

PBGC

National Coordinating Committee for Multiemployer Plans Interim Conference

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September 12, 2023





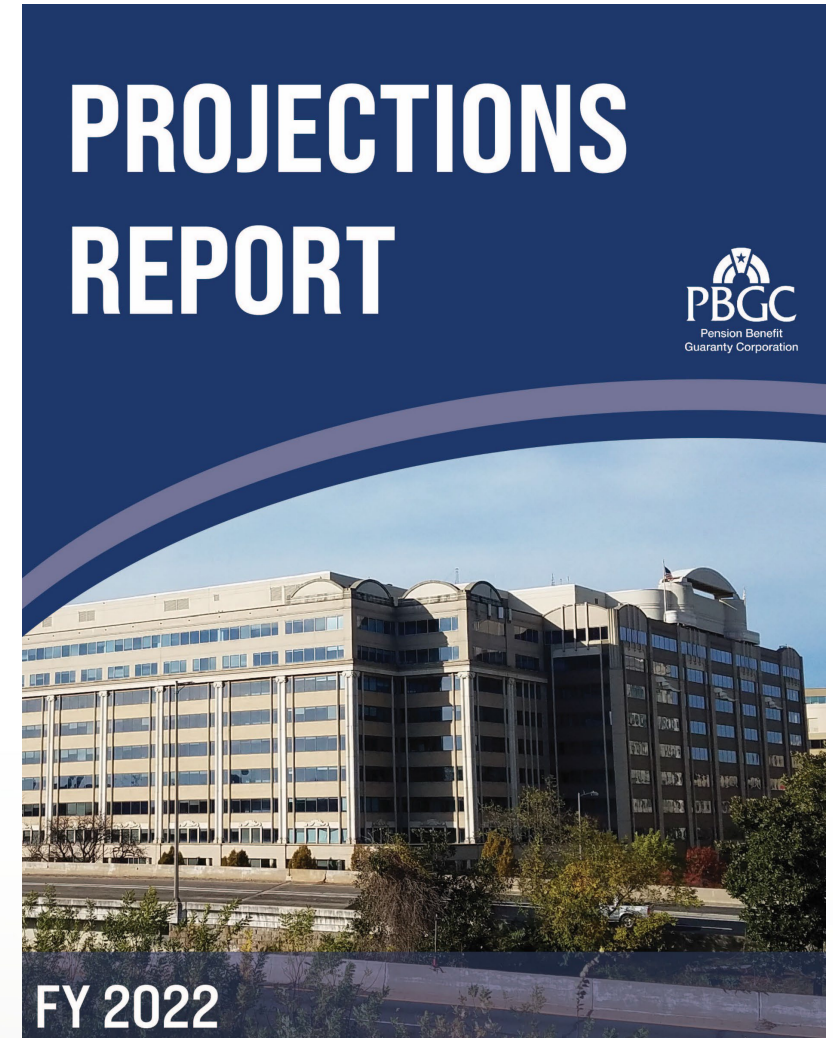
2022 Projections Report

PBGC

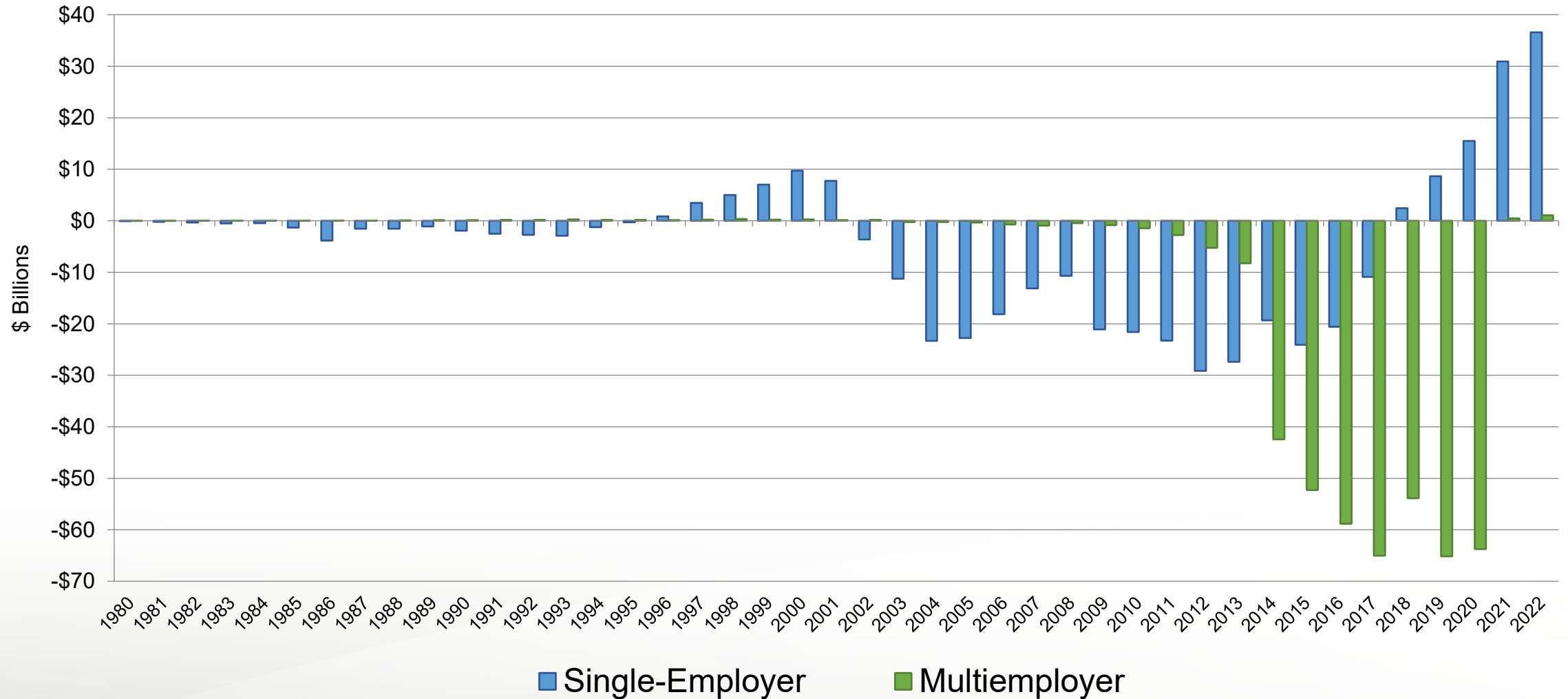
Projections Report

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 Program solvency
- Stress test of Single-Employer Program



Fiscal Year 1980-2022 PBGC Net Financial Position



Key Results – Multiemployer Program

Likely to remain solvent beyond FY 2062

- Insolvent by FY 2026 prior to American Rescue Plan Act

Mean financial position is a deficit of \$7.1B in FY 2032

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

Total mean SFA payments now \$79.7B, down from \$82.7B

- Final amount still uncertain until all applications received

Estimated SFA: Range of Projected Outcomes

- Final amount of SFA is dependent on data in applications and may be outside the range shown in the table below

Figure 5 – Stochastic Range of Projected SFA Distributions <i>(Stochastic variations based on economic assumptions only)</i>		
	Estimated Number of Plans^a	Estimated Total SFA (\$ billions)^{b,c}
99th Percentile	234	\$81.9
85th Percentile	225	\$80.6
Mean	211	\$79.7
50th Percentile (Median)	211	\$79.5
15th Percentile	195	\$78.9
1st Percentile	184	\$78.6

^a The estimated number of plans excludes plans that may be eligible for SFA but do not require additional funds to be able to pay all benefits and expenses through 2051.

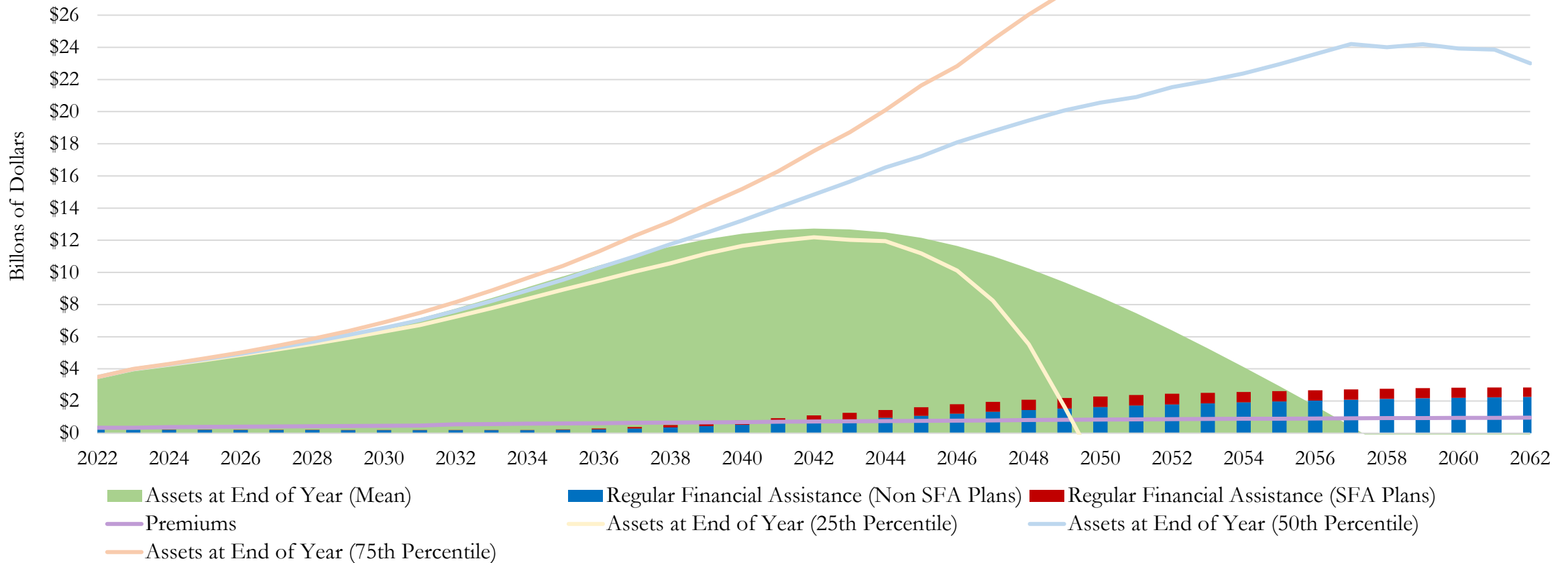
^b The estimated SFA includes \$70.0 billion attributable to applications submitted to PBGC as of March 11, 2023 (including withdrawn applications), which includes estimated interest and financial assistance loan repayments, that does not vary by scenario. The stochastic variation shown is for non-priority group plans only and ranges from \$8.6 billion at the 1st percentile to \$11.9 billion at the 99th percentile.

^c The range of results only captures the variability of potential economic outcomes and does not capture unexpected differences in plan data and assumptions used in plan applications for SFA.

PBGC's Insolvency Date is Further Extended

Figure 6 – PBGC Multiemployer Fund Assets, Traditional 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 traditional financial assistance payments.

Key Results – Single-Employer Program

Projected FY 2032 surplus is \$63.6B (in 2022 dollars)

- Net position at 9/30/2022 is \$36.6B
- Nearly 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 \$12B

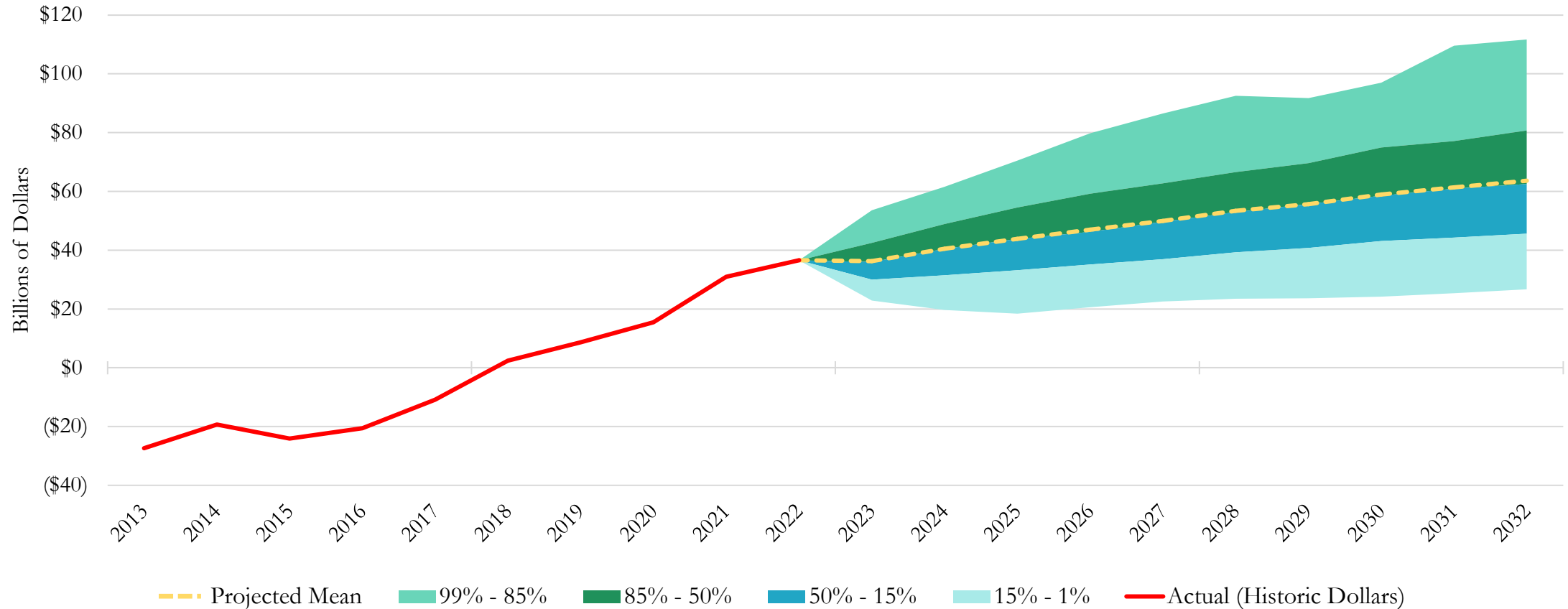
In an extreme stress test the SE Program does not fall into deficit

- Stress test includes 10-year claims of \$40B with -20% return on plan assets in first year

Single-Employer: Continued Improvement Expected

Figure 13 – Single-Employer Program Projected Net Financial Position

Historical Experience FY 2013-2022 and FY 2023-2032 Projections





Special Financial Assistance Program

PBGC

SFA Program Milestones

- March 11, 2021 American Rescue Plan Act signed into law
- July 21, 2021 SFA Interim Final Rule published
- December 21, 2021 First application approved
- January 18, 2022 First payment to a plan
- August 8, 2022 SFA Final Rule becomes effective
- March 11, 2023 Non-priority application group process begins
- April 3, 2023 1st Limited SFA application portal opening
- July 5, 2023 2nd Limited SFA application portal opening
- July 19, 2023 3rd Limited SFA application portal opening

Special Financial Assistance Expected Reach

The American Rescue Plan Act provides for special financial assistance to enhance retirement security for millions of Americans.



SFA Applications – Current Status

(as of September 8, 2023)

	Applications Approved	Applications Denied	Applications in Review**
Number of Applications	98*	1	22
Aggregate \$ SFA (approved or requested)	\$53.4 billion	\$132.2 million	\$6.3 billion
Aggregate Participant Count	766,940	1,122	353,478

* Includes 63 full applications and 35 supplemented applications.

** 14 plans have withdrawn their applications and not yet reapplied. In addition, 110 plans have submitted requests to be added to the application waiting list, 17 of which have since applied.

Death Audits Related to SFA Applications

- Added a requirement as of July 27, 2023, that all applicants include census data for terminated vested participants.
- PBGC matches that plan data against our SSA death master file, identifies any matching records, and asks the plans to identify anomalies.
- We offer this matching service for all future applicant plans – by sending us their census data prior to applying, we are able to provide more precise data in their applications.

Mergers Involving SFA Plans

- PBGC approval required for multiemployer plan merger involving a plan that receives SFA.
- Transaction must comply with the merger rules under ERISA section 4231.
 - Merger must not unreasonably increase PBGC's risk of loss respecting any plan involved in the merger.
 - Merger is not reasonably expected to be adverse to the overall interests of the participants and beneficiaries of any of the plans involved in the transaction.
- SFA final rule clarifies how the conditions on SFA plans apply to a plan following a merger.
 - Some conditions, including prospective benefit increases, do not apply to a merged plan.
 - Plan meeting specified requirements may request a waiver of certain conditions including retrospective benefit increases.

Thank you, NCCMP

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



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