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

JUL 22 2004



Re: Case 192633, The Singer Company - Sewing Salaried
Employees Retirement Plan ("Plan")

Dear

The Appeals Board has reviewed your appeal of PBGC's September 5, 2003 determination that you are entitled to a monthly benefit of \$813.28, which is less than the \$1,722.26 estimated benefit you are receiving. For the reasons discussed below, the Appeals Board changed PBGC's determination by finding that your benefit should be based on your total Years of Credited Service under the Plan's Final Average Earnings ("FAE") benefit formula.

PBGC's Insurance Operations Department ("IOD"), the organization responsible for determining and paying PBGC benefits, will send you a new determination.

Your September 9, 2003 letter of appeal said that you believe PBGC's determination is incorrect because PBGC did not use your total 33 years and 11 months of service with Singer to calculate your benefit. In accordance with established PBGC procedures, we forwarded a copy of your letter to the IOD Authorized Plan Representative to provide you with a more detailed explanation of how PBGC calculated your benefit.

IOD responded on November 7, 2003, explaining that PBGC credited all 33 years and 11 months of your service with Singer in determining your benefit and that your PBGC benefit was calculated in two parts: the first 24 years and 9 months of your service, August 3, 1959 to June 1, 1984, were credited under the Plan's frozen benefit formula, which was in effect until July 18, 1986, and the other 9 years and 2 months, July 15, 1991 through August 24, 2000, were credited under the FAE formula. PBGC also explained that Singer had incorrectly calculated your estimated accrued benefit by crediting all of your service under the FAE formula. IOD's letter also gave you 30 days to provide the Appeals Board with specific reasons if you still believed PBGC's determination was incorrect.

On November 12, 2003, you supplemented your appeal filing, stating that you believe PBGC's determination is incorrect because Singer management had advised you on several occasions that your years of Credited Service would be bridged for purposes of calculating your

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benefit under the FAE formula, and you provided several letters from the prior Plan Administrator to support your claim. You also questioned the correctness of the \$290.42 per month frozen benefit amount shown on your PBGC benefit statement, noting that this would not be an issue if your benefit is calculated under the FAE formula using all of your Credited Service.

The Plan, as amended and restated effective January 1, 1989, was in effect when the Plan terminated on August 24, 2000, and is the governing Plan document. The following provisions of the Plan are relevant to your appeal:

Section 2.5 - Recrediting of Credited Service

If a Participant who has no Nonforfeitable right to Retirement Income incurs a One-year Break in Service, Years of Credited Service earned prior to the One-Year Break in Service shall be disregarded after the consecutive number of One-Year Breaks in Service equals or exceeds five (5) years. *In all other cases, the reemployed Participant shall be credited with his prior Years of Credited Service upon his reemployment with the Employer.* [Emphasis added.]

Section 4.1 - Normal Retirement Benefit

(A) The amount of annual Retirement Income payable to a Member, computed with respect to his Normal Retirement Date, shall be:

- (i) For Participants who earn Years of Credited Service on or after January 1, 1991, equal to 1 1/8% of his Average Earnings multiplied by his total Years of Credited Service.
- (ii) For Participants who do not earn Years of Credited Service on or after January 1, 1991, the sum of:
 - (1) 1 1/8% of his earnings for each Year of Credited Service performed after December 31, 1988, and
 - (2) his benefit accrued pursuant to Section 4.1 of the Prior Plan as of December 31, 1988.

PBGC records show that when your first period of employment with the Company ended on June 1, 1984, you were vested under the Prior Plan with 24 years and 9 months of Credited Service. Therefore, as provided under Section 2.5 of the Plan, when you were reemployed by the Company on July 15, 1991, you were credited with all your prior Years of Service. The records further show you earned an additional 9 years and 2 months of Credited Service after

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January 1, 1991. Thus, the Appeals Board found that based on section 4.1(A) (i) of the 1989 Plan, your Retirement Income is to be calculated under the FAE formula using 33 years and 11 months of Credited Service, which covers both periods of your employment with the Company.

We will forward a copy of this letter to PBGC's Insurance Operations Department, who will send you a new determination, with a new 45-day appeal right. We appreciate your patience while PBGC completes the processing of your case. Meanwhile, if you need other information from PBGC, please call our Customer Contact Center at 1-800-400-7242.

Sincerely,



Sherline M. Brickus
Member, Appeals Board