

*When we purchase or sell a home, we often get expert advise to ensure that we receive appropriate value. When we begin a pension, with a present value that can exceed that of a home, we often do nothing.*

## WHY GET A PENSION AUDIT?

It's a small price to pay for peace of mind. For most of us, retirement is a one-time event; get the most out of yours:

### 1 . Pension laws and regulations are complex.

Since 1974, layer upon layer of laws and regulations have been added to ERISA in a patchwork of pension law. And Cash Balance Plans are the round peg being stuffed into this square hole of regulation.

### 2 . Employers lack expertise in this area.

Controlling costs and a lack of priority mean that it's very unlikely that your pension calculation is receiving appropriate review. Often low-level staff performs pension calculations.

### 3 . Mistakes are being made.

A 1997 congressional committee indicated a threefold increase in calculation underpayments during a 10-year period. Pension miscalculations are frequent and increasing.

## AT FEES YOU CAN AFFORD

Our fees are well worth the investment. Receive our **Pension Check-Up™** service for just \$100. Or let our Pension Actuary tailor an in-depth review, specific to your needs.

**Call 888-980-PBVS now!**



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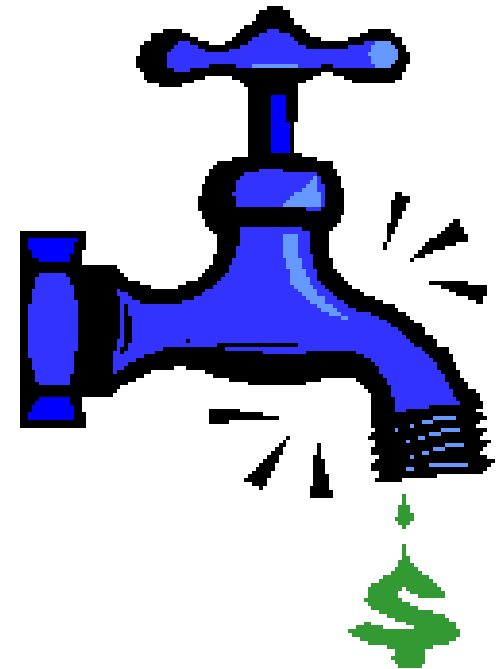
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# PBVS™

PENSION BENEFIT  
VERIFICATION SERVICE™

Assisting You in  
Securing a FULL Retirement

*Is Your Pension Leaking?*



# WHY HAVE YOUR PENSION CALCULATION VERIFIED?

Demographics show that over the next decade, millions of employees will retire. In addition to a 401(k), approximately half will be covered under a certain retirement plan, called a **defined benefit plan**. Traditionally, these plans promised to pay monthly income for life. More recently, many of these plans offer lump sum options, where participants can elect to take, in **one lump sum**, the actuarial present value of future pension payments. And some defined benefit plans have converted their benefit formula to define the accumulation of a hypothetical account balance instead of monthly income, thus **Cash Balance Plans**.

## ERISA: LAWS & PROTECTIONS

These 'traditional' pension plans have a long history in the United States. In 1875, the American Express Company established the first private pension plan. In 1963, the Studebaker Company terminated its employee pension plan, causing more than 4,000 autoworkers to lose some or all of their pensions and providing momentum for passage of pension reforms. Ultimately as a result, on September 2, 1974, the **Employee Retirement Income Security Act (ERISA)** became federal law. ERISA sets minimum standards for most voluntarily established private pension plans to provide protection for individuals in these plans.

*The Pension Benefit Guaranty Corporation, (PBGC) has indicated that "...tens of thousands of pension plan participants are being underpaid..."*

**ERISA requires** plans to provide participants with plan information including important information about plan features and funding; sets minimum standards for participation, vesting, benefit accrual and funding; provides fiduciary responsibilities for those who manage and control plan assets; requires plans to establish a grievance and appeals process for participants to get benefits from their plans; gives participants the right to sue for benefits and breaches of fiduciary duty; and, if a defined benefit plan is terminated, guarantees payment of certain benefits through a federally chartered corporation, known as the Pension Benefit Guaranty Corporation (PBGC).

## ROUND PEG & SQUARE HOLE

With the success of 401(k) plans, the increasing mobility of the work force, and the decline in appreciation for traditional defined benefit plans, many plan sponsors who retained their defined benefit plans demanded something new. Pension consultants designed '**Hybrid plans**' that legally remained defined benefit plans but looked like something else. The most prevalent of these, the **Cash Balance Plan**, is designed to look like a defined contribution plan, but is in fact a defined benefit plan, subject to the same federal laws.



On the surface, they seem much simpler than defined benefit plans. However, the opposite is true. With recent exceptions, pension law has been developed with the traditional pension plans in mind. **Trying to administer a Cash Balance Plan under traditional pension law is the proverbial pounding a round peg into a square**

**hole.** Consider the following: Your account balance may not be your lump sum payout! Why? Because **your cash balance is hypothetical**. Defined benefit plan laws and regulations require that certain minimums and standards be met.

*In 1997, Senator Charles Grassley chaired a Special Committee on Aging to examine the growing problem of pension miscalculations. It found pension underpayments had tripled in the previous ten years.*

## COMPLEXITY VS. EXPERTISE

Pension plan documents are the culmination of a **broad patchwork** of pension laws, substantially beginning with ERISA. During the past 30 years, there have been numerous laws, **layered on top** of and modifying ERISA. And with each law came **volumes of regulations** from various authorities, including the IRS, DOL, and PBGC.

At the same time, employers are committing **fewer resources** to defined benefit plan administration. Participants retire with significant accrued pensions, yet they often rely solely on scaled-back, inexperienced, and unqualified human resources staff to determine their retirement benefits. **As complexity has been increasing, and expertise decreasing, pension calculation errors are on the rise.**

## HOW CAN PBVS HELP YOU?

**We provide niche services** for those who want a level of confidence and comfort knowing that they are being paid their entire hard-earned pension, and for those who suspect they're not. It's called the **Pension Benefit Verification Service, or PBVS**. Visit our website at <http://www.pbvs.org/> for more information.