

Aggregate Limit on Benefits Payable from PBGC Funds

Issue Date 08/29/2024

A. Background

Benefits guaranteed by PBGC are limited by the Maximum Guaranteeable Benefit and the Aggregate Limit on Benefits Payable from PBGC Funds, the “Aggregate Limit.”

The Maximum Guaranteeable Benefit (ERISA § 4022(b)(3) and 29 CFR § 4022.22 and 4022.23) applies, generally, to a Payee (or Payees) entitled to benefits earned by one participant in **one** plan.

The Aggregate Limit (ERISA § 4022B and 29 CFR § 4022B.1) applies, generally, to a Payee (or Payees) entitled to benefits earned by one participant in **two or more** plans.

The third edition of this Internal Guidance Document has been revised to increase the de minimis threshold from \$5,000.00 to \$7,000.00 for plan terminations on or after January 1, 2024, reflecting the updated dollar limit for mandatory distributions under section 304 of the SECURE 2.0 Act of 2022, Division T of the Consolidated Appropriations Act, 2023. (For plan terminations on and before December 31, 2023, the de minimis threshold remains \$5,000.00.)

In this Internal Guidance Document, PBGC provides guidance for applying the Aggregate Limit.

B. Scope and Effective Date

This Internal Guidance Document provides guidance for calculating the Aggregate Limit for any Payee (or Payees) entitled to benefits earned by one participant in two or more trusted single-employer plans.

For benefit determinations that become effective on or after June 1, 2002, the effective date of the April 8, 2002, Benefit Payments Regulation, this Internal Guidance Document implements the rule that PBGC will not apply the Aggregate Limit to guaranteed benefits earned by two or more participants. For example, the Aggregate Limit will no longer be applied to the benefits of a Payee who is entitled to both a benefit in her own right as a plan participant and the survivor portion of the benefit earned by her deceased husband.

This Internal Guidance Document does not address guarantee limits applicable to more than one person entitled to benefits earned by one participant in one plan. For example, the Aggregate Limit does not apply to the benefits of a participant and alternate payee under a separate interest QDRO both of whom are receiving benefits earned by the participant in only one plan. In the Benefit Payments Regulation, PBGC clarified that this type of aggregation is covered by 29 CFR § 4022.22, the Maximum Guaranteeable Benefit, not by the Aggregate Limit.

C. Definitions

1. Aggregate Limit on Benefits Payable from PBGC Funds (Aggregate Limit)

The Aggregate Limit on Benefits Payable from PBGC Funds (Aggregate Limit) for a Payee entitled to guaranteed benefits from more than one PBGC-trusted plan is the limit on the total amount of Benefits Payable from PBGC Funds described in ERISA § 4022B and 29 CFR § 4022B.1.

2. Current Plan

The Current Plan is the terminated plan with Payees for whom processing staff are determining benefits subject to the Aggregate Limit. See Prior Plan.

3. Benefit(s) Payable from PBGC Funds

Benefit(s) Payable from PBGC Funds are guaranteed benefits that are funded neither by plan assets as of DOPT nor by any amount, deemed under this Internal Guidance Document, funded by PBGC's recovery of unfunded guaranteed benefits.

A Payee's Benefit Payable from PBGC Funds is equal to the Payee's Termination Benefit less the sum of

- a. any benefit funded by allocation of plan assets under § 4044,
- b. any benefit provided to the Payee by a § 4022(c) allocation or a § 4049 trust, and
- c. any benefit deemed funded by PBGC's recovery of unfunded guaranteed benefits.

For purposes of this Internal Guidance Document, PBGC will calculate the amount deemed funded by PBGC's recovery of unfunded guaranteed benefits as follows:

- For a Payee in a SPARR Plan, PBGC will use the product of the applicable SPARR and the Payee's unfunded guaranteed benefit from that plan to calculate the amount deemed funded by PBGC's recovery of unfunded guaranteed benefits.
- For a Payee in a non-SPARR Plan with a Termination Initiation Date after December 17, 1987, PBGC will use the product of the actual recovery ratio for unfunded guaranteed benefits and the Payee's unfunded guaranteed benefit from that plan to calculate the amount deemed funded by PBGC's recovery of unfunded guaranteed benefits.
- For a Payee in a plan with a Termination Initiation Date on or prior to December 17, 1987, PBGC will calculate the amount deemed funded by PBGC's recovery of unfunded guaranteed benefits based on available records and the prevailing law applicable to the plan.

4. Earliest PBGC Retirement Date (EPRD)

EPRD means the earliest date a participant could retire for various Title IV purposes as defined in CFR 29 § 4022.10.

5. Payee

Payee means a participant, beneficiary, or an alternate payee under a QDRO, any of whom is entitled to a PBGC benefit in annuity form. See **section F** for special rules regarding Payees who have received or are entitled to receive a lump sum payment in lieu of an annuity.

6. Prior Plan

For any Current Plan, a Prior Plan is any trusted single-employer plan having (a) at least one Payee who is also entitled to benefits from the Current Plan and (b) Trusteeship Date before the Current Plan's Trusteeship Date. For the purpose of calculations under this Internal Guidance Document, if a Payee is entitled to benefits from plans with the same Trusteeship Date, the plan

with the earliest termination date, or if termination dates are the same, the earliest Termination Initiation Date, will be treated as having the earliest Trusteeship Date. If all dates are the same, the plan with the smallest number of participants will be treated as having the earliest Trusteeship Date.

7. SPARR Plan

A SPARR Plan is a single-employer plan with

- a. Termination Initiation Date after December 17, 1990, and
- b. Unfunded nonguaranteed benefits as of DOPT of \$20 million or less.

8. Termination Benefit

Termination Benefit means a Payee's guaranteed benefit plus any additional benefits to which plan assets are allocated pursuant to ERISA § 4044 or recoveries are allocated pursuant to ERISA § 4022(c).

9. Termination Initiation Date

Termination Initiation Date means

- a. for a plan that terminates in a distress termination under ERISA § 4041(c), the last date on which any notice of intent to terminate is issued to any affected party other than PBGC; and
- b. for a plan that terminates in a PBGC-initiated termination under ERISA § 4042 (even if the plan administrator had filed a notice of intent to terminate the plan in a distress termination), the date on which PBGC issues a notice of determination that the plan will be involuntarily terminated. In the absence of such a notice, the termination initiation date is the date on which PBGC's Executive Director, or his or her designee, authorizes the initiation of proceedings to terminate the plan under ERISA § 4042.

10. Title IV Benefit

Title IV Benefit means a Payee's guaranteed benefit plus any additional benefits to which plan assets are allocated pursuant to ERISA § 4044. It does not include benefits provided under ERISA § 4022(c).

D. Applying the Aggregate Limit

For a Payee (or Payees) entitled to benefits earned by one participant in two or more plans, the Aggregate Limit is applied to the Benefits Payable from PBGC Funds earned by that participant in the Current Plan, taking into account the Benefits Payable from PBGC Funds earned by that participant in all Prior Plans.

E. Examples of Payees to Whom the Aggregate Limit Applies

The Aggregate Limit applies to Payees' benefits in the following examples:

1. The benefit payable from the Current Plan to a participant who is entitled to benefits from two trusted single-employer plans.

2. The survivor benefit (QJSA or QPSA) payable from the Current Plan to a surviving spouse who is also entitled to survivor benefits (QJSA or QPSA) earned by the same deceased participant in another trusted single-employer plan.
3. A survivor benefit (QJSA or QPSA) payable from the Current Plan to a surviving spouse and earned by a deceased participant whose ex-spouse is already receiving, under a QDRO, benefits earned by the same participant in a Prior Plan.
4. The benefits from the Current Plan of an alternate payee under a QDRO and the participant, both of whom are entitled to benefits earned by the participant in two trusted single-employer plans. Note that the Maximum Guaranteeable Benefit limitation is applied first to their combined benefits earned under each plan. The Aggregate Limit is then applied to their combined Benefits Payable from PBGC Funds earned under the Current Plan, taking into account the Benefits Payable from PBGC Funds earned by that participant in all Prior Plans.

F. Calculating a Termination Benefit Subject to the Aggregate Limit

If a Payee is entitled to benefits earned by one participant in two or more trusted plans, the Payee's benefit from the plan deemed, for purposes of this Internal Guidance Document, to have the earliest Trusteeship Date is unaffected by the Aggregate Limit. The Aggregate Limit is applied sequentially to the benefits provided by each of the subsequent plans.

PBGC will first calculate the Benefits Payable from PBGC Funds in all Prior Plans. Only benefits payable on or after the later of the annuity starting date of the benefit from the Current Plan and the DOPT of the Current Plan are taken into consideration.

For each Prior Plan, PBGC will calculate the Payee's monthly Benefit Payable from PBGC Funds and, using factors from 29 CFR § 4022.8(c)(7), adjust this amount to the annuity form of the benefit from the Current Plan. See additional guidance in **section H** of this Internal Guidance Document for handling Prior Plan benefits not yet in pay status as of the date for which Termination Benefits in the Current Plan are being calculated.

PBGC will exclude *de minimis* lump sums from Aggregate Limit calculations. Any Termination Benefit from a Prior Plan or the Current Plan is excluded from the application of the Aggregate Limit if, as of the Current Plan's Trusteeship Date, the benefit is payable as a lump sum. For purposes of this paragraph, a benefit is payable as a lump sum if:

1. its lump sum value is less than or equal to the amount set forth as of the Current Plan's Trusteeship Date in 29 CFR § 4022.7(b)(1)(i), currently \$5,000 or less for plans terminating on and before December 31, 2023, or \$7,000 or less for plans terminating on and after January 1, 2024, and
2. it was not being paid as an annuity as of the Current Plan's Trusteeship Date.

PBGC will calculate the Aggregate Limit applicable to the Payee's benefit in the Current Plan. The Aggregate Limit equals the Maximum Guaranteeable Benefit calculated under § 4022.22 without regard to § 4022.22(a) assuming:

1. The maximum monthly guaranteeable benefit from Appendix D to Part 4022 is determined as of the latest of the Current Plan's DOPT and all Prior Plans' DOPTs.

2. The Payee's age is determined as of the latest of the Current Plan's DOPT, all Prior Plans' DOPTs, and the annuity starting date for the benefit payable from the Current Plan.
3. PBGC's factors as specified in this section and Section H of this Internal Guidance Document will be used to make any needed actuarial adjustments to the Prior Plan's Benefit Payable from PBGC Funds.
4. As an intermediate step, PBGC will, without regard to the Aggregate Limit, calculate guaranteed benefits for all payees, allocate plan assets according to ERISA § 4044, and determine unfunded guaranteed benefits in the Current Plan.

PBGC will determine whether a Payee is affected by the Aggregate Limit by first calculating the Payee's "benefit from the Current Plan that is subject to the Aggregate Limit." This is the amount that, without regard to the Aggregate Limit, would be the Payee's guaranteed benefit, reduced by the portion of the guaranteed benefit funded by plan assets, and further reduced by the portion of the unfunded guaranteed benefit deemed funded by recovery.

If calculating a Payee's benefit from the Current Plan requires intermediate conversion to a level life annuity form via CFR § 4022.23(f) or other prescribed method, Aggregate Limit calculations will be performed in the level life annuity form. For example, if a Payee's \$1000 J&50%S benefit with \$75 three-year temporary supplement and free surviving spouse benefit is converted to an equivalent J&58.6%S benefit for intermediate phase-in and Maximum Guaranteeable Benefit calculations, the J&58.6%S annuity form will be used for all intermediate Aggregate Limit calculations.

A Payee's Benefit Payable from PBGC Funds in the Current Plan is the portion of the Payee's "benefit from the Current Plan subject to the Aggregate Limit" that, when added to the Payee's Benefits Payable from PBGC Funds in all Prior Plans, does not exceed the Aggregate Limit.

If a Payee's benefit in a Prior Plan was determined in error (e.g., no reduction for the Aggregate Limit), and no revised determination was or will be issued for the benefit in the Prior Plan, then the Payee's Benefit Payable from PBGC Funds in the Current Plan will be calculated using the portion of the Payee's benefit in the Prior Plan that was actually paid from PBGC funds.

The Guaranteed Benefit in the Current Plan is the sum of the portion of the Guaranteed Benefit funded by plan assets, the portion of the unfunded guaranteed benefit deemed funded by recovery, and the Benefit Payable from PBGC Funds in the Current Plan.

A Payee's Title IV Benefit is the greater of the Payee's Guaranteed Benefit and the Payee's benefit funded by plan assets. A Payee's unfunded nonguaranteed benefit from the Current Plan includes any unfunded benefit that is not guaranteed because of the Aggregate Limit.

Therefore, a Payee whose Guaranteed Benefit is limited by the Aggregate Limit may have an unfunded nonguaranteed benefit in Priority Category 4.

The Termination Benefit from the Current Plan is the sum of the Title IV Benefit and the § 4022(c) Benefit.

G. Approximating Unfunded Guaranteed Benefits in Prior Plans

For calculating a Payee's Aggregate Limit, the Payee's individual unfunded guaranteed benefit amounts from Prior Plans are needed.

In some plans, individual unfunded guaranteed benefits were never calculated because benefits were proven to be unaffected by the allocation of plan assets. For example, a Payee's unfunded guaranteed benefit ordinarily would not have been calculated in a plan for which assets were insufficient to fund guaranteed benefits and no PC3 benefits exceeded guaranteed benefits.

In a Prior Plan for which the allocation of plan assets was not calculated, PBGC will approximate a Payee's Benefit Payable from PBGC Funds.

If the funding ratio for PC3 was not calculated in a Prior Plan's valuation, the funding ratio will be approximated by the quotient, not to exceed one, of

- a. plan assets as of DOPT
divided by
- b. the sum of the present values as of DOPT of Termination Benefits for Payees in pay status five full years as of DOPT.

If, in a Prior Plan, a Payee's benefit in PC3 was not calculated and the Payee was eligible for PC3 priority, the Payee's PC3 benefit will be approximated by the Termination Benefit less benefits provided by the 4022(c) allocation.

If the funding ratio for PC4 was not calculated in a Prior Plan's valuation, the funding ratio will be approximated by the quotient, not to exceed one, of

- a. plan assets less the sum of the present values as of DOPT of Termination Benefits for Payees in pay status five full years as of DOPT
divided by
- b. the sum of the present values as of DOPT of guaranteed benefits for participants and beneficiaries except those in pay status five full years as of DOPT.

If, in a Prior Plan, a Payee's benefit in PC4 was not calculated and the Payee was not eligible for PC3 priority, the Payee's PC4 benefit will be approximated by the Termination Benefit less benefits provided by the 4022(c) allocation.

After the unfunded guaranteed benefit has been approximated, it will be reduced by the portion of such unfunded guaranteed benefit that is deemed to have been funded by recovery.

H. Aggregate Limit for Participants Not in Pay Status in a Prior Plan

A Payee in the Current Plan may be entitled to an annuity that is payable from a Prior Plan but, as of the Current Plan's Trusteeship Date, not yet in pay status. For Aggregate Limit purposes in the Current Plan only, PBGC will calculate the Payee's Termination Benefit from the Prior Plan at a single assumed annuity starting date and in each of the Prior Plans' automatic annuity forms. These Prior Plan benefits, once calculated, will be used for Aggregate Limit purposes in the Current Plan for all valuation and payment

calculations, even if the Payee commences the benefit from the Prior Plan at a different date or in a different annuity form.

Prior Plan Benefit Assumed Annuity Starting Date

1. $EPRD(\text{Prior Plan}) \leq DOPT(\text{Current Plan})$

Prior Plan Benefit calculated as of $DOPT(\text{Current Plan})$

If a Payee's EPRD in the Prior Plan is on or before the DOPT of the Current Plan, PBGC will calculate the Payee's benefit in the Prior Plan using the first day of the month on or after the Current Plan's DOPT as the assumed annuity starting date.

2. $DOPT(\text{Current Plan}) < EPRD(\text{Prior Plan}) \leq EPRD(\text{Current Plan})$

Prior Plan Benefit calculated as of $EPRD(\text{Prior Plan})$

If a Payee's EPRD in the Prior Plan is after the DOPT of the Current Plan but on or before the Payee's EPRD in the Current Plan, PBGC will calculate the Payee's Termination Benefit in the Prior Plan with an assumed annuity starting date equal to the Payee's EPRD from the Prior Plan.

3. $DOPT(\text{Current Plan}) \leq EPRD(\text{Current Plan}) < EPRD(\text{Prior Plan})$

Prior Plan Benefit calculated as of $EPRD(\text{Current Plan})$

If a Payee's EPRD in the Prior Plan is after the Payee's EPRD in the Current Plan, PBGC will calculate a Termination Benefit for the Payee at an assumed annuity starting date in two steps. First, PBGC will calculate the Payee's Termination Benefit in the Prior Plan as of the Payee's EPRD in the Prior Plan. Second, PBGC will adjust this benefit to the EPRD in the Current Plan. PBGC will use factors from 29 CFR § 4022.23 to adjust from the Payee's age at the EPRD in the Prior Plan to the Payee's age at the EPRD in the Current Plan.

A Payee's assumed annuity starting date in a Prior Plan will be the latest of the date determined above and the DOPTs of the Current Plan and Prior Plan.

4. Current Plan Annuity Form is an annuity based on a single life contingency or term certain annuity

If a Payee's benefit from the Current Plan is an annuity based on a single life contingency or a term certain annuity, PBGC will calculate the benefit from the Prior Plan in the Prior Plan's automatic form for unmarried participants. Factors from 29 CFR § 4022.8(c)(7) will be used to adjust the benefit from the Prior Plan to the annuity form of the benefit from the Current Plan.

5. Current Plan Annuity Form is annuity based on a joint-life contingency

If a Payee's benefit from the Current Plan is an annuity based on a joint-life contingency, PBGC will calculate the benefit from the Prior Plan in the Prior Plan's automatic form for married participants. The benefit from the Prior Plan will be calculated assuming the participant and spouse are the same age. Factors from 29 CFR § 4022.8(c)(7) will be used to adjust the benefit from the Prior Plan to the annuity form of the benefit from the Current Plan.

Generally, a Payee's benefit in the Prior Plan will be calculated in both the automatic form for married participants and the automatic form for unmarried participants, but only one will be used in any given Current Plan calculation. For example, if a Payee's benefit is being calculated as the QJSA in the Current Plan, the assumed Prior Plan benefit calculated in the Prior Plan's automatic form for married participants would be used in the calculation of the Aggregate Limit. If a Payee's benefit is being

calculated as a PBGC-offered 5C&C, the assumed Prior Plan benefit calculated in the Prior Plan's automatic form for unmarried participants would be used in the calculation of the Aggregate Limit.

Only the portion of the assumed annuity payable after the annuity starting date of the benefit from the Current Plan will be considered.

Suppose, for example, under the rules above, a Prior Plan Benefit Payable from PBGC Funds were calculated as a \$500/month 10-year certain and continuous annuity at an assumed age of 60, but the Payee retired from the Current Plan at age 62 with a straight life annuity. Using the interest and mortality assumptions in 29 CFR § 4022.8(c)(7), PBGC would convert a \$500/month 8-year certain and continuous annuity for a 62-year-old to a straight life annuity for a 62-year-old to use in determining the effect of the Aggregate Limit on the benefit from the Current Plan.

I. Valuation and Benefit Liability

For a benefit from the Current Plan that is not yet in pay status as of the Current Plan's DOPT, PBGC will calculate, for valuation purposes, the Aggregate Limit as of the future Payee's Expected Retirement Date for the benefit from the Current Plan, subject to other rules in this Internal Guidance Document.

Example 1

Calculation of Aggregate Limit on Benefits Payable from PBGC Funds

A participant is entitled to annuity benefits from two trustee single-employer plans—Plan ABC and Plan XYZ. Both plans are SPARR Plans. The participant's benefit from the Current Plan, Plan XYZ, is limited by the Aggregate Limit on Benefits Payable from PBGC Funds as follows.

Participant's Date of Birth (DOB):		3/1/1939	
Plan Data		Plan XYZ (Current Plan)	Plan ABC (Prior Plan)
(a)	DOPT:	4/5/2001	6/16/1997
(b)	Trusteeship Date:	4/29/2001	7/9/1997
(c)	Notice of Determination date:	2/14/2001	5/17/1997
(d)	SPARR	4.94%	5.98%
Plan Benefits			
(e)	Annuity Starting Date:	9/1/2002	7/1/1997
(f)	Annuity Form:	SLA	SLA

(g)	Plan vested accrued benefit at Annuity Starting Date:	\$2,800.00	\$3,200.00
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PBGC Maximum Guarantee Limit

(h)	PBGC Maximum Guaranteeable Benefit at Age 65:	\$3,392.05	detail omitted
(i)	Aggregate Limit 2001 Max adjusted for age* at Annuity Starting Date:	\$3,035.88	not applicable

** No adjustment for annuity form is needed because the annuity is a straight life annuity.*

§ 4044 and § 4022(c) Allocation Categories and Funding Percentages

The participant has no benefits in PC1, PC2, or PC6.

(j)	Plan Benefit in PC3:	\$2,200.00	\$0.00
(k)	PC3 Funding Percent for § 4044:	12%	100%
(l)	PC3 UNGB Funding Percent for § 4022(c)**:	100%	N/A
(m)	Plan Benefit through PC4:	\$2,500.00	\$1,500.00
(n)	PC4 Funding Percent for § 4044:	0%	10%
(o)	PC4 UNGB Funding Percent for § 4022(c)**:	70%	N/A
(p)	Plan Benefit through PC5:	\$2,800.00	\$3,200.00
(q)	PC5 Funding Percent for § 4044:	0%	0%
(r)	PC5 UNGB Funding Percent for § 4022(c)**:	0%	8%

*** UNGB Funding Percentages for the Current Plan are calculated **after** application of the Aggregate Limit.*

Benefit Payable from PBGC Funds (Prior Plan)

The Benefit Payable from PBGC Funds in the Prior Plan is the unfunded guaranteed benefit less the portion of the unfunded guaranteed benefit deemed funded by recovery.

(s)	Guaranteed Benefit (m)	\$1,500.00
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(t)	Portion of Guaranteed Benefit funded by Plan Assets: $(m) \times (n) = \$1,500.00 \times 10\%$	\$150.00
(u)	Unfunded Guaranteed Benefit $(s) - (t) = \$1,500.00 - \150.00	\$1,350.00
(v)	Portion of Unfunded Guaranteed Benefit deemed funded by recovery $(d) \times (u) = 5.98\% \times \$1,350.00$	\$80.73
(w)	Unfunded Nonguaranteed Benefit $(g) - (s) = \$3,200.00 - \$1,500.00$	\$1,700.00
(x)	4022(c) benefit: $(r) \times (w) = 8\% \times \$1,700.00$	\$136.00
(y)	Termination Benefit: $(s) + (x) = \$1,500.00 + \136.00	\$1,636.00
(z)	Benefit Payable from PBGC Funds $(y) - (x) - (t) - (v) =$ $\$1,636.00 - \$136.00 - \$150.00 - \80.73	\$1,269.27

Amount subject to Aggregate Limit in Current Plan

The Aggregate Limit applies to benefits in the Current Plan that are not provided by plan assets nor deemed funded by recovery.

(aa)	Guaranteed Benefit without regard to the Aggregate Limit: (m)	\$2,500.00
(bb)	Portion of Guaranteed Benefit funded by Plan Assets: $(j) \times (k) = \$2,200.00 \times 12\%$	\$264.00
(cc)	Unfunded Guaranteed Benefit (without regard to the Aggregate Limit): $(aa) - (bb) = \$2,500.00 - \264.00	\$2,236.00
(dd)	Portion of Unfunded Guaranteed Benefit deemed funded by recovery (without regard to the Aggregate Limit): $(d) \times (cc) = 4.94\% \times \$2,236.00$	\$110.46
(ee)	Amount subject to Aggregate Limit: $(aa) - (bb) - (dd) = \$2,500.00 - \$264.00 - \$110.46$	\$2,125.54

Guaranteed Benefit in Current Plan

The Guaranteed Benefit is the benefit provided by § 4044 allocation of plan assets plus the amount deemed funded by allocation of recovery, plus the Benefit Payable from PBGC Funds.

(ff)	Aggregate Limit: (i)	\$3,035.88
(gg)	Benefit Payable from PBGC Funds (Prior Plan): (z)	\$1,269.27
(hh)	Cap on Benefit Payable from PBGC Funds (Current Plan):= $(ff) - (gg) = \$3,035.88 - \$1,269.27$	\$1,766.61
(ii)	Benefit Payable from PBGC Funds: $\min \{ (ee), (hh) \}$ $= \min \{ \$2,125.54, \$1,766.61 \}$	\$1,766.61
(jj)	Guaranteed Benefit: $(bb) + (dd) + (ii) =$ $\$264.00 + \$110.46 + \$1,766.61$	\$2,141.07

Termination Benefit in the Current Plan

The Termination Benefit is the sum of the Title IV Benefit, reflecting any reduction for the Aggregate Limit, and the 4022(c) benefit.

(kk)	Unfunded Nonguaranteed Benefit in PC3: $(j) - \max \{ (jj), (bb) \}$, but not less than \$0 $= \$2,200.00 - \max \{ \$2,141.07, \$264.00 \}$	\$58.93
(ll)	Unfunded Nonguaranteed Benefit in PC4: $(m) - \max \{ (j), (bb) \}$, but not less than \$0 $= \$2,500.00 - \max \{ \$2,200, \$264.00 \}$	\$300.00

Note: Calculation of the 4022(c) Benefit in line (mm) requires a complete 4022(c) allocation for all participants with unfunded non-guaranteed benefits in Priority Categories 3 or 4.

(mm)	4022(c) Benefit in Current Plan: $(l) \times (kk) + (o) \times (ll)$ $= 100\% \times \$58.93 + 70\% \times \300.00	\$268.93
(nn)	Termination Benefit in Current Plan: $(jj) + (mm) = \$2,141.07 + \268.93	\$2,410.00

Example 2

Calculation of Aggregate Limit on Benefits Payable from PBGC Funds (Current Plan's DOPT precedes Prior Plan's DOPT)

A participant is entitled to annuity benefits from two trusted single-employer plans—The Anderson Plan and the Zephyr Plan. Both plans are SPARR Plans. The participant's benefit from the Current Plan, the Zephyr Plan, is limited by the Aggregate Limit on Benefits Payable from PBGC Funds as follows.

Participant's Date of Birth (DOB): 3/1/1939

Spouse's Date of Birth (SDOB): 5/1/1946

Plan Data		Zephyr Plan (Current Plan)	Anderson Plan (Prior Plan)
(a)	DOPT:	5/23/1998	3/1/2001
(b)	Trusteeship Date:	5/1/2002	3/29/2001
(c)	Notice of Determination date:	3/1/2002	N/A
(d)	Notice of Intent to Terminate:	N/A	12/18/2000
(e)	SPARR:	9.60%	4.94%

Plan Benefits

(f)	Annuity Starting Date:	3/1/2004	3/1/1996
(g)	EPRD:	3/1/2004	N/A
(h)	Automatic Annuity Form for Married Participants:	J&100%S	J&50%S w/10 yrs certain
(i)	Annuity Form Elected at Actual Retirement Date:	J&100%S	J&50%S w/10 yrs certain
(j)	Plan Vested Accrued Benefit at Annuity Starting Date in Automatic Married Form:	\$1,200.00	\$4,900.00

PBGC Maximum Guarantee Limit

(k)	PBGC Maximum Guaranteeable Benefit at Age 65 as a Straight Life Annuity:	\$2,880.68	\$3,392.05
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(l)	Age at DOPT:	59 yrs, 2 mos	62
(m)	Age at Nearest Birthday at DOPT:	59	62
(n)	Spouse's Age at Nearest Birthday at DOPT:	52	55

§ 4044 and § 4022(c) Allocation Categories and Funding Percentages

The participant has no benefits in PC1, PC2, or PC6. For payment of 4022(c) benefits in the Current Plan, plan-wide funding percentages for the allocation categories are determined after the application of the Aggregate Limit.

Plan Data		Zephyr Plan (Current Plan)	Anderson Plan (Prior Plan)
(o)	Plan Benefit in PC3:	\$0.00	\$4,900.00
(p)	PC3 Funding Percent for § 4044:	100%	5%
(q)	PC3 UNGB Funding Percent for § 4022(c)**:	100%	8%
(r)	Plan Benefit in PC4:	\$1,180.00	\$0.00
(s)	PC4 Funding Percent for § 4044:	4%	0%
(t)	PC4 UNGB Funding Percent for § 4022(c)**:	16%	0%
(u)	Plan Benefit in PC5:	\$20.00	\$0.00
(v)	PC5 Funding Percent for § 4044:	0%	0%
(w)	PC5 UNGB Funding Percent for § 4022(c)**:	0%	0%
(x)	Guaranteed Benefit without regard to Aggregate Limit:	\$1,180.00 (given in example without detailed calculations)	\$2,198.71 (Maximum Guaranteed Benefit)

*** UNGB Funding Percentages for the Current Plan are calculated after application of the Aggregate Limit.*

Benefit Payable from PBGC Funds (Prior Plan)

The Benefit Payable from PBGC Funds in the Prior Plan is the unfunded guaranteed benefit less the portion of the unfunded guaranteed benefit deemed funded by recovery.

(y)	Guaranteed Benefit: (Equal to Maximum Guaranteed Benefit):	\$2,198.71
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(z)	Portion of Guaranteed Benefit funded by Plan Assets: $(o) \times (p) = \$4,900.00 \times 5\%$	\$245.00
(aa)	Unfunded Guaranteed Benefit: $(y) - (z) = \$2,198.71 - \245.00	\$1,953.71
(bb)	Portion of Unfunded Guaranteed Benefit deemed funded by recovery: $(e) \times (aa) = 4.94\% \times \$1,953.71$	\$96.51
(cc)	Unfunded Nonguaranteed Benefit: $(j) - (y) = \$4,900.00 - \$2,198.71$	\$2,701.29
(dd)	4022(c) benefit: $(q) \times (cc) = 8\% \times \$2,701.29$	\$216.10
(ee)	Termination Benefit: $(y) + (dd) = \$2,198.71 + \216.10	\$2,414.81
(ff)	Benefit Payable from PBGC Funds: $(ee) - (z) - (bb) - (dd) =$ $\$2,414.81 - \$245.00 - \$96.51 - \216.10	\$1,857.20

Amount subject to Aggregate Limit in Current Plan

The Aggregate Limit applies to benefits in the Current Plan that are not provided by plan assets nor deemed funded by recovery.

(gg)	Guaranteed Benefit (without regard to the Aggregate Limit):	\$1,180.00
(hh)	Portion of Guaranteed Benefit funded by Plan Assets: $(r) \times (s) = \$1,180.00 \times 4\%$	\$47.20
(ii)	Unfunded Guaranteed Benefit (without regard to the Aggregate Limit): $(gg) - (hh) = \$1,180.00 - \47.20	\$1,132.80
(jj)	Portion of Unfunded Guaranteed Benefit deemed funded by recovery (without regard to the Aggregate Limit): $(ii) \times (e) = \$1,132.80 \times 9.60\%$	\$108.75
(kk)	Amount subject to Aggregate Limit: $(gg) - (hh) - (jj) = \$1,180.00 - \$47.20 - \$108.75$	\$1,024.05

Guaranteed Benefit in Current Plan

The Guaranteed Benefit is the benefit provided by § 4044 allocation of plan assets plus the amount deemed funded by allocation of recovery, plus the Benefit Payable from PBGC Funds.

(ll)	Aggregate Limit: (k), from plan with later DOPT, multiplied by factor from 29 CFR § 4022.23 for J&100%S, participant age 65, spouse age 58 = $\$3,392.05 \times 0.7440$	\$2,523.69
(mm)	Benefit Payable from PBGC Funds (Prior Plan): (ff) in the form of a J&50%S with 24 months certain, participant age 65, spouse age 58	\$1,857.20
(nn)	Form conversion factor: from 29 CFR § 4022.8(c)(7) converting from: J&50%S with 24 months certain converting to: J&100%S participant age 65, spouse age 58	0.8990
(oo)	Benefit Payable from PBGC Funds (Prior Plan): J&100%S, participant age 65, spouse age 58 (mm) \times (nn) = $\$1,857.20 \times 0.8990$	\$1,669.62
(pp)	Cap on Benefit Payable from PBGC Funds (Current Plan): (ll) – (oo) = $\$2,523.69 - \$1,669.62$	\$854.07
(qq)	Benefit Payable from PBGC Funds: $\min \{ (kk), (pp) \} =$ $\min \{ \$1,024.05, \$854.07 \}$	\$854.07
(rr)	Guaranteed Benefit: (hh) + (jj) + (qq) = $\$47.20 + \$108.75 + \$854.07$	\$1,010.02

Termination Benefit in the Current Plan

The Termination Benefit is the sum of the Title IV Benefit, reflecting any reduction for the Aggregate Limit, and the 4022(c) benefit.

(ss)	Unfunded Nonguaranteed Benefit in PC3: (o) Participant has no benefit in PC3.	\$0.00
(tt)	Unfunded Nonguaranteed Benefit in PC4: (r) – (rr) = $\$1,180 - \$1,010.02$	\$169.98

Note: Calculation of the 4022(c) Benefit in line (uu) requires a complete 4022(c) allocation for all participants with unfunded non-guaranteed benefits in Priority Categories 3 or 4.

(uu)	4022(c) Benefit in Current Plan: $(q) \times (ss) + (t) \times (tt) = 100\% \times \$0.00 + 16\% \times \$169.98$	\$27.20
(vv)	Termination Benefit in Current Plan: $(rr) + (uu) = \$1,010.02 + \27.20	\$1,037.22

Example 3

Approximating Benefits Payable from PBGC Funds in a Prior Plan

The Astre Plan and the Zenith Plan are terminated trusteed plans. For Aggregate Limit purposes the Astre Plan is the Prior Plan, and the Zenith Plan is the Current Plan. No asset allocation was performed in the valuation of benefits for the Astre Plan. The benefit of a participant in the Zenith Plan is subject to the Aggregate Limit with respect to his benefit from the Astre Plan. Approximate the participant's Benefit Payable from PBGC Funds in the Astre Plan.

Plan Data		Zenith Plan (Current Plan)	Astre Plan (Prior Plan)
(a)	DOPT:	1/1/2002	1/1/1987
(b)	Trusteeship Date:	5/12/2002	6/10/1988
(c)	Notice of Determination:	12/14/2002	N/A
(d)	Notice of Intent to Terminate:	N/A	10/19/1986
(e)	SPARR:	9.60%	N/A

Approximating the PC3 and PC4 Funding Percentages in the Astre Plan

At its DOPT, 1/1/1987, the Astre Plan has seven participants who have been in pay status for five full years (DOPT-5 retirees). The total present value of the DOPT-5 retirees' Termination Benefits as of 1/1/87 is \$690,000. The total value of plan assets is \$920,000. The present value of guaranteed benefits for all participants at DOPT is \$1,840,000.

(f)	Approximate PC3 funding percent (Astre Plan): Plan assets of \$920,000 exceed the value of Termination Benefits for all DOPT-5 retirees.	100%
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(g)	Approximate PC4 funding percent (Astre Plan): (\$920,000 - \$690,000) / (\$1,840,000-\$690,000)	20%
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Participant Data		Zenith Plan (Current Plan)	Astre Plan (Prior Plan)
(h)	Annuity Starting Date:	1/1/2002	not yet in pay status
(i)	EPRD:	1/1/2002	1/1/1997
(j)	Automatic Form for Unmarried Participants: (For use in calculation of annuity in Current Plan's Automatic Form for Unmarried Participants)	5C&C	SLA

Benefit Payable from PBGC Funds in Prior Plan

(k)	Assumed Starting Date for Prior Plan Benefit: (The participant's EPRD in the Prior Plan precedes the Current Plan's DOPT. See Section H. of this Internal Guidance Document.)	1/1/2002
(l)	Prior Plan Termination Benefit Calculated as of Assumed Annuity Starting Date: (Details omitted)	\$400.00
(m)	Portion of Unfunded Guaranteed Benefit deemed funded by recovery:	\$0.00
(n)	PC3 Benefit: The participant is not eligible for PC3.	\$0.00
(o)	PC4 Benefit: (Participant received no benefits from a 4022(c) allocation. Assets did not reach PC5.)	\$400.00
(p)	Benefit Funded by Plan Assets: 100% x \$0.00 + 20% x \$400.00	\$80.00
(q)	4022(c) Benefit: (Pre-PPA Plan)	\$0.00
(r)	Portion of Unfunded Guaranteed Benefit deemed funded by recovery: (Pre-PPA plan with no recovery.)	\$0.00

(s)	Assumed Benefit Payable from PBGC Funds in the Prior Plan at the Current Plan's DOPT: (l) – (p) – (q) – (r) = \$400.00 – \$80.00 – \$0.00 – \$0.00	\$320.00
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For any calculation of the participant's benefit in the Current Plan's form for unmarried participants, the Aggregate Limit will be calculated as if the participant began receiving \$320.00 from "PBGC Funds" in the form of a straight life annuity commencing 1/1/2002.

Example 4

Aggregate Limit for Participants Not in Pay Status in a Prior Plan

A participant has unfunded guaranteed benefits in two plans. As of the Current Plan's Trusteeship Date the participant cannot receive an annuity from the Prior Plan.

Calculate the Benefit Payable from PBGC Funds from the Prior Plan to be used in the calculation of the participant's benefit to be paid at his Actual Retirement Date from the Current Plan.

Participant's Date of Birth (DOB): 6/1/1950

Spouse's Date of Birth (SDOB): 6/1/1952

Plan Data		Omega Inc. (Current Plan)	Alpha Co. (Prior Plan)
(a)	DOPT:	8/1/2003	3/17/1998
(b)	Trusteeship Date:	4/1/2005	5/1/1998
(c)	Notice of Determination:	8/24/2003	3/29/1998
(d)	SPARR:	7.86%	6.84%
(e)	EPRD:	6/1/2005	6/1/2015
(f)	Expected Retirement Date:	6/1/2005	6/1/2015
(g)	Actual Retirement Date:	6/1/2007	N/A
(h)	Automatic Form (unmarried):	10C&C	SLA
(i)	Automatic Form (married):	J&100%S	J&50%S

Alpha Co. (Prior Plan)

(j)	Guaranteed Benefit at Prior Plan's EPRD in Normal Married Form (Assuming SDOB = DOB):	\$2,548.00
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(k)	PC4 Funding Percentage: Note: The participant's Benefit from Alpha Co. is all in PC4 and the Plan 4022(c) amount is exhausted in C3.	35%
(l)	Amount funded by plan assets: (j) x (k) = \$2,548.00 x 35% =	\$891.80
(m)	Amount deemed funded by recovery of unfunded guaranteed benefits: (d) x [(j) - (l)] = 6.84% x (\$2,548.00 - \$891.80)	\$113.28
(n)	Prior Plan Benefit Payable from PBGC Funds: (Prior to normalization for Currents Plan's form and Annuity Starting Date) (j) - (l) - (m) = \$2,548.00 - \$891.80 - \$113.28	\$1,542.92
(o)	PBGC Early Retirement Factor at Participant's Current Plan EPRD:	0.4500
(p)	PBGC Early Retirement Factor at Participant's Prior Plan EPRD:	1.0000
(q)	Prior Plan Benefit Payable from PBGC Funds: (adjusted for Current Plan's EPRD) (n) x [(o) / (p)] = \$1,542.92 x (0.4500 / 1.0000) =	\$694.31

Whether for benefit valuation or benefit payment, all Aggregate Limit calculations for this participant's joint-and-survivor type benefits from the Omega Plan will be calculated as if participant were receiving from the Alpha Plan \$694.31 per month "from PBGC Funds" as a Joint and 50% Survivor Annuity with a spouse of the same age as the participant.

At Actual Retirement Date from the Current Plan, the participant's age is 57, and he is receiving a Joint and 100% Survivor Annuity with his spouse whose age is 55.

(r)	Form Conversion Factor GAM83, 6%	
	PVF J&50%S both ages 57: PVF J&100%S	13.3334
	Participant age 57, spouse age 55:	14.2675
	13.3334 / 14.2675 =	0.9345
(s)	Benefit Payable from PBGC Funds from Prior Plan as of EPRD in the Current Plan: (q) x (r) = \$694.31 x 0.9345	\$648.83

The participant's actual retirement benefit as a Joint and 100% Survivor Annuity from the Current Plan will be calculated as if, on the annuity starting date of his benefit from the Current Plan, he were receiving as of 6/1/2005 an annuity from the Prior Plan that includes \$648.83 in Benefits Payable from PBGC Funds as a Joint and 100% Survivor Annuity. See the example in Section K of this Internal Guidance Document for additional guidance on benefits that include a period certain.