PBGC Update

Tom Reeder, Director

NCCMP Lawyers and Administrators Meeting
April 12, 2018
<table>
<thead>
<tr>
<th></th>
<th>Single-Employer</th>
<th>Multiemployer</th>
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<tbody>
<tr>
<td>FY 2017 PBGC financial position</td>
<td></td>
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<tr>
<td>• Liabilities</td>
<td>$117 billion</td>
<td>$67 billion*</td>
</tr>
<tr>
<td>(includes “probable” losses)</td>
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<tr>
<td>• Assets</td>
<td>$106 billion</td>
<td>$2 billion</td>
</tr>
<tr>
<td>• Net position</td>
<td>($11 billion)</td>
<td>($65 billion)</td>
</tr>
<tr>
<td>Insurable event</td>
<td>Plan Termination</td>
<td>Plan Insolvency</td>
</tr>
<tr>
<td>FY 2017 premium income</td>
<td>$6.7 billion</td>
<td>$291 million</td>
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<tr>
<td>2018 guaranteed annual benefit</td>
<td>$65,045 for age 65 retiree, regardless of service</td>
<td>$12,870** for retiree with 30 years of service, regardless of age</td>
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<tr>
<td>Number of plans</td>
<td>22,500</td>
<td>1,400</td>
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<tr>
<td>Number of participants in plans</td>
<td>27.5 million</td>
<td>10.6 million</td>
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* All but $2B is for “probable” insolvent plans.

**Two-tier guarantee: 100% of the first $3,960, 75% of the next $11,880. Not indexed.
Multiemployer System Less Well Funded than Single-Employer System

System Funding -- Estimated Market Basis

- Multiemployer System Underfunding
- Single Employer System Funding

Average funding level


- 106%
- 144%
- 88%
- 77%
- 101%
- 89%
- 72%
- 74%
- 87%
- 62%
- 41%
- 49%
- 41%
Projecting Claims at Average Levels, PBGC Multiemployer Fund is Drained in 2025

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

# of participants – in millions

Source: 2015 Form 5500 and zone status certifications
Multiemployer Guarantees for a Recent Insolvency

CUT BACKS TO MULTIEMPLOYER GUARANTEE LIMIT
- Recent Teamsters Plan Insolvency -

ANNUAL BENEFIT

$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$0

0 200 400 600 800 1,000 1,200 1,400 1,600 1,800 2,000 2,200 2,400 2,600 2,800

RETIRED PARTICIPANTS

- Non-Guaranteed Annual Benefit
- Annual Benefit Preserved by Guarantee
Multiemployer Options

- Administration’s Premium Proposal
- Loans
- Funding Reform
- New Plan Designs – Composites
Joint Select Committee on Solvency of Multiemployer Pension Plans

• Improve the solvency of multiemployer pension plans and PBGC’s Multiemployer Pension Program
  • Bipartisan Budget Act of 2018
  • Membership: 16 House and Senate
  • At least 5 public meetings (hearings)
  • Report by the end of Nov. 2018
PBGC Action

- Technical Assistance
- MPRA Partition
- Merger
- Withdrawal Liability
THANK YOU!

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