

2021 NCCMP Annual Conference

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- Introduction
- PBGC Updates
 - FY 2020 Projections Report
 - 5-Year Multiemployer Report
- American Rescue Plan Act
 - SFA Activity Update
 - Rulemaking Process



History of Recent Multiemployer Pension Reform Proposals

- Multiemployer Pension Reform Act of 2014
- Joint Select Committee on Multiemployer Pension Plans – 2018
- Original Butch Lewis – Federal Loans
- Grassley-Alexander and Heroes partition proposals
- Bipartisan American Miners Act of 2019
- American Rescue Plan Act of 2021



PBGC FY 2020 Projections Report & 5-Year Multiemployer Program Report

PBGC

The Projections Report projects PBGC's FY 2030 financial condition

The Quinquennial (5-Year) Report reviews the sustainability of the Multiemployer Program

Projections are ***estimates, not predictions***

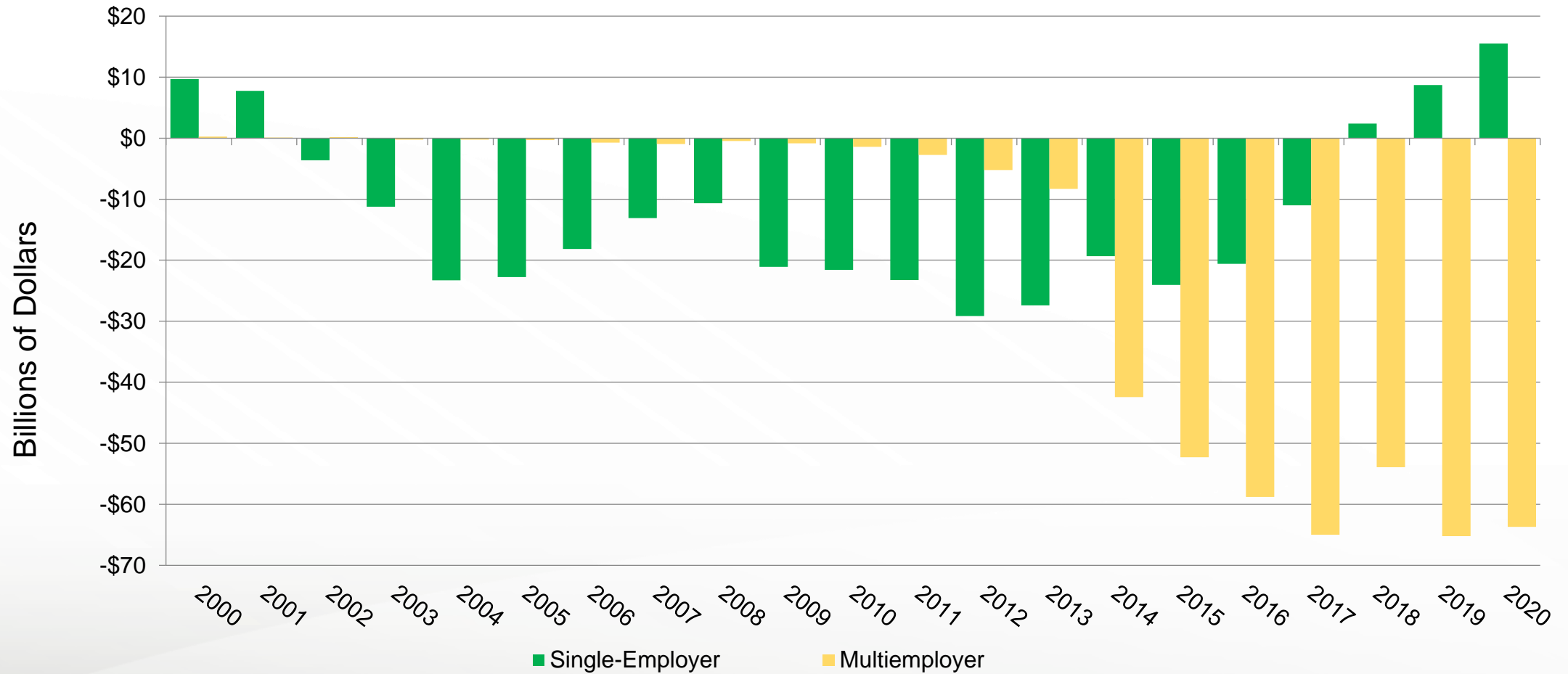
Program Comparison FY 2020 (Pre-ARP)

	Single-Employer	Multiemployer
Number of covered plans	23,200	1,400
Number of participants in covered plans	23.5 million	10.9 million
Insurable event	Plan Termination	Plan Insolvency
FY 2020 PBGC financial position		
• Assets	\$ 143.5B	\$ 3.1B
• Liabilities (includes “probable” losses)	<u>128.0B</u>	<u>66.9B*</u>
• Net position	\$ 15.5B	\$ (63.8B)
FY 2020 premium income	\$ 5.7B	\$ 322M
FY 2020 payouts for retirees & beneficiaries	\$ 6.1B	\$ 173M
2021 maximum annual guaranteed benefit	\$ 72,409 SLA for age 65 retiree, regardless of service	\$ 12,870** retiree w/30 years of service, regardless of age

* All but \$3 billion relates to “probable” insolvent plans (prior to ARP).

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

FY 2000-2020 Net Financial Position





Highlights



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ARP addresses the immediate multiemployer plan crisis; the new projections show the median insolvency year of PBGC's Multiemployer Program is now 2055

The Multiemployer Program projected FY 2030 deficit decreased from \$87.9 billion to \$6.7 billion, largely due to ARP

The Single-Employer Program is still strong with a projected FY 2030 net position of \$49.9 billion



Projections and Quinquennial Reports Multiemployer Program Results

Note: Figures shown in this presentation are extracts from the FY 2020 Projections Report or 2020 Quinquennial Report and have retained the figure heading, numbering, and footnotes as applicable.



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Improvement in PBGC Multiemployer Net Financial Position

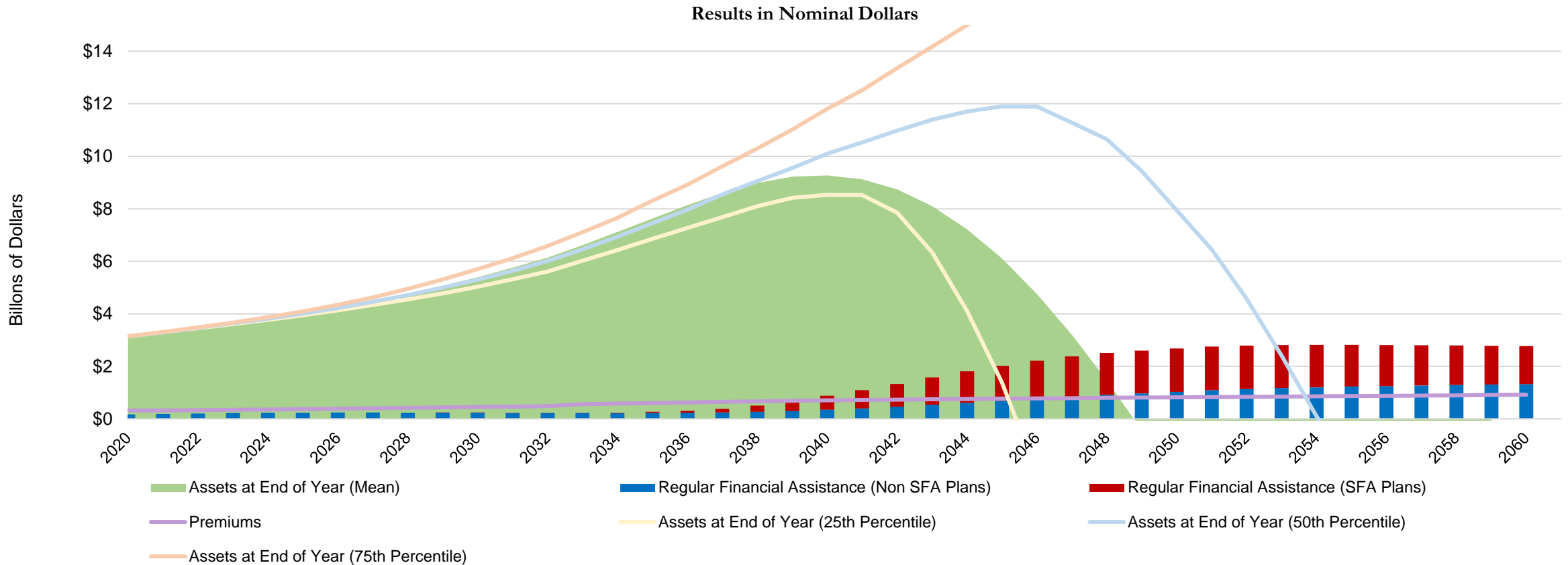
ARP significantly improves the ME Program's projected financial status

Figure 2 – Improvement in Multiemployer Program Condition from FY 2019 to FY 2020		
	FY 2019 Model (Pre-ARP)	FY 2020 Model (Post-ARP)
Projected FY 2030 Mean Net Financial Position (\$ billions)	(\$87.9)*	(\$6.7)
Median Projected Year of PBGC Insolvency	FY 2026	FY 2055

* The Pre-ARP expected FY 2030 mean net financial position is based on the ME-PIMS model used in the FY 2019 Projections Report, with the expected FY 2029 mean net financial position adjusted to reflect the passage of time.

PBGC's Insolvency Date Is Extended but Has Much More Uncertainty

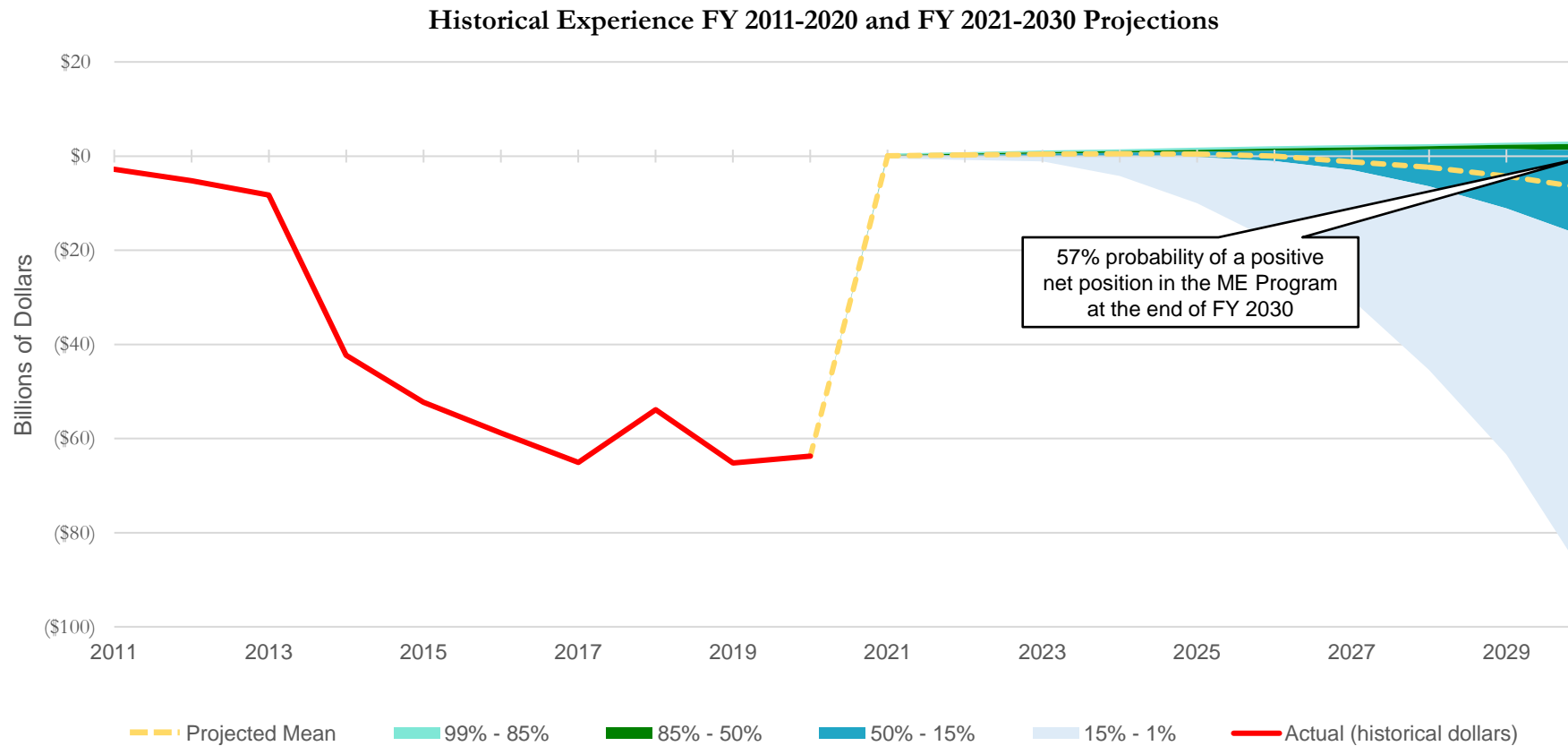
Figure 4 – PBGC Multiemployer Fund Assets, Regular Financial Assistance Payments and Premiums by Fiscal Year



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

Significant Improvement to Projected Net Financial Position

**Figure 6 – Multiemployer Program Projected Net Financial Position
(Mean and Percentile Scenarios)**



Quinquennial Report Conclusions

- ARP provides immediate relief to the Multiemployer Insurance Program, but uncertainty remains about its long-term solvency
- ARP was not designed to address the underlying structural weaknesses that affect the security of workers' retirement income

PBGC is not requesting Congressional action under § 4022A(f)

- no increase in benefit guarantee supported
- no immediate increase in premium needed



Projections Report Single-Employer Program Results

Note: Figures shown in this presentation are extracts from the FY 2020 Projections Report and have retained the figure heading, numbering, and footnotes as applicable.

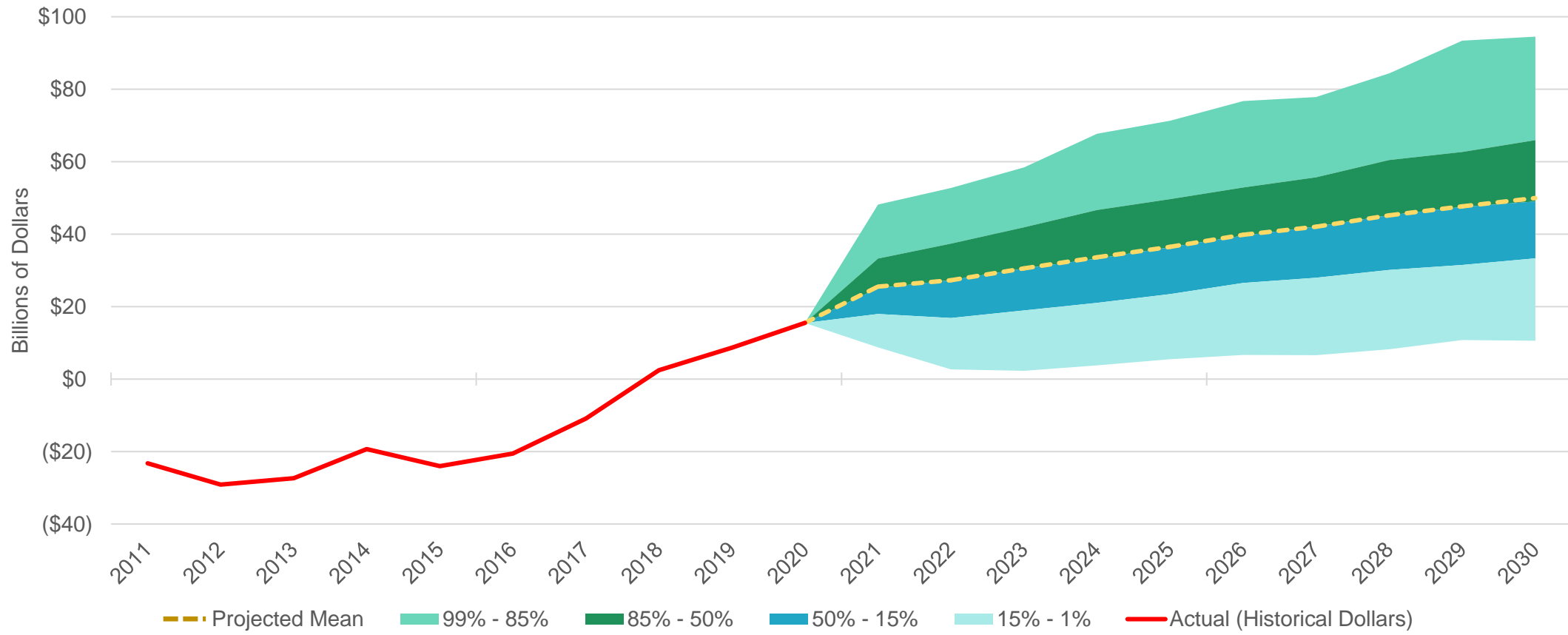


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Continued Improvement Expected

**Figure 11 – Single-Employer Program Projected Net Financial Position
(Mean and Percentile Scenarios)**

Historical Experience FY 2011-2020 and FY 2021-2030 Projections



- American Rescue Plan
 - significantly improves the projected solvency of troubled multiemployer plans and PBGC's insurance program.
 - is great news for the millions of workers, retirees, and their families.
- Future reforms would improve the long-term health of the multiemployer system.
- New projections show continued improvements in the PBGC's Single-Employer Program.



PBGC Special Financial Assistance Program



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Special Financial Assistance (SFA) Expected Reach

The American Rescue Plan (ARP) Act creates special financial assistance to enhance retirement security for millions of Americans.



Estimates based on PBGC's July 9, 2021, Interim Final Rule

Estimated Special Financial Assistance

Amount of SFA depends on which plans become eligible, actual experience prior to the applications, and the assumptions used in the applications

Figure 3 – Stochastic Range of Projected SFA Distributions		
	Estimated Number of Plans	Estimated Total SFA (\$ billions)
99th Percentile	482	\$147.4
85th Percentile	315	\$115.9
Mean	268	\$97.2
50th Percentile (Median)	268	\$95.7
15th Percentile	197	\$77.5
1st Percentile	158	\$66.1

This estimate is an update to the \$94B in the Interim Final Rule and will continue to be updated as applications are received.

PBGC ARP Multiemployer Regulatory Process

ARP Special Financial Assistance timeline:

- PBGC provide guidance within 120 days
- PBGC Interim Final Rule released July 9, 2021
- Application period open for Group 1 Plans July 9, 2021
- 30-day comment period, ended August 11, 2021
- PBGC is currently reviewing comments
- PBGC will move to publish final rule after review of comments is complete

PBGC SFA Applications Under Review (as of 9/24/2021)

Plan Name	Union	Location	Total Participants	SFA Requested (\$ in millions)
Road Carriers Local 707 Pension Plan	IBT	Hempstead, NY	3,804	\$706
Local 138 Pension Plan	IBT	Baldwin, NY	1,752	\$110
Idaho Signatory Employers-Laborers Pension Plan	LIUNA	Portland, OR	682	\$13
Teamsters Local 641 Pension Plan	IBT	Union, NJ	3,610	\$476
Teamsters Local 617 Pension Fund	IBT	Ridgefield, NJ	891	\$161
Retirement Plan of Local 1482 Paint and Allied Products Manufacturers	IUPAT	New York, NY	152	\$12
Local 365 UAW Pension Trust Fund	UAW	Englewood Cliffs, NJ	3,736	\$211
Bricklayers and Allied Craftworkers Local 5 New York Retirement Fund Pension Plan	BAC	Newburgh, NY	821	\$60
Management-Labor Pension Fund Local 1730 ILA	ILA	Mastic, NY	478	\$60
Trucking Employees of North Jersey Welfare Fund, Inc. Pension Plan	IBT	Union City, NJ	6,121	\$661

- American Rescue Plan Webinars
 - Application and review process; restrictions, conditions, and reporting; assumptions; agency guidance; and program resources
- Frequently Asked Questions
 - New Q&A on the effect on SFA applications of any changes to PBGC's SFA interim final rule
- Application Instructions and Templates
- SFA Assumptions Guidance
- Contact information for questions on application requirements
- List of Applications Under Review

Thank you

Questions?

For official PBGC statements, please contact
PBGC Public Affairs at 202-229-4343 or
PBGCExternalAffairs@PBGC.gov.

