

PBGC Update

The Looming Retirement Security Crisis Symposium

Alliance for Retired Americans

November 13, 2024

Ann Y. Orr, Acting Director, PBGC

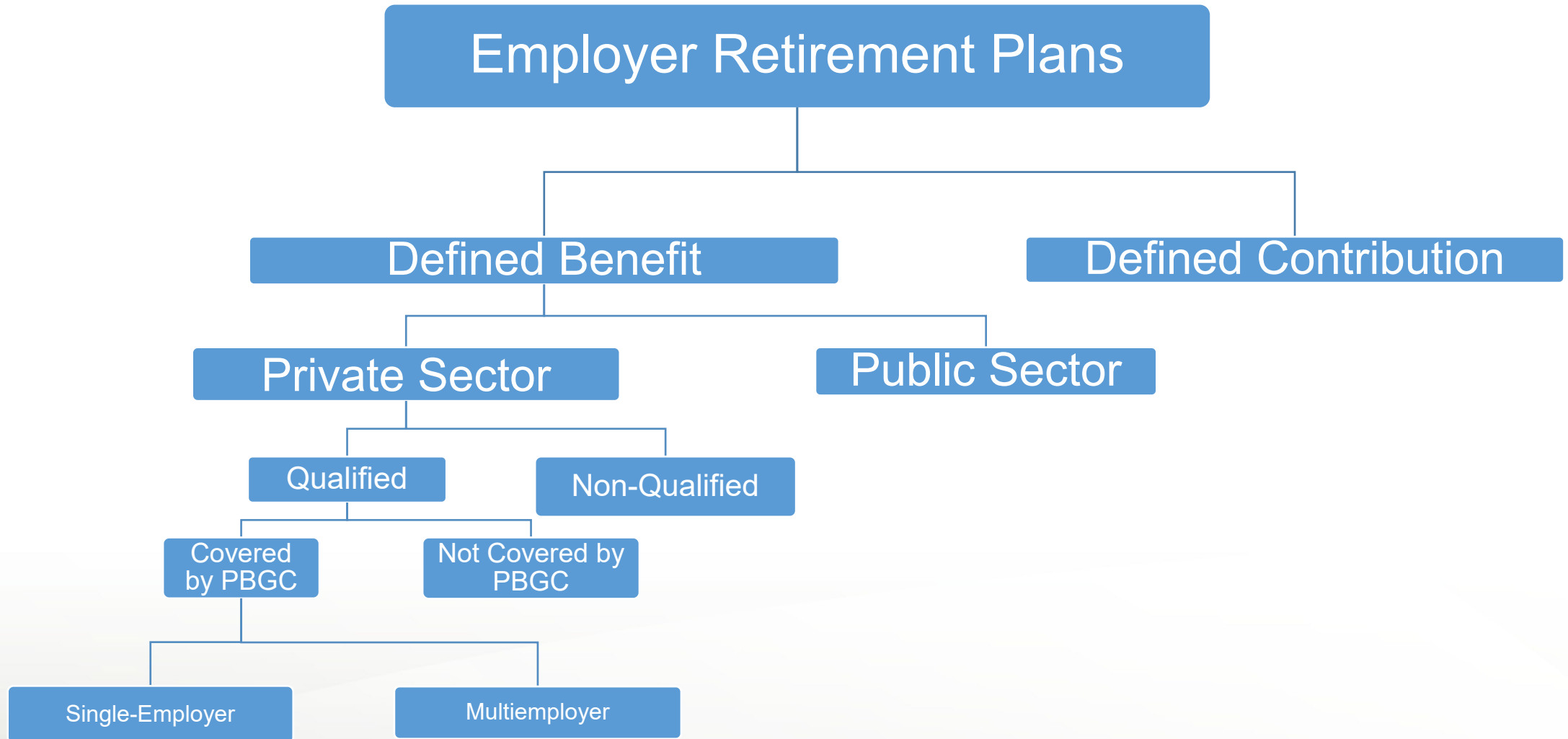
Anne Henderson, Senior Advisor, PBGC

Kevin Muse, Actuary, PBGC

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PBGC*



Types of Employer-Sponsored Retirement Plans



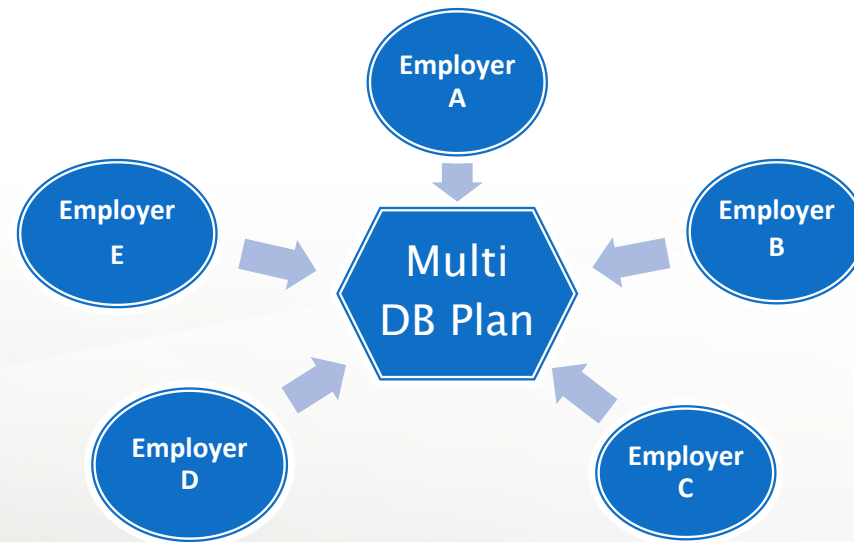
Two Types of Qualified DB Plans

Single-Employer Plan

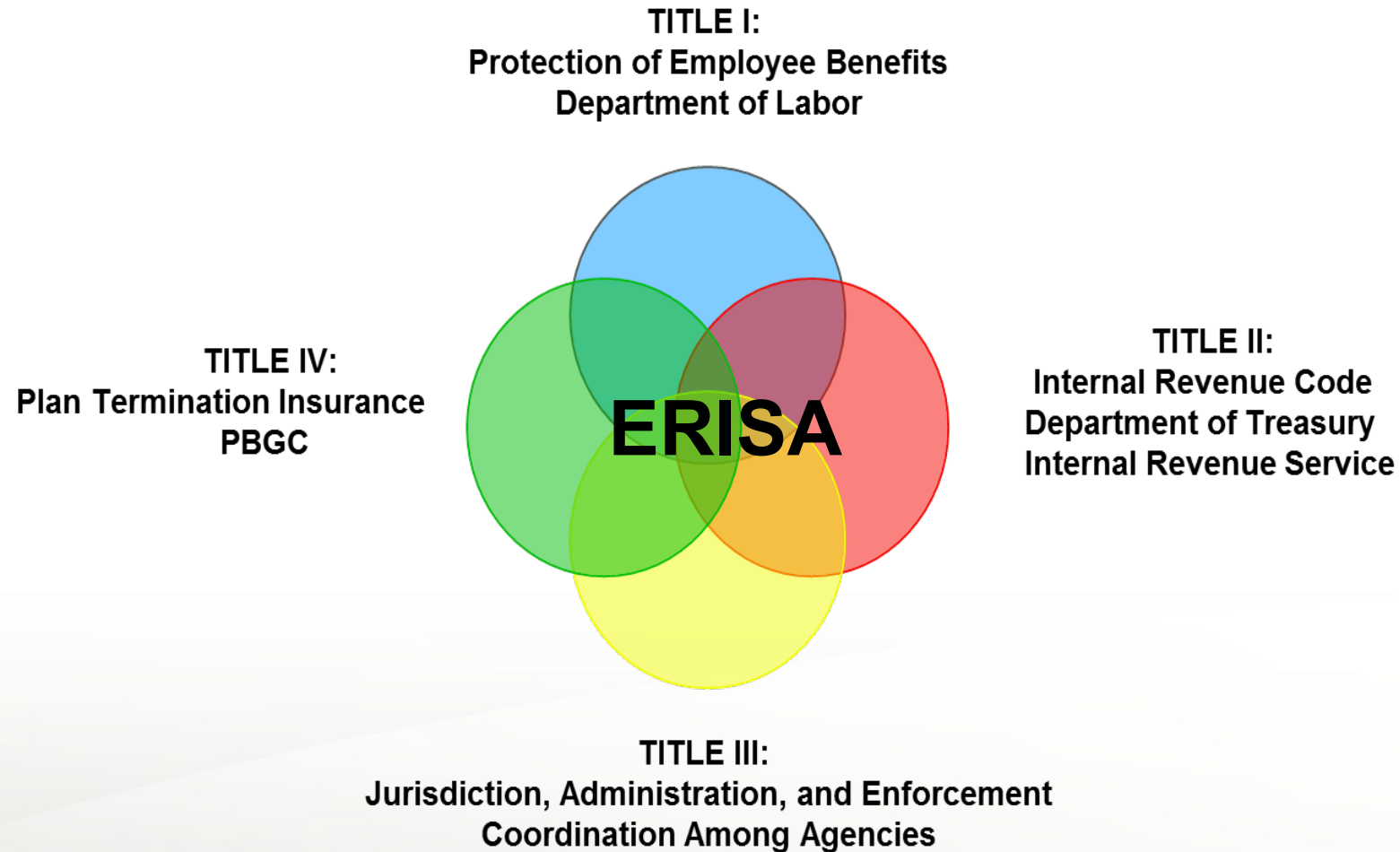
- One employer sponsors the plan on behalf of its employees
- Can be, but doesn't need to be, collectively bargained

Multiemployer Plan

- Collectively bargained and sponsored by more than one employer
- Administered by Board of Trustees
- Facilitates continued benefit accruals when employee moves from employer to employer (but sticks with union)

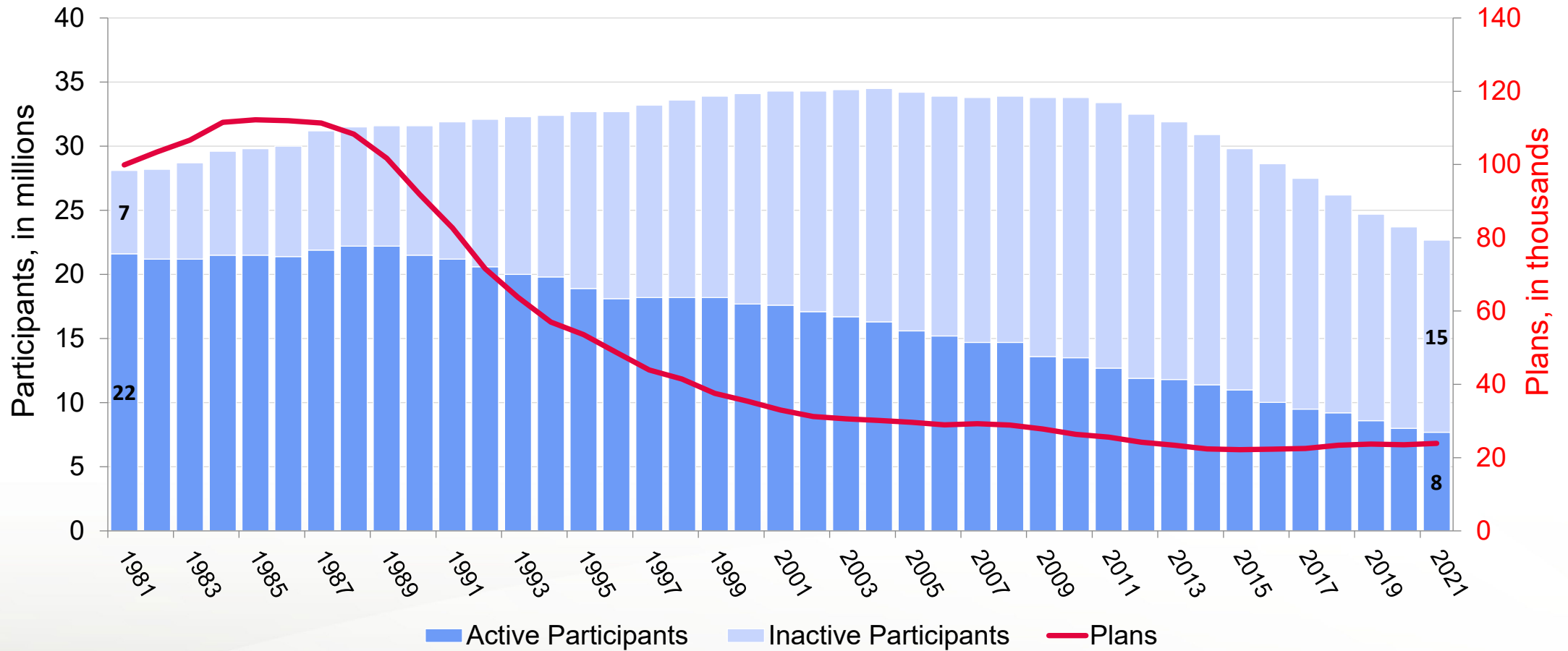


Regulating Private Pensions Structure and Administration of ERISA



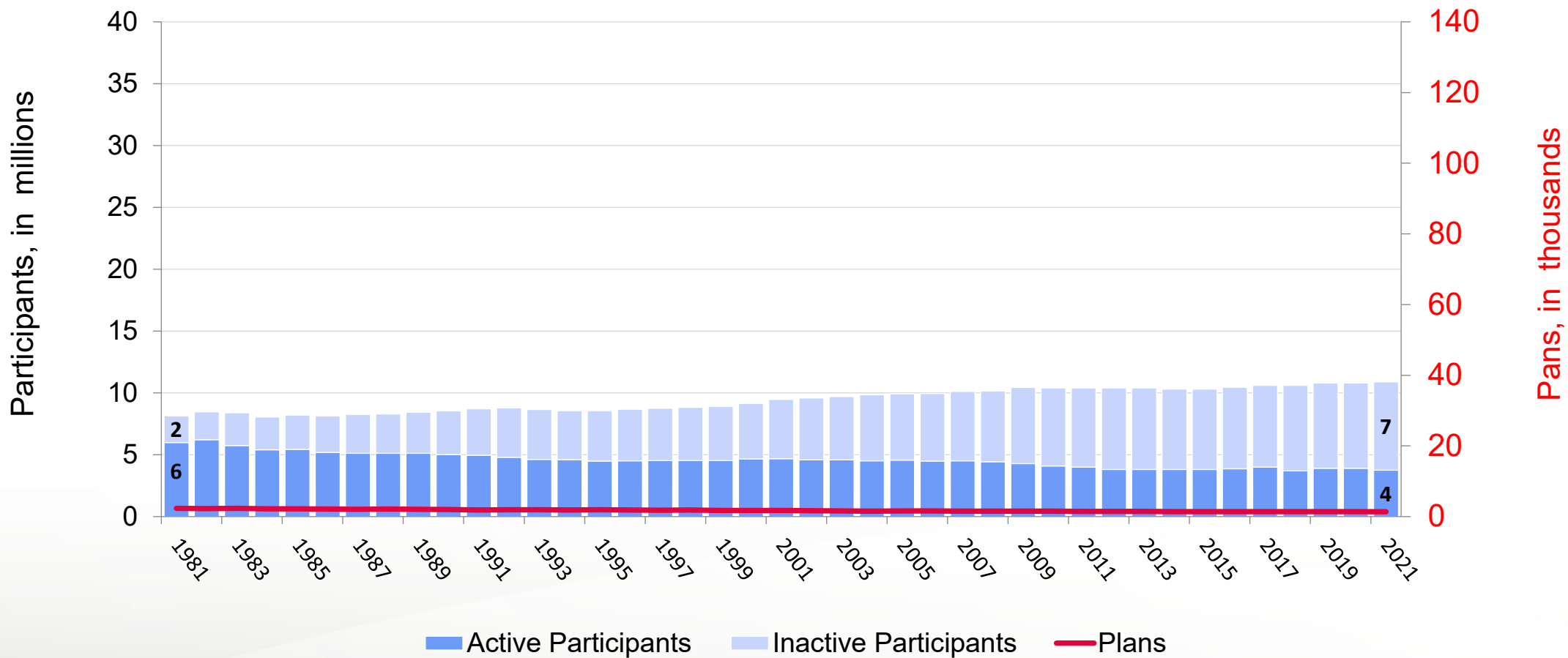
- Mission (per statute)
 - Encourage the continuation and maintenance of voluntary private pension plans
 - Provide for timely and uninterrupted payment of pension benefits to participants and beneficiaries
 - Maintain premiums at the lowest level consistent with its obligations
- PBGC's two programs operate very differently
 - Single-Employer Program: PBGC takes over and administers plans that terminate without sufficient assets
 - Multiemployer Program: When a plan runs out of money ("becomes insolvent"), PBGC provides financial assistance so that plan can continue to provide benefits
- New role related to multiemployer plans – implement and operate the Special Financial Assistance (SFA) Program

PBGC-Insured Participants and Plans Single-Employer Plans Only



Source: Form 5500 and PBGC premium filings

PBGC-Insured Participants and Plans Multiemployer Plans Only



- PBGC covers most private-sector qualified DB plans unless exemption applies
- Exceptions:
 - Substantial Owner Plans
 - Small Professional Service Plans
 - Certain Puerto Rico Plans, unless they opt in
 - Church Plans, unless they opt in
- Covered plans can't opt out
- Except as noted above, non-covered plans can't opt in

Measuring Funded Status of PBGC Programs

- Assets


- Separate funds for two programs
- Sources of income

Single-Employer Program	Multiemployer Program
<ul style="list-style-type: none">• Premiums• Assets from plans that PBGC trustees• Recoveries in bankruptcies• Investment income	<ul style="list-style-type: none">• Premiums• Income on government securities

- Liabilities


- Measured at market value
- Includes “probables”

PBGC information for Workers and Retirees




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i Retiree Update
[This page](#) contains important information and useful tips for retirees receiving monthly pension benefits from PBGC.



Manage Your Benefits


Here you will find information on [applying for your retirement benefit](#), [designating a beneficiary](#), requesting an [income verification letter](#), adjusting your [Federal tax withholding](#), reporting a death, and more.



Is PBGC Responsible for My Benefits?

Congress established PBGC to protect traditional, defined-benefit pensions sponsored by private-sector employers. See if your retirement benefits are protected by PBGC.

- [PBGC-trusteed plans](#) (failed plans, PBGC pays benefits)
- [Plans paying PBGC premiums](#) (ongoing plans)
- [Find unclaimed retirement benefits](#)











Learn About Benefits

If your defined benefit pension plan ends without sufficient money to pay all benefits, PBGC's insurance program will pay you the benefit provided by your pension plan up to the limits set by law. Learn more about the benefits [PBGC guarantees](#), including the [required start date](#) for receiving benefits.

Learn how PBGC collects overpayments through [recoupment and recovery](#).

How Can We Help?

-  [I received a letter saying PBGC is responsible for my pension plan](#)
-  [I want to apply for my PBGC benefit](#)
-  [I want to change my address](#)
-  [I want to change my federal tax withholding amount](#)
-  [I received an Annual Funding Notice from my pension plan](#)
-  [I am looking for a pension benefit from a former employer](#)
-  [I am worried my pension plan will end](#)
-  [I need additional customer service](#)

PBGC en Español



Bienvenidos al sitio de español de PBGC



PBGC traduce toda la correspondencia recibida de los clientes que este escrita en cualquier idioma que no sea el inglés.

Los clientes no necesitan traducir los documentos antes de enviarlos a PBGC.

Este sitio tiene información importante para trabajadores y jubilados. Para navegarlo, use el menú de arriba (barra azul) o alguna de las secciones de abajo. Visite el [Glosario de Definiciones](#) para familiarizarse con términos usados por PBGC.

Le recordamos que los clientes de PBGC pueden cambiar su preferencia de idioma y recibir correspondencia en español. Llame al Centro de Contacto al Cliente de PBGC ([1-800-400-7242](tel:1-800-400-7242)), presione 2 para español, y solicite un cambio de idioma.



[Nuevos Participantes](#)

¿Es la primera vez que nos visita? Vea esta sección con información sobre su plan de pensión y recursos para ayudarle a administrar su beneficio.



[¿Es PBGC responsable de mis beneficios?](#)

El congreso ha establecido PBGC para proteger pensiones tradicionales, de beneficios definidos, que son patrocinadas por



[Su Beneficio](#)

- [Comenzar Beneficio](#)

Información sobre tipos de anualidades, designación de beneficiarios, obtención de estimados de pensión, como comenzar beneficio o

[¿Cómo Podemos Ayudarle?](#)

[Recibí una carta de PBGC](#)

[Solicitar beneficios de pensión](#)

[Cambiar dirección e información personal](#)

[Cambiar retención de impuestos](#)

[Carta de "Annual Funding Notice"](#)

[Buscar pensión de un](#)



PBGC information for Employers & Practitioners

The screenshot shows the PBGC.gov website interface. At the top left is the PBGC logo and the text "Pension Benefit Guaranty Corporation A U.S. GOVERNMENT AGENCY". To the right are links for "Contact Us", "Glossary", "Languages", and "Español", along with a search bar. A dark blue navigation bar contains "About PBGC", "Workers & Retirees", "Employers & Practitioners" (highlighted), "News & Policy", and "MyPBA Login". Below this is the heading "Employers & Practitioners" and a sub-heading: "Are you an employer or practitioner responsible for the administration of a pension plan? If so, this is your portal to working with PBGC." The main content area features six cards: "PBGC Premiums" (with a man at a laptop), "Interest Rates & Factors" (with a calculator and pen), "What's New" (with a list of recent updates and a "See All" button), "FAQs For Practitioners" (with a "Frequently Asked Questions" sign), "Risk Mitigation & Early Warning" (with a meeting scene), and "Plan Terminations" (with a group of people shaking hands).

PBGC Premiums
Information on premium filings, mailing addresses, due dates, premium rates, late payment charges, and more.

Interest Rates & Factors
Information on rates used for calculating premiums, lump-sum benefits, multiemployer withdrawal liability, and more.

What's New
November 4: [Special Financial Assistance Permissible Investments – Frequently Asked Questions](#)
November 4: [Benefit Restrictions – Present Value of PBGC Maximum Guarantee](#)
October 18: [Guarantee Limit](#)
October 11: [2025 Premium Rates](#)
September 23: [2022 Pension Insurance Data Tables Installation](#)
[See All](#)

FAQs For Practitioners
Are you an employer or practitioner

Risk Mitigation & Early Warning

Plan Terminations
Learn more about the circumstances,

Additional PBGC.gov resources for Employers & Practitioners

About PBGC ▾	Workers & Retirees	Employers & Practitioners ▾	News & Policy ▾	MyPBA Login
Log in to My PAA	Plan Terminations	Legal Resources	Pension Insurance Data	
Log in to e-Filing Portal	Standard Terminations	ERISA	Mortality, Retirement & PV Max Guarantee	
Employers & Practitioners Overview	Distress Terminations	Code of Federal Regulations	ERISA Section 4044 Retirement Assumptions	
What's New	Missing Participants (Standard/Distress Terminations Only)	Rulemaking Documents	ERISA Section 4044/4050 Mortality Tables	
What's New for Practitioners Archive	PBGC-Initiated Terminations	Guidance Documents Database	Present Value of PBGC Maximum Guarantee	
Forms For Employers & Practitioners	Premiums	Federal Register Notices	Reporting & Disclosure	
FAQ's For Employers & Practitioners	Multiemployer Plans	Litigation Documents	4010 Reporting	
Premium Filings	Funding and Other Notices	Agency Decisions and Opinions	Annual Funding Notices	
Interest Rates	Introduction to Multiemployer Plans	Other Resources	Reportable Events & Large Unpaid Contributions	
Missing Participants Program	Multiemployer Premiums	Federal Register Notices Open For Comment	Reporting & Disclosure Overview	
Risk Mitigation & Early Warning Program	Withdrawal Liability	PBGC Mediation Program	Section 4062(e)	
	Special Financial Assistance Program	PBGC Insurance Coverage	Section 4063 Notices	
		Disaster Relief		
		Appeals Board		

What's New for Employers & Practitioners Alerts

What's New for Practitioners recent alerts on:

- Benefit Restrictions – Present Value of PBGC Guarantee
- SFA Permissible Investments FAQs
- Guarantee Limit
- 2025 Premium Rates
- Pension Insurance Data Tables installment
- First ERISA 4044 Yield Curve now available
- Updated Filing Instructions for 4010 and DB Missing Participants Program

What's New for Employers & Practitioners

[Sign up to receive What's New for Practitioners email updates](#)

Keyword Filter

Search

Benefit Restrictions – Present Value of PBGC Maximum Guarantee: On November 4, 2024, PBGC posted a [table](#) showing the present values applicable to benefits with annuity starting dates in 2025. A [two-column spreadsheet](#) version of the table is also available for convenient copying. For more information see [Technical Update 07-04](#). (11/04/2024)

Special Financial Assistance Permissible Investments – Frequently Asked Questions: PBGC has posted a new [SFA frequently asked question](#) that provides guidance for multiemployer plans that receive SFA. The new SFA FAQ explains what types of derivative exposure, outside of permissible fund vehicles, are permissible in portfolios of SFA assets and provides examples. PBGC also has posted an updated FAQ on examples of permissible investment grade fixed income (IGFI) securities to clarify when fixed-to-float securities are permissible IGFI securities. The new and updated FAQs are also accessible on the [SFA Program page](#) under Resources. (11/04/2024)

Guarantee Limit: As a result of the indexing rules provided by law, the maximum guarantee limits for single-employer plans that fail in 2025 will be 4.56% higher than the limits that applied for 2024. A [table](#) showing the 2025 guarantee limits for various ages and payment forms is available. The guarantee limits for multiemployer plans are not indexed and have not changed. (10/18/2024)

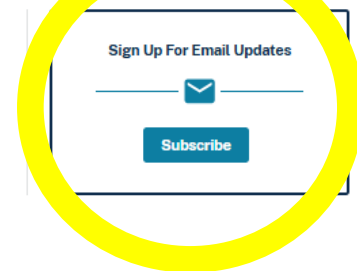
2025 Premium Rates: PBGC has determined the premium rates applicable for plan years beginning in 2025 in accordance with the indexing rules provided in section 4006 of ERISA. The [Premium Rates](#) web page has been updated accordingly. (10/11/2024)

2022 Pension Insurance Data Tables Installment: PBGC's [2022 Pension Insurance Data Tables Installment](#) is now available. The tables summarize information on PBGC's Single-Employer and Multiemployer Insurance Programs and the defined benefit pension system, which includes time-series data on PBGC's finances and operations. The data on PBGC-insured defined benefit plans includes information on the number of plan participants, plan funded status, hybrid plans, frozen plans, risk transfer activity and Special Financial Assistance payments. PBGC's data tables provide a comprehensive, longitudinal source of information on its insurance programs and employer-sponsored defined benefit plans. (09/23/2024)


First ERISA 4044 Yield Curve now Available: The July 31, 2024 ERISA 4044 Yield Curve is now available on PBGC's [ERISA 4044 Interest Assumption webpage](#). This yield curve is used for 4044 calculations where the valuation date is on or after July 31, 2024 and before August 31, 2024. PBGC will update the Interest Assumption webpage monthly to reflect future yield curves. For more information, see PBGC's ["Valuation Assumptions and Methods" Final Rule](#), issued June 6, 2024. (08/13/2024)

[What's New for Practitioners Archive](#)

[Pre-2018 What's New for Practitioners](#)



American Rescue Plan (ARP) Special Financial Assistance Program

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American Rescue Plan (ARP) Special Financial Assistance Program

Under PBGC's SFA application metering system, PBGC will accept applications in a manner that facilitates an expeditious and thorough review process and provides every eligible plan an opportunity to file its SFA application with PBGC.

PBGC will accept as many applications as the agency estimates it can process within the statutory 120-day review period. When the number of applications under review reaches that level, the application e-Filing Portal will temporarily close until PBGC has capacity to receive more applications. PBGC will update this page when the e-Filing Portal opens and closes, and will post information about the status of submitted applications. Please sign up for email updates using the link at the bottom of this page, and view the [application status tracker](#).

When [PBGC's e-Filing Portal](#) is temporarily closed or limited to plans from the waiting list, plans may request to be placed on the waiting list in accordance with the instructions in the [SFA Application Guidance for Non-Priority Plans](#).

e-Filing Portal LIMITED

The [e-Filing Portal](#) is open only to plans at the top of the waiting list that have been notified by PBGC that they may submit their applications. Applications from any other plans will not be accepted at this time.

American Rescue Plan Act of 2021 Resources

- [White House Fact Sheet -historic progress on pension security](#)
- [Dept of Labor Report on SFA, November 2024](#)
- [White House Fact Sheet on Protecting 1M Pensions](#)
- [American Rescue Plan \(ARP\) Act of 2021](#) [congress.gov]
- [PBGC American Rescue Plan Overview](#)
- [SFA Final Rule](#)
- [SFA Final Rule Factsheet](#)
- [SFA Final Rule Press Release \(7/6/2022\)](#)
- [White House Fact Sheet on Final Rule](#)
- [Interim Final Rule](#)
- [SFA Assumptions Guidance](#)
- [Status of SFA Applications](#)
- [SFA Application Guidance for Non-Priority Plans](#)
- [Special Financial Assistance Comments](#)
- [Frequently Asked Questions](#)
- [Instructions / Templates](#)
- [Webinars](#)

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What's New for Practitioners

Find out the latest news for pension plan practitioners including Premium Filings, Reportable Events, Funding Relief Notifications, and more.

[WHAT'S NEW FOR PRACTITIONERS](#)

Monthly Interest Rates

Receive notifications each month of interest rate updates that are accessible from the [Interest Rates & Factors webpage](#).

[MONTHLY INTEREST RATES](#)

Last Updated: September 30, 2024





Projections Report Highlights

PBGC

Provides financial projections under a range of possible outcomes based on stochastic modeling, and includes:

- Annual 10-year projection of PBGC's financial position
- 40-year projection of Multiemployer (ME) Program solvency
- Stress-test of Single-Employer (SE) Program



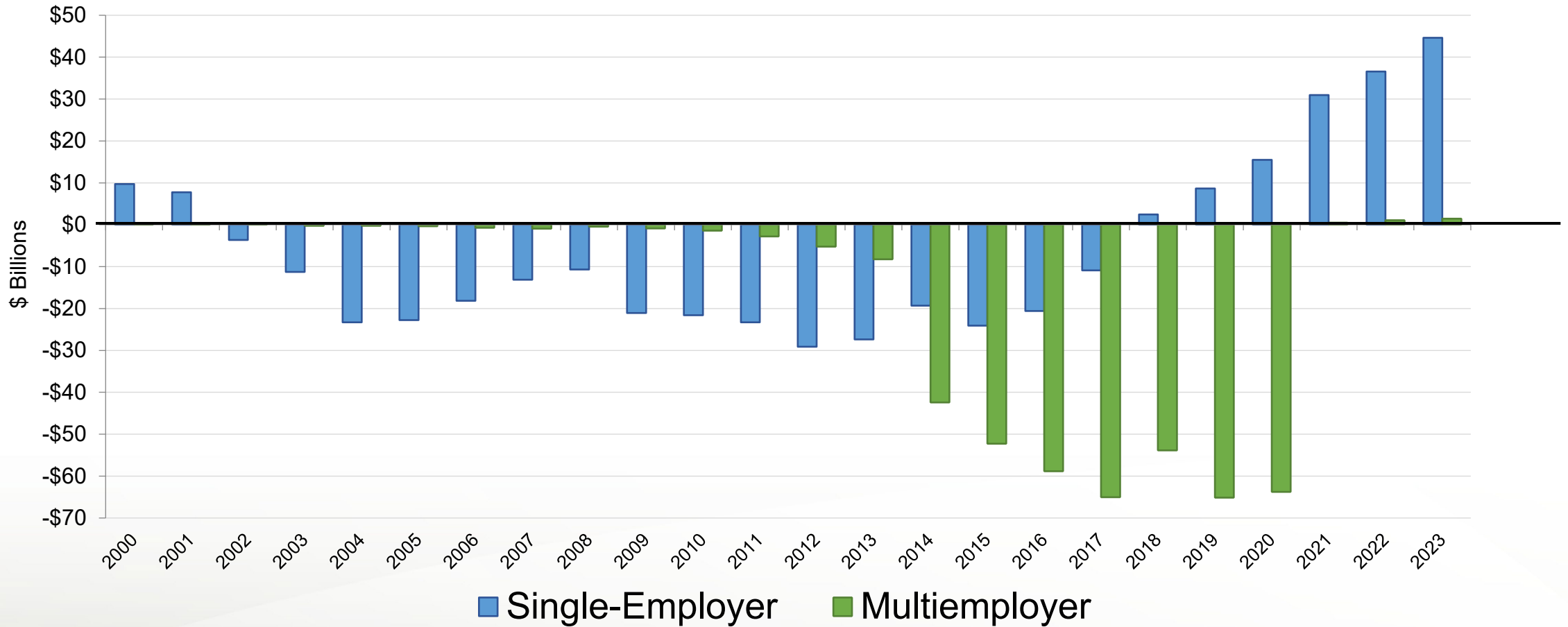
Program Comparison FY 2023

	Single-Employer	Multiemployer
Number of covered plans	23,500	1,360
Number of participants in covered plans	20.6 million	11.0 million
Insurable event	Plan Termination	Plan Insolvency
FY 2023 PBGC financial position		
• Assets	\$ 130.9 B	\$ 4.1 B
• Liabilities (includes “probable” losses)	<u>86.3 B</u>	<u>2.6 B</u>
• Net position	\$ 44.6 B	\$ 1.5 B
FY 2023 premium income	\$ 5.6 B	\$ 368 M
FY 2023 payouts for retirees & beneficiaries	\$ 6.1 B	\$ 176 M*
2024 maximum annual guaranteed benefit	\$ 85,295 SLA for age 65 retiree, regardless of service	\$12,870** Retiree w/30 years of service, any age

* Excludes payouts funded by Special Financial Assistance.

** Two-tier guarantee: 100% of the first \$3,960, 75% of the next \$11,880. Not indexed.

FY 2000-2023 Net Financial Position



Backdrop for FY 2023 Results

- In 2023, equity returns were favorable and interest rates remained high
 - ME plan funded positions improved
 - SE plan funded positions remained strong
 - Projections Report reflects economic data up to 12/31/2023
- SE claims continue to be very low
- As of December 31, 2023, PBGC has approved \$53.6 billion in SFA for 69 plans
 - 35 additional applications then under review or recently withdrawn requesting a total of \$19.3 billion

Key Results – Multiemployer Program

Likely to remain solvent beyond FY 2063

- Insolvent by FY 2026 prior to American Rescue Plan Act

Mean financial position is a deficit of \$4.7B in FY 2033 (in 2023 dollars)

- But >50% of scenarios result in a positive 10-year net position

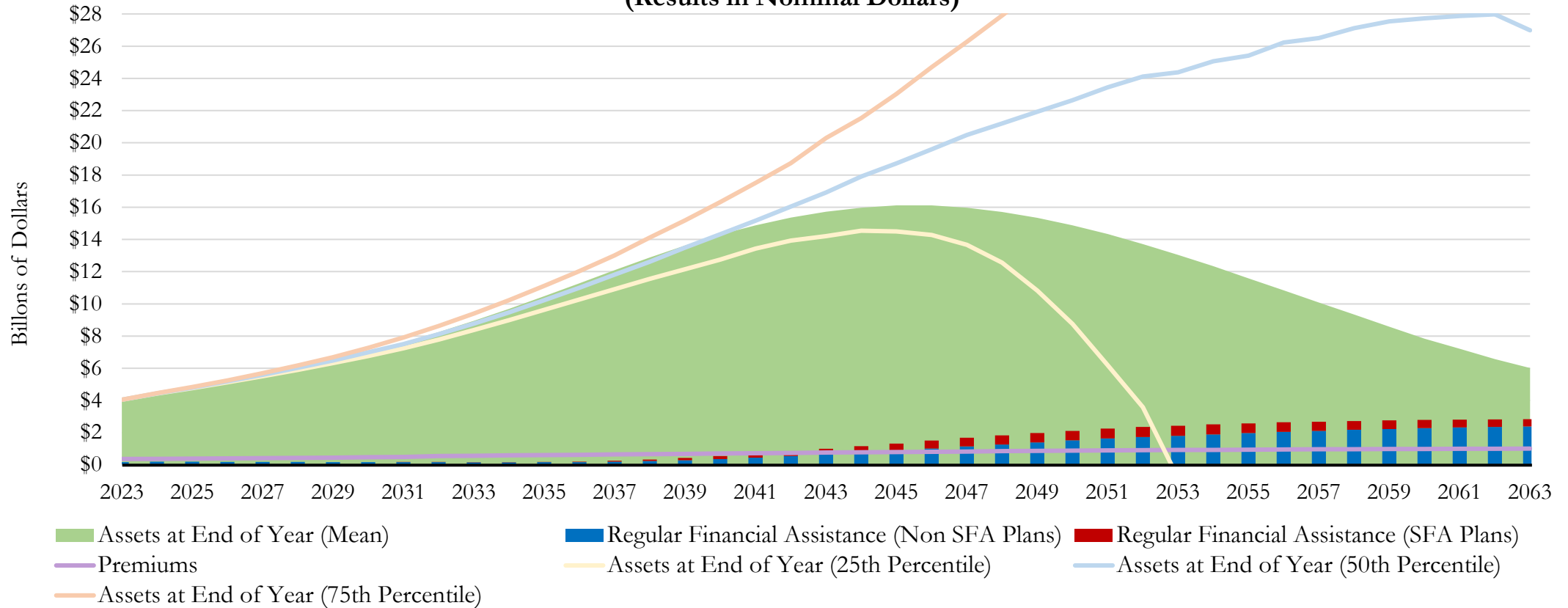
Total mean SFA payments now \$79.6B, slightly down from \$79.7B

- Final amount still uncertain until all applications received

PBGC's Multiemployer Program Insolvency Date is Further Extended

PBGC Multiemployer Fund Assets, Regular Financial Assistance Payments and Premiums by Fiscal Year

(Results in Nominal Dollars)



Note: Figure does not show SFA payments but reflects their impact on PBGC assets and regular financial assistance payments.

Key Results – Single-Employer Program

Projected FY 2033 surplus is \$71.6B (in 2023 dollars)

- 10-year mean premiums (\$29.5 billion) are significantly higher than 10-year mean claims (\$5.7 billion)
- All scenarios have a positive net position during the forecast period

Claims projected to remain low due to improved plan funding

- 85% of scenarios have 10-year claims below \$11B

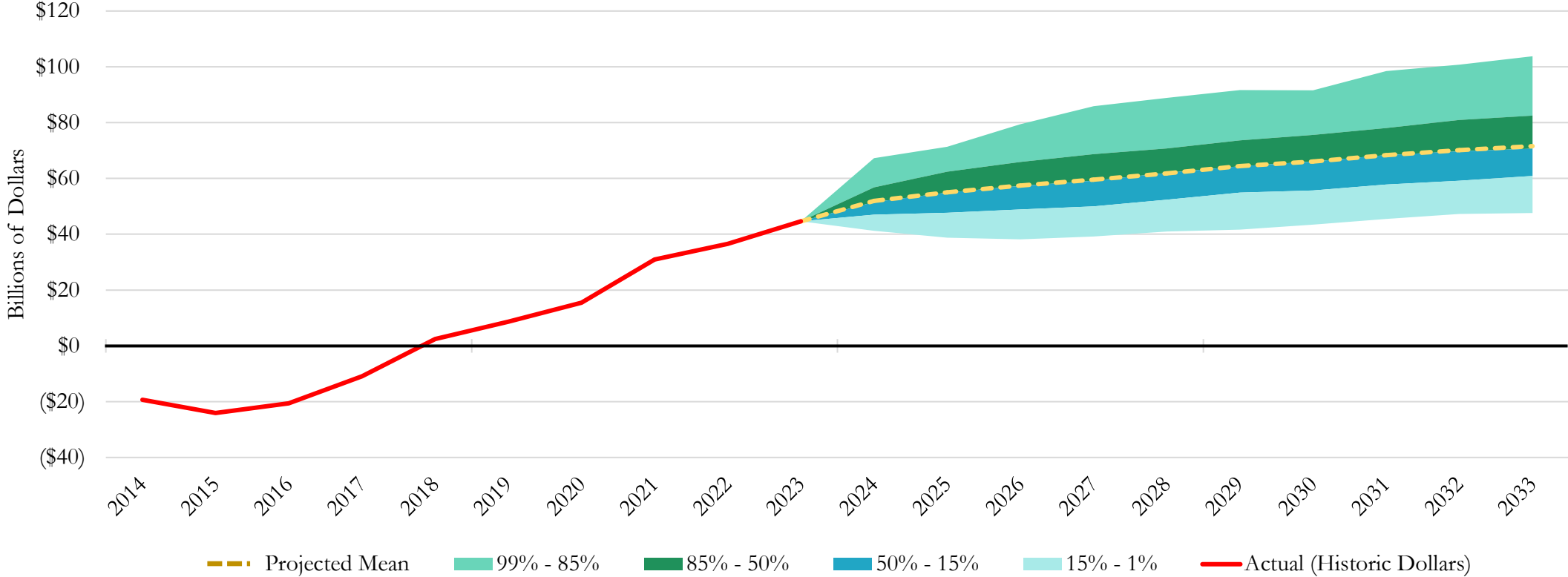
In an extreme stress test the surplus does not fall below \$25 billion

- Stress test includes 10-year claims of \$38B with -20% return on plan assets in first year

Continued Improvement Expected

Single-Employer Program Projected Net Financial Position

Historical Experience 2014-2023 and PV 2024-2033 Projections

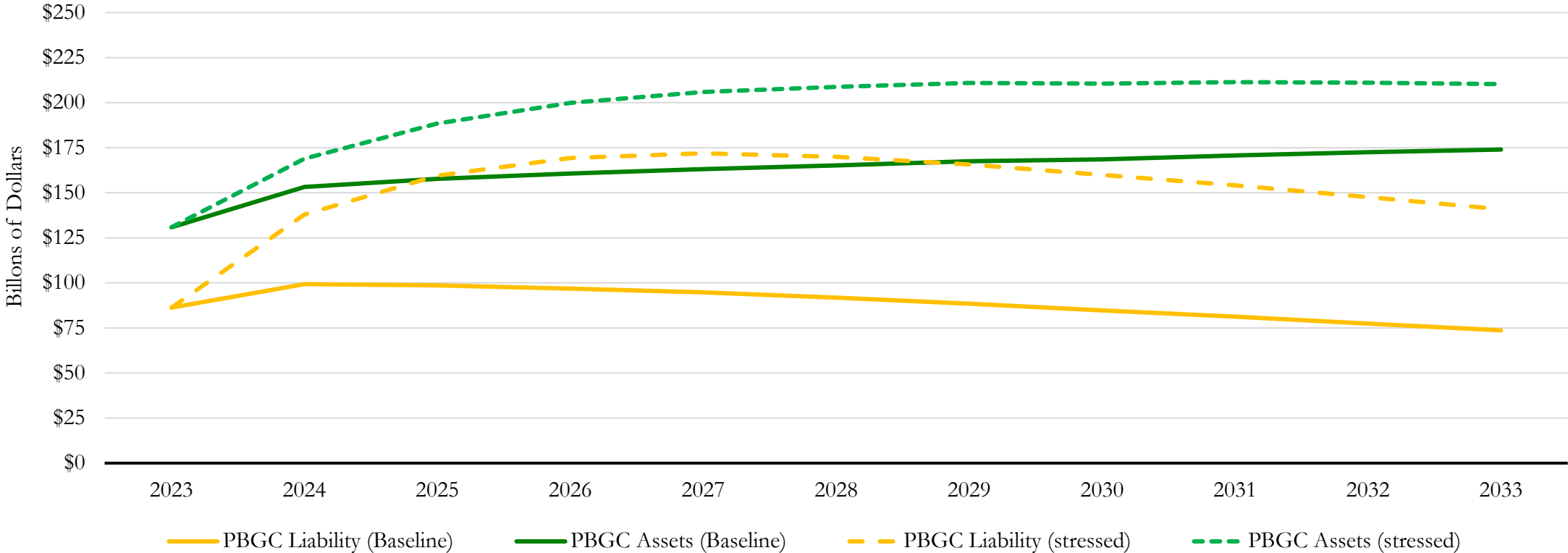


The range of outcomes has narrowed with improved modeling of PBGC's liability-driven investment strategy

SE Stress Test Scenario

PBGC Single-Employer Program Assets and Liabilities by Fiscal Year under Stress Test^a

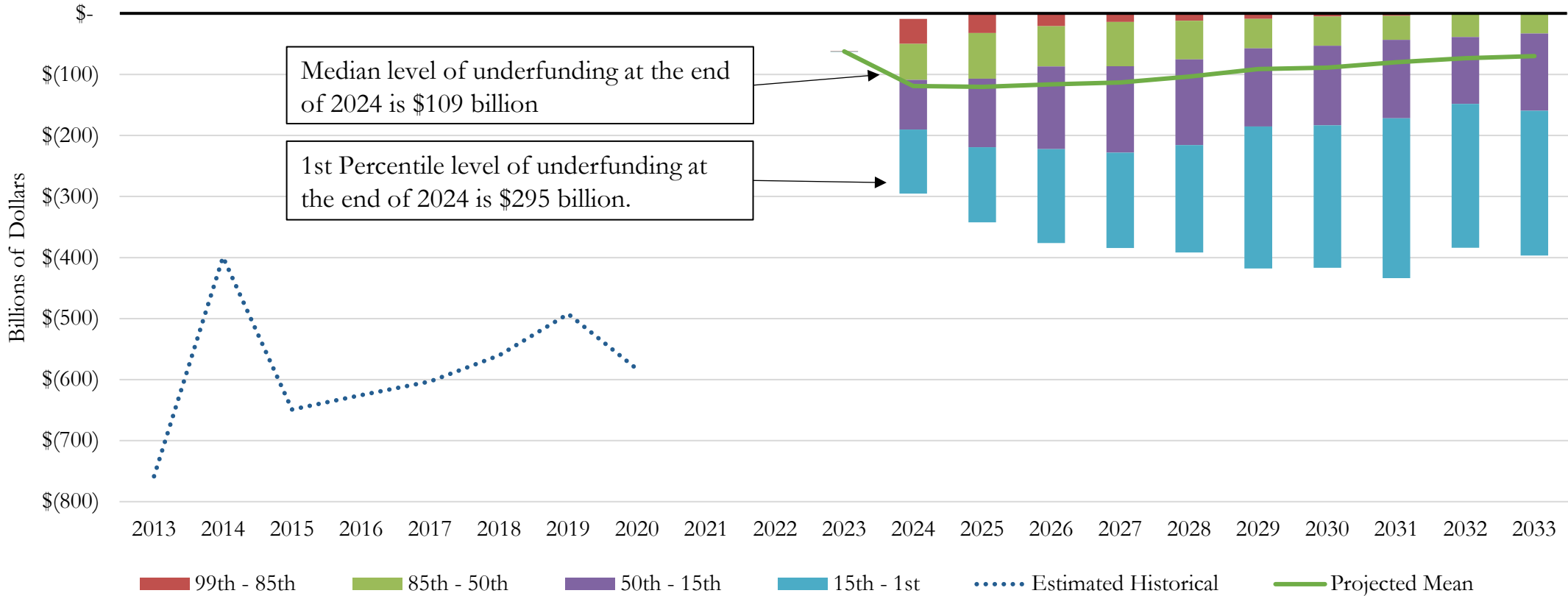
(Mean Results in Nominal Dollars)



^a The “Stress Test” assumes for all stochastic scenarios: (1) a 33.5% drop in equity values resulting in a 20% reduction in assumed median plan asset returns in the first projection year; and (2) a 40% probability of bankruptcy in each projection year for firms with bond ratings of B+ or lower. All other assumptions and methods are consistent with those modeled under SE-PIMS and described in the report’s Appendix.

Plan funded levels have also improved

PBGC-Insured Single-Employer Plan Underfunding Plan Termination Basis: SE-PIMS Baseline



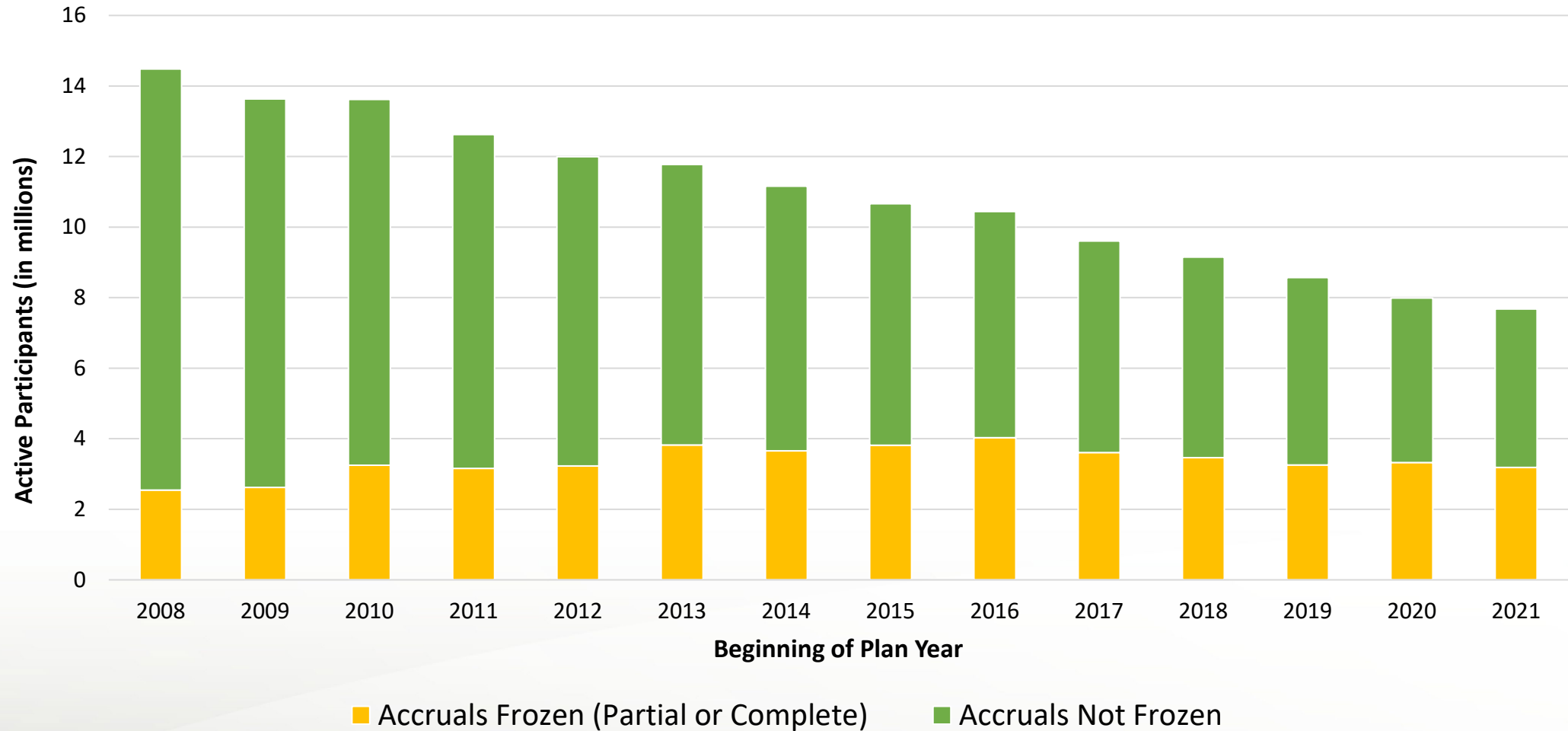
Note: The estimated historical levels of underfunding from 2013 through 2020 are determined based on the methodology used in Table S-44 of PBGC's 2021 Data Tables. The projected levels of underfunding on and after 2024 are estimated using SE-PIMS, which utilizes different calculation methodology.



**Single-Employer Plans:
Benefit Freezes and Risk Transfer**

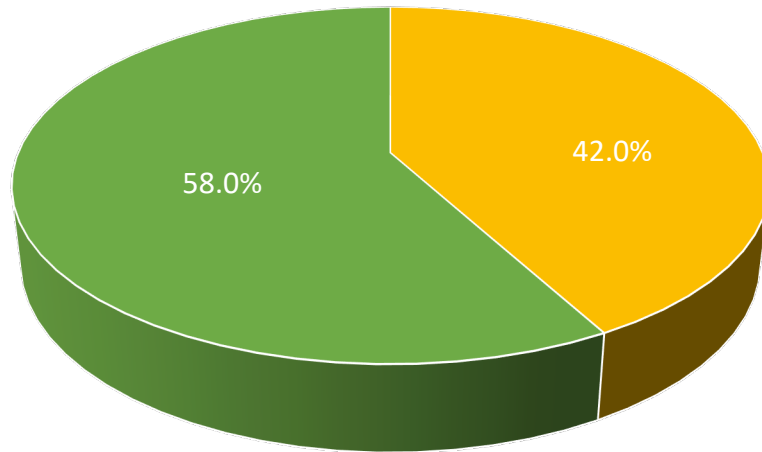
PBGC

Active Participants in PBGC-Insured Plans (2008-2021)



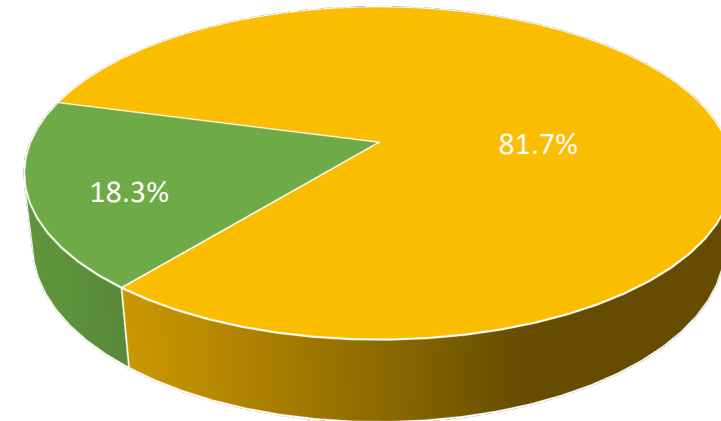
Percentage of Plans by Frozen Status 2015 to 2022 Data

**Universe of All Plans
(39,839 Plans)**



■ Frozen ■ Non-Frozen

**Plans with 1,000 or More Participants
(3,145 Plans)**

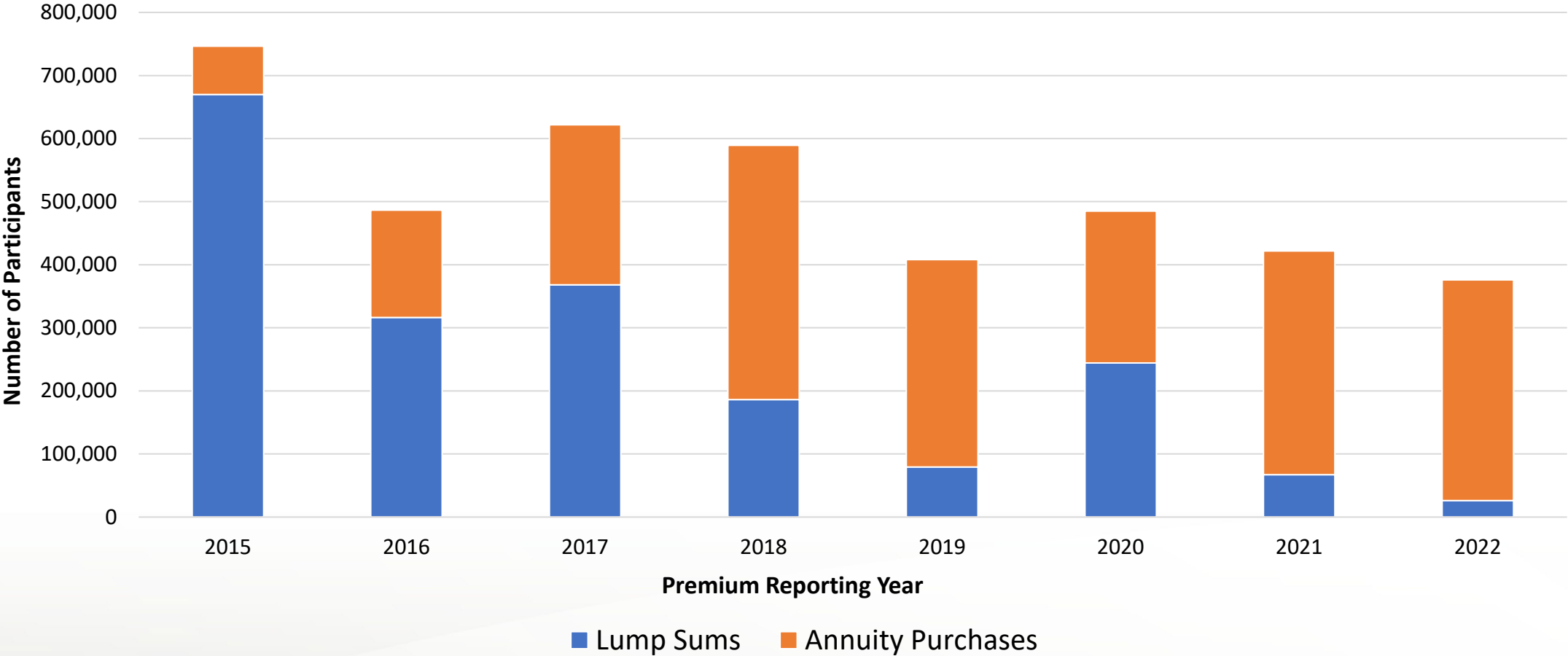


■ Frozen ■ Non-Frozen

Notes:

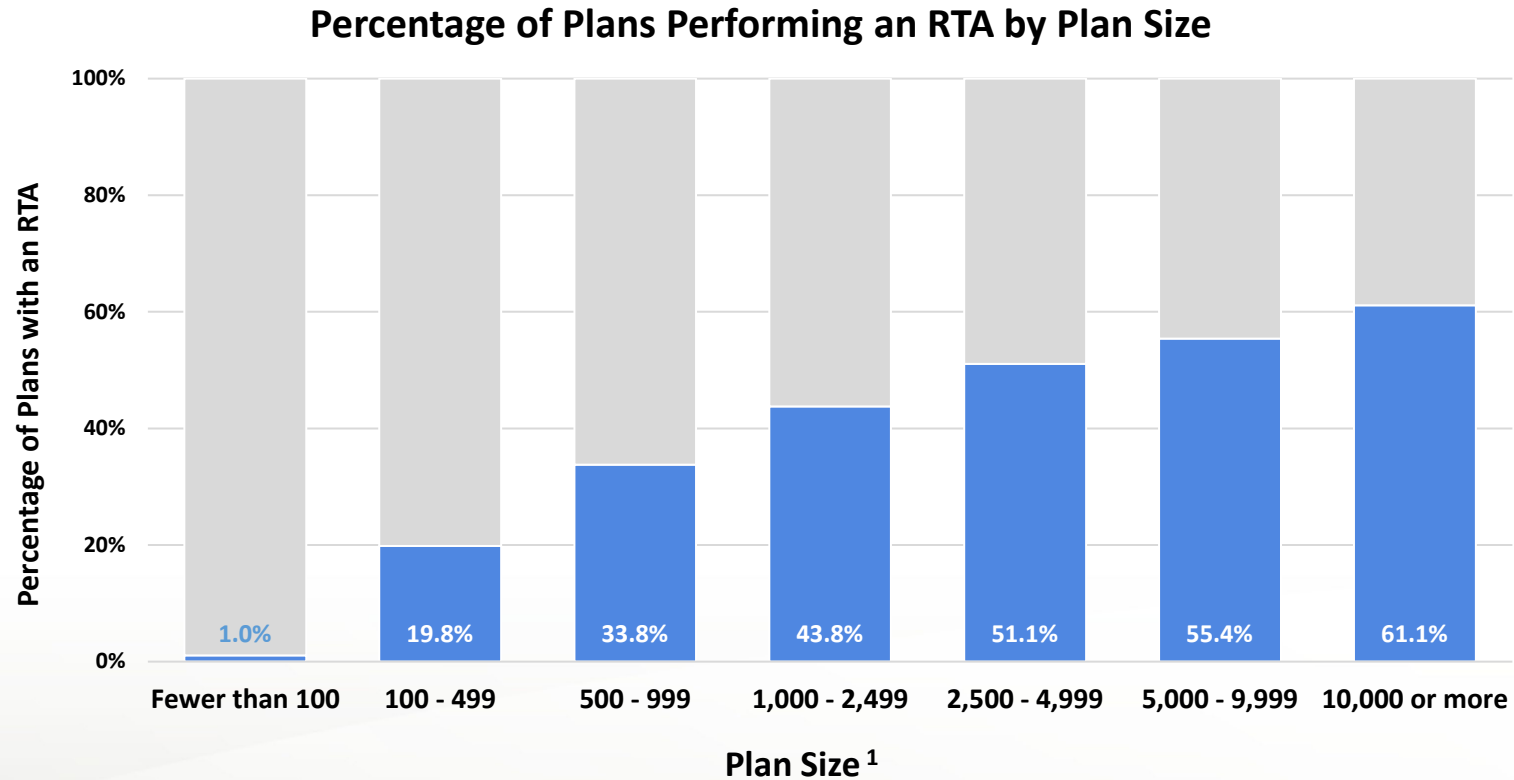
- A plan is considered “frozen” if benefit accruals were frozen and/or participation was frozen as of a particular date.
- The charts above reflect the most recent frozen status of plans during the study period.
- Plan size determined at the time a plan entered the study period.

Number of Participants Removed Due to Risk Transfer Activities (2015-2022)



Percentage of Plans Performing RTA by Plan Size

2015 to 2022 Data



¹ Plan size determined at the time a plan entered the study period.



Thank You!

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