

PBGC Update

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The opinions of Mr. Perlin do not necessarily
represent the views of PBGC.



Presentation Agenda

Part 1: PBGC Multiemployer Program Financials

Part 2: 2016 PBGC Projections Report



Part 1: PBGC Multiemployer Program Financials

PBGC

ME Program Financials – 2016

Net Position September 30, 2015 **(\$52.3 billion)**

2016 Snapshot:

Premium Income \$282 million

Investment Gain \$143 million

Assets \$2.2 billion

Liabilities (\$61.0 billion)

Net Position September 30, 2016 **(\$58.8 billion)**

- As of September 30, 2016, PBGC expects 168 multiemployer plans will exhaust plan assets and need financial assistance to pay guaranteed benefits and reasonable plan administrative expenses
- The present value of non-recoverable future financial assistance for these 168 plans is \$61.0 billion, compared to \$54.2 billion in 2015
- The 168 plans in 2016 fall into three categories:
 1. Plans currently receiving financial assistance (65 plans, \$2.1 B);
 2. Plans that had terminated but had not yet begun receiving financial assistance from PBGC (63 plans, \$2.0 B); and
 3. Ongoing plans (not terminated) that PBGC expects will require financial assistance in the future (40 plans, \$56.9 B)

Financial Assistance to Insolvent Multiemployer Plans

PBGC Financial Assistance to Insolvent ME Plans (1981-2016)

| Year | Plans Receiving Financial Assistance ⁽¹⁾ | Total Amount of Financial Assistance (in thousands USD) |
|---------------------|---|---|
| 1981 | 1 | 311 |
| 1985 | 3 | 1,300 |
| 1990 | 3 | 1,000 |
| 1996 | 12 | 4,022 |
| 2001 | 22 | 4,526 |
| 2006 | 33 | 70,097 |
| 2012 ⁽²⁾ | 49 | 95,000 |
| 2014 ⁽²⁾ | 53 | 96,520 |
| 2016 ⁽²⁾ | 65 | 113,000 |

Sources: <https://www.pbgc.gov/sites/default/files/legacy/docs/2016-Annual-Report.pdf>;
<https://www.pbgc.gov/prac/data-books>

(1) A number of plans received financial assistance in more than one year.

(2) 2012, 2014, 2016 figures rounded; total number of plans receiving assistance.



**Part 2: 2016 PBGC Projections
Report**

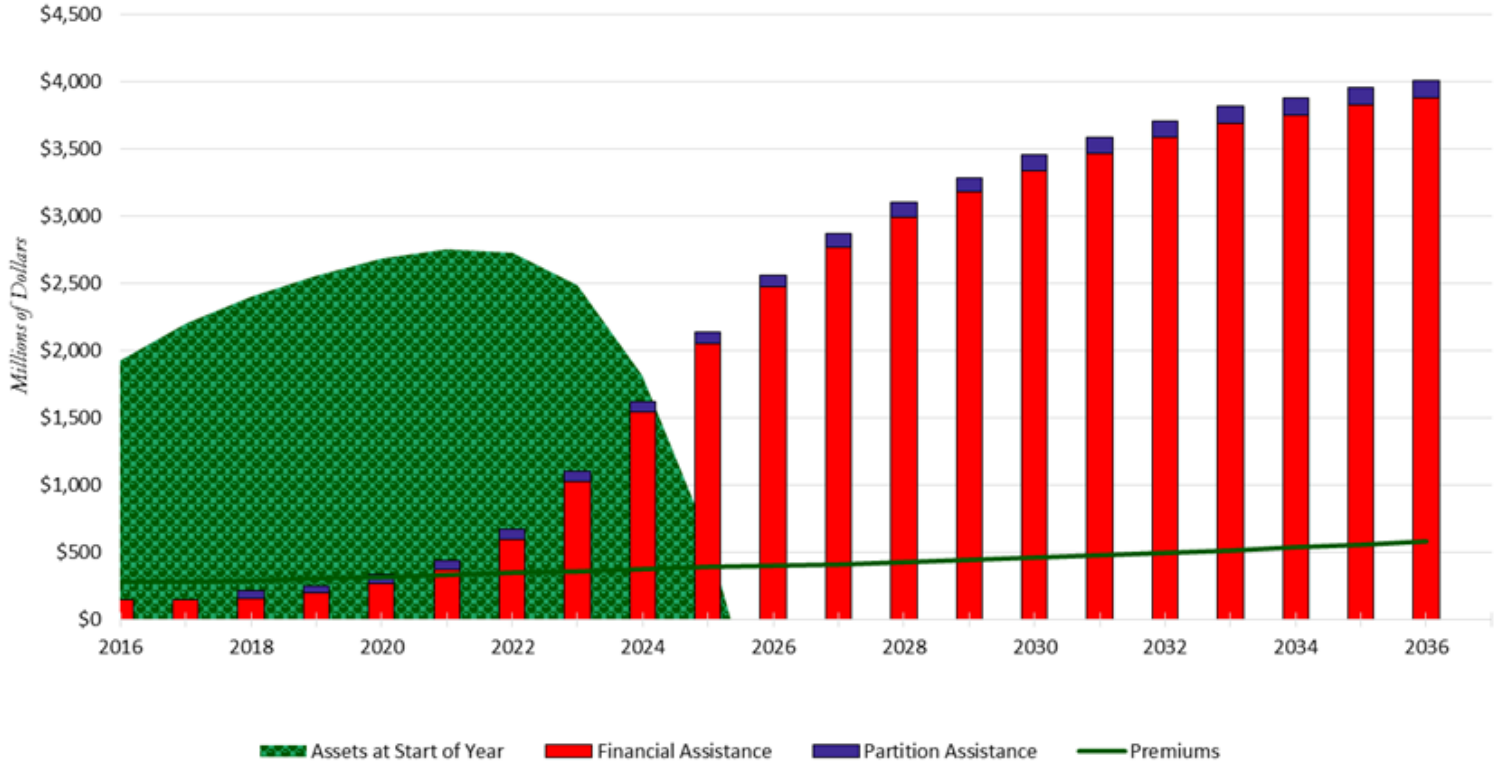
PBGC

- Issued August 3, 2017
- <https://www.pbgc.gov/sites/default/files/fy-2016-projections-report-final-signed.pdf>
- Illustrates the future financial condition of the Single-Employer and Multiemployer Programs

- Single-Employer Program likely to improve and reach a surplus net position within the next decade
- Multiemployer Program is more likely than not to run out of money by 2025
- By 2029, the risk rises to 90% and by 2036 the risk is 99%

- According to the projections, on average, the multiemployer deficit is expected to rise to nearly \$80 billion by 2026
- Over 1.2 million people in about 100 critical and declining status plans

PBGC Assets, Average Assistance Payments and Premiums by Fiscal Year
Reflecting Assumed MPRA Suspensions / Partitions
 (Projected in Nominal \$ Amounts)



- PBGC's net deficit in the Multiemployer Program is \$58.8 billion (FY 2016)
- More likely than not, the multiemployer fund will be exhausted by 2025

Thank You