Pension Benefit Guaranty Corporation
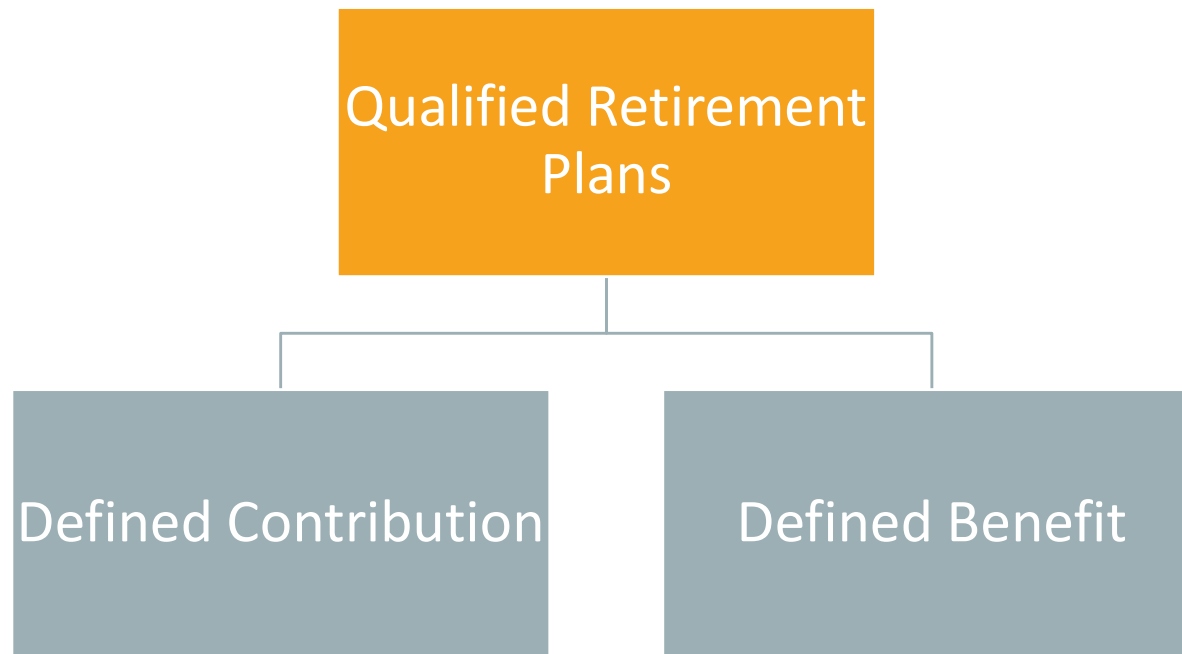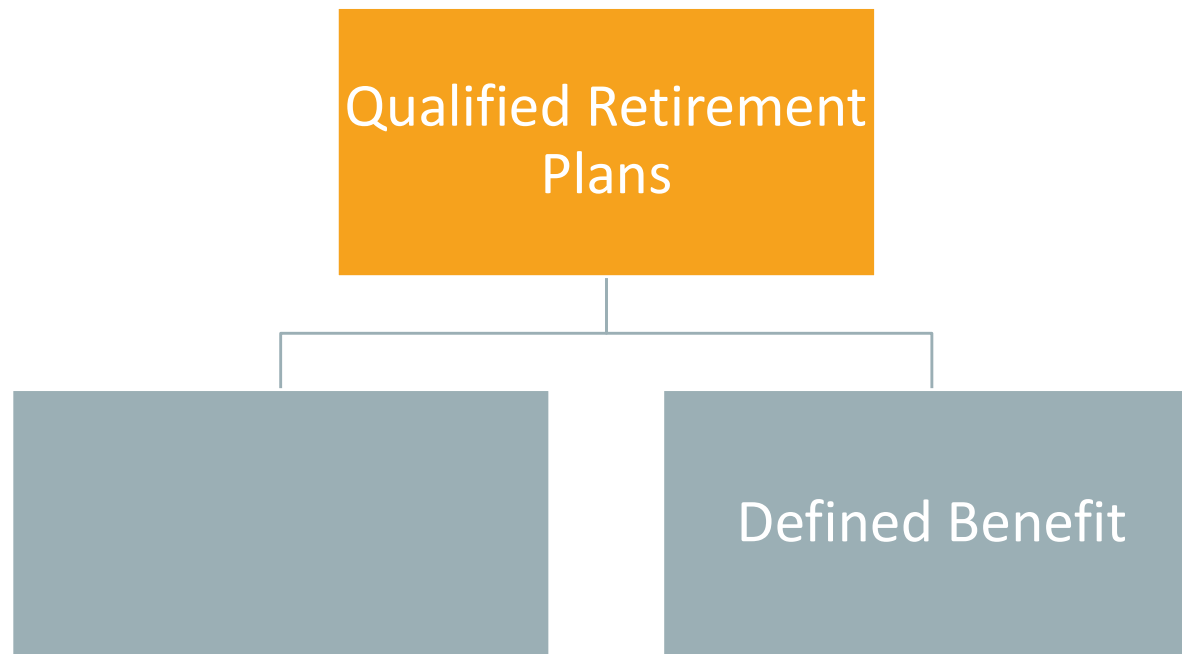
Chris Byrnes
April 30, 2021

Background – Qualified Retirement Plans

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Qualified Retirement Plans

Defined Benefit

Background – Defined Benefit Plans

- Guaranteed benefit
- Employer bears investment risk
- Sample Benefit Formula:
  - 1% x pay x years of service = annual benefit
- Decrease in plans
  - Costly and hard to predict
  - Lack of portability
- Significant risk for companies still maintaining plans

Pension Benefit Guaranty Corporation (PBGC)

- U.S. government agency
- Provides protection for private sector plans
- Insurance funded by annual premiums
- PBGC must step in for extreme cases (e.g. – bankruptcy)
- Assume Unfunded Liability (Liabilities – Plan Assets)

Proposed Project

Objective - Create an early warning algorithm to determine when a plan/company is exhibiting characteristics associated with PBGC plan takeovers.
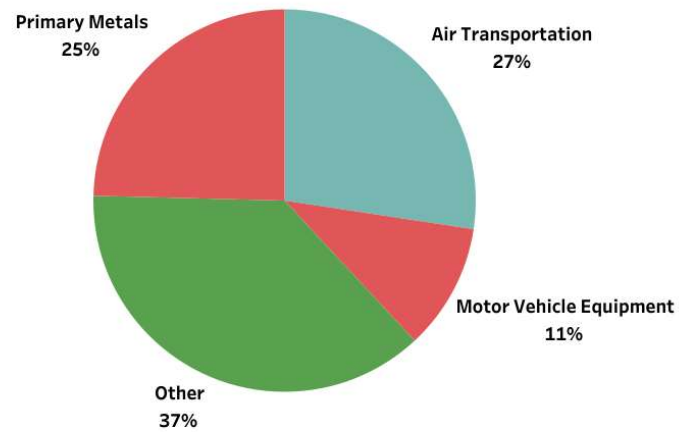
Benefit – Potential ability to mitigate risk and/or be in a better position to plan resources for takeovers.
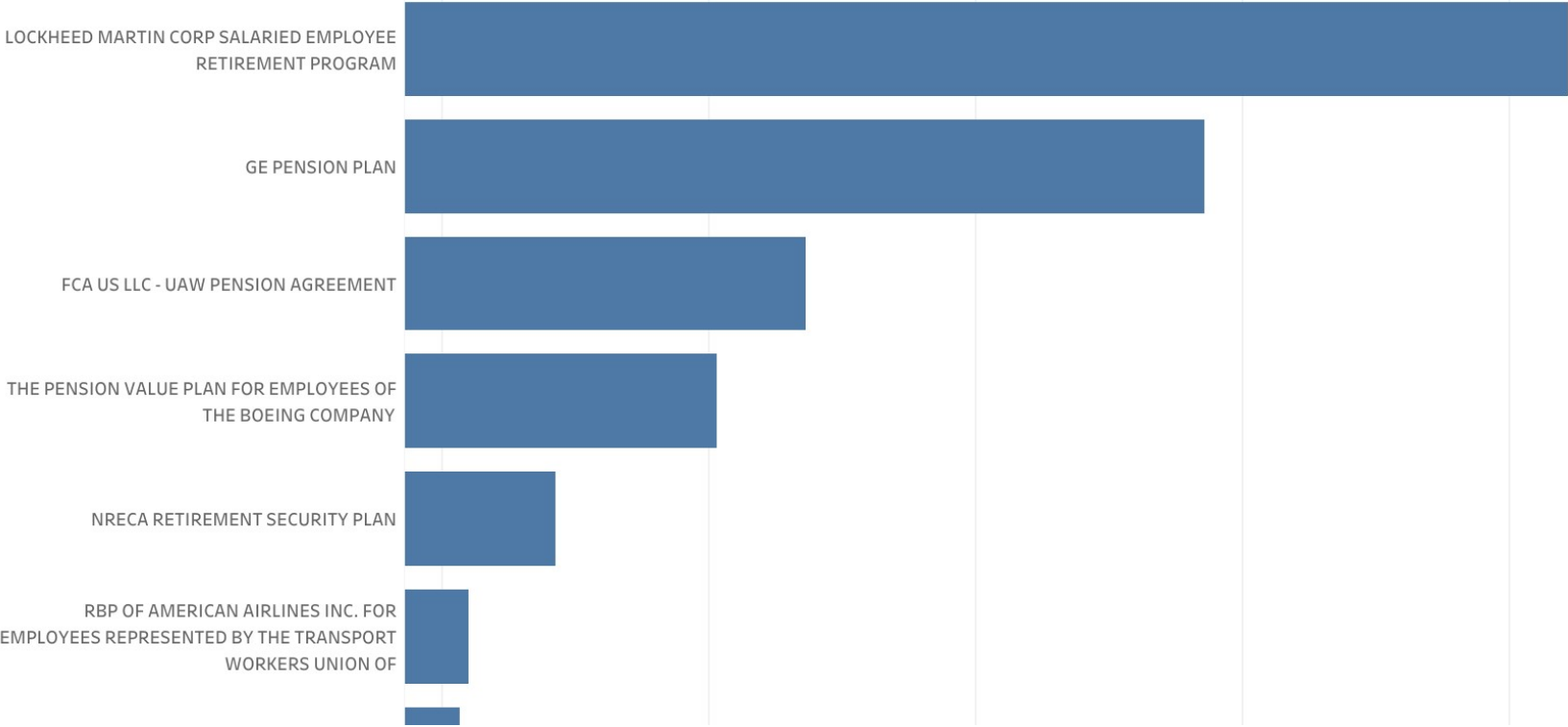
Data

- Resources for data
  - PBGC data sets at pbgc.gov
  - Form 5500 datasets at dol.gov

- Complete information was gathered for approx. 7,800 plans

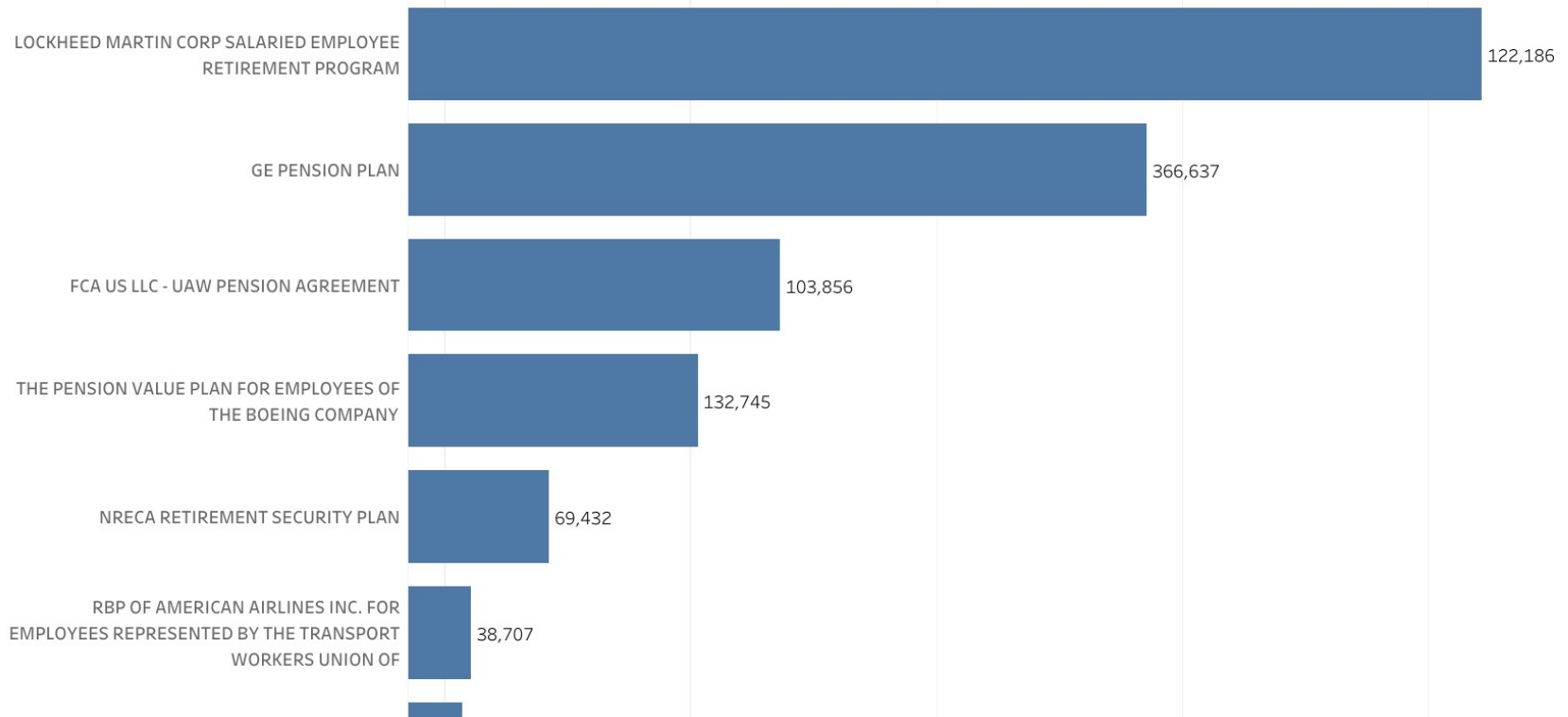# PBGC Claims by Industry (1975 - 2018)
Single-Employer Program

Since the establishment of the PBGC 63% of all claims have come from just 2 industries. Both Primary Metals and Motor Vehicle Equipment are classified as Manufacturing.

Primary Metals 25%

Air Transportation 27%

Motor Vehicle Equipment 11%

Other 37%

Defined Benefit Plans > $1B Unfunded Liability
Single-Employer Plans

- LOCKHEED MARTIN CORP SALARIED EMPLOYEE RETIREMENT PROGRAM
- GE PENSION PLAN
- FCA US LLC - UAW PENSION AGREEMENT
- THE PENSION VALUE PLAN FOR EMPLOYEES OF THE BOEING COMPANY
- NRECA RETIREMENT SECURITY PLAN
- RBP OF AMERICAN AIRLINES INC. FOR EMPLOYEES REPRESENTED BY THE TRANSPORT WORKERS UNION OF

Defined Benefit Plans > $1B Unfunded Liability
Single-Employer Plans

Plan	Value
LOCKHEED MARTIN CORP SALARIED EMPLOYEE RETIREMENT PROGRAM	122,186
GE PENSION PLAN	366,637
FCA US LLC - UAW PENSION AGREEMENT	103,856
THE PENSION VALUE PLAN FOR EMPLOYEES OF THE BOEING COMPANY	132,745
NRECA RETIREMENT SECURITY PLAN	69,432
RBP OF AMERICAN AIRLINES INC. FOR EMPLOYEES REPRESENTED BY THE TRANSPORT WORKERS UNION OF	38,707

Current Distribution of Unfunded Liability Defined Benefit Single-Employer Plans
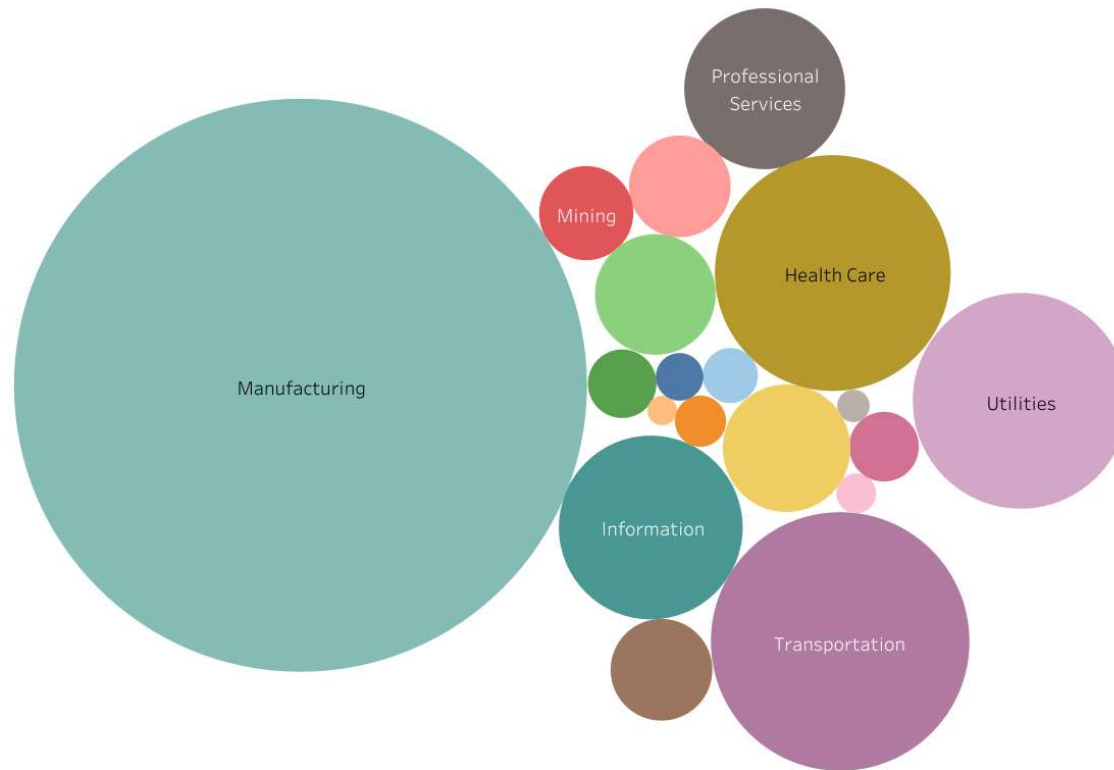
Proposed Next Steps

- Supplement our current data with PBGC information not publicly shared
- Include for both single and multiemployer plans
- Analyze complete data set to determine what potential solutions could be implanted and discuss pros and cons of each
- Stakeholders meet to discuss pros and cons of potential solutions and chose option
- Implement decided upon solution