



Pension Benefit Guaranty Corporation

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www.pbgc.gov

News Release

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Loretta Berg
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PBGC Announces Maximum Guarantee for the Year 2004

The Pension Benefit Guaranty Corporation (PBGC) today announced that the maximum benefit it will guarantee for retirees in underfunded single-employer defined benefit plans that terminate in the year 2004 will be \$3,698.86 per month, or \$44,386.32 per year.

The Employee Retirement Income Security Act of 1974 (ERISA) mandates that the maximum guaranteed amount be adjusted annually based on changes in the Social Security contribution and benefit base. The maximum guarantee applies to workers who retire at age 65. Maximum guarantees are adjusted for retirees at other ages and those who elect survivor benefits. In some instances, where a pension plan has adequate resources or PBGC recovers sufficient amounts, a participant may receive benefits in excess of the maximum guarantee. In other instances a participant's benefit may be reduced even though it does not exceed the maximum guarantee, for example, because of limits on PBGC coverage of early retirement supplements and recent benefit improvements.

PBGC insures pension benefits worth \$1.5 trillion and is responsible for paying current and future benefits to nearly 1 million people in over 3,200 terminated defined benefit plans.

The maximum monthly guaranteed amounts for plans terminating each year for the past 10 years are:

<u>Year of Plan Termination</u>	<u>Maximum Monthly Guarantee</u>	<u>Maximum Annual Guarantee</u>
2004	\$3,698.86	\$44,386.32
2003	\$3,664.77	\$43,977.24
2002	\$3,579.55	\$42,954.60
2001	\$3,392.05	\$40,704.60
2000	\$3,221.59	\$38,659.08
1999	\$3,051.14	\$36,613.68
1998	\$2,880.68	\$34,568.16
1997	\$2,761.36	\$33,136.32
1996	\$2,642.05	\$31,704.60
1995	\$2,573.86	\$30,886.32

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The reduction by law of PBGC's maximum guarantee for retirees under age 65 is shown (down to age 55) in the table below for 2004. This reduction reflects the fact that younger retirees receive more monthly pension checks over a longer remaining lifespan.

Age	Percent Paid	Guarantee
65	100	\$3,698.86
64	93	\$3,439.94
63	86	\$3,181.02
62	79	\$2,922.10
61	72	\$2,663.18
60	65	\$2,404.26
59	61	\$2,256.30
58	57	\$2,108.35
57	53	\$1,960.40
56	49	\$1,812.44
55	45	\$1,664.49

PBGC will publish the 2004 maximum guarantee in the December 1, 2003, *Federal Register*.

PBGC is a federal corporation created under ERISA. It currently guarantees payment of basic pension benefits earned by 44 million American workers and retirees participating in about 32,500 private-sector defined benefit pension plans. The agency receives no funds from general tax revenues. Operations are financed largely by insurance premiums paid by companies that sponsor pension plans and investment returns.

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