



# Focus On PBGC Premiums

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# PBGC Premiums

**Q: What are current premiums?**

A: \$28 per participant, going up with inflation

**Q: What revenue projection is in the president's budget?**

A: 10 times current premium level

**Q: What is proposed structure of increases?**

A: 3 tier program:

1. Increase per capita premium
2. Add variable premium (as in the current Single Employer structure)
3. Introduce exit premium, payable to PBGC, not to Fund

# Future of PBGC

**Unless there is a legislative solution, two very large Funds, Central States and Mine Workers will go insolvent in a few years.**

**In round terms, the PBGC will pay out \$2 Billion per year just for those 2 funds.**

## Future of PBGC (cont)

**There are 4 million active participants in the multiemployer system and 10.6 million total participants.**

**\$2 billion divided by 4 million people = \$500 per person**

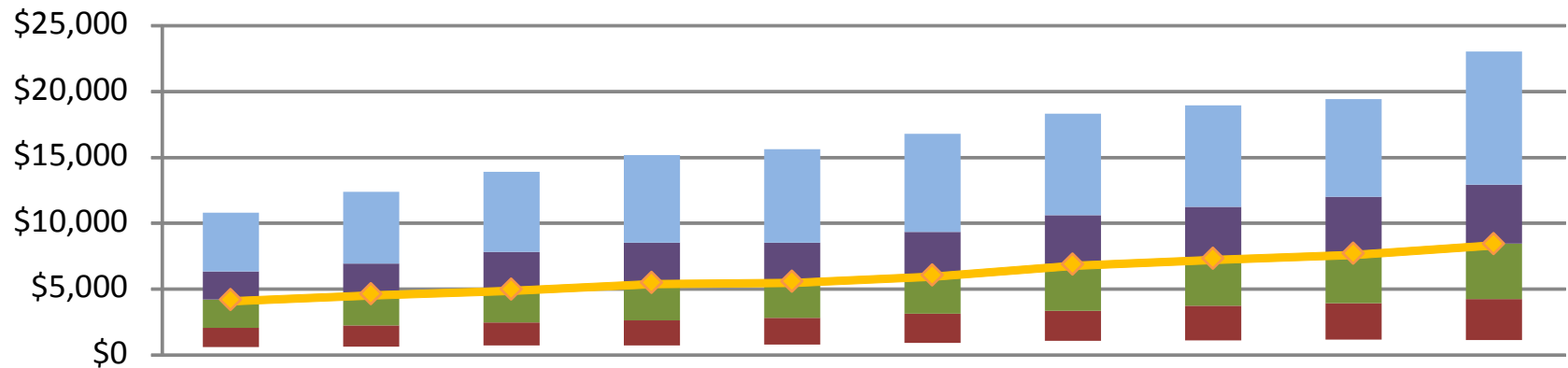
**\$2 billion divided by 10.6 million people = \$189 per person**

**That is the amount needed every year just to pay for Central States and Mine Workers.**

# Per Capita Contributions by Plan – Active Participants

## Employer Contributions per Active Participant

Multiemployer Defined Benefit Pension Plans: All Industries



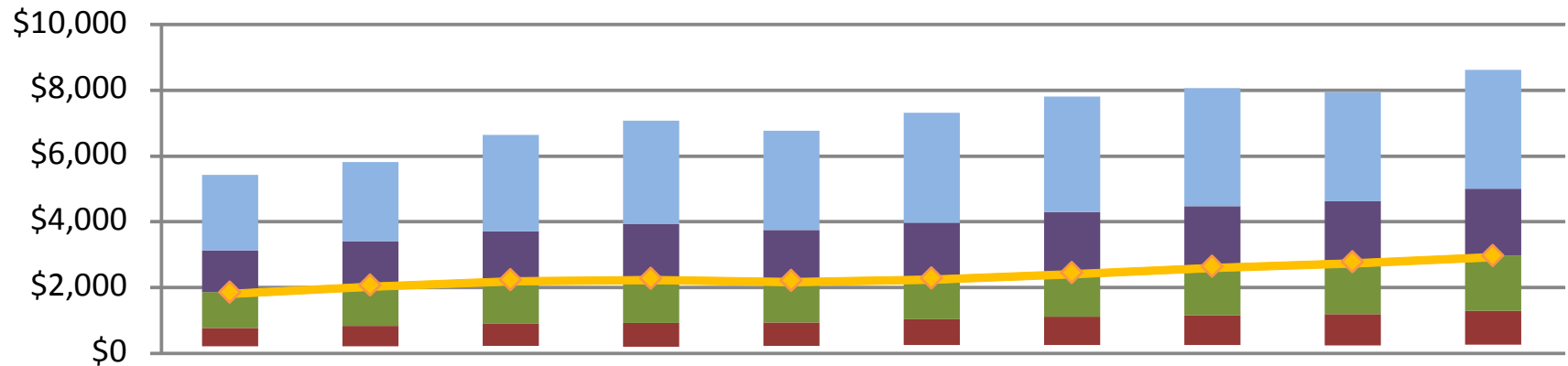
Plan Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of Plans	1,257	1,286	1,276	1,137	1,090	1,199	1,211	1,234	1,233	1,209
95th Percentile	\$10,676	\$12,260	\$13,797	\$15,054	\$15,507	\$16,680	\$18,175	\$18,826	\$19,284	\$22,903
75th Percentile	\$6,221	\$6,803	\$7,715	\$8,388	\$8,397	\$9,218	\$10,487	\$11,136	\$11,888	\$12,805
◆ 50th Percentile	\$4,102	\$4,540	\$4,895	\$5,394	\$5,476	\$5,961	\$6,796	\$7,227	\$7,596	\$8,335
25th Percentile	\$1,921	\$2,138	\$2,360	\$2,497	\$2,679	\$3,018	\$3,240	\$3,600	\$3,794	\$4,118
5th Percentile	\$468	\$501	\$593	\$589	\$660	\$785	\$952	\$995	\$1,061	\$1,027

Source: Form 5500 Data

# Per Capita Contributions by Plan – All Participants

## Employer Contributions per Participant

Multiemployer Defined Benefit Pension Plans: All Industries



Plan Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of Plans	1,257	1,286	1,276	1,137	1,090	1,199	1,211	1,234	1,233	1,209
95th Percentile	\$5,377	\$5,773	\$6,591	\$7,028	\$6,714	\$7,267	\$7,762	\$8,017	\$7,882	\$8,568
75th Percentile	\$3,076	\$3,353	\$3,666	\$3,879	\$3,706	\$3,911	\$4,245	\$4,418	\$4,581	\$4,962
◆ 50th Percentile	\$1,807	\$2,023	\$2,198	\$2,232	\$2,172	\$2,249	\$2,414	\$2,601	\$2,738	\$2,934
25th Percentile	\$727	\$791	\$859	\$874	\$889	\$983	\$1,061	\$1,097	\$1,141	\$1,244
5th Percentile	\$163	\$171	\$180	\$156	\$176	\$204	\$202	\$203	\$196	\$215

Source: Form 5500 Data

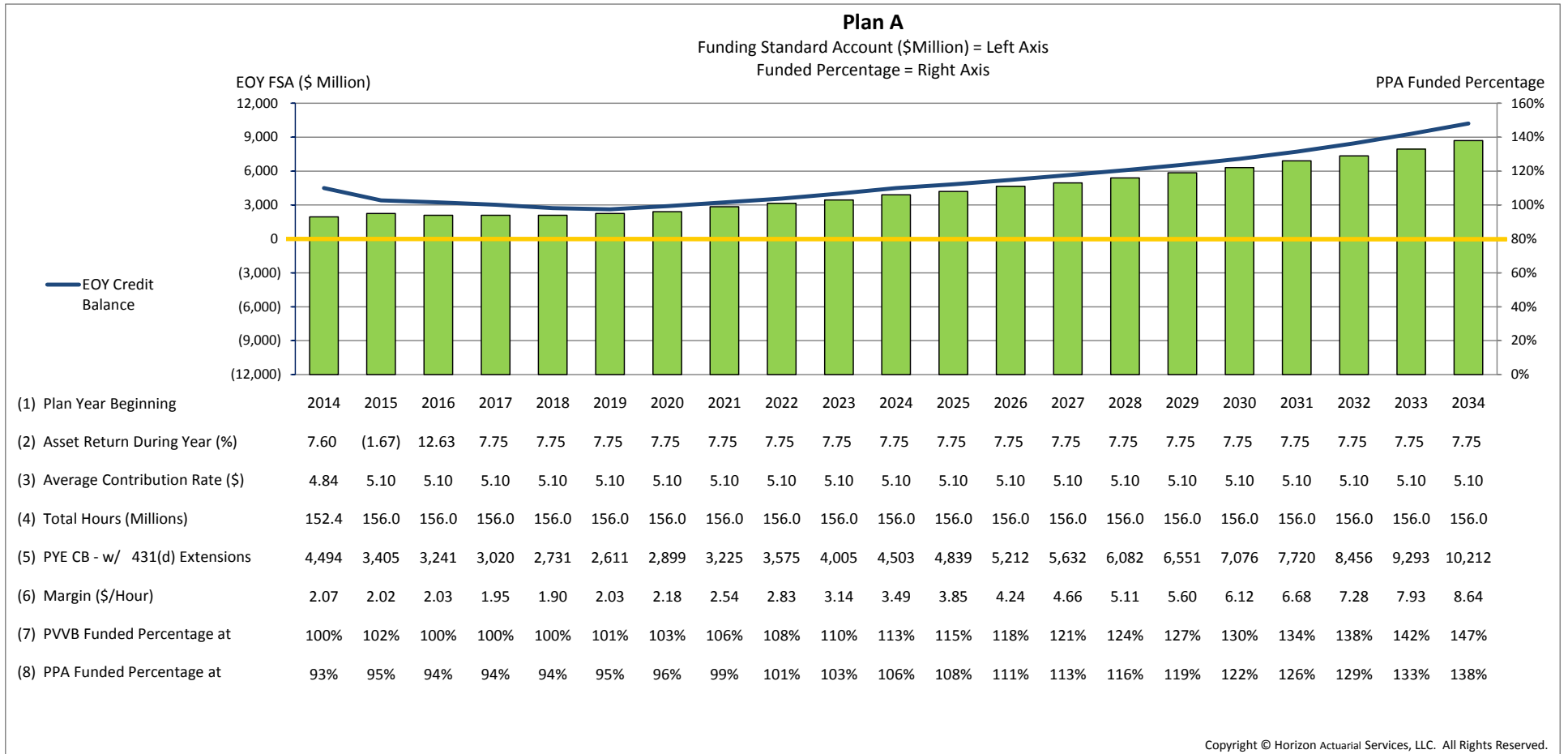
# Overview

Plan	Contributions Per Capita		PBGC Premium Increase	Zone Status	Funded % 2034
	Actives	All Participants			
Plan A	\$9,376	\$4,053	None	Green – All Years	138%
Plan A			\$150	Green – All Years	133%
Plan B	\$2,122	\$962	None	Green – All Years	107%
Plan B			\$150	Endangered or Critical Starting 2020	92%
Plan C	\$1,916	\$331	None	Critical	44%
Plan C			\$150	Critical and Declining	0%

**Notes:**

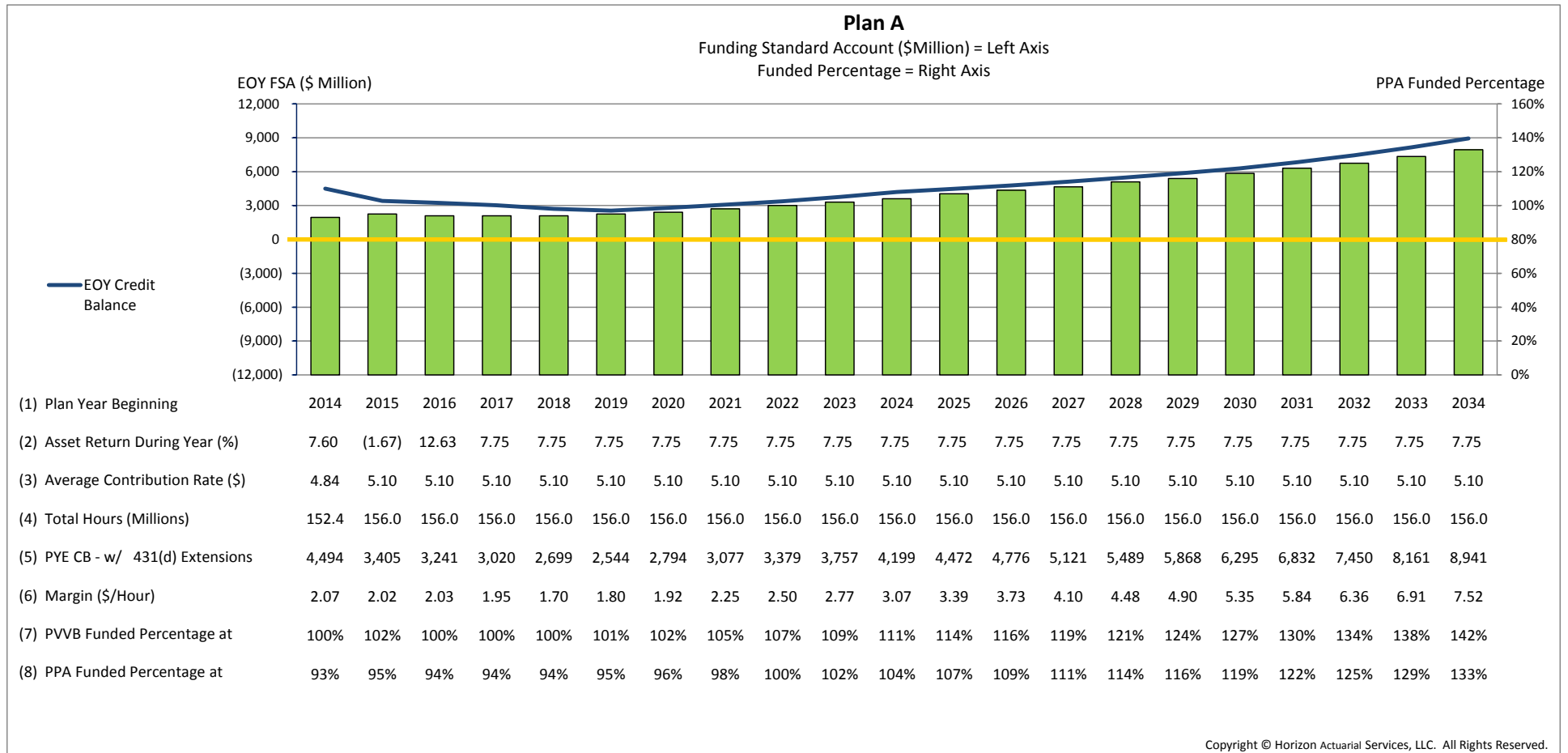
1. Premium increase assumed to be effective January 1, 2018
2. Assumes 3% annual inflation for future premium increases

# Plan A – Current Premium Levels

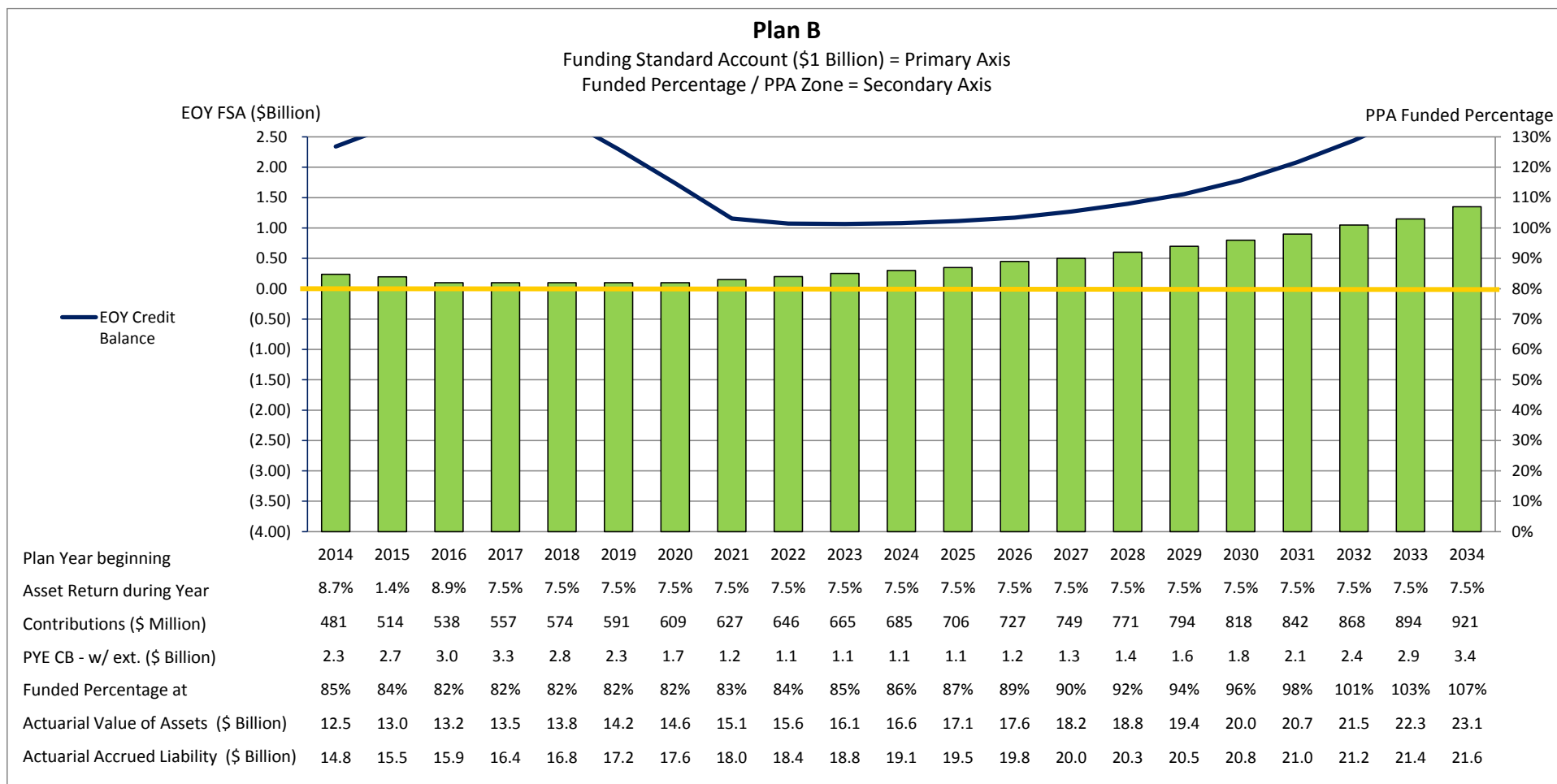




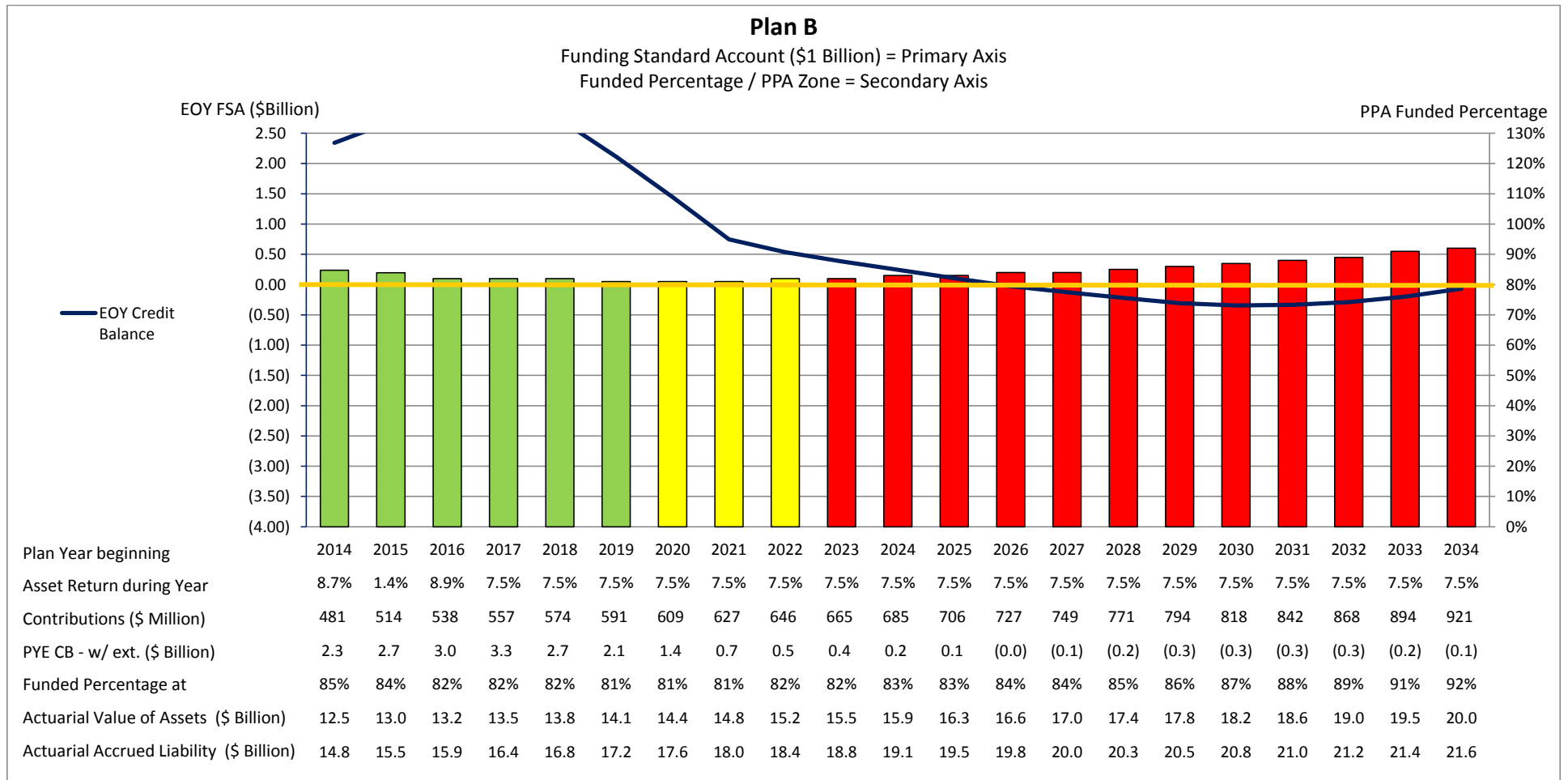
# Plan A – Premiums Increase by \$150 effective 1/1/2018



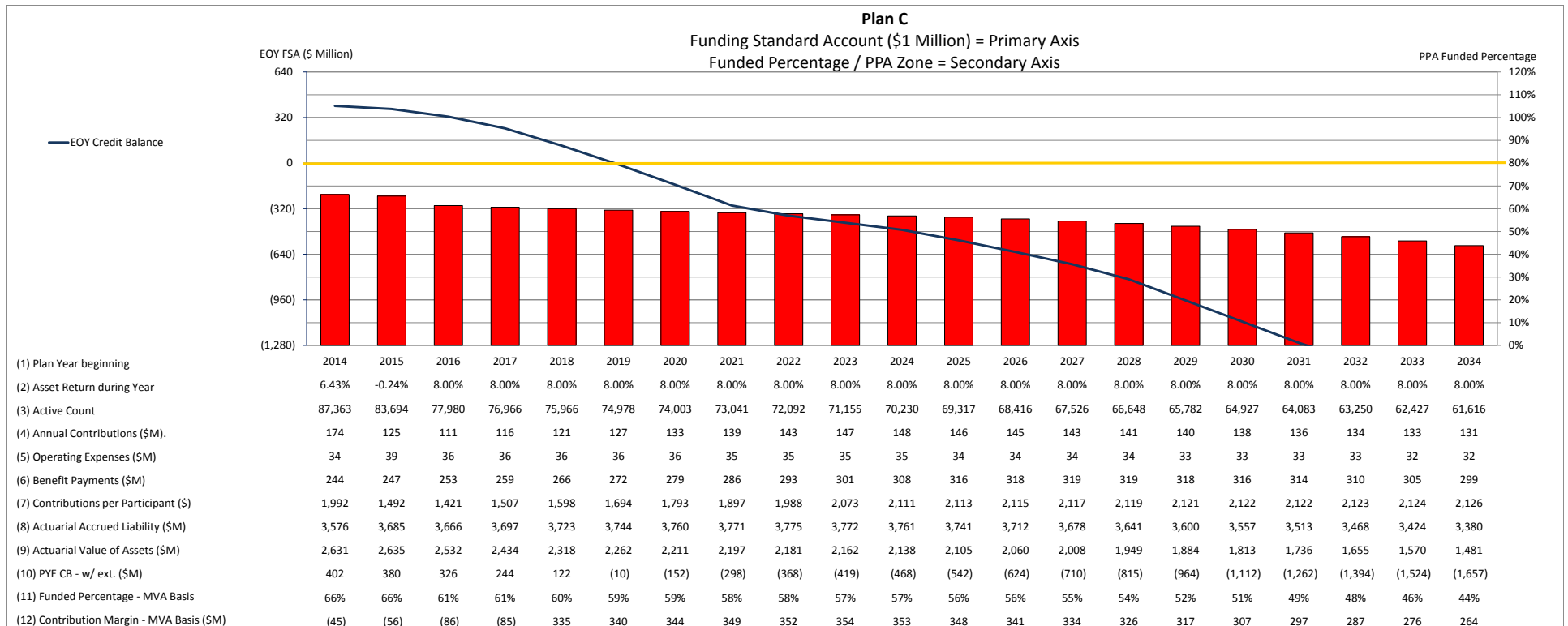
# Plan B – Current Premium Levels



# Plan B – Premiums Increase by \$150 effective 1/1/2018



# Plan C – Current Premium Levels



# Plan C – Premiums Increase by \$150 effective 1/1/2018

