



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

August 28, 2009

ANNOUNCEMENT MEMORANDUM

TO: Vincent K. Snowbarger
Acting Director

FROM: Joseph A. Marchowsky *Joseph A Marchowsky*
Assistant Inspector General for Audit

SUBJECT: Evaluation of PBGC's Actions in Processing Certain Minnesota
Steelworker Pension Plans, OIG No. PA 09 66

The Office of Inspector General received a request from U. S. Senators Amy Klobuchar and Al Franken, and U.S. Congressman James Oberstar to review and examine the work of the Pension Benefit Guaranty Corporation (PBGC) regarding the Minnesota steelworker pension plans. Beginning in 2002, when PBGC terminated and trustee several Minnesota steelworker pension plans, the pension benefits of thousands of plan participants were reduced. While there were unique circumstances regarding each plan termination, the Minnesota congressional members are concerned about the perceived disparities between pension plan benefits for these steelworkers.

Our overall objective will be to evaluate PBGC's actions in terminating and establishing benefits for the Minnesota Steelworker pension plans. To meet this objective we will examine:

- (1) whether PBGC correctly and consistently applied ERISA and its own regulations and policies when terminating and calculating retirement benefits related to the Minnesota steelworker pension plans (including the Rule of 65, anti-cutback law, and estimated pension payments); and
- (2) whether PBGC's communications with participants were timely and clear; and whether those communications provided an appropriate level of details regarding the actions of PBGC.

If we identify any needed corrective actions relating to the Minnesota steelworker pension plans during our review, we will make appropriate recommendations to PBGC for their follow-up and correction.

Additionally, we have established an email account at OIGMinnSteelworkerReview@PBGC.gov where steelworkers and other interested parties can forward information they believe is relevant to our review.

We will conduct our evaluation at PBGC headquarters, contractor facilities, and other locations, as needed. We plan to start the evaluation during the week of September 14, 2009. In order to coordinate and expedite this review, please designate a member of your staff as a point of contact (POC). We will arrange an entrance conference to give you an overview of our approach to the audit and to address any concerns that you may have. The POC should further ensure appropriate offices are aware of this review.

We look forward to working with you and your staff. If you have any questions or require any additional information, please contact me at (202) 326-4000 extension 3928, or have a member of your staff contact the Audit Manager in charge of the audit, Ms. Candace Milbry, at extension 3424.

Attachment: Congressional Request, August 2009

cc: Richard H. Macy, Chief Operations Officer
Terrence M. Deneen, Chief Insurance Program Officer
Judith R. Starr, General Counsel
Bennie Hagans, Director, Benefits Administration and Payment Department
Martin Boehm, Director, Contracts and Control Review Department