

Late Retirement Benefits

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A. Background

ERISA and the Internal Revenue Code (IRC) provide rules for the calculation of a benefit to a participant who retires with an annuity starting date after his or her normal retirement date. These rules vary based on, among other things, whether the participant separates from service before his or her normal retirement date and, if the participant continues to work after his or her normal retirement date, whether the plan provides for suspension of a benefit upon attainment of normal retirement age.

This PBGC Internal Guidance provides rules for calculation of a benefit for a participant who applies to PBGC for a benefit with an annuity starting date after his or her normal retirement date. Rules for calculation of such “late retirement benefits” were previously contained in PBGC Internal Guidance Annuity Starting Dates. This internal guidance describes the minimum requirements for ERISAfied plans and extends the rules to any remaining late retirees in the few terminated plans containing provisions in effect prior to the applicable effective date under ERISA.

B. Scope and Effective Date

This internal guidance is effective upon issuance. It applies to all PBGC-trusted plans and to participants in those plans whose annuity starting dates are after their normal retirement dates.

C. Calculation of Late Retirement Benefits

PBGC will follow plan terms in calculating the benefit of a participant whose annuity starting date is after his or her normal retirement date, whether the annuity starting date is before or after DOPT, provided the plan provides at least the minimum required adjustment of the benefit for late retirement. If the plan does not meet the minimum requirements, PBGC will use the minimum requirements to calculate the benefit. The minimum requirements are described in Attachment 1.

1. Factors used for late retirement adjustments.

To calculate a late retirement benefit under this section, PBGC will use the following factors in the order indicated:

- a. the late retirement factor specified in the plan;
- b. the plan’s default actuarial equivalence factors, or
- c. PBGC Late Retirement Factors.

2. Application of Title IV limitations. Title IV limitations will be applied, as appropriate, to the late retirement benefit.

3. **Determination of annuity starting dates.** See PBGC Internal Guidance Documents Annuity Starting Dates and Required Beginning Dates to determine the annuity starting date.
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Attachment 1

Minimum Requirements for Late Retirement Benefits

Line #	Minimum Requirements for Late Retirement Benefits			
1	Participant not in pay status (at date of application or request for benefit estimate)			
2	NRD before DOPT	DOTE ≤ NRD	Actuarial increase from NRD to ASD	
3		DOTE > NRD	NRD to earlier of DOPT/DOTE:	
3A			Plan suspends benefits (optional for plans): Additional accruals	Plan does not suspend benefits: Greater of: <ul style="list-style-type: none">• additional accruals, or• actuarial increase
3B			After earlier of DOPT/DOTE: actuarial increase to ASD	
4	NRD on or after DOPT	DOTE ≤ NRD	Actuarial increase from NRD to ASD	
5		DOTE > NRD	Actuarial increase from NRD to ASD (ASD may be retro to NRD under ASD guidance)	
6	Participant put into pay status (before DOPT) at NRD, but working			
7	Pre-DOPT	Annual review of benefit; benefit is increased by the amount the accrual exceeds the actuarial equivalent of the year's benefit payment		
8	Post-DOPT	No adjustment		

Key to abbreviations and symbols in this chart:

ASD annuity starting date
 DOPT date of plan termination
 DOTE date of termination of employment
 NRD normal retirement date

\leq on or before
 $>$ after