

## PENSION ISSUES

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### Pension Benefit Guaranty Corporation Publishes Fiscal Year (FY) 2020 Projections Report and Multiemployer Program 5-Year Report

The Pension Benefit Guaranty Corporation (PBGC) released its [2020 Projections Report](#) yesterday, a ten-year forecast of the financial condition of PBGC's two insurance programs (Single-Employer Program and Multiemployer Program), as required by the Employee Retirement Income Security Act (ERISA). PBGC also released its [Multiemployer Program Quinquennial Report](#) (required by ERISA to be published every five years). It is an actuarial evaluation containing estimates and projections for PBGC's Multiemployer Program over the next decade and beyond, based on current economic conditions and PBGC's understanding of current law. The study is used to determine the appropriate amount of PBGC premiums in relation to the current benefit guarantee levels and whether any changes are warranted.

According to the Projections Report, the Multiemployer Program continues to report large deficits that are projected to grow over time to \$6.7B (FY 2030). However, this is a significant improvement over last year's projection of deficits of \$82.3B due to the enactment of the [American Rescue Plan Act of 2021](#) (ARPA). This projection delays the insolvency estimate to "at least the mid-2030s and likely to a point more than 30 years out." The analysis of ARPA is based on the *Special Financial Assistance by PBGC interim final rule* published on July 12, 2021 and to the extent the PBGC makes any changes in the final rule, the projections may change.

The Projections Report shows the Single-Employer Program continuing its well-funded financial position with the mean projected present value net financial position growing to \$49.9B from \$46.3B last year. There are no scenarios in which the program approached insolvency.

According to the Multiemployer Quinquennial Report, the current premium levels do not support an increase in benefit guarantee levels. The projections reflect that premium rate for multiemployer plans under ARPA will increase to \$52 per participant for plan years beginning after December 31, 2030, and be indexed for inflation thereafter. As with the Projections Report, results are based on PBGC's interim final rule published in July, and to the extent the PBGC makes any changes in the final rule, these projections may change.

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