

Pace didn't report 2009 earnings to SSA

Former employees' annual Social Security statements missing Pace information

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The 423 former employees of Pace Airlines Inc. are discovering the hard way of another financial blow from the collapse of the company.

The company's management failed to issue W-2 forms for 2009. That not only complicated employees' tax filings for 2009, it also meant that, in most cases, their earnings for last year were not reported to the U.S. Social Security Administration.

What makes that significant is that if their 2009 earnings are not counted, it reduces the amount of Social Security benefits they would receive.

"Your Social Security benefits are figured on your best 35 years of earnings, and you want to be credited for what you paid for," said Frank Viera, a public-affairs specialist for the agency.

Pace collapsed last September after a turbulent 3½ months under new owner William Rodgers Sr. It was forced by creditors into involuntary bankruptcy in January.

The issue surfaced recently when some former employees received annual Social Security statements on their earnings, which are typically mailed about three months before the person's birthday. Those statements showed no earnings for 2009 from Pace.

Viera said that employees don't have to wait until they get their annual Social Security report to determine whether earnings are missing. They can request a statement at www.irs.irs.gov.

Employees who are missing their 2009 earnings can call 800-772-1213 or visit their local Social Security office for assistance.

Viera said they can also request a substitute W-2 form, which the Internal Revenue Service can provide, or their last Pace pay stub to help verify their earnings. "Once we have proof of their earnings, we can make changes to their Social Security records," he said.

For a pay stub, you need a W-2 form. For employees, it is not clear who they should contact for wages. Rodgers forwarded Social Security, Federal and state taxes collected last year from employees.

Mark Hannon, an IRS spokesman for the Carolina, said that the IRS is prohibited by federal law from discussing specific taxpayer's tax matters.

Ervin Allen III, the Chapter 7 bankruptcy trustee, said he believes that Pace management did collect and forward withholding taxes to the appropriate agencies "up until the time employees were let go and through their last paychecks."

Rodgers is facing a charge of willful failure to pay group health insurance premiums. A Civil Penalty to the IRS was filed by the U.S. Department of H.C.

The employees also are awaiting the results of a July 30 "proof of claim" filing by the H.C. Labor Department regarding up to four weeks of wages. The claim serves as an enforcement of the H.C. wage and hour act. It is about \$1.5 million in wages and \$107,910 in interest as of July 31.

Labor officials and unions cautioned that there is no guarantee employees will receive a full back pay.

WHAT TO DO

It is likely that wage earnings for 2009 were not filed with the U.S. Social Security Administration for most, if not all, former Pace Airlines Inc. employees. The defunct company did not issue W-2 forms for 2009 to employees.

Social Security requires proof of earnings -- either a W-2 or the most recent pay stub that employees had before the company stopped paying their wages -- before the agency can correct the omission.

The Internal Revenue Service can provide a substitute W-2 form by calling 728-4039 in Winston-Salem or 378-2498 in Greensboro.