Recovery Coordinator |

The following guidelines should be followed in the event of:

▼Loss of mail service

**BPD**

1. Notify the division database expert of the event.
2. Check the USPS website for a list of affected areas:

   If zip codes are not listed, Zip Express can be used to identify zip codes.
3. Put the list of zip codes into comma separated format.
4. Run a script/query to identify payees in the affected areas who get paper checks and the organization (▶CSD or ▶FBA) responsible.
5. Give this information to CSDs, FBAs, and the Customer Contact Center (▶CCC).

▼Disruption of service at a field office

**BPD**

- A key consideration is the approval queues of affected personnel.

  **Note** The ▶SAT administrator can assign temporary approvers to cover these queues.

▼Sudden influx of calls at the Customer Contact Center (CCC)

**BPD**

- Be alert after newsletters (several times a year) and 1099-R's (January) are mailed. It has also happened as the result of temporary loss of mail at a single post office.

# Year-End Activities

**03/28/2013**

Year-end activities are completed annually to make sure that accurate information is available to PBGC employees allowing for outstanding customer service to our ▶payees.

**In this Section**

Overview for Year-End Activities
Year-End Tax Reporting Deadlines Procedures
Resources for Year-End Activities

**Overview for Year-End Activities**

**03/30/2016**

The following ▶BPD activities are completed at the end of each calendar year to plan for the upcoming year:

- Year-End Tax Reporting Deadlines
- Direct Deposit Posting Dates
- Benefit Payment Cycle Review

## Year-End Tax Reporting Deadlines Procedures

**03/30/2016**

| | |
|---|---|
| **Purpose** | To provide the key processing activities and associated dates for end of year tax preparation, calculation, and reporting. |
| **Guidance** | N/A |
| **Procedure Owner** | OBA Webmaster, Management Analyst, PBGC's Paying Agent |

The Management Analyst provides a list of activity deadlines for the upcoming year-end related to tax processing. This information will help the staff to ensure up-to-date and accurate data is used in the preparation of the annual tax calculations and reporting and answer questions about PBGC's processing schedule should a ▶payee make inquiries.

**In this Section**

Create Year-End Tax Reporting Deadlines

**Create Year-End Tax Reporting Deadlines**

**03/30/2016**

**Management Analyst**

1. Review the prior year's Year-End Tax Reporting Deadlines and the Monthly Payment Schedule on the PBGC intranet for the upcoming January to determine the new dates for each activity.
2. Notify the ▶OBA Webmaster that a request to update the Year-End Tax Reporting Deadlines on the PBGC intranet will be provided by mid-November.
3. Create a draft of the *Year-End Tax Reporting Deadlines* document by the end of October.
4. E-mail the draft of the *Year-End Tax Reporting Deadlines* document to ▶BPD peers and a representative from ▶PBGC's paying agent for review.

**PBGC's Paying Agent**

5. Review the *Year-End Tax Reporting Deadlines* document.

**Management Analyst**

6. Continue the review process until all feedback has been addressed and dates in the calendar are finalized.
7. E-mail the *Year-End Tax Reporting Deadlines* document to the OBA Webmaster requesting the information be posted to the PBGC intranet.

**OBA Webmaster**

8. Publish the content of the updated *Year-End Tax Reporting Deadlines* document to the PBGC intranet.
9. E-mail the Management Analyst with links to the updated Year-End Tax Reporting Deadlines requesting verification.

**Management Analyst**

10. Verify the links to the Year-End Tax Reporting Deadlines on the PBGC intranet are correct.
11. Create the draft *Year-End Tax Reporting Deadlines E-mail.*
12. Send the draft to the Deputy Director for OBA with a link to the Year-End Tax Reporting Deadlines on the PBGC's Intranet requesting permission to send.
13. Send the *Year-End Tax Reporting Deadlines E-mail* to all of OBA when final approval has been provided by the Deputy Director for OBA.

**Resources for Year-End Activities**

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

- *Year-End Tax Reporting Deadlines*
- *Year-End Tax Reporting Deadlines E-mail*

# Introduction to Miscellaneous Processes

**08/30/2011**

This section documents activities outside of Core Monthly, Aftermath, Recovery and Death Match and Branch Administration Processes. There are six Miscellaneous Processes involving the following activities:

**In this Section**

Employee Contributions
IRS Levies
TGBR (Accuity) Users Quarterly Confirmation
Fleming Plan Administration

# Employee Contributions

**08/26/2012**

The purpose of the Employee Contributions process is to manage refunds of voluntary employee contributions (▶EECs) and mandatory employee contributions (▶MECs) only when there is a Roth ▶IRA ▶rollover.

**In this Section**

Overview for Employee Contributions
Workflow for Employee Contributions
Employee Contributions Procedures
Resources for Employee Contributions

**Overview for Employee Contributions**

**03/29/2012**

The purpose of the Employee Contributions process is to manage refunds of voluntary employee contributions (▶EECs) and mandatory employee contributions (▶MECs) only when there is a Roth ▶IRA rollover. ▶Participants who voluntarily contributed to a ▶plan, or were required to contribute to the plan as a condition of participation in the plan or as a condition of obtaining ▶benefits under the plan attributable to employer contributions are eligible for a refund of their contribution.

The refund may include pre-date of plan termination (▶DOPT) or post-DOPT interest: If interest is applicable, it is taxable unless it is rolled over into a qualified retirement account.

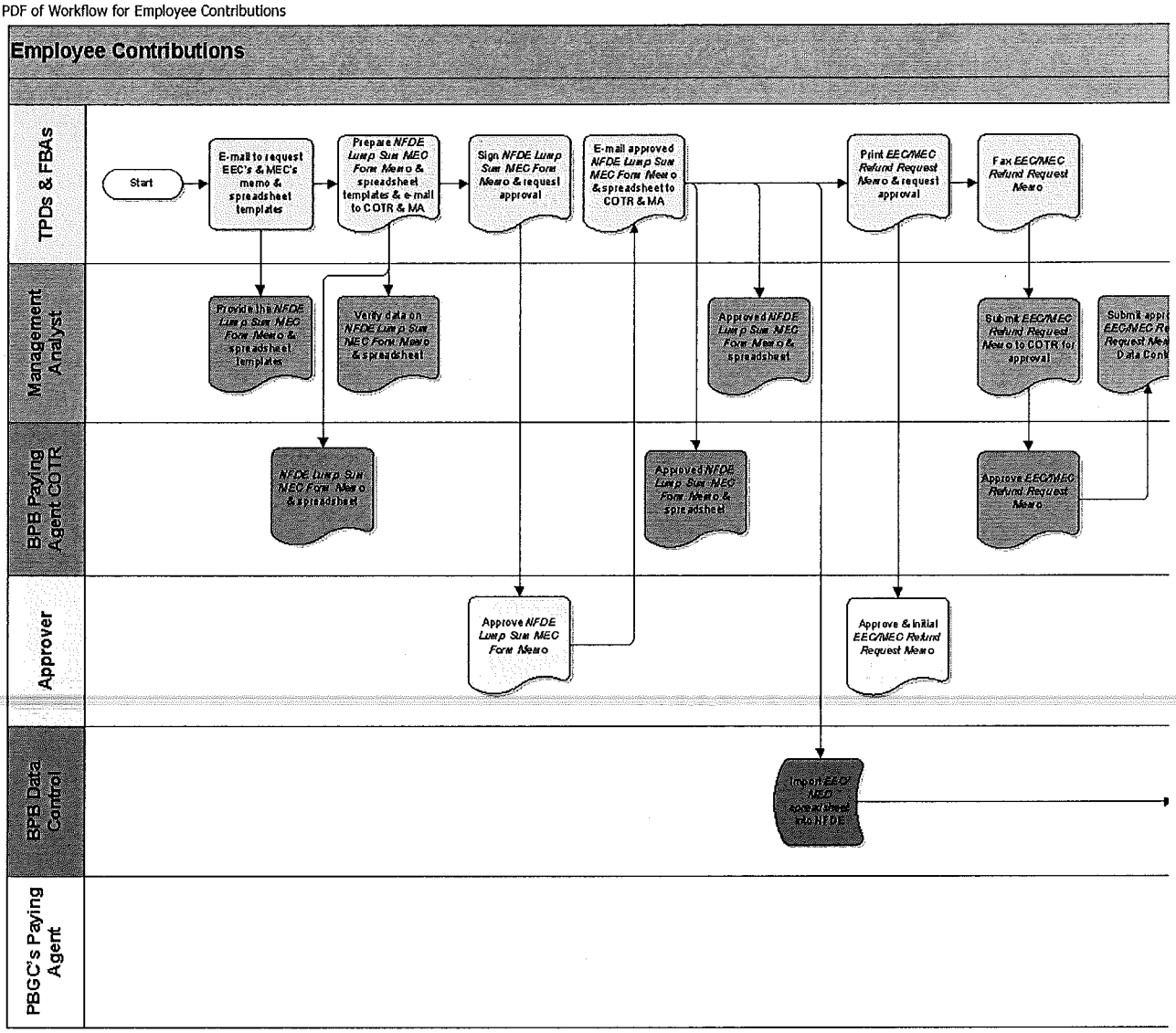
**Workflow for Employee Contributions**

**09/26/2013**

Note For a hard copy of the workflow, click on the link to the printable PDF version, and print on Tabloid size paper (11" x 17") in landscape orientation for optimal output. Specify these o

Click one of the following links to access a printable PDF version of the workflow:

- PDF of Workflow for Employee Contributions




▶Workflow Legend

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**Employee Contributions Procedures**

**11/20/2015**

| | |
|---|---|
| **Purpose** | To manage refunds of voluntary employee contributions (EECs) and mandatory employee contributions (MECs) only when there is a Roth IRA rollover. |
| **Guidance** | PBGC Policy 5.11-1 IV.B.5<br>PBGC Regulation Section 4022.7(b)(2)(B)(ii) |
| **Procedure Owner** | Management Analyst, BPB Data Control |

If there is a Roth ▶IRA rollover, ▶TPDs and ▶FBAs e-mail to request the employee contributions (▶EECs) and mandatory employee contributions (▶MECs) *MEC Payments Spreadsheet* template and prepare the EEC/MEC spreadsheet according to the directions on the "Definitions" and "Codes" worksheets tabs.

TPDs and FBAs then prepare the *NFDE Lump Sum MEC Form Memo* and address the memo to the ▶BPB Branch Chief and Cc: to the BPB Systems Analyst and Management Analyst, providing the payment date and a reason for the memo, and listing all the ▶participants included on the spreadsheet. TPDs and FBAs sign the memo and get the memo approved by an ▶approver with a manual transaction approval level equal to the highest individual payment amount listed on the memo. Once the memo is approved, TPDs and FBAs prepare an e-mail to the BPB Branch Chief with Cc: to the BPB Systems Analyst and Management Analyst, attaching the memo and spreadsheet.

**In this Section**

1. Verify EEC/MEC Memo and Spreadsheet Data
2. Approve EEC/MEC Payments

## 1. Verify EEC/MEC Memo and Spreadsheet Data

**11/20/2015**

▶TPDs and ▶FBAs print the *EEC/MEC Refund Request Memo* and request an authorizer with the appropriate authorization level for manual transactions who is part of the case team to approve and initial the memo. The original signed memo is faxed to the attention of the Management Analyst.

TPDs and FBAs contact the Management Analyst if additional information is needed.

**Management Analyst**

1. Provide the *NFDE Lump Sum MEC Form Memo* and *MEC Payments Spreadsheet* templates when requested and applicable processing deadlines.
2. Instruct the TPDs and FBAs how to follow the directions to prepare the *NFDE Lump Sum MEC Form Memo* and reinforce the following:
   - The *NFDE Lump Sum MEC Form Memo* serves as the authorizing instrument.
   - The spreadsheet must be complete and accurate.
   - No changes to the spreadsheet will be accepted for check processing.
3. Receive the *NFDE Lump Sum MEC Form Memo* and *MEC Payments Spreadsheet* sent by e-mail from the TPDs and FBAs:
   a. Verify that the Case ID Number, Name, ▶SSN and Distribution Amount are the same for each ▶participant listed on the *NFDE Lump Sum MEC Form Memo* and *MEC Payments Spreadsheet*.
   b. Verify that the sum total of all checks is the same on both the memo and the spreadsheet.
   c. Notify ▶NFDE Data Control if a difference is found and request to stop the ▶EEC/▶MEC check processing until the ▶BPB Branch Chief and TPDs and FBAs are notified and the discrepancy is corrected.
4. Receive the fax with the authorized *EEC/MEC Refund Request Memo* from the TPDs and FBAs and submit it to the BPB Branch Chief for approval.

## 2. Approve EEC/MEC Payments

**11/20/2015**

The ▶BPB Branch Chief signs the *EEC/MEC Refund Request Memo* to approve the issuing of the employee contributions ( ▶EECs) and mandatory employee contributions (▶MECs) payments and gives the authorized and approved *EEC/MEC Refund Request Memo* to the Management Analyst for processing the EEC/MEC refund. The Management Analyst submits the *EEC/MEC Refund Request Memo* to BPB Data Control for check processing.

▶PBGC's paying agent receives and processes the monthly adjustment ▶NFDE file, issues the EEC/MEC checks to PBGC ▶participants and or the designated ▶IRS qualified retirement account, and prepares the *Acknowledgment Report* and e-mail to BPB Data Control.

**BPB Data Control**

1. Receive a copy of the *MEC Payments Spreadsheet* by e-mail from the ▶TPD/▶FBA.
2. Prepare the MEC spreadsheet for import into NFDE.
3. Receive the authorized and approved *EEC/MEC Refund Request Memo* from the Management Analyst.

   The *EEC/MEC Refund Request Memo* is used as the master control list.
4. Compare the data in the ▶Lump Sum Check Table to the *EEC/MEC Refund Request Memo* to validate the spreadsheet import.

   The validation includes checking the participants Case ID Number, ▶SSN, Name, and payment amount.
5. Compare control totals before the NFDE file is transmitted to PBGC's paying agent.
6. Transmit the NFDE monthly adjustment file electronically to PBGC's paying agent.
7. Receive the *Acknowledgment Report* by e-mail from PBGC's paying agent.
8. E-mail the TPDs and FBAs to report the successful transactions.
9. E-mail the Management Analyst to report the failed transactions.

   The failed transaction report lists the participants' name, SSN, and the reason the transaction failed.
10. Prepare and send the signed *EEC/MEC Refund Request Memo* to the ▶DMC to be imaged to ▶IPS.

**Management Analyst**

11. Research the reason for the failed transaction(s) and determine why it occurred and how it can be corrected.
12. Contact the TPDs and FBAs to report the failed transaction(s) and provide assistance in correcting the error for resubmission.

**Resources for Employee Contributions**

**09/30/2016**

**Forms, Letters, and Memos:**

- *EEC/MEC Refund Request Memo*
- *MEC Payments Spreadsheet*

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

*Acknowledgment Report*

# IRS Levies

**03/27/2014**

PBGC ensures that ▶DMC images all levies to ▶IPS, reviews each levy, sends letters to the ▶participants and directs ▶PBGC's paying agent to make adjustments to pension payments if necessary.

**In this Section**

Overview for IRS Levies
Workflow for IRS Levies
Process IRS Levies
Resources for IRS Levies

**Overview for IRS Levies**

**03/27/2014**

▶IRS sends PBGC the following types of levies:

- *Form 668-A Notice of Levy* - a one-time levy that attaches to **all** of the funds or property of the taxpayer held by a third party.
- *Form 668-W Notice of Levy on Wages, Salary and Other Income* - a continuous levy on **part** of the funds held by a third party. This can be used to collect against a taxpayer's wages, salary or retirement income.
- *Form 668-C Final Demand* - a notification that a levy has not been responded to and needs to be handled.
- *Form 668-D Release of Levy* - a notification issued to the third party to stop the collection action against the taxpayer.

PBGC images each levy into ▶IPS, reviews and responds to the sender.

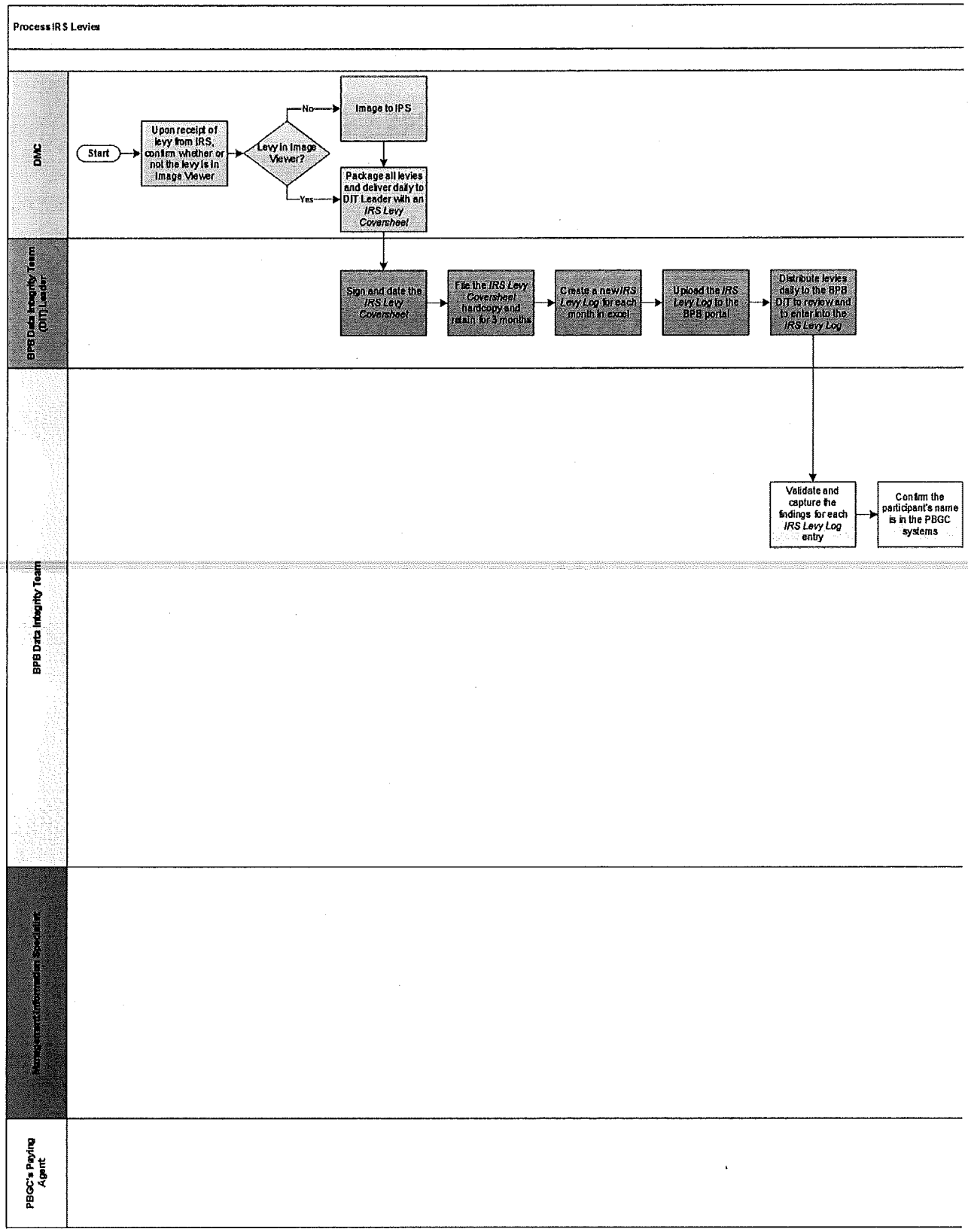
**Workflow for IRS Levies**

**12/22/2016**

Note For a hard copy of the workflow, click on the link to the printable PDF version, and print on Tabloid size paper (11" x 17") in landscape orientation for optimal output. Specify these o

Click one of the following links to access a printable PDF version of the workflow:

- PDF of Workflow for IRS Levies



▶Workflow Legend

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**Process IRS Levies**

**12/22/2016**

| | |
|---|---|
| **Purpose** | To correctly process IRS levies to participants. |
| **Guidance** | N/A |
| **Procedure Owner** | BPB Data Integrity Team, BPB Data Integrity Team Leader, DMC, Management Information Specialist, PBGC's Paying Agent |

**DMC**

1. Once the ▶IRS sends a levy through the mail, confirm whether or not the levy is in ▶Image Viewer and proceed accordingly:
   - In Image Viewer, continue to step 2.
   - Not in Image Viewer, image to ▶IPS.
2. Package all levies together and deliver daily to the ▶BPB Data Integrity Team (▶DIT) Leader with an *IRS Levy Coversheet*.

**BPB Data Integrity Team Leader**

3. Sign and date the *IRS Levy Coversheet* as receipt of documents.
4. File the *IRS Levy Coversheet* hardcopy and retain for 3 months.
5. Create a new *IRS Levy Log* for each payment cycle month in Excel and name the file **IRSLevyLog-yyyymmdd** where yyyymmdd is the payment cycle date.

   **Example:** IRSLevyLog-20150401.xls is for the April 1, 2015 payment cycle.

   Upload the *IRS Levy Log* to the BPB portal.

   To navigate to the BPB portal, go to:

   Portal Project Name: BPB Internal Controls Project

   Folder: _BPB IRS_Levies

   Subfolder: FYYYYY
6. Distribute levies daily to the BPB DIT to review and to enter into the *IRS Levy Log*.

**BPB Data Integrity Team**

7. For levies received on or before the 9th of each month, validate and capture the findings in the appropriate pay cycle's *IRS Levy Log*.

   > **Note** You will generally be working on two payment cycle spreadsheets simultaneously. For example, when processing levies received by 03/09/2015, some changes will be logged in the 04/01/2015 Excel file and some will be logged in the 05/01/2015 worksheet.

   To determine which pay cycle's log to use, log the levies in the pay cycle's worksheet that the SSC action is to become effective. If no SSC action is necessary for a levy, log it in the very next pay cycle's log (which would be the earlier of the two logs you're generally working on). **Examples:** For a "668-A" levy (which requires no SSC action) received 03/09/2015, log it in the 20150401 log. A Form 668-W received on 03/09/2015 which results in the implementation of a levy deduction would be logged in the 20150501 log. But a Form 668-W received 03/09/2015 which does not result in the implementation of a deduction would be logged in the 20150401 log.

   a. Use SSN and name on the IRS levy to search and confirm the participant's name is in the PBGC systems.
      - If the participant is found, continue to step b.
      - If the participant is not found, log it in the very next pay cycle's log (i.e. if you're working on the 04/01/2015 and 05/01/2015 logs simultaneously, log it into the 04/01/2015 one), and proceed accordingly:
        - Create a pdf file of the levy with filename **NOTFOUNDyyyymmdd-NN**.

          The yyyymmdd is the date on the levy form and the NN is the person's first and last initials.

          **Example:** NOTFOUND20130223-MF for Michigan J. Frog's levy form dated 02/23/2013.

- Send a *IRS Person Not Found Letter* stating that the participant cannot be found in PBGC's systems.
- Upload the pdf file and the letter to the BPB portal.

  To navigate to the BPB portal, go to:
  Portal Project Name: BPB Internal Controls Project
  Folder: _BPB IRS_Levies
  Subfolder: NotFound

b. Confirm the levy is from the IRS and not the state:
- From the IRS, continue to step c.
- From the state, log it in the next pay cycle's log and send *CCS 708 IRS Levy State Denial* letter.

c. Confirm the IRS levy has a signature or printed name in the signature box.
- If the IRS levy has a signature or printed name in the signature box, continue to step 8.
- If the IRS levy does not have a signature or printed name in the signature box, note in the very next pay cycle's log that the action is to customize and send the *CCS 709 IRS Levy Denial* letter.

8. Confirm that PBGC systems data matches the IRS levy:
- First Name (The first name should closely resemble the participant's actual name. A shortened name such as "Fred" for "Frederick" is acceptable, as long as the ▶SSN matches.)
- Last Name (A misspelling of the last name should be corrected.)
- SSN
- Pension Plan Name (A truncation or abbreviation of the name is acceptable.)
  - If the last name and SSN on the IRS levy does not match what is in the PBGC systems, proceed accordingly:
    a. Call the IRS and request a corrected levy.
    b. Create a memo to document the call and image the participant's file to IPS.
    c. Log the memo in the very next pay cycle's log.
    d. Once the IRS sends the corrected levy, continue to step 9.

9. Determine the type of IRS levy received and proceed accordingly:

a. *Form 668-A Notice of Levy*: note in the very next pay cycle's log that the action is to customize and send the *CCS 709 IRS Levy Denial* letter.

b. *Form 668-W Notice of Levy on Wages, Salary and Other Income* or *Form 668-C Final Demand*, proceed accordingly:
- Note in the very next pay cycle's log that the action is to customize and send the *CCS 709 IRS Levy Denial* letter if the participant is:
  - Deceased
  - Net payment is equal or less than the exemption amount
  - Not in pay status
  - Received a lump-sum payment already and is due no more future payments
- Note the action is to customize and send the *CCS 710 IRS Levy Implement* letter in the *IRS Levy Log* if the net payment is more than the exemption amount:
  - Input the following in the IRS Levy Log for the pay cycle in which the deduction shall start:
    - Pay cycle date is the Levy Begin Date.
    - 12/01/2099 is the Levy End Date.

      The pay cycle date must be at least 21 days after the date of the *CCS 710 IRS Levy Implement* letter. Enter the pay cycle date that is approximately 6 weeks after the 15th of the month delivery date. For example, a levy received on 02/09/2015 will be implemented in the April 2015 pay cycle.
    - Levy amount

      **Example:**

      *Form 668-W Notice of Levy on Wages, Salary and Other Income* says to use the "married filing separately" exemption amount which is published in the *IRS Publication 1494* and is updated each calendar year. The exemption amount for 2013 is $833.33.

      Calculate the levy deduction so that the participant's resulting NET payment is equal to the married filing separately exemption amount in the *IRS Publication 1494*. The goal is to make the NET amount

equal to the exemption amount.

Net payment (before levy) $1535.08

Levied $-701.75 to get the 2013 Net for married filing separately exemption of $833.33

**Mathematical Equation:**

$1535.08

-$701.75

$833.33

- IRS Levy Deduction Mailing Address

  This is the "IRS address" on the levy.

c. *Form 668-D Release of Levy,* determine whether or not to stop deducting the IRS levy from the participant's pension payment and proceed accordingly:

- Stop deduction: note to stop the deduction on the 20th of the month in the very next pay cycle's *IRS Levy Log.*
- Do not stop deduction: note no further action is required in the *IRS Levy Log.*

**Example:** Stop a levy release logged in the 04/01/2015 log on 03/20/2015.

10. If the IRS levy is a participant's response to the *CCS 710 IRS Levy Implement* letter, proceed accordingly:

> **Note** *Form 668-W Notice of Levy on Wages, Salary and Other Income* specifies a default filing status of married filing separately with 1 exemption as defined in the *IRS Publication 1494.* The exemption amount for 2013 is $833.33. Whereas a married filing joint status has an exemption amount for 2013 of $1341.67. The difference in exemption amounts directly affects how much is deducted from the participant's pension payment.

a. Find the original IRS levy in a past *IRS Levy Log* and review actions taken.

b. Update the levy deduction so the participant's NET payment is equal to the exemption amount on the *IRS Publication 1494* for the filing status the participant indicated on Part 3 or 4 of the levy and any additional exemption amount the participant claimed for example being blind or over age 65.

**Example:**

**Original levy calculated as**

Net (before levy) $1535.08

Levied $-701.75 to get the Net for married filing separately exemption of $833.33

**Recalculate levy upon receipt of Parts 3 and 4**

Customer claimed single filing and a $125.00 exemption for over age 65.

*IRS Publication 1494* for 2013 has $833.33 for single filing exemption. Add $125.00 to the single filing exemption and target $958.33 for the resulting NET amount.

Net (before levy) $1535.08

Change the levy to $576.75 to get the desired NET of $958.33 based on single + $125.00 for over age 65

Make the change effective in the very next pay cycle. For example, if parts 3 and 4 were received on 01/09/2014, make the change to $576.75 effective on 02/01/2014. There is no need to wait 21 days.

**Mathematical Equation:**

$1535.08

-$958.33

$576.75

c. Customize and send *CCS 710 IRS Levy Implement* letter to the participant in the *IRS Levy Log.*

d. Mail Part 3 to the IRS (no CCS letter necessary).

11. Once all IRS levies in the package are reviewed and the *IRS Levy Logs* are updated, upload the logs (for both pay cycles you worked on) to the BPB portal by the 10th of the month or the previous business day if the 10th is a holiday.

**Management Information Specialist**

12. Review the *IRS Levy Logs* and approve the action the BPB DIT noted for each entry.
    - If no error is found, continue to step 13.
    - If an error is found, ask the BPB DIT to correct and resubmit to the BPB portal.

    **Note** Errors need to all be resolved prior to the 15th of the month when information is submitted to the ▶PBGC's Paying Agent.

13. Once all levies are approved, update the *IRS Levy Logs* and upload them by the 15th of the month or the previous business day if the 15th is a holiday to the following locations:
    - BPB portal - both pay cycles' logs
    - Paas Metrics Document Submission in the Benefit Payment Reports section of the PBGC portal – only the very next pay cycle's log (i.e. load the 04/01/2015 pay cycle's log by 03/15/2015, and the 05/01/2015 pay cycle's log by 04/15/2015).
14. Notify the PBGC's paying agent and the BPB DIT via e-mail.

**PBGC's Paying Agent**

15. Once MIS sends an e-mail notifying that the *IRS Levy Log* is uploaded to the BPB portal, download the log and review the current month's file.
16. Update ▶PLUS with the participant information for each *IRS Levy Log* entry in the tab entitled "SSCaction" by the Annuities and Specials Check run date on the Payment Schedule.

**BPB Data Integrity Team**

17. Within 2 business days after MIS sends an e-mail notifying that the *IRS Levy Log* is uploaded to the BPB portal (on or about the 15th of the month), send all CCS letters noted in the *IRS Levy Logs*.
18. By the 25th of the month or the previous business day if the 25th is a holiday, confirm that each IRS levy cited in the *IRS Levy Log* for the current month is correct in PLUS.
    - If no error is found, enter a note of review for the IRS levy.
    - If an error is found, contact PBGC's paying agent and request it to be corrected prior to the final review.
19. By the last business day of the month or the previous business day if the last business day is a holiday, complete review of all levies cited in the *IRS Levy Log*, update the log, and post to the BPB portal.

**Management Information Specialist**

20. Once BPB DIT sends the completed *IRS Levy Log*, check a random sample of 5% of levy entries by the 2nd business day and update the log.
    - If no error is found, continue to step 21.
    - If an error is found, correct it.
21. Upload the *IRS Levy Log* to the BPB portal.
22. Update the *Paying Agent Service Level Agreement Review Report* and post it to the BPB portal by the 10th of the following month or previous business day.

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**Resources for IRS Levies**

**12/22/2016**

**Forms, Letters, and Memos**

- *IRS Person Not Found Letter*

**Customer Correspondence and Forms:**

- *CCS 708 IRS Levy State Denial*
- *CCS 709 IRS Levy Denial*
- *CCS 710 IRS Levy Implement*

**Guidance:**

None

**Exhibits:**

- *Form 668-A Notice of Levy*
- *Form 668-C Final Demand*
- *Form 668-D Release of Levy*
- *Form 668-W Notice of Levy on Wages, Salary and Other Income*
- *IRS Levy Coversheet*
- *IRS Levy Log*
- *IRS Publication 1494*
- *Paying Agent Service Level Agreement Review Report*
- *Sample Email to SSC*

# TGBR (Accuity) Users Quarterly Confirmation

**08/30/2011**

The TGBR (▶Accuity) Users Quarterly Confirmation process is executed to ensure the Accuity (Formerly Thompson Financial Publishing (TFP)) application approved users list is current and accurate.

**In this Section**

Overview for TGBR (Accuity) Users Quarterly Confirmation
Workflow for TGBR (Accuity) Users Quarterly Confirmation
Update Approved Accuity Users Master List
Resources for TGBR (Accuity) Users Quarterly Confirmation

**Overview for TGBR (Accuity) Users Quarterly Confirmation**

**08/30/2011**

The Management Analyst issues access rights to the ▶Accuity application and sends an e-mail the first week of the month beginning each quarter to all approved application users to request they confirm they are still the designated Accuity application representative for their organization. Prior to October 31 of each year, renew annual Accuity (TFP) subscription.

Accuity provides complete financial information for Notice of Change (▶NOC) purposes and plan assumptions received by the ▶PLSs and ▶FBAs.

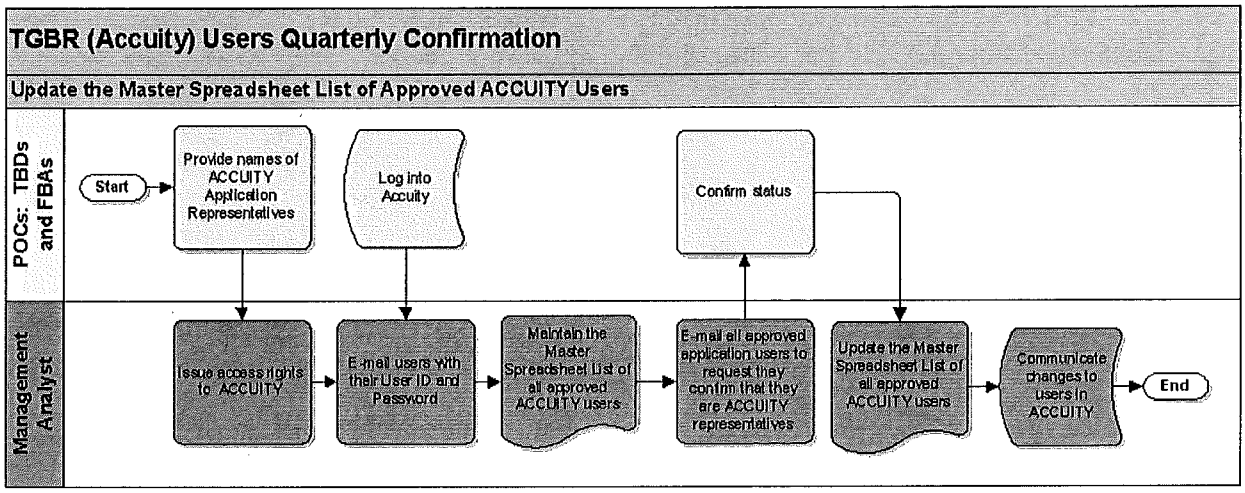
**Workflow for TGBR (Accuity) Users Quarterly Confirmation**

**08/30/2011**

**Note** For a hard copy of the workflow, click on the link to the printable PDF version, and print on Letter size paper (8.5" x 11") in landscape orientation for optimal output. Specify these options from the **Print** dialog box.

Click one of the following links to access a printable PDF version of the workflow:

- PDF of Workflow for TGBR (Accuity) Users Quarterly Confirmation




▶Workflow Legend

**Update Approved Accuity Users Master List**

**08/30/2012**

| | |
|---|---|
| **Purpose** | To maintain the Accuity User List and issue Access Rights to Accuity Users. |
| **Guidance** | NOC<br>Workflow for TGBR (Accuity) Users Quarterly Confirmation |
| **Procedure Owner** | Management Analyst |

▶TPDs and ▶FBAs provide names of individuals selected to be the ▶Accuity Application Representative for their organization. The Management Analyst issues access rights to the Accuity application and sends an e-mail the first week of the month beginning each quarter to all approved application users to request they confirm they are still the designated Accuity application representative for their organization. Accuity Application Representatives must reply to the confirmation e-mail within five business days.

**Management Analyst**

1. Issue access rights to the Accuity application for one representative within each TPD and FBA organization.
2. Send an e-mail to provide the application users with their User ID and Password and the directions to access and use the Accuity application.
3. Maintain the *Master Spreadsheet List* of all approved Accuity application users.
4. Send an e-mail to all approved application users to request they confirm they are still the designated Accuity application representative for their organization.
5. Update the *Master Spreadsheet List* of approved Accuity application users.
6. Provide advice and guidance to the Accuity application users and the ▶RSD/FBA managers.
7. Access the Accuity web site regularly to stay current with any process or access changes and communicate changes to the application users.

**Resources for TGBR (Accuity) Users Quarterly Confirmation**

**09/30/2016**

**Forms, Letters, and Memos:**

None

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

*Master Spreadsheet List*

**11/20/2015**

The ▶NFDE Team processes *NFDE Forms* that the ▶FBA forwards and transmits the forms associated with direct payment via ▶NBX; and forwards the forms associated with ▶rollovers to the BPB Management Analyst.

The BPB Management Analyst signs-off and faxes the plan payment request to the ▶PBGC's paying agent.

**In this Section**

Overview for Fleming Plan Administration
Workflow for Fleming Plan Administration
Fleming Plan Administration Procedures
Resources for Fleming Plan Administration

**Overview for Fleming Plan Administration**

**03/28/2013**

The ▶Fleming Plan is a unique ▶plan which is no longer offered to ▶participants; however, ▶BPB still administers the plan since there are participants in pay. The last payment for the Fleming Plan will be on October 1st, 2013. The plan pays ▶benefits as a 119-month certain payment that is similar to a 10-year ▶C&C, except under ▶IRS rules, since it qualifies as a ▶lump sum distribution. Therefore, the participant has the option to receive payments directly (minus 20% withholding) as a ▶rollover to an ▶IRA or ▶split pay (▶direct pay and rollover) with the choice to change payment option at anytime. These payments can be done monthly, quarterly or annually.

There were 1400 participants in this plan with the 119-month certain payment benefit and now there are approximately 450 remaining as of November 2010.

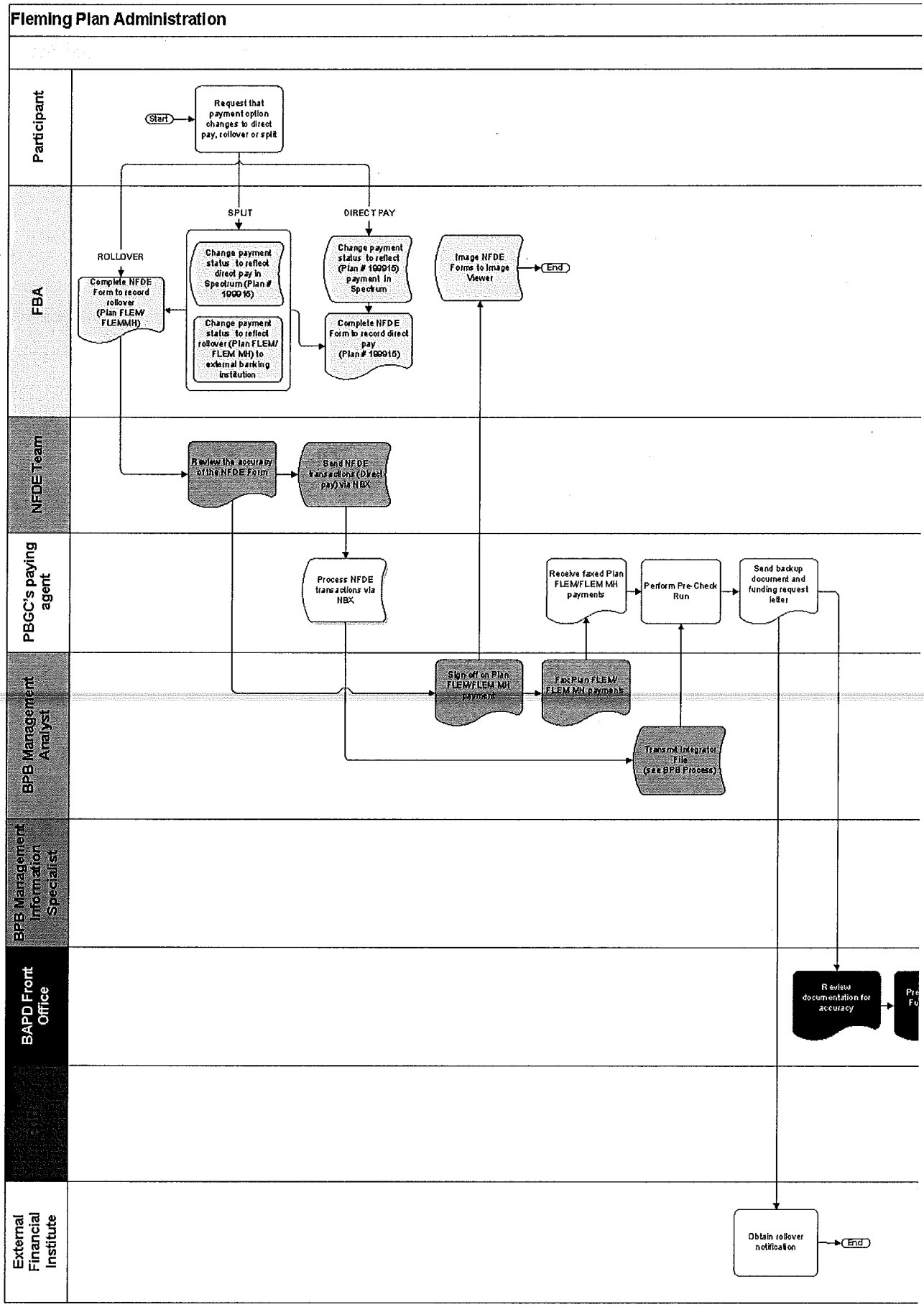
**Workflow for Fleming Plan Administration**

**03/29/2012**

Note For a hard copy of the workflow, click on the link to the printable PDF version, and print to a plotter printer in landscape orientation for optimal output. Specify these options from the

Click one of the following links to access a printable PDF version of the workflow:

- PDF of Workflow for Fleming Plan Administration




Workflow Legend

**Fleming Plan Administration Procedures**

**03/29/2012**

| | |
|---|---|
| **Purpose** | To administer the Fleming Plan. |
| **Guidance** | N/A |
| **Procedure Owner** | FBAs, NFDE Team, BPB Management Analyst, BAPD's Front Office, FOD, BPB Management Information Specialist, PBGC's paying agent, Participant |

The ▶NFDE Team processes the change requests and updates ▶Spectrum then forwards the information to the ▶PBGC's paying agent who updates the ▶PLUS Web. These changes help to ensure that the ▶participant's payment is processed correctly.

**In this Section**


1. Process Payment Option Change Request
2. Process Fleming Plan Payment Request

## 1. Process Payment Option Change Request

**11/20/2015**

The ▶participant requests a change in payment option (▶direct pay, ▶rollover or ▶split pay).

The ▶FBA receives all *Direct Payment Request*, *Rollover Request* and *Split Payment Request* and completes the *NFDE forms* to initiate the participant's change request.

The ▶NFDE Team sends the *Direct Payment Request* to ▶PBGC's paying agent and sends the *Rollover Request* to the External Financial.

| |
|---|
| **Note** All direct pays are recorded in the Plan# 199915 and rollovers are recorded in the Plan ▶FLEM/FLEM MH; and is recorded as such even if it is a portion of the *Split Payment Request*. |

The FBA creates the *NFDE form* and updates ▶Spectrum with direct payment option.

| |
|---|
| **Note** All direct pay must be updated in Spectrum even if it is a portion of a *Split Payment Request*. |

**NFDE Team**

1. Review the accuracy of the *NFDE form*.
2. Send the *Direct Payment Request* to ▶PBGC's paying agent and send the *Rollover Request* to the designated External Financial Institution.

## 2. Process Fleming Plan Payment Request

**03/29/2012**

The ▶PBGC's paying agent obtains all direct payments via ▶NBX whereas ▶rollovers are faxed in after obtaining approval to External Financial Institution.

The ▶FBA images the NFDE forms to ▶PBGC Image Viewer.

The PBGC's paying agent performs the pre-check run and sends the back-up documents and funding request letter to ▶BAPD's Front Office; and the rollover notification to the External Financial Institution.

▶FOD releases the funds via ▶CFS to PBGC's paying agent.

The PBGC's paying agent verifies that funds are received then pays the ▶participant on the first of the month; and sends the rollover payments to the External Financial Institution. All payment details are sent to BPB.

**NFDE Team**

1. Send ▶NFDE transactions for rollover payments via NBX to the PBGC's paying agent to be processed.

**BPB Management Analyst**

2. Sign-off on the Plan ▶FLEM/FLEM MH payment.
3. Fax the plan FLEM/FLEM MH payments to the PBGC's paying agent.

**BPB**

4. Transmit the Integrator file that includes the Plan# 199915 to the PBGC's paying agent.

**BAPD's Front Office**

5. Prepare the *Fleming Funding Memo.*
6. Review and approve the release of funds.

**BPB Management Information Specialist**

7. Use the payment details to perform the Ledger Load process that includes the Plan# 199915.

**Resources for Fleming Plan Administration**

**09/30/2016**

**Forms, Letters, and Memos:**

- *Fleming Funding Memo*
- *NFDE Form*
- *Rollover Request*
- *Split Payment Request*

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

None

# Program Services Branch Processes

**03/28/2013**

**Introduction:**

▶PSB is the branch that oversees the Post Valuation Administration including actuarial assistance, plan closing tracking and rejection review, sensitive correspondence and quality control review. PSB includes administering the ▶Missing Participants Program, the ▶Page-Collin's Program and Rettig Plan.

PSB is also responsible for the COR support for current actuarial contractors, in-house contract, ▶PVA offices, the locator contract, the Pension Search Directory, inter-agency agreements with ▶SSA, ▶PICs information and obtaining ▶SSEs from SSA.

This section focuses on the procedures for the Missing Participants Program, Page-Collins Program and Rettig Plan.

**In this Section**

Page-Collins Program Administration
Rettig Plan Administration

# Page-Collins Program Administration

**09/30/2016**

The ▶Page-Collins Program is a class action settlement that ▶CSD oversees for ▶OBA. Approximately 90% of Page-Collins benefits have been paid out and about 11,000 ▶participants remain unlocated. There were roughly 100 Page-Collins payments made in FY2010.

**In this Section**

Overview for Page-Collins Program Administration
Page-Collins Program Administration Procedures
Resources for Page-Collins Program Administration

**Overview for Page-Collins Program Administration**

**09/30/2016**

The ▶Page-Collins Program Administration process begins with either an inquiry that the ▶participant initiates or initiated by the Federal Supervisor/Staff who sends out mass mailings to the current addresses obtained from the available Locator Services.

The ▶Page-Collins Settlement Team uses the OBA Benefit Payment & Ledger Load Schedules to process completed application packages received and ensures that the participant is paid in accordance to the schedule.

Each quarter the ▶Check Run Administrator generates the *Quarterly Liability Report and Liability Spreadsheet* that ▶PSD and ▶OGC concurs; and PSD sends the approved documents to ▶FOD.

**Page-Collins Program Administration Procedures**

**09/30/2016**

| | |
|---|---|
| **Purpose** | To administer the Page-Collins Program. |
| **Guidance** | *Administar Methods and Procedures Manual* |
| **Procedure Owner** | Participant, Page-Collins Settlement Team, Contract Supervisor, Federal Supervisor/Staff, Check Run Administrator, PSD, Budget Department, CCS, OGC, BMA Team, BPD Staff, OBA Front Office, FOD, SSA, PBGC's paying agent |

The ▶Page-Collins Settlement Team ensures that the ▶Page-Collins payment request is completed and ready for payment authorization.

The ▶Check Run Administrator performs the check run process after all payments are authorized then forwards the necessary documents to be approved by ▶PSD and the ▶OBA Front Office who directs ▶FOD to release the funds to ▶PBGC's paying agent.

PBGC's paying agent pays the ▶participant, the Attorneys and the Locator Services once the funds received are verified.

**In this Section**

Determine if Participant/Claimant is Entitled
Review Application Package
Perform Payment Review and Authorization
Perform Page-Collins Check Run
Process Page-Collins Payment Request
Attain Quarterly Liability Report and Liability Spreadsheet Concurrence

**Determine if Participant/Claimant is Entitled**

**11/20/2015**

The ▶participant/▶claimant makes an inquiry about a possible ▶benefit or the Federal Supervisor uses Locator Services to obtain participants' current address and sends out a *Mass Mailing Letter (1978 Letter)* to the addresses obtained from the Locator Services. The participant completes and returns a *General Application (109 Letter)* package along with proof documents once found entitled to a benefit payment.

The claimant completes a *Conditional Benefit Notice (161 Letter).* The claimant provides date of hire and ▶date of termination (not to exceed ▶date of plan termination) to the ▶Page-Collins Settlement Team. If the claimant employment history is uncertain, the Page-Collins Settlement Team sends an inquiry to ▶SSA.

**Note** A participant receives a *Request for Certification of Pension Plan Participation (152 Letter)* to verify participation in certain plans such as Singer, Miller Betts, JP Stephens and Chase Brass) before an application is sent out.

SSA sends the employment history of the participant to PBGC and the Federal Supervisor is notified.

**Federal Supervisor**

1. Prepare periodic *Mass Mailing Letter (1978 Letter)* to send to affected participants recorded not paid in ▶Administar.
2. Change the participant or claimant status to ineligible in Administar when appropriate.
3. Calculate years of service with the date of hire and date of termination provided.
   a. If participant or claimant service is calculated, Administar automatically proposes a notice to be sent base on years of service; and Page-Collins Settlement Team periodically generates reports and produces notices.
4. Review SSA employment history and determine if the correct participant submitted the application package then determine the appropriate years of service where applicable (see Step 11).
5. Update years of service and note in Administar and recalculate benefits if applicable.

**Page-Collins Settlement Team**

6. Send out a mass mailing to participants in Administar.
7. Receive call then create a note in Administar that records the verification of date of birth, date of hire, date of termination, current address and employment with ▶plan sponsor in Administar once a positive response is received.
8. Send appropriate notice when applicable.
9. Determine if the participant or claimant is entitled to a benefit.
   a. If ineligible, send an *Ineligibility Notice (112 Letter)* to the participant or claimant and notify the Federal Supervisor.
   b. If eligible, determine type of benefit the participant or claimant is entitled to:
      - Send the participant or claimant with tradition benefits a *General Application (109 Letter).*
      - Send the participant or claimant with conditional benefits a *Conditional Benefit Notice (161 Letter).*
10. Request SSA earnings if Federal Supervisor is unable to calculate the years of service with the information received from the participant or claimant.
11. Send appropriate application or notice to the participant or claimant as follows:
    a. Send a *General Application (109 Letter)* for service years greater than ten.
    b. Send a *General Application (109 Letter)* for service years less than ten but greater than five.
    c. Send an *Ineligibility Notice (112 Letter)* for service years less than five.

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The ▶participant/▶claimant returns application package and submits any missing information to the ▶Page-Collins Settlement Team if requested.

The participant/claimant gathers and sends proof of employment requested by the Page-Collins Settlement Team if the Federal Supervisor cannot verify employment using the ▶SSA earnings.

> **Note** A *Reminder Notice (149 Letter)* is sent out after the initial letter requesting additional information then 2 letters are sent out 60 days apart; and if no response is obtained then a *Final Reminder Letter for Additional Data (1984 Letter)* is sent out.

▶OGC and the Federal Supervisor make the final determination then notify the Page-Collins Settlement Team.

**Page-Collins Settlement Team**

1. Review the returned application package.
   a. If not completed correctly, request the missing information from the claimant.
   b. If completed correctly, verify the participant's identity.
2. Verify the claimant's identity once all the missing information is returned.
   a. If able to verify the claimant's identity, establish if correct claimant:
      - If the correct claimant is determined, set up payment record in ▶Administar.
      - If the incorrect claimant is determined, send the claimant a *Social Security Reviewed and Claimant not Participant Letter (1985 Letter).*

      For instance, if participant is deceased, the spouse will be first entitled. The children have to provide proof of parents' death in order to qualify as the correct claimant.
   b. If unable to verify the claimant's identity, request SSA employment history.
      - If SSA earnings verify employment, establish if correct claimant.
      - If SSA earnings do not verify employment, request proof of employment document.
3. Notify OGC and the Federal Supervisor if claimant ambiguity persists once all documents are received.

   Federal Supervisor and OGC consults and make final determination.
4. Set up payment record in Administar once OGC and the Federal Supervisor determine the correct claimant.
5. Batch and send the participant's application package to the Contract Supervisor.

**Perform Payment Review and Authorization**

**11/20/2015**

**Page-Collins Settlement Team**

1. Generate the *Pre-Check Selection Reports* in ▶Administar.
2. Correct the transaction in Administar.

**Contract Supervisor**

3. Review the batched application packages and the *Pre-Check Selection Reports*.
4. Authorize payment transactions in Administar.
   a. If there is no ambiguity, the payment transaction is correct and authorized in Administar.
   b. If the payment transaction is not correct, request that the ▶Page-Collins Settlement Team correct the transaction in Administar.
5. Review and authorize the corrected transaction in Administar.
6. Notify the Federal Supervisor that the authorized payment transactions are ready for final authorization.

**Federal Supervisor/Staff**

7. Review and finalize authorization of the payment transactions authorized by the Contract Supervisor in Administar.

**Perform Page-Collins Check Run**

**09/30/2016**

**Check Run Administrator**

1. Re-run the *Pre-Check Selection Reports* which includes the *Pre-Check Selection Report (Combined), Pre-Check Selection Report (Manual Reissues)* and *Pre-Check Selection Report (New Checks Plus Multiples)* in ▶Administar.
2. Do final verification of payments.
   a. If an error occurs, the Federal Supervisor reviews the error:
      - If no solution is found, the ▶Page-Collins Settlement Team notifies the ▶claimant and payment is removed for the month.
      - If a solution is found then correct the error; and start the ▶Page-Collins Check Run process (see the *Administar Methods and Procedures Manual*).

   b. If no error occurs, start the Page-Collins Check Run process.
3. Generate the following documents monthly in Administar:
   a. *Locator's Fees Report*
   b. *Page-Collins Payment Export* which includes the *Page-Collins Payment Export (Page80), Page-Collins Payment Export (Page80dp)* (Duplicate Payment) and *Page-Collins Payment Export (Page80rp)* (Rollover Payees)
   c. *Page-Collins Pension Search Export*
   d. *Pre-Check Selection Reports*
   e. *Quarterly Liability Report and Liability Spreadsheet*

   The *Quarterly Liability Report and Liability Spreadsheet* is not created each month.
4. Create the following monthly documents:
   a. *Advice Document*
   b. *Page-Collins Funding Memo*
   c. *Reconciliation Spreadsheet*
5. Update the following monthly:
   a. *20 Million Recap Report*
   b. *Budget Tracking Report*
6. Distribute the documents monthly to the following:
   a. *20 Million Recap Report* to the ▶External Board Members.
   b. *Budget Tracking Report* to ▶OGC and the Budget Department.
   c. *Locator's Fees Report* to ▶CCS.
   d. *Page-Collins Payment Export, Pre-Check Selection Report (Manual Reissues)* and *Pre-Check Selection Report (New Checks Plus Multiples)* to the External Board Members.
7. Send the *Quarterly Liability Report and Liability Spreadsheet* (see Attain Quarterly Liability Report and Liability Spreadsheet Concurrence).
8. Update interest in Administar monthly.
9. Generate then send the *Page-Collins Pension Search Export* to the ▶BMA Team.

**PSD**

10. File all documents including copy of disk sent to the External Board Members.

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▶FOD receives the *Page-Collins Funding Memo* and *Reconciliation Spreadsheet* via the PBGC portal from the ▶Check Run Administrator then releases the funds via ▶CFS to ▶PBGC's paying agent via the PBGC portal.

PBGC's paying agent receives the *Advice Document, Reconciliation Spreadsheet* and *Page-Collins Payment Export* via ▶NBX from the Check Run Administrator. PBGC's paying agent pays the Attorney's, sends the ▶participants' benefit payments; and sends the Locator's fee payment to ▶CCS once FOD releases the funds a day in advance of the check date.

| **Note** PBGC's paying agent ensures that payments are made on the fourth Friday of each month. |
|---|

**PSD**

1. Approve and forward the funding request.
2. File the *SSC Payment Ledger* received from the PBGC's paying agent.
3. Reconcile the approved funding request against the benefits and fees paid.

**Check Run Administrator**

4. Send the *Page-Collins Funding Memo* and *Reconciliation Spreadsheet* via the PBGC portal to FOD.
5. Send the *Advice Document, Page-Collins Payment Export,* and *Reconciliation Spreadsheet* via NBX to the PBGC's paying agent.

▶OGC reviews and signs-off on the *Quarterly Liability Report and Liability Spreadsheet* once ▶PSD concurs.

▶FOD receives the approved documents via the PBGC portal.

**PSD**

1. Review and sign-off on the *Quarterly Liability Report and Liability Spreadsheet.*

   The Federal Supervisor reviews the documents prior to the Division Manager of PSD concurrence on the documents then sends the approved documents to OGC for signature.

2. Send the approved documents to FOD.

**Resources for Page-Collins Program Administration**

**09/30/2016**

**Forms, Letters, and Memos:**

- *Conditional Benefit Notice (161 Letter)* (no years of service in database)
- *Final Reminder Letter for Additional Data (1984 Letter)*
- *General Application (109 Letter)*
- *Ineligibility Notice (112 Letter)*
- *Mass Mailing Letter (1978 Letter)*
- *Page-Collins Funding Memo*
- *Reminder Notice (149 Letter)*
- *Request for Certification of Plan Participation (152 Letter)*
- *Social Security Reviewed and Claimant not Participant Letter (1985 Letter)*

**Customer Correspondence and Forms:**

None

**Guidance:**

*Administar Methods and Procedures Manual*

**Exhibits:**

- *20 Million Recap Report*
- *Advice Document*
- *Budget Tracking Report*
- *Locator's Fees Report*
- *Page-Collins Payment Export*:
  - *Page-Collins Payment Export (Page80)*
  - *Page-Collins Payment Export (Page80dp)*
  - *Page-Collins Payment Export (Page80rp)*
- *Page-Collins Pension Export*
- *Pre-Check Selection Reports*:
  - *Pre-Check Selection Report (Combined)*
  - *Pre-Check Selection Report (Manual Reissues)*
  - *Pre-Check Selection Report (New Checks Plus Multiples)*
- *Quarterly Liability Report and Liability Spreadsheet*
- *Reconciliation Sheet*
- *SSC Payment Ledger*

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# Rettig Plan Administration

**09/30/2016**

The Rettig Program is a class action settlement that ▶CSD oversees for ▶OBA. About 98% of Rettig benefits have been paid out and approximately 130 ▶participants remain unlocated. Since July 2007, there have been only two Rettig payments (08/2007 and 12/2009).

**In this Section**

Overview for Rettig Plan Administration
Rettig Plan Administration Procedures
Resources for Rettig Plan Administration

**Overview for Rettig Plan Administration**

**09/30/2016**

The Rettig Staff reviews all applications and proof documents and sends the reviewed documents to the Federal Supervisor to sign-off on and forward to the ▶OBA Front Office which reviews and approves the release of funds to ▶FOD.

**Rettig Plan Administration Procedures**

**09/30/2016**

| | |
|---|---|
| **Purpose** | To administer the Rettig Plan. |
| **Guidance** | *Rettig Settlement Reasons Not Affected Codes* |
| **Procedure Owner** | Participant, Rettig Staff, Federal Supervisor/Staff, DMC, BPD Staff, OBA Front Office, FBA, FOD, PBGC's paying agent |

The Rettig Plan payment is initiated by an inquiry made by the participant. The participant receives an application and a request for proof documents if the participant is determined eligible and affected. The participant completes and returns the application and proof documents that leads to the processing of the payment request.

**In this Section**

Determine and Notify Participant of Determination Results
Complete Application Review
Process Rettig Plan Payment Request

**Determine and Notify Participant of Determination Results**

**11/20/2015**

The ▶participant sends an inquiry of a possible benefit payment to PBGC then the Rettig Staff determines the participant's eligibility and if the participant is affected.

**Rettig Staff**

1. Search and find the participant in ▶CleverPatch Forest & Trees.
2. Follow the path below:
   a. Click on the Start Menu.
   b. Go to Programs.
   c. Go to CA.
   d. Go to ForestAndTrees.
   e. Go to F&TRuntime then go to the file location `i:\SID\ArchiveRettigNewv7.ftv`.
3. Check the participant's eligibility.
   a. If the participant is ineligible, advise the participant of ineligibility and send the corresponding *Benefit Determination Letter* if not previously sent.

      ▶Benefit Determination Letters are coded based on whether affected or non-affected. The reasons not affected codes can be found in the *Rettig Settlement Reasons Not Affected Codes*.

      - If a letter is requested, send a copy if available in ▶IPS. Some of these letters are not available because they were deleted due to age.
      - If the participant insists on obtaining a copy of the previous letter, create a new letter with the original date but without new appeal rights generated.

   b. If participant is eligible, determine participant's payment status:
      - If the participant is paid already, advise the participant of prior payment.
      - If the participant is not paid, notify the Federal Supervisor.
4. If participant has insufficient data, notify the Federal Supervisor.
5. Gather the information from participant or ▶SSA due to the insufficient data and once received notify the Federal Supervisor.
6. Advise the unaffected participant, send the corresponding *Benefit Determination Letter*, and image the *Determination Memo* into the plan file created by the Federal Supervisor/Staff into IPS.
7. Create payment record in ▶Spectrum for affected participant.
8. Advise the affected participant and send the *Benefit Determination Letter*, *Benefit Statement*, and a benefit application then image *Benefit Determination Letter*, *Benefit Statement* documents into IPS.

**Federal Supervisor/Staff**

9. Search the ▶Lotus Millennium to determine a participant's payment status or eligibility determination status.
   a. If the participant is affected, determine the payment status:
      - If not paid already, obtain the *Benefit Statement* from the participant's hard copy file (see Step 7).
      - If paid already, notify the Rettig Staff of prior payment (see Step 3b).
   b. If the participant eligibility is recorded as determined already:
      - If determination is affected, determine payment status (see Step 9a).
      - If determination is not affected, notify the Rettig Staff of prior determination (see Step 3a).
10. Determine if the participant is affected after receiving additional information gathered (see Step 5).
    a. If the participant is not affected, create a "*Memo*" and update the record in Lotus Millennium then notify the Rettig Staff (see steps 6).
    b. If the participant is affected, create the *Benefit Statement* and create a participant's record in Lotus Millennium then notify the Rettig Staff (see steps 7 through 8).

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**Complete Application Review**

**03/29/2012**

The ▶participant completes and returns the application and the proof documents.

▶DMC images the application and proof documents into ▶IPS and updates ▶CRM.

The ▶FBA sees a participant's application for Rettig benefits in IPS and sends a notification to the Rettig Staff.

**Rettig Staff**

1. Review the participant's application package and the proof documents.

**Process Rettig Plan Payment Request**

**10/28/2016**

The Rettig Staff creates the payment record in ▶Spectrum and ▶BPD transmits the file to ▶PBGC's paying agent.

PBGC's paying agent performs the Pre-Check run process, sends the backup documents to Rettig Staff, and sends the wire transfer request for the funding request to the ▶OBA Front Office.

The ▶OBA Front Office reviews the *Rettig Funding Memo* delivered by the Rettig Staff and approves the release of funds.

▶FOD releases the funds via ▶CFS to PBGC's paying agent.

PBGC's paying agent verifies the funds after receiving the documents via the PBGC portal then pays the ▶participant; and notifies the Federal Supervisor/Staff once payments are made.

**Rettig Staff**

1. Create the payment record in Spectrum.
2. Prepare the *Rettig Funding Memo* for the Federal Supervisor for review.
3. Deliver the *Rettig Funding Memo* after review to the OBA Front Office for final review and approval to release the funds.

**Federal Supervisor/Staff**

4. Review the *Rettig Funding Memo.*
5. Update the participant's record with payment date, amount and comment in ▶Lotus Millennium once PBGC's paying agent pays the participant and notifies the Federal Supervisor/Staff.

**Resources for Rettig Plan Administration**

**09/30/2016**

**Forms, Letters, and Memos:**

- *Benefit Determination Letter*
- *Benefit Statement*
- *Determination Memo*
- *Rettig Funding Memo*

**Customer Correspondence and Forms:**

None

**Guidance:**

None

**Exhibits:**

*Rettig Settlement Reasons Not Affected Codes*

# PBGC Securities Lending Program Procedures Manual

# Updated as of December 1, 2009

This Manual has been approved by:

_____

John F. Greenberg, CIO

## I. Securities Lending Summary

a. PBGC's securities lending program is a part of the overall investment policy. The objectives and parameters of the program will be incorporated in the agency's new Investment Policy.

b. Exposure to securities lending is encompassed primarily through State Street Securities Finance (SF). Acting as an agent, SF lends out the securities of PBGC's participating separate account portfolios custodied at State Street Bank. To a lesser extent, PBGC has investments in commingled funds at State Street Global Advisors (SSgA) and Barclays Global Investors (BGI) that engage in securities lending, subject to separate guidelines of those funds. The revolving fund (both long duration and TIPS) are custodied at the Department of Treasury and the securities within this portfolio are not loaned.

c. State Street Securities Finance

   i. Currently, all fixed income separate account portfolios, as well as the non-Delta private equity portfolio (3828), the PBGC Holding Account (3801), and certain of the public equity accounts are enabled for securities lending. SF is responsible for all facets of securities lending within these accounts, including, but not limited to counterparty assessments and all administrative functions. The collateral fund utilized is the Quality A Short-Term Investment Fund ("Quality A") and is currently managed by SSgA's Cash Management Group. On Day 7 of each month, earnings from securities lending at State Street are transferred to account 3801. The earnings split is (b)(4) to PBGC and (b)(4) to SF.

   ii. Quality A – Nature and Timing of Reviews

      1. The Quality A Fund is monitored monthly by reviewing the fund snapshot and collateral yield information provided on mystatestreet.com. Review of the snapshot includes the type of assets the fund holds, percentage allocations across asset classes, weighted average maturity, current yield and other key parameters. Any questions with respect to the Quality A fund are provided via e-mail to the contact within SF. If required, the PBGC will engage the portfolio manager of the Quality A fund. The answers provided are then formatted within an e-mail provided to the entire CID staff, including the CIO and Deputy CIO. The monthly securities lending report is attached to the e-mail. This ensures the CIO and Deputy CIO are kept informed of the

key drivers, trends, and issues impacting the securities lending portfolio over the past month. Additionally, State Street provides a monthly affirmation document to the PBGC affirming that no guidelines associated with the Quality A Fund have been violated over the past month. If there is a violation, the incident is investigated and determined to be meaningful. If it is not meaningful (e.g., a passive violation due to a downgrade), it is not elevated to the CIO. If it is considered meaningful, an e-mail detailing the issue and recommendation for resolving it to the CIO and Deputy CIO. Determination of meaningfulness of the violation will be determined by the contract monitor responsible for securities lending and his/her immediate supervisor. E-mail will be the main documentation utilized for each incidence.

2. Review of the fund's portfolio manager is completed at least twice per year, with one meeting on-site and one meeting in PBGC offices. This provides an opportunity to gain insight into the management of the portfolio over the previous six months and also provides expectations for management of the portfolio going forward. Meeting minutes are kept from each meeting and distributed via e-mail to the immediate group responsible for securities lending, as well as the CIO and Deputy CIO.
3. Investment guidelines for the Quality A fund are static since this is a commingled fund, of which PBGC is one of many investors in the fund. SSgA is obligated to notify the PBGC of any changes to those guidelines. Although the PBGC would not have the unilateral power to change or alter guidelines, it does have the ability to change to a different fund, if warranted by the guideline changes, or create a separate account. Any prospective changes to the investment guidelines are elevated to the CIO. The current Quality A guidelines can are in the i: drive: CID/SSC/Securities Lending.
4. The PBGC currently makes up about 1/3$^{rd}$ of Quality A.

d. Commingled Funds
    i. The PBGC participates in securities lending as unitholders in one or more of the SSgA commingled fund offerings that incorporate securities lending (currently, only the SSgA S&P 500 Flagship Fund). SF manages the securities lending program on behalf of SSgA. The collateral fund utilized for the commingled funds is the

Quality Trust for SSgA Funds and is also managed by SSgA's Cash Management Group. Note that SSgA previously utilized the Quality D fund, but created a carve-out of that portfolio on November 1, 2008.

ii. Quality Trust for SSgA Funds Trust Fund
    1. Since the Quality Trust encompasses collateral invested on behalf of all SSgA funds, the PBGC will tend to make up a small portion of this fund.
    2. Earnings from the securities lending program are contributed to account 3801 each month.

iii. The PBGC participates in securities lending as unitholders of several BGI commingled funds. BGI is considered to be the lending agent.
    1. All PBGC investments in BGI funds have a (b)(4) between the unit holders and BGI. The split earned by the unit holders is represented within the funds from an accounting and performance basis rather than segregated and provided to unit holders separately, either as reinvestment in the fund or distributed as cash direct to the unit holders.
    2. The seven commingled index fund investments at BGI receive a favorable (b)(4) The additional (b)(4) earned over and above the standard (b)(4) in the fund is accounted for on both an accounting and performance basis outside of the fund. PBGC has elected to reinvest income generated by the funds back into the fund that generated the revenue. Thus, it is not being distributed back to cash or used to offset fees.

iv. Each of our commingled funds invest in one or more of the following collateral funds.
    1. Cash Equivalent Fund II-S
    2. Money Market Fund A/B
    3. Money Market Fund BC
    4. Term Fund 12

v. SAS 70 Reports
    1. At least annually, the contract monitor shall review the securities lending portion of the SAS 70 reports of State Street and BGI.
    2. The contract monitor shall identify any exceptions in the SAS 70 report, inquire how the exceptions occurred, and how the exceptions were resolved.
    3. The monitor shall report the findings to a supervisor.

4. The contract monitor shall utilize the CCRD developed SAS-70 review template for these periodic reviews.

## II. Collateral Replenishment Requirements

a. On an aggregate program basis across each of its borrowers, the SF program seeks to maintain the mark to market at 102% on domestic securities loans. However, on U.S. government securities, the SF program allows the value of an individual U.S. government security to fall to 100% before marking to market again at the 102% level. For further details, see the Securities Lending Authorization Agreement between PBGC and State Street.

## III. Staff Assignments – Backup Responsibility Education and Cross Training

a. The contract monitor responsible for securities lending under the State Street custodial contract is required to monitor the SF program. Among the various responsibilities of the contract monitor is the preparation of the monthly report and the monitoring of the Quality A Fund. Currently, this individual is Michael Maloney. His main back-up is Mark Calisti, who had previous responsibility as the contract monitor and continues to be involved in monitoring the program. Also involved is Jennifer Byrnes, a direct report for Michael Maloney. Lastly, Nakia Gibson, who monitors securities lending for the BGI and the SSgA funds, can also assist as a backup.

b. Ample time is spent to enable contract monitors and back-ups cross training and education. This is typically done through participation in meetings with SF, as well as review of the monthly securities lending reports. For on-site due diligence with SF, Mike Maloney, Nakia Gibson, Mark Calisti, and Jennifer Byrnes will generally participate at each of these meetings. This enables each individual to receive an update on the performance of Quality A as well as the most significant issues impacting the PBGC program. If Mike Maloney were unavailable, any of the above individuals would be able to fill in during his absence.

c. More formal education opportunities (e.g. conferences) are only provided to the main contract monitor due to cost and other considerations, but presentation materials from these education opportunities are disseminated to the back-ups and a written review of the conference is provided to back-ups as well.

## IV. Continuing Training

a. At a minimum, the contract monitor is required to have 16 hours of formal continuing training per year related to securities lending. This will be accomplished by attendance at one or more conferences each year related to securities lending.

b. Due to the nature of securities lending, much of the training is on the job. Whenever an individual becomes responsible for securities lending, he/she engages one or more individuals at SF to provide training on securities lending, in general, as well as the specific PBGC program. He/she then hones his/her skills by preparing the securities lending reports each month and thoughtfully reporting the key findings to the group, including the CIO and Deputy CIO. Through conference calls and in-person meetings with the manager of the Quality A fund and those at SF, over time, the individual will become an expert on the program. Through this period, the individual previously responsible for overseeing the securities lending program as well as the individuals' direct supervisor and other individuals in CID that had previous exposure to the program or securities lending, in general, will act as a mentor to answer any questions while this person enhances their knowledge of the securities lending program.
c. Other training opportunities will be via news articles, monthly publications, and other documents provided by SF.
d. Additionally, this document has a brief overview of securities lending in the appendix section.

## V. Monitoring Developments in the Securities Lending Industry

a. Monitoring of developments in the securities lending market, changes in regulatory requirements will be done by having the contract monitor for securities lending under the State Street custodial contract attend one or more conferences per year.
b. Additionally, the contract monitor will review publications focusing on securities lending.
c. The PBGC will also leverage the relationship with SF to obtain access to their knowledge on the securities lending industry. At a minimum, SF will be required to provide updates quarterly in writing to the contract monitor on developments in the industry, as well as changes in regulatory requirements. At least annually, SF will provide to the PBGC the volumes and economics of its program, in writing. If developments in the industry and/or changes in regulatory requirements result in significant changes in the volumes and economics of the PBGC program, the contract monitor and others within CID and the PBGC will evaluate its contract, lending policies and participation for possible amendments.

## VI. MyStateStreet.com

a. Logging in
    i. https://my.statestreet.com
    ii. Insert username and password. If you need a username and password, contact Steve Davies or Mary Ellen MacDonald at State Street.

iii. Click on Products and Services/Securities Finance and the specific area within Securities Finance (e.g. SL Performance Reporter for Reports or SL Performance Analyzer for Analytics)

## VII. Reporting

a. Downloading the Monthly Report Data from mystatestreet.com
   i. General Information
      1. Some of the reports cannot be downloaded, whereas other reports can be downloaded into Excel. Unless otherwise states, print out the reports as each report will be combined into one aggregate report that will be scanned and saved.
      2. Unless otherwise noted, all reports are within the SL Performance Reporter.
   ii. First Business Day of Month
      1. Certain reports showing month-end are only available on the first business day of the following month since they are then updated the following day. Set up a reminder in Outlook to download the following files on the first day of the month following month-end.
         **a. Total on Loan by Program pie chart**
            i. Click on Loan to see the pie chart.
            ii. Click on Maximize icon.
            iii. Go to Page Setup and change to Landscape. Note that you will only have to do this once as all subsequent reports will be printed out in landscape.
            iv. Print out the report (not in color).
            v. This report provides a pie chart showing the type of PBGC assets (i.e. US Governments, US Corporation Bond and Equity, non-US Equity, non-US Bond) on loan as well as the aggregate dollar amount on loan for all the categories.
         **b. Total on Loan by Program Detail**
            i. Minimize the previous chart
            ii. Click on Total on Loan Detail
            iii. Print
            iv. This report provides lendable assets, collateral amounts, total on-loan, calculated mark, percent on loan, and collateral percent across four categories, including US corporates and equity, US government, non-US equity and non-US fixed income.

c. **Daily Top 10 Borrowers and Market Value of Securities on Loan Pie Chart**
    i. Click on Borrower
    ii. Click on Maximize icon
    iii. Print
d. **Borrower Detail**
    i. Minimize the previous chart
    ii. Click on Borrower Detail
    iii. Print

iii. The remaining reports are typically available by Business Day 8. Set up a reminder to download these reports.

1. **Quality A Fact Sheet**
    a. Click on Collateral
    b. Click on Collateral Fact Sheet and locate the month end reports for both funds, click on go and print
    c. Also, download the pdf and save on the I:/drive.
    d. This report provides key data on the Quality A Collateral Fund, including the Unit Price, WAM (weighted average maturity), the Liquidity Schedule, and Distribution by Sector. Compare the current month's Fact Sheet to the previous month's Fact Sheet to assess significant movements in types of assets, liquidity and the market value, among other factors.

2. **Daily Collateral Holdings by Asset Class**
    a. Click on Collateral
    b. Click on Daily Collateral Holdings by Asset Class and locate the month end report for the month and click go.
    c. Click on Download and when screen pops up, click on Excel Data and Save Report.
    d. Open the file in excel. You will see the first section contains Quality A data and the second section contains Quality D data. Ignore the Quality D data.
    e. Name the sheet Quality A.
    f. Delete the Quality D information (all information below the Grand Total line)
    g. Next perform the following tasks:
        i. Insert the title in Row 1, Column B "Quality _ - Collateral Holdings as of MMDDYY"

ii. In the last column, insert "% of Amortized Cost" and compute the market value/amortized cost for each asset class subtotal.
iii. Print out Quality A with the header repeated on each page.
iv. This report provides each individual holding in the Quality A fund and includes various statistics. Note that values are for the entire fund and the PBGC only holds a portion of this fund.

3. **Earnings by Program Bar Graph**
    a. Click on Earnings
    b. Click on Maximize icon
    c. Print
    d. This chart provides earnings during the month across the four investment categories.
4. **Earnings Detail**
    a. Click on Summary
    b. Click on Earnings Detail
    c. Print
5. **Consolidated Earnings**
    a. Click on Earnings
    b. Click on Consolidated Earnings and click go after locating the month end report.
    c. This report is broken out between non-TWA, TWA, and All Groups. Find the report that says "All Groups" in the upper right hand corner. It is typically page six and seven.
    d. Click on Print. When Print box pops up, print out.
    e. Save the report as a pdf.
    f. This report provides a historical view of earnings with annual earnings going back several calendar years as well as quarterly and monthly earnings results for the current calendar year.
6. **Earnings by Fund**
    a. Click on Earnings
    b. Click on Earnings by Fund and click go after locating the month end report.
    c. Click on Print. When Print box pops up, print out the relevant pages.
    d. Save the report as a pdf.

e. This report provides earnings detail including gross earnings, borrower rebate, net earnings and various other metrics by individual account.

7. **Income Attribution Detail**
    a. Click on Performance.
    b. Click on Income Attribution Detail and appropriate monthly report, then click go.
    c. This report is broken out between non-TWA, TWA, and All Groups. Find the report that says "All Groups" in the upper right hand corner. It is typically page five and six – the last two pages.
    d. Save the report as a pdf.
    e. This report provides client earnings, net earnings, net spread, collateral spread and funding spread across the investment categories and its sub-sectors.
8. **Total on Loan**
    a. Click on Loan.
    b. Click on Total on Loan and find the month end dated report under Month-End Reports.
    c. This report is broken out between non-TWA, TWA, and All Groups. Find the report that says "All Groups" in the upper right hand corner. It is typically page three – the last page.
    d. Save the report as a pdf.
    e. This report provides the collateral currency, cash collateral, non-cash collateral, calculated mark, market value of securities on loan, and collateral percent across the investment categories.
9. **Total on Loan by Fund**
    a. Click on Loan.
    b. Click on Total on Loan by Fund and find the month end dated report under Month-End Reports.
    c. Print.
    d. Save the report as a pdf.
    e. This report provides the fund name collateral currency, cash collateral, non-cash collateral, calculated mark, market value of securities on loan, and collateral percent across the individual accounts.

**10. Approved Borrowers**

a. Each month (typically around the 5th business day), you will receive an e-mail from a member of SF with the additions and deletions. Focus on the bottom of the last page as it details the additions and deletions from the previous month. Deletions should also have the rationale for its removal.
b. The policy pertaining to qualifying allowable borrowers and establishing credit limits for these borrowers is referenced in the PBGC Securities Lending Program Policy and Guidelines.

**iv. Assurance of Earnings**

1. Check to see if the income generated in current month is reasonable.
    a. Click on Performance tab.
    b. Go to Basis Point Return Summary and find current monthly report.
    c. Click Go.
    d. In the Basis Point Summary Report, find the page marked All Groups. This is typically the last page. Locate Average Collateral Balance total.
    e. Multiply the Average Collateral Balance by the difference between the Collateral Yield and the weighted average Rebate Rate shown on the Income Attribution Detail. (See formula below.)
    f. Divide by 12, multiply by (b)(4) and compare it to the actual revenue earned.
    g. Document this calculation on a separate page to be included in the monthly PBGC Securities Lending Report.
    h. If the result is not reasonably close to the actual revenue, the contract monitor will further investigate the difference with SF. The contract monitor will resolve the matter with SF, either by confirming that the actual revenue figure is correct or having SF amend the revenue earned. If there is an error in the actual revenue earned, the contract monitor will notify the CIO. An error may result in understated income that was earned within the Quality A fund or rebates paid to the borrowers and both would be investigated in the event of a

calculation that is considered reasonably outside the actual revenue reported. Documentation of the review will be within the monthly report.

$$\frac{[(\text{Average Collateral Balance}) * (\text{Collateral Yield} - \text{Wgt. Avg. Rebate Rate})] * \text{(b)(4)}}{12}$$

**v. Benchmarks**

1. SF shall provide a comparison of PBGC's securities lending performance to other U.S domiciled tax exempt lenders on quarterly basis. The contract monitor, currently Mike Maloney, and Mark Calisti will both review the report each quarter and seek further input from SF, if necessary, before disseminating the report to staff.
2. The benchmark report shall include a graph PBGC's securities lending Total Return to Lendables versus the group's Total Return to Lendables. The result shall also contain a written explanation of the difference in performance.
3. Save a copy of the benchmark report under I:/CID/SSC/Benchmark Reports and print a copy to be included in the Monthly PBGC Securities Lending Report. Include the previous quarter's benchmark report in the PBGC report for the interim months between quarters.
4. See Exhibit 1 of Appendix for a sample benchmark report.

**vi. Order of Monthly PBGC Securities Lending Report**

1. Page 1 is the cover page. Adjust for the date.
5. The order is then as follows:
    a. Quality A Factsheet
    b. Quality A Collateral Holdings
    c. Earnings by Program
    d. Earnings Detail
    e. Consolidated Earnings
    f. Earnings by Fund
    g. Income Attribution Detail
    h. Assurance of Earnings Calculation
    i. Total on Loan by Program pie chart
    j. Total on Loan by Program Detail
    k. Total on Loan
    l. Total on Loan by Fund

m. Daily Top 10 Borrowers and Market Value of Securities on Loan
n. Borrower Detail
o. Approved Borrowers

**vii. Monthly Characteristics and Performance Analysis**

1. Compare current month's information with the previous month.
2. Identify meaningful changes the Quality A Fund, including, but not limited to, differences in sector exposure, weighted average maturity of the portfolio, collateral yield, and rebate rate, as well as changes in utilization and total securities lending income.
3. Look for exceptions, such as data that has changed by more than 50% from the prior month, or any information that appears to be an outlier or inconsistent with prior periods.
4. Submit inquiries about characteristics,performance, and any exeptions to SF. Document the result in the monthly reporting email to PBGC staff.

**viii. Dissemination and Filing of PBGC Securities Lending Report**

1. The contract monitor, currently Mike Maloney, scans the entire report into a pdf and provides to Mark Calisti.
2. Subsequent to Mark Calisti's review, Mike Maloney e-mails the report to CID staff, including the CIO and Deputy CIO. The e-mail includes SF's responses to questions from the Monthly Characteristics and Performance Analysis.
3. Subsequent to the CIO's review, the CIO e-mails the report to the CFO.
4. The report is filed each month under I:/CID/SSC/Monthly Reports.

# APPENDIX

**Exhibit 1: Sample benchmark report from State Street Securities Finance.**

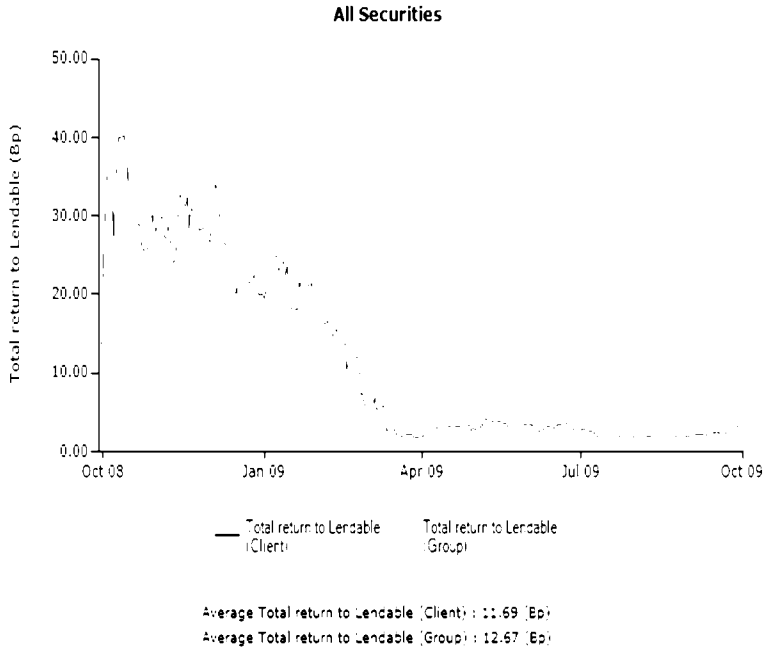
**Exhibit 2: An Introduction to Securities Lending: By State Street Securities Finance .**

**Exhibit 1 Sample Benchmark Report from State Street Securities Finance**

UPDATE: PBGC underperformed the universe by .98 basis points. One of the primary reasons for the underperformance was the small holding in Citigroup. The Citigroup trade commanded a demand spread of 6,200 basis points on average. Since the trade ran for over four months, many clients generated a disproportionate share of income from this trade.

## Benchmarking Comparison: Total Return to Lendable

- **Universe includes US domiciled tax exempt lenders**
  - Group lendables - $554.5 b
  - PBGC lendables - $13.9 b

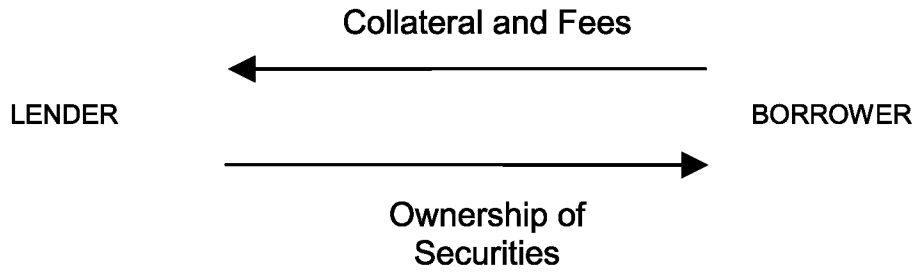



As of September 30, 2009

**Exhibit 2: An Introduction to Sec Lending: By State Street Securities Finance .**

## I. A Learning Guide to Securities Lending

b. An investment management product where participants generate revenue by temporarily transferring idle securities, in a collateralized transaction, to a borrower




b. Securities Finance Defined Role of the Agent Lender
   i. Facilitates lending transaction between lender and borrower
   ii. Receives cash or non-cash collateral with a margin of:
      1. 102% for U.S. securities
      2. 105% for non-U.S. equities
      3. 102% for international fixed income
      4. Marks to market daily to maintain margin
   iii. Invests cash collateral into a pool in order to generate a return
   iv. At loan initiation, negotiates rebate (cash collateral) or premium rate (non-cash collateral) with the borrower
   v. Rates determined by the level of demand for the security in the marketplace

Securities Finance - Defined Types of Lenders and Borrowers

| | |
|---|---|
| Mutual Funds | Broker / Dealers |
| Pension Funds | Securities Subsidiaries of U.S. and European Banks |
| Pooled Investment Vehicles | Highly Capitalized Foreign Banks |
| Insurance Funds | Bank Holding Companies |
| Endowments | |
| Foundations | |
| Corporate Treasuries | |
| Central Banks | |
| Offshore Entities | |

## Transaction Basics - Demand Drivers

- Cheaper and/or more efficient to borrow shares than to buy them on the open market
- Securities are borrowed by a counterparty that has a commitment to deliver shares which it has sold, but does not possess
  - All asset classes
- Securities are borrowed to create a "short" position in a security
  - All asset classes, but typically seen in corporate securities
- Tax treaties between governments allow for dividend arbitrage trades
  - For US plan sponsors, these are non-U.S. equities
- Securities are borrowed as part of a financing strategy
  - Typically U.S. and non-U.S. government securities

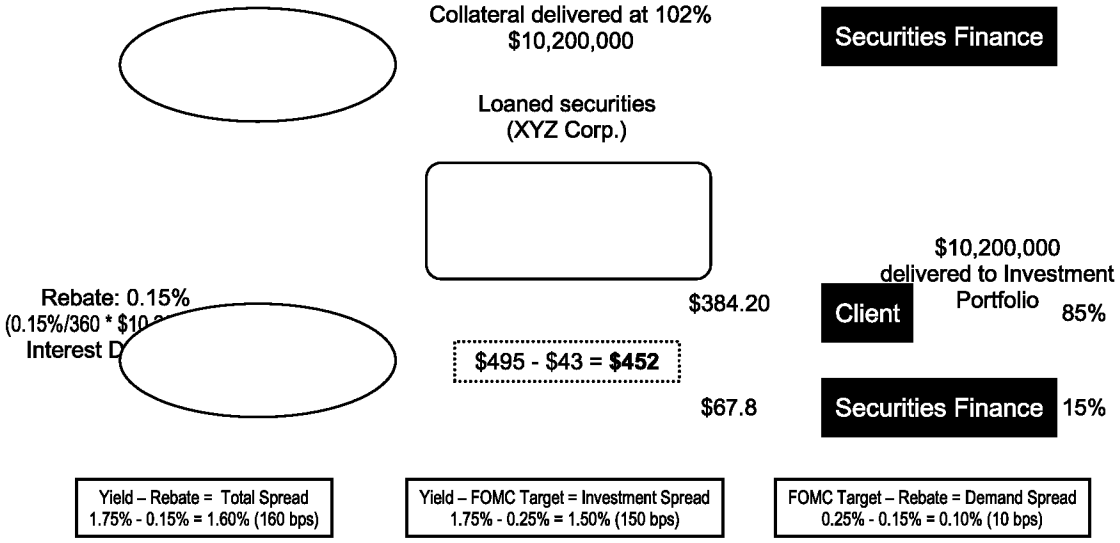
**Fundamentals of Securities Finance - Borrower and Agent Responsibilities**

| | | |
|---|---|---|
| Identifies Demand for Security In Market | | Monitors Demand for Securities in Market |
| Contacts Lending Agent and Negotiates Loan | | Loans Security to Borrower |
| Provides Cash or Non-Cash Collateral (fixed fee) | | Invests Cash Collateral; Receives Premium for Non-Cash |
| Performs Daily Mark to Market to Maintain Collateral Levels | | Performs Daily Mark to Market to Maintain Collateral Levels |
| Receives Rebate From Collateral Invested by Agent | | Receives Difference Between Collateral Yield and Borrower Rebate |

**Fundamentals of Securities Finance - One Day Sample Transaction**

- Morgan Stanley is looking to borrow 50,000 shares of XYZ Corp
  - 50,000 shares of XYZ Corp. has a market value of $10 million
- Morgan Stanley contacts the SF US Equity Trading Desk in Boston
  - State Street has the supply
- Terms are agreed
  - Rebate rate of 0.15%
  - Cash collateral
  - Open loan (no fixed period of time)
- Collateral is delivered
  - Cash collateral valued at 102% of the market value ($10,200,000)
- Cash is invested in an investment portfolio, earning 1.75%
  - Shares are delivered through DTC to MS

## Fundamentals of Securities Finance - One Day Sample Transaction Diagram

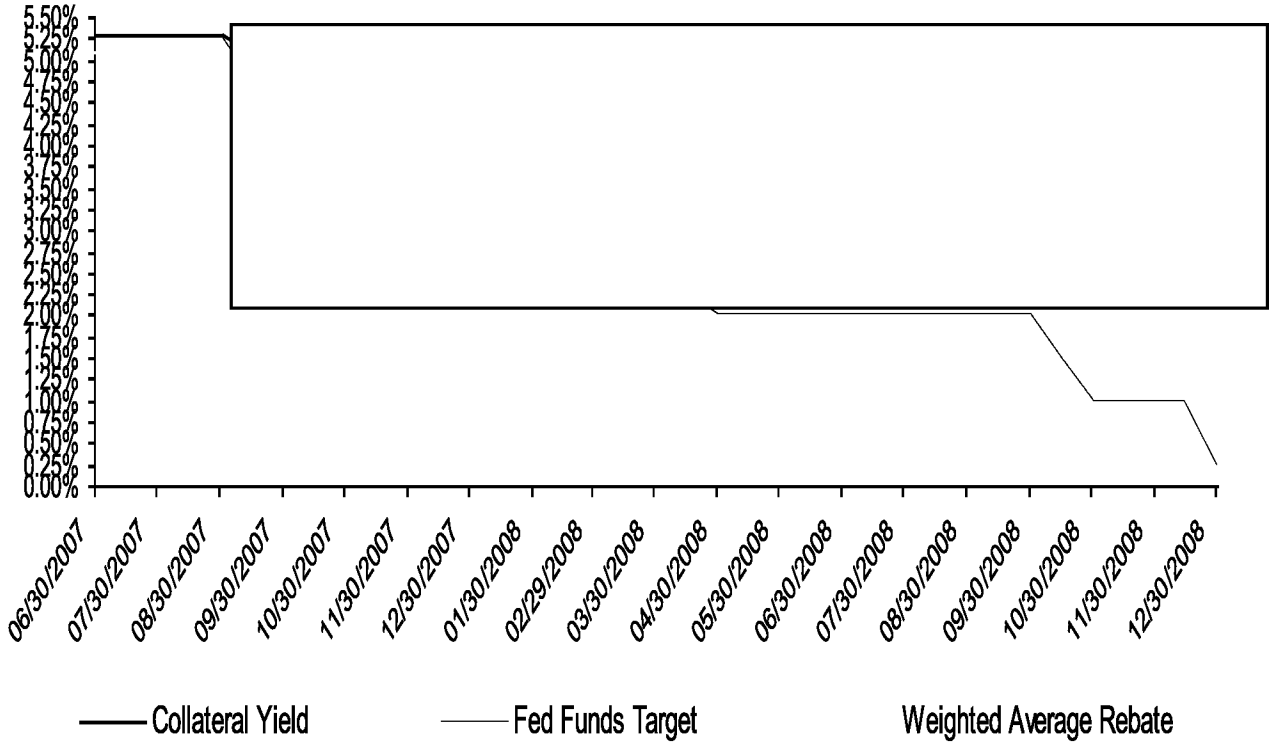



Collateral Yield and Rebate Rate are annualized using a 360 day basis.

As of December 31, 2008

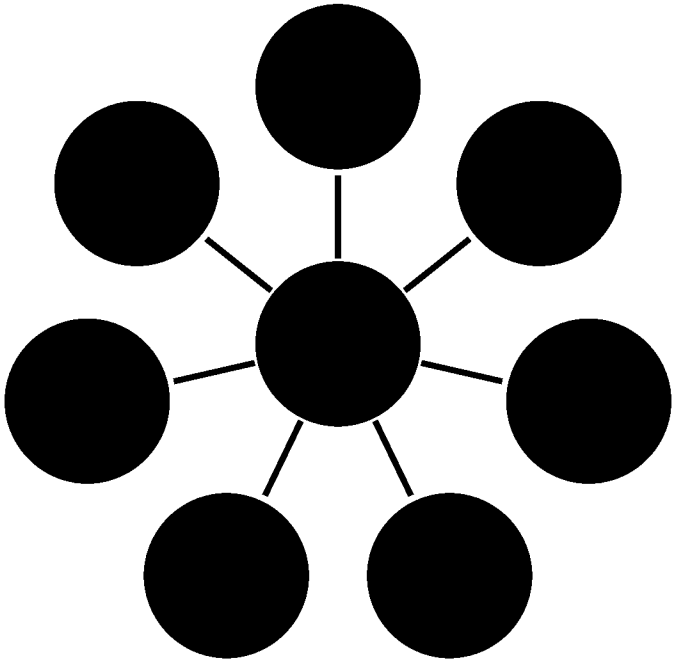
**Fundamentals of Securities Finance - Effects of FOMC Activity – Hypothetical Situation**

- Because of the duration mismatch nature of the program, the seasoned portfolio gradually maximizes investment spread while the rebate rate on loans is automatically reset.




| | |
|---|---|
| 50 bps | September 18, 2007 |
| 25 bps | October 31, 2007 |
| 25 bps | December 11, 2007 |
| 75 bps | January 22, 2008 |
| 50 bps | January 30, 2008 |
| 75 bps | March 18, 2008 |
| 25 bps | April 30, 2008 |
| 50 bps | October 8, 2008 |
| 50 bps | October 29, 2008 |
| 75 – 100 bps | December 16, 2008 |

## Fundamentals of Securities Finance - Factors Affecting Income



## Key Definitions of Securities Finance

- **Securities Finance** is an investment management product where participants generate revenue by temporarily transferring idle securities, in a collateralized transaction, to a borrower
- **Securities Finance** is a method for beneficial owners to generate incremental returns with minimal risk
    - **Borrower** In most instances, a securities borrower is a financial intermediary, such as a broker, dealer or market-maker. These firms use the securities to meet an array of short-term needs, including: avoiding settlement failures, supporting hedging — short selling strategies and to facilitate arbitrage opportunities.
    - **Collateral** An asset pledged or delivered to a lender or its agent to secure a loan.