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STATE OF ARIZONA
STATE OF COLORADO
STATE OF OKLAHOMA
STATE OF TEXAS
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QWEST PENSION PLAN and the PENSION BENEFIT GUARANTY CORPORATION

During recent AUSWR group meetings, several retirees asked me to explain what the maximum amount of his or her monthly pension benefit from the Qwest Pension Plan is protected or guaranteed by the Pension Benefit Guaranty Corporation.

When ERISA was signed into federal law in 1974, Congress created the Pension Benefit Guaranty Corporation ("PBGC"), an insurer akin to the Federal Deposit Insurance Corporation, to provide some protection for defined benefit pension plans against employer insolvency. The PBGC, an agency (or federal corporation) run by a board that includes the U.S. secretaries of Labor, Treasury and Commerce, receives no funds from general tax revenues.

Presently, the PBGC, insures the pensions of about 44 million workers. The PBGC currently pays monthly benefits to abut 640,000 persons. And, presently, the PBGC's obligations for future benefits is about $74 billion. You can obtain the PBGC's recent annual report at: http://www.pbgc.gov/docs/2008_annual_report.pdf

The PBGC finances its operations from mandatory insurance premiums paid by companies, like Qwest, that sponsor defined pension benefit plans. For instance, for year 2008 Qwest paid to the PBGC $3,190,730 as an insurance premium at the rate of $34 per plan participant, for a total of 93,845 plan participants in the Qwest Pension Plan, including all categories of retirees and active employees, as of the end of December 31, 2008.

The PBGC also receives investment income and recoveries, if any, from employers whose underfunded plans have terminated. When employers who pay insurance premiums to the PBGC can no longer support their defined benefit pension plans, the agency takes over the assets and liabilities and pays certain minimum pension benefits to the pension plan participants and beneficiaries.

The Pension Protection Act of 2006 provides that the maximum benefit payable by the PBGC is to be determined by the legal limits in force on the date of the plan sponsor's bankruptcy and not on the date of plan termination.

The maximum pension benefit guaranteed by PBGC is set by law and adjusted yearly. The PBGC maximum insurance benefit is indexed to a contribution and benefit base in Social Security law. Because the Social Security amount does not increase next year, the PBGC maximum insurance benefit payable in year 2010 is unchanged from 2009.

On October 27, 2009, the PBGC announced that the maximum annual benefit for plans taken over in 2010 will be $54,000 for retirees who are at least age 65 years when the pension plan is taken over by the PBGC. Thus, a retiree who is at least age 65, should his or her pension plan be taken over next year, is guaranteed a top payment of **$4,500.00** monthly. Persons who are younger than age 65 years when a pension plan is taken over are guaranteed smaller benefits. Persons who are older than age 65 years when a pension plan is taken over are guaranteed more benefits. For instance, a person who is age 75 when the pension plan is taken over is guaranteed his or her benefit up to the maximum allowable payout of **$13,680** monthly.

Each year, the PBGC posts a chart showing the amounts guaranteed as a monthly annuity payment for persons at age 65 years, down to age 45 years. See: http://www.pbgc.gov/workers-retirees/benefits-information/content/page789.html

Sincerely,

Curtis L. Kennedy

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