



PBGC—A Tale of Two Funds

Housekeeping

- The statements and opinions expressed by moderators/presenters do not necessarily represent the statements or opinions of the American Academy of Actuaries, the Actuarial Standards Board, the Actuarial Board for Counseling and Discipline, or any Academy boards, councils, or committees.
- The Academy operates in compliance with the requirements of applicable law, including federal antitrust laws. The Academy's antitrust policy is available online at <https://www.actuary.org/content/academy-antitrust-policy>.
- Academy members and other individuals who serve as members or interested parties of any of its boards, councils, committees, etc., are required to annually acknowledge the Academy's Conflict of Interest Policy, available online at <https://www.actuary.org/content/conflict-interest-policy-1>.
- Use the chat feature at the right of the video screen to type in questions.
- This program, including remarks made by attendees, may be recorded and published.



Continuing education credit

- The Academy believes in good faith that attendance at this program constitutes an organized activity as defined under the current *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*, and that attendees may earn up to 1.5 organized continuing education (CE) credits for attending this program.
- The Academy believes in good faith that Enrolled Actuaries may earn 1.5 non-core continuing professional education (CPE) credits under the JBEA rules for attending this program. The JBEA ultimately determines what constitutes core, non-core, ethics, or non-ethics continuing education and the number of CPE credit hours allocated to same for Enrolled Actuaries. Instructions will be provided at the conclusion of the live program only for obtaining a Certificate of Attendance.



Today's speakers:

Moderator

- **Jason Russell**, MAAA, FSA, EA
Vice Chairperson, Academy Pension Practice Council

Presenters

- **Ted Goldman**, MAAA, FCA, FSA
Director of Policy, Research and Analysis Department
Pension Benefit Guaranty Corporation
- **Andy Banducci**
Chief Policy Officer, Office of Policy and External Affairs
Pension Benefit Guaranty Corporation



- PBGC – A Tale of Two Funds
- COVID-19 Impact
- Recently Released Data and Research Reports
 - Pension Insurance Data
 - Pension Risk Transfer Report
 - Multiemployer Benefit Provision Report
- Public Policy Update
- Questions
- Miscellaneous





PBGC – A Tale of Two Funds



PBGC

Program Snapshot

	Single-Employer	Multiemployer
FY 2019 PBGC financial position		
• Liabilities (includes "probable" losses)	\$119 billion	\$68 billion*
• Assets	\$128 billion	\$3 billion
• Net position	\$9 billion	(\$65 billion)
Insurable event	Plan Termination	Plan Insolvency
FY 2019 premium income	\$6.4 billion	\$310 million
FY 2019 payouts to/for retirees	\$6.0 billion	\$160 million
Number of covered plans	24,000	1,400
Number of participants in plans	24.7 million	10.8 million
2020 maximum annual guaranteed benefit	\$69,750 for age 65 retiree, regardless of service	\$12,870** for retiree with 30 years of service, regardless of age

Note: PBGC's FY 2020 Annual Report will be released soon.

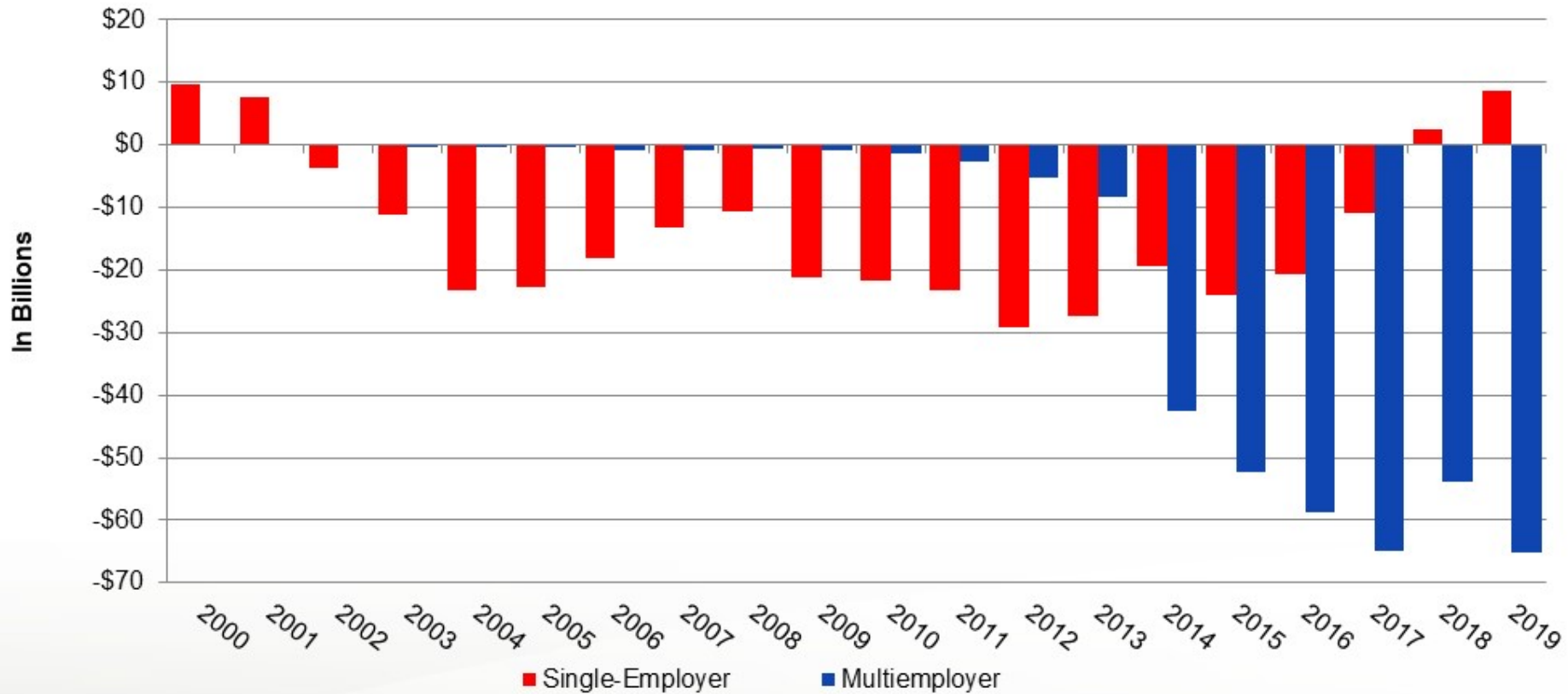
* All but \$2.8 billion are for "probable" insolvent plans.

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



Pension Benefit
Guaranty Corporation

FY 2000-2019 Net Financial Position



Projections Report – A Look to the Future

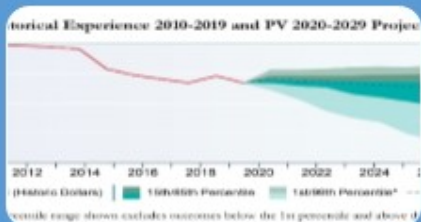
- Issued September 14, 2020
- Provides 10-year projections of the financial condition of PBGC's Single-Employer and Multiemployer Insurance Programs
- <https://www.pbgc.gov/projectionsreports>



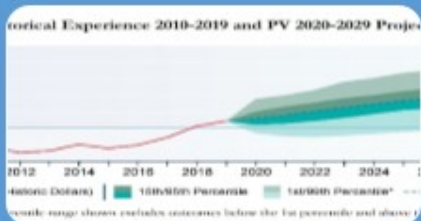
Projections Report Highlights



Expected ME Program insolvency year is now FY 2026, compared to FY 2025 in the prior report.



ME Program: mean projected net financial position 10 years out is negative \$82.3 billion (present value), compared to negative \$66.2 billion in prior report.



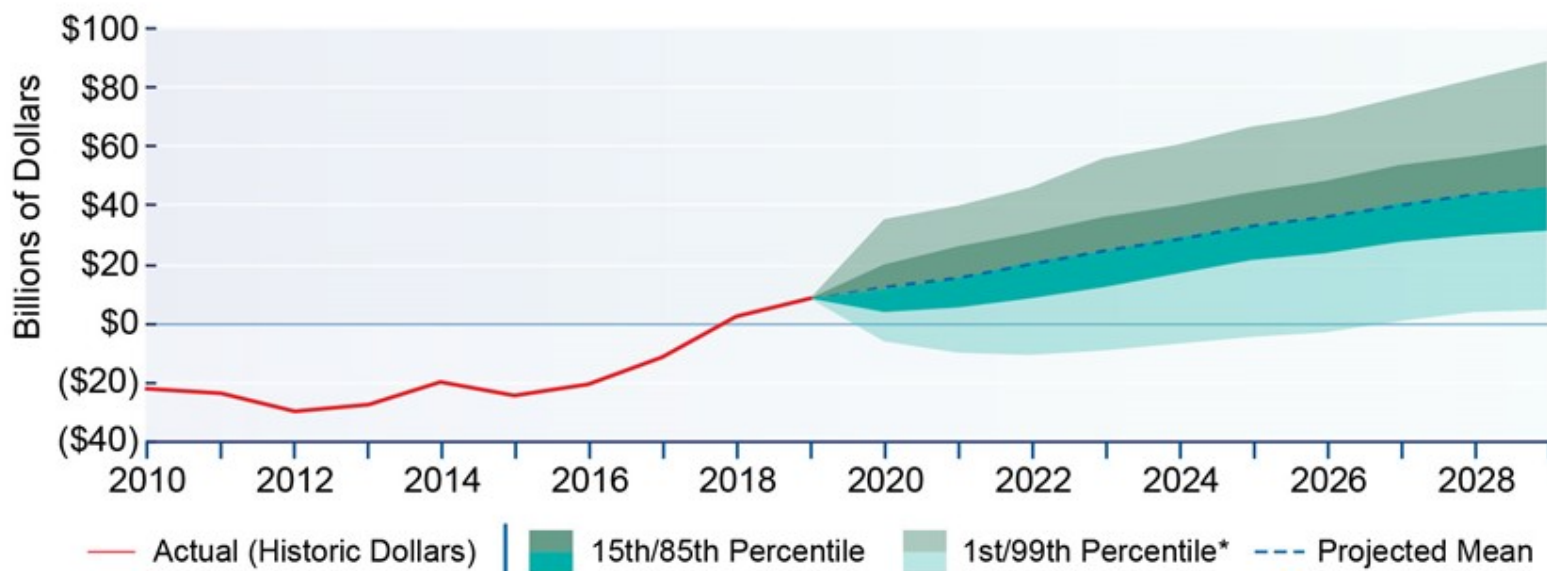
SE Program: mean projected net financial position 10 years out is positive \$46.3 billion (present value), compared to positive \$26.7 billion in prior report.



Single-Employer Program Past and Future Net Financial Position

Continued projection of a strengthening financial position, but wide range of outcomes and the risk of very high claims remains.

Historical Experience 2010-2019 and PV 2020-2029 Projections

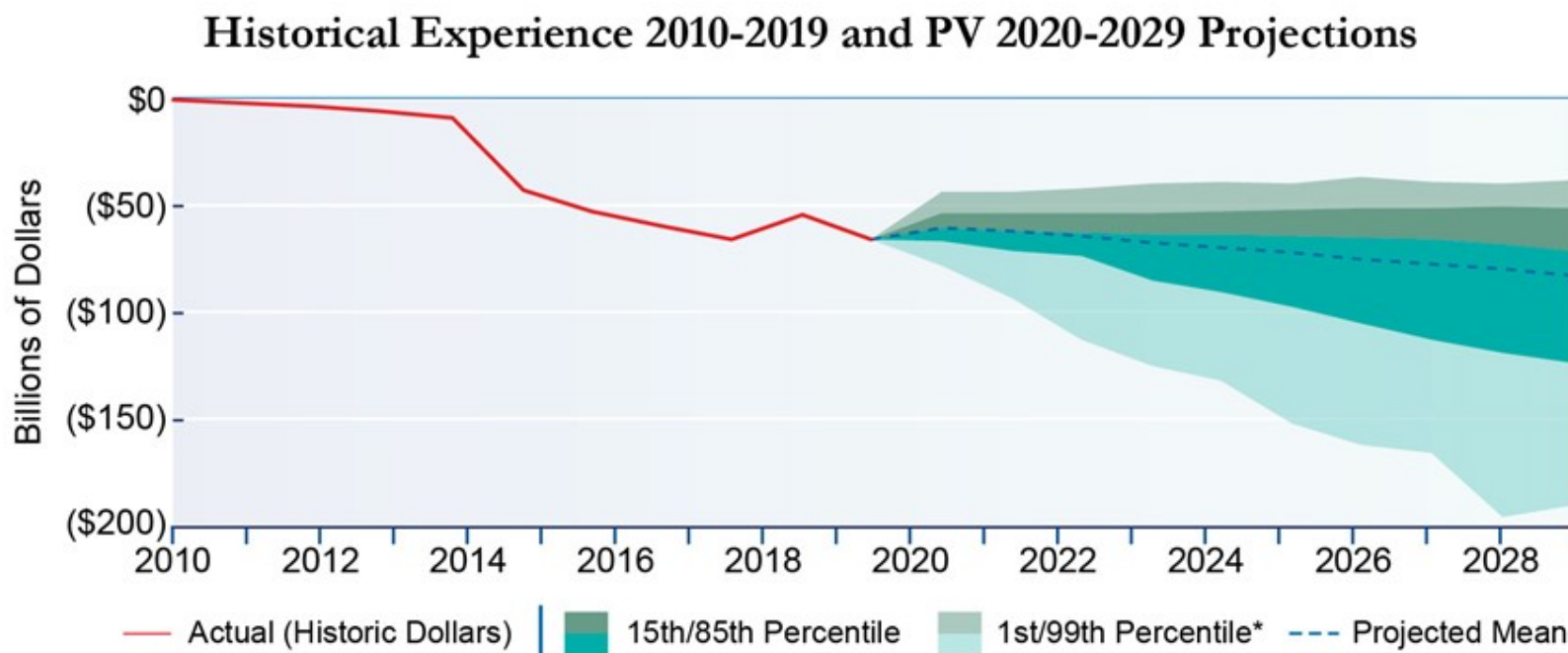


*The 1st/99th percentile range shown excludes outcomes below the 1st percentile and above the 99th percentile.



Multiemployer Program Past and Future Net Financial Position

None of the 500 economic scenarios modeled result in a positive net financial.

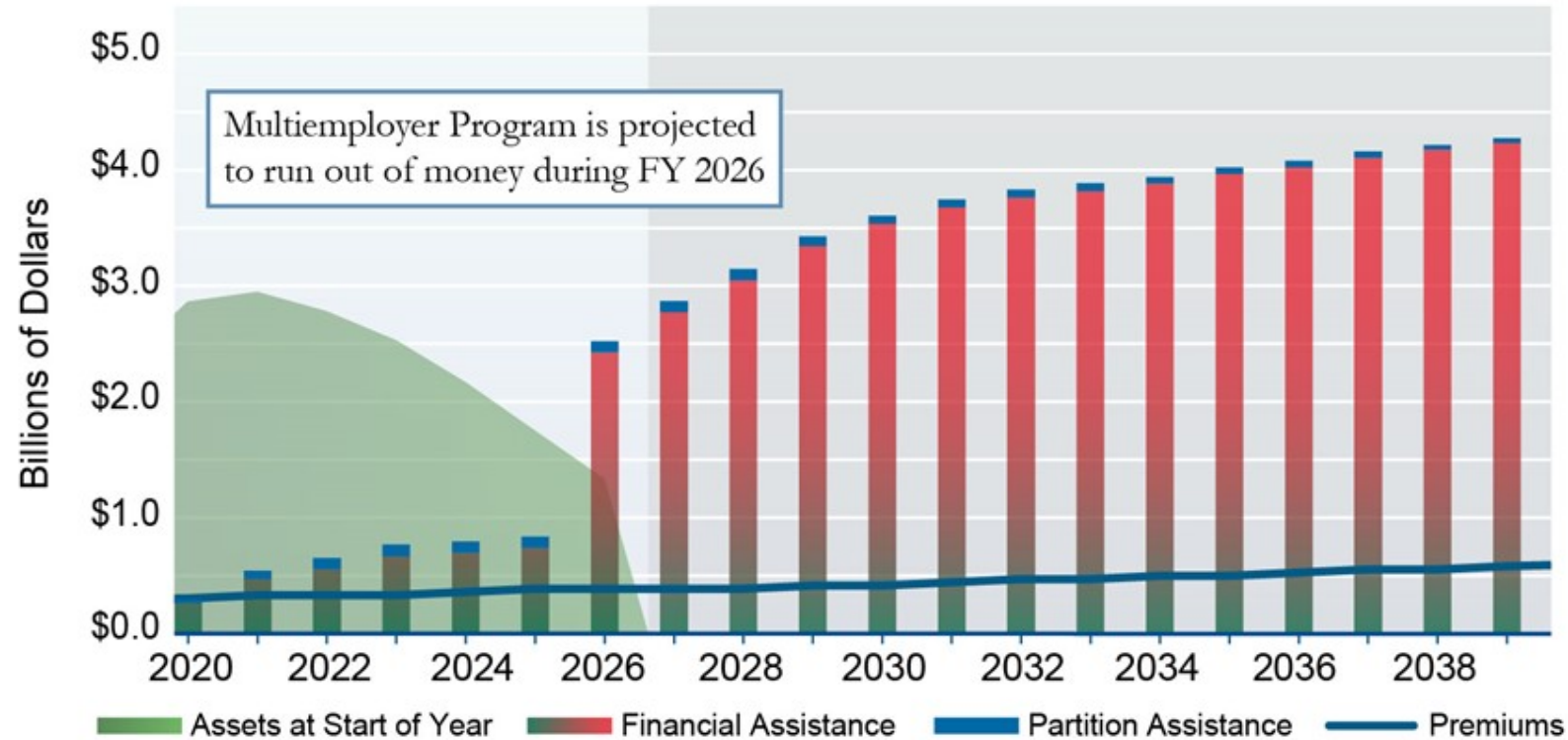


*The 1st/99th percentile range shown excludes outcomes below the 1st percentile and above the 99th percentile.



Multiemployer Program Projected Insolvency in 2026

Mean Results in Nominal Dollars





COVID-19 Impact

PBGC

- PBGC operations continue
- Single-Employer Program
 - Activity is changing
 - Specific sectors affected by COVID-19
 - Reportable event types
 - Consider distress pre-filing consultations for companies in trouble
 - PBGC continues to work with plan sponsors (e.g., terminating plans, resolving termination liability, and Early Warning Program)



- Due dates for filings or actions that would otherwise have been due on or after April 1, 2020, and before July 15, 2020, were extended to July 15, 2020
- VRP contributions receivable timing
 - Relief available for filings due March – December 2020
 - Filing may be amended to increase asset value by discounted value of contributions made during CARES Act delay period
- See Technical Update 20-2
- FAQs clarifying missed contribution reportable event timing
- COVID-19 Resources webpage





Recently Released Data and Research Reports

PBGC

- September installment – 2018 Pension Insurance Data Tables
- Partial Pension Risk Transfer Report
- Multiemployer Benefit Provisions

Pension Insurance Data Tables

- Most recent installment (posted September 2020) contains various breakdowns – number of plans, number of plan participants, hybrid plans, frozen plans, premium revenue, and plan funding.
- Especially useful for understanding pension trends.

Pension Insurance Data

Find statistics for PBGC's single-employer and multiemployer programs and for the private defined benefit pension system, including [state-by-state information](#).

- Net Financial Position of Program
- Claims (Single-employer program only)
- Benefit Payments
- Coverage
- PBGC Premiums (Single-employer program only)
- Funding Levels of Insured Plans
- State Data (Single-employer program only)

Major Data Sources and Availability

There are three major data sources used for the PBGC Data Tables – Form 5500 filings, PBGC Premium filings and the PBGC itself for operational data. Due to the differing availability of source data, which is outlined below, and to provide the most recent data whenever possible, each data table may have a different end year.

- Form 5500 filings are due by the last day of the 7th month after the plan year ends. If a filing extension is requested, this due date is extended 2½ months.
- PBGC Premium filings are due by the 15th day of the 10th full calendar month in the plan year.
- PBGC operational data (financial and benefit payment) is generally available at the end of PBGC's fiscal year.

<https://www.pbgc.gov/databooks>



Pension Benefit
Guaranty Corporation

Data Table Highlights – Single-Employer Plans

-26%

Decline in PBGC-insured participants from 2010 (33.4 million) to 2019 (24.7 million). (Table S-30)

48%

Single-Employer plans with > 5,000 participants that are hybrid plans. (Table S-35)

63%

Active participants in Single-Employer plans that are still accruing benefits. (Table S-37)



Data Table Highlights – Multiemployer Plans

10.8

PBGC-insured plan participants in millions. Counts have remained fairly level. (Table M-5)

28%

Top 10 underfunded plans share of all underfunding. (Table M-12)

36%

Of participants are active (vs. retired or TV), compared to >50% in 2000. (Table M-7)





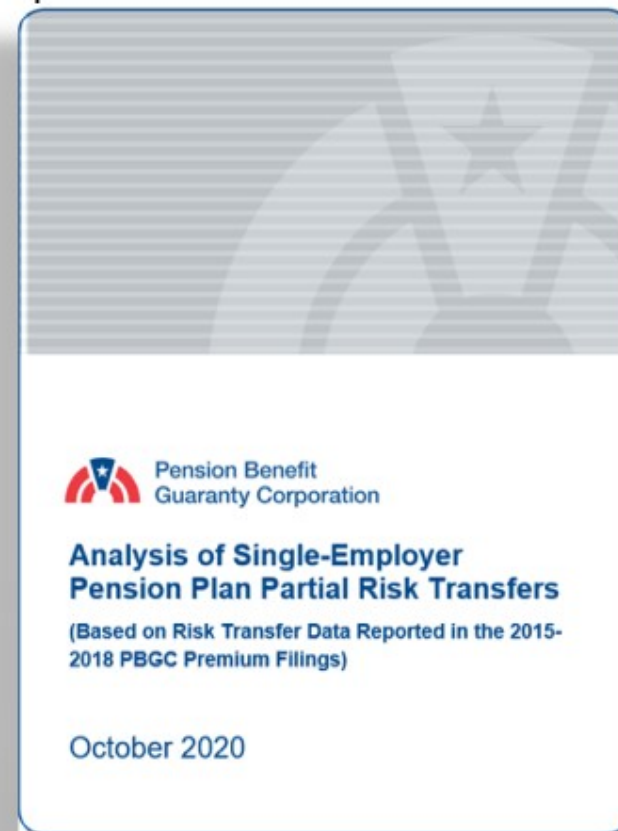
Single-Employer Partial Risk Transfers

PBGC

Single-Employer Partial Risk Transfers Report Overview

- Detailed study on pension risk transfer activity (RTA) in single-employer plans
 - Lump sum payouts
 - Annuity buy-outs
- Based on review of 2015-2018 PBGC premium filings
- Primary focus of study
 - Number of plans and participants affected by RTA
 - Impact on PBGC premiums
 - Change in PBGC Risk Profile
- Results broken out by:
 - Premium reporting year
 - Plan size
 - RTA (lump sum, annuity buy-out)

<https://www.pbgc.gov/RiskTransfer2020>



Single-Employer Partial Risk Transfers Report Highlights

- 8% of PBGC-covered plans performed an RTA during the study period
- 45% of large plans performed an RTA during the study period
 - Large plans are defined as plans with greater than 1,000 participants
- 93% of plans with an RTA provided a lump sum option while 19% opted to purchase annuities
- 2.4 million participants received either a lump sum payment or an annuity during the study period
 - 63% of participants affected by an RTA received a lump sum
 - Compared to 690,000 participants who received a final distribution in a standard plan termination
- Plans paying at the VRP cap were three times more likely to perform an RTA than other plans
- Plans sponsored by financially weak companies performed RTAs at similar rates to other plans

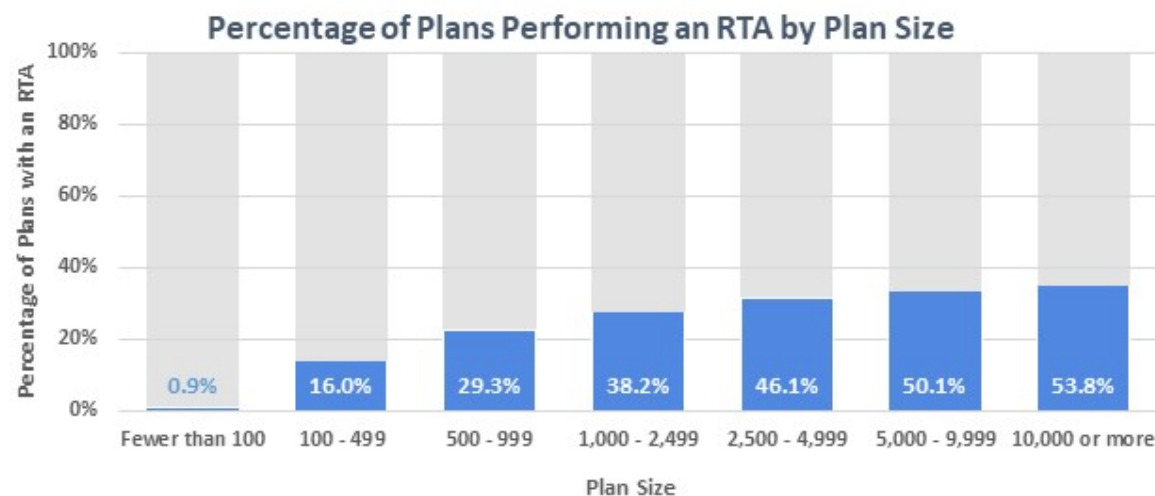


Partial Risk Transfer Activity

Table 1 – Total Number of Plans Performing Partial Risk Transfer Activities from 2015-2018

Risk Transfer Activity	2015	2016	2017	2018	Total 2015-2018
Plans Offering Lump Sums	960	585	768	447	2,290
Plan Purchasing Annuities	91	76	159	213	466
Plan Performing any RTA	1,024	643	891	623	2,473

Figure 2 – A Greater Proportion of Large Plans Performed RTAs Than Small Plans



Number of Participants Affected by Risk Transfer Activity

Table 2 – Total Number of Participants in Partial Risk Transfer Activities from 2015-2018

Risk Transfer Activity	2015	2016	2017	2018	Total
Lump Sums					
Terminated Vested Participants Offered Lump Sums	1,299,783	651,902	819,496	442,001	3,213,182
Terminated Vested Participants Electing Lump Sums	639,609	304,106	368,232	186,220	1,498,167
Retired Participants Offered Lump Sums	76,683	31,522	N/A	N/A	108,205
Retired Participants Electing Lump Sums	30,373	12,124	N/A	N/A	42,497
Annuity Purchases					
Annuities Purchased for Terminated Vested Participants	1,669	2,746	2,030	3,498	9,943
Annuities Purchased for Retirees	74,947	167,651	251,637	399,618	893,853
Total Number of Participants Removed from the Single-Employer Program	746,598	486,627	621,889	589,336	2,444,460

1.5 M people
electing lump sums

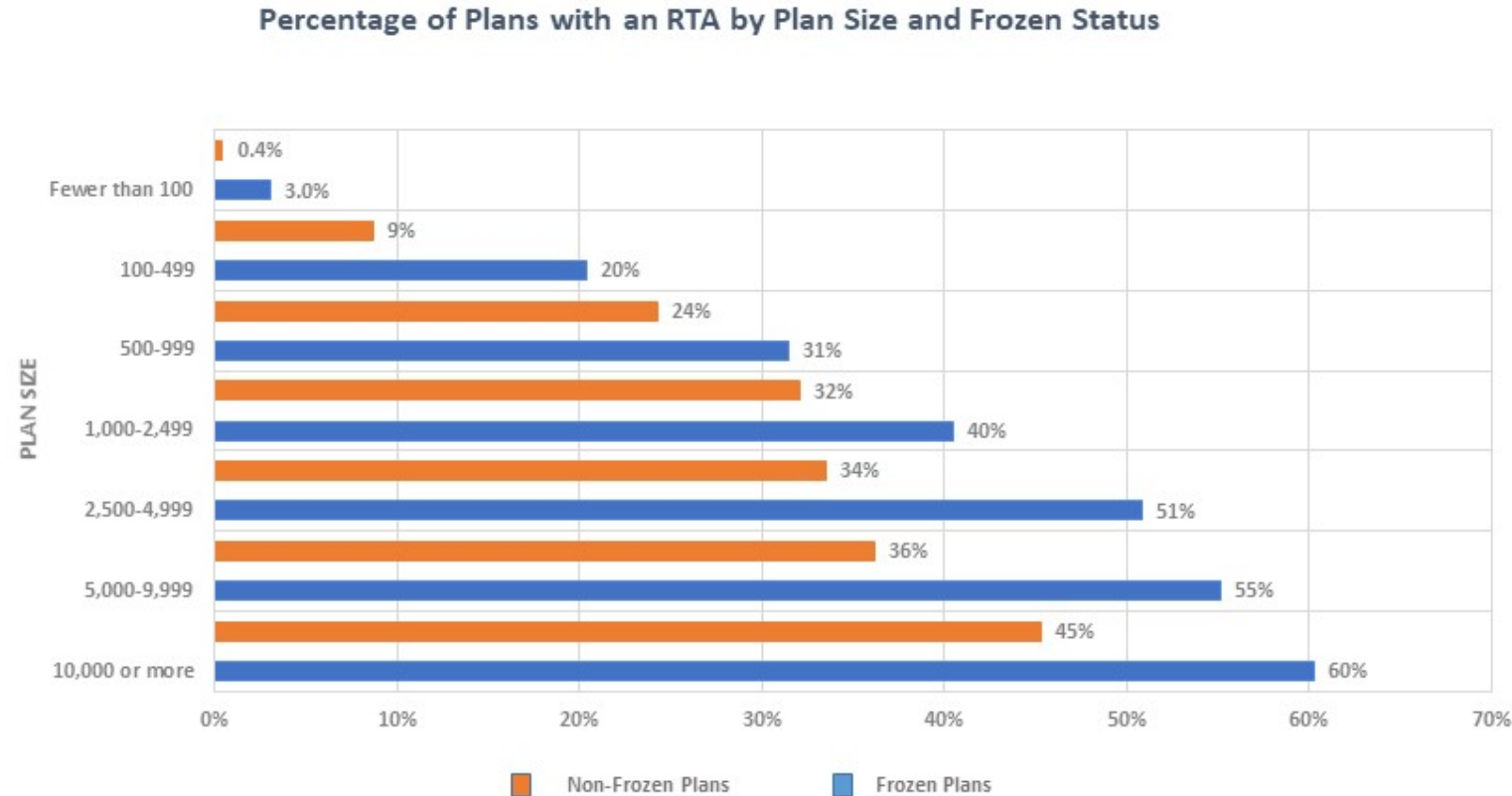
Almost a million people now
have annuities covered by
state guarantees instead of
PBGC

Note: Over 82% of affected participants were in plans with more than 5,000 participants.



Pension Risk Transfer Activity in Frozen vs. Ongoing Plans

Figure 4 – Frozen Plans Performed RTAs at a Greater Rate than Non-Frozen Plans; Regardless of Plan Size





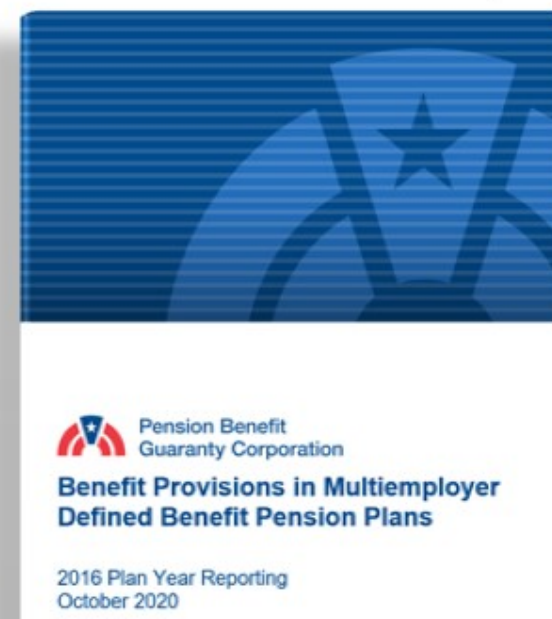
Multiemployer Pension Plan Benefit Provisions

PBGC

Multiemployer Pension Plan Benefit Provisions Report Overview

- Detailed study on plan provisions available to active participants in multiemployer plans
- Based on review of 2014-2016 Form 5500 filings for 582 multiemployer plans covering roughly 90% of all multiemployer pension plan active participants
- Primary focus of study was on the structure and amount of the main benefit accrual formula, though other features were covered:
 - Normal and early retirement provisions
 - Optional payment forms
 - Ancillary benefits
- Results broken out by:
 - Zone status
 - Industry classification
 - Current liability size

<https://www.pbgc.gov/MEStudy>



Multiemployer Pension Plan Benefit Provisions Report Highlights

- Most common formula type is flat dollar per year of service
- Average accrual rate for flat dollar plans is \$102 per month
- Average estimated accrual rate across all plans is \$99 per month
 - Median is \$83 per month
- Construction industry is by far the most predominant
 - 55% of all plans
 - 42% of all active participants
- Critical and Critical & Declining plans have lower benefit accrual rates than healthier plans – also, lower incidence of disability provisions



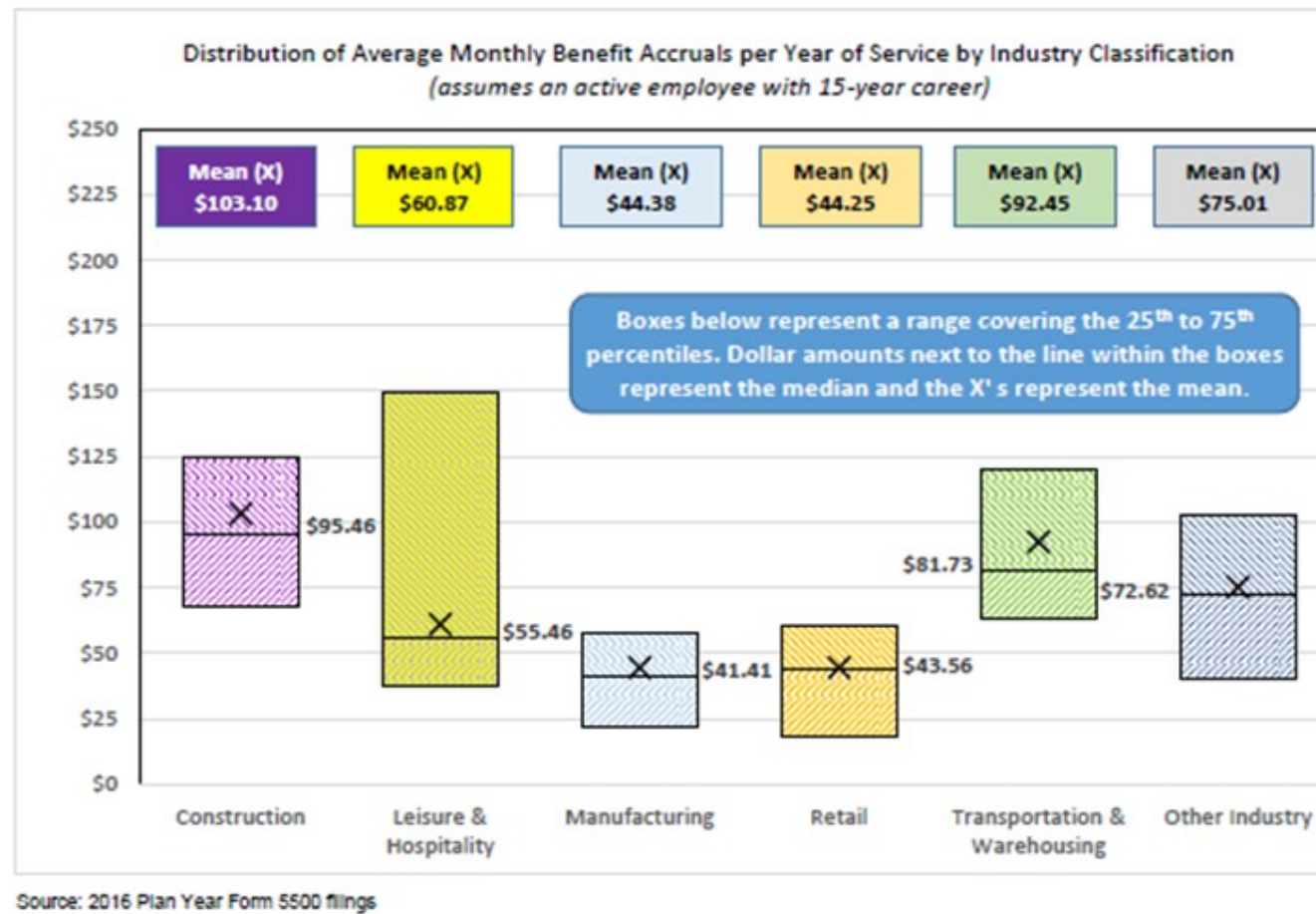
Multiemployer Pension Plan Benefit Provisions Highlights (continued)

- Construction and Transportation industries have higher than average accrual rates, while Retail and Manufacturing have lower than average accrual rates
- Normal retirement date is overwhelmingly age 65 (with or without a service requirement), though a significant number of construction plans use age 62
- Construction and Transportation industry plans have the highest incidence of subsidized early retirement benefits
 - “Subsidized” defined here as 5% or less per year early reduction



Predominant Accrual Rates for Active Participants by Industry

Figure 1 - Predominant Accrual Rates for Active Participants by Industry



Two Most Prevalent Benefit Accrual Formulas Are Flat Dollar per Year of Service and Percent of Contributions

Table 1 - Plans by Type of Benefit Accrual Formula

Benefit Formula Type	% of Plans	% of Active Current Liability	% of Active Participants
Flat Dollar per Year of Service	59%	46%	50%
Percent of Contributions	34%	44%	39%
Percent of Final Average Pay	5%	7%	6%
Percent of Career Average Pay	2%	3%	5%
Total	100%	100%	100%



Wide Variation on Benefit Accrual Rates

Table 16 - Average Estimated Monthly Benefit Accruals

Average Monthly Benefit Accrual	% of Total Plan Count	% of Total Active Current Liability	% of Total Active Count
Less than \$11.00	1%	0%	2%
\$11.00 - \$24.99	6%	3%	8%
\$25.00 - \$34.99	4%	5%	11%
\$35.00 - \$44.99	6%	3%	6%
\$45.00 - \$59.99	10%	7%	11%
\$60.00 - \$74.99	16%	30%	30%
\$75.00 - \$99.99	18%	10%	8%
\$100.00 - \$124.99	18%	16%	8%
\$125.00 - \$149.99	9%	14%	10%
\$150.00 - \$199.99	8%	8%	4%
\$200.00 - \$249.99	1%	1%	<0.5%
\$250.00 or more	2%	4%	2%
Total	100%	100%	100%

Almost half of participants studied have benefit accrual rate between \$45 and \$100



Benefit Accrual Rates Typically Higher in Healthier Plans

Table 17 - Average Estimated Monthly Benefit Accruals by 2016 Zone Status

Average Monthly Benefit Accrual	Critical & Declining	Critical	Seriously Endangered	Endangered	"Green"	% of Total Plan Count
Less than \$11.00	0%	1%	0%	0%	2%	1%
\$11.00 - \$24.99	19%	10%	0%	5%	3%	6%
\$25.00 - \$34.99	8%	4%	0%	0%	4%	4%
\$35.00 - \$44.99	11%	5%	0%	2%	7%	6%
\$45.00 - \$59.99	14%	17%	0%	11%	8%	10%
\$60.00 - \$74.99	31%	13%	0%	14%	16%	16%
\$75.00 - \$99.99	3%	17%	33%	18%	21%	18%
\$100.00 - \$124.99	11%	13%	33%	23%	19%	18%
\$125.00 - \$149.99	3%	9%	33%	11%	9%	9%
\$150.00 - \$199.99	0%	9%	0%	5%	9%	8%
\$200.00 - \$249.99	0%	1%	0%	5%	1%	1%
\$250.00 or more	0%	1%	0%	7%	2%	2%
Total	100%	100%	100%	100%	100%	100%
Plan-Weighted Average Accrual	\$57.40	\$85.58	\$106.97	\$120.16	\$103.90	\$98.83
Plan-Weighted Median Accrual	\$56.29	\$74.50	\$102.00	\$100.00	\$86.24	\$83.33



Benefit Accrual Rates Vary Across and Within Industries

Table 18 - Average Estimated Monthly Benefit Accruals by Industry Classification

Average Monthly Benefit Accrual	Construction	Leisure & Hospitality	Manufacturing	Retail	Transportation & Warehousing	Other Industry	% of Total Plan Count
Less than \$11.00	1%	5%	0%	0%	0%	3%	1%
\$11.00 - \$24.99	1%	5%	27%	32%	2%	10%	6%
\$25.00 - \$34.99	2%	11%	8%	14%	0%	8%	4%
\$35.00 - \$44.99	4%	16%	19%	5%	5%	10%	6%
\$45.00 - \$59.99	9%	16%	27%	23%	12%	4%	10%
\$60.00 - \$74.99	16%	0%	12%	14%	26%	18%	16%
\$75.00 - \$99.99	22%	5%	0%	9%	19%	19%	18%
\$100.00 - \$124.99	22%	16%	8%	5%	14%	14%	18%
\$125.00 - \$149.99	10%	5%	0%	0%	12%	9%	9%
\$150.00 - \$199.99	11%	0%	0%	0%	9%	3%	8%
\$200.00 - \$249.99	2%	0%	0%	0%	2%	0%	1%
\$250.00 or more	2%	21%	0%	0%	0%	1%	2%
Total	100%	100%	100%	100%	100%	100%	100%
Plan-Weighted Average Accrual	\$103.10	\$290.22*	\$44.38	\$44.25	\$92.45	\$75.01	\$98.83
Plan-Weighted Median Accrual	\$95.46	\$55.46	\$41.41	\$42.12	\$81.73	\$72.62	\$83.33

Note: The plan-weighted average for the Leisure & Hospitality industry is skewed due to very large benefits under professional sports teams' plans. The plan-weighted average monthly benefit accrual for the Leisure & Hospitality industry, excluding the professional sports teams, is \$60.87.

* The plan-weighted average for the Leisure & Hospitality industry is skewed due to very large benefits under professional sports teams' plans. The plan-weighted average monthly benefit accrual for the Leisure & Hospitality industry, excluding the professional sports teams, is \$60.87.

Retirement, Optional Forms, and Ancillary Benefit Provisions

Table 19 - Plan's Normal Retirement Eligibility Requirements

Normal Pension Eligibility Requirements (Age/Service)	% of Total Plan Count	% of Total Active Current Liability	% of Total Active Count
Under 62/Under 5	1%	< 0.5%	< 0.5%
Under 62/5	5%	3%	2%
Under 62/Over 5	1%	1%	1%
62/Under 5	2%	1%	< 0.5%
62/5	17%	9%	7%
62/Over 5	1%	< 0.5%	< 0.5%
63 - 64/5	2%	3%	2%
65/Under 5	4%	10%	9%
65/5	67%	73%	79%
65/Over 5	1%	1%	< 0.5%
Over 65/5	< 0.5%	< 0.5%	< 0.5%
Total	100%	100%	100%

Table 22 - Early Retirement Eligibility Requirements

Early Pension Eligibility Requirements (Age/Service)	% of Total Plan Count	% of Total Active Current Liability	% of Total Active Count
Under 50/Under 5	1%	<0.5%	<0.5%
Under 50/5	1%	1%	1%
Under 50/Over 5	1%	1%	1%
50 - 54/Under 5	<0.5%	<0.5%	<0.5%
50 - 54/5	3%	2%	2%
50 - 54/Over 5	7%	8%	5%
55/Under 5	1%	2%	1%
55/5	21%	30%	39%
55/6 - 9	1%	<0.5%	<0.5%
55/10	37%	32%	28%
55/11 - 14	<0.5%	2%	1%
55/15	9%	7%	6%
55/Over 15	3%	4%	3%
Over 55/Under 5	<0.5%	<0.5%	<0.5%
Over 55/5	6%	6%	11%
Over 55/Over 5	9%	4%	3%
Total	100%	100%	100%

See the Report for information on normal retirement, early retirement, optional forms, and ancillary benefit information – by plan, industry, and zone status

Table 25 - Optional Payment Forms Currently Offered

Optional Payment Forms	% of Total Plan Count	% of Total Active Current Liability	% of Total Active Count
Guarantee (Certain) Period	63%	65%	57%
Full Lump Sum at Retirement	1%	1%	1%
Partial Lump Sum at Retirement	8%	11%	10%

Table 29 - Types of Ancillary Benefits Offered

Ancillary Benefits Offered	% of Total Plan Count	% of Total Active Current Liability	% of Total Active Count
Subsidized Early Retirement	72%	82%	75%
Disability Pension	89%	95%	95%
Pre-retirement Full* Lump Sum Death Benefit	13%	15%	11%
Pre-retirement Limited Lump Sum Death Benefit	25%	30%	25%

* Full lump sum death benefit implies the single payment of all employer contributions made on participant's behalf or one-time actuarially equivalent cash-out of the annuity payable to beneficiary.



Public Policy Update

PBGC

PBGC-Related Public Policy Issues

- Introduction
- Multiemployer Pension Reform Efforts
- Single-Employer Proposals
- October 22, 2020 Presidential Memorandum
- Next Steps



Questions



Thank You!

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

37



Pension Benefit
Guaranty Corporation



Miscellaneous



PBGC

Premium Rates

Plan years beginning in	Multiemployer Plans	Single-Employer Plans		
	Flat-Rate	Flat-Rate	Variable-Rate	
	Rate per Participant	Rate per Participant	Rate per \$1,000 UVBs	Per Participant Cap
2012	\$9	\$35	\$9	NA
2013	\$12	\$42	\$9	\$400
2014	\$12	\$49	\$14	\$412
2015	\$26	\$57	\$24	\$418
2016	\$27	\$64	\$30	\$500
2017	\$28	\$69	\$34	\$517
2018	\$28	\$74	\$38	\$523
2019	\$29	\$80	\$43	\$541
2020	\$30	\$83	\$45	\$561
2021	\$31	\$86	\$46	\$582



4022 Lump Sum Assumptions

Final Rule

- Current assumptions
 - Interest – Immediate & deferred approach
 - November rates – 0% immediate, 4% deferred
 - Mortality – UP-84
- Two sets of identical rates published each month
 - Appendix B for PBGC use (de minimis lump sums in trustee plans)
 - Appendix C for private-sector use
- Final rule published September 9
 - Changes effective in January
 - PBGC will use 417(e) interest and mortality for determining de minimis lump sums in trustee plans

40



Pension Benefit
Guaranty Corporation

4022 Lump Sum Assumptions

Appendix C Rates for use by Private-Sector

- Last rates PBGC will publish will be the December rates (to be published mid-November)
- After that, plans and actuaries determine immediate and deferred rates themselves (table approach)

Applicable 12-year rate for month $x - 2$	Applicable rate set for month x			
	Immediate annuity rate	Deferred annuity rates		
		i_1	i_2	i_3
Below 3.18%	0.00%	4.00%	4.00%	4.00%
3.18% to 3.40%	0.25%	4.00%	4.00%	4.00%
↕				
5.05% to 5.28%	2.25%	4.00%	4.00%	4.00%
↕				
Above 10.02%	7.50%	6.75%	5.50%	4.00%

www.irs.gov/retirement-plans/monthly-yield-curve-tables



Pension Benefit
Guaranty Corporation

Miscellaneous Corrections, Clarifications, and Improvements Final Rule

- Published February 4, 2020
- Commonly called “Housekeeping Regulation”
- Key provisions relate to:
 - Reportable events (ERISA Section 4043)
 - Standard terminations
 - Premiums
 - 4010 filings



Housekeeping Final Rule – Key Provisions

- Reportable events (ERISA 4043)
 - Elimination of two-year reporting for Active Participant Reduction (APR)
 - Participants for single cause APR event included in previous report within the same year added to end of year count
 - Clarification of timing of liquidation event
 - Event occurs when a controlled group member “resolves to cease all revenue-generating business operations, sell substantially all its assets, or otherwise effect or implement its complete liquidation”
- Standard terminations
 - Form 501 deadline extended to 60 days if administrator certifies within 30 days that all assets have been distributed



Housekeeping Final Rule – Key Provisions

- Premiums
 - Clarification re: when merger triggers special participant count date
 - Clarification re: reverse spinoff terminations
- 4010 filings
 - Guidance provided re: how to determine benefit liabilities for cash balance plans
 - Requirement to provide revenue, operating income, and net assets for individual controlled group members eliminated
 - Other changes to identifying information and financial information reporting requirements



Other Final Rules Issued in Past Year

- Administrative review procedures (published February 24, 2020)
 - Clarifies and makes changes to review process for certain agency determinations and procedures for requesting administrative review
- Guidance documents procedures (published August 26, 2020)
 - Basic requirements: certain information is always included (e.g., statement re: non-binding, statement that guidance is listed on PBGC's new "guidance" webpage)
 - Additional requirements if "significant" (e.g., 30-day public notice and comment period, OMB review)
 - Procedure for requesting withdrawal or modification of guidance document



Upcoming Regulatory Projects

- Proposed rules issued, but not yet finalized
 - 4022 benefits payments - mostly codifying internal procedures
 - Withdrawal liability simplified methods
 - FOIA procedures - reflects statutory changes and updates fees
 - Published October 13, 2020. Comment period ends December 14
- Proposed rules not yet published
 - 4044 assumptions (interest and mortality)
 - 4071 penalties
 - Miscellaneous updates, clarifications, and improvements (“Housekeeping 2”)
 - Multiemployer guaranteed benefits
 - Recoupment of PBGC-paid benefit overpayments

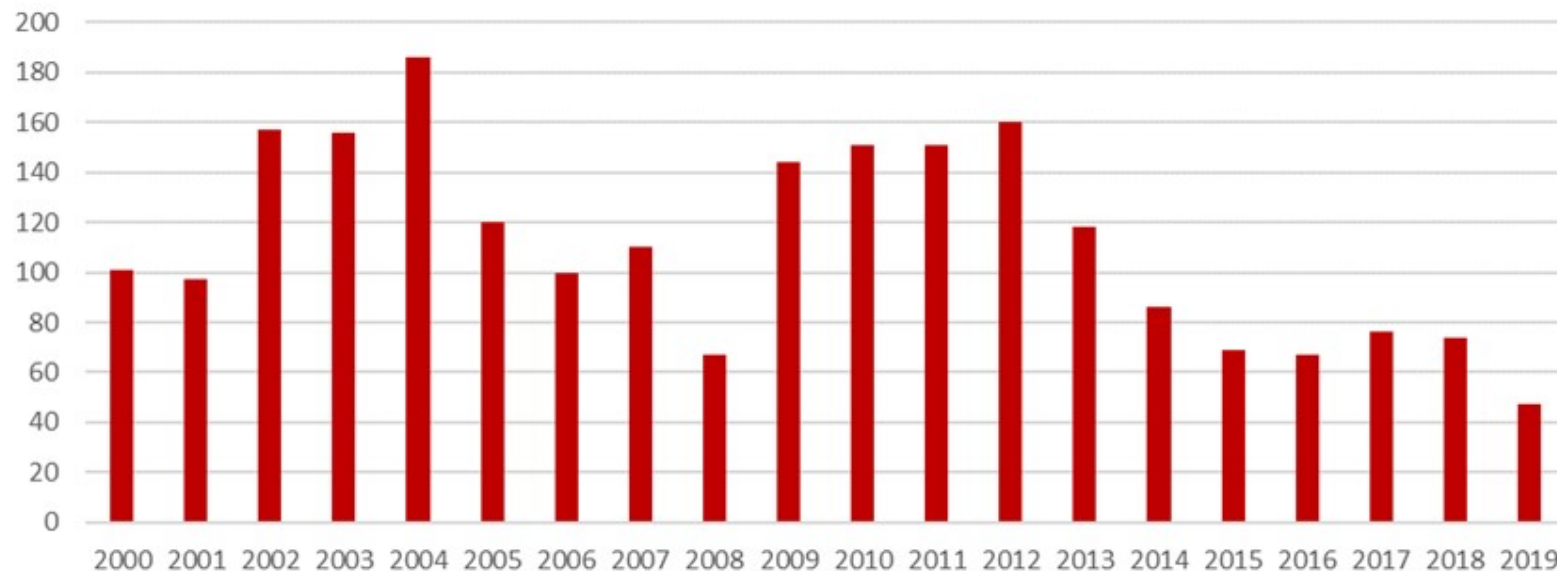
46



Pension Benefit
Guaranty Corporation

Underfunded Plan Termination Trends

Plan Terminations by Fiscal Year



- Increases in plan terminations tend to lag economic downturns
- FY 2020 terminations were almost 70 plans



Pre-filing Distress Termination Consultation

- Discussion with sponsor and advisors about whether distress filing is appropriate
 - Involves high-level review of historical financials and discussion of issues facing the sponsor
 - Review of whether distress criteria are likely to be met
 - Discussion of whether PBGC-initiated termination is more appropriate
- Outline of PBGC's processing steps for a distress
- Reminder of need to satisfy underfunding



PBGC.gov: Pre-filing Consultation



Pension Benefit Guaranty Corporation
A U.S. GOVERNMENT AGENCY

[Contact Us](#) | [Glossary](#) | [Careers](#) | [en Español](#)



[ABOUT PBGC](#)

[WORKERS & RETIREES](#)

[EMPLOYERS & PRACTITIONERS](#)

[NEWS & POLICY](#)

[BLOG](#)

[MYPBA LOGIN](#)

Distress Terminations

EXPAND ALL

COLLAPSE ALL

Request a Pre-filing Consultation

Schedule a pre-filing consultation call with PBGC's Corporate Finance and Restructuring Department to discuss the filing process and ensure the filing of a distress termination is appropriate given the sponsor's specific circumstances. Contact PBGC by sending an email to distress@pbgc.gov or calling (202) 326-4070.

What is a distress termination?

A plan that does not have enough money to pay all benefits owed participants and beneficiaries may be terminated only if the employer and the members of the employer's "controlled group" of affiliated companies each meets one of the distress termination tests. To do so, however, the employer must prove that the controlled group is financially unable to support the plan. PBGC takes over the plan as trustee and



[Visit this page
on PBGC.gov](#)



Pension Benefit
Guaranty Corporation