

Pension Benefit Guaranty Corporation

Frequently Asked Questions

1. What is the Pension Benefit Guaranty Corporation (PBGC)?

The PBGC is the federal government agency that insures and protects defined benefit pension plans sponsored by private employers. Defined benefit pensions promise to pay a specified monthly benefit at retirement, commonly based on salary and years on the job.

2. Why is the PBGC taking over the Kemper Retirement Plan?

The PBGC is taking responsibility for the plan under the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Because the pension plan is underfunded and will be unable to pay benefits when due, the PBGC will take over as trustee. The agency will use the plan's assets and PBGC insurance funds to make sure that current and future retirees receive their pension benefits up to legal limits. The PBGC pays benefits according to plan provisions, subject to ERISA requirements and PBGC regulations and policies.

3. When did the Kemper Retirement Plan end? When will the PBGC assume responsibility?

The date of plan termination is October 21, 2004, and the PBGC expects to become trustee in the near future. Shortly after it becomes trustee, the PBGC will send an informational letter to all plan participants.

4. Where can I get more information?

PBGC's toll-free telephone number is 1-800-400-PBGC (7242). PBGC staff will be available from 8 a.m. to 5 p.m. Eastern Time, Monday through Friday to answer your questions. For TTY/TDD users, call the Federal Relay Service toll-free at 1-800-877-8339 and ask to be connected to 1-800-400-7242. You may also write to us at: Pension Benefit Guaranty Corporation, P. O. Box 151750, Alexandria, VA 22315-1750.

Representantes que hablan español están dispuestos a ayudarle en el Centro de Servicio.

5. Where can I get more information about the PBGC and its pension insurance program?

See the information on the PBGC Web site: www.pbgc.gov. A good resource on the site is the booklet: "[Your Guaranteed Pension](#)."

6. What benefits does the PBGC guarantee?

PBGC guarantees monthly pension benefits beginning at normal retirement age, certain early retirement benefits, and certain spousal benefits under joint and survivor coverage. Federal pension law limits the type and amount of benefits that the PBGC guarantees.

7. What are the limits on PBGC's guarantees?

There are three types of limits to PBGC's guarantees. First, the PBGC does not guarantee benefit amounts that exceed the normal retirement benefit promised by the plan. This means that the PBGC cannot pay the temporary supplements that some pension plans pay to retired workers before they become eligible for Social Security. Second, there are limitations on the maximum benefit that the PBGC pays. For plans terminating in 2004, the maximum benefit is \$3,698.86 per month or \$44,386.32 per year for a person who is age 65 on the plan termination date and who receives benefits in an annuity payable for life (called a straight-life annuity). The amounts are adjusted for those who retire at other ages and for benefits paid in a form other than a straight-life annuity. (See age adjustment schedule below for guarantee limits for a straight-life annuity and a joint-and-50%-survivor annuity, which pays benefits to the surviving spouse.) Third, PBGC's guarantee of any benefit improvement amendment made within five years before the termination date is limited. (See Question 8.)

**PBGC MAXIMUM MONTHLY GUARANTEES
FOR PLANS TERMINATING IN 2004**

Age	Straight-Life Annuity	Joint and 50% Survivor Annuity
65	\$3,698.86	\$3,328.97
64	\$3,439.94	\$3,095.95
63	\$3,181.02	\$2,862.92
62	\$2,922.10	\$2,629.89
61	\$2,663.18	\$2,396.86
60	\$2,404.26	\$2,163.83
59	\$2,256.30	\$2,030.67
58	\$2,108.35	\$1,897.52
57	\$1,960.40	\$1,764.36
56	\$1,812.44	\$1,631.20
55	\$1,664.49	\$1,498.04

HOW TO USE THIS TABLE:

If you are currently retired, use your age on the plan termination date to find the limit that applies to you. If you are not yet retired, use the age you will be when you start your pension to find the limit that will apply to you.

8. How does the limit on benefit improvements affect PBGC's guarantees?

If a benefit has been increased by a plan amendment within 5 years before the plan's termination date, the guaranteed amount is reduced. Under this limit, the larger of \$20 per month or 20 percent of the benefit improvement is guaranteed for each full year the improvement was in effect.

9. What types of benefits are not guaranteed?

The PBGC does not guarantee health and welfare benefits, severance and vacation pay, life insurance, and other nonqualified benefits.

10. I am currently receiving a pension from the Kemper Retirement Plan. What happens now?

You will continue to receive your monthly pension check without interruption. Benefit amounts

may be reduced if they exceed the legal maximum that the PBGC can guarantee. The PBGC will inform you of any change within a few months.

11. Will the PBGC know where to send my pension checks?

Yes. The PBGC will receive all information about retirees who receive pension checks from the pension plan administrator and its bank.

12. Are optional forms of benefits still available?

For participants who apply for benefits after the PBGC takes over a plan, the PBGC provides benefits in the form of an annuity. For information on the types of annuities available, see "Your PBGC Benefit Options" on the PBGC Web site, www.pbgc.gov.

13. Can I get a lump sum benefit after the PBGC takes over the plan?

PBGC pays lump sum benefits only if the total lifetime value of the defined benefit is \$5,000 or less. Participants in the cash balance plan will have their balance converted to an annuity at the time they elect to commence their pension benefit.

14. Will the deductions withheld from my retirement check stay the same when the PBGC takes over paying my retirement benefit?

The PBGC deducts for federal income tax, IRS levies and qualified domestic relation orders. PBGC does not withhold state and local taxes, medical or life insurance premiums and other non-federal deductions from your pension benefit.

15. I am not yet eligible to retire. Will my benefit at retirement be cut back?

The PBGC guarantees the benefit that you had earned as of the date the plan terminated (October 21, 2004), up to legal limits. You will begin to receive this benefit when you reach retirement age. Such a benefit is called a deferred vested benefit. You may choose to begin receiving benefits any time after you have reached the plan's early retirement age. However, if the benefit earned exceeds the amount the PBGC is legally able to pay, the benefit must be reduced to the statutory limit.

16. Does PBGC insure retiree health benefits?

No. PBGC insures only defined-benefit pension benefits. You may be eligible for a federal tax credit for health care coverage under the Trade Adjustment Act of 2002. For more information, see [Trade Adjustment Act of 2002 - Health Coverage Tax Credit](#).