

Process 8 - Pre-Trusteeship Processing

8. Overview for Pre-Trusteeship Processing

10/12/2021

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 CSD Supervisor, PSD and the plan is trusteeed.

The order of the procedures within Pre-Trusteeship Processing is the normal progression of a case; however, the plan may be trusteeed at any time.

CFRD sends an e-mail notification to a designated point-of-contact (POC) in the Participant Services Department (PSD) to inform that it is recommending a plan for termination and trusteeship. The POC forwards this e-mail, along with a brief explanation of the plan's features and types of participants, to the CSD Supervisor to provide enough information to assign PSD Staff.

Getting an early start on participant and plan processing is imperative to reduce the overall case cycle time. Efficient case processing facilitates excellent customer service, as OBA is able to deliver participants accurate 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.

The Auditor is expected to exercise professional judgment when making decisions. This includes applying relevant training, knowledge and experience in making informed decisions. These decisions should be documented in the workpapers, providing an explanation for the options considered and the rationale for the conclusion.

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8.1 Request OBA Division Managers to Assign Case Team Members

CSD personnel provide certain plan attribute data to the OBA Division Managers. OBA Division Managers (or designees) should assign personnel, taking into consideration the data provided about the plan.

- 1. Provide the DMD, AED, ASD, and CSD Division Managers or designees with the following information as well as any other information relevant to case assignment and establishing contact with the plan service providers:
 - Whether any participants are out of pay status
 - Location of operations and records, brief description of the industry and what happened to the plan sponsor; security of plan records and how long personnel will be available
 - Breakdown of participants by type (e.g., current or active vested)
 - Plan asset values and monthly benefit payments (current) as well as any other asset statements and/or 5500s collected by CFRD
 - Plan contacts (plan administrator, paying agent, asset manager, actuary, trustees, etc.)
 - Format of the data provided by the plan sponsor (electronic, paper copies, etc.)
 - Pension Information Profile (PIP), plan documents, amendments, CBAs, etc. from CFRD
 - List any legal or policy issues (e.g., shut-down determination, any known fiduciary breach)
 - Case complexity model output (if available)
- 2. Division Managers respond with the assignment.
- 3. CSD updates CMS with the case team assignments.
- 4. CSD notifies case team of case team assignments.

8.2 Establish Case Information Repository

CSD Supervisor or designee establishes a page on PBGC Connect for the case and grants access to each case team member. The case team will store on the site the documents received, those considered work-in-progress, the *Master Case Information Tracking Spreadsheet*; all OBA work products; and all other information needed while the case is being processed. The PBGC Connect page should be titled with the full name of the pension plan followed by a hyphen and the plan number. For example, "ABC Corporation Pension Plan – 987654321." Once the page has been named, a folder structure needs to be established as follows:

- Asset Information (asset statements, Form 5500's, etc.)
 - 1. Original Source Files
- Benefit Estimates (tracking sheet for estimated provided by OBA, etc.)
- Data Collection Letters (letters sent by OBA to request data)
- Interview Documentation (interview notes, schedules, etc.)
- Participant Data (census listing, participant spreadsheet, etc.)
 - 1. Original Source Files
- Phase Gate Documents (Phase Gate checklists, meeting notes, etc.)
- Plan Assumption Files (file used for plan assumption load, check registers, etc.)
 - 1. Original Source Files
- Plan Documents (Pension Information Profile, plan amendments, etc.)
 - 1. Original Source Files
- Plan Expenses

1. Original Source Files
 - Project Management (case work plans, meeting notes, etc.)

Original Source File folders should contain unaltered documents received from the plan administrator, actual asset manager, or other sources. This does not eliminate the need to ARCHIVE or image these items.

Once these folders are established, any information received or worked on by PBGC should be stored in its appropriate file folder.

Make sure hardcopy files are imaged into IPS. When working with electronic copies, a document naming convention should be used when saving any edited documents or files that you are creating to its appropriate folder. This follows the recommended archival process in TP 16.5. The following conventions should be used with electronic documents:

- Asset Information: AI-Description-Plan Number-Date (MMDDYYYY)
 - Example: AI-FileDescription-902357182-03202014
- Benefits Estimates: BE-Description-Plan Number-Date (MMDDYYYY)
 - Example: BE-FileDescription-876923512-05122014
- Data Collection Letters: DCL-Description-Plan Number-Date (MMDDYYYY)
 - Example: DCL-FileDescription-987654321-04012014
- Interview Documentation: ID-Description-Plan Number-Date (MMDDYYYY)
 - Example: ID-FileDescription-129856423-02182014
- Participant Data: PD-Description-Plan Number-Date (MMDDYYYY)
 - Example: PD-FileDescription-123458293-04152014
- Phase Gate Documents: PG-Description-Plan Number-Date (MMDDYYYY)
 - Example: PG-FileDescription-465213893-06232014
- Plan Assumption Files: PAF-Description-Plan Number-Date (MMDDYYYY)
 - Example: PAF-FileDescription-274821997-04112014
- Plan Documents: PLD-Description-Plan Number-Date (MMDDYYYY)
 - Example: PLD-FileDescription-987698765-03312014
- Plan Expenses: PLE-Description-Plan Number-Date (MMDDYYYY)
 - Example: PLE-FileDescription-872948225-03312014

Try to keep the file description as short yet relevant as possible.

In the "Project Management folder," store any work plans, project plans, schedules, milestone charts or P6 reports, or other documents used to manage the work.

8.2A Maintain Case Information Tracking Spreadsheet and Assess Available Records

The purpose is to obtain, review and assess all available records, documents, and other information related to the case placed into *TeamConnect* by CFRD and maintain the Master Case Information Tracking Spreadsheet.

Auditor, DCB

Maintain Tracking Spreadsheet

The Auditor should now begin setting up the *Master Case Information Tracking Spreadsheet*. The purpose of the spreadsheet is to serve as an inventory for documents requested and received for each plan. The following steps should be taken:

1. Begin entering information about the data you need to collect.

2. Continue updating this tool throughout the case processing cycle as new information becomes available.

Prior to the coordination meeting with Corporate Finance & Restructuring Department (CFRD), DMD reviews all documents obtained from *TeamConnect*. This serves as a starting point for determining the information needed to process the plan. The box below provides examples of documents found on *TeamConnect*.

TeamConnect typically contains the following types of data:

- Most Recent Available Plan Documents & Amendments
- Actuarial Valuation Report (AVR)
- Certified Adjusted Funding Target Attainment Percentage (AFTAP)
- Form 5500 (including Schedule SB and H or I) on or before proposed DOPT
- Asset Statements
- Date and amount of lump sums paid
- For very small plans, participant census data is sometimes collected (in order for CFRD to complete a seriatim valuation)
- PBGC Trusteeship Package, including:
 - Notice of Determination (NOD)
 - Notice of Intent to Terminate (NOIT)
 - Trusteeship Agreement
 - Trusteeship Decision Record (TDR)
 - Trusteeship Working Group (TWG) Memo
 - Pension Information Profile (PIP)

Assess Available Records

Per OAQS 6.5, Auditors must obtain sufficient, appropriate evidence to provide reasonable basis for their findings and conclusions. OAQS chapter 6 states that the concept of sufficient, appropriate evidence is integral to an audit.

Appropriateness is the measure of the quality of evidence that encompasses its relevance, validity, and reliability in providing support for findings and conclusions related to the audit objectives. Per OAQS chapter 6, in assessing evidence, auditors should evaluate whether the evidence taken as a whole is sufficient and appropriate for addressing the audit objectives and supporting findings and conclusions. In establishing the appropriateness of evidence, auditors may test its reliability by obtaining supporting evidence, using statistical testing, or obtaining corroborating evidence. The concepts of audit risk and significance assist auditors with evaluating the audit evidence. For information on audit risk see OAQS 16.15.

CSD Supervisor

1. The CSD Supervisor will download the relevant documents to the team's PBGC Connect site. If the plan is a family of plans, the documents may not be separated or filed by the individual plans. Refer to the *Guidance on Mapping Between TeamConnect and IPS*.

Auditor, DCB

2. Review paper and electronic records and documents and other forms of information from all sources, including documentation retrieved from *TeamConnect*, within five business days of receipt by OBA. This should occur even if the case has not yet been trusted.

3 . Update the *Master Case Information Tracking Spreadsheet* as information is received, using the guidance in the Spreadsheet. The exercise of crosschecking documents received against a standard list of documents supports the auditability of the data collection effort.

4. Maintain Plan File: Refer to TP 16 for the appropriate steps to either convert paper documents into electronic format to import into IPS plan files, import electronic documents directly into IPS plan files, or to request that Document Management

Center (DMC) scan or image paper documents into IPS plan files. Most formats for electronic files can be uploaded to the IPS plan file, including these formats:

- Portable document format (.pdf),
- Tagged Image File Format (.TIFF),
- MS Excel spreadsheets (.xls or .xlsx),
- MS Word documents (.doc or .docx),
- MS PowerPoint presentations (.ppt or .pptx),
- MS Visio flowcharts (.vsd), and
- MS Outlook emails (.pst).

A participant file should be created once participants are loaded into Spectrum. Note: You may need to retain participant records until participant files are created in ImageViewer. Refer to TP 16: Plan and Participant File Maintenance to aid in determining the appropriate storage location of these files within the IPS repository.

TP 16 provides guidance on how to load documents to IPS to ensure this is done correctly. This guidance specifies the types of documents that IPS will accept for uploading and the indexing that must be applied according to the type of plan document. It also explains how to cross-reference other plan files to other plan documents, how to properly request assistance from the DMC and other guidelines that must be followed to ensure ease of use and review of plan documents later.

8.3 Coordinate Case Transfer with CFRD

Coordination with CFRD provides the OBA case team the opportunity to obtain from CFRD personnel any information not obtained in the CSD Supervisor's initial inquiries. It is important to assess the full breadth of information already obtained by PBGC before beginning external data collection with the plan administrator and other service providers or interest parties.

OBA Case Team Members (DMD, AED, ASD, CSD)

Prior to the CFRD coordination, the OBA case team members should review the Case Information Repository to see if there are any plan, asset, and/or benefits administration documents missing from the *Master Case Information Tracking Spreadsheet*. Communicate potential questions to CSD Supervisor.

CSD Supervisor

Prepare questions/inquiries for CFRD based on OBA case team member feedback on the initial information collected. Include missing data items, validation of the case contact list and whether or not OBA case team members can start contacting relevant data collection sources/contacts. Coordinate with CFRD to get all of the relevant information already obtained.

After the CFRD coordination, CSD Supervisor should update the Coordination Meeting with CFRD Milestone in P6 with the actual date the coordination was completed.

Note: For large cases (with at least 10,000 participants or \$500 million or more of unfunded benefit liabilities), an OBA Large Case Working Group (LCWG) will need to be established. See TP 23 Coordinate Large Cases for guidance.

8.4 Create Case Work Plan

Create a case work plan that outlines the activities required to process the specific plan through OBA's case processing procedures and the dates by which case team members are expected to have started and finished them.

Once the case work plan is in effect, the relevant Division Managers monitor case team members' progress towards meeting planned dates, flags resource constraints/conflicts, and actively manages processing against the schedule. If delays to activities occur, the Division Manager must document their causes and reasons why case team members require additional time. The documentation helps to improve case planning in the future.

Case Planning and Management Guidance

Identifying the activities required to process a specific case, assigning personnel to carry them out and planning the activities' expected durations by establishing start and finish dates is key to efficient and effective processing.

Division Managers should actively manage the plan's case processing by working on avoiding or overcoming delays, tracking case team member's progress against scheduled dates and facilitating meetings to review work products to determine if they are ready to be used in later phases.

Each case team member must be involved in case management by advising their supervisor on their progress towards accomplishing their activities, work products and milestones. Establishing regular communications with the Division Manager concerning delays, along with updating case team members scheduled to perform activities later in the process, helps revise planned dates promptly and keep the case moving along. The overall goal for each case should be to issue accurate benefit determination letters as soon as practicable, ultimately improving PBGC customer service.

Use Available Tools for Planning

OBA uses Oracle Primavera P6 (P6) to facilitate the Division Manager's task of identifying activities, assigning personnel to complete them and planning the start and finish dates to estimate their duration.

As a centralized system, P6 enables multiple Supervisors to enter planned and actual dates for starting and completing activities for all plans being processed. This helps Division Managers and Department Directors track the department's overall progress in meeting annual strategic goals.

Evaluate Milestone Dates

Case planning and management is an iterative exercise. The Division Manager should consult with case team members. If possible, the Division Manager should rely on modeled results to estimate the complexity of activities such as building the participant database or performing plan asset evaluations. Estimating the level of complexity accurately is key for setting durations for activities in P6 in order for the case team members to stay on schedule. The Division Manager should continuously re-evaluate the case work plan, especially the planned dates, to determine if the case is on schedule or requires extensions.

Division Manager

1. Newly trustee cases automatically appear in P6 upon finalization of the Trusteeship Agreement milestone in CMS. Activities and dates default based on the case processing template.
2. Adjust the template by adding or removing activities to fit how it should be processed according to the plan's features.
 - **Adding an activity:** link an activity to both a "predecessor" and "successor" activity in the case work plan's activity hierarchy. A "predecessor" activity occurs right before the added activity and the "successor" activity right after it. Linking the added activity to predecessor and successor activities will maintain automated updates of planned dates throughout the activity hierarchy if changes occur. Changing planned dates affects the altered activity as well as any activities occurring after it in the case work plan. Thus, an added activity needs to be connected to an activity before or after it in case changes to planned dates occur.
 - **Deleting an activity:** Prior to removing an activity, delete the links to its predecessor and successor activities. After the activity is removed, its former "predecessor" and "successor" activities need to be linked to each other to preserve the activity hierarchy. This preserves the connectivity of the activity hierarchy in P6 and its ability to automatically update planned dates if changes occur to them.
3. Meet with case team members to show them the case schedule generated by P6 using the date for DOTR and default durations in the template. At the early stages of the case, the Division Manager should be concerned primarily with

Plan Assumption activities and Data Collection activities. Meet with the case team to schedule those activities to be completed within the near term (i.e., 120 to 180 days of trusteeship.)

4. Based on feedback from case team members, adjust the durations and/or planned dates by when case team members expect to complete activities. P6 lists activity durations in elapsed days, and not applied time, based on the number of days between the activity's planned start and finish dates. This is an ongoing activity and will be revisited at the beginning and end of each phase.
5. Prior to the beginning of a phase, ensure that the relevant supervisors (DMD, AED, ASD, and CSD) have an opportunity to review, provide feedback and ultimately approve the activities, starting and completion dates, and resources assigned for that phase – especially if the phase is to be completed within the current fiscal year. This may be done on a larger, division by division level, rather than case by case.

Note: A Customer Recovery Action Plan may need to be developed and implemented 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. See TP 37 Develop and Implement Customer Recovery Action Plan for guidance.

8.4A Review Case Work Plan and Assign Team Members

Per OAQS 4.2, audit management must assign auditors to conduct the audit who before beginning work on the audit collectively possess the competence needed to address the audit objectives and perform their work in accordance OAQS. PADMD's management must assign auditors who before beginning work on the audit possess the competence needed for their assigned roles. Staffing an audit includes, among other things:

- Assigning staff and specialists with the collective knowledge, skills, and experience appropriate for the job,
- Assigning a sufficient number of staff and supervisors to the audit,
- Providing for on-the-job training of staff, and
- Engaging specialists when necessary.

The Case Work Plan outlines the activities required to process the specific plan through OBA's case processing procedures and the dates by which Case Team members are expected to have started and finished them. According to OAQS 6.2, Auditors must adequately plan the work necessary to address the audit objectives. Auditors must document the audit plan. OAQS 6.3 states that auditors must plan the audit to reduce audit risk to an acceptably low level. An acceptably low level is determined by auditors in that they need to obtain reasonable assurance that the evidence is sufficient and appropriate to support the auditors' findings and conclusions. This determination is a matter of professional judgment.

The DMD Division Manager, or their designee, are responsible for reviewing the Case Work Plan to ensure the timelines are feasible and to identify resources to complete the assigned tasks. The manager should consider the current workload and open cases, DMD staff skills, and any other significant upcoming case milestones when reviewing the work plan. According to OAQS 6.24 e. during planning, auditors should assign sufficient staff and specialists with adequate collective professional competence and identify other resources needed to perform the audit.

To ensure there are no conflicts of interest between those assigned to the case, assignments should be made in consideration with independence requirements. OAQS 3.18 states that in all matters relating to the audit work, the audit organization and the individual auditor, whether government or public, must be independent. Therefore, independence requirements include the following:

- In all matters relating to the audit work i.e., case), including case management and related (case) audit work, the OBA organization, team, and personnel are to be independent of the plan participants, plan administrator and all other external organizations and persons associated with the plan. Such independence comprises (1) independence of mind and (2) independence in appearance. Independence of mind is the state of mind that permits the performance of case management and related auditing without being affected by influences that compromise professional judgment, thereby allowing an individual to act with integrity and exercise objectivity and professional skepticism. Independence in appearance, is the absence of circumstances that would cause a reasonable and informed third party, having

knowledge of the relevant information, to reasonably conclude that the integrity, objectivity, or professional skepticism of OBA or a case member had been compromised.

8.4B Maintain Case Work Plan

Throughout case processing the Division Manager should communicate with case team members regularly to determine if they are on track to start and complete activities by the planned dates in the case work plan. In addition, the Division Manager or designee must enter dates in P6 to document when case team members actually started and completed activities (as opposed to when they were supposed to start and complete them).

1. Division Manager Contact case team member(s) **one week** prior to the planned start or completion of an activity to inquire if they are on track for that activity.
 - **Early Start or Finish:** If the case team member reports starting or completing an activity before or on the planned dates, simply enter the actual dates in P6 and do not override the planned dates with the actual dates. This will help document the number of days that the case team member was early for starting or completing the activity.
 - **Planned Dates Extended:** If the case team member requires an extension to complete an activity, revise the planned start and finish dates and inform affected case team members of a change in the case work plan's schedule.
2. Assess the Impact of Date Changes. If dates are only modified within a 30-day window and issuing BDLs within the current fiscal year is not affected, document the change in P6. If dates are delayed beyond 30 days or issuing BDLs within the current fiscal year is affected, document the date change and notify the Department Director and other affected Division Managers.

Note: The "work-in-progress" status report should show the number of days that make up the difference between an original and current planned dates to measure the extent of changes made to it during case processing. In addition, the report should show the number of days between the current planned dates and its actual dates (if started and/or completed) to measure adherence to the case work plan. The status report should indicate the number of times planned dates were changed for an activity and list the reason(s) for altering them, along with the changes potential impact on subsequent activities.

8.5 Effect Trusteeship

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 (PBGC's, usually of the CSD Supervisor) executes the agreement and establishes the Date of Plan Termination (DOPT) and Date of Trusteeship (DOTR).

All pending Trusteeship Agreements are monitored. The Office of Chief Counsel (OCC) and the CSD Supervisor meet regularly to provide updates on unreturned Trusteeship Agreements.

CSD Supervisor

OBA 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 outside signer. There should be no changes between the two documents. If there are changes, the Trusteeship Agreement is invalid and 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. Enter the signature in CMS to finalize the Trusteeship Agreement Milestone. Upload the signed Trusteeship Agreement to IPS.
4. Prepare and send the *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. Within *three business days* of the execution, distribute a copy of the signed trusteeship agreements via email to:
 - OCC (staff attorney assigned)
 - Branch Chief, Financial Operations Department/Controller Operations Division/Investment Accounting Branch (FOD/COD/IAB)
 - Team Leader, Corporate Investments Department/Asset Control and Liquidation Group (CID/ACLG)
 - Financial Analyst/Auditor, CFRD
 - OBA case team members
 - DMC (for uploading into IPS)
6. Send the *4042(d) Notification of Trusteeship Letter to Interested Parties* to all interested parties, as described in ERISA section 4042(d). Data collection letters will be sent separately to plan points of contact (POCs) by the Data Collection Branch of DMD. (See DMD procedure *Create and Send Data Collection Letters*.) 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
 - Other service providers
 - Insurance company
 - Prior paying agent

Note: Providing notice of trusteeship to participants is handled separately.

8.6 Complete Due and Unpaid Employer Contribution (DUEC) Milestone

Complete the DUEC Milestone within ninety days of trusteeship to capture bankruptcy information, e.g., the bankruptcy filing date, which may have an impact on further case processing activities.

1. CSD Supervisor reviews 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:**

1. Use *Form 1109 Request for Underfunding and Minimum Funding Calculations* to request a DUEC calculation from CFRD, through the Actuarial Services Division.
 2. 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. Finalize the DUEC Milestone.
 - **Cessation of Business:** The Date of Cessation of Business line under Part IV - Unpaid Minimum Required Contributions (in dollars).
 - **Benefit Frozen:** The Plan Frozen – row 7.
 - **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).

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.

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Case Processing

Process 9 Plan Assumption

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9. Overview for Plan Assumption

9.1A Ensure Uninterrupted Payments for Plans Not Yet Trusteed that Require Funding

9.1B Ensure Uninterrupted Payments for Trusteed Plans

9.2 Prepare and Transmit Funding Request

9.3 Obtain Participant Data

9.4 Initiate First Pay

9.5A Notify Payees of Trusteeship and Process PIFs

9.5B Conduct Payee Data Review

9.6 Notify Non-Payees of PBGC's Trusteeship of the Plan

9.7 Resources

9. Overview for Plan Assumption

When assuming a new plan, a primary objective for OBA/PSD is to ensure participants continue to receive their benefit payments without interruption.

PSD must remind the plan administrator to continue to administer the plan while PBGC assumes responsibility for benefit administration functions. The plan administrator and/or paying agent provides CSD with the data needed to load participants and assume payments (see process for Obtain Participant Payment Data).

Note: QuEST manages all customer data (i.e name, address, DOB, customer role, customer type, etc). Customer data is loaded directly into QuEST. QuEST transfers the customer data to Spectrum. Spectrum manages benefit/payment related data. Benefit/payment data is loaded directly into Spectrum.

After participants' data are loaded, the customers are notified that PBGC has assumed trusteeship of their plan. Payees are also notified of the change in paying agent and they are requested to complete, sign and return the Payee Information Form (PIF) to verify their data is accurate.

9.1A Ensure Uninterrupted Payments for Plans Not Yet Trusteed that Require Funding

At any time, if it is determined that the plan administrator will run out of funds and be unable to make benefit payments, PBGC can wire funds to the current paying agent to cover current benefit payments. If the termination recommendation has not yet been approved by the Trusteeship Working Group (TWG) Chairperson or approving official, CFRD will draft the memo and send it to the Participant Services Department Director, requesting that funding be provided to ensure uninterrupted payments. If the termination recommendation has been approved by the TWG Chairperson, the **CSD Supervisor** will draft the memo.

Use the Authorization to Place Participants in Pay Status Prior to Trusteeship memo as a guide for what data is needed. 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).

The **CSD Supervisor** will open the plan account with the PBGC paying agent and obtain information about participants out of pay status (including newly eligible retirees) from CFRD or the plan administrator. CSD proceeds according to whether there is sufficient time to load payees into Spectrum to complete the next payment by its scheduled date:

- 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 for 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 **Prepare and Transmit Funding Memo**).

At or after trusteeship, CSD reviews the plan to determine whether there are post-DOPT, pre-trusteeship payments still owed and make payments as soon as practicable.

9.1B Ensure Uninterrupted Payments for Trusted Plans

The most common scenario under which PBGC assumes payment responsibility for a plan is when the plan is already trusted. This means the plan was approved for termination and transferred from CFRD to OBA and the plan administrator has returned the signed Trusteeship Agreement, which the **CSD Supervisor** has in turn signed to execute the trusteeship.

Upon trusteeship of the plan, **CSD Federal** verifies with the plan administrator that they or a designated representative is still performing day-to-day administration and is willing to continue paying retirees until PBGC assumes payments. Day to day administration includes the following:

- Continue paying retirees
- Pay no lump sums after the Date of Trusteeship (DOTR). PSD does not honor an unpaid lump sum applications. Any lump sums paid after DOTR require a PBGC Benefit Application.
- Refer all new retirees to PBGC so they can be set up in Spectrum.
- Forward the most current monthly check register, including information about electronic payments, and the check register for each subsequent month, until PBGC assumes payments.
- Advise of any payment changes due to deaths, pop-up or step-down benefit adjustments, etc.

If the plan is abandoned or the plan administrator or paying agent is unwilling to continue paying benefits:

- **CSD Federal** coordinates 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 **Prepare and Transmit Funding Memo**).
- **CSD Federal** expedites assumption of payment responsibility by PBGC (see **Initiate First Pay and Customer Data Loads**).

Once a plan is trusted by PBGC, FOD typically coordinates with CSD to ensure that they do not remove all assets remaining prior to PBGC taking over plan benefit payments. In the situation where FOD removes plan assets without coordination, a funding memo is needed to provide benefit payments for each monthly payment by the plan's paying agent prior to the date PBGC will assume payment responsibility.

CSD Federal customizes and sends the Plan Administrator/Paying Agent Request Follow-up Letter to document the call and restate all the points discussed. If necessary, **CSD Federal** initiates a funding memo (see process for Prepare and Transmit Funding Memo).

9.2 Prepare and Transmit Funding Request

Use this process when it is necessary to provide funds to the plan's paying agent or interim custodian to ensure uninterrupted payments before PBGC assumes payment responsibility, whether before or after plan trusteeship. Repeat this process each month to request and secure funding for payments until OBA has assumed payment responsibility.

1. **CSD Federal** calls 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 or e-mail notification is needed from the paying agent to PBGC requesting the exact amount of funds needed and providing other relevant information.
 - Refer to the Benefit Funding Memo SharePoint site for a list of the information needed.
2. **CSD Federal** requests that the paying agent e-mail all relevant information and supporting documentation, to expedite the process. If the document(s) will be provided initially by e-mail, request that the data be encrypted.
3. Upon receipt of requesting funds, **CSD Federal** ensures that the paying agent has provided adequate documentation to verify the information in the request. Follow up to obtain any missing information.
4. **CSD Federal** prepares a Benefit Funding Memo through the SharePoint site through the SharePoint site to initiate the transfer of funds:
 - Indicate the Date of Trusteeship or that trusteeship is pending, as applicable, in the Benefit Funding Request.
 - Attach the notification for funding needed from the plan administrator and/or paying agent and supporting documentation for the funding amount needed (e.g. recent check register).
 - Submit the funding request through the SharePoint Site to obtain the approvals of the CSD Management and the Department Director. The request will then be routed to the Financial Operations Department, Controller Operations Division, General Accounting Branch (FOD/COD/GAB).
 - The SharePoint Site keeps a log and copies of all approved funding requests for internal control purposes.
5. **CSD Federal** notifies the paying agent, upon receipt of confirmation email from the SharePoint system, and gives the expected date of receipt of the funds. Request a confirmation of receipt.
6. If confirmation of the transfer is not received by the expected date, **CSD Federal** calls 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.
7. **CSD Federal** follows up with prior paying agent to obtain written confirmation that benefit payments were made with funds transferred.
8. **CSD Federal** repeats 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. Proceed to Obtain Participant Payment Data to determine the date of and initiate OBA's assumption of payments.
9. **CSD Federal** sends a confirmation to the interim paying agent to confirm that funds transferred were used solely to pay benefits.
10. If written confirmation is not received back, **CSD Federal** contacts OGC and proceeds with assuming payments through SSC.

9.3 Obtain Participant Data

1. **CSD Federal** determines whether the plan currently has payees in pay status.
2. If the plan has payees, **CSD Federal** calls a case team meeting as needed to determine the date of PBGC's first payment. Use the following considerations as general guidelines, as applicable to the plan:

- How soon the interim paying agent can provide the payee data.
- The time it will take to complete a data load (refer to TP59 Data Loads) and have it approved.
- Generally, the first payment will be assumed no later than 180 days after the Date of Trusteeship (DOTR). However, exceptions will be determined by the Case Team and the deviation from procedure will be documented in the case file and signed by the CSD Branch Supervisor.

3. **CSD Federal** calls the interim paying agent and follows up with an e-mail notification, that PSD will transfer payment responsibility to PBGC's paying agent and the date of the first payment. Inform the interim paying agent that a letter will be sent to follow up the phone conversation. Briefly describe these items requested in both paper and electronic format (electronic format must be 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.")
- For any surviving spouses or beneficiaries in pay, obtain the data for the original participant of the benefit (This is sometimes referred to as the "originating participant" information.)
- Obtain payment history 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 that have expired, etc.).
- A list of payees whose benefits are subject to qualified domestic relations order (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.
- Always request that the interim paying agent and other plan contacts send electronic data through LeapFile, PBGC's preferred method of transferring sensitive electronic data. See Appendix A Sensitive Information for more information on encryption standards for data.

4. **CSD Federal** customizes and issues the Notification Letter to Prior Paying Agent on the day of the telephone conversation. To expedite, follow up with an email of the letter, image a copy of the letter to the plan file. Send end a copy to the following:

- CSD Supervisor
- Branch Chief, FOD/COD/IAB
- Corporate Investments Department/Asset Control and Liquidation Group (CID/ACLG)

5. Notify FOD of any change in the date of PBGC's first payment.

6. **CSD Federal** follows up with prior paying agent after submission, generally after 14 days. If requested information is not received within 30 days, as appropriate contact OGC attorney as soon as practicable for possible issuance of subpoena.

7. Upon receipt of the payee data or the check register.

- If the electronic data is not password protected and encrypted, **CSD Federal** scans the electronic data for viruses.
- If the data is in an e-mail attachment, download and decrypt the attachment to a separate directory on the hard drive.
- Scan the device or files for viruses.
- 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.
- Ensure all data is imaged according to the format:
 - Electronic: Image the electronic source to the plan file (see TP 16.1 Maintain Plan File for guidance).
 - Paper: Image the paper source to the plan file (see TP 16.1 Maintain Plan File for guidance).
- Review the data and ensure that all the information requested is included. Follow up for any missing or incomplete data.
- 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.

8. **CSD Contractor** prepares the payees data load. See TP59 Data Loads.

9. **CSD Contractor** completes the reconciliation for the First Pay Load only, then submit load for approval by the Authorized Approver, see TP59. The **CSD Supervisor** finalizes the CMS Plan Assumption Milestone.

10. **CSD Contractor** prepares Customer Data Loads and follows TP59 Data Loads to load the customers.

11. If the plan has no payees, the **CSD Federal** updates and returns the Plan Assumption Task Referral in CMS to indicate there are no retirees. The **CSD Contractor** submits the Customer Data Load for approval.

12. **DMD Auditor** coordinates the data collection that will be needed to support the non-payee data load and missing information to support of the Plan Assumption Process. Generally, the paying agent will not have data such as form of benefits, DOB, Actual Retirement date. In the event this data is available, it should be loaded. This information will need to be obtained through the plan administrator and/or the plan's actuary.

13. For participant data collected, **DMD Auditor** will coordinate with CSD to image electronic and hardcopy participant files.

9.4 Initiate First Pay

Generally, the First Pay Load is completed within 180 days after DOTR. If completed later than that, the **CSD Contractor** drafts a memo explaining the delay for concurrence by CSD Federal.

1. **CSD Federal** notifies the case team if needed by e-mail once the payees are loaded in Spectrum.

2. **CSD Contractor** documents the reconciliation by completing the following:

- Open the Initial Spectrum Load tab of the Customer Data Load Reconciliation Worksheet. List the plan's basic information on the form (e.g., Plan name, PBGC case number).
- List the number of payees and non-payees from the initial universe of participants provided by the plan sponsor by type in Table A: Total from Plan Administrator Data.

- List any participants removed from the plan (i.e., not loaded to Spectrum) by payee or non-payee type in Table B: Adjustments. Provide reasoning or justification for all removals in the column reserved for comments.
 - List any participants added to the initial load in Spectrum by payee or non-payee type in Table C: Additions.
 - The number of participants by payee and non-payee type in Table D: Summary should match the total breakdown of participants loaded into Spectrum in the initial Customer Load.
3. **CSD Supervisor** finalizes the Plan Assumption Milestone in CMS once the first payee load is completed and reconciled.

9.5A Notify Payees of Trusteeship and Process PIFs

Per OGC guidance, OBA cannot take adverse action against a customer without notification. This means OBA cannot suspend benefit payments for customers that fail to return their Payee Information Form (PIF), if the customer:

- Is receiving electronic payments, AND
- Has an invalid address and/or the correct address cannot be located.

For customers who meet this criteria and do not return the PIF, the **CSD Contractor** will manually change the Verify Payee Information Service Request to a status of "Follow Up". This will prevent suspension of benefit payments. If a valid address is received, the notice of trusteeship letter is reissued. This will automatically close the current Verify Payee Information Service Request and create a new one. The automated process will begin again.

Notify Payees of Trusteeship

1. **CSD Federal** obtains the plan summary, Early Unreduced (EURD) plan provisions, or the plan document from the Actuary to ensure the correct EURD language is used in the trusteeship letter.
2. **CSD Contractor** issues the notice of trusteeship letter, which includes the notice of change in paying agent, to all participants and beneficiaries in pay status at the Date of Trusteeship. The trusteeship letters include the Payee Information Form (PIF) that each payee must complete and return. For customers identified as deceased through the load process, from the prior plan administrator, or the prior plan paying agent, send the applicable generic letter below:
 - Generic Letter - Customer Identified as Deceased, No Further Benefits Payable
 - Generic Letter - Customer Identified as Deceased, With Further Benefits Payable to the Designated Beneficiary
3. **CSD Federal** verifies that the letters to customers are accurate.
4. As directed by the **CSD Supervisor, CSD Federal** creates a Web announcement, in coordination with PBGC's Communications, Outreach and Legislative Affairs Department (COLAD) to address the needs or concerns of the participants, including 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.

Process PIFs

1. PIFs may be completed in MyPBA or returned in regular mail. The **CSD Contractor** reviews all PIFs received via regular mail or MyPBA-generated Service Request to determine if they are complete. A PIF completed and returned to PBGC by any means other than MyPBA is considered incomplete if it is missing any of the following:
 - Valid signature of the payee or authorized representative.

- Identifying information such as name, date of birth, or social security number. The last 4 digits of the social security number can be accepted as complete.

- Identification of the customer's role (participant, spouse, beneficiary, alternate payee).

- Identification of the survivor for a joint & survivor benefit.

2. **PIF is COMPLETE**. If the PIF is not missing the data listed above, it is considered complete. The **CSD Contractor** takes the following steps to update data in QuEST as needed.

- Update the customer's email address in QuEST, if provided.

- Verify customer's role and adjust in QuEST and Spectrum if needed. Note, some role changes may require a ledger change and this should be communicated to the Benefit Payments Division Manager.

- Add spousal/beneficiary information only if the payee has a J&S benefit form or one with a J&S feature. Do not record spousal or other beneficiary data for a payee with a regular Certain and Continuous Annuity or other benefit form without a J&S feature.

- Obtain **CSD Contractor Supervisory** approval prior to updating QuEST with different name, date of birth or social security number from the PIF. Prior to updating, attempt to resolve the discrepancy by reviewing the payee's IPS file and plan records.

- If the discrepancy can be resolved, update QuEST and ensure data transfers to Spectrum.

- If the discrepancy cannot be resolved, request proof documentation from the customer.

- Update QuEST with data from the PIF and ensure the data transfers to Spectrum.

- No follow up with the customer is necessary for blank responses to the question about domestic relations orders, changes to phone numbers, or beneficiary designations.

- If the payee provides a post office box as the mailing address and does not provide a residential address, notify the payee that all correspondence will be mailed to the mailing address provided and request a residential address for tax withholding and reporting purposes. This address may be provided by letter or phone; if provided by phone, record the address in QuEST.

- Verify that an automated letter was issued to acknowledge receipt of the PIF. No further acknowledgement is necessary unless the PIF was completed in MyPBA. Since MyPBA does not send automated acknowledgements for this task, the Receipt of Complete Documentation/Information letter should be sent. If an automated letter was not sent for any other reason and the PIF is complete, send the letter manually.

3. **PIF is INCOMPLETE**. If a PIF is received and determined to be incomplete, the **CSD Contractor** requests the missing information using CCS 105 letter - Request for Signature and/or Missing Information in PIF. Enclose a copy of the PIF the payee submitted highlighting the Signature and Date fields in Section 3, if missing, as well as any other missing and necessary information. NOTE: Highlighting of the form is completed electronically via the .pdf file. The form is not printed and manually highlighted.

- If the payee has not returned a signed and complete PIF once 30 days have passed from the date of the initial request, issue CCS 105 letter - Second request for signature and/or missing information on PIF.

- If the payee has not returned a signed and completed PIF once 30 days have passed since the date of the second request, customize the CCS letter Final Request for Signature and/or Missing Information on PIF. In the letter, advise the payee of the date of the final payment, using the next payment date that is at least 30 days

after the date of the letter. As with the initial Request for Signature and/or Missing Information on PIF, enclose a copy of the PIF and highlight the missing/incomplete information.

- If the payee has not returned a signed and complete PIF after 30 days:
 - Suspend the payment
 - Notify the payee via letter of the reason payments are suspended, the effective date, and how payments may be reinstated (that is, by completing the MyPBA questions or submitting the PIF by mail or fax).
 - Record all attempted phone calls in QuEST. If unable to contact the payee, document this outcome.
 - In this scenario, payments should not continue for more than 90 days beyond the date of PBGC's first request for the PIF without receipt of the signed form.

4. If a PIF is received and determined to be complete AFTER payments were already suspended, do the following steps depending upon how long the payments were suspended.

- If fewer than three benefit payments were missed while suspended, reinstate regular benefit payments and issue a back payment with interest for payments missed while benefits were suspended.
- If three or more monthly benefit payments were missed while suspended, first issue a 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). 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.
- Upon receipt of the properly notarized affidavit or PIF, reinstate regular benefit payments and issue a back payment with interest for payments missed while benefits were suspended.

5. **If the PIF is never received**, QuEST will automatically queue and send reminder letters at 30, 60, and 90 days. If the PIF is still not received after 90 days, the payment is automatically suspended unless the **CSD Contractor** changes the Verify Payee Information Service Request status to "Follow Up". In rare circumstances, the PIF process does not complete automatically. For these examples and details on the process, see the Verify Payee Information Service Request Overview located within the QuEST Knowledge Articles.

9.5B Conduct Payee Data Review

The payee data review target completion is within one month of completion of all input memos. Input memos include:

- Estimated Benefit Administration Analysis Memo (EBAAM)
- Estimated Benefit Adjustments Analysis Memo (EBAAM)
- 1st Pay Data Load Mapping and Instructions Memo
- Customer Data Load Mapping and Instructions Memo
- 1st Pay Data Load Reconciliation Memo
- Customer Data Load Reconciliation Memo

If additional time is needed, obtain management concurrence and document the deviation to the plan file in IPS.

1. **CSD Contractor** confirms from the input memos listed above, any action that may require data adjustments or corrections. They outline the participants impacted by these adjustments and corrections within the Payee Data Review

memo and document any updates to data elements that were documented assumptions at the time of the payee or non-payee load. See steps below for further details.

2. **CSD Contractor** confirms from the Administration EBAAM whether there are any participants who are past or within 180 days of their required beginning dates (RBD) who have not retired or if there are any retroactive Qualified Pre-retirement Survivor Annuity (QPSA) determinations.

- If there are no participants past their RBD who have not retired, document the Payee Data Review Memo.
- If there are participants past their RBD who have not retired, send the required correspondence to each customer and document the Payee Data Review Memo.
- If there are no spouses entitled to a retroactive QPSA, document in the Payee Data Review Memo.
- If there are spouses entitled to a retroactive QPSA, send the required correspondence to each customer and document the Payee Data Review Memo.

3. **CSD Contractor** confirms from the Adjustments EBAAM whether the plan offered non-level or other benefit forms that may require a future benefit change 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 & continuous (5C&C) benefits, that will end at the expiration of the certain period.
- Auxiliary disability benefits that convert at early or normal retirement date.

4. **CSD Contractor** proceeds based on the EBAAM determination:

- If the plan did not offer non-level or other benefit forms that may require future payment adjustments, document information in the Payee Data Review Memo.
- If the plan offered benefit forms that may require future payment adjustments, using the recommended list of source documents (in Appendix B as guidance), **CSD Contractor** reviews the participant load data and EBAAM to determine whether any payees loaded as a part of plan assumption are receiving non-level or other benefit forms that will require future benefit adjustments in addition to what was included within the plan assumption load (if applicable). If there are questions about appropriate source documents, consult the DMD Auditor.
 - If 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.
 - If at least one current payee will require a benefit adjustment, go to Step 5.

5. **CSD Contractor** prepares a spreadsheet for a Miscellaneous Data Load, if applicable, to update non-benefit amount data elements. This spreadsheet should include:

- In the header of the spreadsheet:
 - A 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. The Actual Retirement Date (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.
- Do not include any data changes for other payees in this data load, only those affected by future benefit adjustments.

6. **CSD Contractor** prepares 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). Some payees (e.g., recipients of a Period Certain benefit) may not have a known begin date.
- Do not include any data changes for other payees in this data load, only those affected by future benefit adjustments.

7. **CSD Contractor** creates the load(s) in Spectrum using the spreadsheets.

8. **CSD Contractor** requests authorization for the load(s) from the **Authorized Approver**.

9. **CSD Contractor** performs the load(s), on approval from the **Authorized Approver**.

10. **CSD Contractor** confirms from the 1st Pay Data Load Reconciliation Memo any updates to data elements or action items that were documented as assumptions at the time of the payee data load.

- If there are no updates to data elements or action items that were documented, document in the Payee Data Review Memo.
- If there are updates to data elements or action items that were documented, complete all the necessary updates/action items, and document in the Payee Data Review Memo.

11. **CSD Contractor** confirms from the Customer Data Load Reconciliation Memo any updates to data elements or action items that were documented as assumptions at the time of the non-payee data load.

- If there are no updates to data elements or action items that were documented, document in the Payee Data Review Memo.
- If there are updates to data elements or action items that were documented, complete all the necessary updates/action items, and document the Payee Data Review Memo

12. **CSD Contractor** confirms from the 1st Pay Data Load Mapping and Instructions Memo any updates to data elements or action items that were documented as assumptions at the time of the payee data load.

- If there are no updates to data elements or action items that were documented, document in the Payee Data Review Memo.
- If there are updates to data elements or action items that were documented, complete all the necessary updates/action items, and document in the Payee Data Review Memo.

13. **CSD Contractor** confirms from the Customer Data Load Mapping and Instructions Memo any updates to data elements or action items that were documented as assumptions at the time of the non-payee data load.
- If there are no updates to data elements or action items that were documented, document in the Payee Data Review Memo.
 - If there are updates to data elements or action items that were documented, complete all the necessary updates/action items, and document in the Payee Data Review Memo.
14. **CSD Contractor** documents the status of any Dummy SSNs used during the payee or non-payee loads. If Dummy SSNs were used in the payee or non-payee loads, document the status of the Dummy SSN at the time of finalization of the Payee Data Review Memo.
- If the Dummy SSN is still in use, document that it is still in use.
 - If the Dummy SSN is no longer in use, document that it is no longer in use and notify the Dummy SSN assignment team that the Dummy SSN is no longer in use and can be reused.
15. **CSD Contractor** documents the status of any data elements that were loaded with place holder data to allow for completion of the load. Examples include, but are not limited to, loading popup annuity amounts with \$0 or \$1, loading forms of benefits in a way that allow for loading but do not represent the actual form selected.
- If place holder data was used in the payee or non-payee loads and the place holder data is still in use, document that it is still in use. Note: any elements loaded that were place holders where we are not waiting for data to make the correction should be corrected prior to finalization of the memo.
 - If place holder data is no longer in use, document that it is no longer in use.
16. **CSD Contractor** requests the Case Validation Report by sending an email to TRMD Services for the plan.
- If there are no errors listed on the Case Validation Report, document the Payee Data Review Memo.
 - If there are errors listed on the Case Validation Report. complete all the necessary updates/action items, and document in the Payee Data Review Memo.
17. **CSD Contractor** reviews the status of all Payee Information Forms (PIFs) and documents that statuses in the Payee Data Review Memo. This includes whether individual PIFs are completed or remain outstanding at the time of the Payee Data Review Memo and whether the completed PIFs were completed via MyPBA or paper form.
18. **CSD Contractor** creates and submits the Payee Data Review Memo outlining the participants impacted by benefit adjustments and documenting updates to data elements that were documented as assumptions at the time of the payee or non-payee data load to the **CSD Federal** or **Authorized Approver**.
19. **CSD Federal**, if different than **Authorized Approver**, reviews and approves the Payee Data Review Memo and notifies the **Authorized Approver** that the Payee Data Review memo is ready for their review.
Note: The **Authorized Approver** for the Payee Data Review memo is based on the highest-level Authorized Approver needed for any of the data loads. For example, if the Customer Data Load Authorized Approver was a GS-13 and the 1st Pay Data Load Authorized Approver was a GS-14, the Payee Data Review Memo Authorized Approver, would be at the GS-14 level.
20. **Authorized Approver** reviews and approves the Payee Data Review Memo and notifies the **CSD Contractor** that they can proceed with signatures.
21. **CSD Contractor, CSD Federal**, if different than **Authorized Approver**, and the **Authorized Approver** sign the Payee Data Review Memo to indicate concurrence.

22. **CSD Federal**, if different than the Authorized Approver, ensures the memo is imaged to the Plan File.

9.6 Notify Non-Payees of PBGC's Trusteeship of the Plan

1. **CSD Federal** consults with the actuary to determine who is entitled to Early Unreduced (EURD) benefits. If the plan offers early unreduced benefits, **CSD Contractor** notifies affected participants of the eligibility requirements using a customized 101NP Initial Notice of Trusteeship with early Unreduced Benefit Information (non-payee).
2. For customers identified as deceased through the load process, from the prior plan administrator, or the prior plan paying agent, send the applicable generic letter below:
 - Generic Letter - Customer Identified as Deceased, No Further Benefits Payable
 - Generic Letter - Customer Identified as Deceased, With Further Benefits Payable to the Designated Beneficiary
3. **CSD Federal** verifies that the letters to customers are accurate.
4. As Designation of Beneficiary forms are returned, **CSD Contractor** replies based on whether received by mail or MyPBA:
 - Mail: Confirm an automated letter was issued acknowledging receipt. If not, Issue Receipt of Complete Documentation/Information.
 - MyPBA: Because Designation of Beneficiaries submitted by MyPBA are not automatically acknowledged, acknowledgment is completed manually by sending an acknowledgement manually.
5. Once trusteeship notification letters have been issued to both payees (if applicable) and non-payees, **CSD Supervisor** updates the Participant Trusteeship Letter Milestone in CMS.

9.7 Resources

- Policy 5.2-4 Annuity Starting Dates
- Policy 5.3-5 Required Beginning Dates
- Policy 5.4-3 Frequency of Benefit Payments
- Policy 5.4-7 Annuity Benefit Forms
- Policy 6.3-1 Underpayment Reimbursement and Interest Payments

Operations Manual

Case Processing

Process 10 Benefit Adjustments

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10. Overview for Benefit Adjustments

10.1 Analyze Plan Documents

10.3 Analyze Data and Funding for PC3

10.4 Identify Current Payees for Benefit Adjustments

10.5 Prepare Estimated Benefits Calculation Tool

10. Overview for Benefit Adjustments

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. In rare instances benefits may be increased. 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 the ASD management. This may occur, e.g., 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.

10.1 Analyze Plan Documents

Purpose	Determine if any non-guaranteeable benefits exist and identify any policy or legal issues likely to arise.
Guidance	Determine if any non-guaranteeable benefits exist and identify any policy or legal issues likely to arise.
Procedure Owner	Actuary, ACPB

Actuary, ACPB

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.
2. Review the plan documents and other materials, such as plan asset statements and DUEC calculations (even if estimated), AVR, 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 (e.g., 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:
 - Benefit Formula/Eligibility Annuity Forms
 - Plan Sponsor
 - Miscellaneous

10.3 Analyze Data and Funding for PC3

Purpose	To 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	<p>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).</p> <p>Estimated asset figure obtained from the auditor.</p>
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, e.g., DUEC

	changes. It is very important that this analysis be documented and included in the plan file.
Guidance	<p>29 CFR 4044</p> <p>ATM V.C. PC3 - Retirement Benefits Payable Three Years before DOPT</p> <p>ERISA 4044</p> <p>Policy Bulletin 00-8: Eligibility for Benefits in Priority Category 3</p>
Procedure Owner	Actuary, ACPB

Actuary, ACPB

1. Obtain the following data:
 - estimated asset figure from CMS
 - All relevant participant data
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 is made part of plan file.

10.4 Identify Current Payees for Benefit Adjustments

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. 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/Field Office as soon as possible following trusteeship. 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 a) - PBGC Late Retirement Factors (Table) CMS Job Aids and User Guide Policy Bulletin 00-3: Adjusting the Maximum Guaranteeable Benefit for Ages Greater than 65 TP 14 436 Benefit Limitations TP 59 Data Load Requests
Procedure Owner	Actuary, ACPB CSD Supervisor

Generally, benefit adjustments will occur only once for any plan. However, additional adjustments may be necessary, e.g., 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, ACPB

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:
 1. AAN

2. MGB (Calculate Aggregate Maximum benefit, if necessary. See Policy 5.13-1 Aggregate Limit on Benefits Payable from PBGC Funds.)
 3. P/I
 4. 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:
 1. Image the completed memo with approval to the plan file in IPS.
 2. 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 for benefit adjustments, obtain and document approval by a GS-13 or higher grade actuary on each benefit statement by e-mail:

- E-mail the benefit statement to a GS-13 or higher grade actuary requesting approval.
- Upon approval, send the benefit statement with the approval e-mail to the EBLS/Field Office for imaging and issuance.

Note: A single Manual Benefit Statement 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 CSD/Federal or Contractor images the approval e-mail to each participant's file, redacting any information concerning other participants.

CSD Federal or Contractor

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 CCS 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.

CSD Supervisor

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.

10.5 Prepare Estimated Benefits Calculation Tool

Purpose	Prepare a tool for CSD 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, ACPB

Actuary, ACPB

1. Determine if it is appropriate to develop a computer-based, automated recalculation system (RS). If applicable, CSD will consult with ASD to request a BET. ASD will consider:
 - How many people are affected by adjustments or are immediate eligible?
 - 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.
3. Review and test the worksheet formulas or RS for accuracy 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 CSD to use the worksheet or RS in making adjustments and putting new retirees into pay status. Run through a sample participant.
5. Complete the *Estimated Benefit 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 Benefit 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).

Operations Manual

Case Processing

11 & 12 Overview of Four-Phase Approach

Active-Current

The Pension Benefit Guaranty Corporation (PBGC) Office of Benefits Administration (OBA) strives to use a logical and methodical approach to data management, data audits and reporting. Each phase of the data management, data audit and reporting process is performed in accordance with OBA's Audit Quality Standards (OAQS) which are based largely on the Generally Accepted Government Auditing Standards (GAGAS) issued by the US Government Accountability Office (GAO). In developing OAQS, OBA tailored GAGAS to better reflect the unique audit objectives of the OBA participant data audit and the plan asset evaluation (audit). OAQS provides a framework for conducting high quality audits with competence, integrity, objectivity, and independence.

The following DMD procedures are organized by a four-phase approach involving: planning, collecting, building and testing, and concluding and reporting. These DMD procedures were updated to reflect the current operating procedures of OBA and should be performed in the sequence illustrated by the phases below. DMD will participate in Phase Gate meetings throughout the data collection processes to ensure milestones are completed before moving on to the next phase. The benefits to this phase approach include performing data collection activities earlier in the process and validating the data as soon as it is received by following up with the plan administrator for more information or clarification on the data elements. Performing the DMD procedures in a haphazard way can result in deficiencies, omissions of essential information, or an inefficient approach but more importantly noncompliance with OBA Audit Quality Standards (OAQS). However, using a phase approach does not preclude staff from returning and reevaluating what was done in a previous phase, nor does it preclude staff from skipping a portion of a phase and returning to it later when information becomes available. To adhere with OAQS, deviations from the process, with rationale, should be documented in the work papers and final report. If any of the DMD procedures cannot be performed it is the responsibility of the Auditor to speak with his or her Supervisor and communicate the reasons why the work cannot be completed in the manner described. These reasons should be documented in a deviation memo and attached to the participant data review report.

Phase I – Plan

According to OAQS 6.2, auditors must adequately plan and document the planning of the work necessary to address the audit objectives. The planning portion of the data management procedures primarily consists of assessing available information for the plan and how that information was used, participating in a case coordination meeting, beginning to populate the plan document list, holding the strategy data acquisition meeting and preparing initial data request lists. This phase will allow the data management team to be proactive in gathering information, documenting, utilizing and organizing the data they currently have.

Planning, in any methodology, is amongst the most critical phases. Careful planning and assessment of information already received and information still needed is essential to performing the procedures. If you take a short-cut during the planning phase, then issues could cascade through the rest of the phases. For example, if you do not properly assess the available information and records you have, then you may request duplicate information throughout the data collection process. OAQS 6.3 states that auditors must plan the audit to reduce audit risk to an acceptably low level and for the auditors to obtain reasonable assurance that the evidence is sufficient and appropriate to support the auditors' findings and conclusions.

Phase II – Collect

Collection of data is the crux of the data management procedures. Accurate data is critical to providing participants with the correct benefits. This phase consists of obtaining participant data and understanding how that data was compiled and used to determine benefits, verifying data returned from forms, such as payee information forms and general information forms, holding strategy meetings and performing the site-visits and associated interviews and review of documents, finalizing document lists and elements, reviewing participant files and electronic data (e-data), and finalizing data elements and sources list.

While collecting information, be sure to collect data as soon as it becomes available. Oftentimes, physical data files could be misplaced or disposed of, if not requested and obtained as soon as possible. Further, confirm the data received as soon as possible and ask follow up questions to ensure you understand what was provided. The point of contact will remember more details and may be able to provide more information while the plan is fresh in his or her mind. E-data is data that originates from electronic systems including, but not limited to databases or data repositories, Microsoft Excel or similar products, data extractions from software applications, and data collected from electronic forms. E-data does not include scanned copies of paper documents.

Audit risk, per OAQS 6.15, is the possibility that the auditors' findings, conclusions, recommendations, or assurance may be improper or incomplete as a result of factors such as evidence that is not sufficient and/or appropriate, an inadequate audit process, or intentional omissions or misleading information due to misrepresentation or fraud. This determination is a matter of professional judgment.

Phase III – Build and Test

After collecting data, it is time to build, document and test the participant database which will house the participant data needed for benefit calculation. When building the database and loading information, take care in going through each step accurately to ensure data quality, as the data is used to determine participant's benefits. Phase III consists of constructing the participant database, monitoring and testing the participant database and completing reasonableness test and reconciliation with Spectrum.

Leo has been developed to provide an efficient way of entering information and checking data quality. Appropriate monitoring of the database during construction should also be undertaken. Monitoring helps:

1. Identify issues early before they become bigger problems.
2. Discover problems you didn't know existed.
3. Document and correct issues promptly.
4. Provide feedback to the Contracting Officer's Representative (COR).

Phase IV - Conclude and Report

Once the previous three phases are complete, the last phase is to conclude and report on the database. If the first three phases are completed appropriately, OBA will have an accurate and complete database, documented so that outside parties can follow what steps were taken to collect data and build the database. The components of this phase are to document the participant database construction by preparing the construction report and participant review summary to adhere with the OAQS reporting standards. For example, OAQS 7.20 states that in the audit report, auditors should present sufficient, appropriate evidence to support the findings and conclusions in relation to the audit objectives. OAQS 7.22 states that in addition, auditors should describe in their report limitations or uncertainties with the reliability or validity of the evidence. In addition, OAQS 7.22 further states that auditors should describe the limitations or uncertainties regarding evidence in conjunction with the findings and conclusions, in addition to describing those limitations or uncertainties as part of the objectives, scope and methodology.

Guiding Principles

When using the four phase approach and the associated procedures, keep in mind the following guiding principles that will help you with your tasks:

1. Data collection activities should occur as soon as possible. Requesting and ascertaining the data should be one of the first activities performed. You will want to do this to ensure the data is not lost or misplaced as the company in question closes and disbands.
2. When collecting information, it is always good to gather as much data as possible. There is no such thing as "collecting too much data."
3. Remember to confirm the data received with the point of contact, as soon after receipt as possible. Validating the data promptly will ensure you received everything that the point of contact sent. Prompt follow up is also important so that your point of contact has the details fresh in their mind.
4. The Supervisor should review data collection activities. Supervision is a continuous process throughout the execution of the Data Management Division procedures, supervisory review should not occur only at the end of a process but instead is ongoing. Monitoring the data can be accomplished in different ways:
 - o Use all available tools for data validation & reconciliation
 - o Documented findings in work papers
 - o Documented memos
5. Sufficient and appropriate evidence should be collected in accordance with OAQS to build the participant database. Data reliability should also be considered. In this context, reliability means that data are reasonably complete and accurate to meet the intended purposes. To ensure complete data collection, it is important to document where you obtained data, and where you cannot gather sufficient information and provide context.

Developing the Participant Data Review (PDR) Report

The Auditor is responsible for performing the procedures using professional judgment and writing the PDR report as he/she moves through the processes. Throughout the development of the PDR, the Auditor's Supervisor will review the work completed to date. The final PDR will be reviewed and validated after completion - more information on this can be found in OBA Financial Control C10C below and in Phase 4.

Refer to OBA Financial Control C10C:

"Management within the DMD reviews the Participant Data Review reports prior to finalization and ensures that all original documentation has been properly stored and retained."

Operations Manual

Case Processing

11 Develop Preliminary Data Elements and Sources List

Active-Current

*The **Auditor** is expected to exercise professional judgment when making decisions. This includes applying relevant training, knowledge and experience in making informed decisions. These decisions should be documented in the workpapers, providing an explanation for the options considered and the rationale for the conclusion.*

[Jump to Section](#)

11.0 Develop Preliminary Data Elements and Sources List

11.1 Hold the Data Acquisition Strategy Meeting

11.2 Perform Pre-Site Visit Tasks

11.2A Perform Site Visit

11.2B Conduct On-Site Interviews

11.2C Review On-Site Documents

11.2D Request File Shipment Services

11.2E Conduct Phone Interviews

11.2F Share Additional Plan Documents/Update Plan Summary

11.3A Obtain Plan Document List from Tracking Spreadsheet

11.3B Finalize Data Elements for Participant Database Construction

11.4 Determine Sources for Participant Database Construction

11.4A Populate Data Elements and Sources List in Leo Database

11.4B Finalize the Data Collection and Site Visit

11.5 Data Collection Transition Meeting

11.0 Develop Preliminary Data Elements and Sources List

The purpose of this procedure is to identify data elements necessary to calculate benefits and liabilities and from which sources the data elements should be populated, in order of priority.

The Data Management Division (DMD) **Auditor** is responsible for notifying the Actuarial Case Processing Branch (ACPB) **Actuary** to begin developing the preliminary Data Elements and Sources List ("List"). The purpose of the List is to identify what documents have been received up until this point in the data collection phase and their source, and what documents are still needed to process the case. The List should be updated when any new data elements and sources are added.

The following steps are taken by the **Actuary** to develop the data elements:

1. Identify the data elements required to calculate benefits and liabilities.
2. In the Leo database, create the Data Elements and Sources List. See the Leo Job Aid.

3. Contact the **Auditor** to inform them the preliminary Data Elements List is ready for review and the preliminary sources should be developed.

The following steps are taken by the **Auditor**:

1. Identify which sources are suitable to populate each data element.
2. Refer to the Master List of Documents and the Data Collection Interview Guide to identify sources that can be used for the data elements.
3. Review the preliminary Data Elements List and add the sources in Leo.
4. Coordinate with the **Actuary** to review the preliminary Data Elements and Sources List in Leo. This coordination effort is necessary so the **Actuary** can inform the **Auditor** if there are any provisions or special cases that may affect the data collection efforts.
5. After reviewing the plan documents, the **Auditor** should follow up with the **Actuary** if they have specific questions.
6. The **Auditor** will update the Data Elements and Sources List in Leo with any additional information the Actuary provides.

Once all the data elements are created, the **Auditor** should seek the **Actuary's** approval on the elements and document the approval via e-mail.

11.1 Hold the Data Acquisition Strategy Meeting

The purpose of the strategy meeting(s) is to discuss the data acquisition strategy with the entire case team. If DMD deems a site visit is required, then they plan the data collection effort during one or more strategy meetings. Before the meeting, participants will assess available records and identify what additional records are needed.

The strategy meeting(s) result in a number of deliverables, including:

- Updates to the Master Case Information Tracking Spreadsheet
- Updates to the Data Collection Interview Guide
- Inputs to the Data Collection and Site Visit Decision Memo

The Data Collection Interview Guide contains the questions that DMD needs to ask, either on-site or via phone, to obtain the data required to gain an understanding of the pension plan, construct the participant database, and for the case team to process the plan. These questions are designed to help DMD form follow-up questions and formulate additional questions as needed.

Auditor

1. Schedule a meeting with the assigned case team to discuss data needed and their acquisition strategies. Schedule additional meetings as required. Decide whether document scanning resources should be included.
2. Fill out the Master Case Information Tracking Spreadsheet with all known information prior to the meeting.
3. Discuss objectives for data acquisition with meeting participants, outlining methods to accomplish them. Objectives include:
 - Obtaining information to construct the participant database and process the case.
 - Understanding the company's plan, benefit administration process and how it calculates benefits (plan practice, rules, criteria and formulae).
 - Building and testing the participant database.
 - Determining if bringing in data requires data conversion assistance from the Technology Risk Management Division (TRMD).
4. Thoroughly review data already acquired in the Master Case Information Tracking Spreadsheet. Note any critical missing data or discrepancies to inquire about as part of the data acquisition process.

5. Update the [Master Case Information Tracking Spreadsheet](#) if more information has become available (the Actuary assigned to the case updates the Plan Summary.)
6. Using the [Master Case Information Tracking Spreadsheet](#) and the Data Collection Interview Guide, review the available documents to determine what further information is required to process the case:
7. Determine the need for a site visit. A site visit should be planned in the instance where the document's owner is unable or unwilling to ship it to PBGC or there is a large volume of documents that must be reviewed before shipping to PBGC. A physical site visit may not be required for every plan. Some cases may be investigated via phone. It is preferable to conduct preliminary phone interviews to gather data upfront with plan sponsor officials and/or any interviewees to collect missing information, clarify questions on obtained data and to coordinate the shipping of participant data, plan asset audits and other relevant documents and make a decision if a visit in-person is needed, rather than always scheduling a physical site visit.
8. Proceed according to whether a site visit is required:
 - o If a site visit is required, proceed to Procedure 11.2 Perform Site Visit.
 - o If a site visit is not required, proceed to Procedure 11.2E Conduct Phone Interviews.

11.2 Perform Pre-Site Visit Tasks

The Auditor should perform the following tasks in preparation for conducting the site visit to ensure all logistics are discussed prior to the visit. The following steps should be taken during the pre-site visit process:

Auditor, DMD

1. Contact the appropriate plan party (plan sponsor, paying agent, actuary, or administrator) to determine the logistics of the site visit including, but not limited to:
 - o When and where will the site visit occur?
 - o Availability of resources and personnel during the site visit.
 - o Availability of a copier, Internet service, and workspace for the PBGC team.
 - o Recommendations for accommodations near the site.
 - o Discuss scanning/DMC support needs.
 - o Are documents stored at one location, or multiple locations (e.g., employer facilities, the plan actuary, plan administrator, plan paying agent, or plan accountant)?
2. Plan the logistics of the site visit, in coordination with the case team.
 - o Will one visit be sufficient, or are multiple visits required?
 - o Who will be interviewed?
 - o Will there be expenses involved that will need to be paid? Will a Contracting Officer's Representative (COR) need to approve expenses?
 - o Who goes on the trip? How long?
3. If it is determined that remote scanning is needed, request that the **CSD Contractor (Serco)** prepare the DMC Data Capture Memo. The DMD Division Manager reviews and provides concurrence on the DMC Data Capture Memo.
4. Once the trip dates are scheduled, DMD will provide notice to the **CSD Contractor (Serco)** and the **COR**. *Provide a minimum of two weeks' notice if DMC remote scanning services (travel) are required.*
5. Complete the Perform Site Visit section of the [Data Collection and Site Visit Decision Memo](#) and get concurrence from DMD Manager. Provide the completed [Data Collection and Site Visit Decision Memo](#) to the case team (including **DMC**) prior to the trip.
6. Ensure that access is available to LeapFile for the resources that need it. LeapFile is PBGC's method of transferring sensitive e-data from external sources.
7. Prior to contacting the plan administrator, review the specifics about the case and the [Data Collection Interview Guide](#) for guidance on the additional information needed to understand and process the plan.
 - o Customize the [Data Collection Interview Guide](#) to the specific case by marking only the questions that apply to it and add questions to help with data acquisition, if necessary. Refer to the preliminary interview question responses to tailor a more customized version.

- Attempt to answer the questions in the [Data Collection Interview Guide](#) using the available documents.
- Identify the available information resources (e.g., plan administrator and plan sponsor) and alternate sources of information if needed (e.g., actuarial firms and unions).
- Remember to remove any non-applicable questions before sending it to the plan points of contact.
- After customizing, send the [Data Collection Interview Guide](#) to the plan administrator prior to conducting the interview(s). Note that the [Data Collection Interview Guide](#) is not a checklist; it needs to be used as the basis for an interview.

11.2A Perform Site Visit

The site visit involves conducting interviews, reviewing on-site documents, and collecting hard copy and electronic records. Guidance on how these tasks should be performed and documented can be found in the [Data Collection Interview Guide](#). All interview notes should be recorded in the [Data Collection Interview Guide](#).

The following steps should be taken by the Case Team while performing a physical site visit:

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 evaluation and the information PBGC needs.
 - How the plan administrator and/or sponsor should respond to participant inquiries.
2. Conduct interviews (see guidance below) with appropriate personnel and document findings and responses in the [Data Collection Interview Guide](#).

Additional site visit tips:

- Be prepared by knowing the plan provisions
- Assume this is the only time you will be able to get information
- Be ready to make adjustments to reflect on-site conditions
- Dress appropriately
- Always be on-time
- Get all information (even if you're not sure if you need it)
- Straighten up work-site each evening before leaving

11.2B Conduct On-Site Interviews

The **Case Team** will conduct on-site interviews with appropriate personnel to identify additional information about the plan. The following interview guidance should be referenced when conducting this task. If the plan point of contact declines or refuses to participate in an interview, document all interactions with the plan point of contact. Image the documentation to the correspondence section of IPS.

Interview Guidance:

1. Refer to the [Data Collection Interview Guide](#) for guidance on conducting interviews. Interviews can also be conducted before or after a physical site visit. Review the interview questions ahead of time. Ensure understanding of the interview questions and if you need examples, contact your Supervisor.
2. Prior to the beginning of the interview, try to establish rapport with the interviewee. Allow him or her the opportunity to ask questions first. Additionally, make it clear that you are there to ensure that each participant is paid the correct benefit.
3. Use the [Data Collection Interview Guide](#) to document the interview. For documentation purposes:
 - Designate a team member to record meeting minutes and the interview notes need to be part of the case file.
 - Send follow-up e-mail which outlines what was discussed during the meeting, including the date of meeting and attendees and the action items with expected timeline for completion.
4. When providing findings from interviews, note the date(s) of when the interview was conducted. Multiple interviews can be recorded in the same [Data Collection Interview Guide](#).
5. Ensure that any attachments or lists provided by the plan administrator in response to follow-up questions are included in the [Data Collection Interview Guide](#).

Additional Interview Tips:

- Begin with simple questions to get people talking, even if you already know the answer Assume this is the only time you will be able to get information
- Define terms - don't assume that they know what you are talking about
- Make sure your questions are aimed to get information you need about the plan
 - Understand your objective
 - Tailor your questions to the plan
- Ask probing questions for greater insight
- Focus on open-ended questions
- Ask follow-up questions, especially when you receive conflicting information
- Know who the key players are – external or internal
- Control the flow by remaining flexible and respectful
- Don't be afraid to ask sensitive questions (e.g., regarding fraud or fiduciary breach)
- Set the stage for potential future contact/follow-up as necessary

11.2C Review On-Site Documents

Throughout the review of documents, work to develop an understanding of each document (i.e., plan documents, e-data, and participant files) and update the [Master Case Information Tracking Spreadsheet](#), including:

- How the document or e-data was used.
- The processes by which the document or e-data was created and updated.
- The original sources of data (if the document or e-data used is not the original source).

As stated in OAQS 7.13, an accurate report is supported by sufficient, appropriate evidence with key facts, figures, and findings being traceable to the audit evidence. In OBA audits that comply with OAQS, auditors obtain reasonable assurance

that evidence is sufficient and appropriate to support the auditors' findings and conclusions in relation to the audit objectives. OAQS states that the sufficiency and appropriateness of evidence needed and tests of evidence will vary based on the audit objectives, findings, and conclusions. Objectives for OBA audits range from narrow to broad and involve varying types and quality of evidence. In some engagements, sufficient, appropriate evidence is available, but in others, information may have limitations, e.g., the adequacy of participant data during the data collection and analysis process. Professional judgment assists auditors in determining the audit scope and methodology needed to address the audit objectives, and in evaluating whether sufficient, appropriate evidence has been obtained to address the audit objectives.

Auditor, DMD with Actuary Support

Perform a Review and assess the plan administrator's and any relevant service providers' internal controls to aid in determining the reliability of plan and participant electronic and hard copy records. Figure 1 - The Components, Objectives, and Organizational Structure of Internal Control¹ depicts the relationship of components, objectives, and organization.

Internal control is a dynamic, iterative, and integrated process in which components impact the design, implementation, and operating effectiveness of each other. No two plan administrators, or related service organizations, will have an identical internal control system because of differences in factors such as mission, regulatory environment, strategic plan, entity size, risk tolerance, and information technology, and the judgment needed in responding to these differing factors. When assessing internal controls consider all five components:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

1. To assess the five components, it will be necessary to obtain and review supporting documentation and interview personnel at the plan sponsor/administrator. It will also be important to review relevant service provider audit reports. The service provider audits are often described as "SSAE 16 reports". Documentation to obtain and review includes:

- Recent internal and external audit reports related to systems supporting plan administration such as personnel and payroll systems. System related audit reports may identify weaknesses in the confidentiality, availability and integrity of the data. PBGC is most interested in what these reports say about the integrity of the data. Look for "findings" or issues in these system audit reports concerning completeness and accuracy of the system data and separation of duties. Poor separation of duties, sometimes called segregation of duties, can lead to fraudulent activities and erroneous data on payees or payments. Make inquiries with appropriate personnel about whether these issues were corrected and if so when.
- Recent internal and external audit reports related to Human Resource, Payroll or Pension Administration business practices. These reports may identify internal control weaknesses which directly impact the completeness and integrity (accuracy) of participant information used to compute, track and monitor pension plan payments and other calculations.
- Internal compliance reviews or risk assessments that may provide information on the quality and integrity of data supporting benefit payments.
- Any fraud risk assessment information or information on frauds that may have occurred.

2. Summarize your assessment of the internal control environment in a memo to the work papers, including a preliminary conclusion as to how reliable e-data and hardcopy documentation may be. This is only a preliminary reliability assessment of the documentation and e-data which will be thoroughly tested later to determine reliability.

3. Review any plan documents available on-site that were not previously provided to PBGC. Collect them, if appropriate, and update the Master Case Information Tracking Spreadsheet accordingly.

4. Review participant files (including e-data, pension, personnel, and payroll files) to determine the best available sources for each data element, starting with the preliminary Data Elements and Sources List already populated in Leo, and in the Data Collection Interview Guide. Collect them, if appropriate, and update the Master Case Information Tracking Spreadsheet accordingly.

5. Determine whether different sources are required for different categories of participants by reviewing the available sources for each participant category, e.g.:

- Participant status (that is, retirees, active vested, terminated vested, non-vested).
- Participants who fall under different groups because of varying plan provisions (e.g., hourly and salaried).

- Location (e.g., division).
 - Participants who terminated during different periods.
 - Other categories of participants for whom different sources are needed.
6. Collect originals only for pension files, as pension files become PBGC property on trusteeship. Obtain the originals of all participant pension files (administrative data forms), including:
- Beneficiary Designation Forms
 - Qualified Domestic Relations Order (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)
7. If the Auditor has exhausted all attempts to collect documents, notify the DMD Supervisor and discuss how to proceed.
8. PBGC does not own the non-pension participant files; therefore, there are three general ways PBGC can obtain the participant files:
- PBGC takes the files, scans them and then ships files back to the company. There may be an agreement made between the company and PBGC that PBGC keeps the files for a specific amount of time then sends them back
 - PBGC keeps the files
 - PBGC scans the documents on-site during the site visit
9. 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.
10. Perform preliminary review of files as you obtain them and ask follow-up questions to any available POCs.
11. If POC is unavailable to answer questions, document name and contact information for follow up.
12. **DMC** images and/or copies files according to the agreed upon plan for collecting data. If files need to be shipped, send them to PBGC.
13. The **Auditor** updates Master Case Information Tracking Spreadsheet with the information obtained during the site visit. 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. Apply professional judgment in determining sources to be used if preferred sources are unavailable. The Data Collection Interview Guide contains questions that will help identify alternate sources of documents and records.
14. Review any plan documents available on-site that were not previously provided to PBGC. Collect them, if appropriate and update the Master Case Information Tracking Spreadsheet accordingly
15. 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 already populated in Leo, and Data Collection Interview Guide. Collect them, if appropriate and update the Master Case Information Tracking Spreadsheet accordingly.
16. Update the preliminary list and determine whether different sources are required for different categories of participants by reviewing the best available sources for each participant category. Image files according to TP 16.
17. If shipping any files to PBGC, follow the guidance in Data Collection Support Request Form.
18. In most cases, the Data Collection and Site Visit Decision Memo should be completed on-site or prior to returning to PBGC. It should include a summary of the site visit and interviews conducted. Provide findings on all information obtained in the Master Case Information Tracking Spreadsheet.
19. At the conclusion of each site visit, the data management team should conduct a conference with the parties at the site visit. The purpose of this meeting is to discuss any areas of concern, identify data management work that the team needs to complete, clarify any outstanding data requests, and respond to any questions.

LeapFILE is PBGC's method of transferring sensitive e-data and should be used for all sensitive data transfers from external sources.

¹ See the U.S. Government Accountability Office's Standards for Internal Control in the Federal Government GAO-14-704G, September 2014.

11.2D Request File Shipment Services

1. **DMD Auditor** coordinates with the PSD point of contact for data collection activities to initiate discussions with the plan administrator or third party regarding shipment of plan or participant files.
2. Inform the plan administrator or third party that PBGC will provide shipping labels and pay reasonable expenses, if applicable, for preparing plan and participant files for shipment. Process invoices in accordance with the Plan Expenses Procedures.
3. Complete the DMD portion of the Data Collection Support Request Form and email it to SERCOOPERATIONS, SERCOSITESSERVICES, and copy the PSD Data Collection POC. Use as the subject line: **Shipment of Participant Files – [Case number]**.
4. The **CSD Contractor (Serco)** will confirm receipt of the email from DMD and assign resource.
5. The **CSD Contractor (Serco)** will send the mailing labels to the designated party.
6. Once the files are received, the **CSD Contractor (Serco)** will complete its portion of the Data Collection Support Request Form and return it to DMD.

11.2E Conduct Phone Interviews

In the event it is determined that a physical site visit is not needed or in advance of a site visit, interviews should be conducted over the phone to collect missing information, clarify questions on obtained data, and to coordinate the shipping of participant data, plan asset data and other relevant documents.

Interviews are an important step in the data collection process, regardless of whether a physical site visit is performed, because the Auditor will need to attempt to speak with all the POCs listed on the plan documents. This step may require more than one day of phone interviews. Depending on the individual plan, it may be necessary to include the Actuary or AED Auditor or Valuation Specialist on certain interviews. In particular, the ASD Actuary should participate in interviews with prior plan Actuaries. Depending on the individual plan, ASD may need to provide assistance during the interviews to ensure the correct questions and follow up questions are asked, and accurate actuarial information is obtained. Additionally, AED may need to provide assistance during the interviews if the assets are complex or hard to value, or the documentation is incomplete. In these instances, AED will need to participate to ensure the correct questions and follow up questions are asked, and accurate asset information is obtained.

At the end of the data gathering phase, send an email to the plan administrator asking them to verify that you have all the required information related to the plan in your possession.

Before conducting phone interviews, refer to the Conduct On-Site Interviews procedures for guidance and tips. Additional phone interview information can be found in the Data Collection Interview Guide. All interview responses should be documented in the Data Collection Interview Guide.

If the POC declines or refuses to participate in an interview, document all correspondence between you and the POC. Image the documentation to the correspondence section of IPS, in accordance with TP 16.

General Interview Tips:

1. It is recommended that at least two case team members participate on all phone interviews.
2. At least five (5) business days prior to the phone interview, send the interviewee via email any documents you plan on reviewing so they have time to prepare ahead of the meeting.
3. Review the interview questions ahead of time. Ensure understanding of the interview questions and if you need examples, contact your Supervisor.
4. Begin with simple questions to get people talking, even if you already know the answer.
5. Be sure to tell the interviewee where you are in the document so they can follow along and have a reference point.
6. Define terms – do not assume that they know what you are talking about.

7. Make sure your questions are aimed to get information you need about the plan.
 - Understand your objective.
 - Tailor your questions to the plan.
8. Ask probing questions for greater insight.
9. Focus on open ended questions.
10. Ask follow-up questions, especially when you receive conflicting information.
11. Know who the key players are – external or internal.
12. Control the flow by remaining flexible and respectful.
13. Don't be afraid to ask sensitive questions (e.g., regarding fraud or fiduciary breach)
14. Set the stage for potential future contact/follow-up as necessary.
15. When providing findings from interviews, note the date(s) of when the interview was conducted. Multiple interviews can be recorded in the same Data Collection Interview Guide.
16. Ensure that any attachments or lists provided by the plan administrator in response to follow-up questions are included in the Data Collection Interview Guide.

11.2F Share Additional Plan Documents/Update Plan Summary

This step is necessary for the **Actuary** to have the information required to update the Plan Summary. The **Auditor** is responsible for reading the updated Plan Summary to have appropriate knowledge of the plan in order build the participant database.

Auditor, DMD

1. Inform the case Actuary that plan documents are collected and available for review.

Actuary, ACPB

1. Update the Plan Summary based on information from the Master Case Information Tracking Spreadsheet.
2. Identify or update data elements required in Leo.

11.3A Obtain Plan Document List from Tracking Spreadsheet

The **Auditor, DMD** is responsible for completing the plan document list from the Master Case Information Tracking Spreadsheet in order to construct the participant database. The following steps should be performed during this process:

Auditor, DMD

1. Review and assess the reliability of all plan documents by considering other information collected through interviews and documentation acquired to date.
2. Use Plan Document List template to listing.
3. Record information for each document, including (documents should be listed oldest to newest):
 - Name
 - Effective date
 - Adoption and/or execution date
 - IPS reference number and page number, if applicable
4. Identify and provide complete descriptions on documents as follows:
 - 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.

- If the document is not signed or dated, include information from pension board minutes or plan practice as comments, if available.

- Other important comments.

5. 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.

6. Ensure that plan documents are imaged in IPS.

7. Submit to **Supervisory Auditor** for review and approval.

Supervisory Auditor, DMD

1. Review and approve the Plan Document List.
2. Finalize the Plan Document Audit Milestone in CMS.

11.3B Finalize Data Elements for Participant Database Construction

The Auditor and Actuary will work together to finalize the data elements for building the participant database. The following tasks should be performed during this process:

Actuary, ACPB

1. Update the Plan Summary based on the completed Master Case Information Tracking Spreadsheet.
2. Update the list of data elements in the Leo database based on the Plan Summary and available sources. Consider the following:
 - Participant status (i.e., retirees, active vested, terminated vested, non-vested)
 - Participants who fall under different groups because of varying plan provisions (e.g., hourly, salaried)
 - Location (e.g., 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, DMD

Review the list of data elements and confer with the Actuary to resolve any questions.

11.4 Determine Sources for Participant Database Construction

The review of data sources identifies and confirms the accuracy of the data sources used to build the participant database. The Auditor and Actuary meet to identify paper and/or electronic sources for each data element. The Auditor tests their reliability and the results of the reliability assessment are recorded in Leo for each source.

The process may require a review of both e-data and hard-copy documentation. Procedures are notably different depending on whether e-data or hard-copy participant documents are being reviewed.

REVIEW OF PAPER SOURCES

Auditor, DMD

1. Review the participant files to identify the best sources for each data element.
 - o If possible, identify a primary and secondary source for each element.
 - o 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.
 - o A signed document is the preferred source compared to a system-generated letter. Note: Any documents used to verify sample values must be imaged or archived.
2. If the source is not reliable for a group of participants, identify an alternate source for that group, if possible.
3. Mark up the sampled sources, circling and labeling the data element (see Sample Mark-Up), and attach to IPS.

Actuary, ACPB

1. Review the hardcopy sources identified by the Auditor prior to the e-data review.
2. In coordination with the Auditor, agree upon alternative sources as required.

Auditor, DMD

1. On the Data Elements and Sources List page in Leo, populate with the agreed upon sources for each data element.
2. Populate the reliability assessment column. In the description, include what research was done to determine that the data source was reliable. For example, if selecting between two documents, it is recommended to use government documents first (e.g., birth certificate). If these are unavailable, use the most recent documentation or documentation that came from the company.

REVIEW OF ELECTRONIC SOURCES

Auditor, DMD

1. Archive all e-data in its original format, removing any passwords prior to archiving. The purpose and source should be assigned/documented with the e-data and any notes should be documented in the Master Case Information Tracking Spreadsheet.

Tips for assessing reliability:

- o Examine each data element within each source for reasonableness. Consider the following:
 - Inability to corroborate e-data with corresponding hard-copy records
 - Missing dates (e.g., DOB, date of hire, spouse's DOB if married)
 - Inconsistent dates (e.g., DOB after date of hire)
 - Duplicate records
 - Records where there are earnings after date of termination (DOET)
 - Participants with age at DOPT greater than a "normal" value (e.g., a person with an age of 200 years at DOPT would not be considered "normal.")
 - Service at DOPT greater than a "normal" amount (e.g., a person with 85 years of service at DOPT.)
 - Participants too young to participate at date of hire (e.g., a person with an age of 8 years at date of hire would not be considered "normal.")
 - Missing data based on existence of other data (e.g., a person in pay with no retirement date.)

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.

2. Obtain DMD management concurrence for the Data Elements tab.

TEST THE ELECTRONIC DATA

This step needs to occur outside Leo.

Auditor, DMD

For each 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.
- 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).

PREPARE FOR DATA MERGE

Auditor, DMD

1. Based on your electronic data review, determine if a data merge from the electronic sources to Leo is needed.
2. Contact TRMD, if needed, to perform a data merge of your e-data, if you have more than one e-data source. Make sure to include instructions on what data elements should be merged into what electronic source.
3. Once you have your e-data merged, have TRMD upload the database to Leo, mapping to the data elements already entered in Leo.

POPULATE THE DATA ELEMENTS AND SOURCES LIST

Auditor, DMD

1. For each data source (paper and electronic), populate the Data Elements and Sources List in Leo.
2. Populate the reliability assessment column. In the description, include where this source was obtained, the internal controls around the source, what data elements are determined to be reliable for this source, and how that determination was made.

11.4A Populate Data Elements and Sources List in Leo Database

The Auditor and Actuary will coordinate to review the data elements and sources list from the Leo database and concur on the data elements. The following tasks should be completed during this process:

Auditor, DMD

1. List the sources identified in the Data Elements and Sources List in the Leo database.
2. Enter at least two complete sources (if possible), primary and secondary, for each data element in the Data Elements and Sources List. Refer to sources by the number assigned in Step 1. Note: The final source that will be used in database construction will be documented in the Participant Data Review (PDR).
3. Set up Leo (See Leo/ACT Format User Manual).
4. Mark up the sampled sources, circling and labeling the data element (see Sample Mark-Up), and upload to Leo.
5. Obtain concurrence from the DMD Supervisory Auditor.
6. Obtain ASD concurrence on the Data Elements and Sources List. Confirm that all relevant sources are included.

The final Source Document List should include every source used to build the database, even if that particular source was only used for one participant.

Actuary, ACPB

7. Coordinate with the Auditor to review the Data Elements and Sources List in the Leo database.
8. If edits need to be made to the document, open Leo and update the Data Elements and Sources List.

11.4B Finalize the Data Collection and Site Visit

Auditor, DMD

1. Complete the Data Collection and Site Visit Decision Memo and get concurrence from DMD Supervisory Auditor.
2. Image the completed memo to the plan file in IPS. Include the Data Collection Support Request Form, if applicable.
3. Make final updates to and archive the Master Case Information Tracking Spreadsheet.
4. If applicable, send an email to Translation Services with information about the foreign language speakers in the plan, as documented in the Data Collection Interview Guide.

11.5 Data Collection Transition Meeting

The purpose of this procedure is to document the completion and review of data collection activities. If Data Collection and Participant Data Review are completed by the same DMD Branch, then this procedure is not required.

The Office of Benefits Administration (OBA) is responsible for producing work products during a phase in the case processing cycle and must demonstrate that it has completed the activities necessary for producing the work products and has electronically stored documents according to OBA procedures.

- The Auditor who completed the data collection prepares the Transition Memo.
- After review and approval of the Transition Memo, the Supervisory Auditor, DMD schedules the Transition Meeting between the division that produced the work products and the division using the work products in the next phase. The meeting should be scheduled at least *one week* in advance to permit enough time for the receiving division to review the work products and prepare questions for the producing division. The Transition Memo should be attached to the meeting invitation and will guide the discussion.
- Use the Data Collection Transition Meeting Checklist as a guide.

Operations Manual

Case Processing

12.0 Participate in Database Planning Meeting for Data Elements, Data Sources and Reasonableness Checks

Active-Current

The Supervisory Auditor, DMD will facilitate a meeting between the DMD Auditor and the ACPB Actuary to identify reliable data elements for the participant database, complete primary and secondary sources, and reasonableness checks. Per OAQS 6.2, auditors must adequately plan and document the planning of the work necessary to address the audit objectives. In addition, OAQS 6.4 states that planning is a continuous process throughout the audit. Therefore, auditors may need to adjust the audit objectives, scope, and methodology as work is being completed. In situations where the audit objectives are established by statute e.g., to value plan assets at fair market value, auditors may not have latitude to define or adjust audit objectives or scope.

During planning, auditors should also:

- Identify the potential criteria needed to evaluate matters subject to audit,
- Identify sources of audit evidence and determine the amount and type of evidence needed given audit risk and significance,
- Evaluate whether to use the work of other auditors and specialists to address some of the audit objectives,
- Communicate about planning and performance of the audit to management officials, those charged with governance, and others as applicable, and
- Prepare a written audit plan.

1. The **Supervisory Auditor, DMD** will schedule and facilitate meeting with the **DMD Auditor** and the **ACPB Actuary**.
2. The **Auditor, DMD** and **Actuary, ACPB** will work together to review reasonableness checks in Leo and identify those not applicable to the data elements. Set the requirement field to 'No' if it is determined that the reasonableness check is not required. Consider adding plan-specific reasonableness tests (specifically for user-defined fields) if necessary.
 - **Note:** The DMD Auditor should still check for typical errors. These include customers being found in Leo, but not in Spectrum (and vice versa). Some validations may require more than one data element, such as:
 - Users fill out FORM_CODE_ARD, but forget or incorrectly fill out SPC_ARD and MTHS_ARD
 - Validations that look at the relationships between DOP, DOTE, DOR, DOH
3. Document and provide findings and recommendations on the reasonableness checks selected to test the data for the participant database in the database building instructions. The **DMD Auditor** completes the agreed upon reasonableness checks prior to the Participant Data Review (PDR) Phase Gate meeting.
 - Review proposed data elements and sources and make adjustments as necessary. On the Source Documents tab, populate the reliability assessment column. In the description, include what research was done to determine that the data source was reliable. For example, if selecting between two documents, it is recommended to use government documents first (e.g., birth certificate). If these are unavailable, use the most recent documentation or documentation that came from the company.
4. Participate in Database Planning Meeting.

[Jump to Section](#)

12.1 Develop Participant Database Construction Plan

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- 12.1A Building the Participant Database in Leo
 - 12.1B Monitor Participant Database in Leo
 - 12.1C Certifying Data Sets
 - 12.1D Prepare Participant Data Review (PDR) Report for Review
 - 12.1E Review Participant Data Review (PDR)
 - 12.1F Participant Data Review (PDR) Phase Gate Meeting
- Phase Gate Procedures: PDR Phase Gate

12.1 Develop Participant Database Construction Plan

Constructing the participant database is an integral part of the building and testing phase. The DMD Auditor will work with the Database Builder to develop the construction plan. The following tasks should be performed during this process:

Auditor, DMD

1. Determine the database building strategy including:
 - Start initial Leo population determination. This determination should begin with e-data starting population.
 - Begin the Form 5500/AVR population review.
 - Obtain the added/removed participants list from CSD.
 - Determine how the manual data entry task divides into phases (e.g., type of participant, every 10% of participants, or alphabetically).
 - Determine when each phase of the associated testing is completed.
 - Determine frequency of running the Source Variance Report.
 - Determine the frequency of running, reconciling, and submitting the Spectrum Reconciliation, Reasonableness Test, and the BCV Data Expectation reports to CSD. This information should be documented in a work paper that includes the following data elements as column headers in tabular format, with potentially multiple rows to show the frequency of each Spectrum Reconciliation action.
 - BCV run date (e.g., 1/1/2026)
 - SharePoint Request ID (e.g. 354)
 - Report Submission Date to CSD (e.g., 1/15/2026)
 - System-generated Email Closure Date (e.g., 1/30/2026)
2. Prepare instructions for building the database in BCV. Attach a copy of the Database Instructions Memo to the Participant Data Review (PDR) or image and reference in the PDR. Note: A memo is not required if the same DMD Auditor also builds the database.
3. Submit Database Instructions Memo to **DMD Supervisor** for approval. (If the Auditor who created the Database Instructions Memo is a contractor, then the memo should be submitted to the COR.)
4. Upon approval send the instructions to the **Database Builder**. If the database builder is a contractor, send the instructions to the COR.
5. Prior to loading data into BCV, remove any participants who are non-members, e.g., any pre-DOPT deaths with no spousal information. Document participants who were removed.
6. Image the instructions to the plan file.
7. If the **Database Builder** is a contractor, work with TRMD to transfer the participant database to the contractor's intranet.
8. The **Database Builder** contacts TRMD as needed to perform a Leo data merge of Spectrum and e-data (see TRMD Service Catalog).
 - Work with TRMD to load data into BCV from the electronic sources (e.g., Spectrum or e-data) defined in the Data Elements and Sources List (see TRMD Service Catalog).
 - If TRMD reports discrepancies or questionable items, research the items and work with TRMD to resolve the issues.
9. Enter data from the source documents according to the Database Instructions Memo and the Data Elements and Sources List found in the BCV database.
 - Provide findings and document any exceptions to sources used (e.g., if a secondary source is used instead of the primary).

- If a new source is identified at any point during database construction, the database construction team should notify the Auditor of any new sources not identified on the preliminary list to ensure data is accurate and complete.

A copy of the Data Elements Listing can be used to give mapping instructions to TRMD. Make sure to indicate to TRMD what data is going where and for which groups of participants the data is being loaded.

When working with Leo, make sure to use the smart options that are available within the database. For example:

- **Tabs & fields are customized per case. You can use tab to move to the next field.**
- **Hovering the mouse over a field displays a description of the data element.**
- **Use partial names and partial SSN to obtain the top hits.**
- **Use filters to narrow the customers in the data entry window.**

Progress of PDR

At this point in the procedures, the **DMD Auditor** has developed the database construction plan and identified electronic sources. The PDR should include the completed Database Instructions Memo and the completed Electronic Data Review (the Electronic Data Review is only required for plans with more than 500 participants.)

Supervisory Auditor, DMD

1. Review the Database Instructions Memo and completed Electronic Data Review.
2. Notify the **DMD Auditor** when the review is complete and he/she may continue with the procedures.
3. Update P6 with the timeframe for completion of the database.

12.1A Building the Participant Database in Leo

Building the database is an important process because accuracy of every data element for every plan participant is critical input to the actuarial valuation of participants' benefits. This process also helps ensure that any issues with benefit determinations and data sources are addressed before finalizing the database. Use the Leo User Manual as a guide.

Data can be entered into the Leo database in a number of ways including manual data entry from paper files or merging electronic data (e-data). The example below shows how the Auditor will contact TRMD to perform an e-data merge with the Data Elements and Sources list into Leo's Source Maintenance List and reconcile the data in Leo prior to the database review and certification processes.

Auditor, DMD

1. Upon completion of the Transition Meeting, if any, check in with the Actuary to verify that the most recent and approved version of the Data Elements and Sources List is in Leo.
2. Send an email to TRMD, and copy the DMD Supervisor, with a request to set up the participant database in Leo.
 - Note: Once the Supervisor receives notice from TRMD that the request has been granted, the Supervisor will assign rights to the database.
 - Note: Assigning rights is explained in further detail at the end of the procedure.
3. Identify all the available sources (electronic and hard copy).
 - Note: Spectrum should not be used as source data for any participants other than post-DOTR retirees, post-DOTR deaths, and data updated based on the retiree returning the Payee Information Form (PIF).
4. Identify on the Data Elements and Sources List which sources are primary, secondary, or tertiary sources.
5. Submit a request to TRMD to merge the e-data file to the Source Maintenance List. After notification from TRMD that the merge is complete, review to ensure e-data was merged correctly and that all data were merged. Confirm with the

- Actuary and document via email.
6. Notify the **DMD Reviewing Auditor** (an auditor independent of the database work) that the merge is complete and ready to review.
 7. The **DMD Reviewing Auditor** confirms that e-data was merged correctly and that all data were merged.
 8. The **DMD Auditor** confirms with the **DMD Supervisor** who will be certifying the database and what privileges he or she will need to perform this task. Once the database certifier has been confirmed, type his or her USERID and name into the 'grant rights' box. Select the appropriate check boxes for the type of access he or she needs to begin reviewing the database. Refer to the paragraph and table below for more guidance on assigning rights.
 9. Granting user rights will vary depending on the title and role of the certifier. The **DMD Supervisor** is responsible for assigning the different levels of access for each individual assigned to work on the database construction. Once rights have been assigned, editing privileges will be turned off. Separation of duties descriptions have been built into Leo to identify conflict checks with certain privileges. For example, 'apply validations' and 'certifier' roles would not be assigned to the same user. Refer to the Leo ACT User Manual for more definitions of these functions and the table below for example scenarios.
 10. Once rights have been assigned to the appropriate user, send an email so that he or she knows to begin the validation/certification process of the database. In the email, mention what type of access or level of permission they have been granted.
 11. For manual data entry, the **Database Builder** constructs database, per Leo User Manual
 12. If any new sources are found or data elements need to be added to the database, the **Database Builder** should contact the responsible **DMD Auditor** and document the new source information in the Database Instructions Memo.
 13. If the **Actuary** adds additional data elements to the database, the **DMD Auditor** will need to open the correct Leo database, select the source document tab, then open the Source Maintenance List.
 14. In the Source Maintenance List screen, select 'add source' and manually type in the new information including if the source is primary, secondary, or tertiary.
 - o Note: Remember to type the information exactly as it is written on the hard copy source document.
 15. Next, review the 'Participant,' 'Retirement,' 'Spouse' and 'Salary' tabs for every participant. By clicking in any field, the Source Helper Box will automatically appear which identifies the source location of the data and if it is a primary, secondary, or tertiary source. Populate the tabs, referring to the appropriate source, if any information is missing.
 16. Continue following step 9 in Section 12.1.

Note: If an individual is finished with a case, the **DMD Supervisor** should update the permissions list so that the individual no longer has access to the database.

Permission Levels Table

Permission	Description	Role
Edit Data	Allows a user to view and edit data in Leo, and to add new sources during data entry for a specific case.	Auditor, Database Builder
Modify Population	Allows a user to add or remove customers from the database for a specific case.	Auditor
Modify Data Elements and Sources	Allows a user to perform Leo setup activities for a specific case, including building & publishing data entry forms.	Auditor, Actuary
Build and Publish Data Entry Forms	Allows a user to rebuild & publish a data entry form for a specific case. This does not include the ability to update data elements & sources lists.	Auditor, Actuary
Apply Validations	Allows a user to apply validations to his/her case for a specific case.	Auditor

View Data	Allows a user to view customer data in Leo for a specific case.	Certifier, Supervisor
Create and Modify Sample	Allows a user to create and/or modify a statistical or judgmental sample for a specific case.	Certifier
Grant Permissions	Allows a user to grant permissions to team members of a specific case. Users with this permission cannot grant permissions to themselves.	Supervisor
Certify Database	Allows a user to certify a Leo database.	Certifier

12.1B Monitor Participant Database in Leo

Monitoring the database is important to identify data issues early, before they become bigger problems. Monitoring also helps ensure that the database instructions were accurate, understood by the user and are followed.

Auditor, DMD

1. Throughout the database building process, as identified in your database building instructions, either at regularly scheduled intervals or at the end of each phase of data entry, use Leo to confirm that database building is progressing as expected. Evidence of monitoring should include periodic Leo exports identifying participant records that were monitored and submitted to the **Supervisory Auditor**.
2. Select a judgmental sample and test to ensure that database building instructions are being followed. Include results as a workpaper.
 - o Note: If the database review shows any errors, request that the Auditor consult with his/her supervisor to discuss expanding the sample. Testing occurs throughout and in parallel to the database building process. Make any required corrections (see Leo User Manual).
3. If needed, inform the **Database Builder** of any errors.
4. Track the performance and error frequency of the **Database Builder**.
5. If needed, clarify requirements and provide guidance for the **Database Builder**.
6. Any additional sources or data elements identified after database construction begins should be immediately communicated to the reviewers for concurrence.
7. **Error reports (#280) contain descriptions of errors and give guidance on how to fix them. Please remember that not all errors can be fixed.**
8. Run the Source Variance Report and review the results to determine the validity of new sources added.
9. Run Leo's data services, as needed.
10. Run the Spectrum reconciliation process to identify discrepancies between the participant database and Spectrum.
11. Run the reasonable tests to identify data that does not fall within expected norms.
12. Run the ACT Data Expectations to identify data that is not suitable for use with the ACT valuation software.
13. Upon notification that the database is complete, run the final SPECTRUM reconciliation reports to test the participant database in Leo for accuracy and completeness (although this is intended to be the final run there may be a requirement to do this again to complete the testing):
 - o Modify the reasonableness parameters according to plan provisions (see Leo User Manual).

- Run the reasonableness test in Leo. Review the results of the reasonableness test and determine what errors need addressing (for error definitions, see *Leo User Manual*).
- Run the Spectrum reconciliation in Leo. Review the results and determine what errors need addressing (for error definitions, see *Leo User Manual*).
- Run ACT Data Expectations Report. Review the results and determine what errors need addressing (for error definitions, see *Leo User Manual*).
- Update the Participant Data Review (PDR) with population error information in the applicable section.
- Note: Population errors occur when a reconciliation between participant data in Leo and Spectrum takes place.
- Verify that all errors are documented and respond to errors accordingly.

Spectrum can be used to quickly look up information. You can efficiently reference census and family tree data by using "right-click."

12.1C Certifying Data Sets

The purpose of certifying a data set is to improve accuracy, identify systemic deficiencies, and confirm the data is suitable for its intended purpose.

The **DMD Auditor** (this auditor should be independent of the database building process) is responsible for conducting a random sample of all data elements in the data set and finding evidence to support each data value in the sample.

Per OAQS 6.11, obtaining sufficient, appropriate evidence provides auditors with a reasonable basis for their findings and conclusions that are valid, accurate, appropriate, and complete with respect to the audit objectives. OAQS states that in assessing evidence, auditors should evaluate whether the evidence taken as a whole is sufficient and appropriate for addressing the audit objectives and supporting findings and conclusions. OAQS 6.83 states that audit objectives may vary widely, as may the level of work necessary to assess the sufficiency and appropriateness of evidence to address the objectives. For example, in establishing the appropriateness of evidence, auditors may test its reliability by obtaining supporting evidence, using statistical testing, or obtaining corroborating evidence. In addition, OAQS 6.12 describes that the concept of sufficient, appropriate evidence is integral to an audit. Appropriateness is the measure of the quality of evidence that encompasses its relevance, validity, and reliability in providing support for findings and conclusions related to the audit objectives.

Auditor, DMD

Before generating a sample:

1. Confirm with the **Database Builder** that the data set has been validated by any/all data validation tools.
2. Be aware that no data entry can take place from the time you generate a sample until each data value in the sample has been observed.
3. Generate a random sample. See TP 60 for guidance and use Leo's Sample Manager to generate the sample. See *Leo User Manual* for guidance on Leo's Sample Manager.
4. Find supporting evidence for each data value in the sample.
 - See *Leo User Manual*.
 - If you are not using Leo, contact TRMD to request the external sampling tool.
 - At a minimum, for each data value in your sample, you must identify:
 - Customer
 - Data element
 - Data value you are certifying.
 - Correct value if the data value you are certifying is incorrect
 - Evidence that proves the data value is correct. Capture this even when the original data value is correct
5. Calculate an error rate for each data element.
 - Generate a Leo Sample Export.

- If your sample used subpopulations then the error rate for each data element must be calculated using a weighted share of each subpopulation.
6. If any error rate for any data element or any error rate for any subpopulation-data element combination is greater than 2% then meet with the database builder to determine what action to take, e.g., a root cause analysis. Based on the results of the root cause analysis, consult TP 60 for next steps.
 7. If the **DMD Reviewing Auditor** (certifier) and **DMD Auditor** agree that there is not an error, the certifier removes the error indicator from the certification screen.
 8. Using the Sample Manager, close out the sample.

12.1D Prepare Participant Data Review (PDR) Report for Review

Per OAQS 7.5, auditors should issue audit report products communicating the results of each completed OBA audit. OAQS 7.6 states that auditors should use a form of the audit report that is appropriate for its intended use and is in writing or in some other retrievable form. For example, auditors may present audit reports using electronic media that are retrievable by report users and the audit organization. The users' needs will influence the form of the audit report. Different forms of audit reports include written reports, letters, briefing slides, or other presentation materials.

A DMD Auditor (this auditor should be independent of the PDR work) is responsible for the review of the PDR.

Auditor, DMD

1. Review all documentation and prepare the Database Instructions Memo and Participant Data Review (PDR).
 - 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:
 - Database Instructions Memo
 - Plan Summary (obtain the most recent version from the actuary)
 - Data Collection and Site Visit Decision Memo
 - All Sample Exports
 - Certification of Database Review
 - Database Certification and Validation Memo (federal) or Database Analysis Report (contractor)
 - Reasonableness Test and Spectrum Reconciliation Summary reports
 - Customers Missing Source Data
 - Master Case Information Tracking Spreadsheet
3. Submit Data Elements and Sources Listing
4. Generate the 632: Source Variances Report (by customer).
 - Note: If there are variances when the report is run, a new Data Elements and Sources List report should also be run, and the Auditor should check to see if new sources should be added.

Supervisory Auditor, DMD

1. Upon receipt of the Data Elements and Sources List and all attachments, review, sign and finalize in CMS.
2. Upon receipt, review the Participant Data Review (PDR) and all attachments to ensure documentation is accurate and complete.
3. Provide the Participant Data Review (PDR) with all attachments to DMD Management for review and concurrence.

Once all the steps in Phase 3 have been completed, proceed to Phase 4 and finalizing the database report.

PHASE 4: CONCLUDE AND REPORT

12.1E Review Participant Data Review (PDR)

At this point in the procedures, the Auditor has collaborated with the appropriate Supervisors to conduct a thorough review of all PDR attachments.

1. The **DMD Auditor** reviews the Participant Data Review (PDR), Database Instructions Memo, and Participant Data Review and Validation (PDR) Checklist, along with all attachments to ensure information is complete and accurate. The reviewer should use his/her professional judgment and expertise to determine if additional reviews or validations are needed.
2. Complete the PDR Review and Validation Checklist and submit it with the PDR to the **Supervisory Auditor, DMD**.
3. The **Supervisory Auditor, DMD** reviews and signs to indicate concurrence, updates and finalizes the Participant Data Audit Milestone in CMS, and notifies the manager.
4. The **Supervisory Auditor, DMD** notifies the Auditor, DMD when the review is complete.
5. Upon concurrence, the **DMD Auditor** images the completed Participant Data Review (PDR) and Participant Data Review and Validation (PDR) Checklist within two weeks of the date the milestone is finalized to the plan file in IPS.
6. Archive the database and Leo reports within two weeks of the milestone being finalized.
7. Notify the Case Team of the location of the documents in IPS.
8. The **Supervisory Auditor, DMD** verifies that the Participant Data Review (PDR) with supporting documents have been appropriately imaged and stored.
9. Once these steps have been completed, proceed to the PDR Phase Gate Meeting.

12.1F Participant Data Review (PDR) Phase Gate Meeting

Throughout the PDR phase, the DMD Auditor completes the checklist in the PDR Phase Gate Checklist and Work Products/Passing Criteria document as activities are completed and documents are imaged/archived. The Supervisory Auditor reviews the checklist with the Auditor monthly to track work progress.

Once the PDR phase is complete, the Auditor provides the completed checklist to the Supervisory Auditor to indicate a Phase Gate meeting can be scheduled. The Supervisory Auditor will ensure that all necessary activities for the PDR are complete. Upon approval of the checklist, the Supervisory Auditor schedules a Phase Gate meeting. The Supervisory Auditor reviews the checklist and the imaged/archived documents prior to scheduling the Phase Gate meeting. In particular, the Supervisory Auditor checks to ensure that all documentation has been completed.

The Supervisory Auditor conducts a Phase Gate meeting between the DMD Auditor, ACPB Actuary, and ACPB Actuary's Supervisor to assess if the plan participant database was constructed according to instructions, the data and their sources are properly documented, and data elements required to calculate plan participant benefits are available. Quality and completeness are determined by rating work products (i.e., documents) against criteria used for all cases at the close of the PDR phase. The Phase Gate meeting also provides an opportunity for the case team to discuss any special circumstances, challenges, or issues that arose during the PDR phase that could impact case processing.

The meeting participants must reach an agreement that work products meet the passing criteria. If both parties do not agree, the Supervisory Auditor documents the activities that need to be performed to meet passing criteria, establishes a timeline for performing them, identifies the responsible team member, schedules a follow-up meeting, and documents this in the meeting minutes.

If the DMD Auditor and ACPB Actuary agree that the work products meet the passing criteria, the Supervisors indicate that the Phase Gate is complete by signing the PDR Phase Gate Checklist and Work Products/Passing Criteria document.

Note In cases where the Participant Data Review activities were completed by an actuary, and the same actuary will also perform the actuarial valuation tasks, it is not necessary to complete the PDR Phase Gate Checklist or hold a PDR Phase Gate meeting.

Auditor, DMD

1. Throughout the database construction phase, update the checklist in the PDR Phase Gate Checklist and Work Products/Passing Criteria document as tasks on the checklist are completed and documents are imaged or archived.
2. Review the Phase Gate documentation from previous meetings to ensure all milestones have been completed.
3. Share the PDR Phase Gate Checklist and Work Products/Passing Criteria document with the Supervisory Auditor as needed by saving the checklist in the Phase Gate folder in the case file.
4. Once the PDR Phase Gate Checklist and Work Products/Passing Criteria document is complete and has been approved by the **Supervisory Auditor, DMD**, save the completed checklist to the case file and notify the Supervisory Auditor. In addition, inform the Supervisory Auditor where completed work products are stored (e.g., the case file or Spectrum). For a complete list of work products, refer to the PDR Phase Gate Checklist and Work Products/Passing Criteria document.
5. The **Supervisory Auditor, DMD** reviews the completed PDR Phase Gate Checklist and Work Products/Passing Criteria document to make sure activities are correctly marked as "Complete" or non-applicable ("N/A"). In addition, verify that documents were imaged or archived properly. If corrections to the checklist are required, or additional activities need to be finished, send the checklist back to the DMD Auditor with instructions.
6. Prior to scheduling the Phase Gate meeting, request discussion topics from the case team to include in an agenda for the meeting. Possible agenda items include, but are not limited to:
 - o PDR work products and passing criteria
 - o Special circumstances of the case
 - o Issues or challenges that arose during the PDR phase
7. Schedule a Phase Gate meeting between the DMD Auditor, ACPB Actuary, and ACPB Actuary's Supervisor. Schedule the meeting at least one week in advance to grant the Actuary enough time to assess the work products against the criteria and develop questions for the DMD Auditor in preparation for the Phase Gate meeting. When sending the meeting invitation, include the following information (or the location where the information can be found). Note: Each work product (i.e., document) produced during a phase of case processing is measured against criteria to assess whether it is complete and accurate enough to be used by another branch or division in the next phase.
 - o Meeting agenda
 - o Completed PDR Phase Gate Checklist and Work Products/Passing Criteria document
 - o Location where completed work products are stored (e.g., the case file or Spectrum)
 - o Any other relevant attachments/information
8. Facilitate the PDR Phase Gate meeting and follow the meeting agenda. During the meeting, the ACPB Actuary works with the DMD Auditor to determine if the work products meet the passing criteria in the PDR Phase Gate Checklist and Work Products/Passing Criteria document. Note: During the Phase Gate meeting, if both parties are unable to reach a resolution due to a significant disagreement or a technical issue, the Supervisory Auditor may decide to escalate the decision to the respective Division Managers.
9. In the meeting minutes, document the outcome of the Phase Gate meeting. If both parties agree that the work products meet the passing criteria, indicate that the Phase Gate is complete by signing the PDR Phase Gate Checklist and Work Products/Passing Criteria document and obtain signatures from the Supervisory Actuary as well. Conversely, if activities need to be redone or new ones performed to meet passing criteria, establish a timeline for performing them, identify the responsible team member, schedule a follow-up meeting, and document this in the meeting minutes. Scan and image the meeting minutes and signed PDR Phase Gate Checklist.
10. If action items were identified as a result of the Phase Gate meeting, follow-up to ensure that action items are complete by established date.

Phase Gate Procedures: PDR Phase Gate

Throughout OBA case processing, work products are produced and shared or handed off between divisions. Each division must demonstrate that it has completed the activities necessary for producing the work products and has electronically stored documents according to OBA procedures.

- Once a phase commences, the producing division updates and shares the phase gate checklist with the appropriate Branch Manager monthly to provide an update on the status of activities completed.
- Upon completing all activities on the checklist, the division provides a final version of the checklist to the Supervisory Auditor, DMD, who determines if a phase gate meeting can be scheduled
- The Supervisory Auditor reviews the checklist to make sure activities are correctly checked off as "N/A" or "Complete" and verifies the imaging/archiving of documents. The Supervisory Auditor then scans and images the completed

checklist prior to scheduling a phase gate meeting.

- The Supervisory Auditor schedules a meeting between the division that produced the work products and the division using the work products in the next phase. The meeting should be scheduled at least one week in advance to permit enough time for the receiving division to review the work products and prepare questions for the producing division.
- Each work product is assessed against its own specific passing criteria, which state the conditions that need to be met for it to be used in the next phase of the case processing cycle.

Note: The Phase Gate is not intended to replace internal quality reviews conducted by the producing division.

Checklist of Activities for the Participant Data Review (PDR) Phase Gate

The Supervisory Auditor, DMD is responsible for ensuring this checklist is completed and verifying that documents are imaged/archived according to OBA procedures.

1. Check the box in the N/A column if DMD did not have to perform the activity and skip the other two columns.
2. Check the box in the Complete column if DMD completed the activity.
3. Check the box in the Documented column if performing the activity resulted in work products that DMD stored electronically according to OBA procedures; include the Document ID where applicable.

OBA Manuals Software Version 2.019

Operations Manual

Case Processing

Process 17 Actuarial Valuation

[Jump to Section](#)

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17. Overview for Actuarial Valuation

05/24/2024

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 conversion 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 BCV to calculate benefits and PVs and produce listings. Actuaries use audited participant and beneficiary data from the participant database to perform the valuation. BCV includes the following tools:

- ValTool: The ValTool application is an interface through which the actuary can import data from a BCV data environment into a spreadsheet, calculate and value plan participant, beneficiary, and alternate payee benefits, and then export the newly calculated fields back to the BCV data environment. The spreadsheet programmed to calculate benefits and liabilities is called the V1 file or spreadsheet..

- BSRS: Incorporates the Design tool and Web Recalculation:

§ Design is used by the actuary to design the layout of statements and set up the data entry screens for population by the EBLs/field office

§ Web Recalculation 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 customer and valuation data for inclusion in the Actuarial Case Report. Actuaries can generate, save, and print reports that include all participants and beneficiaries.

Streamlined Processing for Low-Risk Cases

A plan or family of plans is considered low-risk if it meets the following criteria:

- Fewer than 500 participants
- \$0 in unfunded nonguaranteed benefits (UNGB)
- \$0 in excess assets, or excess assets go to the employer

Plans that meet these criteria may be processed without completing the following tasks required for other plans: valuing participant liabilities, calculating weighted average fields, and loading the results into IPVFB.

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.

17.1 Program Valuation

02/14/2022

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	<i>Actuarial Technical Manual</i> BCV Manual 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
Procedure Owner	Actuary

The actuary completes each listed procedure using the ValTool component of the BCV application to create the resulting V1 file.

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17.1A Determine Plan Benefits

02/14/2022

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

- AVRIs, 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.

This step is not required for Low Risk Valuations.

17.1B Determine Guaranteed Benefits

02/14/2022

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

02/14/2022

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.

These steps are not required for Low Risk Valuations.

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

02/14/2022

Actuary

1. Determine the sum of (a) and (b) to obtain the Title IV benefits:

Guaranteed benefit, amount from 17.1B Determine Guaranteed Benefits.

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.

This step is not required for Low Risk Valuations.

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

02/14/2022

Actuary

1. Determine each participant's Termination benefit as the sum of (a) and (b), where:

Participant's Title IV benefit, as determined in 17.1D Determine Title IV Benefits.

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.

This step is not required for Low Risk Valuations.

3. Determine the lump sum value as of DOPT for the following:

Participant/Beneficiary Termination benefit.

Termination QPSA benefit as of DOPT (for participants not yet in pay at DOPT).

17.1G Calculate Benefits for Benefit Statements

02/14/2022

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 ► Non-de minimis.
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

02/14/2022

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	BCV Manual <i>Actuarial Technical Manual</i> , Section I.B, Benefit Statement Guidance

	Software Closeout 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 ▶ de minimis).
- 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 design the data entry screens for Web recalculation and create the layouts for the benefit statements, retirement statements and retirement benefit estimates (optional forms) using the BSRS Design tool in BCV. However, within the valuation process, the actuary can perform the 17.3 Create Listings in DRS procedure before or simultaneously with this procedure.

1. Customize the data entry screen and create the layouts for benefit statements, retirement statements and the retirement benefit estimate (optional forms) by:
 - Using the default layouts in BCV Design.
 - Copying existing layouts into the workspace.
2. Follow the programming instructions for Design per BCV Manual.
3. Use Web Recalculation to test all possible types of benefit calculations by generating 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)
4. Use the Software Closeout Review Checklist to help outline the testing process.

17.3 Create Listings in DRS

08/06/2025

Purpose	To review, format, and produce the listings for inclusion in the Actuarial Case Report.
Guidance	BCV Manual
Procedure Owner	Actuary

This procedure creates the listings placed in the Actuarial Case Report using BCV. However, within the valuation process, the actuary can perform the 17.2 Program BSRS Using Design procedure before or simultaneously with this procedure.

1. Use BCV to format the participant data and calculation results to produce listings for inclusion into the Actuarial Case Report.
2. Save the listings as *.xls 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

02/14/2022

Purpose	To complete the case memo documenting the valuation results, policy and legal issues, decisions, and conclusions for the Actuarial Case Report.
Guidance	<i>Actuarial Technical Manual</i>
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.

Note Low Risk Valuations do not require participant liability amounts to be listed in the Case Memo.

17.5 Assemble Actuarial Case Report

02/14/2022

Purpose	To compile hard copies of all reports to create the Actuarial Case Report and provide to the Actuarial Technical Reviewer for review.
Guidance	<i>Actuarial Technical Manual</i> , 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 copy of the completed Actuarial Case Report to the Actuarial Technical Reviewer.

17.6 Perform Preliminary Software Review

02/14/2022

Purpose	To perform a preliminary software review to ensure that all case software and files, including BSRS, manual statements, ValTool programming, Microsoft Word documents, data, and any other documentation or electronic files are properly tested and error free.
Guidance	BCV ManualTRMD Service Catalog Software Closeout Review Checklist

Procedure Owner	Actuary						
<p>1. Perform a preliminary software review per the Software Closeout Review Checklist and Contents document:</p> <ul style="list-style-type: none"> · Name the files in accordance with the naming conventions identified in the Software Closeout Review Checklist. · Verify the testing of all the software programs (BSRS) using the Software Closeout Review Checklist guidelines to verify that everything runs appropriately and output is correct. · Use ADT to produce the Edit Summary Report and the Edit Detail Report and use to determine whether the valuation databases have missing or incorrect data. · Make corrections as necessary. · Provide an explanation for all remaining warnings, errors, and critical errors listed in the ADT reports in the Software Closeout Review Checklist. 							
<p>17.7 Review Actuarial Case Report and Software by Actuarial Technical Reviewer</p> <p>02/14/2022</p>							
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Purpose</td><td>To review and provide corrections to the Actuarial Case Report submitted by the actuary.</td></tr> <tr> <td>Guidance</td><td> BCV Manual <i>Actuarial Technical Manual</i> <i>PBGC Operating Policy Manual</i> </td></tr> <tr> <td>Procedure Owner</td><td>Actuarial Technical Reviewer (or designated GS13 Reviewer)</td></tr> </table>		Purpose	To review and provide corrections to the Actuarial Case Report submitted by the actuary.	Guidance	BCV Manual <i>Actuarial Technical Manual</i> <i>PBGC Operating Policy Manual</i>	Procedure Owner	Actuarial Technical Reviewer (or designated GS13 Reviewer)
Purpose	To review and provide corrections to the Actuarial Case Report submitted by the actuary.						
Guidance	BCV Manual <i>Actuarial Technical Manual</i> <i>PBGC Operating Policy Manual</i>						
Procedure Owner	Actuarial Technical Reviewer (or designated GS13 Reviewer)						
<p>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.</p>							
<p>Actuarial Technical Reviewer</p> <ol style="list-style-type: none"> 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: <ul style="list-style-type: none"> · Review the corrected report after the actuary resubmits. · When no further corrections are needed: <p>§ Sign and date the Actuarial Case Report Checklist and include with the Actuarial Case Report.</p> <p>§ Sign the Actuarial Case Memo.</p>							
<p>Actuary</p>							

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

02/14/2022

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.

For Low Risk Valuations, input lump-sum amounts into CMS.

5. Submit the Actuarial Case Report to ASD management for signature and finalization of the CMS milestone.
6. Submit the signed and dated 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.

17.9 Perform Final Software Review

02/14/2022

Purpose	To ensure that all case software and files, including BSRS, manual statements, ValTool, Microsoft Word documents, data, and any other documentation or electronic files are properly tested, error free, and ready for archiving.
Guidance	<i>BCV Manual</i>

	TRMD Service Catalog Software Closeout Review Checklist
Procedure Owner	Actuary

1. Prior to completing the software closeout process, perform the IPVFB Supplemental Extract and review the IPVFB reports:
 - a. Request TRMD Services to copy a specified data environment to the IPVFB dataset
 1. Run the IPVFB 1500 and 6100 reports to identify any issues that may exist which need to be fixed
 2. Fix identified issues using BCV applications, Recall the IPVFB Supplemental Extract from the IPVFB system and re-perform the IPVFB Supplemental Extract and review process.
 3. Correction of record count issues on the IPV6100 may require coordination with the field office. Common issues involve the research and correction of mismatched CCIDs as well as identifying customers paid lump sums post-DOPT but prior to DOTR. Record counts that cannot be resolved may be noted (with identifiers) in the appropriate section of the Software Closeout Review Checklist.
 4. If there are no issues, confirm that the data in the staging area for the IPVFB Supplemental Table is ready for review by the IPVFB actuary.
 2. Perform a final software review per the Software Closeout Review Checklist and Contents document, if necessary.
 3. Place the completed Software Closeout Review Checklist and all required files (per Software Closeout Review Checklist) on the TRMD Services Program site for processing.
 4. 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.
5. Remove any associated software and files from all locations outside of the TRMD Services Program site).

17.10 Perform Software Closeout (TRMD)

02/14/2022

Purpose	To submit the final valuation, complete the Valuation (ADT) Load, load the benefit statements into CCS, place Web Recalculation into production, and finalize the Request ADT Load Activity Milestone in CMS.
Guidance	TRMD Software Closeout Internal Control Worksheet Software Closeout 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. The BCV Manual contains a listing of data elements and which are included in the Valuation Load.

3. Load the benefit statements to CCS.
4. Take steps to make the Web Recalculation available in production, copy designated data environment to the Valuation dataset and move software closeout files to Archive.
5. Notify the actuary, CSD, and field office by e-mail that the valuation load has been completed, statements are loaded in CCS, discrepancies have been reported, and the Web Recalculation is available.
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

02/14/2022

Purpose	To brief the case processing team on the results of the actuarial valuation.
Guidance	N/A
Procedure Owner	Actuary

1. Offer to schedule a meeting with the Case Team, including the field office 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.
2. Schedule the meeting if requested by the Case Team and:
 - 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.
3. Discuss any unusual requirements or options programmed into BSRS.
4. Inform the EBLs/field office 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

02/14/2022

Purpose	To provide corrected and revised benefit statements, new benefit statements for potentially omitted participants and post-valuation QDROs, updated valuation data, revised BSRS and instructions to the EBLS/field office before the plan is transferred to post-valuation administration.
Guidance	<i>BCV Manual</i> <i>Actuarial Technical Manual</i> <i>PBGC Operating Policy Manual</i>
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/field office.

2. If any IPVFB supplemental data is changed, then perform the IPVFB Supplemental Extract and review IPVFB reports as outlined in 17.9 Perform Final Software Review.

3. Provide the revised or corrected benefit statement, revised amounts and dates (as needed) and instructions to the EBLS/field office 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 Actuarial Valuation Phase Gate Meeting

02/14/2022

Purpose	To evaluate whether the actuarial valuation and software closeout are complete and benefit determination letter (BDL) issuance can begin.
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Guidance	<i>Actuarial Valuation Phase Gate Checklist and Work Products/Passing Criteria</i>
Procedure Owner	<p>Actuary, ACPB</p> <p>Supervisory Actuary, ACPB</p> <p>EBLS, CSB</p> <p>Field Office</p> <p>CSD Supervisor</p>

Actuary, ACPB

1. Complete the checklist in the *Actuarial Valuation Phase Gate Checklist and Work Products/Passing Criteria* document once the software closeout is final,
2. Notify the Supervisory Actuary of the location of the checklist and request approval.
3. Save the approved checklist to the case file and notify the Supervisory Actuary. Also inform the Supervisory Actuary where completed work products are stored (e.g., the case file or IPS). For a complete list of work products, refer to *Actuarial Valuation Phase Gate Checklist and Work Products/Passing Criteria* document.

Supervisory Actuary, ACPB

4. Review the completed checklist in the *Actuarial Valuation Phase Gate Checklist and Work Products/Passing Criteria* document completed by the Actuary to make sure activities are correctly marked as "Complete" or non-applicable ("N/A"). In addition, verify that documents were imaged or archived properly. If corrections to the checklist are required, or additional activities need to be finished, send the checklist back to the Actuary with instructions.
5. Contact the CSD Supervisor to offer a Phase Gate meeting and proceed accordingly.
 - Meeting is requested: Complete the remaining steps in this procedure.
 - Meeting is not requested:
 1. If both parties agree that the work products meet the passing criteria, indicate that the Phase Gate is complete by signing the *Actuarial Valuation Phase Gate Checklist and Work Products/Passing Criteria* document and obtain a signature from the CSD Supervisor.
 2. Scan and image the meeting minutes and the signed the *Actuarial Valuation Phase Gate Checklist and Work Products/Passing Criteria* document.
6. Prior to scheduling the Phase Gate meeting, request discussion topics from the case team to include in an agenda for the meeting. Possible agenda items include, but are not limited to:
 - Actuarial valuation work products and passing criteria
 - Special circumstances of the case
 - Issues or challenges that arose during the actuarial valuation phase
7. Schedule a Phase Gate meeting between the Actuary, EBLS/Field Office, and CSD Supervisor. Schedule the meeting at least one week in advance to grant the EBLS/Field Office enough time to assess the work products against the passing criteria and develop questions for the Actuary in preparation for the Phase Gate meeting. When sending the meeting invitation, include the following information (or the location where the information can be found):

- Meeting agenda
- Completed *Actuarial Valuation Phase Gate Checklist and Work Products/Passing Criteria* document
- Location where completed work products are stored (e.g., the case file or IPS)
- Any other relevant attachments/information

Note: Each work product (i.e., document) produced during a phase of case processing is measured against criteria to assess whether it is complete and accurate enough to be used by another branch or division in the next phase.

8. Facilitate the Actuarial Valuation Phase Gate meeting and follow the meeting agenda developed in step 5. During the meeting, the Actuary works with the EBLs/Field Office to determine if the work products meet the passing criteria in the *Actuarial Valuation Phase Gate Checklist and Work Products/Passing Criteria* document.

Note: During the Phase Gate meeting, if both parties are unable to reach a resolution due to a significant disagreement or a technical issue, the Supervisory Actuary may decide to escalate the decision to the respective Division Managers.

9. In the meeting minutes, document the outcome of the Phase Gate meeting. If both parties agree that the work products meet the passing criteria, indicate that the Phase Gate is complete by signing the *Actuarial Valuation Phase Gate Checklist and Work Products/Passing Criteria* document and obtain a signature from the CSD Supervisor as well. Conversely, if activities need to be redone or new ones performed to meet passing criteria, establish a timeline for performing them, identify the responsible team member, schedule a follow-up meeting, and document this in the meeting minutes. Scan and image the meeting minutes and the signed *Actuarial Valuation Phase Gate Checklist*.

10. If action items were identified as a result of the Phase Gate meeting, follow-up to ensure that action items are complete by established date.

17.14 Resources for Actuarial Valuation

02/14/2022

Forms, Letters, and Memos:

- *Actuarial Case Report Checklist*
- *Case Information Checklist*
- *Record of Interview*
- *Software Closeout Review Checklist*
- *TRMD Software Closeout Checklist*
- *TRMD Software Closeout Internal Control Worksheet*

Customer Correspondence and Forms:

None

Guidance:

- *BCV Manual*
- *Actuarial Technical Manual*
- *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*

- *TRMD Service Catalog*

Exhibits:

None

Last Review:

Review Frequency: Annual

Status: Active-Current

OBA Manuals Software Version 2.019

Operations Manual

Case Processing

Process 19 Benefit Determination Letters

[Jump to Section](#)

19.2 Review Actuarial Case Report and Create BD Workplan

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

19.8 Issue Recovery Benefit Determination Letter before Final Valuation

19.9 Issue Benefit Determination Letters (BDL) and Make Benefit Adjustments

19.10 Reissue a BDL in a Foreign Language

19.11 Resources for Benefit Determination Letters

19.2 Review Actuarial Case Report and Create BD Workplan

Purpose	To develop a plan for the issuance of the benefit determination letters and subsequent benefit adjustments (if needed).
Guidance	<p>Benefit Determination Letter Templates</p> <p>CMS Job Aids and User Guide</p> <p>eALG Correspondence Help</p> <p>Policy 5.4-9 Lump-Sum Benefit Payments</p> <p>Policy 5.8-1 Benefit Corrections</p> <p>TP 13 Domestic Relations Orders and Stand Agency Orders</p> <p>TP 30 Monitor Continuous Eligibility for Disability Benefits</p> <p>TP 31 Congressional and Other Sensitive Correspondence</p> <p>TP 36 Employee Contributions</p> <p>TP 51 Earnings Offsets</p> <p>TP 52 Cash Balance and Other Statutory Hybrid Plans</p>

Procedure Owner

CSD Federal

CSD Supervisor

Generally, this process is initiated when CSD receives the final Actuarial Case Report (ACR) from ASD. A BD workplan is required for all plans (and family of plans) having 100 or more participants.

For certain plans, the Case Team may decide if the draft of ACR will be provided prior to the issuance of the final ACR. In cases in which a draft is provided, the case team will develop a BD workplan based on the draft ACR and update it when the final ACR is provided.

CSD Federal and Contractor

1. Upon notification that the *Actuarial Case Report* (ACR) has been finalized, review the *Actuarial Case Memo*.
2. Advise the CSD Supervisor whether a BD Issuance Strategy meeting is needed. A Strategy meeting may be needed based on the facts and circumstances of the plan. Additional OBA resources may be needed to support the BD Issuance. (See Strategy meeting document). If a meeting is needed, schedule it. If a meeting is not needed, skip to 3.
3. Meet with the plan actuary to resolve any questions before proceeding.
4. 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:
 - *Determine Net Underpayment/Overpayment for Annuities*
 - *Determine Net Underpayment/Overpayment for Lump Sums*
5. Categorize participants into groups according to the types of BDLs they will receive, considering information provided in the following sources:
 - ACR, *Letter Information Report* (from eReports), and other sources such as the *Participant Data Review Report*, as needed. Note any special circumstances for individuals (e.g., qualified domestic relations order (QDRO) or the death of a participant) that may affect which BDLs to send. Refer to TP 13 Domestic Relations Orders and Stand Agency Orders for additional information.
 - Overpayment and underpayment data.
 - Benefit changes as permitted under *Policy 5.8-1 Benefit Corrections*.
 - eALG Correspondence Help, which lists available BDLs. See the *Benefit Determination Letter Templates* for a list of 400-series letter templates. Determine if any BD templates will require customization. If so, submit customized template to the CSD Supervisor for approval. This activity milestone should be reflected in the BD workplan.
 - 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** 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.
 - If a participant retired before DOPT with a non-level benefit (e.g., 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.

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.

- Refer to TP 51 Earnings Offsets to administer earnings offsets prior to issuing BDLs.

6. 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 (e.g., 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 (e.g., 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 (e.g., 531DP Acknowledgement of Disability Condition Change [CE Track 3A]).
- 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 (e.g., 401DP BDL, Disability Retiree [Post-DOPT] - No Change in Benefit [CE Track 3]).

If a participant contacts PBGC to report a condition changing as a result of the BDL, respond according to TP 30 Monitor Continuous Eligibility for Disability Benefits.

7. Based on the work above, develop a draft BD workplan to indicate the BD groupings, the date in which the BDs will be issued by grouping and the subsequent dates for benefit adjustments. The EBLs/Field Office may need to consult with the Actuary for dates to include in the BD Workplan for benefit statements that may not be included in the BSRS (e.g., QDRO BDS). See BD Workplan template. Submit the draft to the CSD Supervisor for review and approval. For Field Office plans, the field office will submit a draft to the COR and the assigned EBLs for review and concurrence prior to submission the CSD Supervisor.

8. Update the draft BD workplan based on any comments received from the supervisor.

9. Image the BD workplan and Strategy meeting documents to IPS.

19.3 Determine Net Overpayment/Underpayment for Annuities

Purpose	To calculate the total overpayment or underpayment for participants who have received estimated annuity payments.
Guidance	<p>TRMD Service Catalog</p> <p>Payment Adjustment Calculation System (PACS) Help</p> <p>Policy 5.8-1 Benefit Corrections</p> <p>Policy 6.3-1 Underpayment Reimbursement and Interest Payments</p> <p>Policy 6.4-1 Repayment of Benefit Overpayments through Administrative Correction, Recoupment, and Recovery</p> <p>Policy 6.4-3 Computation and Netting of Post-DOPT Overpayments and Underpayments</p> <p>TP 2 Administrative Correction of Benefit Overpayments</p>

	TP 6 Recover Overpayments TP 7 Recoupment
Procedure Owner	CSD Federal

This procedure is required to determine if participants who received estimated annuity payments were overpaid or underpaid. Return to the Review Actuarial Case Report and Issue BDLs process after completing this procedure.

CSD Federal and Contractor

1. Review the participant's lump sum and annuity pay history in Spectrum, PLUS, PBGC IPS, 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. Include pre-termination liabilities or previous back payments in PACS as well. 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 trustee 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 trustee on or after 10/01/2014). However, if there is a prior correct monthly payment amount (e.g., due to a non-level benefit), refer to or contact Ask PPD for guidance.
- **PACS Help:** Refer to the Payment Adjustment Calculation System 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 the *Review Actuarial Case Report and Issue BDLs* procedure.

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.

Implementing the Underpayment

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 is ► non-de minimis, **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 (e.g., 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*).

Implementing the Overpayment

6. If the PACS calculation indicates a **net overpayment**, determine whether the participant is subject to recoupment or recovery:

- If the plan was trustee 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).

Recouping Funds

7. If the net overpayment is not written off and future monthly benefits are forthcoming, update Spectrum with the recoupment information:

- Once the 45-day appeal period expires (or the appeal is closed, if applicable), forward the recoupment for authorization. Follow instructions in the Appeals Board's decision if the participant appeals the BDL.
- Enter the amount to be recouped from subsequent annuity payments, and the beginning and end dates for the recoupment reduction. The begin date is the first payment date after the appeals period has expired.

Recovering Funds

- 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).
- Refer to TP 2 Administrative Correction of Benefit Overpayments for additional guidance on correcting an overpayment.

8. Image the PACS calculation to the participant's IPS file, whether prepared individually or using the Batch PACS process.

9. Issue the BDL according to the *Review Actuarial Case Report and Issue BDLS* procedure.

19.4 Determine Net Overpayment/Underpayment for Lump Sums

Purpose	To calculate the total net overpayment or net underpayment for participants who have received estimated lump sum payments.
Guidance	TRMD Service Catalog Payment Adjustment Calculation System (PACS) Help Policy 5.4-9 Lump Sum Benefit Payments 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 TP 2 Administrative Correction of Benefit Overpayments TP 6 Recover Overpayments
Procedure Owner	CSD Federal

This procedure is required to determine if participants who received estimated lump sum payments were overpaid or underpaid. Return to the *Review Actuarial Case Report and Issue BDLs* process after completing this procedure.

CSD Federal and Contractor

1. Review the participant's pay history in Spectrum, PBGC IPS, 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 ► de minimis, the participant is due the amount with interest (or optional annuity). Select the appropriate lump-sum BDL.
 - If the residual benefit is ► non-de minimis, 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 ► non-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).
 - Refer to TP 2 Administrative Correction of Benefit Overpayments for additional guidance on correcting an overpayment.
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 the *Review Actuarial Case Report and Issue BDLs* procedure.

19.5 Issue Revised Benefit Determination Letter

06/28/2018

Purpose	To select and issue the appropriate BDL to change a previously determined benefit.
Guidance	Policy 5.8-1 Benefit Corrections
Procedure Owner	CSD Federal

1. Determine that a change is needed to a previously issued Benefit Determination Letter (BDL). A change may be needed because, for example:
 - o 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.
 - o 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.)
 - o 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 a 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 a generic letter). Contact the Appeals Division with any questions on how to respond to appeals closings. See also Process 20 Appeals Correspondence.

1. Issue the appropriate BDL. 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.
2. Verify that all documentation that supports revising the BDL and/or benefit statement is documented:
 - o 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).
 - o Document all telephone contacts with the participant in CRM.
3. 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.

19.6 Issue Limited-Scope BDLs

Purpose	To issue a determination concerning limited aspects of benefit entitlement to an individual or a group of participants.
Guidance	CCS Correspondence Help Page

	Policy 5.8-2 Limited-Scope Benefit Determinations Policy 5.8-1 Benefit Corrections
Procedure Owner	CSD Federal

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* (CCS 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* (CCS 406) (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.

19.8 Issue Recovery Benefit Determination Letter before Final Valuation

OBA may issue a recovery benefit determination letter (BDL) before the plan's valuation is complete if a person who received payments is found to have been ineligible. For example, a person who is receiving monthly payments, or who received a lump-sum distribution, is determined a non-plan member and the valuation will not change this determination.

Field Office

Take the following steps if directed by CSD federal staff to issue a recovery BDL before the valuation.

1. Request an estimated benefit statement from ASD through SharePoint if it has not already been provided.
2. Image the benefit statement to the payee's IPS file. Ensure any documentation supporting the overpayment determination, including related emails, are also imaged.
3. Issue the recovery BDL (CCS 403 series) and benefit statement via CCS.
4. Wait until the 45-day appeal period expires (or the appeal decision is issued) before taking recovery action on the overpayment or ending current payments, if applicable.
5. Refer the case to the Recovery Team after the appeal period expires or the appeal decision is issued, as appropriate.

19.9 Issue Benefit Determination Letters (BDL) and Make Benefit Adjustments

Purpose	To issue benefit determination letters.
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Guidance	Plan File Indexing Specification Guide TP 6 Recover Overpayments TP 7 Recouplement TP 20 Benefit Payments TP 62 USERRA Benefits TP 64 BDLs Issued Before the Valuation
Procedure Owner	CSD Federal TRMD CSD Supervisor

The ADT or ValPatch load must be completed before BD issuance can begin.

TRMD

1. Notify the CSD Federal and/or Contractor via email when the ADT load (BSRS) for the assigned plan has been completed so that BD issuance can begin.

CSD Federal and Contractor

2. Test the BSRS provided to ensure that statements can be generated. Any issues with using the BSRS should be directed to the Employee Benefit Supervisor, TRMD and the case actuary.

Issue BDLs

3. Issue BDLs using eALG, in accordance with the established BD Workplan (if applicable) and note the following:
 - Certain BDLs always require customization (e.g., 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 both 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.

CSD Supervisor/Field Office Supervisor

4. Review and authorize the letters in e-ALG. If there are any discrepancies reject the letter in e-ALG and state the reason for the rejection. The letter will be sent back to the submitter of the letter.

CSD Federal or Contractor

5. Make any corrections to BDs that have been rejected.
6. For plans in which BD issuance takes more than one month to complete, provide a status of the BDs issued, BDs remaining to be issued and any problems encountered at the end of each month or when requested. The status report should be provided to the CSD Supervisor and assigned EBLs/COR for cases assigned to the field offices.
7. Update the BD Workplan to reflect actual completion dates and any deviations from the established target dates. Provide a copy of the updated BD Workplan to the supervisor. Run the unissued BDL Report and reconcile to the actuarial

case report participant count and to the Participant Data Review listing for the Non-members as evidence that all locatable BD have been issued. Discrepancies should be documented in the *BD Reconciliation Report*.

8. Provide BD Reconciliation Report to the CSD Supervisor for review and approval. The supervisor will provide comments on any issues that require resolution.

CSD Supervisor

9. Image the BD Reconciliation Report and update P6.

Following BDL Issuance

Underpayments

10. Process annuity benefit increases and back payments for underpayments as soon as practicable after the BDLs have been issued – do not wait for the appeals period to expire (see *Policy 5.8-1 Benefit Corrections*). If a Large Reimbursement is due, process the participant's payment election upon receipt of the application. If a residual lump sum benefit is due:

- For ▶ de minimis amounts (excluding interest), pay according to the participant's election (see *Policy 5.4-9 Lump-Sum Benefit Payments*).
- If the residual lump sum amount is ▶ non-de minimis, initiate annuity payments when the participant is eligible and applies for benefits (see TP 20 Benefit Payments).

Appeals

11. If a participant appeals his or her BDL, follow procedures in the *Appeals Correspondence* section.

Overpayments

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 trustee before 10/01/2014. For a plan trustee 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 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 and advise the CSD Supervisor.

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 TP 64.2 Issue Revised Benefit Determination Letter. (Whenever a participant files an appeal, follow procedures in the *Appeals Correspondence* section.)

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 IPS, 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.

19.10 Reissue a BDL in a Foreign Language

A customer may request a translation of their Benefit Determination Letter (BDL) into their preferred language. In these situations, CSD will send the translated BDL with a CCS 540 cover letter, informing the customer they have 45 days from the cover letter date to appeal (similar to the process for remailing a BDL to a customer who did not receive the original).

Take the following actions if a customer requests a translation of the BDL into another language:

1. Follow TP 44.3 Request Translation for Outgoing Correspondence Request to request the translation of the BDL and any attachments. Note that the translation will have the same letter date as the original BDL.
2. Prepare a CCS 540 cover letter with information appropriate for this scenario. This letter is available in Spanish in CCS. If it needs to be translated to another language, consider requesting the translation of the cover letter and the BDL at the same time.
3. Issue the BDL, the cover letter and all attachments via CCS. The customer has 45 days from the mailing date of the CCS 540 to appeal the BDL.
4. Update QuEST to indicate the customer's preferred language, as needed.

Reminders for Sending Foreign Language Correspondence

- When sending a letter in a foreign language, all attachments must also be translated.
- When issuing a BDL in Spanish, do not select the Appeals Brochure as an enclosure in CCS. This would add the English version of the brochure since there is no Spanish version. Instead of referencing a brochure, the Spanish appeals paragraph instructs the customer to view the PBGC website for more information.
- See TP 44 Foreign Language Services for additional information on mailing foreign language correspondence.

19.11 Resources for Benefit Determination Letters

06/28/2018

Forms, Letters, and Memos:

- *BDL Review Checklist*
- *Letter Authorization Checklist*

Customer Correspondence and Forms:

- CCS 400
- CCS 401
- CCS 402
- CCS 403
- CCS 406
- CCS 411
- *Form 701 Payee Information Form (PIF)*
- *Form 720 Application for Lump-Sum Payment*

Guidance:

- CCS Correspondence Help Page
- *CMS Job Aids and User Guide*
- Payment Adjustment Calculation System (PACS) Help
- *Plan File Indexing Specification Guide*
- 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
- TRMD Service Catalog

Exhibits:

None

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Appeals Correspondence

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- 20.0 Overview for Appeals Correspondence
- 20.1 Respond to Acknowledgment of Appeal or Extension Request
- 20.2 Respond to Appeal Closing Memo
- 20.3 Respond to Appeals Division Referral
- 20.4 A. Referred from Appeals (RFA) Correspondence
- 20.5 Act on Notice of Similarly Situated Participants

20.0 Overview for Appeals Correspondence

10/12/21

Appeals

Individuals may appeal any element of a Benefit Determination Letter (BDL) and statement 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.

PSD does not implement changes to estimated benefits that 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 (meaning no further action is taken). In general, once an appeal is filed, PSD 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 final correspondence and notifies PSD through CRM. PSD 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 or next available check cycle. Any questions on appeal decisions are referred to the appropriate CSB Supervisor 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. PSD receives the most referrals, but some are sent to OGC, COLA, the Problem Resolution Office (PRO), or within the Appeals Division. The Appeals Division refers to PSD items such as complaints, requests for explanations, or challenges of facts used in benefit calculations (e.g., an incorrect Date of Birth). Such correspondence, known as Referred From Appeals (RFA) correspondence, is imaged by

the Appeals Division, and PSD 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. PSD 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 the CSB Supervisor's approval, PSD 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

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, CSB Field Office

The Appeals Division intake staff images all appeals correspondence to IPS. If an original appeal letter is received in OBA, immediately walk the original, including the envelope, to the Appeals Division for imaging. If received at a Field Office, forward the letter to the Appeals Division via interoffice correspondence. Also, if a letter in PBGC IPS 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.

Escalate any issues that arise while performing this procedure to the CSD Supervisor as needed.

EBLS/Field Office

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 Benefit Payment Division (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 back payments 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 the CSD Supervisor 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.

Take next action upon notification that the appeal is closed (see the *Respond to Appeal Closing Memo* procedure) or has been referred to OBA for response (see the *Respond to Appeals Division Referral* procedure).

20.2 Respond to Appeal Closing Memo

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 OBA to take specific action on a participant's benefit determination as a result of the appeal decision.

Output and Recipient	As needed: <ul style="list-style-type: none"> • Corrected BDL (eALG 410) • Adjustment to payee's benefit • Spectrum Updates
Important Concepts	<p>Occasionally, the Appeals Division will direct OBA 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 – e.g., 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.</p> <p>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.</p> <p>Timing: Implement the Appeals Division's decision within 30 days.</p>
Guidance	<p>29 CFR 4003</p> <p>Policy Bulletin 03-2 Effect of Appeals on De Minimis Recoupment and Recovery Amounts</p>
Procedure Owner	<p>EBLS, CSB</p> <p>Field Office</p>

Escalate any issues that arise while performing this procedure to the CSD Supervisor as needed.

EBLS/Field Office

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 Corrected BDL (eALG 410 Series) 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:
 1. Move final pay amounts to final pay sources.
 2. Initiate recovery or recoupment (see TP 6 Recover Overpayments or TP 7 Recoupment).
 3. Initiate back payments and other necessary adjustments.

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 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 or next available check cycle. Do not issue a Corrected 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 Corrected BDL be sent to the participant, take action based on the participant's pay status:
 - **Non-Payees:** Issue a Corrected BDL (eALG 410 Series) 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 Spectrum until after the appeal period has expired.
 - **Payees:** Issue a Corrected BDL (eALG 410 Series) 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 decreases 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 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 IPS.
6. Once 45 days have passed since the Corrected or new BDL was issued, view the participant's file in IPS 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 procedure *Respond to Acknowledgement of Appeal or Extension Request*).

Qualified Domestic Relations Order (QDRO)

EBLS/Field Office

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.)

7. 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.
8. If the Appeals Board's decision changes the benefit of the party who did not appeal:
 - Issue a Corrected BDL (eALG 410 Series). See TP 64.2 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.

20.3 Respond to Appeals Division Referral

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 OBA or another area for processing.
Output and Recipient	<p>As needed:</p> <ul style="list-style-type: none">• Stay of BDL• Response to the customer/representative allowing additional time to appeal• E-mail notification to the Appeals Division that the correspondence is closed• Corrected BDL (eALG 410)• Notice to participant's representative of response to participant
Control Issues	<p>The Appeals Division sends an acknowledgment letter to participants for any correspondence received in the Appeals Division and advises OBA of all appeals correspondence through CRM (coded AP). If the Appeals Division decides to refer the correspondence to OBA, it then appears as RFA (Referred From Appeals) correspondence in CRM.</p> <p>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 IPS.</p> <p>eALG letters 410, 532, 533, and 534 require the review and signature of the CSD Supervisor or Field Office Project Manager. eALG authorizers approve all letters.</p>
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

	<p>closed and what action to take. Notify the BPD 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.</p> <p>eALG 532- and 533-series letters grant an additional 45 days to appeal a BDL; eALG 410 (Corrected 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 IPS.</p> <p>Timing: Respond to RFA correspondence as early as possible, but target the response for no more than 45 days from date received by CSD per CRM report.</p>
Guidance	eALG Correspondence Help
Procedure Owner	EBLS, CSB Field Office

EBLS/Field Office

1. The CSD 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 OBA, 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 the *Respond to Acknowledgement of Appeal or Extension Request* procedure).

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 (e.g., request for explanation or challenge of fact), see step 7.

2. Research the issues and obtain input from the CSD Supervisor, as needed. Determine whether:

- The referred correspondence concerns an issue which may be addressed by CSD (continue to the next step); or
- The referred correspondence concerns issues that should be addressed by the Appeals Division (skip to step 6).

See the *RFA Correspondence Guidelines and Appeal Criteria* process for guidance on making this determination. Note that some referrals from the Appeals Division, which meet appeal criteria, can be addressed by CSD.

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 CSD Supervisor or Field Office 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 410: Corrected 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 e-mail to AppealsIntake@pbgc.gov (and cc to the CSD Supervisor) 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 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 PBGC 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 Spectrum.
- If a new appeal has been filed, stay the benefit determination and await instructions from the Appeals Division. See the *Respond to Acknowledgment of Appeal or Extension Request* procedure.
- If the correspondence concerned a Recovery BDL (eALG 403RNE, 403L or 403LRNE), notify the BPD 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 CSD Supervisor 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 CSD Supervisor, 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 (e.g., request for explanation, challenge of fact, etc.), the Appeals Division will refer the correspondence to OBA 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 Benefit Recovery Coordinator by e-mail to the Recovery mailbox.

EBLS, CSB

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.

8. 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 TP 64.2 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 Corrected 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).
9. 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 CSD Supervisor or Field Office Project Manager.

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.

20.4 A. Referred from Appeals (RFA) Correspondence

If the Appeals Division Intake Staff determines that the correspondence concerns an issue that can be addressed by OBA, they refer it to OBA 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 OBA, 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 OBA and not resolved
- QDROs
- Unspecified issues

20.5 Act on Notice of Similarly Situated Participants

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	<p>EBLS, CSB</p> <p>Field Office</p> <p>CSD Supervisor Actuary, ACPB</p>

The Appeals Division notifies OBA of plans where an appeal decision for one participant may impact several other participants in the plan. The Appeals Division will provide a memo to the Chief of Benefits Administration detailing the appeal decision and the listing of participants that are impacted. The memo will be provided to the Customer Support Division for further processing and coordination.

CSD Supervisor

1. Review the memo and notify the ASD Case processing Manager to convene a strategy meeting and to develop a workplan for reissuing the benefit determination letters.

Actuary, ACPB

2. Develop revised benefit statements for impacted participants. Provide revised statements to the EBLS or Field Office,

EBLS/Field Office

3. Take corrective actions, including issuing revised BDLs (eALG 411 series) to change the determinations of affected participants, as needed. See TP 64.2 Issue Revised Benefit Determination Letter.
4. Notify the CSD Supervisor when actions have been completed.

CSD Supervisor

5. Update the workplan and notify the Appeals Division that all actions have been taken.

Operations Manual

Case Processing

21 Post-Valuation Administration Phase Gate

03/06/2020

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21.0 Overview for Post-Valuation Administration Phase Gate

This internal PSD phase gate, which replaces the former Case Closure (plan closing) processes, identifies plans that are ready to move from estimated processing to post-valuation administration status. This status change removes the plan from OBA's active case inventory and alerts ASD's IPVFB team, enabling the plan to be properly reported in PBGC's financial statements. Work in the post-valuation administration stage is primarily focused on continued benefits administration, to include placing newly eligible participants into pay status, responding to customer inquiries and processing customer life events.

To complete the post-valuation administration phase gate, the field office resolves discrepancies (errors) identified on reports from the IPVFB Web application and documents any that cannot be resolved. When this is completed, the field office forwards the revised reports with a cover memo recommending the status change to the EBLs, who reviews the package. Upon approval, the EBLs forwards the package to the Employee Benefits Supervisor, who updates CMS Plan Administration Milestone in CMS, effectively moving the plan to post-valuation administration status.

This activity generally begins after benefit determination letters (BDL) have been issued and benefits have been moved to a guaranteed pay source in Spectrum. However, these activities may be delayed under the following circumstances:

- OBA issues BDLs prior to completing certain processing activities that usually precede BDL issuance, such as the plan asset evaluation and the actuarial valuation. This occurs when assets will not impact the guaranteed benefits owed to participants.
- A significant number of BDLs must be reissued due to a systemic issue with the actuarial valuation or the plan asset evaluation.
- Significant legal issues remain outstanding.
- A significant number of appeals have been filed that may cause BDLs to be reissued.

Field office staff consult with the Employee Benefits Supervisor before starting post-valuation administration phase gate activity. The Employee Benefits Supervisor schedules when the activity should begin and the expected completion date.

21.1 Resolve IPVFB Discrepancies

Purpose	To resolve all identified IPVFB discrepancies and document any that cannot be resolved.
Guidance	<i>IPVFB Completeness Discrepancy Reporting User Guide</i>
Procedure Owner	Field office

Field Office

1. Consult with the Employee Benefits Supervisor before starting this activity to ensure it should begin. Proceed upon approval.
2. Run the following IPVFB reports:

- *IPV4050 Discrepancy Summary*. This report provides a summary of the discrepancies (errors) for the case.
- *IPV4010 Discrepancy Detail*. This report provides a page listing discrepancies for each affected participant.
- *IPV 4020 Discrepancy by Type*. This is a spreadsheet used for recording the disposition of discrepancies.

Note Refer to the Help File in the IPVFB Web application for more details on the use of each report.

3. Review the *IPV 4050 Discrepancy Summary* to determine the extent of discrepancies to be resolved.
4. Review the *IPV 4010 Discrepancy Detail* for each participant to identify all discrepancies. Discrepancies could include missing, incomplete or inconsistent data.
5. Research the cause of each discrepancy using Spectrum and the participant's IPS file to determine corrective action.
6. Resolve discrepancies directly in Spectrum or by requesting a data fix, as needed (see TP 40 Customer Data Fixes). The goal is to resolve all discrepancies that can be resolved, both critical and non-critical.

Refer to the *IPVFB Completeness Discrepancy Reporting User Guide* for guidance on fixing discrepancies.

7. Document any discrepancies that cannot be resolved on the *IPV 4020 Discrepancy by Type* spreadsheet.

The *IPV4020 Discrepancy by Type* spreadsheet should have no identified discrepancies except those that could not be resolved due to known system (Spectrum) issues. All identified Spectrum issues should include a Spectrum tracker number.

8. Rerun the *IPV4050 Discrepancy Summary* to identify outstanding discrepancies and determine if further action is needed.

The report data refreshes after 2 business days.

9. Proceed to Process 21.2. Complete Post-Valuation Administration Phase Gate after all correctable discrepancies are resolved and uncorrectable discrepancies are documented.

21.2 Complete Post-Valuation Administration Phase Gate

Purpose	To complete the transition of a plan from estimated processing to post-valuation administration status.
Guidance	NA
Procedure Owner	Field office, EBLS, Employee Benefits Supervisor

Field Office

1. Prepare the *PVA Phase Gate Memo*.

2. Submit the following completed documents (collectively the "package") for field office supervisory review.

- *PVA Phase Gate Memo*
- *IPV4050 Discrepancy Summary*
- *IPV 4020 Discrepancy by Type*

3. Upload the package to the SharePoint workflow and forward for approval.

EBLS

4. Review the package in SharePoint to determine if the plan meets the criteria for transfer to post-valuation administration status and proceed accordingly.

- **All discrepancies are resolved or properly documented if they could not be resolved, and the package is complete:** Approve the package in SharePoint. This forwards the package to the Employee Benefits Supervisor.
- **Additional corrections are needed or the package is incomplete:** Return the package to the field office via SharePoint with the reason it is being returned.

Employee Benefits Supervisor

5. Update the Plan Administration Milestone in CMS.
6. Approve the package in SharePoint and indicate the transfer date.
7. Scan or import the approved package to the IPS plan file within 7 business days of approval.

21.3 Resources for Post-Valuation Administration Phase Gate

Forms, Letters, and Memos:

- *IPV 4020 Discrepancy by Type*
- *PVA Phase Gate Memo*

Customer Correspondence and Forms:

N/A

Guidance:

- *IPVFB Completeness Discrepancy Reporting User Guide*

Exhibits:

N/A