2023 Annual Report

Protecting America's Pensions

PBGC
Pension Benefit Guaranty Corporation

A MESSAGE FROM OUR CHAIR

The Biden-Harris Administration continues to protect and strengthen the retirement security of America's workers, retirees, and their families. The Pension Benefit Guaranty Corporation (PBGC) plays an important role in these efforts by working with employers and unions to preserve their pension plans and by providing a safety net for people whose pensions have failed. Today, nearly 920,000 participants receive benefit payments of over $6 billion per year from the PBGC and more than 31 million of America's workers, retirees, and beneficiaries are in plans insured by the PBGC.

On behalf of the PBGC Board of Directors, I am pleased to present the PBGC's FY 2023 Annual Report, which provides important information about the operations and finances of the PBGC Single-Employer and Multiemployer Insurance Programs. The report highlights many of PBGC's accomplishments over this past fiscal year to preserve plans and protect pensions, including achieving its 31st consecutive unmodified audit opinion on its financial statements.

The PBGC Single-Employer Program's financial status showed improvement and has been in a positive net financial position, which is projected to grow over the next 10 years. The PBGC Multiemployer Program improved during FY 2023 to a positive net position and is likely to remain solvent for more than 40 years, primarily due to the enactment of the American Rescue Plan of 2021 and PBGC's implementation of the Special Financial Assistance (SFA) Program. The SFA Program provides funding to severely underfunded multiemployer pension plans and will ensure that millions of America's workers, retirees, and their families receive the pension benefits they earned and can retire with dignity. As of the end of FY 2023, PBGC had received 135 SFA applications requesting a total of $71.0 billion in SFA and had approved 100 applications for $53.5 billion in SFA.

In FY 2023, PBGC continued its commitment to maintaining a diverse and inclusive workplace, strengthening employee performance, and increasing leadership engagement. PBGC's 2022 scores for employee engagement; global satisfaction; and diversity, equity, inclusion, and accessibility ranked it as a Top Agency among small agencies. Overall, PBGC ranked number two in the small agency category for Best Places to Work in the Federal Government for 2022.

Retirement security plays a key role in providing opportunities for workers to reach their long-term financial goals. My fellow Board members, Treasury Secretary Janet Yellen and Commerce Secretary Gina Raimondo, and I are proud of the work PBGC has accomplished to provide a more secure future for America's workers and retirees. We are confident that PBGC will continue to work toward financially sound insurance programs to ensure America's workers and retirees have the secure, dignified retirement they deserve.

Julie A. Su
Acting Secretary of Labor
Chair of the Board

A MESSAGE FROM THE DIRECTOR

For nearly five decades, the Pension Benefit Guaranty Corporation (PBGC), has steadfastly upheld its mission: safeguarding the retirement security of over 31 million of America's workers, retirees, and their families.

At PBGC, our enduring commitment to our mission drives our dedicated team of talented professionals to meet the highest standards of customer service, ensuring the stability of those who rely on private sector defined benefit plans.

PBGC once again achieved the distinction of being ranked among one of the best places to work in the federal government, securing the second-place position among small federal agencies. In addition, PBGC ranked number one in the following eight categories: *Effective Leadership; Effective Leadership: Empowerment; Teamwork; Innovation; Work-Life Balance; Diversity, Equity, Inclusion, and Accessibility (DEIA); DEIA: Inclusion; Recognition; and Performance: Transparency*. This accolade echoes the collective spirit of teamwork, the depth of talent, and an unwavering pursuit of excellence.

For the third consecutive year, both PBGC's Multiemployer and Single-Employer Insurance Programs ended the fiscal year with positive net positions. The Multiemployer Program had a net positive position of $1.5 billion at the end of FY 2023, compared with $1.1 billion at the end of FY 2022. PBGC's Single-Employer Program remains financially healthy with a positive net position of $44.6 billion at the end of FY 2023, compared with $36.6 billion at the end of FY 2022.

Due to the improved financial position of both insurance programs in recent years, the Government Accountability Office (GAO) removed both of our insurance programs from its High-Risk List in its April 2023 High-Risk Series Report.

In adherence to the provisions of the American Rescue Plan Act of 2021, PBGC made substantial strides in the Special Financial Assistance (SFA) Program. The SFA Program is pivotal in ensuring that millions of America's workers, retirees, and their families receive the pension benefits rightfully earned through years of dedicated service. In FY 2023, PBGC approved over $45.9 billion in special financial assistance to 35 severely underfunded multiemployer pension plans that cover nearly 615,000 participants. Our unwavering dedication extends into the future, ensuring the realization of the SFA Program's objectives in the months and years ahead.

Simultaneously, PBGC has fortified its IT infrastructure, streamlined agency operations, and improved the overall customer experience. Our proactive approach to strengthening cybersecurity is evident in high-level FISMA ratings. Notably, for the third consecutive year, PBGC obtained an overall Office of the Inspector General FISMA rating of "effective," underscoring our enduring commitment to digital security.

The FY 2023 Annual Report is the 31st consecutive year the agency has received an unmodified audit opinion on its financial statements and the eighth consecutive year of an unmodified audit opinion on internal control over financial reporting. Additionally, as required by OMB Circular A-136, I am pleased to confirm with reasonable assurance the completeness and reliability of the data presented in the FY 2023 Annual Management Report and the FY 2023 Annual Performance Report, included in this Annual Report.

PBGC's achievements in FY 2023 demonstrate our steadfast adherence to regulatory compliance, customer service, and technological advancement. We remain unwavering in our commitment to securing the retirement security of millions of America's workers, retirees, and their families.

Gordon A. Hartogensis

Gordon Hartogensis
Director
November 15, 2023

FISCAL YEAR (FY) 2023 ANNUAL REPORT

A MESSAGE FROM OUR CHAIR i

A MESSAGE FROM THE DIRECTOR iii

ANNUAL PERFORMANCE REPORT 1

OPERATIONS IN BRIEF 2

STRATEGIC GOALS AND RESULTS 3

GOAL No. 1: Preserve Plans and Protect Pensions of Workers and Retirees 3

GOAL No. 2: Pay Pension Benefits on Time and Accurately 6

GOAL No. 3: Maintain High Standards of Stewardship and Accountability 7

INDEPENDENT EVALUATION OF PBGC PROGRAMS 18

FINANCES 21

FISCAL YEAR 2023 FINANCIAL STATEMENT HIGHLIGHTS 23

MANAGEMENT'S DISCUSSION AND ANALYSIS 31

FINANCIAL STATEMENTS AND NOTES 62

PAYMENT INTEGRITY INFORMATION ACT REPORTING 121

FISCAL YEAR 2023 ACTUARIAL VALUATION 124

INDEPENDENT AUDIT AND MANAGEMENT'S RESPONSE 129

LETTER OF THE INSPECTOR GENERAL 131

REPORT OF INDEPENDENT AUDITORS 133

MANAGEMENT'S RESPONSE TO REPORT OF INDEPENDENT AUDITORS 142

ORGANIZATION 143

This annual report is prepared to meet applicable legal requirements and is in accordance with and pursuant to the provisions of: the Government Corporation Control Act, 31 U.S.C. Section 9106; Circular No. A-11, Revised, "Preparation, Submission and Execution of the Budget," Office of Management and Budget, August 11, 2023; and Circular No. A-136 Revised, Financial Reporting Requirements (i.e., Government Corporations are only required to adhere to Section I.5 and Section V, and PBGC voluntary complies with Section II.2.4) Office of Management and Budget, May 19, 2023. Section 4008 of the Employee Retirement Income Security Act of 1974 (ERISA), 29 U.S.C. Section 1308, also requires an actuarial report evaluating expected operations and claims that will be issued as soon as practicable.

ANNUAL PERFORMANCE REPORT

The Pension Benefit Guaranty Corporation (PBGC or the Corporation) protects the retirement security of over 31 million of America's workers, retirees, and beneficiaries in both single-employer and multiemployer private-sector pension plans. The benefits of these participants are valued at more than $3 trillion. The Corporation's two insurance programs are legally separate and operationally and financially independent.

The Single-Employer Program is financed by insurance premiums paid by companies that sponsor defined benefit pension plans, investment income from plan assets trusteed by PBGC and recoveries from companies formerly responsible for the plans. The Multiemployer Program is financed by premiums paid by insured plans and investment income. Congress sets PBGC premium rates.

In addition, the American Rescue Plan (ARP) Act of 2021 (Public Law 117-2) — a historic law passed by Congress and signed by President Biden on March 11, 2021 — established the Special Financial Assistance (SFA) Program for financially troubled multiemployer pension plans. The law addresses the solvency of the Multiemployer Program, which was projected to become insolvent in 2026. The SFA Program provides funding assistance to severely underfunded multiemployer defined benefit pension plans and will enable millions of America's workers, retirees, and their families to receive the pension benefits they earned through many years of hard work. The SFA program is funded entirely by an appropriation from the General Fund of the U.S. Department of the Treasury (Treasury).

Upon approval of an SFA application, PBGC will make a payment to an eligible multiemployer defined benefit pension plan in the amount that is projected to enable the plan to pay all benefits through the last day of the plan year ending in 2051. The SFA Program also assist such plans by providing funds to reinstate previously suspended benefits, including back payments to retirees, and repaying financial assistance that was received from PBGC's Multiemployer Program.

The Corporation achieves its mission through three strategic goals:

1. Preserve plans and protect the pensions of covered workers and retirees.
2. Pay pension benefits on time and accurately.
3. Maintain high standards of stewardship and accountability.

OPERATIONS IN BRIEF

Since enactment of the Employee Retirement Income Security Act of 1974 (ERISA), PBGC has strengthened retirement security by preserving plans and protecting pensions for participants and their families. In FY 2023, the Corporation made benefit payments of over $6.0 billion to 917,185 participants in single-employer plans and provided over $175.8 million in traditional financial assistance to multiemployer plans covering 122,082 participants, as highlighted in Table 1: FY 2023 Operations in Brief.

TABLE 1: FY 2023 OPERATIONS IN BRIEF[1]			
	2023 Target	2023 Actual	2022 Actual
GOAL 1: Preserve Plans and Protect Pensions			
Single-Employer Plan Participants Protected – Employers Emerging from Bankruptcy During the Year		32,038	999
Single-Employer Plan Standard Termination Audits: Additional Payments		$2.3M to 1,306 participants	$1.03M paid to 663 participants
Single-Employer Benefit Payments for Terminated Plans			
• Participants Receiving Benefits		920,000	960,000
• Benefits Paid		Over $6.0B	Over $7.0B
• Participants Expected to Receive Future Benefits		473,000	496,000
Multiemployer Plan Traditional Financial Assistance		$176M to 100 plans	$226M[2] to 115 plans
Multiemployer Plan SFA Payments		$45.6B	$7.6B
Multiemployer Participants in Insolvent Plans			
• Participants Receiving Benefits		80,421	93,525
• Participants Expected to Receive Future Benefits		41,661	46,480
GOAL 2: Pay Timely and Accurate Benefits			
Estimated Benefits Within 10% of Final Calculation	95%	96%	97%
Average Time to Provide Benefit Determinations (Years)	4.5	4.4	4.1
Improper Payment Rates Within OMB Threshold[3]	<1.5%	Yes	Yes
Applications Processed in 45 Days or Less	87%	98%	85%
GOAL 3: Maintain High Standards of Stewardship and Accountability			
Retiree Satisfaction – ACSI Score[4]	90	87	86
Participant Caller Satisfaction – ACSI Score	83	81	76
Premium Filer Satisfaction – ACSI Score	74	77	77
Single-Employer – Financial Net Position		$44.6B	$36.6B
Multiemployer – Financial Net Position		$1.5B	$1.1B
Unmodified Financial Statement Audit Opinion	Yes	Yes	Yes

[1] Some numbers in this report have been rounded.
[2] The $226 million in 2022 includes a $9 million payment on a facilitated merger under the Multiemployer Pension Reform Act of 2014 (MPRA).
[3] The Office of Management and Budget (OMB) threshold for significant improper payment reporting is as follows: amounts that exceed (1) both 1.5% and $10 million in improper payments, or (2) $100 million in improper payments.
[4] The American Customer Satisfaction Index (ACSI) uses a 0-100 scale; 80 or above is considered excellent.

STRATEGIC GOALS AND RESULTS

PBGC's FY 2023 Annual Performance Report highlights the Corporation's achievements, accomplishments, and performance results through the lens of its strategic goals. The Corporation's priorities are to preserve plans and protect pensions of workers and retirees, to pay timely and accurate benefits, and to maintain high standards of stewardship and accountability.

GOAL NO. 1: PRESERVE PLANS AND PROTECT PENSIONS OF WORKERS AND RETIREES

PBGC engages in activities to preserve plans and protect participants by administering two separate insurance programs. The Multiemployer Program protects about 11.0 million workers and retirees in about 1,360 pension plans. The Single-Employer Program protects about 20.6 million workers and retirees in about 23,500 pension plans.

MULTIEMPLOYER PROGRAM

The Multiemployer Program covers defined benefit pension plans that are maintained through one or more collective bargaining agreements between employers and one or more employee organizations or unions. The participating employers are usually in the same or related industries, such as transportation, construction, mining, or hospitality. PBGC provides financial assistance to insolvent plans to allow them to pay guaranteed benefits and reasonable administrative expenses. PBGC refers to this financial assistance under the Multiemployer Program as "traditional financial assistance."

In FY 2023, PBGC provided $175.8 million in traditional financial assistance to 100 multiemployer plans covering 80,421 participants (including beneficiaries) receiving guaranteed benefits. An additional 41,661 participants in the insolvent plans are eligible to receive benefits once they retire. Due to SFA payments made under ARP in FY 2023, the number of participants relying on traditional financial assistance under section 4261 of ERISA has decreased by 7,483 for participants receiving guaranteed benefits and by 5,383 participants eligible to receive benefits once they retire. These participants are included in the FY 2023 counts but will no longer be receiving traditional financial assistance in future years.

The Corporation initiated audits of seven insolvent multiemployer plans covering nearly 10,826 participants. The objectives of the audits are to ensure timely and accurate benefit payments to all participants, compliance with laws and regulations, and effective and efficient management of the remaining assets in terminated or insolvent plans.

PBGC regularly provides informal consultations to plan sponsors and practitioners on partition and merger applications, alternative withdrawal liability requests, plan insolvency, SFA applications, and ERISA Title IV compliance issues to assist plans in making their formal requests to PBGC more efficient and effective.

Special Financial Assistance Program

ARP, enacted on March 11, 2021, added section 4262 of ERISA, which created the SFA Program for certain financially troubled multiemployer plans. The amount of SFA to which an eligible plan may be entitled is the amount required to pay all benefits due through 2051. The SFA payments are derived from appropriated funds and financed by the general revenues of the Treasury.

On July 8, 2022, PBGC published a final rule implementing changes to the SFA Program, which include changes to permissible investments of SFA funds and the SFA calculation method. The rule also requires plans to submit with their SFA applications documentation of a death audit to identify deceased participants. The audit must be completed no earlier than one year before the plan's SFA measurement date. It must identify the service provider conducting the audit and include a copy of the results of the audit provided to the plan administrator by the service provider. In the July 8, 2022, SFA final rule, PBGC requested comments on the condition requiring a phased recognition of SFA assets for purposes of calculating withdrawal liability. PBGC received seven comments, six of which discussed the withdrawal liability condition. PBGC published a final rule in the Federal Register, effective on January 26, 2023, amending the SFA regulation to add an exception process for the withdrawal liability conditions under narrow circumstances.

In FY 2023, PBGC updated the SFA application instructions and provided other guidance. On March 8, 2023, PBGC issued guidance on the application process for non-priority group plans. On July 19, 2023, PBGC issued two sets of questions and answers. The first set clarifies and provides examples of permissible investments of SFA funds, and the second set clarifies the calculation methodology under the withdrawal liability phase-in condition for plans that paid make-up payments of previously suspended benefits. On July 27, 2023, PBGC released updates to several documents in the SFA information collection. These updates include changes to the application instructions requiring the submission of census data to enable PBGC to perform an independent death audit to identify deceased pension plan participants and the submission of an assumptions' summary. In addition, PBGC has provided a process for plans to request expedited processing of revised applications and a process for plans to submit revised lock-in applications in limited circumstances.

As of September 30, 2023, PBGC had received 135 SFA applications requesting a total of $71.0 billion in SFA and had approved 100 applications for $53.5 billion in SFA. Twenty-five applications, requesting a total of $8.5 billion, were under PBGC review as of September 30, 2023, and another 10 applications had been withdrawn but not yet resubmitted as of September 30, 2023. During FY 2023, PBGC paid $45.6 billion in SFA, of which $1.4 billion was paid pursuant to applications approved under the interim final rule (i.e., applications received prior to August 8, 2022), and $44.2 billion was paid under the final rule (including $1.8 billion in supplemented SFA for plans that initially applied under the interim final rule).

Special Financial Assistance Program Litigation

In FY 2023, the Board of Trustees of the Bakery Drivers Local 550 and Industry Pension Fund sued PBGC, challenging PBGC's determination that the plan was not eligible for SFA. The plan terminated by mass withdrawal in 2016. PBGC denied the application based on its conclusion that a plan terminated by mass withdrawal cannot be restored and is therefore not eligible for SFA. After September 30, 2023, on October 26, the New York Federal District Court ruled in favor of PBGC in this lawsuit. The matter is ongoing.

Multiemployer Plan Withdrawal Liability, Plan Mergers and Transfers

PBGC approval is required for a multiemployer plan to adopt an alternative method for allocating unfunded vested benefits in determining withdrawal liability. PBGC began FY 2023 with two pending requests for approval of alternative rules. At the end of the fourth quarter, two requests were pending and two were approved.

A multiemployer plan may adopt alternative terms and conditions for satisfaction of withdrawal liability if those terms and conditions are consistent with ERISA and PBGC regulations. Plans sometimes request PBGC's determination that proposed alternative terms are consistent with ERISA and PBGC regulations. PBGC began FY 2023 with one pending request, which remains under review. Special withdrawal liability conditions apply to multiemployer plans that receive SFA.

Under a statutory exception, an employer that withdraws from a construction or entertainment industry plan is generally not subject to withdrawal liability. PBGC may, by regulation, authorize plans in other industries to adopt a similar rule if PBGC determines it is appropriate to do so and doing so would not pose a significant risk to PBGC. The Corporation began FY 2023 with one pending request. No requests were received during FY 2023. As of the end of the fourth quarter, one request is pending.

A multiemployer plan merging with or transferring assets and liabilities to another multiemployer plan must provide PBGC with notice (in accordance with applicable statutory and regulatory provisions). The plan trustees may request a compliance determination from PBGC, which, if granted, provides a safe harbor from certain prohibited transaction provisions of Title I. In FY 2023, PBGC received 15 notices of merger, 14 of which were accompanied by a request for a compliance determination. By the end of the fourth quarter, seven compliance determinations were issued, three were withdrawn, and seven remain under review. The Corporation began FY 2023 with two pending transfer compliance determination requests. Both were withdrawn in the first quarter. PBGC did not receive any notices of transfer during FY 2023. Special conditions apply to transfers or mergers involving multiemployer plans that receive SFA.

SINGLE-EMPLOYER PROGRAM

The Single-Employer Program covers defined benefit pension plans that generally are sponsored by a single employer. When an underfunded single-employer plan terminates, PBGC steps in to pay participants' benefits up to legal limits. This typically happens when the employer sponsoring an underfunded plan liquidates in bankruptcy, ceases operation, or can no longer afford to keep the plan going. PBGC takes over the plan's assets, administration, and pays benefits up to the legal limits.

As part of its risk mitigation activities, PBGC monitors and identifies transactions and events that may pose risks to participants and beneficiaries. The Corporation works collaboratively with employers to better safeguard pension benefits.

Standard Terminations

A standard termination is a termination of a single-employer pension plan that has enough money to pay all benefits owed to participants and beneficiaries. If a plan has enough money to pay all benefits owed to participants and beneficiaries, the plan sponsor can choose to terminate a plan by filing a standard termination. In a standard termination, PBGC does not become responsible for benefit payments.

In FY 2023, 1,868 plans, covering approximately 315,540 participants, filed standard terminations with PBGC. The number of filings in FY 2023 is 12 percent more than the average number of terminations filed in the five years prior to that.

Approximately 1,510 plans with an aggregate of more than 226,700 participants completed standard terminations in FY 2023 by paying full plan benefits to participants and beneficiaries in the form of annuities or lump sums. Some of the larger standard terminations were J.C. Penney Corporation, Inc. Pension Plan, Electrolux Home Products, Inc. Pension Plan, Louisiana-Pacific Corporation Retirement Account Plan, and Western Union Pension Plan.

PBGC completed 232 standard termination audits in FY 2023 to verify plan administrators' calculation of benefits upon plan termination. These audits discovered errors that have since been corrected by the plan administrators, resulting in more than $2.3 million in additional benefits distributed to 1,306 participants and beneficiaries in these plans.

Plans Saved

When plan sponsors enter bankruptcy proceedings, PBGC encourages continuation of pension plans. Although bankruptcy forces tough choices, it does not mean that pensions must terminate for companies to succeed. In FY 2023, these plans were among those that continued after the bankruptcies of their sponsors or controlled group members, protecting the benefits of participants and beneficiaries:

- Scouts BSA.
- Revlon, Inc.
- Avaya Holdings Corporation.
- Talen Energy Corporation.

Mediation Program

PBGC's Mediation Program offers mediation to facilitate resolution of fiduciary breach[1] cases, negotiations with ongoing plan sponsors as part of its Early Warning and Risk Mitigation Program, and with former plan sponsors to help resolve their pension liabilities after termination of underfunded pension plans.

PBGC's practice is to resolve early warning issues, termination liability claims, and fiduciary breach cases on a consensual basis without the need for litigation. This gives plan administrators, plan sponsors, and fiduciaries of terminated plans the opportunity to resolve these cases with a neutral, professional, and independent mediator in a timely and cost-effective manner. PBGC had no mediations in FY 2023.

GOAL NO. 2: PAY PENSION BENEFITS ON TIME AND ACCURATELY

Nearly 1.4 million current and future retirees in trusteed single-employer pension plans rely on PBGC for their pension benefits. PBGC's benefits administration and plan processing teams are committed to paying benefits accurately and on time.

Benefits Administration

The PBGC assumes the role of trustee for single-employer pension plans when plan sponsors lack the resources to pay benefits according to their plan's provisions. In FY 2023, PBGC trusteed 26 single-employer plans, which provide pension entitlements to approximately 4,500 current and future retirees. Upon

[1] As the statutory trustee of a terminated single-employer pension plan, PBGC has authority under Title IV to collect amounts due the plan and to bring suits on behalf of the plan. Pursuant to this authority, PBGC pursues recovery actions against former fiduciaries to recover amounts lost by the plan as result of a breach of fiduciary duties..Before filing an action in court, PBGC offers mediation to the former fiduciaries in an effort to reach a settlement.

trusteeship, PBGC's foremost responsibility is to ensure uninterrupted benefit payment to existing retirees. In FY 2023, PBGC successfully maintained uninterrupted benefit payment to nearly 2,100 retirees.

Over the course of FY 2023, PBGC disbursed more than $6.0 billion in benefits to nearly 920,000 retirees in single-employer pension plans. Additionally, over 28,000 new retirees applied for benefits during the fiscal year. The PBGC achieved an impressive 98 percent rate for processing all applications within 45 days, surpassing its target rate of 87 percent.

After PBGC becomes trustee of a terminated pension plan, it begins a multifaceted, multi-year endeavor that involves the valuation of plan assets, comprehensive analysis of plan and participant data, and calculation of benefits payable by the PBGC. At the end of the process, participants are notified of their benefit determination. Prior to the completion of this process and as eligible participants request to commence their benefits, PBGC pays estimated benefit amounts. In FY 2023, over 96 percent of benefit determinations issued were within 10 percent of the estimated benefit amount.

PBGC has concentrated its efforts on the thorough review of payable benefit amounts associated with the oldest plans in its portfolio, an endeavor that has achieved significant success. Notably, PBGC has shortened the average age of benefit determinations issued from 5.9 years in FY 2021 to 4.4 years in FY 2023, outperforming its target of 4.5 years.

Reviews and Appeals

When participants and beneficiaries in trusteed single-employer plans do not agree with PBGC's determination of their benefit, they have the right to bring their concerns to PBGC's Appeals Board. Employers and plan sponsors may also appeal certain PBGC determinations. The Appeals Board independently reviews each appeal and provides a detailed written explanation for each decision. In FY 2023, the Corporation started with 47 open appeals, accepted 147 new appeals, and closed 72 appeals, with 122 still open at the end of the year. More information about PBGC's Appeals Board is available at PBGC.gov.

GOAL NO. 3: MAINTAIN HIGH STANDARDS OF STEWARDSHIP AND ACCOUNTABILITY

Accountability: Measuring and Monitoring Performance

PBGC continuously monitors how well it performs and serves customers using a wide range of performance measures. Among them are how quickly and seamlessly the Corporation pays retirees, accurately calculates benefits, and invests assets. PBGC conducts surveys to help improve the coordination and cooperation essential to meeting customer service goals.

Each quarter, PBGC leadership participates in data-driven discussions covering the Corporation's progress in operations, stewardship and accountability, customer satisfaction, and building and maintaining a model workplace. The strategic use of performance data better informs planning and execution of operations, as well as corporate and program area decision-making.

PBGC'S OWN FINANCES MUST BE SOUND

PBGC's operations are financed by insurance premiums set by Congress and paid by sponsors of PBGC-insured defined benefit pension plans and by investment income. In addition, the Single-Employer Program is funded by assets from pension plans trusteed by PBGC and recoveries from the companies formerly responsible for the plans. The Corporation pays benefits based on federal law and the provisions of the plans it trustees. In 2021, ARP added section 4262 of ERISA, which created the SFA Program, covering both administrative and operating expenses, for certain financially troubled multiemployer defined benefit pension plans. This Special Financial Assistance will enable eligible multiemployer plans to pay retirement benefits without reduction for many years into the future. The SFA payments are derived from appropriated funds and financed by general revenues of the Treasury.

Financial Position

The financial status of the Single-Employer Program showed improvement and achieved a positive net position of $44.6 billion at the end of FY 2023. The Single-Employer Program's financial status has evolved to a positive net financial position which is projected to grow over the next 10 years.

The net financial position of the Multiemployer Program improved during FY 2023 to a positive net position of $1.5 billion. Estimates from PBGC's FY 2022 Projections Report show that the Multiemployer Program is likely to remain solvent for more than 40 years, primarily due to the enactment of ARP and PBGC's implementation of the final rule for SFA. The SFA Program is expected to protect the benefits of millions of participants in financially troubled plans and to reduce the demand on PBGC to provide traditional financial assistance to insolvent plans.

Financial Soundness and Financial Integrity

The Corporation protects the pensions of over 31 million participants whose plan benefits are valued at more than $3 trillion. PBGC's two insurance programs, one for single-employer plans and one for multiemployer plans, are designed to protect a guaranteed amount of participants' pension benefits when plans fail. The programs differ significantly in the extent to which plan benefits are funded as well as in the structure and level of PBGC's premium rates and guarantees. In addition to collecting premiums, PBGC exercises care in the management of approximately $135 billion in total assets. In FY 2023, PBGC attained its 31st consecutive unmodified audit opinion on its financial statements.

Collecting Premiums

Premium rates are set by statute. The Bipartisan Budget Act of 2013, the Multiemployer Pension Reform Act of 2014 (MPRA), the Bipartisan Budget Act of 2015, and the SECURE 2.0 Act of 2022 specify premium rates or premium increases for certain years. In FY 2023, combined premium cash receipts collected totaled $4.942 billion. Single-Employer Program premium cash receipts collected were $4.595 billion. Separately, Multiemployer Program premium cash receipts in FY 2023 were $347 million.

In FY 2023, PBGC continued to enhance the new version of My Plan Administration Account (My PAA), PBGC's online premium filing website, by prioritizing practitioner-based feedback with multiple system updates throughout the fiscal year. Specifically, this included: adding and increasing capability for an authorized plan filing coordinator to establish a filing team member's access and user role permissions to multiple plans in a single request; revamping the upload process to streamline the submission process if filings are error free; customizing the plan list view to allow users to view, search, and find information from each plan's most recent filing; creating a customizable routing feature that allows filing team members to send or receive a filing notification email indicating the action required to complete the filing submission; and adding the My PAA payment ID to the Filing Details webpage.

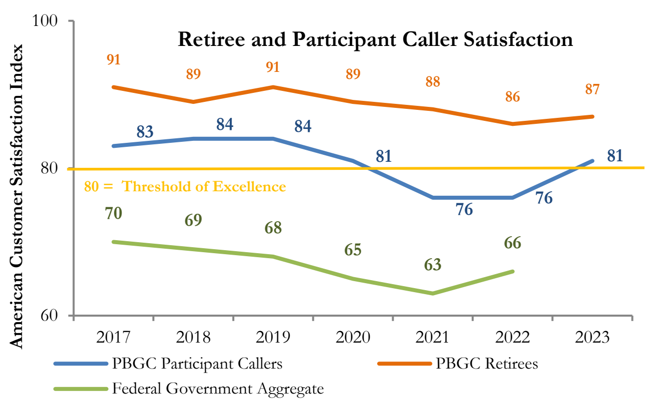
Investing Prudently

PBGC investment assets are administered by investment management firms subject to PBGC's investment policies and oversight procedures. Procedures for internal controls, due diligence, and risk management are subject to periodic review. Regular and detailed communication with management firms enables the Corporation to stay informed on matters affecting its investment program. For more information, refer to Section VIII Investment Activities.

OUTREACH AND CUSTOMER SERVICE

Central to PBGC's mission are its valued customers. In its unwavering commitment to offering the highest level of service, PBGC relies on surveys to actively engage customers, identify opportunities for enhancement, implement procedural refinements, and continually assess satisfaction levels. Survey scoring methodology aligns with the criteria of the American Customer Satisfaction Index (ACSI). In FY 2023, PBGC took proactive measures based on customer feedback to enhance the quality of services rendered.

Retirees and Participants

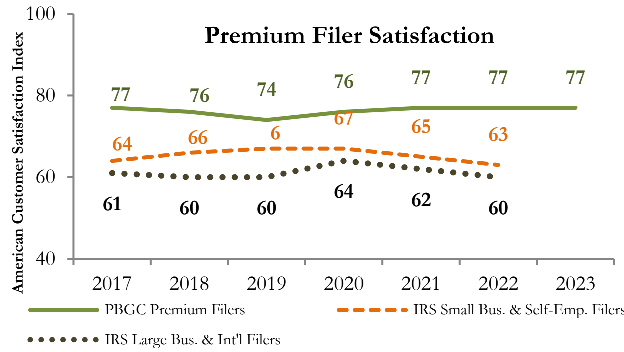


PBGC's satisfaction score among retirees remains consistently high. Satisfaction surveys indicate that retirees receiving monthly payments from PBGC rated their satisfaction at 87 out of 100.

Pension plan participants who engaged with PBGC by phone and participated in a survey provided an overall satisfaction rating of 81 out of 100. This marks a notable improvement over the FY 2022 score of 76. In FY 2023, the increased staffing level of PBGC's Customer Contact Center (CCC) reduced wait times and helped to significantly improve the satisfaction score in comparison to FY 2022.

In FY 2021, PBGC increased the security of its online portal, My Pension Benefit Access (MyPBA), by instituting a multi-factor authentication sign-on solution sponsored by Login.gov. MyPBA achieved a satisfaction score of 54 out of 100 in FY 2023. The improvement of this score over the FY 2022 score of 45 was achieved through the implementation of user-friendly navigation and additional support for users facing challenges in establishing a Login.gov account. PBGC continues to provide constructive feedback to Login.gov while simultaneously seeking avenues for further improvement of the login experience for customers.

Premium Filers



Pension plan sponsors and their practitioners who file premiums with PBGC gave a FY 2023 annual premium filer satisfaction score of 77 out of 100 (same as last year), exceeding the target of 74. This score compared very well to similar functions, such as Internal Revenue Service small-business and self-employed tax filers (65) and large-business and international tax filers (62). Filers gave excellent scores to PBGC's personal service, written communication, and filing process.

My Plan Administration Account (My PAA) is an online application for pension plan practitioners to file premium information and payments with PBGC. The FY 2023 satisfaction score was 69 out of 100 (down three from last year). This score is below the target of 78. Based on My PAA online survey responses, the lower score is due primarily to practitioners continued challenges with the updated My PAA system, especially for infrequent users who use the system once a year.

In FY 2023, PBGC continued to implement new system enhancements to My PAA for the practitioner community. The Corporation made these enhancements to improve the user experience and better align My PAA with information technology industry standards and security upgrades.

ENGAGING WITH CUSTOMERS AND STAKEHOLDERS

PBGC regularly communicates with customers about ongoing activities and news updates. The Corporation uses several communication tools, including PBGC.gov and email notifications to reach its various audiences.

As part of the Corporation's ongoing SFA Program efforts, PBGC continuously published new and updated SFA content on PBGC.gov. In FY 2023, there were nearly 55,000 visits to the Corporation's SFA page. PBGC also published more than 60 SFA-related news releases regarding program activities and plan application approvals. Additionally, the Corporation hosted a webinar on the SFA application filing process for non-priority groups.

PBGC also responded to numerous inquiries from members of Congress — many writing on behalf of their constituents — and various stakeholders.

SUSTAINING THE PROGRAMS

PBGC serves as a source of information about pension and retirement policy. The Corporation implements strategies to strengthen its programs' financial health and continues to successfully manage risks by actively monitoring and reporting on its insurance programs and other relevant information.

Research and Analysis Activities

The Corporation regularly produces analyses and reports on its programs and policy alternatives to its Board of Directors, policymakers, and external stakeholders, including the public. The Pension Insurance Data

Table — a collection of data on PBGC and its insurance programs — is published annually. The Data Table includes multiyear data and statistics about the broader private defined benefit pension system.

PBGC's Projections Report is an annual actuarial evaluation of its future operations and financial status. The report provides 10-year projections of the financial status of both insurance programs under a range of future financial scenarios.

Improvements to the Pension Insurance Modeling System and Related Reports

PBGC's primary forecasting model is the Pension Insurance Modeling System (PIMS). The model is periodically evaluated through a congressionally mandated peer review by outside experts, required under the Moving Ahead for Progress in the 21st Century Act (MAP-21). In FY 2023, PBGC initiated a comprehensive Model Risk Management and governance review of its PIMS forecasting models in an effort to assess and support its model-related goals of conceptual soundness, operational validity, efficacy in functionality and performance, transparency and sufficiency in documentation, and effectiveness in model governance.

The peer reviews provide recommendations to improve the data assumptions and modeling methodology used to produce the PIMS projections. PBGC uses these reviews to improve PIMS. The Corporation also uses PIMS to generate results reported in its annual Projections Report and the budget process, to illustrate the effects of proposed changes to pension law, and to provide other technical assistance to policymakers. PBGC has undertaken a multiyear effort to improve the speed and performance of PIMS.

Enterprise Risk Management

During FY 2023, the Corporation continued to maintain its risk management framework and conducted its annual agency-wide risk assessment, in accordance with Office of Management and Budget (OMB) Circular A-123. As a part of the effort, PBGC assessed entity-specific known and anticipated risks, uncertainties, future events/conditions, and trends that could significantly affect the agency's future financial or operating performance and developed mitigating strategies to address the challenges. This process was in-line with the requirements of OMB Circular A-136.

One of the Corporation's recently identified top entity-wide risks related to the rapid pace and magnitude of change across the government and at PBGC, was precipitated by the relocation of PBGC's headquarters. Additional top risks were associated with the SFA Program, recruiting and retaining staff, technology modernization, and continuing trends away from defined benefit plans. Program offices throughout PBGC worked to review, mitigate, and continuously monitor these risks.

The results of the annual risk assessment found that the Multiemployer Program insolvency and operational planning uncertainty risk were reduced. Additionally, the Government Accountability Office (GAO) removed the high-risk designation for PBGC's insurance programs.

Regulatory and other Guidance Activities

In FY 2023, PBGC issued regulations and other guidance under the SFA Program. PBGC published a final rule, effective on January 26, 2023, that amended the SFA regulation to provide an exception process for the withdrawal liability conditions imposed on plans that receive SFA. PBGC also released on July 19, 2023, questions and answers that provide guidance on the investment of SFA funds and calculation methodology under the withdrawal liability phase-in condition, and on July 27, 2023, updated the SFA instructions.

PBGC continued to develop other rulemakings and guidance to protect plan participants and minimize burdens on pension plans and plan sponsors.

PBGC published a proposed rule on October 14, 2022, that would prescribe actuarial assumptions under section 4213(a)(2) of ERISA that may be used by a multiemployer plan actuary in determining a participating employer's withdrawal liability. The comment period closed on December 13, 2022, and PBGC plans to publish a final rule that responds to public comments received on the proposed rule.

PBGC published a final rule on July 11, 2023, to increase transparency of PBGC benefits administration for terminated single-employer pension plans that PBGC trustees. The final rule, which became effective on August 10, 2023, makes clarifications and codifies policies involving benefit payments and valuation of plan assets.

On August 7, 2023, PBGC issued Technical Update 23-1, a one-time waiver of the 4010-filing requirement (annual financial and actuarial information reporting requirements under section 4010 of ERISA and 29 CFR part 4010 of PBGC's regulations). The waiver of the reporting requirement for filers meeting specified criteria recognizes the atypical market conditions of late 2022 and early 2023 and the way those conditions impacted plan assets and liabilities for purposes of determining whether a 4010 filing is required. This is a one-time waiver of the reporting requirement for filers meeting specified criteria.

Lastly, PBGC published a proposed rule on August 18, 2023, which would amend its regulation on Allocation of Assets in Single-Employer Plans to update the interest, mortality, and expense assumptions used to determine the present value of benefits for a single-employer pension plan ending in a distress or involuntary termination. The assumptions are also used for certain multiemployer withdrawal liability calculations and for other purposes. The rulemaking included a 60-day public comment period that closed on October 17, 2023.

STRENGTHENING A DIVERSE WORKFORCE AND LEADERSHIP

PBGC continues to be committed to maintaining a diverse and inclusive workplace that ensures alignment with strategic goals and outcomes. In FY 2023, the Corporation continued to focus on strengthening employee performance, increasing leadership engagement, expanding health and wellness programs, and continuing efforts to recruit and retain disabled veterans.

Federal Employee Viewpoint Survey

The 2022 FEVS was administered May 30, 2022, through July 15, 2022. The agency's response rate was 70 percent, up from 66 percent of employees who completed the survey in 2021. The results not only show how PBGC employees rate employee engagement; global satisfaction; and diversity, equity, inclusion, and accessibility (DEIA); but that PBGC ranked number one in each index for small agencies and government wide. PBGC's employee engagement index score, which measures areas including employee development, was 86 percent. The score for this index increased from previous years. The agency's global satisfaction index score, which measures employee satisfaction with jobs, pay, organization, and if they would recommend PBGC as a good place to work, was 83 percent, which also increased from the previous year. The agency's

DEIA index score was 86 percent. As a result of the high index scores, PBGC ranked as Top Agency among small agencies in these categories.

As a result of the FEVS scores, PBGC ranked number two in the small agency category for [Best Places to Work in the Federal Government for 2022](https://bestplacestowork.org).

Additionally, PBGC had three business units that ranked in the top 10 subcomponent category out of 432 agency subcomponents:

- The Office of Negotiations & Restructuring ranked number 1.
- The Office of Benefits Administration ranked number 7.
- The Office of Information Technology ranked number 8.

Recruitment and Outreach

As a result of ARP, PBGC continues to expeditiously hire highly skilled employees. The Corporation successfully filled almost 90 percent of the positions. These new positions support the maintenance of the SFA Program, ensuring that retirees in multiemployer plans that receive SFA continue to receive their full plan benefit payments.

PBGC's recruitment efforts include participating in the Office of Personnel Management's (OPM) efforts to improve the Pathways Internship Program. As a result, PBGC has enhanced the experience for interns that will promote growth within the Corporation, leading to an increased number of interns filling permanent federal positions. Additionally, the Corporation's Disabled Veterans Affirmative Action Program (DVAAP) participated in the virtual U.S. Department of Veterans Affairs Job Fair.

PBGC has a robust Workplace Flexibilities Program. In 2023, the Corporation continued increasing its focus on employee services and benefits, and expanding wellness activities to include stress, mental health, childcare, and caregiver tools.

Diversity, Equity, Inclusion, and Accessibility

In FY 2023, the Corporation submitted updates to OMB, OPM, and the Domestic Policy Council (DPC) for the Action Plan for Advancing Racial Equity and Support for Underserved Communities.

The Corporation continued publishing bi-monthly editions of the "Diversity, Equity, Inclusion and Accessibility (DEIA) Digest" to managers and supervisors, with articles highlighting best practices, knowledge of what other agencies are doing, and videos to reinforce DEIA principles and upcoming cultural events.

PBGC delivered 13 DEIA awareness and cultural events.

PBGC conducted a series of listening sessions with the DEIA Council members to gather ideas and information for FY 2024 agency-wide DEIA activities and initiatives. The DEIA Council along with leadership explored ways of "Viewing Diversity Through Various Lenses" to educate and connect the workforce with DEIA. This included two days of enriching videos, facilitating discussions, and engaging dialogues.

PBGC offered 33 DEIA trainings.

To attract a diverse applicant pool, PBGC conducted outreach with organizations serving underrepresented populations, such as Historically Black Colleges and Universities and professional associations. To recruit a workforce representing the Nation's diversity, PBGC continues to attend minority serving events, internship career fairs, and Veterans career fairs to market federal employment opportunities.

Performance Management

PBGC is a performance-based organization. The Corporation's Performance Management Program is focused on more than just the end of year appraisal. PBGC prides itself on translating goals into results, and creating an environment that sustains a healthy and effective results-oriented culture. It all starts with a solid performance plan which is the foundation of a rigorous performance management program. In FY 2023, PBGC reviewed 100 percent of its departments performance plans and provided feedback to managers on plans needing improvements. Additionally, training modules were developed for both employees and managers on performance management to aid in ensuring the employees were educated and well informed on performance matters.

Management and Leadership Development

The Corporation continued its commitment to training and developing its workforce to ensure employees were prepared for the rapid changes in technology and policy. In FY 2023, PBGC's Management & Leadership (M&L) Development Program designed and offered four major learning events that focused on preparing PBGC leadership for leading hybrid teams, addressing the challenges posed by the future of work, and building trust and promoting collaboration in a remote work environment. The Leadership/Executive Coaching Program continues to be popular and highly successful.

Equal Employment Opportunity

The Office of Equal Employment Opportunity (OEEO) is responsible for providing leadership in the development, implementation, and evaluation of the Equal Employment Opportunity (EEO) programs and services within PBGC. The office provides technical guidance, advice, and equal opportunity support services to PBGC employees and job applicants, regarding the federal government's equal opportunity program. OEEO continues to build a Model EEO Program.

The Corporation met its annual requirements to conduct barrier analysis in an effort to identify and mitigate barriers to equal employment opportunity and to develop programs that support equal employment opportunity.

The Affirmative Employment Program (AEP) sponsored by the OEEO continued to promote equal employment opportunity by identifying discriminatory employment policies, practices, and procedures that impede equal employment opportunity for all workforce demographics.

The AEP Team presented numerous PBGC-wide events and activities that support equal employment opportunity, including the innovative YOUniversity, a Bias Awareness Program administered by OEEO.

SAFEGUARDING CUSTOMERS' INTERESTS

Participant and Plan Sponsor Advocate

The PBGC Participant and Plan Sponsor Advocate (the Advocate), selected by PBGC's Board of Directors (the Board) and responsible to the Board and Congress, acts as a liaison among PBGC, sponsors of insured defined benefit plans, and participants in PBGC-trusteed plans. The duties of the Office of the Advocate include advocating for the full attainment of the rights of participants in trusteed plans, as well as assisting participants and plan sponsors in resolving disputes with the Corporation. The Advocate also identifies areas where participants and plan sponsors have problems dealing with PBGC and may propose changes in PBGC's administrative practices and recommend legislative changes to mitigate problems.

The Advocate submitted the statutorily required annual report to PBGC's congressional committees of jurisdiction, the Board, and PBGC's Director on December 31, 2022. The report noted that PBGC had made many changes and improvements over the years in response to the Advocate's recommendations and observations, yet certain systemic issues persist, presenting themselves in different forms through various participant and plan sponsor assistance requests. Additionally, the report noted that the Corporation needs to understand internal inefficiencies and how interdepartmental coordination can be maximized. The report also noted that understanding this will enhance the Corporation's ability to review PBGC's critical processes and procedures to ensure that participant and plan sponsor cases are resolved in a timely and transparent manner, particularly when a matter involves multiple departments within the Agency. The report also indicated that PBGC has done good work in implementing its SFA Program.

Strengthening E-Government and Information Technology

PBGC's Office of Information Technology (OIT) published the FY 2022-2026 PBGC IT Strategic Plan. Driven by evidence and data, the plan aligns with PBGC's strategic vision and goals, and reflects IT support for PBGC's business units short and long-term plans. As described in the plan, OIT focusses on strategic thinking, collaborative business partnerships, and innovative IT solutions that support the PBGC's mission.

Partnering with the Workplace Solutions Department (WSD), OIT played a pivotal role supporting the PBGC's Return to Office initiative at the new Portals II headquarters in FY 2023. From entering the building, to workspace arrival, to circulating and navigating around the building, OIT and WSD organized the headquarters environment to welcome returning workforce and to mitigate and manage risks. For example, OIT and WSD released episodes of the Portals II headquarters animated mini-series that provided employees and contractors with workplace protocols to include workspace direction, navigating Portals II security, and geographically familiarizing PBGC workforce with the new internal and external environment.

Further demonstrating partnerships and adaptation to flexible work strategies, OIT and the Office of Management and Administration collaboratively developed a customized Reservation Onsite Workspace system for PBGC workspace reservation management. The solution supports the Corporation's telework strategy through enabling as-needed workspace reservations.

Ensuring all pertinent IT systems were functioning properly, OIT adapted the IT infrastructure to facilitate the transition to Portals II headquarters, to include relocating technology and infrastructure and modernizing the IT in workspaces, conference rooms, and common areas.

OIT bolstered its modernization efforts by successfully completing Phase 3 of the Benefit Calculation and Valuation (BCV) project. Modernizing BCV improved participants customer service, enhanced application security, and optimized PBGC internal operation efficiencies. Additionally, significant progress was made with IT Modernizations such as Case/Legal Management System, BCV Phase 4 which included online benefit estimates capability for select participants, and replacing U.S. Environmental Protection Agency's FOIAOnline system with a new solution which are scheduled to go live by year end. Continued progress is being made with the Transformational Pension Insurance Modeling System and Acquisition Management System modernizations. Detailed modernization data are available at IT Modernization Projects on PBGC.gov.

PBGC's Chief Data Officer (CDO) and the Data Governance Board (DGB) continued to implement the Foundations for Evidence Based Policymaking Act. To improve the Corporation's ability to leverage data as a strategic asset and account for data assets across the Corporation, the CDO and DGB developed a comprehensive data inventory (CDI). The CDI supports the Corporation's data maturation efforts through unifying agency data and enabling opportunities for traditional and emerging analytical methods.

OIT completed all quarterly and annual OMB FY 2023 Annual Federal Information Security Modernization Act (FISMA) Reports. Notably, for the third consecutive year, PBGC obtained an overall Office of Inspector General (OIG) FISMA rating of "Effective/Managed-Risk" for its information security program.

Ensuring Ethical Practices

In FY 2023, PBGC continued to ensure that all employees received initial ethics training within 90 days of their date of hire and that separating employees had the opportunity to meet with an ethics counselor to discuss the rules on post-employment activities. All public financial-disclosure filers and other designated employees received annual ethics training during the fiscal year. PBGC's ethics team continued its "Ethics in Brief" email notices to all PBGC employees on ethics issues arising out of holiday activities and provided informational guidance regarding the Hatch Act.

Protecting Privacy Interests

PBGC's Privacy Program implements the requirements that all federal agencies must meet under the Privacy Act, which governs the collection, maintenance, use, and dissemination of information about individuals that is maintained in systems of records by federal agencies. PBGC's Privacy Program protects the personally identifiable information (PII) it maintains on participants, beneficiaries, employees, and contractors by educating its workforce on the applicable laws and regulations, implementing various controls, and limiting the amount of PII collected and maintained.

As the primary means of achieving this goal in FY 2023, the Privacy Office continued embedding privacy experts within various integrated project teams related to ongoing and new technology modernizations, data migrations, and commercial software/technology procurements. The Privacy Office has partnered with the OIT in assessing emerging technologies such as generative artificial intelligence products for use at PBGC.

The Privacy Office also established a new Privacy Common Control baseline that is aligned with the recent update to the NIST 800-53 Rev 5, "Assessing Security and Privacy Controls for Information Systems and Organizations." Additionally, the Privacy Office continued its partnership with PBGC's Enterprise Cybersecurity Department which strengthens the relationship between security and privacy by ensuring the right controls are working and effective. Going forward, the Privacy Office will prioritize privacy-related performance measures and technology-enabled strategies and develop more specific metrics and performance measures.

Strengthening Transparency & Disclosure

PBGC continued its commitment to transparency and accountability by ensuring agency-wide compliance with the Freedom of Information Act (FOIA). In FY 2023, PBGC received 2,682 and processed more than 2,643 requests while maintaining a median processing time of 17 working days, three days under the statutory time-limit. The Disclosure Division continued a 10-year history of ending the fiscal year with zero backlogged requests or appeals; less than 0.01 percent of requests were appealed and no initial disclosure determinations were completely overturned. The division conducted 45 virtual training sessions to promote efficiency and accuracy, and co-created corporate-wide outreach and awareness, achieving cultural compliance with FOIA. The Disclosure Division was recognized by the Department of Justice, which awarded the Disclosure Division the 2023 Exceptional Service Award in appreciation of exemplary performance by a team of agency professionals in helping to carry out the agency's administration of FOIA, while receiving a score of 100 percent from DOJ for compliance.

The Disclosure Division continued to focus on citizen-centered service by maximizing the use of technology and human capital management to maintain agency transparency. The Disclosure Division continued to support the SFA Program's transparency efforts by conducting commercial, financial, and PII reviews of 103 SFA applications prior to publishing the applications to PBGC.gov.

INDEPENDENT EVALUATION OF PBGC PROGRAMS

PBGC programs are regularly subject to independent evaluations that help the Corporation remain true to its mission and accountable for services provided to the public. To maintain high standards of stewardship and accountability, PBGC continues to strengthen controls over operations and compliance with laws and regulations.

Office of Inspector General

PBGC places a strong emphasis on diligently addressing the OIG's audit recommendations. To facilitate timely completion and closure of such recommendations, regular status reports are issued to executive management to assist in monitoring corrective actions. Once work on recommendations is completed, the Corporation provides evidence documenting the corrective actions taken for the OIG review.

PBGC is committed to addressing the OIG recommendations in a timely manner. During FY 2023, PBGC closed 34 audit recommendations. Also, during FY 2023, PBGC received 33 new audit recommendations, resulting in 34 open at the end of FY 2023.

PBGC's OIG oversaw the annual financial statement audit completed by independent public accounting firm, Ernst & Young LLP. In addition, during FY 2023, the OIG performed other audits and evaluations, including the following:

- **Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2022 and 2021 Financial Statements (AUD-2023-02), issued November 15, 2022.** In this report, the OIG stated this is the 30th consecutive unmodified financial statement audit opinion.
- **Evaluation of Hotline Compliances Regarding a PBGC Contract (EVAL-2023-04), issued November 22, 2022.** The OIG received two hotline complaints that alleged fraud regarding a PBGC Contract. The OIG determined the fraud allegations in the complaints were unsubstantiated. However, the OIG found two concerns related to PBGC's oversight of the labor-hour contacts that warrant management action. Specifically, a contracting officer's representative (COR) approved invoices without verifying supporting documentation. As a result of the lack of adequate COR oversight, the labor hours charged to the two task orders and paid by PBGC may not be accurate. The OIG made two recommendations to the Corporation. Corrective actions to address one of the recommendations has been completed and submitted to the OIG for review and the corrective actions are ongoing for the remaining recommendation.
- **PBGC Should Exclude Deceased Terminated Vested Participants from SFA Calculations (EVAL-2023-05), issued March 22, 2023.** PBGC continues to strengthen its internal controls, policies, and procedures, to maintain high standards of stewardship, accountability, and integrity within its programs. Furthermore, PBGC has revised its guidance and application instructions to strengthen the Special Financial Assistance (SFA) Program. The OIG made six recommendations to the Corporation, three of which are closed. Corrective actions for two of the recommendations have been submitted to the OIG for review and corrective actions are ongoing for the remaining recommendation.
- **PBGC Should Improve Its Special Financial Assistance Review Procedures (EVAL-2023-08), issued February 24, 2023.** Since the OIG's review, PBGC completed its risk assessment of the SFA Program and refined its SFA application review procedures. The OIG made eight recommendations to

the Corporation, four of which are closed. Corrective actions for the four remaining recommendations have been submitted to the OIG for review.

- **Evaluation of PBGC's Fiscal Year 2022 Compliance with the Payment Integrity Information Act of 2019 (EVAL-2023-09), issued May 18, 2023.** As required by the Payment Integrity Information Act of 2019 (PIIA), the OIG reviewed PBGC's compliance with improper payment reporting requirements. For FY 2022, the OIG determined that PBGC complied with the applicable PIIA requirements outlined in M-21-19, Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, dated March 5, 2021. However, PBGC did not include a hyperlink to PaymentAccuracy.gov in the Annual Financial Report for access to the accompanying materials. The OIG made one recommendation and corrective actions are ongoing.
- **Audit of PBGC's Review of Initial Special Financial Assistance Applications (AUD-2023-11), issued June 30, 2023.** OIG assessed whether PBGC adequately reviewed applications for SFA prior to approving them. For the three applications reviewed, OIG found that PBGC had many procedures in place to review SFA applications, including eligibility checks, completeness checks, actuarial and business assumption reviews, actuarial calculation reviews, legal reviews of plan amendments, and reviews by upper management. Upon examining application files in PBGC's TeamConnect system, OIG verified all three plans in its sample submitted documentation required by PBGC. OIG also verified PBGC performed its eligibility checks, completeness checks, and legal reviews of plan amendments, and documented these steps in the concurrence packages. Finally, OIG confirmed that each of the three plans was eligible for SFA. However, OIG found the following areas for PBGC to improve in its review of SFA applications. First, PBGC should better document its analysis of potential application issues and management concurrence regarding the resolution of those issues to better ensure management oversight. Second, to improve PBGC's ability to detect discrepancies in plan calculations for suspended benefits and a plan's reported Contribution Base Unit (CBU) history, the Corporation should develop and implement additional controls to assess plan calculations for previously suspended benefits and a plan's reported CBU history. The OIG made three recommendations and corrective actions are ongoing.

For more information about the OIG's work in promoting accountability in PBGC operations, visit oig.pbgc.gov.

Government Accountability Office (GAO)

In its April 2023 High-Risk Series Report, GAO removed the insurance programs from the High-Risk List. In that Report, GAO noted that while currently financially healthy, the Single-Employer Program will continue to face potentially substantial financial risks and that PBGC's experience shows that the financial position of the program can change quickly and precipitously. Similarly, GAO noted that although SFA significantly extended the life of the Multiemployer Program, the Multiemployer Program still faces fundamental financial risks, such as inadequate plan funding, premiums that do not fully cover the cost of insurance, and uncertainty regarding future investment returns. GAO stated that it will continue to monitor the insurance programs' finances and other issues. PBGC also monitors progress in addressing GAO recommendations. As of September 30, 2023, PBGC had no open GAO recommendations. For more information about GAO's work on pensions and retirement security issues, visit GAO.gov.

FINANCES

FISCAL YEAR 2023 FINANCIAL STATEMENT HIGHLIGHTS

The Pension Benefit Guaranty Corporation (PBGC or the Corporation or the agency) is a federal corporation established under the Employee Retirement Income Security Act (ERISA) of 1974, as amended. It guarantees payment of basic pension benefits earned by over 31 million of America's workers and retirees participating in more than 24,500 private-sector defined benefit pension plans. In accordance with the American Rescue Plan (ARP) Act of 2021, the Corporation received appropriations from the U.S. Treasury General Fund to help severely underfunded multiemployer plans that meet ARP's eligibility criteria. This new funding assisted in remedying the Multiemployer Program's deficit in FY 2021 by reducing the future amount needed for traditional financial assistance. The Multiemployer Program's deficit would have remained significant through FY 2023 if not for the favorable impact of the ARP which resulted in the program achieving a surplus in each fiscal year since enactment. PBGC receives no funds from general tax revenues for its Single-Employer Program or the traditional multiemployer financial assistance program. Operations are financed by insurance premiums set by statute and paid by sponsors of defined benefit plans, investment income, assets from pension plans trusteed by PBGC, and recoveries from the companies formerly responsible for the plans.

FINANCIAL POSITION

PBGC's Memorandum Total Financial Position

PBGC includes Memorandum Totals for its two independent insurance programs solely for an entity-wide informational view of its financial statements. Most importantly, under Section 4005(g) of ERISA, the Single-Employer and Multiemployer Programs are separate by law; and, therefore, PBGC is required to report the financial results of operations separately.

PBGC's Memorandum Total cumulative results of operations increased by $8,439 million, resulting in the Corporation's Memorandum Total cumulative results of operations of $46,068 million as of September 30, 2023, from a balance of $37,629 million as of September 30, 2022. The increase in the Memorandum Total cumulative results of operations is due to $45,925 million in contributed transfer appropriation income, $5,994 million in premium and other income, $4,798 million in investment gains, $3,008 million in credits due to change in interest factors, $128 million in actuarial credits, and $10 million in multiemployer credits from insolvent and probable plans, offset by $45,907 million in special financial assistance expense, $3,996 million in charges due to expected interest, $949 million in losses from completed and probable terminations, $461 million in administrative, administrative SFA, and other expenses, and $111 million in investment expenses. Memorandum Total actuarial charges totaled $860 million. PBGC uses a curve of interest factors to determine the actuarial present value of estimated future benefit payments (see Note 6). The curve of spot rates for September 30, 2023, starts with an interest factor of 6.30% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 5.55% and is assumed to remain level thereafter. This increase in interest factors since FY 2022 resulted in $3,046 million in credits that consists of $2,942 million in credits for terminated single-employer plans, $66 million in credits for insolvent multiemployer plans, and $38 million in credits for probable multiemployer plans.

Multiemployer Financial Position

- The ARP established a new multiemployer Special Financial Assistance (SFA) Program, resulting in a new source of financing outside of PBGC's revolving fund. PBGC receives appropriated SFA funds to disburse to multiemployer plans that meet certain criteria. Unlike traditional financial assistance wherein

PBGC provides assistance to multiemployer plans in the form of a loan, the new special financial assistance is provided via a transfer of funds with no obligation of repayment. At the end of each fiscal year, any unused appropriated SFA funds must be returned to the U.S. Treasury General Fund.

- The Multiemployer Program's cumulative results of operations improved by $398 million, resulting in a positive cumulative results of operations of $1,453 million as of September 30, 2023. The Multiemployer Program's FY 2023 net income of $398 million is due to $45,925 million in contributed transfer appropriation income, $381 million in net premium and other income, $66 million in credits due to change in interest factors (which resulted from increases in market interest rates), $37 million in credits from actuarial adjustments, and a $10 million credit from insolvent and probable plans-financial assistance. These favorable factors for the Multiemployer Program were offset by $45,907 million in special financial assistance expense, $87 million in charges due to expected interest, $18 million in administrative SFA expenses, $7 million in administrative expenses, and $2 million in fixed investment losses. The Multiemployer Program would still be in a deficit position had it not been for the ARP enacted in FY 2021.
- Credits from insolvent and probable plans-financial assistance for the Multiemployer Program was $10 million as of September 30, 2023. The drivers of these credits are:
    - $38 million credit due to change in interest factors which resulted from increases in market interest rates; and
    - $38 million credit due to the reclassification of one multiemployer probable plan to reasonably possible; and
    - $24 million credit from expected benefit payments; and
    - $22 million credit from change due to actual investment rates of return; and
    - $20 million credit due to change in mortality table; offset by
    - $72 million increase in the multiemployer small plan bulk reserve; and
    - $24 million in charges from expected interest on benefit liability; and
    - $19 million charges from effects of experience including premium indexing; and
    - $16 million charge from the addition for one new multiemployer probable plan; and
    - $1 million net charges from other recurring actuarial adjustments.
- In FY 2023, one multiemployer plan was reclassified from the probable category to reasonably possible. One new probable plan with net claims of $16 million was added to the multiemployer inventory and one other plan that was added, and then subsequently deleted due to SFA eligibility.

Multiemployer Probable Insolvent Activity

- The $250 million decrease in probable insolvent plan liability from $839 million at September 30, 2022, to $589 million at September 30, 2023, was primarily due to four plans with net claims of $252 million that were transferred from the probable insolvent category to plans receiving financial assistance, $38 million credit due to the reclassification of one multiemployer probable plan to reasonably possible, $38 million credit due to the change in interest factors (which resulted from increases in market interest rates), $21 million credit from actual investment rates of return on probable plan assets, and $5 million credit from 13 deleted plans, offset by $72 million increase in the small plan bulk reserve, $24 million in charges from expected interest on benefit liability, and $15 million from the addition of one new probable insolvent plan.

Multiemployer Insolvent Activity

- The $71 million increase in insolvent plan liability (i.e., plans currently receiving financial assistance) from $1,551 million at September 30, 2022, to $1,622 million at September 30, 2023, was primarily due to four plans with net claims of $252 million that were transferred from the probable insolvent category to plans receiving financial assistance and $87 million in charges from expected interest on benefit liability, offset by $176 million credit from financial assistance provided, $66 million credit due to the change in interest factors (which resulted from increases in market interest rates), and $15 million credit due to change in the mortality table. PBGC paid $176 million in traditional financial assistance in FY 2023.

Single-Employer Financial Position

- The Single-Employer Program's FY 2023 cumulative results of operations improved by $8,041 million, resulting in a positive cumulative results of operations of $44,615 million as of September 30, 2023. The Single-Employer Program's FY 2023 net income of $8,041 million is due to $5,613 million in net premium and other income, $4,800 million in investment gains, $2,942 million in credits due to change in interest factors (which resulted from increases in market interest rates), and $91 million in credits from actuarial adjustments. These favorable factors for the Single-Employer Program were offset by $3,909 million in charges due to expected interest related to PBGC's liabilities of $78,332 million as of September 30, 2022, $949 million in losses from completed and probable terminations (primarily due to the removal of J.C. Penney's pension plan from the single-employer terminated plan inventory, as the company completed a standard termination), $436 million in administrative and other expenses, and $111 million in investment expenses.

INVESTMENTS

Single-Employer Investment Activity

- **Global Public Equity** – Global equity markets, as represented by the MSCI All Capitalization World IMI (Net), returned 20.16% for FY 2023. The broad U.S. equity market, as represented by the Russell 3000 Index, returned 20.46% over the same period. Within U.S. equities, growth outperformed value and large capitalization outperformed small capitalization. Non-U.S. developed equities, as represented by the MSCI EAFE IMI Index (Net), returned 24.51% for FY 2023. Within non-U.S. Developed equities, value outperformed growth. Emerging markets, as represented by the MSCI Emerging Markets Standard Index (Net), returned 11.70% during the same period.

  For FY 2023, global equity market returns generated a gain of $2,648 million from equity investments compared to a loss of $3,655 million for FY 2022 (19.51 percent return for Total Global Public Equity in FY 2023 versus -21.11 percent in FY 2022).

- **Global Bonds** – The broad U.S. investment-grade fixed income markets, as represented by the Bloomberg U.S. Aggregate Bond Index, returned 0.64%. Intermediate U.S. Treasuries were positive for FY 2023, while long duration U.S. Treasuries were negative as yields at the long end of the curve of interest rates increased significantly. Corporate bond returns were positive and outperformed government bonds as spreads narrowed during FY 2023.

For FY 2023, global fixed income generated a gain of $2,168 million from fixed income investments compared to a loss of $19,305 million for FY 2022. This reflects higher fixed income returns (1.45 percent return for Total Global Bonds in FY 2023 versus -16.62 percent in FY 2022).

- **Real Estate Investment Trusts (REITS)** – REITs, as represented by the Dow Jones U.S. Select Real Estate Securities Index, returned 2.68% for FY 2023, lagging behind U.S. equities significantly as rising yields have put pressure on real estate.

  For FY 2023, REITS generated a loss of $21 million from real estate investments compared to a loss of $229 million for FY 2022 (1.66 percent return for US REITs in FY 2023 versus -17.08 percent in FY 2022).

- **Combined Single-Employer Investment Return** – FY 2023 investment returns contributed to a total PBGC combined investment gain of $4,800 million. PBGC's Total Fund Composite (excluding transition accounts) earned 3.89 percent in FY 2023, exceeding the Total Fund Benchmark return of 3.81 percent.

Multiemployer Investment Activity

- **U.S. Treasury Bonds** – Broad U.S. Treasury bonds, as represented by the Bloomberg U.S. Treasury Index, returned -0.81% for FY 2023. Long Treasuries underperformed intermediate during FY 2023.

  For FY 2023, multiemployer fixed income generated a loss of $2 million from fixed income investments compared to a loss of $248 million for FY 2022. This reflects higher fixed income returns (-0.75 percent return for multiemployer revolving fund in FY 2023 versus -9.20 percent in FY 2022).

OPERATIONS

- PBGC's combined (i.e., the Memorandum Total which is comprised of both the Single-Employer and Multiemployer Program activity) single-employer benefit payments and multiemployer financial assistance paid were $51,813 million in FY 2023 and $14,794 million in FY 2022. The significant increase was primarily due to $45,577 million in special financial assistance paid to 64 approved plans in FY 2023. There were $7,526 million in special financial assistance payments to 29 approved plans in FY 2022. PBGC assumed responsibility for the benefit payments of an additional 4,510 workers and retirees in the 26 single-employer plans that were trusteed during FY 2023.
- FY 2023 combined (Memorandum Total) net premium income increased by $1,040 million to $5,965 million compared to FY 2022 net premium income of $4,925 million. The primary components of the combined net premium income were variable rate premium (VRP) income of $3,728 million and flat rate premium income of $2,254 million. Overall, this represented a 21 percent year-over-year increase in combined premium income and is primarily due to a $966 million increase in the single-employer variable rate premium income. This increase in variable rate premium income is primarily due to increased premium rates for variable rate premiums and declining conditions of the plans' underfunding (i.e., higher Unfunded Vested Benefits) (see Note.11).
- During FY 2023, PBGC assumed financial responsibility for 21 underfunded single-employer plans that were terminated. Some of these plans are pending the completion of a trusteeship agreement with PBGC as of year-end. None of these 21 terminated plans were previously classified as a probable termination by

PBGC. These 21 terminated plans had an average funded ratio of about 86 percent, and these terminations resulted in an aggregate net loss to PBGC of $22 million (see Note 12).

- As of September 30, 2023, there were two new related single-employer plans (net claim of $174 million) classified as a probable termination. Probable terminations represent PBGC's best estimate of claims for plans that are classified as likely to terminate in a future year.
- As of September 30, 2023, the present value of multiemployer nonrecoverable future financial assistance of $2,211 million consists of 90 insolvent plans ($1,622 million), 32 terminated plans not yet insolvent but probable ($386 million), and one ongoing plan that is projected to exhaust plan assets within 10 years and classified as probable including a small plan bulk reserve ($203 million).

ESTIMATES OF REASONABLY POSSIBLE CONTINGENCIES

- At fiscal year-end, PBGC's estimate of its single-employer reasonably possible exposure decreased to $25,657 million in FY 2023, a $26,375 million decrease compared to $52,032 million in FY 2022. This decrease is primarily due to the increase in the interest factors used for valuing liabilities as of the measurement date (see Note 9 for discount factors utilized in calculating the reasonably possible estimate).
- PBGC's estimate of its multiemployer reasonably possible exposure decreased to $410 million in FY 2023, a $1,808 million decrease from the $2,218 million in FY 2022. The primary reason for the decrease in exposure was a net decrease in the number of plans classified as reasonably possible to seven plans at September 30, 2023, from 12 plans classified as reasonably possible at September 30, 2022. The plans removed no longer meet the reasonably possible criteria as the plans experienced improved financial conditions due to better than expected investment returns, higher discount rates in valuing liabilities, and higher plan contributions. One of the plans was removed since it is eligible for SFA. Additionally, the reasonably possible aggregate reserve for small plans decreased by $390 million due to improved financial conditions of the plans, higher discount rates in valuing liabilities and a change in the small plan bulk reserve estimation methodology. The number of small plans projected to become insolvent within 20 years decreased from 55 to 41.

KEY SINGLE-EMPLOYER AND MULTIEMPLOYER RESULTS

(Dollars in millions)		**FY 2023**		FY 2022
Insurance Activity				
SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS MEMORANDUM TOTAL				
Single-Employer Benefits Paid	**$**	**6,061**	$	7,042
Multiemployer Financial Assistance Paid – SFA	**$**	**45,577**	$	7,526
Multiemployer Financial Assistance Paid – Traditional	**$**	**176**	$	226
Retirees Receiving Benefits (at end of year)		**997,609**		1,056,626
Total Participants Receiving or Owed Benefits (at end of year)		**1,486,000**		1,552,000
New Underfunded Terminations		**21**		32
Terminated/Trusteed Plans (combined to date)		**5,129**		5,110
Plans That Have Received Financial Assistance – Traditional		**90**		86
Summary of Operations				
SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS MEMORANDUM TOTAL				
Premium Income, Net	**$**	**5,965**	$	4,925
Losses (credits) From Completed and Probable Terminations	**$**	**949**	$	249
Losses (credits) From Financial Assistance – Traditional	**$**	**(10)**	$	(72)
Investment Income (Loss)	**$**	**4,798**	$	(23,280)
Actuarial Charges and Adjustments (Credits)	**$**	**860**	$	(25,329)
Financial Position				
SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS MEMORANDUM TOTAL				
Total Assets	**$**	**134,919**	$	127,887
Total Liabilities	**$**	**88,843**	$	90,252
Net Income (Loss)	**$**	**8,439**	$	6,214
Cumulative Results of Operations	**$**	**46,068**	$	37,629
SINGLE-EMPLOYER PROGRAM				
Total Assets	**$**	**130,873**	$	124,394
Total Liabilities	**$**	**86,258**	$	87,820
Net Income (Loss)	**$**	**8,041**	$	5,637
Cumulative Results of Operations	**$**	**44,615**	$	36,574
MULTIEMPLOYER PROGRAM				
Total Assets	**$**	**4,046**	$	3,493
Total Liabilities	**$**	**2,585**	$	2,432
Net Income (Loss)	**$**	**398**	$	577
Cumulative Results of Operations	**$**	**1,453**	$	1,055

The Single-Employer Program and Multiemployer Program are separate by law.

The "Single-Employer and Multiemployer Programs Memorandum Total" data totals presented above are solely an entity-wide informational view of PBGC's two independent insurance programs.

FINANCIAL SUMMARY – SINGLE-EMPLOYER PROGRAM

(*Dollars in millions*)		Fiscal Year Ended September 30, **2023**	2022	2021	2020	2019	2018	2017	2016	2015	2014
Insurance Activity:											
Benefits paid	$	**6,061**	7,042	6,440	6,125	6,020	5,792	5,699	5,659	5,570	5,522
Participants receiving monthly benefits at end of year[1]		**917,185**	963,097	967,506	984,474	887,138	861,371	839,772	838,493	825,666	812,608
Plans trusteed and pending trusteeship by PBGC[2]		**5,119**	5,100	5,068	5,031	4,965	4,919	4,845	4,769	4,706	4,640
Summary of Operations:											
Premium income, net	$	**5,597**	4,586	4,511	5,663	6,352	5,518	6,739	6,379	4,138	3,812
Other income	$	**16**	21	20	28	47	38	184	25	11	22
Investment income (loss)	$	**4,800**	(23,032)	4,058	12,470	14,820	1,502	5,363	8,648	324	6,439
Actuarial charges and adjustments (credits)	$	**876**	(24,916)	(8,460)	8,875	14,409	(6,468)	(950)	11,515	9,504	1,864
Losses (credits) from completed and probable termination	$	**949**	249	1,022	1,926	91	(322)	3,063	(417)	(780)	(115)
Administrative and investment expenses	$	**544**	585	559	538	488	489	481	465	446	464
Other expenses	$	**3**	20	9	16	14	6	26	4	30	17
Net income (loss)	$	**8,041**	5,637	15,459	6,822	6,217	13,353	9,666	3,485	(4,727)	8,043
Summary of Financial Position:											
Cash and investments[3]	$	**117,454**	114,223	138,854	134,244	118,119	101,310	96,830	89,596	80,090	81,215
Total assets	$	**130,873**	124,394	150,692	143,472	128,068	109,941	106,196	97,342	85,735	88,013
Present value of future benefits	$	**73,929**	78,332	108,929	120,430	113,100	101,866	111,280	113,704	106,926	102,774
Cumulative Results of Operations	$	**44,615**	36,574	30,937	15,478	8,656	2,439	(10,914)	(20,580)	(24,065)	(19,338)

[1] This measure may differ from yearly performance numbers reported in PBGC's Annual Performance Report, which also include participants whose benefit payments ended during the year (for example, due to death or a final lump-sum payout).
[2] These cumulative measures may differ due to plans that terminated in a prior year may have been removed from inventory in a subsequent year.
[3] Cash and investments consists of Cash and cash equivalents, Total investments, and Receivables, net: Investment income.

As a general note, a dash "-" indicates no net activity to be reported.

FINANCIAL SUMMARY – MULTIEMPLOYER PROGRAM

		Fiscal Year Ended September 30,								
(Dollars in millions)	**2023**	2022	2021	2020	2019	2018	2017	2016	2015	2014
Insurance Activity:										
Financial assistance paid – SFA	**$ 45,577**	7,526	-	-	-	-	-	-	-	-
Plans that have received – SFA	**64**	29	-	-	-	-	-	-	-	-
Financial assistance paid – traditional	**$ 176[1]**	226	230	173	160	153	141	113	103	97
Plans that have received FA – traditional	**100[2]**	115	109	91	85	78	72	65	57	53
Summary of Operations:										
Premium income, net	**$ 368**	339	331	322	310	292	291	282	212	122
Contributed transfer appropriation income	**$ 45,925**	7,566	1	-	-	-	-	-	-	-
Other income	**$ 13**	10	37	-	-	-	-	-	-	-
Investment income (loss)	**$ (2)**	(248)	(47)	180	442	(52)	(53)	143	68	75
Actuarial charges and adjustments (credits)	**$ (16)**	(413)	(178)	180	340	(147)	(23)	167	135	95
Losses (credits) from insolvent and probable plans - financial assistance	**$ (10)**	(72)	(63,736)	(1,137)	(11,662)	(10,830)	6,438	6,768	9,963	34,260
Special financial assistance expense	**$ 45,907**	7,555	-	-	-	-	-	-	-	-
Administrative and investment expense	**$ 7**	9	8	42	40	41	42	39	32	18
Administrative special financial assistance expense	**$ 18**	11	1	-	-	-	-	-	-	-
Net income (loss)	**$ 398**	577	64,227	1,417	(11,290)	11,176	(6,219)	(6,549)	(9,850)	(34,176)
Summary of Financial Position:										
Cash and investments[3]	**$ 3,404**	3,058	2,978	2,951	2,676	2,137	2,080	2,037	1,768	1,701
Restricted cash	**$ 369**	36	3	-	-	-	-	-	-	-
Total assets	**$ 4,046**	3,493	3,512	3,144	2,858	2,311	2,262	2,204	1,924	1,769
Present value of future benefits	**$ -**	-	-	-	-	-	-	-	-	-
Nonrecoverable future financial assistance, present value	**$ 2,211**	2,390	3,017	66,865	67,995	56,153	67,283	61,009	54,186	44,190
Cumulative Results of Operations	**$ 1,453**	1,055	478	(63,749)	(65,166)	(53,876)	(65,052)	(58,833)	(52,284)	(42,434)

[1] This amount consists of traditional financial assistance paid to 100 insolvent plans (see Note 7). In FY 2022, this amount consisted of $217 million in traditional financial assistance paid to 115 insolvent plans and $9 million to PBGC's first facilitated merger under MPRA.

[2] 100 plans received traditional financial assistance in FY 2023, 90 are expected to continue to receive traditional financial assistance. In FY 2022, 115 plans received traditional financial assistance, 86 plans were expected to continue to receive traditional financial assistance.

[3] Cash and investments consists of Cash and cash equivalents, Total investments, and Receivables, net: Investment income. As a general note, a dash "-" indicates no net activity to be reported.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

I. INTRODUCTION

PBGC management believes its discussion and analysis of its financial statements and other statistical data will help all interested parties and readers better understand PBGC's financial condition and results of operations. Readers should consider this material in conjunction with the Annual Performance Report starting on page 1, the financial statements beginning on page 62, and the accompanying notes beginning on page 66.

II. FINANCIAL AND PROGRAM RISKS

As of September 30, 2023, the Single-Employer and Multiemployer Programs reported cumulative results of operations of $44,615 million and $1,453 million, respectively. The Single-Employer Program's cumulative results of operations improved by $8,041 million and the Multiemployer Program's cumulative results of operations improved by $398 million. The Corporation has $130,873 million in single-employer assets and $4,046 million in multiemployer assets and will be able to meet its obligations for a number of years. PBGC's FY 2022 Projections Report shows that the Multiemployer Program is likely to remain solvent for more than 40 years and that the Single-Employer Program is projected to remain in a positive net financial position over the next decade. Most importantly, under Section 4005(g) of ERISA, the Single-Employer and Multiemployer Programs are separate by law and, therefore one program's resources cannot be used to fund the activities of the other. It is important to note that the Special Financial Assistance Program created by the ARP is expected to enable PBGC to satisfy long-term multiemployer obligations by providing SFA to currently insolvent and probable plans. For more information, please refer to Section V. Overall Capital and Liquidity and Section VI. Single-Employer and Multiemployer Exposure.

In FY 2023, significant factors beyond PBGC's control, including the performance of financial markets, changes in interest rates, and the solvency of insured pension plans, continued to influence PBGC's underwriting income and investment gains or losses.

PBGC's operating results can change markedly from year to year depending on the severity of losses from plan terminations, investment performance, changes in the interest factors used to discount future benefit payments, general economic conditions, changes in law, and other factors. PBGC's operating results may vary more than those of most private insurers, in part because PBGC must insure against catastrophic risk without all the tools private insurers use to address risk. Most private insurers can diversify or reinsure their catastrophic risks or apply traditional insurance underwriting methods to mitigate these risks. Unlike private insurers, the Corporation cannot decline insurance coverage or provide a lower level of coverage, regardless of the potential risk posed by an insured plan. Private insurers can also adjust premiums in response to risk, while PBGC cannot. PBGC's premiums are set by statute.

Claims against PBGC's insurance programs can vary greatly from year to year. The termination or insolvency of a single large pension plan may result in a larger claim against the Corporation than the termination or insolvency of many smaller plans. Thus, future claims will continue to depend largely on the failures of large plans. Additionally, PBGC's risks are concentrated in certain industries. Finally, PBGC's financial condition is sensitive to market risk. Interest rates and equity returns affect not only PBGC's own assets and liabilities but also those of PBGC-insured plans (see Note 9).

III. LEGISLATIVE AND REGULATORY DEVELOPMENTS

LEGISLATIVE DEVELOPMENTS

SECURE 2.0 Act of 2022

The SECURE 2.0 Act of 2022, enacted on December 29, 2022, as Division T of the Consolidated Appropriations Act, 2023 (P.L. 117-328)[1], contains various provisions relating to retirement plans, including several provisions relating to PBGC's insurance programs. The PBGC-related provisions are summarized below:

- **Variable-rate premium:**[2] The variable-rate premium (VRP) rate ceases to be indexed. The VRP rate of $52 per $1,000 of unfunded vested benefits, in effect for plan years beginning in 2023, is made permanent.
- **Age pension payments are required to begin:**[3] The required beginning age for pension payments, including payments from plans trusteed by PBGC, is delayed for individuals who attain age 72 after December 31, 2022. The new required beginning age depends on date of birth.
- **Mandatory cash out limit:**[4] The maximum benefit value that ongoing plans may require participants to receive as a lump sum rather than as an annuity is increased from $5,000 to $7,000 for distributions made after December 31, 2023. Although PBGC does not make mandatory cash outs to participants in PBGC-trusteed plans, it does offer participants the option of a lump sum if the value of their benefit as of the date of plan termination is not more than the mandatory cash out limit applicable to ongoing plans. Therefore, for plans that terminate after December 31, 2023, PBGC's threshold for lump sum eligibility will be $7,000 instead of $5,000.
- **Funding mortality table:**[5] A cap is established on mortality improvement rates impacting the mortality used to value benefit obligations for single-employer defined benefit pension plans for purposes of ERISA minimum funding requirements and to determine plan liabilities for PBGC single-employer variable-rate premiums. The cap applies for plan valuation dates in 2024 or later.
- **Reporting and disclosure report:**[6] The Department of Labor, Department of the Treasury, and PBGC are required to submit a joint report to Congress with recommendations to standardize, consolidate, simplify, and improve requirements to report information to the agencies and disclose information to participants. The report is due three years after the date of enactment.

[1] Division T (SECURE 2.0 Act of 2022) of the Consolidated Appropriations Act, 2023 (P.L. 117-328)
[2] Sec. 349 of Division T of P.L. 117-328
[3] Sec. 107 of Division T of P.L. 117-328
[4] Sec. 304 of Division T of P.L. 117-328
[5] Sec. 335 of Division T of P.L. 117-328
[6] Sec. 319 of Division T of P.L. 117-328

- **Retirement savings lost and found:**[7] A national retirement plan database to help former employees and beneficiaries locate their retirement benefits is to be established within the Department of Labor. The Department may call upon other agencies, including PBGC, to provide needed information.

REGULATORY AND RELATED ACTIVITIES

In FY 2023, PBGC issued regulations and other guidance under the SFA Program. PBGC published a final rule, effective on January 26, 2023, that amended the SFA regulation to provide for an exception process for the withdrawal liability conditions imposed on plans that receive SFA. PBGC also released on July 19, 2023, questions and answers that provided guidance on the investment of SFA funds and calculation methodology under the withdrawal liability phase-in condition, and on July 27, 2023, updated the SFA instructions.

PBGC continued to develop other rulemakings and guidance to protect plan participants and minimize burdens on pension plans and plan sponsors.

PBGC published a final rule in the Federal Register on July 11, 2023, to increase transparency of PBGC benefits administration for terminated single-employer pension plans that PBGC trustees. The final rule, which became effective on August 10, 2023, made clarifications and codified policies involving benefit payments and valuation of plan assets.

PBGC published a proposed rule on October 14, 2022, that would prescribe actuarial assumptions under section 4213(a)(2) of ERISA which may be used by a multiemployer plan actuary in determining an employer's withdrawal liability. The comment period closed on December 13, 2022, and PBGC plans to publish a final rule that responds to public comments received on the proposed rule.

PBGC published a proposed rule on August 18, 2023, which would amend its regulation on Allocation of Assets in Single-Employer Plans to update the interest, mortality, and expense assumptions used to determine the present value of benefits for a single-employer pension plan ending in a distress or involuntary termination. The assumptions are also used for certain multiemployer withdrawal liability calculations and for other purposes. The rulemaking included a 60-day public comment period that closed on October 17, 2023.

On August 7, 2023, PBGC issued Technical Update 23-1, a one-time waiver of the 4010 filing requirement (annual financial and actuarial information reporting requirements under section 4010 of ERISA and 29 CFR part 4010 of PBGC's regulations). The waiver recognizes the atypical market conditions of late 2022 and early 2023 and the way those conditions impact assets and liabilities for purposes of determining whether a 4010 filing is required. This is a one-time waiver of the reporting requirement for filers meeting specified criteria.

IV. DISCUSSION OF INSURANCE PROGRAMS

PBGC operates two separate insurance programs for defined benefit plans. PBGC's Single-Employer Program guarantees basic pension benefits when underfunded plans terminate and when a plan sponsor demonstrates it can no longer afford its plan or goes out of business. By contrast, in the Multiemployer Program, the insured event is plan insolvency, whether or not the plan is terminated. PBGC's Multiemployer

[7] Sec. 303 of Division T of P.L. 117-328

Program provides traditional financial assistance to insolvent covered plans to pay benefits at the level guaranteed by law.

The American Rescue Plan (ARP) Act of 2021 established a new multiemployer Special Financial Assistance Program (SFA), resulting in a new source of financing outside of PBGC's revolving fund. PBGC receives appropriated SFA funds to disburse to multiemployer plans that meet certain criteria. Unlike traditional financial assistance wherein PBGC provides assistance to multiemployer plans in the form of a loan, the new special financial assistance provides assistance to eligible plans approved for SFA via a transfer of funds with no obligation of repayment. At the end of each fiscal year, any unused appropriated SFA funds must be returned to the U.S. Treasury General Fund.

By law, the two programs are funded and administered separately, and their financial conditions, results of operations, and cash flows are reported separately. The accompanying financial statements for both programs, which appear on pages 62-65, have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as published by the Financial Accounting Standards Board (FASB). Please refer to Note 2: "Significant Accounting Policies" for further detail, including a description of PBGC's valuation method used in determining benefit liabilities.

While the classification of contingent liabilities described in this report generally reflects information available as of September 30, 2023, given the uncertainty associated with the impact of the pandemic and the economic recovery, it is not possible at this time to reasonably estimate all the potential effects of the COVID-19 pandemic on the Single-Employer and Multiemployer Insurance Programs.

IV.A. SINGLE-EMPLOYER PROGRAM RESULTS OF ACTIVITIES AND TRENDS

The Single-Employer Program covers about 20.6 million people (excluding those plans that PBGC has trusteed), down from the 22.3 million people PBGC covered in FY 2022. The number of covered ongoing plans at the end of FY 2023 was about 23,500.

Plans that terminate in a standard termination must have sufficient funding to cover all accrued benefits owed to participants and beneficiaries. In these cases, PBGC ensures that all standard termination applications comply with statutory and regulatory requirements. PBGC audits a sample of plans that have filed for a standard termination to determine if earned benefits have been distributed to participants.

In contrast, when a covered underfunded plan terminates, PBGC becomes the trustee. PBGC applies legal limits to payouts and pays the benefits. To determine the amount to pay each participant, PBGC takes into account (a) the benefit that the participant had accrued in the terminated plan, (b) the availability of assets from the terminated plan to cover benefits, (c) how much PBGC recovers from employers for plan underfunding, and (d) the limits on guaranteed benefits provided under ERISA. The benefit guarantee limits are indexed (i.e., they increase in proportion to increases in the Old-Law Social Security wage base) and vary based on the participant's age and elected form of payment. Because of indexing, the benefit guarantee limits for plans that will fall in calendar year 2024 will be 5.30 percent higher than the limits that applied for 2023 as shown below for sample ages:

MAXIMUM GUARANTEED ANNUAL BENEFIT PAYABLE AS A SINGLE LIFE ANNUITY

Age	Plans Terminating in 2024	Plans Terminating in 2023
70	$141,590	$134,460
65	$85,295	$81,000
60	$55,442	$52,650
55	$38,383	$36,450

The benefit guarantee limit is a cap on what PBGC guarantees, not on what PBGC pays. In some cases, such as when PBGC recovers sufficient plan assets to pay more than just the maximum guaranteed benefit, PBGC pays benefits above the benefit guarantee limit.

The applicable maximum guarantee is determined by the year the retiree's plan terminated (if the plan terminated during the plan sponsor's bankruptcy, the year the sponsor entered bankruptcy) and the participant's age at the later of the date the sponsor entered bankruptcy or the date the participant begins collecting benefits.

SINGLE-EMPLOYER OVERALL FINANCIAL RESULTS

Net income for the Single-Employer Program was $8,041 million in FY 2023. The drivers of this income included net premium income and other income of $5,613 million, investment income of $4,800 million, credits of $2,942 million due to an increase in interest factors (which has the effect of decreasing benefit liabilities and actuarial charges), and $91 million in credits from actuarial adjustments. This was offset by actuarial charges due to expected interest on accrued liabilities of $3,909 million, losses from completed and probable terminations of $949 million, administrative and other expenses of $436 million, and investment expenses of $111 million.

PBGC's FY 2023 Single-Employer Program realized net income of $8,041 million compared to FY 2022 net income of $5,637 million. This favorable $2,404 million year-over-year change was attributable to:

(1) An increase in investment income of $27,832 million (a gain of $4,800 million in FY 2023 compared to a loss of $23,032 million in FY 2022),
(2) an increase in net premium and other income of $1,006 million,
(3) a decrease in administrative, investment, and other expenses of $58 million,
(4) a decrease in actuarial credits due to change in interest factors of $21,119 million,
(5) an increase in actuarial charges due to expected interest of $3,427 million,
(6) a decrease in actuarial adjustment credits of $1,246 million, and
(7) an increase in losses from completed and probable terminations of $700 million (see "Single-Employer Underwriting Activity" below).

Actuarial charges and adjustments arise from changes in mortality and retirement assumptions, changes in interest factors, and expected interest. Expected interest refers to the interest that PBGC expects to accrue during the current fiscal year based on PBGC's liability and interest factors at the end of the prior year, with adjustments made for new plans and benefit payments made during the year.

SINGLE-EMPLOYER UNDERWRITING ACTIVITY

PBGC's Single-Employer Program realized a net underwriting gain of $4,319 million in FY 2023, $893 million less than the FY 2022 gain of $5,212 million. This $893 million decrease from the previous year was due to a $1,246 million decrease in actuarial adjustment credits and a $700 million increase in losses from completed and probable terminations, offset by a $1,006 million increase in single-employer net premium and other income and a $47 million decrease in administrative and other expenses.

Premium and other income from underwriting activity increased by $1,006 million from $4,607 million in FY 2022 to $5,613 million in FY 2023. This increase is largely due to a $966 million increase in variable rate premium income from plan sponsors from $2,762 million in FY 2022 to $3,728 million in FY 2023. Other income, consisting of interest on recoveries from plan sponsors, decreased from $21 million in FY 2022 to $16 million in FY 2023. The decrease in FY 2023 was primarily due to a decrease of interest income from sponsors' employer liability settlements. The 35 percent increase in variable rate premium income was primarily due to the increase in the VRP rates and increases in unfunded vested benefits (UVB). The UVBs increased due to unfavorable asset returns in 2022. The asset declines were partially offset by decreases in liabilities resulting from higher discount rates being used to determine those liabilities. Annual variable rate premium (VRP) income increased from $48 per $1,000 of underfunding (capped at $598 per participant) to $52 per $1,000 of underfunding (capped at $652 per participant) for plan years beginning in 2023. The VRP rate is permanent (i.e., ceases to be indexed).

Flat rate premium income for the Single-Employer Program increased $62 million from $1,821 million in FY 2022 to $1,883 million in FY 2023. Factors contributing to this increase include increases in the per participant flat rate premium for plan years beginning in 2022 and 2023, offset by a decrease in the participant count in FY 2023.

A plan's present value of vested benefits for VRP purposes is generally determined using three "segment" rates. The first of these applies to benefits expected to be paid within five years of the valuation date, the second applies to the following 15 years, and the third applies to benefits expected to be paid thereafter.

The U.S. Department of Treasury (U.S. Treasury) determines each segment rate monthly using the portion of a corporate bond yield curve that is based on corporate bonds maturing during that segment rate period. The corporate bond yield curve is also prescribed every month by the U.S. Treasury. It reflects the yields for the previous month on investment-grade corporate bonds with varying maturities that are in the top three quality levels. PBGC's premium regulation provides a few alternatives with respect to which month's rates are used and whether the segment rates are averaged over 24 months.

The Corporation's "Losses (credits) from completed and probable plan terminations" increased from a loss of $249 million in FY 2022 to a loss of $949 million in FY 2023. The current $949 million loss is due to $862 million in charges from revaluations and deletions of plans that had terminated in a prior year (primarily due to the removal of J.C. Penney's pension plan from the single-employer terminated plan inventory, as the company completed a standard termination), $65 million in losses from changes to single-employer probable claims, and by $22 million in charges related to new plan terminations (see "Losses (credits) from Completed and Probable Terminations – Single-Employer Program" table in Note 12).

The net claim for single-employer probable terminations as of September 30, 2023, was $286 million, while the net claim as of September 30, 2022, was $221 million. This $65 million increase is due to the addition of two new related single-employer probable plans with a net claim of $174 million, offset by a decrease in the reserve for small unidentified probables of $106 million and the deletion of one probable plan in FY 2023 with a net claim of $3 million (see Note 6).

Single-employer administrative expenses decreased by $30 million from $463 million in FY 2022 to $433 million in FY 2023.

In summary, the following key metrics describe the components of PBGC's single-employer present value of future benefits liability:

- $73,610 million – trusted plans (5,119 plans),
- $16 million – plans pending termination and trusteeship (17 plans). For more information on this topic please see "Protecting Pension in Standard Terminations" in VI. Single-Employer and Multiemployer Program Exposure,
- $286 million – claims for probable terminations and reserve for small single-employer unidentified plans (there was one specifically identified single-employer probable plan at September 30, 2023), and
- $22 million – claims for 21 terminated underfunded single-employer plans.

SINGLE-EMPLOYER FINANCIAL ACTIVITY

Single-employer financial activity reflected a gain of $3,722 million in FY 2023, a $3,297 million increase from the FY 2022 gain of $425 million. This is due to 1) $4,800 million in investment gains (compared with $23,032 million loss in FY 2022), and 2) $111 million in investment expenses (compared with $122 million in FY 2022), offset by 3) $967 million in net actuarial charges (compared with a net actuarial credit of $23,579 million in FY 2022). PBGC marks its assets to market, which is consistent with the FASB Accounting Standards Codification Section 820, *Fair Value Measurements and Disclosures* (see Note 5).

Actuarial charges under financial activity represent the effects of changes in interest factors and the expected interest accrued on the present value of future benefits. The change in interest factors generally reflects the difference between the liability for future benefits of terminated plans at year-end when valued using updated interest factors compared to the liability when valued using the prior year's interest factors. An actuarial credit of $2,942 million due to the change in interest factors occurred in FY 2023 due to an increase in the interest factors from FY 2022.

Expected interest refers to the interest that PBGC expects to accrue during the fiscal year on PBGC's liability at the end of the prior year based on the interest factor in effect at the beginning of the year. The interest factor in effect at the beginning of FY 2023 (5.12%) increased compared to the factor at the beginning of FY

2022 (0.44%). The Single-Employer Program's expected interest charges increased in FY 2023 (from $482 million in FY 2022 to $3,909 million in FY 2023).

PBGC's single-employer Total Present Value of Future Benefits (PVFB) decreased from $78,332 million at September 30, 2022 to $73,929 million at September 30, 2023.

Components of PBGC's single-employer PVFB of $73,929 million are as follows:

- Trusteed plans – $73,610 million,
- Plans pending termination and trusteeship – $16 million,
- Settlements and judgements – $17 million, and
- Claims for probable terminations – $286 million.

PBGC discounts its liabilities for future benefits with interest factors[1] that, together with the mortality table used by PBGC, approximate the price in the private-sector annuity market at which a plan sponsor or PBGC could settle its obligations. PBGC uses a curve of interest factors to determine the actuarial present value of estimated future benefit payments (see Note 6). The curve of spot rates for September 30, 2023, starts with an interest factor of 6.30% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 5.55% and is assumed to remain level thereafter. The curve of spot rates for September 30, 2022, started with an interest factor of 5.12% in year 1 and changed as the future period for discounting got longer until year 30 when the factor became 4.76% and was assumed to remain level thereafter.

To determine future mortality rates, PBGC used the results of a 2023 Mortality Study. The Study recommended the use of Pri-2012 Total Dataset Separate Annuitant and Non-Annuitant Mortality tables for Healthy Males and Females with age band adjustments. The resulting tables are projected generationally using an adjusted Scale MP-2021 for the FY 2023 valuations. The impact on PVFB from this mortality assumption change is included in the actuarial adjustments (credits) amount reported in the Underwriting section of the Statements of Operations.

IV.B. MULTIEMPLOYER PROGRAM RESULTS OF ACTIVITIES AND TRENDS

On March 11, 2021, the American Rescue Plan (ARP) Act of 2021 was enacted into law. ARP established the Special Financial Assistance (SFA) Program for financially distressed multiemployer plans that meet specific criteria. The SFA Program is administered by PBGC and is funded by general U.S. Treasury monies, not by PBGC's multiemployer insurance fund.

The amount of SFA funding to which an eligible plan is entitled is the amount the plan requires to pay all benefits and expenses, net of plan resources (including plan assets, projected future contributions, and withdrawal liability collections), through the plan year ending in 2051. The SFA payment also includes reinstatement of benefits previously suspended due to implementation of benefit suspensions under the

[1] PBGC surveys life insurance industry annuity prices through the American Council of Life Insurers (ACLI) to obtain input needed to determine interest spread factors and then derives a 30-year curve of interest factors that together with PBGC's mortality assumption best matches the private sector annuity prices from the ACLI surveys. PBGC's process derives the curve of interest factors that differs least over the range of annuity prices in the ACLI surveys (see Note 6).

Multiemployer Pension Reform Act of 2014 (MPRA) or benefits reduced to PBGC guaranteed benefit levels due to insolvency.

PBGC must process all SFA applications within 120 days of receipt. Upon PBGC's approval of the plan's application, PBGC will pay the SFA funds to the plan with no requirement for repayment. To accurately reflect the impact of SFA eligibility on PBGC's accrued and contingent liability, multiemployer plans expected to be eligible and eventually approved for SFA are not considered high risk and will be classified as remote. For an insolvent, but not yet terminated, plan that has an obligation to repay traditional financial assistance under Section 4261 of ERISA, PBGC will issue two disbursements. The first disbursement will be a transfer to the plan to cover future benefit payments requested in the plan's SFA application. The second disbursement reimburses PBGC for the loan amount of traditional financial assistance (includes premium waivers and interest) previously provided.

ARP specifies that multiemployer plans must satisfy one or more criteria to be eligible for SFA. The criteria are as follows:

1. The plan is in critical and declining status in any plan year beginning in 2020 through 2022.
2. The plan has an approved suspension of benefits under MPRA as of March 11, 2021.
3. In any plan year beginning in 2020 through 2022, the plan meets the following criteria (the requirements do not have to be met for the same plan year):
    a. The plan is in critical status,
    b. The plan has a modified funding percentage of less than 40 percent, and
    c. The plan has a ratio of active to inactive participants which is less than 2 to 3.
4. The plan became insolvent after December 16, 2014, and has remained insolvent and not terminated as of March 11, 2021.

PBGC's determination on a plan's eligibility for SFA is not made until after a plan has submitted an application and PBGC has completed its review. For purposes of determining financial statement classification only, PBGC considers a plan that is reported to be in critical and declining status for any plan year after 2018 to be eligible for SFA under criteria (1) above. Plans that are eligible under criteria (2) are listed on the Treasury Department's website. PBGC considers any plan that meets the criteria in (3) based on information reported on its Form 5500 filing for any plan year after 2018 to be eligible for SFA for classification purposes. The information PBGC maintains on insolvent plans receiving traditional financial assistance under Section 4261 of ERISA is sufficient to determine eligibility under criterion (4).

PBGC has a high expectation that every SFA eligible plan for which PBGC has accrued liability or classified as a reasonably possible loss will apply for this assistance. Based upon the prior year filings for ongoing probables, as well as more currently available information, it is anticipated that those applications for SFA will be approved and funded.

SFA eligible plans are no longer considered to be in the high-risk category as defined by either (1) projected insolvency over the next 20 years, (2) currently classified as critical and declining status, or (3) meeting the projected insolvency thresholds as defined in the PBGC's procedures. Therefore, the end result is that these SFA eligible plans are classified as remote and not presented within PBGC's financial statements.

The Multiemployer Program covers about 11.0 million participants in about 1,360 insured plans. Generally, a multiemployer plan is a pension plan sponsored by two or more unrelated employers under collective bargaining agreements with one or more unions. Multiemployer plans cover most unionized workers in trucking, retail food, construction, mining, garment, and other industries. Workers accrue pension credits in the plan even when they change employment from one contributing employer to another. For a participant with 30 years of service, the maximum annual benefit guarantee is $12,870, which is much lower than for the participants under the Single-Employer Program (where premium rates are higher).

Multiemployer plans are typically governed by a board of trustees appointed in equal numbers by labor and management. Under ERISA, the trustees have a fiduciary duty to act solely in the interest of participants and beneficiaries. Multiemployer plans are subject to ERISA's minimum funding requirements with assets held in a trust fund managed by the board to pay benefits and plan expenses. Excess assets do not revert to contributing employers. Although bargaining parties negotiate over plan contributions, they usually delegate the establishment of benefit levels and plan design to the trustees.

Most collective bargaining agreements that cover multiemployer plans provide for contributions based on time worked in a covered job. Most plans base contributions on "number of hours worked." In some plans, benefits depend on the level of contributions that employers make to the plan for the participants' work.

Employers in multiemployer plans generally remain in the plan unless they go out of business, bargain out of the plan, or move their business out of the plan coverage area. If an employer withdraws from the plan, it may be assessed withdrawal liability. Withdrawal liability is generally based on the plan's unfunded vested benefits and the employer's share of total contributions made to the plan. The amount of withdrawal liability is based on the employer's share of the unfunded vested benefits in that plan but is capped based generally on an employer's contribution history over the prior ten years and payable annually for no more than twenty years. In some instances, the employer may be assessed partial withdrawal liability.

Since the 1980's, PBGC does not trustee multiemployer plans. In the Multiemployer Program, the event triggering PBGC's guarantee is plan insolvency (the inability to pay guaranteed benefits when due), whether or not the plan has terminated. PBGC provides insolvent multiemployer plans with traditional financial assistance, in the statutorily required form of loans (generally unsecured), sufficient to pay PBGC guaranteed benefits and reasonable administrative expenses. These loans generally continue until the plan no longer needs assistance or has paid all promised benefits at the guaranteed level. These loans are generally not repaid (except for plans receiving SFA), and for that reason they are fully reserved.

Benefits under the Multiemployer Program are calculated based on (a) the benefit a participant would have received under the insolvent plan, subject to (b) the legal multiemployer guarantee under ERISA. The guaranteed amount depends on the participant's years of service and the level of the benefit accruals. Monthly benefit accrual rates per year of service up to $11 are fully guaranteed; the portion of monthly benefit accrual rates between $11 and $44 is 75 percent guaranteed; monthly benefit accrual rates in excess of $44 are not guaranteed. For example, for a participant with 20 years of service, PBGC's guarantee would cover 100 percent of annual amounts up to $2,640 and partially cover amounts in excess of that not to exceed a total of $8,580 per year. Similarly, for a participant with 30 years of service, PBGC's guarantee would cover 100 percent of annual amounts up to $3,960 and partially cover amounts in excess of that not to exceed a total of $12,870 per year. Additionally, for a participant with 40 years of service, PBGC's guarantee would cover 100 percent of annual amounts up to $5,280 and partially cover amounts in excess of that not to exceed a total of $17,160 per year. This multiemployer benefit guarantee limit has been in place since 2001.

As shown in the Statements of Financial Position on page 63, the liability for financial assistance that PBGC provides to the multiemployer plans fall into two categories under the classification "Present value of nonrecoverable future financial assistance." The first category listed is for "Insolvent plans" (whether terminated or not) that have exhausted plan assets and are currently receiving financial assistance. The second category is for "Probable insolvent plans" representing plans that have terminated but not yet become insolvent (for the current year), as well as ongoing plans that are expected to exhaust plan assets and require financial assistance within the next 10 years.

During FY 2023, PBGC's obligations for future traditional financial assistance to multiemployer plans decreased from $2,390 million at September 30, 2022, to $2,211 million at September 30, 2023, a decrease of $179 million or 7.5 percent. The largest component of the current $2,211 million liability is the $1,622 million liability for insolvent plans, of which $955 million is attributable to 10 large plans.

MULTIEMPLOYER OVERALL FINANCIAL RESULTS

The Multiemployer Program reported net income of $398 million in FY 2023 compared with a net income of $577 million in FY 2022. This resulted in cumulative result of operations of $1,453 million in FY 2023 compared with a cumulative result of operations of $1,055 million in FY 2022.

The improvement in cumulative result of operations is attributable to the following key drivers impacting Multiemployer Program liabilities:

(1) A favorable credit due to actual/expected assistance resulted in a $177 million reduction in program liabilities.
(2) A favorable change in the pension liability valuation interest factors, which generated a $104 million decrease in Multiemployer Program liabilities ($66 million to multiemployer insolvent plans and $38 million related to multiemployer probable plans).
(3) A reclassification of one multiemployer probable plan to reasonably possible, which resulted in a $38 million decrease in program liabilities.
(4) A favorable decrease due to actual investment rates of return on probable plan assets (rather than the assumed rate) of $21 million.
(5) A favorable decrease due to a change in mortality table resulting in a $20 million decrease in program liabilities.
(6) A favorable decrease due to data changes resulting in a $14 million decrease in program liabilities.
(7) An unfavorable increase due to expected interest on benefit liabilities that resulted in a $111 million increase in program liabilities.
(8) An increase to the small bulk reserve of $72 million.
(9) Addition of one new probable insolvent plan that resulted in a $16 million increase in program liabilities.
(10) A favorable decrease due to $4 million in net credits from other recurring actuarial adjustments.

PBGC uses a curve of interest factors to determine the actuarial present value of estimated financial assistance. For September 30, 2023, the curve of spot rates starts with an interest factor of 6.30% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 5.55% and is assumed to remain level thereafter. For September 30, 2022, the curve of spot rates started with an interest factor of 5.12% in year 1 and changed as the future period for discounting got longer until year 30 when the factor became 4.76% and was assumed to remain level thereafter. (See Note 6 for the table of interest factors used.)

During FY 2023, PBGC paid $45,753 million in financial assistance consisting of $45,577 million in special financial assistance (for 64 approved plans) created by the ARP and $176 million in traditional financial assistance to 100 insolvent plans. As of September 30, 2023, there were 90 insolvent plans expected to continue receiving traditional financial assistance covering about 80,421 participants in pay status with an additional 41,661 participants entitled to benefits once they retire. Comparatively, in FY 2022, PBGC paid $7,752 million in financial assistance consisting of $7,526 million in special financial assistance (for 29 approved plans) created by the ARP, $217 million in traditional financial assistance to 115 insolvent plans, and a final annual payment of $9 million (for a total of $27 million) in traditional financial assistance as part of PBGC's first facilitated merger of two multiemployer plans under Multiemployer Pension Reform Act of 2014 (MPRA). At FY 2022 year end, there were 86 insolvent plans expected to continue receiving traditional financial assistance covering about 93,525 participants in pay status with an additional 46,480 participants entitled to benefits once they retire.

MULTIEMPLOYER UNDERWRITING ACTIVITY

As shown on the Statements of Operations on page 64, underwriting activity reflected a net gain of $421 million in FY 2023. This was attributed to $45,925 million in contributed transfer appropriation income, $381 million in net premium and other income (other income is primarily due to the reversal of the allowance of interest on notes receivable from insolvent multiemployer plans expected to be eligible to receive special financial assistance), $37 million in credits due to actuarial adjustments, and $10 million credit from insolvent and probable plans-financial assistance, offset by $45,907 million in special financial assistance expense, $18 million in administrative SFA expense, and $7 million in administrative expense.

Net premium income increased by $29 million from $339 million in FY 2022 to $368 million in FY 2023, due primarily to increases in the multiemployer per participant flat rate premium and a slight increase in the participant count. The multiemployer flat rate premium for plan years beginning in 2023 increased to $35 per participant from the 2022 rate of $32 per participant.

MULTIEMPLOYER FINANCIAL ACTIVITY

As shown on the Statements of Operations on page 64, financial activity reflected a loss of $23 million for FY 2023. This was attributed to a charge of $87 million due to expected interest and a $2 million loss from fixed income investments, offset by a credit of $66 million due to change in interest factors for plans known to be insolvent and plans about to begin receiving traditional financial assistance. As required by law, Multiemployer Program investments consist solely of U.S. Treasury securities.

Multiemployer Program investments originate primarily from the cash receipts for premiums due from insured plans. PBGC is required to invest these premiums in obligations issued or guaranteed by the U. S. government.

Expected interest refers to the interest that PBGC expects to accrue during the fiscal year on PBGC's liability for plans known to be insolvent at the end of the prior year based on the interest factor in effect at the beginning of the year. The interest factor in effect at the beginning of FY 2023 (5.12%) increased compared to the factor at the beginning of FY 2022 (0.44%). The multiemployer expected interest charges increased from $10 million in FY 2022 to $87 million in FY 2023.

IV.C. MISSING PARTICIPANTS PROGRAM

The Missing Participants Program (MP Program) is governed by Section 4050 of ERISA. Under the MP Program, the benefits of missing participants can be transferred to PBGC or PBGC can be informed about other arrangements for distributing the missing participants' benefits. Through PBGC's search efforts, the MP Program helps participants find and receive the benefits being held for them. The expanded MP Program, which began in FY 2018, is designed to cover defined benefit single-employer plans that terminated under a standard termination or sufficient distress termination, as well as the terminations of defined contribution plans and small professional service pension plans, and terminated multiemployer plans that closed-out. Prior to FY 2018, the MP Program covered only insured single-employer defined benefit plans terminating in a standard termination. Plans in the MP Program are categorized as follows:

- Original (legacy) PBGC Insured Defined Benefit Single-Employer Plans (terminating in a standard or sufficient distress termination on or before 12/31/2017)
- PBGC Insured Defined Benefit Single-Employer Plans (terminating in a standard or sufficient distress termination on or after 01/01/2018)
- Defined Contribution Plans – noncovered by PBGC (terminating on or after 01/01/2018)
- Small Professional Services Plans – Defined Benefit noncovered by PBGC (terminating on or after 01/01/2018)
- PBGC Insured Multiemployer Plans (terminated pans that completed close-out on or after 01/01/2018)

A standard termination occurs when a sponsor of a PBGC-insured single-employer defined benefit plan settles its obligations by purchasing annuities for and/or paying lump sums to all participants.

The September 30, 2023, total combined PVFB for the MP Program was $364 million for the participants whose benefits were transferred to PBGC, compared to $295 million at September 30, 2022, and is reported under "Present value of future benefits – Trusteed plans" on PBGC's balance sheet. This liability includes interest accrued from the date of transfer at the federal mid-term rate. The unlocatable participants' benefit funds ($481 million in FY 2023 compared to $370 million in FY 2022) are transferred to PBGC by plan sponsors and subsequently earns interest on cash received.

V. OVERALL CAPITAL AND LIQUIDITY

PBGC's obligations include monthly payments to participants and beneficiaries in terminated defined benefit plans, financial assistance to multiemployer plans, investment management fees, and administrative operating expenses. The financial resources available to pay these obligations are underwriting income received from insured plan sponsors (largely premiums), the income earned on PBGC's investments, and the assets taken over from failed single-employer plans.

The Corporation has sufficient liquidity to meet its obligations for a number of years. PBGC's FY 2022 Projections Report showed that PBGC's Multiemployer Program is likely to remain solvent for more than 40 years, similar to the projection in last year's FY 2021 Projections Report. However, both reports show a high degree of uncertainty, with the most pessimistic downside scenarios continuing to show a risk of insolvency in the mid-2030s. The primary driver of the improvement in the projected solvency of the Multiemployer Program is the significant increase in expected future plan asset returns due to the sharp rise in interest rates during the 2022 calendar year. The rise in interest rates, in conjunction with poor equity returns, contributed to large plan asset losses during 2022. Plans ineligible for SFA were significantly impacted by these losses, but most plans that receive SFA recover these losses as part of the SFA calculation. On a going forward basis, the higher interest rates are expected to generate higher yields and equity returns that would bolster future asset performance for all plans. For SFA plans, these higher returns exceed the level of the interest rate increase used in the development of the SFA amount, which improves plan solvency outcomes. Overall, the updated model projects an improvement in plan solvency outcomes that in turn extends PBGC's solvency.

FY 2023 Memorandum Total premium cash receipts totaled $4,942 million, an increase of $177 million from $4,765 million in FY 2022. The FY 2023 increase of $177 million primarily reflects peak filing and the payment of premiums in October 2022 for plan year 2022 premium filings which were higher than peak filing and the payment of premiums in October 2021 for plan year 2021 premium filings. Net cash flow provided by investment activities is $3,216 million in FY 2023 compared to $704 million net cash used in FY 2022. In FY 2023, PBGC's cash receipts of $8,395 million from operating activities of the Single-Employer Program were sufficient to cover its operating cash obligations of $7,004 million. This resulted in net cash provided by operating activities of $1,391 million (as compared to net cash provided by operating activities of $170 million in FY 2022). When the single-employer cash provided through investing activities of $2,963 million is added to cash provided from operating activities, the Single-Employer Program in the aggregate experienced a net cash increase of $4,354 million. In FY 2022, the Single-Employer Program experienced a net cash decrease of $528 million.

PBGC's best estimate of FY 2024 premium receipts ranges between $6,150 million and $6,450 million. No reasonable estimates can be made for FY 2024 terminations, the effects of changes in interest rates, or investment income.

In the Multiemployer Program, cash receipts of $551 million from operating activities were sufficient to cover its operating cash obligations of $183 million, resulting in net cash provided by operations of $368 million. When this net cash provided is added to net cash provided through investing activities of $253 million, the Multiemployer Program in the aggregate experienced an overall net cash increase of $621 million. In FY 2022, the Multiemployer Program experienced a net cash increase of $329 million.

During FY 2023, PBGC recovered $76 million through agreements with sponsors of terminated single-employer plans for unpaid contributions and unfunded benefits. A portion of those recovered funds are paid out as additional benefits to plan participants with nonguaranteed benefits according to statutory priorities.

In FY 2023, PBGC's combined (Memorandum Total) net increase in cash and cash equivalents amounted to $4,975 million, arising from an increase of $4,354 million for the Single-Employer Program and an increase of $621 million for the Multiemployer Program.

VI. SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAM EXPOSURE

PBGC estimates its single-employer loss exposure to reasonably possible terminations (e.g., underfunded plans sponsored by companies with credit ratings below investment grade) as $25,657 million at September 30, 2023, and $52,032 million at September 30, 2022. PBGC's exposure to loss may be less than these amounts because of the statutory guarantee limits on insured pension plans, but PBGC is unable to estimate prospectively the extent and effect of the guarantee limitations. These estimates are determined using a measurement date as of December 31 of the previous year (see Note 9). For FY 2023, this exposure was concentrated in the following sectors: manufacturing, transportation/communications/utilities, and services.

PBGC estimates that, as of September 30, 2023, it is reasonably possible that multiemployer plans may require future traditional financial assistance of $410 million, compared to $2,218 million at September 30, 2022. Additionally, the reasonably possible aggregate reserve for small plans decreased due to a decrease in the number of small plans projected to become insolvent within 20 years primarily due to an increase in plan assets. The change in the small plan bulk reserve estimation methodology also contributed to the decrease in the reasonably possible reserve.

The significant volatility in plan underfunding and sponsor credit quality over time makes long-term estimates of PBGC's expected claims uncertain. This volatility, along with the concentration of claims in a relatively small number of terminated plans, has characterized PBGC's experience to date and will likely continue. Factors such as economic conditions affecting interest rates, financial markets, and the rate of business failures will also influence PBGC's claims going forward.

PBGC's sources of information on plan underfunding are the most recent Section 4010 and PBGC premium filings, Form 5500, and other submissions to the Corporation. PBGC publishes Table S-49, "Various Measures of Underfunding in PBGC-Insured Plans," in its *Pension Insurance Data Book*. In that table the limitations of the estimates are appropriately described.

Protecting Pensions in Standard Terminations

A company can end a fully funded plan in a standard termination by paying all the benefits it owes. In FY 2023, 1,868 plans covering approximately 315,540 participants filed standard terminations. The number of filings in FY 2023 is 12 percent more than the average number of terminations filed in the five years prior to that. Additionally, the number of participants in these plans is significantly more (38 percent). Nine large plans filed a standard termination.

Some of the larger standard terminations completed in FY 2023 were J.C. Penney Corporation, Inc. Pension Plan, Electrolux Home Products, Inc. Pension Plan, Louisiana-Pacific Corporation Retirement Account Plan, and Western Union Pension Plan.

As in previous years, more than 90 percent of the plans that filed standard terminations were small plans with 300 or fewer participants.

When plan sponsors file standard terminations, PBGC conducts audits on a sample of plans to verify that the plan sponsors have properly calculated and paid participants' benefits. In FY 2023, PBGC conducted 232 such plan audits and, as a result, 1,306 people in these plans received more than $2.3 million in additional benefits.

VII. SUMMARY OF OMB CIRCULAR A-136 DISCLOSURE OF MAJOR YEAR OVER YEAR CHANGES

Pursuant to OMB Circular A-136, Section II.2.4, *MD&A Analysis of Financial Statements and Stewardship Information Section*, the MD&A should summarize the entity's financial results, position, and condition and explain major changes (i.e., changes typically in excess of 10 percent). For significant entities (which are defined in Treasury Financial Manual (TFM) Vol. 1, Part 2, Section 4703) major changes are generally changes in excess of 10 percent and $1 billion.

PBGC is a significant entity and discloses the following major year over year changes to financial statement balances (i.e., FY 2023 financial results compared to FY 2022) below consistent with the OMB Circular.

1. Cash and cash equivalents increased by $4,975 million from $8,678 million at September 30, 2022, to $13,653 million at September 30, 2023, a 57% increase. This increase is primarily due to the increase in net cash provided by investing activities. Net cash provided by investing activities is $3,216 million in FY 2023 (proceeds from the sale of investments of $144,104 million, less payments for the purchase of investments of $140,888 million). The increase in cash and cash equivalents was also due to decreased benefit payments of $564 million in FY 2023, increased cash from interest and dividends of $406 million, and increased premium receipts of $177 million compared to FY 2022.

2. Securities lending cash collateral increased $2,172 million from $4,581 million at September 30, 2022, to $6,753 million at September 30, 2023, a 47% increase. These amounts are recorded as assets and are offset with a corresponding liability. The $2,172 million increase in securities lending cash collateral was attributable to an increase in value of securities on loan in the custodian agent lending program. Securities on loan increased in value due to a higher level of demand for U.S. Government Securities from borrowers.

3. Premium receivables increased by $1,034 million from $3,356 million at September 30, 2022, to $4,390 million at September 30, 2023, a 31% increase. This increase primarily reflects increased premium rates for both flat and variable rate premiums derived from actual 2023 plan filings for calendar year plans received October 2023 and declining conditions of single-employer plans' underfunding (i.e., higher Unfunded Vested Benefits). At September 30, 2023, the premiums for these plans were not yet due and recognized as estimated premiums receivable.

4. Payable upon return of securities loaned increased $2,172 million from $4,581 million at September 30, 2022, to $6,753 million at September 30, 2023, a 47% increase. These amounts are recorded as liabilities and are offset with a corresponding asset. The $2,172 million increase in payable upon securities loaned was attributable to an increase in value of lendable securities in the custodian agent lending program. Securities on loan increased in value due to a higher level of demand for U.S. Government Securities from borrowers.

5. Premium income increased by $1,040 million from $4,925 million as of September 30, 2022, to $5,965 million as of September 30, 2023, a 21% increase. This increase primarily reflects increased premium rates for both flat and variable rate premiums and declining conditions of the single-employer plans' underfunding (i.e., higher Unfunded Vested Benefits).

6. Contributed transfer appropriation income increased by $38,359 million from $7,566 million as of September 30, 2022, to $45,925 million as of September 30, 2023, a 507% increase. Contributed transfer appropriation income is recognized from the SFA appropriations when SFA applications are approved by PBGC as well as when SFA administrative expenses are incurred. In FY 2023, the $45,925 million of contributed transfer appropriation income was primarily due to $45,907 million for 66 multiemployer plans that were approved to receive special financial assistance and $18 million in administrative SFA expense, compared to $7,555 million for 30 multiemployer plans that were approved to receive special financial assistance and $11 million in administrative SFA expense in FY 2022.

7. Actuarial adjustments credits decreased $1,224 million from $1,352 million as of September 30, 2022, to $128 million as of September 30, 2023, a 91% decrease. This is due to a $3,080 million decrease in credits from changes in other assumptions and a $35 million decrease in credits due to expense payments, offset by a $905 million increase in credits from effects of experience, $834 million increase in credits from the change in valuation method (seriatim/non seriatim), and a $152 million decrease in charges from changes in mortality assumptions.

8. Special financial assistance expense increased by $38,352 million from $7,555 million as of September 30, 2022, to $45,907 million as of September 30, 2023, a 508% increase. Special financial assistance expense represents the total amount of SFA approved by PBGC during the year. In FY 2023, the $45,907 million of special financial assistance expense was primarily due to $45,577 million paid to 64 multiemployer plans that were approved to receive special financial assistance, compared to $7,526 million paid to 29 multiemployer plans that were approved to receive special financial assistance in FY 2022.

9. Investment income – Fixed income increased by $21,719 million from a loss of $19,553 million as of September 30, 2022 to a gain of $2,166 million as of September 30, 2023, an 111% increase. This increase is attributable to the change in market interest rates during FY 2023 compared to the change in FY 2022, which contributed to the Total Global Bonds return of 1.45% in FY 2023, compared to FY 2022 which had a return of -16.62%.

10. Investment income – Equity increased by $6,303 million from a loss of $3,655 million as of September 30, 2022, to $2,648 million as of September 30, 2023, a 172% increase. This increase is due primarily to the stronger investment performance of equity securities in FY 2023, relative to FY 2022. Total Global Public Equity returned 19.51% in FY 2023, compared to FY 2022 which had a return of
-21.11%.

11. Due to expected interest charges increased by $3,504 million from $492 million as of September 30, 2022, to $3,996 million as of September 30, 2023, a 712% increase. Expected interest refers to the interest that we expect to accrue during the current fiscal year based on PBGC's liability and interest factors at the end of the prior year with adjustments made for new plans and benefit payments made during the year. PBGC's FY 2023 expected interest rate of 5.12% at the beginning of the fiscal year

applied to the prior year single employer trusteed liability of $78,422 million and the multiemployer nonrecoverable future financial assistance insolvent liability of $1,551 million.

12. Due to change in interest factor credits decreased by $21,461 million from $24,469 million as of September 30, 2022, to $3,008 million as of September 30, 2023, an 88% decrease. The change in interest factors generally reflects the difference between the liability for future benefits of terminated plans at year-end when valued using updated interest factors compared to the liability when valued using the prior year's interest factors. Increasing interest factors result in a lower present value of pension liabilities and thus credits to this expense. The $21,461 million decrease is due to the significantly smaller change in interest factors that occurred in FY 2023 compared to the change in interest factors that occurred in FY 2022.

VIII. INVESTMENT ACTIVITIES

PBGC uses institutional investment management firms to invest its assets, subject to PBGC's oversight and consistent with the Investment Policy Statement (IPS) approved by the PBGC Board of Directors. The Board approved an IPS in August 2023. Objectives listed in the IPS include utilizing Liability Driven Investment (LDI) strategies to minimize the Single-Employer Program funded status volatility and the risk of future deficits. The PBGC's LDI strategy worked as intended in FY 2023 with assets and liabilities moving in the same direction which protected PBGC's surplus from declines and lowered surplus volatility. PBGC does not determine the specific investments to be made, but instead relies on PBGC's investment managers' discretion in executing investments appropriate for their contractually assigned investment mandates. PBGC does ensure that each investment manager adheres to PBGC's prescribed investment guidelines associated with each investment mandate and measures each investment manager's performance in comparison with agreed-upon investment benchmarks.

PBGC's investment assets consist of premium revenues, which are accounted for in the revolving fund, and assets from trusteed plans and their sponsors, which are accounted for in the trust fund. By law, PBGC is required to invest certain revolving funds (i.e., Funds 1 and 2) in obligations issued or guaranteed by the United States government. Portions of the other revolving fund (i.e., Fund 7) can be invested in other debt obligations, but under PBGC's current investment policy these revolving funds are invested solely in Treasury securities (PBGC has never established funds 3, 4, 5 or 6, which ERISA authorized for special discretionary purposes).

Total revolving fund investments, including cash and investment income, on September 30, 2023, were $52,758 million ($2,551 million for Fund 1, $3,404 million for Fund 2, and $46,803 million for Fund 7). Trust fund investments totaled $68,100 million as of September 30, 2023. At the end of FY 2023, PBGC's total investments consisting of cash and cash equivalents, investments, and investment income receivable as shown on the Statements of Financial Position were $120,858 million.

The investment policy objectives are to (1) satisfy existing liabilities and future claims when due, (2) maximize funded status within a prudent risk framework that is informed by PBGC's fixed obligations and asset composition of potential trusteed plans, and (3) utilize LDI strategies to minimize funded status volatility and the risk of future deficits.

PBGC's investment program had assets under performance management of $117,031 million as of September 30, 2023. Of the $3,827 million difference between the September 30, 2023, investment assets reported on the Statements of Financial Position and the assets within PBGC's investment performance portfolio, $2,845 million represents net unsettled purchases, $481 million in undisbursed funds from the Missing Participants Program, $411 million from newly trusteed assets that have not yet been commingled, $79 million from custodial bank holding accounts, $46 million from other non-commingled assets, and $15 million from private market timing differences, offset by $50 million from net derivative contracts receivable.

Asset allocation percentages refer to the investments within PBGC's investment program that are subject to the Corporation's investment policy, as described below. Cash and fixed income securities totaled about 87 percent of total assets under performance management invested at the end of FY 2023 and FY 2022. Equity securities (i.e., public equities) represented about 13 percent of total assets under performance management invested at the end of FY 2023, compared with about 12 percent at the end of FY 2022. The Total Fund Composite return (excluding private market assets and transition accounts) for FY 2023 was 3.89 percent compared with -16.68 percent in FY 2022. A small percentage of PBGC's investments are in the process of moving out of one of the manager portfolios (which was less than 0.01% for both FY 2023 and FY 2022) either for liquidation or for transfer to another manager. The return of the Total Fund Composite including these transition accounts was 3.91 percent in FY 2023, compared to -16.69 percent in FY 2022.

Due to the cyclical nature of capital markets, PBGC also reports five-year returns for its investment program. For the five-year period ending September 30, 2023, PBGC's annualized return on total invested funds excluding private market assets and transition accounts was 2.36 percent compared with a total fund benchmark return of 2.07 percent — a benchmark based on the relative weights of the underlying managed accounts. Including the transition accounts, the five-year annualized return was 2.32 percent. Separately, the annualized ERISA/Pension Protection Act of 2006 (PPA) hypothetical portfolio benchmark return for the five-year period ending September 30, 2023, was 6.97 percent. (See section VIII Investment Activities - The Pension Protection Act of 2006 Reporting Requirement.)

The table below summarizes the performance of PBGC's investment program.

INVESTMENT PERFORMANCE

(Annual Rates of Return)

	September 30, 2023	September 30, 2022	Three and Five Years Ended September 30, 2023: 3 yrs	Three and Five Years Ended September 30, 2023: 5 yrs
Single-Employer Investment Performance				
Total Fund Composite	**3.89%**	(16.68%)	(3.91%)	2.36%
Total Fund Benchmark [1]	**3.81**	(16.89)	(4.06)	2.07
ERISA/PPA Portfolio Benchmark [2]	**16.16**	(14.85)	4.99	6.97
Total Global Public Equity	**19.51**	(21.11)	7.09	6.22
Total Global Public Equity Benchmark [3]	**18.71**	(21.01)	6.65	5.46
Total Global Bonds (excluding SAMPP)	**1.45**	(16.62)	(6.73)	1.65
Total Global Bonds Benchmark [4]	**1.30**	(16.89)	(6.87)	1.41
Smaller Asset Managers Pilot Program [5]	**1.01**	(14.66)	(4.66)	0.56
Trust Funds	**7.08**	(17.19)	(1.18)	3.33
Revolving Funds [6]	**(0.37)**	(15.95)	(7.81)	1.17
Indices Applicable to Single-Employer Investments				
Russell 3000 Index	**20.46**	(17.63)	9.38	9.14
Dow Jones U.S. Select Real Estate Securities Index	**2.68**	(17.21)	6.12	1.56
MSCI ACWI ex-U.S. IMI Index (Net)	**20.19**	(25.72)	3.77	2.57
MSCI World IMI Index (Net)	**21.05**	(20.32)	7.87	6.74
Bloomberg U.S. Treasury Index	**(0.81)**	(12.94)	(5.83)	(0.07)
Bloomberg U.S. Aggregate Bond Benchmark	**0.64**	(14.60)	(5.21)	0.10
Multiemployer Investment Performance				
Multiemployer Revolving Fund [7]	**(0.75)**	(9.20)	(3.97)	N/A
Index Applicable to Multiemployer Investments				
Multiemployer Revolving Fund Benchmark	**(1.78)**	(11.26)	(5.04)	N/A

Note - Composites and indices above exclude Transition Accounts and Private Market Assets.

[1] The Total Fund Benchmark is a dynamic weighted benchmark based upon the weights of the Total Global Bonds Benchmark, Total Global Public Equity Benchmark, Total Smaller Asset Managers Pilot Program Benchmark, and Total Money Market Securities Benchmark. This benchmark is utilized to compare against the Total Fund Composite returns shown above.

[2] The ERISA/PPA Portfolio Benchmark is based upon a hypothetical portfolio with a 60 percent allocation to the Standard & Poor's 500 equity index and a 40 percent allocation to the Bloomberg U.S. Aggregate Bond index. See section VIII Investment Activities (The Pension Protection Act of 2006 Reporting Requirement).

[3] The Total Global Public Equity Benchmark is a dynamic weighted benchmark based upon the weights of the U.S. Public Equity Benchmark, the Total International Public Equity Benchmark and the MSCI World IMI Benchmark.

[4] The Total Global Bonds Benchmark is a dynamic weighted benchmark based upon the weights of PBGC's fixed income managers and the returns of their respective benchmarks (excludes Smaller Asset Managers Pilot Program).

[5] The performance inception date for the Smaller Asset Managers Pilot Program is August 2016. This program is currently benchmarked against the Bloomberg U.S. Aggregate Bond index, shown within the Indices section.

[6] As of October 2019, Total Revolving Fund reflects the Single-Employer Plan's Revolving Fund investment returns and assets. Periods which include dates prior to October 2019 reflect the Single-Employer Plan's and Multiemployer Plan's combined investment returns and assets.

[7] The performance inception date for the Multiemployer Revolving Fund is October 2019. As such, the five-year performance is not yet available. From 10/1/19 through 9/30/2022, this fund was benchmarked against the Bloomberg U.S. Aggregate Treasury 3-7 Years. From 10/1/22 through current, it is benchmarked against a custom blended benchmark consisting of 70% Bloomberg U.S. Treasury Intermediate and 30 % Bloomberg U.S. Treasury Long.

FIXED INCOME

As described below, PBGC fixed income investment managers use a number of different benchmarks. Where applicable, the relative percentage that each index or benchmark represents for its respective asset class is provided. The percentage invested under each benchmark(s), in aggregate, for each asset class relative to the overall PBGC investment program as of September 30, 2023, is also parenthetically provided in the text below.

The Total Global Bonds Benchmark is a dynamic weighted benchmark based on the weights of the underlying fixed income managers and the returns of their respective benchmarks. As of September 30, 2023, the weighted benchmark encompasses the Completion Treasuries Benchmark (53.7 percent), the Credit Completion Benchmark (6.3 percent), the Total Long Duration Bonds Benchmark (19.7 percent), the Bloomberg Aggregate Bond index (17.8 percent), and the Total Emerging Market Bonds Benchmark (2.5 percent). The overall Total Global Bonds composite equals 77.4 percent of the total PBGC portfolio.

Completion Treasuries: This category includes investments in U.S. Treasury securities managed by outside professional asset managers and it applies to 41.6 percent of PBGC's investment program assets as of September 30, 2023. The assets of this category are split among the Revolving Fund (90.5 percent) and Trust Fund (9.5 percent). The objective of this category – in conjunction with the assets of Credit Completion, Long Duration, Core, Smaller Asset Manager Pilot Program, and Money Market Securities – is to hedge a portion of the single-employer liabilities. While PBGC can redeem composite assets upon request, those composite assets that are part of the Revolving Fund can only be redeemed to meet pension benefit obligations and administrative expenses.

Credit Completion: This category includes investments in United States Dollar (USD) denominated fixed-income securities managed by an outside professional asset manager and it applies to 4.9 percent of PBGC's investment program assets as of September 30, 2023. The Credit Completion Benchmark is a custom blend of multiple Bloomberg indices, whose underlying components include credit, corporate, and U.S. Treasury securities. The credit and corporate components include publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity (intermediate and long duration), liquidity, and quality (investment grade) requirements. PBGC is able to redeem composite assets upon request.

Long Duration: This category includes investments mainly in USD-denominated fixed income securities managed by outside professional asset managers and applies to 15.3 percent of PBGC's investment program assets as of September 30, 2023. The Total Long Duration Bonds Benchmark is a dynamic weighted benchmark based on the weights of the underlying Trust Fund long-duration fixed income managers and the returns of their respective benchmarks. As of September 30, 2023, the Total Long Duration Bonds Benchmark encompasses the Bloomberg Long U.S. Government/Credit index (24.2 percent), the Bloomberg Long U.S. Corporate index (1.3 percent), and Custom Benchmarks (74.5 percent). The Bloomberg Long U.S. Government/Credit index includes both government and credit securities. The government component includes public obligations of the U.S. Treasury that have remaining maturities of more than one year and publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government. The credit component of the index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality (investment grade) requirements. The Bloomberg Long U.S. Corporate index includes investment grade, fixed-rate, taxable, U.S. dollar-denominated U.S. corporate bonds that have a maturity of greater than or equal to 10 years. The custom benchmarks include similar securities and are weighted combinations of sub-sector benchmarks. PBGC is able to redeem composite assets upon request.

Core: This category includes investments primarily in USD-denominated fixed income securities managed by outside professional asset managers. It applies to 13.8 percent of PBGC's investment program assets as of September 30, 2023. The Core Fixed Income Benchmark is the Bloomberg Aggregate Bond index. The Bloomberg Aggregate Bond index includes securities that are registered with the Securities and Exchange Commission (SEC) and are taxable and dollar-denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, asset-backed securities, and foreign securities. PBGC is able to redeem composite assets upon request.

Emerging Market Bonds: This category includes fixed income securities denominated in either U.S. dollars or foreign currencies and managed by outside professional asset managers. It makes up 1.9 percent of PBGC's investment program assets as of September 30, 2023. The Total Emerging Market Bonds Benchmark is a dynamic weighted benchmark based on the weights of all emerging market bond managers and the returns of their respective benchmarks. As of September 30, 2023, the weighted benchmark encompasses the JP Morgan EMBIG Diversified index (25.0 percent), JP Morgan GBI EM Global Diversified (26.9 percent) and Custom Benchmarks (48.1 percent). The custom benchmarks are weighted combinations of the JP Morgan EMBIG Diversified and the JP Morgan GBI EM Global Diversified indices. The JP Morgan EMBIG Diversified index includes USD-denominated debt instruments issued by Emerging Market countries. The index also includes USD-denominated Brady bonds, Eurobonds, and traded loans issued by sovereign and quasi-sovereign entities. The JP Morgan GBI EM Global Diversified index includes local currency or non-U.S. dollar-denominated debt instruments issued by Emerging Market countries. PBGC is able to redeem composite assets upon request.

MONEY MARKET SECURITIES

This category includes investments in money market instruments managed by an outside professional asset manager who invests in a diversified portfolio of short-term obligations and deposits, including, but not limited to, Treasury and agency obligations, certificates of deposits, commercial paper, and repurchase agreements (Trust Fund Cash). In addition, the category includes overnight investments in Treasury securities held at Treasury (Revolving Fund Cash). The Total Money Market Securities Benchmark is a dynamic weighted benchmark based on the weights of the Trust Fund Cash and the Revolving Fund Cash and the returns of their respective benchmarks. As of September 30, 2023, the weighted benchmark encompasses the 3-month Treasury bill (23.0 percent) and the 4-week Treasury bill (77.0 percent). The cash composite represents 8.3 percent of PBGC's investment program as of September 30, 2023. PBGC is able to redeem money market securities upon request.

GLOBAL PUBLIC EQUITY

This category includes investments in the U.S. Public Equity composite, the International Public Equity composite, and the World Public Equity composite, and applies to 13.0 percent of PBGC's investment program assets as of September 30, 2023. The Total Global Public Equity Benchmark is a dynamic weighted benchmark based upon the weights of the U.S. Public Equity composite, the International Public Equity composite and the World Public Equity composite, and the returns of their respective benchmarks. As of September 30, 2023, the Total Global Public Equity Benchmark comprises the Total U.S. Public Equity Benchmark (58.8 percent), the Total International Public Equity Benchmark (32.1 percent) and the Total World Public Equity Benchmark (9.1 percent). PBGC is able to redeem composite assets upon request.

U.S. Public Equity: This category includes investments in U.S. publicly traded equity securities and U.S. publicly traded real estate investment trusts (REITs) managed by outside professional asset managers. It applies to 7.6 percent of PBGC's investment program assets as of September 30, 2023. The Total U.S. Public Equity Benchmark is a dynamic weighted benchmark based upon the weights of the U.S. Public Equity managers and the returns of their respective benchmarks. As of September 30, 2023, the weighted benchmark comprises the Russell 3000 index (82.9 percent), the Dow Jones U.S. Select Real Estate Securities index (4.4 percent), and the FTSE NAREIT EQ REITs index (12.7 percent). PBGC is able to redeem composite assets upon request.

International Public Equity: This category includes investments in international publicly traded equity securities managed by outside professional asset managers. It applies to 4.2 percent of PBGC's investment program assets as of September 30, 2023. The Total International Public Equity Benchmark is a dynamic weighted benchmark based upon the weights of the International Public Equity managers and the returns of their respective benchmarks. As of September 30, 2023, the weighted benchmark encompasses the MSCI EAFE Standard index (46.0 percent), the MSCI EAFE Value index (12.1 percent), the MSCI EAFE Small Cap index (4.5 percent), the MSCI Emerging Markets index (30.2 percent), and the MSCI Canada IMI index (7.2 percent). The MSCI EAFE Standard index (Europe, Australasia and Far East) is designed to measure the developed markets large and mid-capitalization equity performance, excluding the U.S. and Canada. The MSCI EAFE Value index is designed to measure the performance of developed markets large and mid-capitalization equities exhibiting value style characteristics, excluding the U.S. and Canada. The MSCI EAFE Small Cap index is designed to measure the developed markets small capitalization equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets index is designed to measure equity market performance of emerging markets. The MSCI Canada IMI index is designed to measure the large, mid, and small capitalization equity market performance of Canada. PBGC is able to redeem composite assets upon request.

World Public Equity: This category includes investments in world publicly traded equity securities managed by outside professional asset managers. It applies to 1.2 percent of PBGC's investment program assets as of September 30, 2023. The Total World Public Equity Benchmark is the MSCI World Investable Market Index (IMI) and thus as of September 30, 2023, this benchmark encompasses 100% of World Public Equity. The MSCI World IMI index is designed to measure the large, mid, and small capitalization equity performance across developed including the U.S. PBGC is able to redeem composite assets upon request.

SMALLER ASSET MANAGERS PILOT PROGRAM

PBGC implemented the Smaller Asset Managers Pilot Program (SAMPP), which created new opportunities for smaller asset managers who wish to compete for the agency's business. Investment management firms selected to participate in the SAMPP were allocated assets to manage in FY 2016 and PBGC's Board of Directors approved making the SAMPP an ongoing program in FY 2022. Contracts associated with the ongoing program, to be called PBGC Smaller Asset Managers Program (SAMP), are expected to be awarded in FY 2024. This category includes investments primarily in USD-denominated fixed income securities managed by outside professional asset managers. It applies to 1.3 percent of PBGC's investment program assets as of September 30, 2023. The Smaller Asset Managers Pilot Program Benchmark is the Bloomberg Aggregate Bond index. The Bloomberg Aggregate Bond index includes securities that are SEC-registered, taxable, and dollar-denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, asset-backed securities, and foreign securities. PBGC is able to redeem composite assets upon request.

INHERITED PRIVATE MARKETS

This category includes private equity, private debt, and private real estate funds inherited from trusteed plans. These private market investments invest mainly in buyouts, venture capital, distressed debt, and commercial real estate. As a result of the most recently approved Investment Policy Statement, inherited private market assets are not included in asset allocation targets, but shall be managed prudently for the benefit of PBGC. These assets are not included in PBGC's investment program assets as of September 30, 2023, but are included in PBGC's Statements of Financial Position. Private investments are difficult to benchmark due to their illiquid nature. Typical benchmarks utilized for private equity include universe comparisons, where funds that have the same original investment date are compared against the performance of a similar fund. For direct private real estate investments, many institutions use the National Council of Real Estate Investment Funds (NCREIF) index, which includes U.S. commercial real estate properties acquired in the private market for investment purposes. For investments in private equity real estate, peer universe comparisons based on similar funds with the same original investment date are often utilized. Private market investments typically do not have redemption provisions; instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the funds. It is estimated that the majority of the underlying assets of the funds will be liquidated over the next five years. The fair values of the investments in this category have been estimated using the net asset value of PBGC's ownership interest in partners' capital.

THE PENSION PROTECTION ACT OF 2006 REPORTING REQUIREMENT

The Pension Protection Act of 2006 requires PBGC to estimate the effect of an asset allocation based on a combination of two commonly used market benchmarks. The hypothetical portfolio presented below, with a 60 percent allocation to the Standard & Poor's 500 equity index and a 40 percent allocation to the Bloomberg Aggregate Bond index, would have increased the assets of the Corporation by about $13.7 billion (16.17 percent return compared with PBGC's Total Fund Composite return including transition accounts of 3.91 percent) for the one-year period ending September 30, 2023, and increased the assets of the Corporation by about $31.5 billion (6.97 percent annualized return compared with PBGC's Total Fund Composite annualized return including transition accounts of 2.32 percent) over the five-year period ending September 30, 2023. Per the IPS approved by PBGC's Board of Directors, PBGC invests its portfolio with a Liability Driven Investment strategy and, therefore, the comparison to a hypothetical pension plan with an allocation of 60 percent to equities and 40 percent to fixed income is not a representative comparison. For further analysis of PBGC's Investment Activities please refer to the MD&A of Results of Operations and Financial Position. These results are summarized in the following table.

INVESTMENT PORTFOLIO ANALYSIS

60/40 Hypothetical Portfolio Analysis Versus PBGC Fiscal Year Actual Return (60/40 comprises S&P 500 Index/Bloomberg Aggregate Bond Index)						
	1-Year Period Ending			5-Year Period Ending		
Fiscal Year	60/40 Incremental $ Billions	60/40 % Return	PBGC Actual Return[1]	60/40 Incremental $ Billions	60/40 % Return	PBGC Actual Return[1]
9/30/2022	$1.2	-14.85%	-16.69%	$25.8	5.81%	1.80%
9/30/2023	$13.7	16.17%	3.91%	$31.5	6.97%	2.32%

[1] PBGC actual return is the PBGC's Total Fund Composite return including transition accounts.

ANALYSIS OF SYSTEMS, CONTROLS AND LEGAL COMPLIANCE

PBGC maintains an Internal Controls Program designed to support compliance with the requirements of the Federal Managers' Financial Integrity Act of 1982 (FMFIA), the Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government* (Green Book), the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, *and its appendices,* as applicable, and other relevant laws and regulations. PBGC has continued implementing the requirements specified in the GAO Green Book and OMB Circular A-123 and, as noted below, performs a number of corporate-wide activities that serve to support the FMFIA Statement of Assurance. For FY 2023, PBGC provided an unmodified FMFIA Statement of Assurance. Please refer to annual statement of assurance, as described below.

INTERNAL CONTROL COMMITTEE

The PBGC Internal Control Committee (ICC) provides corporate oversight and accountability regarding internal controls over PBGC's operations, reporting, and compliance with laws and regulations consistent with the GAO Green Book, OMB Circular A-123 and FMFIA requirements. Chaired by the agency's Chief Financial Officer, the ICC includes senior-level executives and management representatives from each executive office within the agency and a representative from the OIG, who is a non-voting member. The ICC oversees the process by which internal controls are documented, implemented, and assessed within the agency; reviews and approves significant revisions to key business level and entity-wide controls; monitors the status of internal control deficiencies and related corrective actions; and considers other matters, including controls designed to prevent or detect fraud. The ICC also interacts with the agency's Risk Management Council (RMC) regarding its oversight of the risk assessment processes.

DOCUMENTATION AND EVALUATION OF INTERNAL CONTROLS

As part of the agency's Internal Controls Program, key business level and entity-wide controls are evaluated, on an annual basis, to assess the adequacy of the control design and the extent to which they are operating effectively in accordance with GAO Green Book standards. The evaluation is performed using a risk-based approach as required by OMB Circular A-123. Reports regarding results of the evaluation are provided to stakeholders within the agency, and corrective actions are recommended and remediated by management, as appropriate. The following provides additional information regarding management's documentation and evaluation of internal controls and areas of focus include:

Standards for Internal Control in the Federal Government (Green Book): These standards, published by the GAO, provide criteria to be used by federal agencies for designing, implementing, and operating an effective internal control system. In FY 2023, under ICC direction, agency management continued its comprehensive evaluation of the PBGC's internal control system with regard to the design, implementation, and operating effectiveness of the five components and 17 principles of internal controls, as outlined in the Green Book. As part of this evaluation, agency management performed its annual assessment of internal controls using the Green Book, as required by OMB Circular A-123. Based on management's evaluation and the results of the annual assessment, it was determined that PBGC continues to have an effective internal controls system and remains in compliance with the Green Book.

Business Level Controls: Business level controls are controls that are built directly into operational processes to support an organization in achieving its objectives and addressing related risks. The agency has developed, implemented and maintained business level controls within its 12 major business processes cycles, which include: *Benefit Payments, Benefit Determinations, Budget and Finance, Financial Reporting, Human Resources and Payroll, Investments, Losses from Completed and Probable Terminations, Multiemployer, Procurement Accounts Payable and Related Expenses, Premiums, Single-Employer Contingent Liability,* and *Present Value of Future Benefits*. The ICC has designated certain business level controls as "key" with regard to the agency's operations, reporting and compliance requirements, and employees designated as "key control owners" and their supervisors provide quarterly representations certifying the performance of those controls and to maintain evidence documenting control execution. These controls are also documented in business cycle memoranda which are updated on an annual basis by control owners and other stakeholders.

Entity-Wide Controls: Entity-wide controls are controls that have a pervasive effect on an entity's internal control system. These controls are overarching and support the overall effectiveness of PBGC's internal control environment. The ICC has designated certain entity-wide controls as key to meeting the agency's control objectives over operations, reporting and compliance with laws and regulations within the following six categories: control environment, risk assessment, control activities, information and communication, monitoring, and anti-fraud. Many of these controls also address the five components and 17 underlying control principles of internal controls, as required by the GAO Green Book, and the related categories of objectives.

Fraud Prevention: In FY 2023, PBGC continued efforts to fully implement GAO's *Framework for Managing Fraud Risks in Federal Programs*. This work is focused on identifying and responding to fraud risks and developing control activities to prevent and detect fraud. The use of this framework is required by OMB Circular A-123 and the Payment Integrity Information Act of 2019. As part of the framework, potential fraud areas are identified, and key controls are evaluated and implemented as proactive measures to prevent fraud. Monitoring activities include supervisory approvals, management reports, and exception reporting. PBGC management performs due diligence in areas of suspected or alleged fraud.

Further, as required by Executive Order 13587, PBGC maintains an insider threat detection and prevention program to prevent, detect, deter, and remediate internal threats to the agency's assets. As part of the expansion of this program, an Insider Threat, Privacy and Security Reportal was developed which allows all PBGC staff and contractors to report an insider threat, privacy, or security incident in an effective and efficient manner. Additionally, the agency implemented technology to block the intentional or unintentional release of Personally Identifiable Information (PII) and to detect and alert on anomalous user behavior on PBGC's network.

PBGC also instituted other controls relating to fraud prevention such as the maintenance of hotlines for PBGC employees, contractors and the public to confidentially report suspected wrongdoing or allegations of possible fraud, waste or abuse occurring in a PBGC program or operation. In addition, the agency regularly issues communications to employees and contractors and provides training to promote fraud awareness.

Information Technology Controls: In order to protect the confidentiality, integrity, and availability of the PBGC information systems and the information processed and stored by those systems, PBGC implements the controls included in the National Institute of Standards and Technology's (NIST) Special Publication No. 800-53, Security and Privacy Controls for Federal Information Systems and Organizations. These controls are documented as part of System Security Plans which are maintained within the Cyber Security Assessment and Management (CSAM) tool managed by the Office of Information Technology's (OIT) Enterprise Cybersecurity Department.

Digital Accountability and Transparency Act (DATA Act): The DATA Act of 2014 was designed to increase the standardization and transparency of federal spending. It requires the disclosure of direct federal agency expenditures and linking federal contract, loan and grant spending information of federal agencies to enable taxpayers and policymakers to track federal spending more effectively. The law required the establishment of government-wide data standards established by the OMB and the Department of the Treasury to provide consistent, reliable, researchable, and usable spending data on USASpending.gov. The agency continues to maintain, perform and assess the design and operating effectiveness of key controls over data quality to support the achievement of DATA Act reporting objectives. Further, as required by Appendix A to OMB Circular A-123, *Management of Reporting and Data Integrity Risk (Memorandum M-18-16),* the agency developed and maintained a Data Quality Plan that considers incremental risks and internal controls over the input and validation of data submitted to USAspending.gov in accordance with OMB requirements. Consideration of the plan was included in the agency's annual assurance statement as described in the FMFIA process below.

ASSESSMENT OF PAYMENT INTEGRITY RISK

Based on the requirements of Appendix C to OMB Circular A-123, *Requirements for Payment Integrity Improvement*, and related improper payment legislation, PBGC performed a risk assessment in FY 2023 over the agency's *Multiemployer Special Financial Assistance and Payments to Federal Employees Payments* programs. Please refer to the *Payment Integrity Information Act Reporting* section of this annual report for additional information.

AUDIT COORDINATION AND FOLLOW-UP PROGRAM

In implementing OMB Circular A-50, *Audit Follow-up*, PBGC has established its Audit Coordination and Follow-up Directive. It is PBGC's policy to fully cooperate with audits of PBGC operations and ensure the efficient tracking, resolution, and implementation of agreed-upon audit recommendations contained in audit reports issued by the OIG and GAO. PBGC has dedicated staff to coordinate with OIG and GAO audit representatives in providing access to records and information needed to complete audits and ensure that management responses to draft reports are provided in a timely manner. To facilitate timely completion and closure of audit recommendations, staff regularly monitors implementation efforts, including regular distribution of audit follow-up status reports to executive management and formal submission of documentation evidencing completion of required corrective actions. Status reports are used to document planned corrective actions and estimated completion dates; they also indicate those recommendations for which work has been completed and reported as such to the OIG and to GAO. In addition, PBGC prepares a management report to the Semiannual Report to Congress (SARC) issued by the OIG, which addresses the status of agreed-upon OIG recommendations and provides other information required under the Inspector General Act of 1978, as amended.

COMPLIANCE WITH LAWS, REGULATIONS, AND OTHER REQUIREMENTS

To foster an environment that promotes compliance with laws and regulations, PBGC maintains two legal compendia: the Compendium of Laws lists statutes that may have a significant impact on PBGC's financial statements or PBGC operations, the Compendium of Executive Orders and OMB Requirements lists Executive Branch requirements applicable to PBGC. These documents provide brief descriptions of each applicable requirement and identify the PBGC department or other component with primary compliance responsibility. PBGC updates and maintains these lists to help ensure compliance with applicable laws, regulations, and other requirements. In addition, the ICC enhanced PBGC's control environment by adding and augmenting other specific controls to ensure compliance with laws, regulations, and other requirements.

ENTERPRISE RISK MANAGEMENT ACTIVITIES

As a part of PBGC's Enterprise Risk Management (ERM) activities, the RMC conducted an agency-wide risk assessment, which was used to prepare the FY 2023 Risk Profile. The RMC – chaired by the Risk Management Officer – also met with risk owners to discuss mitigation strategies for PBGC's top risks and related measures to assess strategy effectiveness. Agency-wide communication regarding ERM, the automated ERM-related dashboard and the recurring call for emerging risks continued to foster a risk management aware culture. In addition, ERM principles remained integrated into key decision-making processes, such as strategic planning, organizational performance, budgeting, and the development and implementation of agency internal controls.

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT STATEMENT OF ASSURANCE (FMFIA) ASSURANCE STATEMENT PROCESS

Pursuant to Office of Management and Budget (OMB) Circular A-123, government corporations are required to provide a statement on control systems by the head of the management of the corporation consistent with the requirements of the FMFIA. To assist in this effort, the agency's department and office directors performed assessments of risk and internal controls over the effectiveness and efficiency of their operations, reliability of reporting and compliance with applicable laws and regulations. These assessments addressed several different considerations affecting internal control objectives, such as: the development and implementation of policies and procedures; extent of management oversight; results of internal and external reviews (e.g., Office of Inspector General (OIG), Government Accountability Office (GAO), or other reviews); the safeguarding of assets; implementation of data quality plan (DATA Act Reporting); processes and controls over the special financial assistance program and other agency payment streams; government charge card management and practices; and the evaluation of known internal control deficiencies and applicable OMB requirements related to financial management systems. These directors also provided assurance statements for their reporting area which assisted with the determination of the type of assurance recommended to the Agency Director. In addition, the Internal Control Committee (ICC) assessed cross-cutting internal control issues for consideration by members of PBGC's executive management. Based on the results of the completed assessments, review of the departmental assurance statements, and consideration of other relevant factors, PBGC's executive management recommended, and the Director approved, the FY 2023 FMFIA Statement of Assurance included below.

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT STATEMENT OF ASSURANCE

The PBGC's management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. The PBGC conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*.

In our prior statement of assurance, we noted several actions taken by PBGC management to strengthen and promote procurement integrity. On September 30, 2022, PBGC awarded a contract to support a new acquisition management system that will strengthen the legal review process. The new system is expected to be fully operational in fiscal year 2025.

The American Rescue Plan Act of 2021, enacted on March 11, 2021, allows certain financially troubled multiemployer plans to apply for Special Financial Assistance (SFA). Upon approval of an application, the PBGC will make a single, lump-sum payment to eligible multiemployer plans. PBGC has developed and implemented internal controls to meet the specific requirements and mitigate risks with the SFA program. Management will continue to review the related internal control processes and consider additional controls as necessary. Additionally, PBGC is developing processes and procedures for auditing multiemployer plans that have received SFA.

Based on the results of the assessment, the PBGC can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2023.

MANAGEMENT REPRESENTATION

PBGC's management is responsible for the accompanying Statements of Financial Position of the Single-Employer and Multiemployer Funds as of September 30, 2023, and September 30, 2022, the related Statements of Operations, and the Statements of Cash Flows for the years then ended, and the related note disclosures to these statements. PBGC's management is also responsible for establishing and maintaining systems of internal accounting and administrative controls that provide reasonable assurance that the control objectives (i.e., preparing reliable financial statements, safeguarding assets, and complying with laws and regulations) are achieved.

PBGC management believes the financial statements of the Single-Employer and Multiemployer Program Funds present fairly the financial position of PBGC as of September 30, 2023, and September 30, 2022, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and actuarial standards applied on a consistent basis. As noted in the FMFIA Statement of Assurance above, PBGC provides reasonable assurance that its internal controls are effective.

Estimates of probable terminations, nonrecoverable future financial assistance, amounts due from employers, and the present value of future benefits have a material effect on the financial results being reported. Litigation has been disclosed and reported in accordance with U.S. GAAP.

As a result of the aforementioned, PBGC has based these statements, in part, upon informed judgments and estimates for those transactions not yet complete or for which the ultimate effects cannot be precisely measured, or for those that are subject to the effects of any pending litigation.

The Inspector General engaged Ernst & Young LLP to conduct the audit of the Corporation's fiscal years 2023 and 2022 financial statements, and Ernst & Young LLP issued an unmodified opinion on those financial statements.

Gordon Hartogensis
Director

Patricia Kelly

Patricia Kelly
Chief Financial Officer

November 15, 2023

PENSION BENEFIT GUARANTY CORPORATION
STATEMENTS OF FINANCIAL POSITION

(Dollars in Millions)	Single-Employer Program		Multiemployer Program		Memorandum Total	
	September 30,		September 30,		September 30,	
	2023	2022	**2023**	2022	**2023**	2022
ASSETS						
Cash and cash equivalents	**$12,424**	$8,070	**$1,229**	$608	**$13,653**	$8,678
Restricted Cash	**-**	-	**369**	36	**369**	36
Total cash, cash equivalents, and restricted cash	**$12,424**	$8,070	**$1,598**	$644	**$14,022**	$8,714
Securities lending collateral (Notes 3 and 5)	**6,753**	4,581	**-**	-	**6,753**	4,581
Investments, at market (Notes 3 and 5):						
Fixed maturity securities	**88,880**	90,969	**2,161**	2,439	**91,041**	93,408
Equity securities	**13,374**	12,509	**-**	-	**13,374**	12,509
Private equity	**195**	242	**-**	-	**195**	242
Real estate and real estate investment trusts	**1,613**	1,502	**-**	-	**1,613**	1,502
Other	**277**	282	**-**	-	**277**	282
Total investments	**104,339**	105,504	**2,161**	2,439	**106,500**	107,943
Receivables, net:						
Sponsors of terminated plans	**18**	21	**-**	-	**18**	21
Premiums (Note 11)	**4,167**	3,156	**223**	200	**4,390**	3,356
Sale of securities	**1,523**	1,707	**-**	-	**1,523**	1,707
Derivative contracts (Note 4)	**761**	655	**-**	-	**761**	655
Investment income	**691**	649	**14**	11	**705**	660
Other	**16**	8	**49**	198	**65**	206
Total receivables	**7,176**	6,196	**286**	409	**7,462**	6,605
Capitalized assets, net (Notes 10 and 16)	**181**	43	**1**	1	**182**	44
Total assets	**$130,873**	$124,394	**$4,046**	$3,493	**$134,919**	$127,887

The accompanying notes are an integral part of these financial statements.
The Single-Employer Program and Multiemployer Program (which includes the SFA Program) are separate by law.
The "Memorandum Total" data columns presented above are solely an entity-wide informational view of the PBGC's two independent insurance programs.

PENSION BENEFIT GUARANTY CORPORATION

STATEMENTS OF FINANCIAL POSITION

(Dollars in Millions)	Single-Employer Program September 30, **2023**	Single-Employer Program September 30, 2022	Multiemployer Program September 30, **2023**	Multiemployer Program September 30, 2022	Memorandum Total September 30, **2023**	Memorandum Total September 30, 2022
LIABILITIES						
Present value of future benefits, net (Note 6):						
Trusted plans	**$73,610**	$78,422	**-**	-	**$73,610**	$78,422
Plans pending termination and trusteeship	**16**	(328)	**-**	-	**16**	(328)
Settlements and judgments	**17**	17	**-**	-	**17**	17
Claims for probable terminations	**286**	221	**-**	-	**286**	221
Total present value of future benefits, net	**73,929**	78,332	**-**	-	**73,929**	78,332
Present value of nonrecoverable future financial assistance (Note 7)						
Insolvent plans	**-**	-	**1,622**	1,551	**1,622**	1,551
Probable insolvent plans	**-**	-	**589**	839	**589**	839
Total present value of nonrecoverable future financial assistance	**-**	-	**2,211**	2,390	**2,211**	2,390
Special financial assistance	**-**	-	**358**	28	**358**	28
Payables, net:						
Derivative contracts (Note 4)	**711**	641	**-**	-	**711**	641
Due for purchases of securities	**4,368**	3,934	**-**	-	**4,368**	3,934
Payable upon return of securities loaned	**6,753**	4,581	**-**	-	**6,753**	4,581
Unearned premiums	**264**	254	**9**	8	**273**	262
Leases Payable	**140**	-	**-**	-	**140**	-
Accounts payable and accrued expenses (Note 8)	**93**	78	**7**	6	**100**	84
Total payables	**12,329**	9,488	**16**	14	**12,345**	9,502
Total liabilities	**86,258**	87,820	**2,585**	2,432	**88,843**	90,252
Contributed transfer appropriation	**-**	-	**8**	6	**8**	6
Cumulative results of operations	**44,615**	36,574	**1,453**	1,055	**46,068**	37,629
Net position	**44,615**	36,574	**1,461**	1,061	**46,076**	37,635
Total liabilities and net position	**$130,873**	$124,394	**$4,046**	$3,493	**$134,919**	$127,887

The accompanying notes are an integral part of these financial statements.

The Single-Employer Program and Multiemployer Program (which includes the SFA Program) are separate by law.

"Contributed Transfer Appropriation" represents the total unused budget authority from General Fund appropriation(s) at fiscal year end, which is returned to the U.S. Treasury if unused by fiscal year end.

The "Memorandum Total" data columns presented above are solely an entity-wide informational view of the PBGC's two independent insurance programs.

PENSION BENEFIT GUARANTY CORPORATION
STATEMENTS OF OPERATIONS

(Dollars in Millions)	Single-Employer Program For the Years Ended September 30, **2023**	2022	Multiemployer Program For the Years Ended September 30, **2023**	2022	Memorandum Total For the Years Ended September 30, **2023**	2022
UNDERWRITING:						
Income:						
Premium, net (Note 11)	**$5,597**	$4,586	**$368**	$339	**$5,965**	$4,925
Contributed transfer appropriation income	-	-	**45,925**	7,566	**45,925**	7,566
Other	**16**	21	**13**	10	**29**	31
Total	**5,613**	$4,607	**46,306**	$7,915	**51,919**	12,522
Expenses:						
Administrative	**433**	463	**7**	9	**440**	472
Administrative special financial assistance	**-**	-	**18**	11	**18**	11
Other	**3**	20	**-**	-	**3**	20
Total	**436**	483	**25**	20	**461**	503
Other underwriting activity:						
Losses (credits) from completed and probable terminations (Note 12)	**949**	249	**-**	-	**949**	249
Losses (credits) from insolvent and probable plans-financial assistance (Note 7)	**-**	-	**(10)**	(72)	**(10)**	(72)
Actuarial adjustments (credits) (Note 6)	**(91)**	(1,337)	**(37)**	(15)	**(128)**	(1,352)
Special Financial Assistance Expense	**-**	-	**45,907**	7,555	**45,907**	7,555
Total	**858**	(1,088)	**45,860**	7,468	**46,718**	6,380
Underwriting gain (loss)	**4,319**	5,212	**421**	427	**4,740**	5,639
FINANCIAL:						
Investment income (loss) (Note 13):						
Fixed	**2,168**	(19,305)	**(2)**	(248)	**2,166**	(19,553)
Equity	**2,648**	(3,655)	**-**	-	**2,648**	(3,655)
Private equity	**(11)**	6	**-**	-	**(11)**	6
Real estate	**(21)**	(229)	**-**	-	**(21)**	(229)
Other	**16**	151	**-**	-	**16**	151
Total	**4,800**	(23,032)	**(2)**	(248)	**4,798**	(23,280)
Expenses:						
Investment	**111**	122	**-**	-	**111**	122
Actuarial charges (Note 6):						
Due to expected interest	**3,909**	482	**87**	10	**3,996**	492
Due to change in interest factors	**(2,942)**	(24,061)	**(66)**	(408)	**(3,008)**	(24,469)
Total	**1,078**	(23,457)	**21**	(398)	**1,099**	(23,855)
Financial gain (loss)	**3,722**	425	**(23)**	150	**3,699**	575
Net income (loss)	**8,041**	5,637	**398**	577	**8,439**	6,214
Cumulative results of operations, beginning of year	**36,574**	30,937	**1,055**	478	**37,629**	31,415
Cumulative results of operations, end of year	**$44,615**	$36,574	**$1,453**	$1,055	**$46,068**	$37,629

The accompanying notes are an integral part of these financial statements.
The Single-Employer Program and Multiemployer Program are separate by law.
The "Memorandum Total" data columns presented above are solely an entity-wide informational view of the PBGC's two independent insurance programs.

PENSION BENEFIT GUARANTY CORPORATION

STATEMENTS OF CASH FLOWS

(Dollars in millions)	Single-Employer Program For the Years Ended September 30,		Multiemployer Program For the Years Ended September 30,		Memorandum Total For the Years Ended September 30,	
	2023	2022	**2023**	2022	**2023**	2022
OPERATING ACTIVITIES:						
Premium receipts	**$4,595**	$4,434	**$347**	$331	**$4,942**	$4,765
Interest and dividends received	**3,585**	3,188	**19**	10	**3,604**	3,198
Plan Reimbursements from SFA	**-**	-	**185**	230	**185**	230
Cash received from plans upon trusteeship	**12**	36	**-**	-	**12**	36
Receipts from sponsors/non-sponsors	**76**	83	**-**	-	**76**	83
Receipts from the missing participant program	**120**	62	**-**	-	**120**	62
Other receipts	**7**	32	**-**	-	**7**	32
Benefit payments – trusteed plans	**(6,320)**	(6,884)	**-**	-	**(6,320)**	(6,884)
Traditional financial assistance payments	**-**	-	**(176)**	(226)	**(176)**	(226)
Settlements and judgments	**-**	-	**-**	-	**-**	-
Payments for administrative and other expenses	**(516)**	(576)	**(7)**	(9)	**(523)**	(585)
Accrued interest paid on securities purchased	**(168)**	(205)	**-**	(1)	**(168)**	(206)
Net cash provided (used) by operating activities (Note 15)	**1,391**	170	**368**	335	**1,759**	505
INVESTING ACTIVITIES:						
Proceeds from sales of investments	**143,640**	147,157	**464**	306	**144,104**	147,463
Payments for purchases of investments	**(140,677)**	(147,855)	**(211)**	(312)	**(140,888)**	(148,167)
Net change in investment of securities lending collateral	**2,172**	(1,564)	**-**	-	**2,172**	(1,564)
Net change in securities lending payable	**(2,172)**	1,564	**-**	-	**(2,172)**	1,564
Net cash provided (used) by investing activities	**2,963**	(698)	**253**	(6)	**3,216**	(704)
Net increase (decrease) in cash and cash equivalents	**4,354**	(528)	**621**	329	**4,975**	(199)
Cash and cash equivalents, beginning of year	**8,070**	8,598	**608**	279	**8,678**	8,877
Cash and cash equivalents, end of year	**$12,424**	$8,070	**$1,229**	$608	**$13,653**	$8,678
SPECIAL FINANCIAL ASSISTANCE:						
Appropriation warrant received for SFA	**-**	-	**70,034**	48,417	**70,034**	48,417
Return of unobligated appropriated funds	**-**	-	**(24,107)**	(40,848)	**(24,107)**	(40,848)
Total SFA administrative and payroll expense payments	**-**	-	**(16)**	(10)	**(16)**	(10)
Special financial assistance payments	**-**	-	**(45,577)**	(7,526)	**(45,577)**	(7,526)
Net increase (decrease) in restricted cash	**-**	-	**334**	33	**334**	33
Special financial assistance restricted cash, beginning of year			**35**	3	**35**	3
Special financial assistance restricted cash, end of year	**-**		**369**	36	**369**	36
Cash, cash equivalents, and restricted cash, end of year	**$12,424**	$8,070	**$1,598**	$644	**$14,022**	$8,714

The above cash flows are for trusteed plans and do not include non-trusteed plans.
The accompanying notes are an integral part of these financial statements.
The Single-Employer Program and Multiemployer Program (which includes the SFA Program) are separate by law.
The "Memorandum Total" data columns presented above are solely an entity-wide informational view of the PBGC's two independent insurance programs.
Special Financial Assistance is provided under the American Rescue Plan Act of 2021, which provides for appropriated funds to eligible SFA multiemployer plans that are transferred from the U.S. Treasury's General Fund to PBGC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 1: ORGANIZATION AND PURPOSE

The Pension Benefit Guaranty Corporation (PBGC or the Corporation) is a federal corporation created by Title IV of the Employee Retirement Income Security Act of 1974 (ERISA) and is subject to the provisions of the Government Corporation Control Act. Its activities are defined by ERISA, as that Act has been amended over the years. The Corporation insures the pension benefits, within statutory limits, of participants in covered single-employer and multiemployer defined benefit pension plans.

ERISA requires that PBGC programs be self-financing. ERISA provides that the U.S. Government is not liable for any obligation or liability incurred by PBGC.

On March 11, 2021, the President signed into law the American Rescue Plan (ARP) Act of 2021. ARP amended ERISA and added Section 4262, Special Financial Assistance (SFA) by the Corporation, which provides funding from the U.S. Treasury's General Fund for payments to eligible multiemployer plans covering their full plan benefits through 2051 (see MD&A discussion on page 31). An ERISA eighth fund has been established for SFA, which is the first time PBGC has an appropriated fund. PBGC received a new appropriation to cover SFA administration costs, and going forward, PBGC will receive annual transfers from the General Fund to cover both SFA payments to approved multiemployer plans and SFA administration costs. This is mandatory funding with an indefinite appropriation for a period of availability of 10 years.

For financial statement purposes, PBGC divides its business activity into two broad areas — "Underwriting Activity" and "Financial Activity" — covering both Single-Employer and Multiemployer Program segments. PBGC's underwriting activity provides financial guaranty insurance in return for insurance premiums (whether actually paid or not). Actual and expected probable losses that result from the termination of underfunded pension plans are included in this category, as are actuarial adjustments based on changes in actuarial assumptions, such as mortality. PBGC's financial activity consists of the performance of PBGC's assets and liabilities. PBGC's assets consist of premiums collected from defined benefit plan sponsors, assets from distress or PBGC-initiated terminated plans that PBGC has insured, and recoveries from the former sponsors of those terminated plans. PBGC's future benefit liabilities consist of those future benefits, under statutory limits, that PBGC has assumed following distress or PBGC-initiated terminations (also referred to as an involuntary termination). Gains and losses on PBGC's investments and changes in the value of PBGC's future benefit liabilities (e.g., actuarial charges such as changes in interest factors and expected interest) are included in "Financial Activity".

As of September 30, 2023, the Single-Employer and Multiemployer Programs reported Cumulative results of operations of $44,615 million and $1,453 million, respectively. The Single-Employer Program had assets of $130,873 million, offset by total liabilities of $86,258 million, which include total present value of future benefits (PVFB) of $73,929 million. As of September 30, 2023, the Multiemployer Program had assets of $4,046 million, offset by $2,211 million in present value of nonrecoverable future financial assistance. The Corporation has sufficient liquidity to meet its obligations to both programs for a number of years. The FY 2022 Projections Report shows that under most projection scenarios for the Multiemployer Program, the SFA provided to eligible plans under ARP likely extends the solvency of PBGC's Multiemployer Program for more than 40 years. The SFA program created by ARP is expected to enable PBGC to satisfy long-term multiemployer obligations by shoring up ongoing plans that are currently insolvent or probable to become insolvent. The result of which is a significant reduction in PBGC's liability for the total present value of nonrecoverable future financial assistance.

PBGC's $120,858 million of total investments (including cash and cash equivalents and investment income) represents the largest component of PBGC's Statements of Financial Position Memorandum Total assets of

$134,919 million at September 30, 2023. This amount of $120,858 million (as compared to investments under management of $117,031 million, as reported in section VIII Investment Activities) reflects the fact that PBGC experiences a recurring inflow of trusteed plan assets that have not yet been incorporated into the PBGC investment program. For total investments (i.e., not the investment program), cash and fixed-income securities ($105,385 million) represent 87 percent of the total investments, while equity securities ($13,389 million) represent 11 percent of total investments. Private market assets, real estate, and other investments ($2,084 million), represent 2 percent of the total investments.

SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAM EXPOSURE

PBGC's estimate of the total underfunding in single-employer plans was $25,657 million for those sponsored by companies that have credit ratings below investment grade and that PBGC classified as reasonably possible of termination, as of September 30, 2023. This is a decrease of $26,375 million from the reasonably possible exposure of $52,032 million in FY 2022. This decrease is primarily due to the increase in the interest factors used for valuing liabilities as of the measurement date. These estimates are determined using a measurement date of December 31 of the previous year (see Note 9). For FY 2023, this exposure is concentrated in the following sectors: manufacturing, transportation/communications/utilities, and services.

PBGC estimates that as of September 30, 2023, it is reasonably possible that multiemployer plans may require future financial assistance in the amount of $410 million (see Note 9). This is a decrease of $1,808 million from the reasonably possible exposure of $2,218 million in FY 2022. The primary reason for the decrease in exposure was a net decrease in the number of plans classified as reasonably possible to seven plans at September 30, 2023, down from 12 plans classified as reasonably possible at September 30, 2022. The plans removed no longer meet the reasonably possible criteria as the plans experienced improved financial conditions due to better than expected investment returns, higher discount rates in valuing liabilities, and higher plan contributions. One of the plans was removed since it is eligible for SFA. Additionally, the reasonably possible aggregate reserve for small plans decreased by $390 million due to improved financial conditions of the plans, higher discount rates in valuing liabilities and a change in the small plan bulk reserve estimation methodology. The number of small plans projected to become insolvent within 20 years decreased from 55 to 41.

There is significant volatility in plan underfunding and sponsor credit quality over time, which makes long-term estimation of PBGC's expected claims difficult. This volatility, along with the concentration of claims in a relatively small number of terminated plans, has characterized PBGC's experience to date and will likely continue. Among the factors that will influence PBGC's claims going forward are economic conditions affecting interest rates, financial markets, and the rate of business failures.

PBGC's sources of information on plan underfunding are the most recent Section 4010 and PBGC premium filings and other submissions to the Corporation. PBGC publishes Table S-49, "Various Measures of Underfunding in PBGC-Insured Plans," in its Pension Insurance Data Tables where the limitations of the estimates are appropriately described.

Under the Single-Employer Program, PBGC is liable for the payment of guaranteed benefits with respect to underfunded terminated plans. An underfunded plan may terminate only if PBGC or a bankruptcy court finds that one of the four conditions for a distress termination, as defined in ERISA, is met or if PBGC initiates terminating a plan under one of five specified statutory tests. The net liability assumed by PBGC is generally equal to the present value of the future benefits payable by PBGC less amounts provided by the plan's assets and amounts recoverable by PBGC from the plan sponsor and members of the plan sponsor's controlled group, as defined by ERISA.

Under the Multiemployer Program, if a plan becomes insolvent, it receives traditional financial assistance from PBGC to allow the plan to continue to pay participants their guaranteed benefits. PBGC recognizes assistance as a loss to the extent that the plan is not expected to be able to repay these amounts from future plan contributions, employer withdrawal liability or investment earnings. Since multiemployer plans do not receive traditional financial assistance until fully insolvent, the assistance is almost never repaid unless the plan is approved for SFA. For this reason, such assistance is fully reserved for plans not eligible for SFA.

The ARP created a new Special Financial Assistance (SFA) Program for multiemployer plans that meet certain criteria (see Note 7), for which PBGC will receive appropriated funds. Unlike the traditional financial assistance PBGC provides to multiemployer plans in the form of a loan, the SFA is provided via a transfer of funds with no obligation of repayment.

PBGC reports appropriated funds as Restricted Cash on the Statements of Financial Position and report income, expenses, and liabilities related to special financial assistance as separate line items on its Statements of Operations and Statements of Financial Position.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of the financial statements, in conformity with U.S. GAAP, requires PBGC to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions may change over time as new information is obtained or subsequent developments occur. Actual results could differ from those estimates.

RECENT ACCOUNTING DEVELOPMENTS

The American Rescue Plan (ARP) Act of 2021, created a program to provide SFA to financially troubled multiemployer plans. This new SFA Program is financed by an appropriation from the General Fund and the funds transferred to PBGC in the SFA appropriation are deemed a contribution from the US Government to PBGC. In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, "Not-for-Profit Entities" (ASC 958) which clarifies the guidance for contributions received and made. The amendments in this ASU, applicable to all entities, clarify and improve the scope and the accounting guidance for contributions received and contributions made. PBGC applies the guidance in this ASU to account for the SFA contributions as a nonreciprocal transaction to recognize revenue with donor restrictions. The funds transferred to PBGC in the SFA appropriations are deemed a contribution from the US Government to PBGC. PBGC applies specific contribution guidance in Accounting Standards Codification 958, Not-for-Profit Entities - Revenue Recognition-Contributions, to recognize revenue and expenses related to the SFA Program.

In March 2020 and January 2021, the FASB issued ASUs 2020-04 and ASU 2021-01, respectively, "Reference Rate Reform" (ASC 848). ASC 848 provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. Topic 848 provides optional expedients and exceptions for applying U.S. GAAP to transactions affected by reference rate reform if certain criteria are met. In December 2022, the FASB issued ASU 2022-06 which deferred the end date of the temporary guidance in ASC 848, Reference Rate Reform, from December 31, 2022, to December 31, 2024. Topic 848 was effective for PBGC beginning on March 12, 2020, and PBGC will apply the amendments prospectively through December 31, 2024. PBGC assessed the impact of adopting these ASUs and concluded there was no material impact on PBGC's financial statements.

In February 2016, the FASB issued ASU 2016-02, "Lease (ASC 842)." Under the new standard, PBGC is required to recognize in its Statements of Financial Position (balance sheet), a right-of-use (ROU) asset, representing the right to use the underlying asset for the lease term, and a lease liability, representing the liability to make lease payments, adjusted for lease payments made at or before lease commencement, lease incentives, and any initial direct costs, for leases longer than one year. In addition, this ASU requires expanded disclosures about the nature and terms of lease agreements. This standard is effective for fiscal year beginning after December 15, 2021, and to interim periods beginning after December 15, 2022. PBGC has evaluated the impact of this guidance and updated its policy in accordance with ASC 842 upon adoption in FY 2023. As an all other entity under FASB, PBGC applied the new lease standard at PBGC's adoption date of October 1, 2022. PBGC elected the option not to restate comparative financial statements under the modified retrospective approach and instead recognize a cumulative-effect adjustment at the beginning of FY 2023. Additionally, PBGC elected to apply the practical expedients to account for lease and non-lease components as a single lease component, and to use the risk-free rate in determining the lease ROU asset and liability. PBGC has also elected to expense short term leases and not recognize an ROU asset and lease liability for leases with a duration of 12 months or less.

Effective FY 2023, PBGC updated its methodology in calculating Present Value of Nonrecoverable Future Financial Assistance for small-sized multiemployer plans. Previously, PBGC calculated small plan probables using a seven-year historic ratio of new plan terminations or insolvencies to the total unfunded liability for small plans in a given year. The ratio was then applied to the current unfunded liability for small plans to calculate the probable exposure. Under the new methodology, PBGC will calculate the standardized projected Date of Insolvency (DOI) for high risk small-sized plans. If the projected DOI is within 20 years of the PBGC financial statement date, actuarial calculations are performed on a plan-by-plan basis for nonrecoverable future financial assistance, utilizing certain generalized assumptions that are appropriate for a bulk reserve. This updated methodology classifies the financial obligations for these plans into the categories based on their projected DOI as follows:

- Within 10 years are classified as probable.
- From 10 to 20 years are classified as reasonably possible.
- Greater than 20 years is classified as remote.

The adoption of this methodology aims to standardize and refine the projection and classification of financial obligations within the Multiemployer Program (see Note 7).

VALUATION METHOD

A key objective of PBGC's financial statements is to provide information that is useful in assessing PBGC's present and future ability to ensure that its plan beneficiaries receive benefits when due. Accordingly, PBGC values its financial assets at estimated fair value, consistent with the standards for pension plans contained in the FASB Accounting Standards Codification Section 960, *Defined Benefit Pension Plans*. PBGC values its liabilities at the present value of future benefits and present value of nonrecoverable future financial assistance using assumptions derived from market-based (fair value) annuity prices from insurance companies, as described in the Statement of Actuarial Opinion. As described in ASC 960, the assumptions are "those assumptions that are inherent in the estimated cost at the (valuation) date to obtain a contract with an insurance company to provide participants with their accumulated plan benefit." Also, in accordance with ASC 960, PBGC selects assumptions for expected retirement ages and the cost of administrative expenses in accordance with its best estimate of anticipated experience.

The FASB Accounting Standards Codification Section 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in U.S. GAAP, and expands disclosures about fair value measurements. ASC 820 applies to accounting pronouncements that require or permit fair value measurements.

Furthermore, PBGC previously implemented FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures guidance related to financial statement note disclosures for certain non-Level 1 Net Asset Value (NAV) investments that use a "practical expedient" (i.e., priced without any adjustments – see FASB Updates 2015-07 and 2018-13). Level 1 NAV investments are not affected by the FASB guidance since these investments are fair value priced using quoted prices in active markets (market exchanges); however, Level 2 and Level 3 NAV investments use valuation pricing (observable for Level 2, and not observable for Level 3) for which the FASB now requires additional disclosure if the practical expedient is used. Non-Level 1 NAV investments that use the practical expedient are displayed in a NAV only category and are removed from their Level 2 or Level 3 category and added to the new exclusive NAV only category. The fair value table affected by this guidance is found in PBGC Financial Statements Note 5, Fair Value Measurements.

REVOLVING AND TRUST FUNDS

PBGC accounts for its Single-Employer and Multiemployer Programs' revolving and trust funds on an accrual basis. Each fund is charged its portion of the benefits paid each year. PBGC includes totals for the revolving and trust funds for presentation purposes in the financial statements; however, the Single-Employer and Multiemployer Programs are separate programs by law and, therefore, PBGC also reports them separately.

ERISA provides for the establishment of the revolving fund where premiums are collected and held. The assets in the revolving fund are used to cover deficits incurred by trusteed plans and to provide funds for traditional financial assistance. The Pension Protection Act of 1987 created a single-employer revolving fund (Fund 7) that is credited with all premiums in excess of $8.50 per participant, including all penalties and interest charged on these amounts, and its share of earnings from investments. This fund may not be used to pay PBGC's administrative costs or the benefits of any plan terminated prior to October 1, 1988, unless no other amounts are available.

The trust fund includes assets (e.g., pension plan investments) PBGC assumes (or expects to assume) once a terminated plan has been trusteed, and related investment income. These assets generally are held by custodian banks. The trust fund supports the operational functions of PBGC.

The trust fund reflects accounting activity associated with:

1) Trusteed plans (plans for which PBGC has legal responsibility). The assets and liabilities are reflected separately on PBGC's Statements of Financial Position, the income and expenses are included in the Statements of Operations, and the cash flows from these plans are included in the Statements of Cash Flows.

2) Plans pending termination and trusteeship (plans for which PBGC has begun the process for termination and trusteeship by fiscal year-end). The assets and liabilities for these plans are reported as a net amount on the Liabilities section of the Statements of Financial Position under "Present value of future benefits, net." For these plans, the income and expenses are included in the Statements of Operations, but the cash flows are not included in the Statements of Cash Flows.

3) Probable terminations (plans that PBGC determines are likely to terminate and be trusteed by PBGC). The assets and liabilities for these plans are reported as a net amount on the Liabilities section of the Statements of Financial Position under "Present value of future benefits, net." The accrued loss from these plans is included in the Statements of Operations as part of "Losses (credits) from completed and probable terminations." The cash flows from these plans are not included in the Statements of Cash Flows. PBGC cannot exercise legal control over a plan's assets until it becomes the trustee.

ALLOCATION OF REVOLVING AND TRUST FUNDS

PBGC allocates assets, liabilities, income, and expenses to the Single-Employer and Multiemployer Programs' revolving and trust funds to the extent that such amounts are not directly attributable to a specific fund. Revolving fund investment income is allocated on the basis of each program's average cash and investments available during the year. For the administrative expenses, see the Administrative Expense section further below in Note 2. Revolving fund assets and liabilities are allocated according to the year-end equity of each program's revolving fund. Plan assets acquired by PBGC and commingled at PBGC's custodian bank are credited directly to the appropriate fund, while the earnings and expenses on the commingled assets are allocated to each program's trust fund on the basis of each trust fund's value, relative to the total value of the commingled fund.

CASH AND CASH EQUIVALENTS

"Cash" includes cash on hand and demand deposits. "Cash equivalents" are investments with original maturities of one business day or highly liquid investments that are readily convertible into cash within one business day.

SECURITIES LENDING COLLATERAL

PBGC participates in a securities lending program administered by its custodian bank. The custodian bank requires collateral that equals 102 to 105 percent of the value of the securities lent. The collateral is held by the custodian bank. The custodian bank either receives cash or non-cash as collateral or returns collateral to cover mark-to-market changes. Any cash collateral received is invested by PBGC's investment agent. In addition to the lending program managed by the custodian bank, some of PBGC's investment managers are authorized to invest in securities purchased under resale agreements (an agreement with a commitment by the seller to buy a security back from the purchaser at a specified price at a designated future date), and securities sold under repurchase agreements.

INVESTMENT VALUATION AND INCOME

PBGC bases market values on the last sale of a listed security, on the mean of the "bid-and-ask" for non-listed securities, or on a valuation model in the case of fixed income securities that are not actively traded. These valuations are determined as of the end of each fiscal year. Purchases and sales of securities are recorded on the trade date. In addition, PBGC invests in and discloses its derivative investments in accordance with the guidance contained in the FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*. Investment income is accrued as earned. Dividend income is recorded on the ex-dividend date. Realized gains and losses on sales of investments are calculated using first-in, first-out for the revolving fund and weighted average cost for the trust fund. PBGC marks the plan's assets to market, and any increase or decrease in the market value of a plan's assets occurring after the date on which the plan is terminated must, by law, be credited to or suffered by PBGC.

SECURITIES PURCHASED UNDER REPURCHASE AGREEMENTS

PBGC's investment managers purchase securities under repurchase agreements, whereby the seller will buy the security back at a pre-agreed price and date. Those that mature in more than one day are reported under "Fixed maturity securities" as "Securities purchased under repurchase agreements" in the Note 3 table entitled "Investments of Single-Employer Revolving Funds and Single-Employer Trusteed Plans." Repurchase agreements that mature in one day are included in "Cash and cash equivalents," which are reported on the Statements of Financial Position. Refer to Note 3 for further information regarding repurchase agreements.

SPONSORS OF TERMINATED PLANS

The amounts due from sponsors of terminated plans or members of their controlled group represent the settled, but uncollected, claims for sponsors' employer liability (underfunding as of date of plan termination) and for contributions due their plan less an allowance for estimated uncollectible amounts. PBGC discounts any amounts expected to be received beyond one year for time and risk factors. Some agreements between PBGC and plan sponsors provide for contingent payments based on future profits of the sponsors. The Corporation reports any such future amounts in the period they are realizable. Income and expenses related to amounts due from sponsors are reported in the Underwriting section of the Statements of Operations. Interest earned on settled claims for sponsors' employer liability (EL) and due and unpaid employer contributions (DUEC) is reported as "Income: Other." The change in the allowances for uncollectible EL and DUEC is reported as "Expenses: Other."

PREMIUMS

Premiums receivable represents (1) the plan reported premiums owed, (2) PBGC estimated amounts on filings not yet due and (3) submitted and past due premiums deemed collectible, including penalties and interest. The liability for unearned premiums represents annual premium fees that have been received in advance of the period in which they will be earned by PBGC. They remain as liabilities until they are ratably earned over the period of time to which the premium applies. "Premium income, net" represents actual and estimated revenue generated from defined benefit pension plan premium filings as required by Title IV of ERISA less bad debt expense for premiums, interest, and penalties. For insolvent multiemployer plans, bad debt expense also includes a reserve for premium payments waived by PBGC and treated as financial assistance in accordance with ERISA Section 4007 (see Note 11).

CAPITALIZED ASSETS

Capitalized assets include furniture and fixtures, electronic processing equipment, internal-use software, and lease right-of-use assets. This includes costs for internally developed software incurred during the application development stage (system design including software configuration and software interface, coding, and testing). These costs are shown net of accumulated depreciation and amortization. See Note 16, Other Assets, for further details.

PRESENT VALUE OF FUTURE BENEFITS (PVFB)

The PVFB is the estimated liability for future pension benefits that PBGC is or will be obligated to pay the participants of trusteed plans and the net liability for plans pending termination and trusteeship. The PVFB liability (including trusteed plans and plans pending termination and trusteeship) is stated as the actuarial present value of estimated future benefits less the present value of estimated recoveries from sponsors and members of their controlled group and the assets of plans pending termination and trusteeship as of the date of the financial statements. PBGC also includes the estimated liabilities attributable to plans classified as probable terminations as a separate line item in the PVFB (net of estimated recoveries and plan assets). PBGC uses assumptions to adjust the value of those future payments to reflect the time value of money (by discounting) and the probability of payment (by means of decrements, such as for death or retirement). PBGC also includes anticipated expenses to settle the benefit obligation in the determination of the PVFB. PBGC's benefit payments to participants reduce the PVFB liability.

The values of the PVFB are particularly sensitive to changes in underlying estimates and assumptions. These estimates and assumptions could change and the impact of these changes may be material to PBGC's financial statements (see Note 6).

PVFB is reported as follows:

(1) Trusteed Plans: Represents the present value of future benefit payments less the present value of expected recoveries (for which a settlement agreement has not been reached with sponsors and members of their controlled group) for plans that have terminated and been trusteed by PBGC prior to fiscal year-end. Assets are shown separately from liabilities for trusteed plans. PBGC's liability under the expanded Missing Participants Program is included in this category. Under this program that began in FY 2018, most terminated defined contribution plans, small professional service pension plans, and multiemployer plans can now transfer the benefits of missing participants to PBGC. Previously, the program covered only insured single-employer defined benefit plans terminating in a standard termination.

(2) Pending Termination and Trusteeship: Represents the present value of future benefit payments less the plans' net assets (at fair value) anticipated to be received and the present value of expected recoveries (for which a settlement agreement has not been reached with sponsors and members of their controlled group) for plans for which termination action has been initiated and/or completed prior to fiscal year-end. Unlike trusteed plans, the liability for plans pending termination and trusteeship is shown net of plan assets.

(3) Settlements and Judgments: Represents estimated liabilities related to settled litigation (see Note 6).

(4) Net Claims for Probable Terminations: In accordance with the FASB Accounting Standards Codification Section 450, *Contingencies*, PBGC recognizes net claims for probable terminations which represent PBGC's best estimate of the losses, net of plan assets, and the present value of expected recoveries (from sponsors and members of their controlled group) for plans that are likely to terminate in the future. Under a specific identification process, PBGC evaluates each controlled group having $50 million or more of underfunding and recognizes a contingent loss for the estimated net claim of those plans meeting the probable termination criteria. These estimated losses are based on conditions that existed as of PBGC's fiscal year-end. PBGC believes it is likely that one or more events subsequent to the fiscal year-end will occur, confirming the loss.

Criteria used for classifying a specific single-employer plan as a probable termination include, but are not limited to, one or more of the following conditions: the plan sponsor is in liquidation or comparable state insolvency proceeding with no known solvent controlled group member; the sponsor has filed or intends to file for distress plan termination and the criteria will likely be met; or PBGC is considering initiating plan termination. In addition, PBGC takes into account other economic events and factors in making judgments regarding the classification of a plan as a probable termination. These events and factors may include, but are not limited to, the following: the plan sponsor is in bankruptcy or has indicated that a bankruptcy filing is imminent; the plan sponsor has stated that plan termination is likely; the plan sponsor has received a going concern opinion from its independent auditors; or the plan sponsor is in default under existing credit agreement(s).

In addition, a reserve for small unidentified probable losses is recorded for the estimated future contingent losses stemming from insured single-employer plans with an aggregate underfunding of less than $50 million. The reserve is based on the historical three-year rolling average of losses related to actual plan terminations (with an aggregate underfunding of less than $50 million) and indexed to the S&P 500 to reflect changes in economic conditions. See Note 6 for further information on Net Claims for Probable Terminations.

PBGC identifies certain plan sponsors as high risk if the plan sponsor is in Chapter 11 proceedings or the sponsor's senior unsecured debt is rated CCC+/Caa1 or lower by S&P or Moody's, respectively. PBGC specifically reviews each plan sponsor identified as high risk and classifies pension plans as probable if, based on available evidence, PBGC concludes that plan termination is likely (based on criteria described in (4) above). Otherwise, high risk plan sponsors are classified as reasonably possible.

In accordance with the FASB Accounting Standards Codification Section 450, *Contingencies*, PBGC's exposure to losses from plans of companies that are classified as reasonably possible is disclosed in the footnotes. In order for a plan sponsor to be specifically classified as reasonably possible, it must first have $50 million or more of underfunding, as well as meet additional criteria. Criteria used for classifying a company as reasonably possible include, but are not limited to, one or more of the following conditions: the plan sponsor is in Chapter 11 reorganization; a funding waiver is pending or outstanding with the Internal Revenue Service (IRS); the sponsor missed a minimum funding contribution; the sponsor's bond rating is below investment-grade for Standard & Poor's (BB+) or Moody's (Ba1); or the sponsor has no bond rating but the Dun & Bradstreet Failure Score (formerly Financial Stress Score) is below the threshold considered to be investment grade (see Note 9).

PRESENT VALUE OF NONRECOVERABLE FUTURE FINANCIAL ASSISTANCE (PVNFFA)

In accordance with Title IV of ERISA, PBGC provides traditional financial assistance to multiemployer plans, in the form of loans, to enable the plans to pay guaranteed benefits to participants and reasonable administrative expenses of the plan. These loans, issued in exchange for interest-bearing promissory notes, constitute an obligation of each plan.

The present value of nonrecoverable future financial assistance represents the estimated nonrecoverable payments to be provided by PBGC in the future to multiemployer plans that will not be able to meet their benefit obligations. The present value of nonrecoverable future financial assistance is based on the difference between the present value of future guaranteed benefits and expenses and the market value of plan assets, including the present value of future amounts expected to be paid by employers, for those plans that are expected to require future assistance. The amount reflects the rates at which, in the opinion of PBGC, these liabilities (net of expenses) could be settled in the market for single-premium nonparticipating group annuities issued by private insurers (see Note 7).

A liability for a particular plan is included in the "Present Value of Nonrecoverable Future Financial Assistance" when it is determined that the plan is currently, or will likely become in the future, insolvent and will require assistance to pay the participants their guaranteed benefits. In accordance with the FASB Accounting Standards Codification Section 450, *Contingencies*, PBGC recognizes net claims for probable insolvencies for plans that are likely to become insolvent and may require future financial assistance. Projecting a future insolvency requires considering several complex factors, such as an estimate of future cash flows, future mortality rates, and age of participants not in pay status.

Each year, PBGC analyzes insured multiemployer plans to identify plans that are at risk of becoming probable and reasonably possible claims on the insurance program. Regulatory filings with PBGC, IRS, and DOL are important to this analysis and determination of risk, especially the designation of critical and declining status, which means the plan is projecting insolvency within 15-20 years. In general, if a terminated plan's assets are less than the present value of its liabilities, PBGC considers the plan a probable risk of requiring financial assistance in the future.

PBGC uses specific criteria for classifying multiemployer plans as insolvent (PBGC's insurable event for multiemployer plans), probable, and reasonably possible. The criteria are as follows:

- Any multiemployer plans currently receiving traditional financial assistance are classified as insolvent.
- Terminated, underfunded multiemployer plans (i.e., "wasting trusts") are classified as probable.
- Ongoing multiemployer plans projected to become insolvent:
  - Within 10 years are classified as probable.
  - From 10 to 20 years are classified as reasonably possible.

In general, the date of insolvency is estimated by projecting plan cash flows using actuarial assumptions. PBGC uses information provided by the plan actuary for assumptions such as termination of employment rates, retirement rates, average ages, the plan's schedule of future withdrawal liability payments owed, and contributions. PBGC uses assumptions set by PBGC for purposes of projecting returns on plan assets, future contributions, future withdrawal liability payments, plan expenses, mortality rates, and guaranteed benefits.

In addition, a bulk reserve method is employed to estimate future contingent losses for small multiemployer plans with fewer than 2,500 participants. Probable losses for plans are accrued, and reasonably possible losses are disclosed. This small plan bulk reserve uses an aggregate method to estimate liability and exposure, rather than reviewing each plan individually. In FY 2023, PBGC updated its methodology for determining the probable liability for small-sized multiemployer plans, aligning it with the current method used for medium-sized plans. Effective FY 2023, PBGC will calculate the standardized projected Date of Insolvency (DOI) for high risk small-sized plans. If the projected DOI is within 20 years of the PBGC financial statement date, actuarial calculations are performed on a plan-by-plan basis for nonrecoverable future financial assistance, utilizing certain generalized assumptions that are appropriate for a bulk reserve. This updated methodology classifies the financial obligations for these plans into the categories based on their projected DOI as follows:

- Within 10 years are classified as probable.
- From 10 to 20 years are classified as reasonably possible.
- Greater than 20 years is classified as remote.

MPRA provides that certain plans may apply to the U.S. Treasury to suspend benefits, and provides for a participant vote on the benefit suspension. These plans also may apply to PBGC for financial assistance, either for a facilitated merger or for a partition. Plans applying for a partition are also required to apply to U.S. Treasury for a suspension of benefits. These actions do not affect the determination of the nonrecoverable future financial assistance liability until U.S. Treasury has issued the final authorization to suspend benefits in the case of a benefit suspension application, or until PBGC has approved the application for financial assistance, in the case of a facilitated merger or a partition request.

The present value of nonrecoverable future financial assistance is presented in the Liability section of the Statements of Financial Position (see Note 7).

ADMINISTRATIVE EXPENSES

These operating expenses (for either the Single-Employer or Multiemployer Programs) are amounts paid and accrued for services rendered or while carrying out other activities that constitute PBGC's ongoing operations (e.g., payroll, contractual services, office space, materials, and supplies). An expense allocation methodology is used to fully capture the administrative expenses attributable to either the Single-Employer or Multiemployer Programs.

For the year-ending September 30, 2023, the Administrative Expense Reimbursement Ratio is determined to be the most representative methodology to allocate actual indirect administrative expenses, as well as to record the actual direct expenses attributable to the Single-Employer and Multiemployer Programs. The Administrative Expense Reimbursement Ratio calculates the ratios of direct administrative expenses for both the Single-Employer and Multiemployer Programs over the total direct administrative expenses. These ratios are then used to allocate the indirect administrative expenses for both the Single-Employer and Multiemployer Programs. This is PBGC's change in estimate based on the updated methodology for allocating administrative expenses. Prior to September 30, 2021, the Single-Employer and Multiemployer Ongoing Plans Expense Ratio was calculated to allocate administrative expenses between the Single-Employer Program and the Multiemployer Program.

OTHER EXPENSES

These expenses represent an estimate of the net amount of receivables deemed uncollectible during the period. The estimate is based on the most recent status of the debtor (e.g., sponsor), the age of the receivables and other factors that indicate to what degree the receivables outstanding may be uncollectible.

LOSSES FROM COMPLETED AND PROBABLE TERMINATIONS

Amounts reported as losses from completed and probable terminations represent the difference as of the actual or expected date of plan termination (DOPT) between the present value of future benefits (including amounts owed under Section 4022(c) of ERISA) assumed, or expected to be assumed, by PBGC, less related plan assets, and the present value of expected recoveries from sponsors and members of their controlled group (see Note 12). When a plan terminates, the previously recorded probable net claim is reversed and newly estimated DOPT plan assets, recoveries, and PVFB are netted and reported on the line "PVFB - Plans pending termination and trusteeship" (this value is usually different from the amount previously reported), with any change in the estimate recorded in the Statements of Operations. In addition, the plan's net income from DOPT to the beginning of PBGC's fiscal year is included as a component of losses from completed and probable terminations for plans with termination dates prior to the year in which they were added to PBGC's inventory of terminated plans.

ACTUARIAL ADJUSTMENTS AND CHARGES (CREDITS)

PBGC classifies actuarial adjustments related to insurance-based changes in method and the effect of experience as underwriting activity; actuarial adjustments are the result of the movement of plans from one valuation methodology to another, e.g., non-seriatim (calculating the liability for the group) to seriatim (calculating a separate liability for each person), and of new updated data (e.g., deaths, revised participant data). Actuarial charges (credits) are related to changes in interest factors, and expected interest is classified as financial activity. These adjustments and charges (credits) represent the change in the PVFB that results from applying actuarial assumptions in the calculation of future benefit liabilities (see Note 6).

DEPRECIATION AND AMORTIZATION

PBGC calculates depreciation on the straight-line basis over estimated useful lives of five years for equipment and ten years for furniture and fixtures. PBGC calculates amortization for capitalized software, which includes certain costs incurred for purchasing and developing software for internal use, on the straight-line basis over estimated useful lives not to exceed five years, commencing on the date that the Corporation determines that the internal-use software is implemented. Routine maintenance and leasehold improvements (the amounts of which are not material) are charged to operations as incurred. Capitalization of software cost occurs during the development stage, and costs incurred during the preliminary project and post-implementation stages are expensed as incurred. See Note 16, Other Assets, for further details.

SPECIAL FINANCIAL ASSISTANCE

ARP established the SFA Program that provides that certain multiemployer plans may apply to PBGC to receive SFA funding. The SFA liability will be recorded when the following conditions are met: (1) the initial application for SFA has been received by PBGC, (2) the multiemployer plan applicant has been determined to be eligible, (3) the application has been deemed to be complete, and (4) the application has been approved. Upon approval of the application, SFA will be paid in a timely manner by PBGC. Unlike the traditional financial assistance loans PBGC provides to multiemployer plans, SFA will be in the form of a transfer of funds with no obligation to repay. No SFA transfers may be made after September 30, 2030.

PBGC applies specific contribution guidance in ASC 958-605, *Not-for-Profit Entities*, to recognize revenue from the U.S. Treasury General Fund appropriations related to the SFA Program. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. Conditional contributions received are classified as Contributed Transfer Appropriation. Once the barriers to entitlement are overcome (i.e., approval of an SFA application), the contribution is recognized as unconditional and classified as Contributed Transfer Appropriation Income.

The SFA Program provides PBGC appropriated SFA funds (outside the revolving fund) to cover assistance to eligible multiemployer plans and PBGC's SFA administrative expenses. Unlike traditional financial assistance which PBGC provides to multiemployer plans in the form of a loan, SFA will be provided via a transfer of funds with no obligation of repayment. At the end of each fiscal year, any unused (i.e., unobligated) appropriated SFA funds must be returned to the U.S. Treasury General Fund.

NOTE 3: INVESTMENTS

Premium receipts are invested through the revolving fund in U.S. Treasury securities. The trust funds include assets that PBGC assumes or expects to assume with respect to terminated plans (e.g., recoveries from sponsors) and investment income thereon. These assets generally are held by custodian banks. The basis and market value of the investments by type are detailed below, as well as related investment profile data. The basis indicated is the cost of the asset if assumed after the date of plan termination or the market value at date of plan termination if the asset was assumed as a result of a plan's termination. PBGC marks the plan's assets to market, and any increase or decrease in the market value of a plan's assets occurring after the date on which the plan is terminated must, by law, be credited to or suffered by PBGC. Investment securities denominated in foreign currency are translated into U.S. dollars at the prevailing exchange rates at period ending September 30, 2023. Purchases and sales of investment securities, income, and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions. The portfolio does not isolate that portion of the results of operations resulting from changes in foreign exchange rates of investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments. For PBGC's securities, unrealized holding gains and losses are both recognized by including them in earnings. Unrealized holding gains and losses measure the total change in fair value — consisting of unpaid interest income earned or unpaid accrued dividend and the remaining change in fair value from holding the security.

To Be Announced (TBA) and Bond Forward transactions are recorded as regular buys and sells of investments and not as derivatives. TBA is a contract for the purchase or sale of mortgage-backed securities to be delivered on a future date. The term TBA is derived from the fact that the actual mortgage-backed security that will be delivered to fulfill a TBA trade is not designated at the time the trade is made. The securities are to be announced 48 hours prior to the established trade settlement date. TBAs are issued by the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and Government National Mortgage Association (GNMA). In accordance with FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*, TBA and Bond Forward contracts are deemed regular way trades as they are completed within the time frame generally established by regulations and conventions in the marketplace or by the exchange on which they are executed. Thus, recording of TBA and Bond Forward contracts recognizes the acquisition or disposition of the securities at the full contract amounts on day one of the trade.

Bond Forwards are reported to "Receivables, net – Sale of securities", and "Due for purchases of securities"; TBAs are reported to "Receivables, net – Sale of securities", "Due for purchases of securities", and "Fixed maturity securities" from derivative contracts receivables and payables. As of September 30, 2023, TBA receivables were $1,184 million and no Bond Forward receivables were reported. In addition, as of September 30, 2023, TBA payables were $3,936 million and no Bond Forward payables were reported.

INVESTMENTS OF SINGLE-EMPLOYER REVOLVING FUNDS AND SINGLE-EMPLOYER TRUSTEED PLANS

(Dollars in millions)	**September 30, 2023**			September 30, 2022	
	Basis	**Market Value**		Basis	Market Value
Fixed maturity securities:					
U.S. Government securities	**$62,443**	**$52,166**		$64,326	$54,831
Commercial paper/securities purchased under repurchase agreements	**354**	**354**		-	-
Asset backed securities	**12,753**	**11,629**		10,715	9,684
Pooled funds					
Domestic	**1,882**	**1,306**		3,000	2,246
International	**0 ***	**0 ***		-	-
Global/other	**1**	**1**		2	2
Corporate bonds and other	**20,073**	**17,176**		22,110	18,295
International securities	**7,047**	**6,248**		7,281	5,911
Subtotal	**104,553**	**88,880**		107,434	90,969
Equity securities:					
Domestic	**832**	**879**		91	105
International	**2,481**	**2,618**		3,056	2,632
Pooled funds					
Domestic	**3,426**	**7,239**		3,612	6,701
International	**1,538**	**2,616**		2,106	3,049
Global/other	**22**	**22**		22	22
Subtotal	**8,299**	**13,374**		8,887	12,509
Private equity	**1,101**	**195**		1,115	242
Real estate and real estate investment trusts	**1,865**	**1,613**		1,712	1,502
Insurance contracts and other investments	**107**	**277**		67	282
Total[1]	**$115,925**	**$104,339**	2	$119,215	$105,504

* Less than $500,000

[1] Total includes securities on loan at September 30, 2023, and September 30, 2022, with a market value of $7,409 million and $5,195 million, respectively.

[2] This total of $104,339 million of investments at market value represents the single-employer assets only.

INVESTMENTS OF MULTIEMPLOYER REVOLVING FUNDS AND MULTIEMPLOYER TRUSTEED PLANS

(Dollars in millions)	**September 30, 2023**		September 30, 2022	
	Basis	**Market Value**	Basis	Market Value
Investment securities:				
Fixed U.S. Government securities	**$2,734**	**$2,161**	$2,696	$2,439
Equity securities	**-**	**-**	-	-
Total	**$2,734**	**$2,161**	$2,696	$2,439

INVESTMENT PROFILE

	September 30,	
	2023	2022
Fixed Income Assets		
Average Quality	**AA-**	AA
Average Maturity (years)	**10.4**	10.7
Duration (years)	**5.9**	7.2
Yield to Maturity (%)	**5.5**	4.8
Equity Assets		
Average Price/Earnings Ratio	**20.6**	18.3
Dividend Yield (%)	**2.4**	2.8
Beta	**1.0**	1.0

DERIVATIVE INSTRUMENTS

PBGC assigns investment discretion and grants specific authority to all of its investment managers to invest according to specific portfolio investment guidelines the Corporation has established. PBGC further limits the use of derivatives by investment managers through tailored provisions in the investment guidelines with investment managers consistent with PBGC's investment policy statement and overall risk tolerance. These investment managers, who act as fiduciaries to PBGC, determine when it may or may not be appropriate to utilize derivatives in the portfolio(s) for which they are responsible. Investments in derivatives carry many of the same risks of the underlying instruments and carry additional risks that are not associated with direct investments in the securities underlying the derivatives.

Risks may arise from the potential inability to terminate or sell derivative positions, although derivative instruments are generally more liquid than physical market instruments. A liquid secondary market may not always exist for certain derivative positions. Over-the-counter derivative instruments also involve counterparty risk that the other party to the derivative instrument will not meet its obligations.

The use of derivatives in the PBGC investment portfolio is also further restricted insofar as they may not be used to create leverage in the portfolio. Thus, derivatives are not permitted to be utilized to leverage the portfolio beyond the maximum risk level associated with a fully invested portfolio of physical securities.

Derivative instruments are used to mitigate risk (e.g., adjust duration or currency exposures), enhance investment returns, and/or as liquid and cost-efficient substitutes for positions in physical securities. These derivative instruments are not designated as accounting hedges consistent with FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*, which requires an active designation as a prerequisite for any hedge accounting. PBGC uses a no-hedging designation, which results in the gain or loss on a derivative instrument to be recognized currently in earnings. Derivatives are accounted for at fair value in accordance with the FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*. Derivatives are marked to market with changes in value reported as a component of financial income on the Statements of Operations. PBGC presents all derivatives at fair value on the Statements of Financial Position.

PBGC's investment managers invested in investment products that used various U.S. and non-U.S. derivative instruments. Those products included, but are not limited to: index futures; options; money market futures; government bond futures; interest rate, credit default, and total return swaps and swaption (an option on a swap) contracts; stock warrants and rights; debt option contracts; and foreign currency futures, forward, and option contracts. Some of these derivatives are traded on organized exchanges and thus bear minimal counterparty risk. The counterparties to PBGC's non-exchange-traded derivative contracts are major financial institutions subject to ISDA (International Swaps and Derivatives Association, Inc.) master agreements or IFEMAs (International Foreign Exchange Master Agreements) and minimum credit ratings required by investment guidelines. PBGC monitors PBGC's counterparty risk and exchanges collateral under most contracts to further support performance by counterparties. Required margin (collateral) for exchange traded and non-exchange traded centrally cleared derivatives is maintained by a clearinghouse to support the performance by counterparties, which are members of the clearinghouse, and collateral is exchanged directly with counterparties for non-exchange traded non-centrally cleared derivatives. A clearinghouse reduces the settlement risks by netting offsetting transactions between multiple counterparties and by requiring higher levels of collateral deposits or margin requirements compared to bilateral arrangements. Settlement risks are also reduced by the clearinghouse providing independent valuation of trades and margin, monitoring the credit worthiness of the clearing firms, and providing a guarantee fund, which could be used to cover losses that exceed a defaulting clearing firm's margin on deposit.

A futures contract is an agreement between a buyer or seller and an established futures exchange clearinghouse in which the buyer or seller agrees to take or make a delivery of a specific amount of a financial instrument at a specified price on a specific date (settlement date) in the future. The futures exchanges and clearinghouses clear, settle, and guarantee transactions occurring through their facilities. Upon entering into a futures contract, an "initial margin" amount (in cash or liquid securities) of generally 1 to 6 percent of the face value indicated in the futures contract is required to be deposited with the broker. Open futures positions are marked to market daily. Subsequent payments known as "variation margin" are made or received by the portfolio dependent upon the daily fluctuations in value of the underlying contract. PBGC maintains adequate liquidity in its portfolio to meet these margin calls.

PBGC also invests in forward contracts. A forward foreign currency contract is a commitment to purchase or sell a foreign currency at the settlement date (in the future) at a negotiated rate or to make settlement based on comparable economics, but without actually delivering the foreign currency. Foreign currency forward, futures, and option contracts may be used as a substitute for cash currency holdings. This is in order to minimize currency risk exposure to changes in foreign currency exchange rates and to adjust overall currency exposure to reflect the investment views of the fixed income and equity portfolio managers regarding relationships between currencies.

A swap is an agreement between two parties to exchange different financial returns on a notional investment amount. The major forms of swaps traded are interest rate swaps, credit default swaps, and total return swaps. These swaps are netted for reporting purposes. PBGC uses swap and swaption contracts to adjust exposure to interest rates, fixed income securities exposure, credit exposure, and equity exposure, and to generate income based on the investment views of the portfolio managers regarding interest rates, indices, and individual securities.

Interest rate swaps involve exchanges of fixed-rate and floating-rate interest. Interest rate swaps are often used to alter exposure to interest rate fluctuations by swapping fixed-rate obligations for floating-rate obligations, or vice versa. The counterparties to the swap agree to exchange interest payments on specific dates, according to a predetermined formula. The payment flows are usually netted against each other, with one party paying the difference to the other.

A credit default swap is a contract between a buyer and seller of protection against pre-defined credit events. PBGC may buy or sell credit default swap contracts to seek to increase the portfolio's income or to mitigate the risk of default on portfolio securities.

A total return swap is a contract between a buyer and seller of exposures to certain asset classes, such as equities. PBGC may buy or sell total return contracts to seek to increase or reduce the portfolio's exposure to certain asset classes.

An option contract is a contract in which the writer of the option grants the buyer of the option the right to purchase from (call option) or sell to (put option) the writer a designated instrument at a specified price within a specified period of time.

Stock warrants and rights allow PBGC to purchase securities at a stipulated price within a specified time limit.

For the fiscal years ended September 30, 2023 and 2022, gains and losses from settled margin calls are reported in "Investment income" on the Statements of Operations. Securities and cash are pledged as collateral for derivative contracts (e.g., futures and swaps) and are recorded as a receivable or payable.

FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*, requires the disclosure of fair values of derivative instruments and their gains and losses in its financial statements of both the derivative positions existing at period ending September 30, 2022 and the effect of using derivatives during the reporting period.

The following three key tables present PBGC's use of derivative instruments and its impact on PBGC's financial statements:

- Fair Values of Derivative Instruments – Identifies the location of derivative fair values on the Statements of Financial Position, as well as the notional amounts.
- Offsetting of Derivative Assets – Presents the impact of legally enforceable master netting agreements on derivative assets.
- Offsetting of Derivative Liabilities – Presents the impact of legally enforceable master netting agreements on derivative liabilities.

FAIR VALUES OF DERIVATIVE INSTRUMENTS

	Asset Derivative					
	September 30, 2023			September 30, 2022		
(Dollars in millions)	Statements of Financial Position Location	**Notional**	**FMV**	Statements of Financial Position Location	Notional	FMV
Futures	Derivative Contracts	**$6,671**	**$357**	Derivative Contracts	$6,976	$172
Swap contracts						
Interest rate swaps	Investments-Fixed	**2,956**	**79**	Investments-Fixed	2,005	115
Other derivative swaps	Investments-Fixed	**1,077**	**6**	Investments-Fixed	1,279	(1)
Option contracts	Investments-Fixed	**8**	**5**	Investments-Fixed	117	2
Forwards - foreign exchange	Investments-Fixed	**14,942**	**21**	Investments-Fixed	12,899	70
	Investments-Equity	**-**	**-**	Investments-Equity	-	-

	Liability Derivative					
	September 30, 2023			September 30, 2022		
(Dollars in millions)	Statements of Financial Position Location	**Notional**	**FMV**	Statements of Financial Position Location	Notional	FMV
Futures	Derivative Contracts	**$12,765**	**($140)**	Derivative Contracts	$7,193	($210)
Option contracts	Derivative Contracts	**11**	**(4)**	Derivative Contracts	9	(1)

Additional information specific to derivative instruments is disclosed in Note 4 – Derivative Contracts, and Note 5 – Fair Value Measurements.

PBGC uses a net presentation on the Statements of Financial Position for those derivative financial instruments entered into with counterparties under legally enforceable master netting agreements. Derivative receivables and derivative payables are netted on the Statements of Financial Position with the same counterparty and the related cash collateral receivables and payables when a legally enforceable master netting agreement exists (i.e., for over-the-counter derivatives). Master netting agreements are used to mitigate counterparty credit risk in certain transactions, including derivatives transactions, repurchase agreements and reverse repurchase agreements. The master netting agreement also may require the exchange of cash or marketable securities to collateralize either party's net position. Any cash collateral exchanged with counterparties under these master netting agreements is also netted against the applicable derivative fair values on the Statements of Financial Position.

OFFSETTING OF DERIVATIVE ASSETS FAIR VALUE

	September 30, 2023			September 30, 2022		
(Dollars in millions)	**Gross Amount of Recognized Assets**	**Gross Amounts Offset in Statements of Financial Position**	**Net Amounts of Assets Presented in Statements of Financial Position**	Gross Amount of Recognized Assets	Gross Amounts Offset in Statements of Financial Position	Net Amounts of Assets Presented in Statements of Financial Position
Derivatives						
Interest-rate contracts	**$1**	**$ -**	**$1**	$7	($7)	$-
Foreign exchange contracts	**304**	**(231)**	**73**	484	(380)	104
Other derivative contracts[1]	**0***	**0***	**0***	2	0*	2
Cash collateral nettings	**-**	**16**	**16**	-	-	-
Total Derivatives	**$305**	**($215)**	**$90**	$493	($387)	$106
Other financial instruments[2]						
Repurchase agreements	**966**	**-**	**966**	660	-	660
Securities lending collateral	**6,753**	**-**	**6,753**	4,581	-	4,581
Total derivatives and other financial instruments	**$8,024**	**($215)**	**$7,809**	$5,734	($387)	$5,347

	September 30, 2023			September 30, 2022		
(Dollars in millions)	**Gross Amounts Not Offset in Statements of Financial Position**			Gross Amounts Not Offset in Statements of Financial Position		
	Net Amount of Assets Presented in Statements of Financial Position	**Collateral Received**	**Net Amount**	Net Amount of Assets Presented in Statements of Financial Position	Collateral Received	Net Amount
Repurchase agreements	**$966**	**$-**	**$966**	$660	$-	$660
Security lending collateral	**6,753**	**(6,753)**	**-**	4,581	(4,581)	-
Total	**$7,719**	**($6,753)**	**$966**	$5,241	($4,581)	$660

* Less than $500,000

[1] Other derivative contracts include total return swaps, currency swaps, and credit default swaps.

[2] Under subheading "Other financial instruments", repurchase agreements and securities lending collateral are presented on a gross basis within the table and on the Statements of Financial Position.

OFFSETTING OF DERIVATIVE LIABILITIES FAIR VALUE

(Dollars in millions)	September 30, 2023 Gross Amount of Recognized Liabilities	September 30, 2023 Gross Amounts Offset in Statements of Financial Position	September 30, 2023 Net Amounts of Assets Presented in Statements of Financial Position	September 30, 2022 Gross Amount of Recognized Liabilities	September 30, 2022 Gross Amounts Offset in Statements of Financial Position	September 30, 2022 Net Amounts of Assets Presented in Statements of Financial Position
Derivatives						
Interest-rate contracts	**$1**	**$-**	**$1**	$20	($7)	$13
Foreign exchange contracts	**283**	**(231)**	**52**	415	(380)	35
Other derivative contracts[1]	**0***	**0***	**0***	1	0*	1
Cash collateral nettings	**-**	**-**	**-**	-	26	26
Total Derivatives	**$284**	**($231)**	**$53**	$436	($361)	$75
Other financial instruments[2]						
Resale agreements	**$-**	**$-**	**$-**	$-	$-	$-
Securities lending collateral	**6,753**	**-**	**6,753**	4,581	-	4,581
Total derivatives and other financial instruments	**$7,037**	**($231)**	**$6,806**	$5,017	($361)	$4,656

(Dollars in millions)	**September 30, 2023** Gross Amounts Not Offset in Statements of Financial Position			September 30, 2022 Gross Amounts Not Offset in Statements of Financial Position		
	Net Amount of Liabilities Presented in Statements of Financial Position	**Collateral Received**	**Net Amount**	Net Amount of Liabilities Presented in Statements of Financial Position	Collateral Received	Net Amount
Resale agreements	**$-**	**$-**	**$-**	$-	$-	$-
Security lending collateral	**6,753**	**(6,753)**	**-**	4,581	(4,581)	-
Total	**$6,753**	**($6,753)**	**$-**	$4,581	($4,581)	$-

* Less than $500,000

[1] Other derivative contracts include total return swaps, currency swaps, and credit default swaps.

[2] Under subheading "Other financial instruments", repurchase agreements and securities lending collateral are presented on a gross basis within the table and on the Statements of Financial Position.

The following table identifies the location of derivative gains and losses on the Statements of Operations as of September 30, 2023, and September 30, 2022.

EFFECT OF DERIVATIVE CONTRACTS ON THE STATEMENTS OF OPERATIONS

(Dollars in millions)	Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Recognized in Income on Derivatives	
		Sept. 30, 2023	Sept. 30, 2022
Futures			
Contracts in a receivable position	Investment Income-Fixed	**$1,059**	$2,047
Contracts in a receivable position	Investment Income-Equity	**0 ***	-
Contracts in a payable position	Investment Income-Fixed	**(680)**	(1,761)
Contracts in a payable position	Investment Income-Equity	**-**	-
Swap agreements			
Interest rate swaps	Investment Income-Fixed	**21**	115
Other derivative swaps	Investment Income-Fixed	**(2)**	(45)
Option contracts			
Options purchased (long)	Investment Income-Fixed	**(21)**	(12)
Options purchased (long)	Investment Income-Equity	**-**	-
Options written (sold short)	Investment Income-Fixed	**9**	16
Options written (sold short)	Investment Income-Equity	**-**	0 *
Forward contracts			
Forwards - foreign exchange	Investment Income-Fixed	**(22)**	122
	Investment Income-Equity	**0 ***	0 *

* Less than $500,000

Additional information specific to derivative instruments is disclosed in Note 4 - Derivative Contracts, and Note 5 - Fair Value Measurements.

SECURITIES LENDING

PBGC participates in a securities lending program administered by its custodian bank. The custodian bank requires initial collateral that equals 102 to 105 percent of the value of the securities lent. The collateral is held by the custodian bank or its agent. The custodian bank either receives cash or non-cash as collateral or returns collateral to cover mark-to-market changes. Any cash collateral received is invested by PBGC's investment agent. In addition to the lending program managed by the custodian bank, some of PBGC's investment managers are authorized to invest in securities purchased under resale agreements (an agreement with a commitment by the seller to buy a security back from the purchaser at a specified price at a designated future date).

The average value of securities on loan through September 30, 2023, and through September 30, 2022, was $6,436 million and $6,296 million, respectively. The average value of lendable securities was $38,606 million through September 30, 2023, and $44,590 million through September 30, 2022. The ratio of the average value of securities on loan and the average value of lendable securities is the average utilization rate. This average utilization rate was 17 percent through September 30, 2023, and 14 percent through September 30, 2022.

The average value of U.S. Corporate Bonds and Equity securities on loan through September 30, 2023, was $1,327 million, as compared to $2,373 million through September 30, 2022. The average value of U.S.

Corporate Bonds and Equity securities on loan is 21 percent of the $6,436 million average value of securities on loan through September 30, 2023, as compared to 38 percent of the $6,296 million average value of securities on loan through September 30, 2022. The average value of lendable U.S. Corporate Bonds and Equity securities was $22,154 million through September 30, 2023, or 57 percent of PBGC's overall average value of lendable securities; while the average value of lendable U.S. Corporate Bonds and Equity securities was $26,168 million through September 30, 2022, or 59 percent of PBGC's overall average value of lendable securities. The average utilization of U.S. Corporate Bonds and Equity securities was 6 percent through September 30, 2023, and 9 percent through September 30, 2022. U.S. Corporate Bonds and Equity securities utilization decreased due to a change in strategy to increase securities lending fees. The increased fees more than compensated for the slightly lower levels of utilization for U.S. Corporate Bonds and Equity securities that resulted and led to increased lending earnings.

The average value of U.S. Government securities on loan through September 30, 2023, was $5,025 million, as compared to $3,855 million through September 30, 2022. The average value of U.S. Government securities on loan was 78 percent of the $6,436 million average value of securities on loan through September 30, 2023, as compared to 61 percent of the $6,296 million average value of securities on loan through September 30, 2022. The average value of lendable U.S. Government securities through September 30, 2023, was $12,685 million, or 33 percent of PBGC's overall average value of lendable securities; whereas the average value of lendable U.S. Government securities through September 30, 2022, was $14,765 million, or 33 percent of PBGC's overall average value of lendable securities. The average utilization of U.S. Government securities was 41 percent through September 30, 2023, and 26 percent through September 30, 2022. Utilization of U.S. Government securities increased year over year because of a higher level of demand for U.S. Government Securities from borrowers. The following table presents utilization rates of investment securities in the custodian administered securities lending program.

UTILIZATION RATES IN THE SECURITIES LENDING PROGRAM

	Daily Utilization Rates at Sept. 30, 2023	Sept. 30, 2023 Average Utilization Rates	Sept. 30, 2022 Average Utilization Rates
U.S. Corporate Bond & Equity	6%	6%	9%
U.S. Government Securities	55%	41%	26%
Non-U.S. Corporate Bond & Equity	7%	3%	3%
Non-U.S. Fixed Income	1%	0%*	0%*
Total PBGC Program	20%	17%	14%

*Less than 1%.

The amount of cash collateral received for securities on loan at September 30, 2023, and September 30, 2022, was $6,753 million and $4,581 million, respectively. These amounts are recorded as assets and are offset with a corresponding liability. For lending agreements collateralized by securities, no accompanying asset or liability is recorded, as PBGC does not sell or re-pledge the associated collateral. For those securities lending activities that PBGC directs through its custodian manager, the Corporation chooses to invest proceeds from securities lending in the PBGC Collateral Fund.

In addition to its custodian agent lending program, PBGC invests in commingled index funds that participate in securities lending. PBGC does not own the securities in a commingled fund but owns units in the fund. The index fund provider utilizes an affiliated lending agent that lends the securities in the fund and receives collateral in return. The lending agent monitors and manages the collateral levels as well as monitors the credit quality and operations of their lending counterparties. The lending agent performs this service on behalf of the many clients that are invested in the commingled funds that participate in securities lending. This collateral is not valued or recorded on PBGC's financial statements as PBGC only owns units in the commingled funds.

PBGC's earnings from its agency securities lending programs as of September 30, 2023, and September 30, 2022, was $19 million and $14 million, respectively. Also contributing to PBGC's securities lending income is its participation in the commingled index funds mentioned above. Net income from securities lending is included in "Investment income – Fixed" on the Statements of Operations.

PBGC does not have the right by contract or custom to sell or re-pledge non-cash collateral, and therefore it is not reported on the Statements of Financial Position. Non-cash collateral, which consists of highly rated debt instruments, has increased on an absolute basis year over year.

REPURCHASE AGREEMENTS

PBGC's repurchase agreements entitle and obligate the Corporation to repurchase or redeem the same or substantially the same securities that were previously transferred as collateralized securities. In addition, repurchase agreements require the Corporation to redeem the collateralized securities, before maturity at a fixed determinable price.

As of September 30, 2023, PBGC had $966 million of repurchase agreements. Repurchase agreements include maturities of one day which is reported as an asset and included in the "Cash and cash equivalents" balance. Those that mature in more than one day are reported under "Fixed maturity securities." There was no associated liability for these secured borrowings reported as "Securities sold under repurchase agreements." PBGC has no restrictions placed on the cash received for all its outstanding repurchase agreements as of September 30, 2023.

NOTE 4: DERIVATIVE CONTRACTS

PBGC's derivative financial instruments are recorded at fair value and are included on the Statements of Financial Position as investments and derivative contracts. Foreign exchange forwards are included in "Fixed maturity securities." Swaps are netted for the individual contracts and are also included in "Fixed maturity securities." Swaps listed in the tables below represent the receivables and payables in an open trade position. Contracts for Futures in the tables below represent margin variation receivables and payables. The amounts subject to credit risk related to derivative instruments are generally limited to the amounts, if any, by which the counterparty's obligations exceed PBGC's obligations with that counterparty. PBGC considers this risk remote and does not expect the settlement of these transactions to have a material effect in the Statements of Operations and Statements of Financial Position.

Amounts in the table below represent the derivative contracts in a receivable position at September 30, 2023. Collateral deposits of $333 million, which represent cash paid as collateral on certain derivative contracts, are shown below.

DERIVATIVE CONTRACTS

(Dollars in millions)	**September 30, 2023**	September 30, 2022
Receivables on derivatives:		
Collateral deposits	**$333** [1]	$362 [2]
Futures contracts	**356**	172
Interest rate swaps (open trade receivable)	**31**	121
Other derivative swaps (open trade receivable)	**41**	0 *
Total	**$761**	$655

*Less than $500,000

[1] For FY 2023, where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits receivable are $333 million ($381 million gross collateral deposits receivable less $48 million due to a netting of collateral deposits receivable and payable).

[2] For FY 2022, where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits receivable are $362 million ($409 million gross collateral deposits receivable less $47 million due to a netting of collateral deposits receivable and payable).

Amounts in the Derivative Contracts table below represent derivative contracts in a payable position at September 30, 2023, which PBGC reflects as a liability. Collateral deposits of $495 million, which represent cash received as collateral on certain derivative contracts, are included.

DERIVATIVE CONTRACTS

(Dollars in millions)	**September 30, 2023**	September 30, 2022
Payables on derivatives:		
Collateral deposits	**$495** [1]	$312 [2]
Futures contracts	**140**	210
Interest rate swaps (open trade payable)	**31**	118
Other derivative swaps (open trade payable)	**41**	0 *
Options fixed/equity – income	**4**	1
Total	**$711**	$641

*Less than $500,000

[1] For FY 2023, where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits payable are $495 million ($543 million gross collateral deposits payable less $48 million due to a netting of collateral deposits receivable and payable).

[2] For FY 2022, where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits payable are $312 million ($359 million gross collateral deposits payable less $47 million due to a netting of collateral deposits receivable and payable).

NOTE 5: FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification Section 820, *Fair Value Measurements and Disclosures*, provides a consistent definition of fair value and establishes a framework for measuring fair value in accordance with U.S. GAAP. It does not require the measurement of financial assets and liabilities at fair value. The standard is intended to increase consistency and comparability in, and disclosures about, fair value measurements by giving users better information about how extensively PBGC uses fair value to measure financial assets and liabilities, the inputs PBGC used to develop those measurements and the effect of the measurements, if any, on the financial condition, results of operations, liquidity, and capital.

Section 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an "exit price") in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants on the measurement date. When PBGC measures fair value for its financial assets and liabilities, PBGC considers the principal or most advantageous market in which the Corporation would transact. PBGC also considers assumptions that market participants would use when pricing the asset or liability. When possible, PBGC looks to active and observable markets to measure the fair value of identical, or similar, financial assets or liabilities. When identical financial assets and liabilities are not traded in active markets, PBGC looks to market observable data for similar assets and liabilities. In some instances, certain assets and liabilities are not actively traded in observable markets, and as a result PBGC uses alternative valuation techniques to measure their fair value.

In addition, Section 820 establishes a hierarchy for measuring fair value. That hierarchy is based on the observability of inputs to the valuation of a financial asset or liability as of the measurement date. The standard also requires the recognition of trading gains or losses related to certain derivative transactions whose fair value has been determined using unobservable market inputs.

PBGC believes that its valuation techniques and underlying assumptions used to measure fair value conform to the provisions of Section 820. PBGC has categorized the financial assets and liabilities that PBGC carries at fair value in the Statements of Financial Position based upon the standard's valuation hierarchy. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to pricing methods with significant observable market inputs (Level 2), and the lowest priority to significant unobservable valuation inputs (Level 3). In addition, PBGC, for certain non-Level 1 Net Asset Value (NAV) investments, uses a "practical expedient" (i.e., priced without any adjustments). Non-Level 1 NAV investments that use the practical expedient are displayed in a NAV only category and are removed from their Level 2 or Level 3 category and added to the new exclusive NAV only category. The fair value table affected by this guidance is found in PBGC Financial Statements Note 5, Fair Value Measurements.

If the inputs used to measure a financial asset or liability cross different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. PBGC's assessment of the significance of a particular input to the overall fair value measurement of a financial asset or liability requires judgment, and considers factors specific to that asset or liability, as follows:

Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market. PBGC's Level 1 investments primarily include exchange-traded equity securities and certain U.S. Government securities.

Level 2 - Financial assets and liabilities whose values are based on quoted prices for similar assets and liabilities in active markets. PBGC also considers inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets. This includes cash equivalents, securities lending collateral, U.S. Government securities, asset backed securities, fixed foreign investments, corporate bonds, repurchase agreements, bond forwards, and swaps.
- Quoted prices for identical or similar assets or liabilities in non-active markets. This includes corporate stock, pooled funds fixed income, pooled funds equity, and foreign investments equity.
- Pricing models whose inputs are observable for substantially the full term of the asset or liability – included are insurance contracts and bank loans.
- Pricing models whose inputs are derived principally from or are corroborated by observable market information through correlation or other means for substantially the full term of the asset or liability.

Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable in the market and significant to the overall fair value measurement. These inputs reflect PBGC's judgment about the assumptions that a market participant would use in pricing the asset or liability and based on the best available information. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. PBGC includes instruments whose values are based on a single source such as a broker, pricing service, or dealer, which cannot be corroborated by recent market transactions. These include fixed maturity securities such as corporate bonds that are comprised of securities that are no longer traded on the active market and/or not managed by any asset manager. Equity securities such as corporate stocks are also included, comprised of securities that are no longer traded on the active market and/or not managed by any asset manager. Real estate funds that invest primarily in U.S. commercial real estate are valued based on each underlying investment within the fund/account; they incorporate valuations that consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information, including comparable transactions, and performance multiples, among other factors. The assets and liabilities that PBGC carries at fair value are summarized by the three levels required by Section 820 in the following table. The fair value of the asset or liability represents the "exit price" – the price that would be received to sell the asset or paid to transfer the liability.

FAIR VALUE MEASUREMENTS ON A RECURRING BASIS AS OF SEPTEMBER 30, 2023

(Dollars in millions)	Investment Measured at Net Asset Value (NAV)	Quoted Market Prices in Active Markets (Level 1)	Pricing Methods with Significant Observable Market Inputs (Level 2)	Pricing Methods with Significant Unobservable Market Inputs (Level 3)	Total Net Carrying Value in Statements of Financial Position
Assets					
Cash and cash equivalents	$ -	$ 111	$13,542	$ -	$13,653
Securities lending collateral[1]	-	-	6,753	-	6,753
Investments:					
Fixed maturity securities					
U.S. Government securities	-	-	54,327	-	
Commercial paper/securities purchased under repurchase agreements	-	-	354	-	
Asset backed/Mortgage backed securities	-	-	11,630	-	
Pooled funds[2]		2	-	0*	
Pooled funds fixed maturity at NAV[2,3]	1,304				
Corporate bonds and other	-	5	17,171	0*	
International securities	-	21	6,225	2	
Total Fixed Maturity Securities	1,304	28	89,707	2	91,041
Equity securities:					
Domestic	-	824	51	4	
International	-	2,618	0*	0*	
Pooled funds[2]		29	-	-	
Pooled funds equity securities NAV[2,3]	9,848				
Total Equity Securities	9,848	3,471	51	4	13,374
Private equity at NAV[3]	195	-	-	-	195
Real estate and real estate investment trusts	-	1,087	-	4	
Real estate and real estate investment trusts at NAV[3]	522				
Total Real Estate	522	1,087	-	4	1,613
Insurance contracts and other Investments	18	-	-	259	277
Receivables: [4]					
Derivative contracts[5]	-	356	405	-	761
Liabilities					
Payables: [4]					
Derivative contracts[6]	-	145	566	-	711

* Less than $500,000.

1 For securities lending details, please refer to the Securities lending section in Note 3 – Investments.
2 Pooled funds fixed and Pooled funds equity consists of domestic, international and global/other.
3 Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have been excluded from fair value hierarchy. See Significant Accounting Policies – Note 2.
4 Where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits receivable are $333 million ($381 million gross collateral deposits receivable less $48 million due to a netting of collateral deposits receivable and payable). Collateral deposits payable are $495 million ($543 million gross collateral deposits payable less $48 million due to a netting of collateral deposits receivable and payable).
5 Derivative contracts receivables are comprised of open receivable trades on futures, swaps, and collateral deposits. See the Derivative Contracts table under Note 4.
6 Derivative contracts payables are comprised of open payable trades on futures, swaps, options, and collateral deposits. See the Derivative Contracts table under Note 4.

CHANGES IN LEVEL 3 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS FOR THE YEAR ENDED SEPTEMBER 30, 2023

(Dollars in millions)	Fair Value at September 30, 2022	Total Realized and Unrealized Gains (Losses) included in Income	Purchases	Sales	Transfers Into Level 3	Transfers Out of Level 3	Fair Value at September 30, 2023	Change in Unrealized Gains (Losses) Related to Financial Instruments held at September 30, 2023[1]
Assets:								
Fixed Securities	$21	(1)	2	(21)	1	-	$2	$40
Equity Securities	$5	0*	0*	(2)	1	-	$4	$1
Private Equity	$ -	-	-	-	-	-	$-	$ -
Real Estate & Real Estate Investment Trusts	$10	(2)	-	(4)	-	-	$4	($1)
Insurance and Other	$282	(28)	88	(83)	-	-	$259	($42)

* Less than $500,000.
1 Amounts included in this column solely represent changes in unrealized gains and losses and cannot be derived from other columns from this table.

Pursuant to FASB Accounting Standards Codification Section 820, *Fair Value Measurement, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*; additional disclosures for Investments priced at Net Asset Value are discussed below.

FAIR VALUE MEASUREMENTS OF INVESTMENTS THAT ARE MEASURED AT NET ASSET VALUE PER SHARE (OR ITS EQUIVALENT) AS A PRACTICAL EXPEDIENT FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Net Asset Value (in millions)	Unfunded Commitments [1,2]	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real estate (a)	$ 522	$ 17	n/a	n/a
Private equity (b)	195	57	n/a	n/a
Pooled funds (c)	11,152	-	n/a	n/a
Total	$11,869	$74		

[1] Unfunded amounts include recallable distributions. A substantial portion of the unfunded commitments is unlikely to be called.
[2] These amounts include unfunded commitments that are measured at Net Asset Value.

a. This class includes public and private real estate investments that invest primarily in U.S. commercial real estate and U.S. residential real estate. For the private real estate investments, the fair value of each individual investment in this class has been estimated using the net asset value of PBGC's ownership interest in partners' capital. Generally, these investments do not have redemption provisions. Distributions from each asset include periodic income payments and the proceeds from the sale of the underlying real estate assets. The underlying real estate assets can generally be held indefinitely from the inception date of the investment. There are no plans to sell PBGC's interest in private real estate fund investments in this class in the secondary market. The public real estate investment is an investment in a unit trust that is intended to match the return of a REIT index. Units reflect a pro-rata share of the fund's investments. The per unit net asset value is determined each business day based on the fair value of the fund's investments. Issuances and redemptions are possible at least monthly when a per unit value is determined and are based upon the closing per unit net asset value.

b. This class includes private market investments that invest primarily in U.S. buyout and U.S. venture capital funds. These investments do not generally have redemption provisions. Instead, investments in this class typically make distributions which result from liquidation of the underlying assets of the funds. These distributions can extend 10 years or more from the inception of each individual fund. The fair value of each individual investment has been estimated using the net asset value of PBGC's ownership interest in partners' capital.

c. This class includes investments in unit trusts that are intended to match or outperform the returns of domestic and international indices. Units reflect a pro-rata share of the fund's investments. The per unit net asset value is determined each business day based on the fair value of the fund's investments. Issuances and redemptions are possible at least monthly when a per unit value is determined and are based upon the closing per unit net asset value.

PBGC uses recent prices of group annuities to derive the interest factors used to calculate the present value of future benefit-payment obligations. PBGC determines the interest-factor set that, when combined with a specified mortality table, produces present values that approximate the prices private insurers would charge to annuitize the same benefit-payment obligations.

Based on this valuation and in accordance with the provisions of the FASB Accounting Standards Codification Section 820, *Fair Value Measurements and Disclosures*, the significant unobservable inputs for the liability is the interest factor risk for Level 3 fair value measurements. A change in interest factors has an impact to the calculation of PBGC's PVFB, and the impact will be reflected in the "Due to change in interest factors." The table below summarizes the hypothetical results of using a 100 basis point difference causing the PVFB liability to increase (decrease) with a corresponding decrease (increase) in the interest factors. Furthermore, any such hypothetical change in the PVFB liability would have a corresponding effect on "Due to change in interest factors" expense.

HYPOTHETICAL AND ACTUAL INTEREST FACTOR SENSITIVITY CALCULATIONS OF PVFB SINGLE-EMPLOYER TRUSTEED PLANS AND MULTIEMPLOYER PROGRAM[1]

September 30, 2023 *(Dollars in millions)*	**Sensitivity Factors Curve of One-Year Spot Rates (Interest Factors) - Varies Annually from 5.30% in year 1 for 30 years, 4.55% thereafter**	**Official Factors[2] Curve of One-Year Spot Rates (Interest Factors) - Varies Annually from 6.30% in year 1 for 30 years, 5.55% thereafter**	**Sensitivity Factors Curve of One-Year Spot Rates (Interest Factors) - Varies Annually from 7.30% in year 1 for 30 years, 6.55% thereafter**
Single-Employer Program[3]	$79,287	**$73,775[4]**	$69,040
Multiemployer Program	2,422	**2,211**	2,031
Total	$81,709	**$75,986**	$71,071

[1] Level 3 Fair Value Measurements.
[2] Actual Spot Curve factors and PVFB amounts calculated for September 30, 2023, fiscal year-end financial statements.
[3] Gross PVFB liability for trusteed plans prior to the netting of recoveries.
[4] Liability for the Single-Employer Program included the 10/01/2023 $498 million benefit payment made on 09/29/2023.

NOTE 6: PRESENT VALUE OF FUTURE BENEFITS

The present value of future benefits (PVFB) is the estimated liability for future pension benefits that PBGC is or will be obligated to pay for trusteed plans and plans pending termination and trusteeship. For financial statement purposes, the net assets of plans pending termination and trusteeship (including estimated recoveries, assets, and miscellaneous liabilities) are included in the line item "Plans Pending Termination and Trusteeship." The estimated losses on probable future plan terminations are also included in the total PVFB liability. The PVFB liability is stated as the actuarial present value of estimated future benefit payments.

PBGC uses a curve of interest factors to determine the estimated actuarial present value of future benefit payments (as well as projected multiemployer nonrecoverable future financial assistance as discussed in Note 7). PBGC surveys insurance industry group annuity prices through the American Council of Life Insurers (ACLI) to obtain input needed to determine interest factors and then derives a 30-year curve of interest factors that together with the latest Society of Actuaries' (SOA) mortality table best matches the private sector average group annuity prices from the ACLI surveys.

The yield curve of interest factors is adjusted to best fit the average survey group annuity prices which include unobserved factors such as: actual insurer mortality tables and mortality improvement expectations, regulatory capital requirements, risk perspective, profit expectations, etc. Many factors including Federal Reserve policy, changing expectations about longevity risk, and competitive market conditions may affect these interest factors.

The interest factors determined as the best fit for the price information from the two most recent ACLI surveys, as of June 30, 2023 and March 31, 2023, have been adjusted to the date of the financial statements using market interest rates. For this purpose, underlying market interest rates are based on a weighted average of corporate and treasury bond rates using rate information obtained from the Intercontinental Exchange (ICE) index data platform. Corporate bond rates are from the ICE AAA-A3 market-weighted corporate bond spot curve which is based primarily on single A bond rates. Treasury rates are from the ICE U.S. Government spot curve. In PBGC's opinion, the liability for future benefit payments, net of administrative expenses, could be settled in the market for single-premium nonparticipating group annuities issued by private insurers at September 30, 2023 using these developed interest factors.

To derive the curve of interest factors, PBGC used the latest Society of Actuaries' (SOA) mortality table (Pri-2012 blended table based on the Employee and Non-Disabled mortality tables) and the MP-2021 mortality improvement scales. The latest SOA mortality table is PBGC's best estimate of the mortality assumption being used by insurance companies to determine group annuity premiums.

The table below shows a comparison of the September 30, 2023 and September 30, 2022 spot rate yield curves. Future payments are discounted by the single spot rate applicable for the future year in which the payment is made. For September 30, 2023, the spot rate yield curve starts with an interest factor of 6.30% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 5.55% and is assumed to remain level thereafter. For September 30, 2022, the spot rate yield curve started with an interest factor of 5.12% in year 1 and changed as the future period for discounting got longer until year 30 when the interest factor became 4.76% and was assumed to remain level thereafter.

CURVE OF SPOT RATES FOR SEPTEMBER 30, 2023 AND SEPTEMBER 30, 2022

Period (in Years)	09/30/2023	09/30/2022	Change	Period (in Years)	09/30/2023	09/30/2022	Change
1	6.30%	5.12%	1.18%	16	6.07%	5.43%	0.64%
2	6.07%	5.28%	0.79%	17	6.11%	5.48%	0.63%
3	5.95%	5.44%	0.51%	18	6.14%	5.52%	0.62%
4	5.88%	5.48%	0.40%	19	6.17%	5.56%	0.61%
5	5.83%	5.47%	0.36%	20	6.18%	5.58%	0.60%
6	5.81%	5.43%	0.38%	21	6.19%	5.59%	0.60%
7	5.80%	5.37%	0.43%	22	6.18%	5.57%	0.61%
8	5.81%	5.32%	0.49%	23	6.15%	5.54%	0.61%
9	5.82%	5.28%	0.54%	24	6.11%	5.48%	0.63%
10	5.85%	5.26%	0.59%	25	6.05%	5.41%	0.64%
11	5.88%	5.26%	0.62%	26	5.98%	5.31%	0.67%
12	5.91%	5.27%	0.64%	27	5.89%	5.19%	0.70%
13	5.95%	5.30%	0.65%	28	5.79%	5.06%	0.73%
14	5.99%	5.33%	0.66%	29	5.67%	4.91%	0.76%
15	6.03%	5.38%	0.65%	30	5.55%	4.76%	0.79%
				Longer Periods	5.55%	4.76%	0.79%

PBGC uses a fully generational mortality assumption, in combination with the spot rates above, to measure the PVFB. Based on the results of a preliminary 2022 study of PBGC's single-employer mortality experience (completed September 14, 2022), an updated mortality assumption was adopted for the September 30, 2022, and subsequent Financial Statements. The study was based on PBGC's single-employer experience from fiscal years 2017 through 2021. The study recommended the use of the Pri-2012 Total Dataset Mortality tables combined with specific ten-year age band adjustments from ages 55 to 104 for healthy participants and setting ages forward or backward for disabled participants depending on a disabled participant's gender and eligibility for Social Security. The resulting tables are projected generationally using the most currently available projection scale, which is Scale MP-2021. The preliminary 2022 mortality study was finalized on February 17, 2023. As a result, the mortality assumption was updated for the June 30, 2023 and subsequent financial statements. The final morality study includes an additional experience year (2022) in the analysis and recommended revisions to the previously updated healthy and disabled mortality tables. Separate base mortality rates for annuitants and non-annuitants are now being applied and were determined based on experience through September 30, 2019, resulting in changes to the age band adjustments developed in the preliminary mortality study. In addition, adjustments to the mortality improvement assumption were developed based on mortality experience for the calendar years 2020-2022 to reflect anticipated future effects of the COVID-19 pandemic. The updates to the MP-2021 mortality improvement scale for anticipated excess mortality are as follows: 2023: 5%, 2024: 4%, 2025: 3%, 2026: 2%, 2027: 1%, 2028 and beyond: 0%.

Thus, the mortality tables PBGC used to determine liabilities as of September 30, 2023, consisted of the Pri-2012 Total Dataset Annuitant and Non-Annuitant Mortality Tables Healthy Male and Female with the age band adjustments noted above projected generationally with the MP-2021 improvement scales and adjustments for expected excess mortality for years 2023-2027.

Based on the results of a 2023 study of PBGC's case administration expenses, an updated expense assumption was adopted for the September 30, 2023, and subsequent financial statements. The expense reserve remained as 0.68% of the PVFB but the additional reserves decreased for plans in which plan asset valuations, participant database audits, and actuarial valuations were not yet complete. In addition to the completion of these milestones, PBGC continues to base the reserve on plan size, number of participants, and time since trusteeship. The expense loading factor of 0.68% for ongoing benefit payments represents the estimate of expenses incurred from the ongoing payment of administrative expenses for participants receiving benefits. The expense factors are applied to current data to calculate expense liabilities for each financial statement close. For September 30, 2023, year-end, PBGC used the new expense reserve factors for administrative expenses.

PBGC has in place a policy that allows the Corporation to not decrease a final benefit determination that is overstated by $5 or less. The effect of this policy is carried through to the calculation of the PVFB liability.

The PVFB for trusteed plans for FY 2023 and FY 2022 reflect the payment of benefits and the changes in interest and mortality assumptions, expected interest, and the effect of experience. The resulting liability represents PBGC's best estimate of the measure of anticipated experience under these programs.

The table below summarizes the actuarial adjustments, charges, and credits that explain how the Corporation's Single-Employer Program liability for the PVFB changed for the fiscal year ended September 30, 2023, and for the fiscal year ended September 30, 2022.

RECONCILIATION OF THE PRESENT VALUE OF FUTURE BENEFITS FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	September 30,			
(Dollars in millions)	**2023**		2022	
Present value of future benefits, at beginning of year -- Single-Employer, net		**$78,332**		$108,929
Estimated recoveries, prior year		**128**		150
Assets of terminated plans pending trusteeship, net, prior year		**2,885**		3,643
Present value of future benefits at beginning of year, gross		**81,345**		112,722
Settlements and judgments, prior year		**(17)**		(17)
Net claims for probable terminations, prior year		**(221)**		(254)
Actuarial adjustments -- underwriting:				
Changes in method and assumptions	**520**		(1,636)	
Effect of experience	**(611)**		299	
Total actuarial adjustments -- underwriting	**(91)**		(1,337)	
Actuarial charges -- financial:				
Expected interest	**3,909**		483	
Change in interest factors	**(2,941)**		(24,061)	
Total actuarial charges -- financial	**968**		(23,578)	
Total actuarial charges, current year		**877**		(24,915)
Terminations:				
Current year	**1,425**		600	
Changes in prior year	**(3,544)**		13	
Total terminations		**(2,119)**		613
Benefit payments, current year[1]		**(6,061)**		(7,042)
Estimated recoveries, current year		**(165)**		(128)
Assets of terminated plans pending trusteeship, net, current year		**(13)**		(2,885)
Settlements and judgments, current year [2]		**17**		17
Net claims for probable terminations:				
Future benefits	**668**		523	
Estimated plan assets and recoveries from sponsors	**(382)**		(302)	
Total net claims, current year[3]		**286**		221
Present value of future benefits, at end of year -- Single-Employer, net		**73,929**		78,332
Present value of future benefits, at end of year -- Multiemployer		**0***		0*
Total present value of future benefits, at end of year, net		**$73,929**		$78,332

* Less than $500,000 (actual amount is $21,902 and $31,481 for the 10 Pre-MPPAA (Multiemployer Pension Plan Amendments Act) trusteed multiemployer plans at September 30, 2023, and September 30, 2022, respectively).

1 The benefit payments of $6,061 million for FY 2023, include a net credit of $259 million due to the reversal of accrued benefit payments for J.C. Penney as the company completed a standard termination and for benefits paid from plan assets prior to trusteeship, compared to $7,042 million for FY 2022, which includes $158 million payment in FY 2022, for benefits paid from plan assets prior to trusteeship.

2 PBGC determined it is highly unlikely that more than half of the total potential future Page/Collins settlement liability will be paid. Accordingly, PBGC estimates that PBGC's future Page/Collins settlement liability amount was $17 million at both September 30, 2023, and September 30, 2022.

3 Net claims of future benefits for probable terminations of $286 million and $221 million at September 30, 2023, and September 30, 2022, include $174 million and $3 million, respectively, for specifically identified probable terminations, and $112 million and $218 million, respectively, for not specifically identified probables.

The following table details the assets that make up single-employer terminated plans pending termination and trusteeship:

ASSETS OF SINGLE-EMPLOYER PLANS PENDING TERMINATION AND TRUSTEESHIP, NET

(Dollars in millions)	September 30, 2023 Basis	September 30, 2023 Market Value	September 30, 2022 Basis	September 30, 2022 Market Value
U.S. Government securities	**$ -**	**$ -**	$ -	$ -
Corporate and other bonds	**3**	**3**	1,839	1,833
Equity securities	**7**	**7**	1,311	1,307
Private equity	**-**	**-**	5	7
Insurance contracts	**0 ***	**0 ***	2	2
Other	**3**	**3**	(264)	(264)
Total, net	**$13**	**$13**	$2,893	$2,885

* Less than $500,000

NET CLAIMS FOR PROBABLE TERMINATIONS

Factors that at present are not fully determinable may be responsible for why these claim estimates differ from actual experience. Included in net claims for probable terminations is a provision for future benefit liabilities for plans not specifically identified. This reserve for small unidentified probable losses is recorded for the estimated future contingent losses stemming from insured single-employer plans with an aggregate underfunding of less than $50 million. The reserve is based on the historic three-year rolling average of actual plan terminations (with an aggregate underfunding of less than $50 million) and indexed to the S&P 500 to reflect changes in economic conditions. The September 30, 2023, Net Claims for Probable Terminations is $286 million, of which $174 million is from a specific identification process and $112 million is from the reserve for small unidentified probable losses.

The values recorded in the following reconciliation table have been adjusted to the expected dates of termination.

RECONCILIATION OF NET CLAIMS FOR PROBABLE TERMINATIONS

(Dollars in millions)	September 30, 2023		September 30, 2022	
Net claims for probable terminations, at beginning of year		**$221**		$254
New claims	**174**		3	
Actual terminations	**-**		(135)	
Deleted probables	**(3)**		-	
Change in benefit liabilities	**(106)**		99	
Change in plan assets	**-**		-	
Loss (credit) on probables		**65**		(33)
Net claims for probable terminations, at end of year		**$286**		$221

The following table itemizes specifically identified single-employer probable exposure by industry:

PROBABLES EXPOSURE BY INDUSTRY (PRINCIPAL CATEGORIES)

(Dollars in millions)	**FY 2023**	FY 2022
Retail	**$ -**	$-
Manufacturing	**-**	3
Transportation, Communication and Utilities	**174**	-
Total[1]	**$174**	$3

[1] Total excludes a small unidentified bulk reserve of $112 million and $218 million for September 30, 2023 and September 30, 2022, respectively.

For further detail regarding single-employer probables, see Note 2 under Present Value of Future Benefits (PVFB) subpoint (4).

The following table shows what has happened to plans classified as probable. This table does not include those plans that were classified as probable and then subsequently terminated within the same fiscal year.

ACTUAL PROBABLES EXPERIENCE

As Initially Recorded Beginning in 1987

(Dollars in millions)	Status of Probables from 1987-2022 at September 30, 2023			
Beginning in 1987, number of plans reported as Probable:	Number of Plans	Percent of Plans	Net Claim	Percent of Net Claim
Probables terminated	391	79%	$35,941	75%
Probables not yet terminated or deleted	-	0%	-	0%
Probables deleted	104	21%	12,058	25%
Total	495	100%	$47,999	100%

NOTE 7: MULTIEMPLOYER FINANCIAL ASSISTANCE

PBGC provides traditional financial assistance to multiemployer defined benefit pension plans in the form of loans (generally unsecured). Since these loans for non-SFA eligible plans are not generally repaid, an allowance is set up to the extent that repayment of these loans is not expected. Given the enactment of ARP, plans eligible to receive SFA funds once approved, are required to repay the traditional financial assistance received (a plan obligation) and thus are reflected in PBGC's notes receivable net balance below.

NOTES RECEIVABLE MULTIEMPLOYER TRADITIONAL FINANCIAL ASSISTANCE

(Dollars in millions)	**September 30, 2023**	September 30, 2022
Gross balance at beginning of year	**$2,726**	$2,634
Financial assistance payments	**176**	218
Financial assistance - premiums waived	**3**	3
Write-offs related to settlement agreements	**-**	0 *
SFA Repayments	**(147)**	(213)
Change in accrued interest on notes receivable	**156**	84
Subtotal	**2,914**	2,726
Allowance for uncollectible amounts	**(2,865)**	(2,528)
Net balance at end of year	**$49** [1]	$198

* Less than $500,000

[1] This receivable balance of $49 million (financial assistance plus interest that is expected to be returned to PBGC) represents the reduction to the allowance for uncollectible amounts relating to the insolvent plans that became eligible for Special Financial Assistance (SFA).

The Underwriting losses from financial assistance (insolvent plans) and probable financial assistance reflected in the Statements of Operations include period changes in the estimated present value of nonrecoverable future financial assistance. The financial expenses related to financial assistance are presented as actuarial charges, credits, and adjustments for plans that are known to be insolvent as of the valuation date and/or have begun or are about to begin receiving financial assistance. In addition, a change in the valuation of the liability due to new data received (e.g., new plan expenses, more recent valuation liabilities, and new withdrawal payment schedules) is included as financial assistance from insolvent and probable plans on the Statements of Operations. This valuation data change is a separate line item from actuarial adjustments and actuarial charges.

Effective FY 2023, PBGC updated its methodology in calculating Present Value of Nonrecoverable Future Financial Assistance for small-sized multiemployer plans. Previously, PBGC calculated small plan probables using a seven-year historic ratio of new plan terminations or insolvencies to the total unfunded liability for small plans in a given year. The ratio was then applied to the current unfunded liability for small plans to calculate the probable exposure. Under the new methodology, PBGC will calculate the standardized projected Date of Insolvency (DOI) for high risk small-sized plans. If the projected DOI is within 20 years of the PBGC financial statement date, actuarial calculations are performed on a plan-by-plan basis for nonrecoverable future financial assistance, utilizing certain generalized assumptions that are appropriate for a bulk reserve. Utilizing this new methodology, the FY 2023 multiemployer probable small plan bulk reserve result is $163 million. Under the prior procedure, the multiemployer probable small plan bulk reserve would have resulted in $108 million.

This updated methodology classifies the financial obligations for these plans into the categories based on their projected DOI as follows:

- Within 10 years are classified as probable.

- From 10 to 20 years are classified as reasonably possible.
- Greater than 20 years is classified as remote.

The adoption of this methodology aims to standardize and refine the projection and classification of financial obligations within the Multiemployer Program.

To determine the probable liability, ongoing plans are divided into segments based on the number of plan participants with different processes by plan size.

For small plans (less than 2,500 participants) and for medium-sized plans (2,500 to 35,000 participants), risk-based rules are applied using a cash-flow model to derive the probable liability. For large plans (more than 35,000 participants), PBGC identifies ongoing high-risk plans and then calculates projected dates of insolvency for these plans to measure the probable liability. As of September 30, 2023, the reserve has been adjusted to reflect the Special Financial Assistance (SFA) Program enacted with ARP.

ARP established the SFA Program for distressed multiemployer plans that meet specific criteria. The SFA Program is administered by PBGC and is funded by general U.S. Treasury monies, not by PBGC's multiemployer insurance fund.

The amount of SFA funding to which an eligible plan is entitled is the amount the plan requires to pay all benefits and expenses, net of plan resources (including plan assets, projected future contributions, and withdrawal liability collections), through the plan year ending in 2051. The SFA payment also includes reinstatement of benefits previously suspended due to implementation of benefit suspensions under the Multiemployer Pension Reform Act of 2014 (MPRA) or benefits reduced to PBGC guaranteed benefit levels for insolvent plans.

PBGC must process all SFA applications within 120 days of receipt. Upon PBGC's approval of the plan's application, PBGC will pay the SFA funds to the plan with no requirement for repayment, unless due to a clerical or mathematical error. To accurately reflect the impact of SFA eligibility on PBGC's accrued and contingent liability, multiemployer plans expected to be eligible and eventually approved for SFA are not considered high risk and will be classified as remote.

Since the SFA funding to eligible plans will likely enable the plans to pay benefits due through plan year 2051, SFA eligible plans are no longer considered to be in the high-risk category as defined by either (1) projected insolvency over the next 20 years, (2) currently classified as critical and declining status, or (3) meeting the projected insolvency thresholds as defined in PBGC's procedures. Therefore, the end result is that these SFA eligible plans are classified as remote and not presented within PBGC's financial statements.

In FY 2023, there was one traditional financial assistance liability removed from the multiemployer insolvent category due to the plan's eligibility for SFA. Separately, there were no plans removed from the probable category due to the plans' eligibility for SFA.

MPRA provides that certain plans may apply to the U.S. Department of the Treasury (Treasury) to suspend benefits, and provides for a participant vote on the benefit suspension. These plans also may apply to PBGC for financial assistance: either for a facilitated merger or a partition. Plans applying for a partition are also required to apply to Treasury for a suspension of benefits. These actions do not affect the determination of the nonrecoverable future financial assistance liability until approval has been granted and Treasury has issued the final authorization to suspend benefits. In the case of a benefit suspension application, the plan is no longer classified as probable once Treasury has issued the final authorization to suspend benefits. Separately, in the case of a partition application, the original plan is no longer classified as probable once PBGC has approved the application and Treasury has issued the final authorization to suspend benefits.

As of September 30, 2023, the Corporation expects that 123 individually identified multiemployer plans have exhausted or will exhaust plan assets and need financial assistance from PBGC to pay guaranteed benefits and plan administrative expenses. The present value of nonrecoverable future financial assistance for these 123 plans is $2,211 million (inclusive of the reserve for small ongoing plan losses not individually identified). The 123 plans fall into three categories: (1) plans currently receiving financial assistance (whether terminated or not); (2) plans that have terminated but have not yet started receiving financial assistance from PBGC; and (3) ongoing plans (not terminated) that the Corporation expects will require financial assistance in the future. The latter two categories are comprised of multiemployer probables as defined by the following classification criteria:

- Probable insolvent plan-terminated future probables: Plans that have terminated but have not yet started receiving financial assistance may still have assets, but the combination of plan assets and collectible payments of withdrawal liability are projected to be insufficient to cover plan benefits plus expenses.
- Probable insolvent plan-ongoing future probables: Ongoing plans with a projected date of insolvency within 10 years. Small plans with fewer than 2,500 participants are excluded from the plan count for this category. The liability for small plans is calculated on a plan-by-plan basis to determine a small plan bulk reserve.

MULTIEMPLOYER TRADITIONAL FINANCIAL ASSISTANCE

	September 30, 2023		September 30, 2022	
(Dollars in millions)	**Number of Plans**	**Net Liability**	Number of Plans	Net Liability
Plans currently receiving financial assistance	**90** [1]	**$1,622**	86	$1,551
Plans that have terminated but have not yet started receiving financial assistance (classified as probable)	**32** [2]	**386**	48	662
Ongoing plans (not terminated) that the Corporation expects will require financial assistance in the future (classified as probable)	**1** [3]	**203** [4]	2	177 [4]
Total	**123**	**$2,211**	136	$2,390

[1] A total of four plans were transferred from "Plans that have terminated but have not yet started receiving financial assistance (classified as probable)". One new plan was added to the inventory, which was then removed due to being eligible to receive Special Financial Assistance (SFA).
[2] Thirteen plans were removed from inventory because they had sufficient assets to meet their obligations (i.e., estimates indicate zero-dollar liability and no projected date of insolvency). This represents a change going forward from FY 2022 in PBGC's criteria for plans to be included in this category. Four plans were transferred to "Plans currently receiving financial assistance", and one new plan was added to the inventory.
[3] One plan was removed from inventory and re-classified as reasonably possible.
[4] "Ongoing plans" include a small unidentified probable bulk reserve of $163 million and $92 million for September 30, 2023, and September 30, 2022, respectively.

Of the 123 plans:

a) 90 plans have exhausted plan assets and are currently receiving financial assistance payments from PBGC. The present value of future financial assistance payments for these insolvent 90 plans is $1,622 million.

b) 32 plans have terminated but have not yet started receiving financial assistance payments from PBGC. Terminated multiemployer plans no longer have employers making regular contributions for covered work, though some plans continue to receive withdrawal liability payments from withdrawn employers. In general, PBGC records a loss for future financial assistance for any underfunded multiemployer plan that has terminated. The present value of future financial assistance payments for these 32 terminated plans is $386 million.

c) One plan is ongoing that the Corporation expects will require financial assistance in the future (classified as probable). The present value of future financial assistance payments for this one ongoing plan and the small unidentified probable bulk reserve is $203 million.

PRESENT VALUE OF NONRECOVERABLE FUTURE FINANCIAL ASSISTANCE AND LOSSES FROM TRADITIONAL FINANCIAL ASSISTANCE

(Dollars in millions)	**September 30, 2023**	September 30, 2022
Balance at beginning of year	**$2,390**	$3,017
Changes in allowance:		
Losses (credits) from insolvent and probable plans - financial assistance[1]	**(10)**	(72)
Actuarial adjustments	**(37)**	(15)
Actuarial charges (credits) - Insolvent plans:		
Due to expected interest	**87**	10
Due to change in interest factors	**(66)**	(408)
Financial assistance granted (previously accrued)	**(32)**	(7)
Premium Waivers	**3**	2
Write-Offs of Financial Assistance	**-**	0 *
Change in allowance for plans that became eligible for SFA[2]	**(124)**	(128)
Financial assistance granted through MPRA merger[3]	**-**	(9)
Balance at end of year	**$2,211**	$2,390

*Less than $500,000

[1]This $10 million credit consists of $38 million in credits due to change in interest factors which resulted from increases in market rates, a $38 milion credit due to the transfer of one multiemployer probable plan to reasonably possible, a $24 million credit from expected benefit payments, and $22 million credit from change due to actuarial investment rates return. This was offset by a $72 million increase in the multiemployer small plan bulk reserve, $24 million in charges from expected interest on benefit liability, $16 million in charges from the addition of one new multiemployer probable plan, and $20 million net charges from other recurring acturial adjustments.

[2]This amount represents the traditional financial assistance that will be returned to PBGC due to the reduction to the allowance for uncollectible amounts relating to insolvent plans that became eligible for Special Financial Assistance (SFA).

[3]PBGC approved its first facilitated merger of two multiemployer plans under MPRA that resulted in an additional $9 million in financial assistance in FY 2022.

In the table above and on the financial statements, actuarial charges are reported separately from "Losses (credits) from insolvent and probable plans-financial assistance." As a result, the table includes the following lines: Actuarial adjustments, Due to expected interest, and Due to change in interest factors. Insolvent plans are presented within these three actuarial charges (credits) lines. "Losses (credits) from insolvent and probable plans-financial assistance" include plans that terminated but have not yet received financial assistance, ongoing plans that PBGC expects will require financial assistance in the future, and those insolvent plans that have a change in liability due to new plan data included in the valuation. PBGC uses a curve of interest factors to determine the actuarial Multiemployer Nonrecoverable Future Financial Assistance. See Note 6 for the table of yield curves shown in spot rate format.

Pursuant to ARP, PBGC will provide SFA, which is intended to help an eligible plan to pay full benefits through plan year 2051. Unlike the traditional financial assistance loans PBGC provides to multiemployer plans, SFA is in the form of a transfer of funds with no obligation of repayment. The SFA liability is recorded when the following conditions are met: (1) the initial application for SFA has been received by PBGC, (2) the multiemployer plan applicant has been determined to be eligible, (3) the application has been deemed to be complete, and (4) the application has been approved. The SFA liability is presented as a separate line item on the Statements of Financial Position.

Although the traditional financial assistance loans are not typically repaid, in order to receive the new Special Financial Assistance provided through ARP, eligible plans must repay their preexisting traditional financial assistance loans. Once collected into the PBGC revolving fund, these funds will not be available for obligation until subsequently apportioned.

NOTE 8: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following table itemizes accounts payable and accrued expenses reported in the Statements of Financial Position:

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	Single-Employer Program		Multiemployer Program		Memorandom Total	
(Dollars in millions)	**Sept. 30, 2023**	Sept. 30, 2022	**Sept. 30, 2023**	Sept. 30, 2022	**Sept. 30, 2023**	Sept. 30, 2022
Payroll and annual leave	**$17**	$17	**$0 ***	$0 *	**$17**	$17
Accounts payable and accrued expenses	**76**	61	**4**	5	**80**	66
SFA – Payroll and annual leave	**n/a**	n/a	**1**	0 *	**1**	0 *
SFA – Accounts payable and accrued expenses	**n/a**	n/a	**2**	1	**2**	1
Total Accounts payable and accrued expenses	**$93**	$78	**$7**	$6	**$100**	$84

* Less than $500,000

NOTE 9: REASONABLY POSSIBLE CONTINGENCIES

SINGLE-EMPLOYER PLANS

Single-employer plans sponsored by companies whose credit quality is below investment grade pose a greater risk of being terminated than plans sponsored by companies with investment grade ratings. The estimated unfunded vested benefits exposure amounts disclosed represent PBGC's estimates of the reasonably possible (RP) exposure to loss given the inherent uncertainties about these plans.

In accordance with the FASB Accounting Standards Codification Section 450, *Contingencies*, PBGC classified a number of these companies that sponsor plans with total unfunded vested benefits of $50 million or more as reasonably possible rather than probable terminations, reflecting the sponsors' financial condition and other factors that did not indicate termination of their plans was likely. This classification was based upon information available about the companies as of September 30, 2023. PBGC's criteria for a single-employer plan sponsor to be classified as reasonably possible include one or more of the following:

a. The sponsor(s) or significant member(s) of its controlled group (e.g., a parent or major subsidiary) is in reorganization under Title 11 of the United States Code.

b. An application for a funding waiver is pending or outstanding with the IRS.

c. A minimum funding contribution has been missed.

d. The sponsor(s) or parent company has an S&P senior unsecured credit rating or an issuer credit rating of BB+ or below, or a Moody's senior unsecured credit rating, issuer credit rating, or corporate family rating of Ba1 or below. If the sponsor(s) or parent company does not have one of the ratings above, PBGC may use an industry specific rating such as an insurance financial strength rating, general obligation bond rating, or revenue bond rating.

e. The sponsor(s) or parent company has no credit rating but has a Dun & Bradstreet Failure Score of below 1477.

f. The sponsor(s) or parent company has no credit rating, but analysis indicates that its unsecured debt would be below investment grade.

g. Other (detailed explanation must be provided and be approved by PBGC's Contingency Working Group).

A reserve for the small unidentified reasonably possible exposure (companies that sponsor plans with less than $50 million in unfunded vested benefits) is calculated using an aggregate method to estimate exposure, rather than reviewing each company individually.

The estimate of the reasonably possible exposure to loss for the single-employer plans of these companies was determined using a measurement date of December 31, 2022. The reasonably possible exposure to loss was $25,657 million for FY 2023. This is a decrease of $26,375 million from the reasonably possible exposure of $52,032 million in FY 2022. This decrease is primarily due to the significant increase in the interest factors used for valuing liabilities as of the measurement date.

PBGC calculates the estimated unfunded vested benefit exposure to loss using the most recent data available from filings and submissions to the Corporation for plan years ended on or after December 31, 2021. The data used does not generally allow for PBGC-guaranteed benefit levels to be taken into account.

The table below shows a comparison of the December 31, 2022, and December 31, 2021, spot rate yield curves. Future payments are discounted by the single rate applicable for the future year in which the payment is expected to be made. For the December 31, 2022 measurement of reasonably possible exposure, the spot rate yield curve starts with an interest factor of 5.31% in year 1 and changes as the future period for discounting gets longer until year 30 and beyond when the factor becomes 5.13% and is assumed to remain level thereafter. For the December 31, 2021 measurement of RP exposure, the spot rate yield curve started with an interest factor of 0.93% in year 1 and the interest factor for year 30 and beyond was 2.35%.

CURVE OF SPOT RATES FOR DECEMBER 31, 2022 AND DECEMBER 31, 2021 MEASUREMENT OF SINGLE-EMPLOYER REASONABLY POSSIBLE EXPOSURE

Period (in Years)	12/31/2022	12/31/2021	Change		Period (in Years)	12/31/2022	12/31/2021	Change
1	5.31%	0.93%	4.38%		16	5.34%	2.55%	2.79%
2	5.17%	1.30%	3.87%		17	5.41%	2.58%	2.83%
3	5.12%	1.66%	3.46%		18	5.47%	2.60%	2.87%
4	5.09%	1.92%	3.17%		19	5.52%	2.61%	2.91%
5	5.06%	2.09%	2.97%		20	5.57%	2.62%	2.95%
6	5.04%	2.20%	2.84%		21	5.60%	2.63%	2.97%
7	5.03%	2.27%	2.76%		22	5.62%	2.62%	3.00%
8	5.03%	2.32%	2.71%		23	5.62%	2.61%	3.01%
9	5.03%	2.35%	2.68%		24	5.60%	2.59%	3.01%
10	5.05%	2.38%	2.67%		25	5.57%	2.56%	3.01%
11	5.07%	2.41%	2.66%		26	5.52%	2.53%	2.99%
12	5.11%	2.44%	2.67%		27	5.44%	2.49%	2.95%
13	5.16%	2.46%	2.70%		28	5.35%	2.44%	2.91%
14	5.22%	2.49%	2.73%		29	5.25%	2.40%	2.85%
15	5.28%	2.52%	2.76%		30	5.13%	2.35%	2.78%
					Longer Periods	5.13%	2.35%	2.78%

For the December 31, 2022 measurement of reasonably possible exposure, PBGC used the Pri-2012 Employee and Non-Disabled Annuitant mortality tables blended in accordance with 26 CFR § IRC 1.430(h)(3)-1(b)(2) and projected generationally with improvement scale MP-2021.

The expense load defined in 29 CFR Part 4044, Appendix C was estimated and applied to the present value of vested benefits.

Note that the aforementioned interest factors used for the RP exposure are derived over a different point in time than the interest factors used for PBGC's Present Value of Future Benefits for trusteed plans recorded on the balance sheet and detailed in Note 6. Due to the amount of time required to develop the RP exposure, it is determined using a measurement date as of the prior December 31, rather than as of the fiscal year-end.

The underfunding associated with these plans could be substantially different at September 30, 2023, because of changes in economic conditions between December 31, 2022, and September 30, 2023. PBGC did not adjust the estimate for events that occurred between December 31, 2022, and September 30, 2023.

The following table itemizes the single-employer reasonably possible exposure to loss by industry:

REASONABLY POSSIBLE EXPOSURE TO LOSS BY INDUSTRY (PRINCIPAL CATEGORIES)

(Dollars in millions)	**FY 2023**	FY 2022
Manufacturing	**$6,428**	$11,448
Transportation, Communication and Utilities	**11,416**	21,962
Services	**4,277**	10,845
Wholesale and Retail Trade	**488**	1,428
Health Care	**1,394**	3,123
Finance, Insurance, and Real Estate	**215**	807
Agriculture, Mining, and Construction	**1,439**	2,419
Total	**$25,657**	$52,032

MULTIEMPLOYER PLANS

Multiemployer plans that have become insolvent will require financial assistance. PBGC included amounts in the liability for the present value of nonrecoverable future financial assistance (see Note 7) for multiemployer plans that have become insolvent and for plans that PBGC estimated may require future financial assistance.

Reasonably possible multiemployer classification is defined as an ongoing plan with a projected insolvency date between 10 and 20 years from the valuation date. In FY 2023, PBGC estimated that it is reasonably possible that other multiemployer plans may require future financial assistance in the amount of $410 million, a $1,808 million decrease from the $2,218 million in FY 2022. The primary reason for the decrease in exposure was a net decrease in the number of plans classified as reasonably possible to seven plans on September 30, 2023, down from 12 plans classified as reasonably possible on September 30, 2022. The plans removed no longer meet the reasonably possible criteria as the plans experienced improved financial conditions due to better than expected investment returns, higher discount rates in valuing liabilities, and higher plan contributions. One of the plans was removed since it is eligible for SFA. Additionally, the reasonably possible aggregate reserve for small plans decreased by $390 million from $580 million at September 30, 2022, to $190 million at September 30, 2023. This was due to improved financial conditions of the plans, higher discount rates in valuing liabilities, and a change in the small plan bulk reserve estimation methodology. The number of small plans projected to become insolvent within 20 years decreased from 55 to 34. Utilizing the new small plan bulk reserve estimation methodology described in Note 7, the FY 2023 multiemployer reasonably possible small plan bulk reserve result is $190 million. Under the prior procedure, the multiemployer reasonably possible small plan bulk reserve would have resulted in $251 million.

PBGC calculated the future financial assistance liability for each multiemployer plan identified as probable (see Note 7), or reasonably possible. PBGC used a formula to calculate the present value of guaranteed future benefits and expense payments, net of any future contributions or withdrawal liability payments. These amounts were as of the later of September 30, 2023, or the projected date of plan insolvency, discounted back to September 30, 2023, utilizing the curve of spot rates presented in Note 6. PBGC's identification of plans that are likely to require such assistance and estimation of related amounts required consideration of many complex factors, including estimating future cash flows, future investment returns, future mortality rates, and retirement age of participants not in pay status. These factors are affected by future events, including actions by plans and their sponsors, most of which are beyond PBGC's control.

Both the probable liability and reasonably possible exposure are determined differently for different plan sizes, with a change to the methodology for small plans effective for FY 2023 (see Note 7).

For small plans (less than 2,500 participants) and medium-sized plans (2,500 to 35,000 participants), risk-based rules are applied using a cash-flow model to derive the reasonably possible exposure. For large plans (more than 35,000 participants), PBGC identifies ongoing high-risk plans and then calculates projected dates of insolvency for these plans to measure the reasonably possible exposure.

NOTE 10: LEASES

PBGC has three real property operating leases for its headquarter office and field benefit administrators' facilities totaling $157.4 million in future lease commitments. These leases provide for periodic rate increases based on increases in operating costs and real estate taxes over the base amount. PBGC has elected to apply the practical expedient combining lease and non-lease components into one single lease component. PBGC's new headquarters is under a new 15-year leasing agreement (includes rent-free period in the beginning of the lease).

PBGC staff returned to the office beginning in the 2nd quarter of FY 2023. The two field benefit administrators' facilities initial lease terms were 5-years (currently in a month-to-month hold-over agreement) and 2-years (with a one-year option to extend exercised for the 2-year lease). The minimum future lease payments for PBGC facilities having non-cancellable terms in excess of one year as of September 30, 2023, are as follows:

FUTURE LEASE PAYMENTS

(Dollars in millions)	
Years Ending September 30,	Operating Leases
2024	$0.2
2025	7.4
2026	13.3
2027	13.3
2028	13.3
Thereafter	109.9
Undiscounted Minimum lease payments[1]	$157.4
Discount[2]	(17.6)
Discounted Minimum lease payments	$139.8

[1]The minimum lease payments are comprised of the payments that the PBGC is obligated to make or can be required to make in connection with the leased property excluding executory costs such as operating expenses, insurance, and real estate.
[2]The discount is determined by the risk-free rate at the date of the lease commencement.

Lease expenses for operating leases were $12.0 million in FY 2023, and $12.9 million in FY 2022. For FY 2023, $0.1 million was allocated to SFA operating lease expense. Additionally, for FY 2023, PBGC has no finance leases.

CASH PAYMENTS FOR LEASES FOR THE YEAR ENDED SEPTEMBER 30, 2023

(Dollars in millions)	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$3.0
Operating cash flows from finance leases	-
Total cash payments for Leases	$3.0

NEW LEASES ACQUIRED FOR THE YEAR ENDED SEPTEMBER 30, 2023

(Dollars in millions)	
Right-of-Use Assets obtained in exchange for lease obligations:	
Operating Leases[3]	$ -
Finance Leases[3]	-
Total New Leases Acquired	$ -

[3]No operating leases nor finance leases commenced in FY 2023.

LEASE RIGHT-OF-USE ASSETS FOR THE YEAR ENDED SEPTEMBER 30, 2023

(Dollars in millions)	
Leases:	
Operating Lease Right-of-Use Assets	$130.9
Finance Lease Right-of-Use Assets	-
Total Lease Right-of-Use-Assets	$130.9[4]

[4]Please see Note 16 for additional information on Lease Right-of-Use-Assets.

CURRENT AND NONCURRENT LEASE LIABILITIES FOR THE YEAR ENDED SEPTEMBER 30, 2023

(Dollars in millions)	
Current and NonCurrent Lease Liabilities:	
Current Operating Lease Liabilities	$ 0.2
NonCurrent Operating Lease Liabilities	139.6
Subtotal Operating Lease Liabilities	$139.8
Current Finance Lease Liabilities	$ -
NonCurrent Finance Lease Liabilities	-
Subtotal Finance Lease Liabilities	$ -
Total Current and NonCurrent Lease Liabilities	$139.8

WEIGHTED AVERAGES OF LEASES FOR THE YEAR ENDED SEPTEMBER 30, 2023

(Dollars in millions)	
Weighted Average for the Remaining Lease Term:	
Operating Leases	14.14 Years
Finance Leases	-
Weighted Average for the Risk-Free Rate:	
Operating Leases	1.74%
Finance Leases	-

NOTE 11: PREMIUMS

For both the Single-Employer and Multiemployer Programs, ERISA provides that PBGC continues to guarantee basic benefits despite the failure of a plan administrator to pay premiums when due. PBGC assesses interest and penalties on the late or unpaid portion of premiums. Interest continues to accrue until the premium and the interest due are paid, see Note 2 under Premiums for PBGC's premium revenue accounting policy. For plan years beginning in 2023, the per-participant flat rate premium was $96 for single-employer pension plans and $35 for multiemployer plans. For plan years 2022 and 2021, the per-participant flat rate premiums for single-employer pension plans were $88 and $86, respectively, and for multiemployer plans, $32 and $31, respectively.

Single-employer plans also have a variable rate premium (VRP) tied to the amount of underfunding, if any. For plan years beginning in 2023, the VRP rate was $52 per $1,000 of unfunded vested benefits (UVB) subject to an overall cap of $652 per participant. For plan years 2022 and 2021, the VRP rates were $48 and $46, respectively. Applicable caps for those plan years are shown in the table below.

The termination premium applies to certain plan terminations occurring after 2005. If a single-employer pension plan terminates in a distress termination pursuant to ERISA section 4041(c)(2)(B)(ii) or (iii), or in a PBGC-initiated termination under ERISA section 4042, the plan sponsor and its controlled group are liable to PBGC for a termination premium at the rate of $1,250 per plan participant per year for three years.

The $5,965 million in net premium income for FY 2023 consisted of $3,728 million in variable rate premiums, $2,254 million in flat rate premiums, $3 million in termination premiums, and $2 million in interest and penalty income; offset by $22 million to bad debt expense. Bad debt expenses include a reserve for uncollectible premium receivables (including flat, variable, termination premiums, and insolvent multiemployer plans), interest, and penalties.

Net premium income for FY 2023 was $5,965 million, a year over year increase of $1,040 million due primarily to 1) higher premium rates for both flat and variable rate premiums; and 2) declining conditions of the plans' underfunding (i.e., higher Unfunded Vested Benefits (UVBs)).

Net premium income for FY 2022 was $4,925 million and consisted of $2,762 million in variable rate premiums, $2,163 million in flat rate premiums, $22 million in termination premiums, and $1 million in interest and penalty income; offset by $23 million to bad debt expense. Bad debt expenses include a reserve for uncollectible premium receivables (including flat, variable, termination premiums, and insolvent multiemployer plans), interest, and penalties.

The following table shows the premium rates for 2021 through 2023:

PREMIUM RATES FOR SINGLE-EMPLOYER AND MULTIEMPLOYER PLANS

	Single-Employer Plans			Multiemployer Plans
	Flat Rate Premium	Variable Rate Premium		
Plan Years Beginning in	Rate Per Participant	Rate per $1,000 Unfunded Vested Benefits	Per Participant Cap	Flat Rate Premium Rate Per Participant
2023	$96	$52	$652	$35
2022	$88	$48	$598	$32
2021	$86	$46	$582	$31

Premium income is accrued for months in which a plan year overlaps the fiscal year. Because of this rule, premiums for 2021, 2022, and 2023 plan years are accrued in FY 2023, and premium rates change each calendar year, so three sets of premium rates were used to calculate FY 2023 premium revenue.

For example, consider a plan with a September 1, 2022 to August 31, 2023 plan year. Only the first month of that plan year occurs during FY 2022, so 1/12 of the plan's premium was accrued in FY 2022 and 11/12 accrued in FY 2023. Similarly, for a plan with a December 1, 2021 to November 30, 2022 plan year, the last two months of that plan year occur during FY 2023, so 2/12 of the plan's premium income was accrued in FY 2023 and 10/12 was accrued in FY 2022.

The following table presents a year-to-year comparison of key premium receivable information.

Net Premiums Receivable

(Dollars in millions)	Single-Employer Program Sept. 30, 2023	Single-Employer Program Sept. 30, 2022	Multiemployer Program Sept. 30, 2023	Multiemployer Program Sept. 30, 2022	Memorandum Total Sept. 30, 2023	Memorandum Total Sept. 30, 2022
Premiums Not Yet Due:						
Estimated Flat-Rate Premiums	**$1,102**	$974	**$211**	$193	**$1,313**	$1,167
Estimated Variable-Rate Premiums	**2,374**	1,614	**-**	-	**2,374**	1,614
Total Net Premiums Not Yet Due	**3,476**	2,588	**211**	193	**3,687**	2,781
Premiums Past Due:						
Flat-Rate Premiums	**176**	203	**12**	7	**188**	210
Allowance for Bad Debt-Flat-Rate	**(2)**	(2)	**0 ***	0 *	**(2)**	(2)
Variable-Rate Premiums	**468**	302	**-**	-	**468**	302
Allowance for Bad Debt-Variable-Rate	**(5)**	(3)	**-**	-	**(5)**	(3)
Total Net Premiums Past Due	**637**	500	**12**	7	**649**	507
Termination Premiums:[1]						
Termination Premiums	**352**	350	**-**	-	**352**	350
Allowance for Bad Debt-Termination	**(299)**	(283)	**-**	-	**(299)**	(283)
	53	67	**-**	-	**53**	67
Interest and Penalty:						
Interest and Penalty Due	**2**	2	**0 ***	0 *	**2**	2
Allowance for Bad Debt-Int/Penalty	**(1)**	(1)	**0 ***	0 *	**(1)**	(1)
Total Net Interest and Penalty Due	**1**	1	**0 ***	0 *	**1**	1
Grand Total Net Premiums Receivable	**$4,167**	$3,156	**$223**	$200	**$4,390**	$3,356

* Less than $500,000

[1] All termination premiums are due from plan sponsors that are either in distress or under Chapter 11 reorganization. In these cases, PBGC files claims in accordance with bankruptcy law along with all other creditors and is entitled only to a pro-rata share of any remaining assets. Depending on the circumstances of the bankruptcy proceedings, it can be years before PBGC receives its pro-rata distribution from the bankruptcy estate. In most cases, PBGC ultimately receive either nothing or only a very small fraction of its total claims filed.

The following tables present a year-to-year comparison of key premium income information.

PREMIUM INCOME BY PREMIUM TYPE

(Dollars in millions)	**September 30, 2023**	September 30, 2022
Flat-Rate Premium:		
Single-Employer	**$1,883**	$1,821
Multiemployer	**371**	342
Total Flat-Rate Premium	**2,254**	2,163
Variable-Rate Premiums	**3,728**	2,762
Interest and Penalty Income	**2**	1
Termination Premium	**3**	22
Less Bad Debts for Premiums, Interest, and Penalties	**(22)**	(23)
Total Net Premiums	**$5,965**	$4,925

PREMIUM INCOME BY PROGRAM

(Dollars in millions)	**September 30, 2023**	September 30, 2022
Single-Employer:		
Flat-Rate and Variable-Rate Premiums	**$5,611**	$4,583
Interest and Penalty Income	**2**	1
Termination Premiums	**3**	22
Less Bad Debts for Premiums, Interest, and Penalties	**(19)**	(20)
Total Single-Employer	**5,597**	4,586
Multiemployer:		
Flat-Rate Premiums	**371**	342
Interest and Penalty Income	**0 ***	0 *
Less Bad Debts for Premiums, Interest, and Penalties	**(3)**	(3)
Total Multiemployer	**368**	339
Total Net Premiums	**$5,965**	$4,925

* Less than $500,000

NOTE 12: LOSSES (CREDITS) FROM COMPLETED AND PROBABLE TERMINATIONS

Amounts reported as losses are the present value of future benefits less related plan assets and the present value of expected recoveries from sponsors. The following table details the components that make up the losses:

LOSSES (CREDITS) FROM COMPLETED AND PROBABLE TERMINATIONS – SINGLE-EMPLOYER PROGRAM

	For the Years Ended September 30,					
	2023			2022		
(Dollars in millions)	**New Terminations**	**Changes in Prior Years' Terminations[5]**	**Total**	New Terminations	Changes in Prior Years' Terminations[5]	Total
Present value of future benefits	**$257**	**($2,383)**	**($2,126)**	$600	$13	$613
Less plan assets	**235**	**(3,282)**	**(3,047)**	318	37	355
Plan asset insufficiency	**22[1]**	**899**	**921**	282	(24)	258
Less estimated recoveries	**-**	**37**	**37**	-	(24)	(24)
Subtotal	**22[2]**	**862**	**884**	282[2]	0	282
Settlements and judgments		**0*[6]**	**0*[6]**		0*[6]	0*[6]
Loss (credit) on probables	**171[3]**	**(106)[4]**	**65**	(132)[3]	99[4]	(33)
Total	**$193**	**$756**	**$949**	$150	$99	$249

* Less than $500,000

[1] Includes Missing Participant Program activity; if excluded the Present value of future benefits for New Terminations would be $156 million, Plan assets $134 million and Plan asset insufficiency $22 million.

[2] Net claim for plans terminated during the fiscal year (21 plans at September 30, 2023, and 32 plans at September 30, 2022), will include terminated plans that were previously recorded as probable.

[3] Includes net claims for plans that are currently classified as probable, plans that were previously recorded as probable that have since terminated and plans that were deleted.

[4] Changes to the single-employer small plan unidentified probables bulk reserve.

[5] Changes in prior years' terminations result from revaluations of DOPT assets (e.g., as identified in the plan asset reconciliation process), changes in plan recoveries at DOPT (e.g., from an estimated recovery amount to an expected recovery amount), and changes in DOPT PVFB (e.g., new liability data) for plans with termination dates prior to the current fiscal year in which they were added to PBGC's inventory of terminated plans.

[6] PBGC determined that it is highly unlikely more than half of the total potential future Page/Collins settlement liability will be paid. Accordingly, PBGC estimates that PBGC's future Page/Collins settlement liability is $17 million for both September 30, 2023, and September 30, 2022, respectively.

NOTE 13: FINANCIAL INCOME

The following table details the Memorandum Total financial income by type of investment for both the Single-Employer and Multiemployer Programs:

INVESTMENT INCOME SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS

(Dollars in millions)	**Single-Employer Program Sept. 30, 2023**	**Multiemployer Program Sept. 30, 2023**	**Memorandum Total Sept. 30, 2023**	Single-Employer Program Sept. 30, 2022	Multiemployer Program Sept. 30, 2022	Memorandum Total Sept. 30, 2022
Fixed maturity securities:						
Interest earned	**$3,409**	**$20**	**$3,429**	$2,629	$30	$2,659
Realized gain (loss)	**(2,353)**	**-**	**(2,353)**	(2,460)	-	(2,460)
Unrealized gain (loss)	**1,112**	**(22)**	**1,090**	(19,474)	(278)	(19,752)
Total fixed maturity securities	**2,168**	**(2)**	**2,166**	(19,305)	(248)	(19,553)
Equity securities:						
Dividends earned	**117**	**-**	**117**	104	-	104
Realized gain (loss)	**1,160**	**-**	**1,160**	449	-	449
Unrealized gain (loss)	**1,371**	**-**	**1,371**	(4,208)	-	(4,208)
Total equity securities	**2,648**	**-**	**2,648**	(3,655)	-	(3,655)
Private equity:						
Distributions earned	**2**	**-**	**2**	1	-	1
Realized gain (loss)	**22**	**-**	**22**	30	-	30
Unrealized gain (loss)	**(35)**	**-**	**(35)**	(25)	-	(25)
Total private equity	**(11)**	**-**	**(11)**	6	-	6
Real estate:						
Distributions earned	**44**	**-**	**44**	49	-	49
Realized gain (loss)	**(23)**	**-**	**(23)**	119	-	119
Unrealized gain (loss)	**(42)**	**-**	**(42)**	(397)	-	(397)
Total real estate	**(21)**	**-**	**(21)**	(229)	-	(229)
Other income:						
Distributions earned	**5**	**-**	**5**	25	-	25
Realized gain (loss)	**14**	**-**	**14**	3	-	3
Unrealized gain (loss)	**(3)**	**-**	**(3)**	123	-	123
Total other income	**16**	**-**	**16**	151	-	151
Total investment income	**$4,800**	**($2)**	**$4,798**	($23,032)	($248)	($23,280)

NOTE 14: EMPLOYEE BENEFIT PLANS

All of PBGC's permanent full-time and part-time employees are covered by the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Full-time and part-time employees with less than five years of service under CSRS and hired after December 31, 1983, are automatically covered by both Social Security and FERS. Employees hired before January 1, 1984, participate in CSRS unless they elected and qualified to transfer to FERS. Employees hired during the 2013 calendar year or rehired with less than five years of civilian service that is potentially creditable under FERS participate in FERS-Revised Annuity Employees (FERS-RAE). These employees are still generally considered part of the same pension system but are uniquely identified in human resources and payroll systems to annotate their higher contribution rate. Additionally, under the Bipartisan Budget Act of 2013, a new category of FERS employees was created: FERS-Further Revised Annuity Employees or FERS-FRAE. This pension system is again generally the same, only the contribution rate is changed. As with FERS-RAE employees, human resources and payroll systems use unique identifiers to annotate this higher contribution rate.

Total retirement plan expenses amounted to $35 million in FY 2023 and $34 million in FY 2022. These financial statements do not reflect CSRS or FERS assets or accumulated plan benefits applicable to PBGC's employees. These amounts are reported by the U.S. Office of Personnel Management (OPM) and are not allocated to the individual employers. OPM accounts for federal health and life insurance programs for those eligible retired PBGC employees who had selected federal government-sponsored plans. PBGC does not offer other supplemental health and life insurance benefits to its employees.

NOTE 15: CASH FLOWS

The following table consists of detailed cash flows from the sales and purchases of investments. Sales and purchases of investments are driven by the magnitude and investment composition of newly trusteed plans, the unique investment strategies implemented by PBGC's investment managers, and the varying capital market conditions in which they invest during the year. These cash flow numbers can vary significantly from year to year based on the fluctuation in these three variables.

INVESTING ACTIVITIES (SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS MEMORANDUM TOTAL)

(Dollars in millions)	September 30,	
	2023	2022
Proceeds from sales of investments:		
Fixed maturity securities	**$123,892**	$130,494
Equity securities	**7,323**	4,320
Other/uncategorized	**12,889**	12,649
Memorandum total	**$144,104**	$147,463
Payments for purchases of investments:		
Fixed maturity securities	**($123,827)**	($132,627)
Equity securities	**(4,596)**	(3,669)
Other/uncategorized	**(12,465)**	(11,871)
Memorandum total	**($140,888)**	($148,167)

The following is a reconciliation between the net income as reported in the Statements of Operations and net cash provided by operating activities as reported in the Statements of Cash Flows.

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Single-Employer Program		Multiemployer Program		Memorandum Total	
	September 30,		September 30,		September 30,	
(Dollars in millions)	**2023**	2022	**2023**	2022	**2023**	2022
Net income (loss)	**$8,041**	$5,637	**$398**	$577	**$8,439**	$6,214
Adjustments to reconcile net income to net cash provided by operating activities:						
Net (appreciation) decline in fair value of investments	**(1,022)**	25,265	**25**	251	**(997)**	25,516
Net (gain) loss of plans pending termination and trusteeship	**(273)**	576	**-**	-	**(273)**	576
Losses (credits) on completed and probable terminations	**949**	249	**-**	-	**949**	249
Actuarial charges (credits)	**876**	(24,916)	**-**	-	**876**	(24,916)
Benefit payments - trusteed plans	**(6,320)**	(6,884)	**-**	-	**(6,320)**	(6,884)
Settlements and judgments	**-**	-	**-**	-	**-**	-
Cash received from plans upon trusteeship	**12**	36	**-**	-	**12**	36
Receipts from sponsors/non-sponsors	**76**	83	**-**	-	**76**	83
Receipts for missing participants and other	**127**	94	**-**	-	**127**	94
EL/DUEC Trusteeship interest (non-cash)	**(14)**	(20)	**-**	-	**(14)**	(20)
Cash receipts timing from Trust to Revolving	**-**	-	**-**	-	**-**	-
Amortization of discounts/premiums	**(59)**	197	**(1)**	2	**(60)**	199
Amortization and Depreciation expense	**22**	11	**-**	-	**22**	11
Bad debt expense/Write-offs (net)	**3**	20	**-**	-	**3**	20
Changes in assets and liabilities, net of effects of trusteed and pending plans:						
(Increase) decrease in receivables	**(1,061)**	(181)	**123**	132	**(938)**	(49)
Increase in present value of nonrecoverable future financial assistance	**-**	-	**(179)**	(627)	**(179)**	(627)
Increase (decrease) in unearned premiums	**10**	15	**1**	(4)	**11**	11
Increase (decrease) in accounts payable	**15**	(12)	**1**	4	**16**	(8)
(Increase) decrease in leases right-of-use assets	**(131)**	-	**-**	-	**(131)**	-
Increase (decrease) in leases payable	**140**	-	**-**	-	**140**	-
Net cash provided (used) by operating activities	**$1,391**	$170	**$368**	$335	**$1,759**	$505

NOTE 16: OTHER ASSETS

CAPITALIZED ASSETS, NET

The following tables display Property and Equipment, net and the Operating Lease Right-of-Use-Assets. The "Capitalized assets, net" line item on the Statements of Financial Position consists of the following components:

PROPERTY AND EQUIPMENT, NET

FY 2023	**September 30, 2023 Single-Employer**			**September 30, 2023 Multiemployer**			**September 30, 2023 Memorandum Total**		
(Dollars in millions)	**Cost**	**Accumulated Depreciation/ Amortization**	**Net**	**Cost**	**Accumulated Depreciation/ Amortization**	**Net**	**Cost**	**Accumulated Depreciation/ Amortization**	**Net**
Furniture and Equipment	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Mechanical Equipment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
ADP Equipment	**6**	**(4)**	**2**	**0 ***	**0 ***	**0 ***	**6**	**(4)**	**2**
Internal Use Software - In Development	**21**	**n/a**	**21**	**0 ***	**n/a**	**0 ***	**21**	**n/a**	**21**
Internal Use Software	**181**	**(154)**	**27**	**3**	**(2)**	**1**	**184**	**(156)**	**28**
Lease Right-of-Use-Assets[1]	**131**	**-**	**131**	**-**	**-**	**-**	**131**	**-**	**131**
Total	**$339**	**($158)**	**$181**	**$3**	**($2)**	**$1**	**$342**	**($160)**	**$182**

FY 2022	September 30, 2022 Single-Employer			September 30, 2022 Multiemployer			September 30, 2022 Memorandum Total		
(Dollars in millions)	Cost	Accumulated Depreciation/ Amortization	Net	Cost	Accumulated Depreciation/ Amortization	Net	Cost	Accumulated Depreciation/ Amortization	Net
Furniture and Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Mechanical Equipment	-	-	-	-	-	-	-	-	-
ADP Equipment	6	(4)	2	0 *	0 *	0 *	6	(4)	2
Internal Use Software - In Development	13	n/a	13	0 *	n/a	0 *	13	n/a	13
Internal Use Software	172	(144)	28	3	(2)	1	175	(146)	29
Lease Right-of-Use-Assets[1]	-	-	-	-	-	-	-	-	-
Total	$191	($148)	$43	$3	($2)	$1	$194	($150)	$44

* Less than $500,000

Combined depreciation and amortization expense were $23 million for FY 2023, and $11 million for FY 2022. The Memorandum Total for "Capitalized assets, net" on the Statements of Financial Position consist of the components above.

[1]Lease Right-of-Use-Assets referenced in the table above are classified as Operating Leases only. For FY 2023, PBGC has no finance leases at this time.

As required under ASC 842-20-45-2, PBGC's Lease Right-of-Use Assets for Operating Leases are disclosed in the table above, as the Lease Right-of-Use Assets are not separately presented in the Statements of Financial Position. No amortization expense is associated with an operating lease; rather the right-of-use asset is adjusted for the difference between the straight-line rent expense (disclosed in Note 10) and the present value of the future minimum lease payments (disclosed in Note 10).

COMBINED (MEMORANDUM TOTAL) PROPERTY AND EQUIPMENT, NET

	September 30,			
(Dollars in millions)	**2023**		2022	
Combined property and equipment, net at beginning of year		**$44**		$37
Capitalized Acquisitions and new Lease ROU Assets	**161**		29	
Dispositions	**(13)**		(16)	
Depreciation/Amortization	**(10)**		(6)	
Net change of property and equipment		**138**		7
Combined property and equipment, net at end of year		**$182**		$44

RECEIVABLES FROM SPONSORS OF TERMINATED PLANS

The following table displays the detail of Receivables, net from sponsors of terminated plans that represents the amounts due from the plan sponsor and its controlled group for the statutory minimum funding contributions owed to the plan, Due and Unpaid Employer Contributions (DUEC), and unfunded benefit liabilities of the plan, Sponsors' Employer Liability (EL). These notes and other receivables for DUEC and EL result from the execution of an approved settlement agreement with the plan sponsors and controlled group, final court order resolving PBGC claims, a confirmed plan of reorganization that sets forth the treatment of PBGC claims, or other circumstances in which significant uncertainties regarding the value of PBGC claims have been removed.

The effective interest rate varies with each settlement agreement. The interest rate for discounting the future payments to the settlement date is a risk-adjusted rate.

RECEIVABLES FROM SPONSORS OF TERMINATED PLANS

	Sept. 30	Sept. 30
(Dollars in millions)	**2023**	2022
Sponsors' Employer Liability	**$15**	$19
Due and Unpaid Employer Contributions	**3**	2
Total	**$18**	$21

OTHER RECEIVABLES

Other receivables of $65 million consists primarily of $43 million of previously paid traditional financial assistance and $6 million of interest, which is expected to be repaid by SFA eligible plans upon PBGC's approval of the plan's SFA application and payment of SFA.

NOTE 17: LITIGATION

Legal challenges to PBGC's policies and positions continued in FY 2023. At the end of the fiscal year, PBGC had 18 active cases in state and federal courts and 122 bankruptcy and state receivership cases.

PBGC records as a liability on its financial statements an estimated cost for unresolved litigation to the extent that losses in such cases are probable and estimable in amount. PBGC cannot state with certainty the losses it could incur in the event it does not prevail in these matters.

NOTE 18: MULTIEMPLOYER SPECIAL FINANCIAL ASSISTANCE (SFA) CONTRIBUTED TRANSFER APPROPRIATION

On March 11, 2021, under the American Rescue Plan (ARP) Act of 2021, PBGC received an indefinite appropriation and receives annual transfers from the U.S. Treasury's General Fund to be applied for Special

Financial Assistance (SFA) and SFA administration costs. The funds transferred to PBGC in the SFA appropriation are deemed a contribution from the U.S. Government to PBGC. As there are conditions that must be met before PBGC can utilize these funds, the funds are initially recorded as Contributed Transfer Appropriation (equity). Revenue is recognized from the SFA appropriations when all conditions and restrictions placed on the appropriated SFA funds are met. Once the SFA application is approved, the contribution is classified as Contributed Transfer Appropriation Income. The separate payment of SFA from PBGC to a multiemployer plan is not viewed as a PBGC contribution to the multiemployer plan, but as a SFA payment consistent with requirements of ARP and related PBGC regulations. PBGC's position is that nothing is being exchanged given that coverage under our insurance programs are not predicated upon the payment of insurance premiums.

The following table shows a summary of the appropriation's transfers received from Treasury and the use of the funds as shown in the Contributed Transfer Appropriation account.

MULTIEMPLOYER CONTRIBUTED TRANSFER APPROPRIATION

(Dollars in millions)	**September 30, 2023**	September 30, 2022
Balance at beginning of year	**$6**	$3
Special financial assistance (SFA) - transfers received	**70,000**	48,389
Special financial assistance approved	**(45,907)**	(7,555)
SFA administrative expense - transfers received	**34**	28
SFA administrative expense	**(18)**	(11)
SFA unused funds returned to U.S.Treasury	**(24,107)**	(40,848)
Balance at end of period	**$8**	$6

Unused SFA funds at fiscal year-end are to be returned to the U.S. Treasury's General Fund.

NOTE 19: SUBSEQUENT EVENTS

PBGC evaluated subsequent events through publication on November 15, 2023, the date the financial statements were available to be issued. Events or transactions for either the Single-Employer or Multiemployer Program, occurring after September 30, 2023, and before the financial statements were available to be issued, that provided additional evidence about conditions that existed as of September 30, 2023, have been recognized in the financial statements.

SINGLE-EMPLOYER PROGRAM

For the fiscal year ended September 30, 2023, there were no non-recognized subsequent events to report on the Single-Employer Program that provided evidence about conditions that did not exist on September 30, 2023, and which arose before the financial statements were available to be issued.

MULTIEMPLOYER PROGRAM

For the Multiemployer Program, there were two non-recognized subsequent events or transactions that provided evidence about conditions that did not exist as of September 30, 2023, and which arose before the financial statements were available to be issued. Two plans were approved to receive Special Financial Assistance (SFA) totaling $68 million. Had these events occurred on or prior to September 30, 2023, PBGC's Statements of Financial Position would have reflected:

- An increase of $68 million in SFA restricted cash, offset by an increase of $68 million in SFA liability.

Consequently, the Statements of Operations would have reflected:

- An increase of $68 million in SFA contributed transfer appropriation income (revenue recognized from the SFA appropriations when all the conditions and restrictions placed on the appropriated SFA funds are met), offset by an increase of $68 million in SFA expenses.

If these events had occurred on or prior to September 30, 2023, the results would have had no financial impact to the Multiemployer's Cumulative Results of Operations.

PAYMENT INTEGRITY INFORMATION ACT REPORTING

INTRODUCTION

OMB Circular A-123, Appendix C, Requirements for Payment Integrity Improvement and related improper payment statutes[1] require federal agencies to conduct improper payment risk assessments. In compliance with Executive Order 13520, the PBGC Director serves as the agency official accountable for improper payment reporting purposes.

OMB's current implementation guidance specifies that in performing a Phase 1 risk assessment of improper payments, agencies must institute a systematic method of reviewing all programs or payment streams and identifying those that may be susceptible to significant risk of improper payments.

PBGC performs risk assessments of its payment streams using a rotational strategy based on a three-year cycle. PBGC's payment streams include the following: 1) benefit payments to participants in "final pay" status for plans trusteed by PBGC under Title IV of ERISA (Benefit Payments); 2) payments to contractors for goods and services, including government credit card transactions (Payments to Contractors); 3) payments made to federal employees, including payroll and travel reimbursements (Payments to Federal Employees); 4) financial assistance payments to insolvent multiemployer plans that are unable to pay benefits when due under the requirements of Title IV of ERISA (Multiemployer Financial Assistance Payments); 5) refunds of previously paid premiums (Premium Refunds); and 6) multiemployer special financial assistance payments for distressed multiemployer plans that meet specific criteria under ARP (Multiemployer Special Financial Assistance Payments).[2] None of PBGC's payment streams, required to be assessed, have been previously determined to be susceptible to significant risk of improper payments as defined by statute or OMB guidance.

RESULTS OF THE FY 2023 IMPROPER PAYMENT RISK ASSESSMENT

In FY 2023, PBGC performed a risk assessment of two payment streams in accordance with our three-year rotation strategy. The two payment streams reviewed for FY 2023 were Multiemployer Special Financial Assistance Payments and Payments to Federal Employees. In performing the risk assessments, PBGC considered factors specified in statute and further defined in OMB guidance, including the complexity of the payment stream; the volume of payments; recent major changes in program funding, authorities, practices, or procedures; the level, experience, and quality of training for personnel responsible for making program eligibility determinations or certifying that payments are accurate; whether the program is new to the agency; whether payments or payment eligibility decisions are made outside of PBGC; significant deficiencies in the audit reports issued by the PBGC Office of Inspector General (OIG) and the Government Accountability Office (GAO); similarities to other programs that have reported improper payments (IP) and unknown payments (UP) estimates; the accuracy and reliability of IP and UP estimates previously reported for the program; whether the program lacks information or data systems to confirm eligibility; and the risk of fraud

[1] This references the Payment Integrity Information Act of 2019 (PIIA), which repealed and replaced the Improper Payments Information Act of 2002 (IPIA), the Improper Payments Elimination and Recovery Act of 2010 (IPERA), and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA).

[2] Initial multiemployer special financial assistance payments began in FY 2022. In accordance with OMB guidance for newly established programs, an IP risk assessment should be completed after the first 12 months of the program. Accordingly, initial IP risk assessment was conducted in FY 2023 for this payment stream.

as assessed by the agency under the Standards for Internal Control in the Federal Government published by the Government Accountability Office.

To be considered susceptible to significant risk of improper payments, OMB guidance specifies that annual improper payments within a payment stream would have to exceed (1) both 1.5 percent of program outlays and $10,000,000 of payments made during the reporting period or (2) $100,000,000 (regardless of the improper payment percentage of total program outlays). Based on the results of the Phase 1 risk assessments, PBGC determined that the Multiemployer Special Financial Assistance Payments and Payments to Federal Employees payment streams were not susceptible to significant risk of improper payments as defined by the law and OMB implementation guidance. For more detailed information on payment integrity activities and prior years' reporting, visit [PaymentAccuracy.gov](https://www.paymentaccuracy.gov).

PREVENTING AND DETECTING IMPROPER PAYMENTS

In addition to its periodic improper payment testing and in support of the Administration's Do Not Pay Initiative (DNP), PBGC employs a variety of means to prevent and detect improper payments on an ongoing basis:

- For all of its payment streams, PBGC has established controls to help ensure that payments are accurate and approved. For instance, pre-payment checks include ensuring that documentation for the payment is available for review by the approving official. On a post-payment basis, payment reconciliations are performed to help ensure completeness of payment processing and to identify errors. In addition, payments are subject to periodic compliance reviews.
- PBGC regularly performs electronic data analysis of payment transactions associated with Benefit Payments and Payments to Contractors. This process helps to identify potential duplicate payments, other overpayments, and payment anomalies. When warranted, selected payments are subjected to additional research and analysis.
- For Benefit Payments, PBGC checks its participant database against the Social Security Administration's full Death Master File (DMF) available to Federal agencies paying government benefits, to help prevent sending payments to deceased individuals that should no longer be receiving benefits.
- As a result of using the DMF, PBGC was able to stop 21,063 payments in FY 2023 totaling $9.8 million. Additionally, PBGC was successful in reclaiming[1] $10.5 million of cumulative overpayments and recovering[2] another $1.9 million of cumulative overpayments in FY 2023.

PBGC participates in the U.S. Department of the Treasury's DNP program. For example, under the Payments to Contractors stream, payments are screened on a post-payment basis to assess whether companies are receiving payments for work performed under PBGC contracts. Prior to payment, PBGC verifies that contractors are properly registered in the General Service Administration's System for Award Management (SAM), have not been debarred or suspended from contracting in the federal sector, and do not have federal debts that have been referred to the Department of the Treasury for collection. For FY 2023,

[1] Reclamation is a procedure used by the federal government to recover benefit payments made through the ACH to the account of a recipient who died or became legally incapacitated or a beneficiary who died before the date of the payment(s).
[2] Recovery means collecting an overpayment other than by reducing future benefits.

PBGC did not identify any improper payments using the DNP process for the Payment to Contractors payment stream.

RECAPTURING IMPROPER PAYMENTS

Potential improper payments are subjected to further analysis based on the amount of the payment, the nature of the potential error, and other risk factors to determine whether amounts are due to PBGC. For Benefit Payments in the Single-Employer Program to participants and their beneficiaries, PBGC has established procedures to recapture overpayments through electronic reclamation and debt collection agreements. PBGC forwards most of its benefit overpayment debts to the Centralized Receivables Service (CRS) of the Treasury Department to serve as its debt collection agent. CRS has the capability to enter into installment repayment agreements and offsets against other federal benefits. In some cases, recapture of payments may not be sought based on demonstration that a participant is experiencing financial hardship or other reasons. Other PBGC payment streams also have procedures in place to collect overpayments.

When it is suspected that PBGC payments were issued, misdirected, or obtained in a fraudulent manner, PBGC works closely with PBGC's Office of Inspector General (OIG). The OIG performs investigations of suspect transactions and, when appropriate, refers matters to the Department of Justice to determine whether there is a sufficient basis to initiate a civil or criminal prosecution. The OIG regularly reports its work on its website, oig.pbgc.gov, and in its Semiannual Reports to Congress, which are posted there.

FISCAL YEAR 2023 ACTUARIAL VALUATION

PBGC calculated and validated the present value of future PBGC-payable benefits (PVFB) for both the Single-Employer and Multiemployer Programs and of nonrecoverable future financial assistance (NRFFA) under the Multiemployer Program. Except for updated Mortality Tables and new Expense Factors, we generally used the same methods and procedures as Fiscal Year 2022 for the Single-Employer and Multiemployer Programs.

PRESENT VALUE OF FUTURE BENEFITS AND NONRECOVERABLE FINANCIAL ASSISTANCE – SEPTEMBER 30, 2023

	Number of Plans	Number of Participants (in thousands)	Liability (in millions)
I. SINGLE-EMPLOYER PROGRAM			
A. Terminated Plans			
1. Seriatim at fiscal year-end (FYE)	4,988	1,172	$64,289
2. Seriatim at DOPT, adjusted to FYE	19	9	313
3. Nonserieatim[1]	112	175	8,856
4. Missing Participants Program (seriatim)[2]	-	44	364
Subtotal	5,119	1,400	$73,822
B. Probable terminations (non-seriatim)[3]	2	3	$668
Total[4]	5,121	1,403	$74,490
II. MULTIEMPLOYER PROGRAM			
A. Pre-MPPAA terminations (seriatim)	10	0*	$0
B. Post-MPPAA liability (net of plan assets)			
1. Currently Receiving Assistance	90	86	1,622
2. Probable for Assistance	33	42	589
Total[5]	123	128	$2,211

* Fewer than 500 participants

Notes:

1) The liability for terminated plans has been increased by $17 million for settlements.

2) The Missing Participants Program refers to a liability that PBGC assumed for unlocated participants in standard plan terminations.

3) The net claims for the probable plans reported in the financial statements include $112 million for not yet identified probable terminations. The assets for probable plans, including the expected value of recoveries on employer liability and due and unpaid employer contributions claims, are $382 million. Thus, the net claims for probables as reported in the financial statements are $668 million less $382 million, or $286 million.

4) The PVFB in the financial statements ($73,929 million) is net of estimated plan assets and recoveries on probables ($382 million), estimated recoveries on terminated plans ($166 million), and estimated assets of plans pending trusteeship ($13 million), or $74,490 million less $382 million less $166 million less $13 million equals $73,929 million.

5) The ARP of 2021 established Section 4262 of ERISA under which Special Financial Assistance (SFA) is provided to eligible multiemployer plans. Eligible plans can apply to PBGC for SFA sufficient to maintain solvency through the 2051 plan year and will not be required to repay the SFA. PBGC considered the impact of the ARP on the multiemployer inventory in decisions related to potential assumption updates resulting from the recent studies. PBGC results only reflect plans that were not eligible for SFA as of 9/30/2023.

Single-Employer Program

PBGC calculated the Single-Employer Program's liability for benefits in the terminated plans and probable terminations, as defined in Note 2 to the financial statements, using a combination of two methods: seriatim and nonseriatim. For 4,988 plans, representing about 97 percent of the total number of single-employer terminated plans (84 percent of the total estimated number of participants in single-employer terminated plans), PBGC had sufficiently accurate data to calculate the liability separately for each participant's benefit (seriatim method). This was an increase of 93 plans over the 4,895 plans valued seriatim last year. For 19 plans whose data were not yet fully automated, PBGC calculated the benefits and liability seriatim as of the date of plan termination (DOPT) and brought the total amounts forward to the end of fiscal year 2023 on a non-seriatim basis.

For 112 other terminated plans, PBGC did not have sufficiently accurate or complete data to value individual benefits. Instead, the Corporation used a "nonseriatim" method that brought the plan liabilities from the plan's most recent actuarial valuation forward to the end of fiscal year 2023 using certain assumptions and adjustment factors.

For September 30, 2023, the spot rate yield curve starts with an interest factor of 6.30% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 5.55% and is assumed to remain level thereafter. For September 30, 2022, the spot rate yield curve started with an interest factor of 5.12% in year 1 and the interest factor for year 31 and beyond was 4.76%. Based on the results of a 2023 study of PBGC's Single-Employer Program mortality experience, an updated mortality assumption was adopted for 9/30/2023. The mortality tables used for valuing healthy lives in the Single Employer Program were the Pri-2012 Male and Female Total Dataset tables with adjustments for healthy annuitants, non-annuitants, and contingent survivors respectively. The resulting tables were projected generationally with adjusted Male and Female Scales MP-2021. For the 9/30/2023 valuation, the base year for mortality projection is 2024 and the adjustments to Scales MP-2021 for anticipated excess mortality are as follows: 2023: 5%, 2024: 4%, 2025: 3%, 2026: 2%, 2027: 1%, 2028 and beyond: 0%. In fiscal year 2022, the mortality tables used for valuing healthy lives were the Pri-2012 Male and Female Total Dataset Combined tables, with adjustment and projected generationally with Male and Female Scales MP-2021.

Based on the results of a 2023 study of PBGC's case administration expenses, an updated expense assumption was adopted for September 30, 2023. The expense reserve stayed at 0.68% of the PVFB and the additional reserves for plans in which plan asset valuations, participant database audits, and actuarial valuations were not yet complete decreased. In addition to the completion of these milestones, PBGC continues to base the reserve on plan size, number of participants, and elapsed time since trusteeship. The expense loading factor of 0.68% for ongoing benefit payments represents an estimate of expenses incurred from the ongoing benefit payments to participants. The expense factors are applied to current data to calculate expense liabilities for each financial statement valuation date.

For non-pay-status participants, PBGC used expected retirement ages, as explained in subpart B of the Allocation of Assets in Single-Employer Plans regulation. PBGC assumed that participants who had attained their expected retirement age were in pay status. In seriatim plans, for participants who were older than age 65, were not in pay status, and were unlocated at the valuation date, PBGC reduced the value of their future benefits to zero over the three years succeeding age 65 to reflect the lower likelihood of payment. Similarly, for located participants over age 75 and not in pay status, PBGC reduced the value of their future benefits to zero. In fiscal year 2022, for located participants over age 70 and not in pay status, PBGC reduced the value of their future benefits to zero. For deferred participants who were older than age 70 in the Missing Participant Program, PBGC reduced the value of their future benefits to zero over the ten years succeeding age 70 to reflect the lower likelihood of payment.

Multiemployer Program

PBGC calculated the liability for the 10 pre-MPPAA terminations using the same assumptions and methods applied to the Single-Employer Program.

PBGC based its valuation of the post-MPPAA liability for nonrecoverable future financial assistance on the most recent available actuarial reports, Form 5500 Schedule B or Schedule MB, as applicable, and information provided by representatives of the affected plans. The Corporation expected 123 individually identified multiemployer plans are either already insolvent or are terminated and not eligible for SFA. And therefore, we expect those plans to need financial assistance because of inadequate contribution bases and insufficient assets.

COVID-19 Note

There are certain assumptions that are or can potentially be impacted by the COVID-19 pandemic. Any impact to assumptions tied to current market conditions, such as interest rates and investment returns, is reflected in these assumptions. Beginning with the March 31, 2023 valuation, ASTD adjusted the MP-2021 improvement scale to reflect excess mortality due to COVID-19 in future years. Any potential impact on other assumptions will be evaluated over time as events unfold and more data is acquired.

Statement of Actuarial Opinion

This valuation has been prepared in accordance with generally accepted actuarial principles and practices and, to the best of my knowledge, fairly reflects the actuarial present value of the Corporation's liabilities for the single-employer and multiemployer plan insurance programs as of September 30, 2023.

In preparing this valuation, I have relied upon information provided to me regarding plan provisions, plan participants, plan assets, and other matters, some of which are detailed in Note 6 of this Annual Report as well as a complete Actuarial Report available from PBGC.

In my opinion, (1) the techniques and methodology used for valuing these liabilities are generally acceptable within the actuarial profession; (2) the assumptions used are appropriate for the purposes of this statement and are individually my best estimate of expected future experience, discounted using current settlement rates from insurance companies as determined by PBGC's Policy Research and Analysis Department; and (3) the resulting total liability represents my best estimate of anticipated experience under these programs.

I, Scott Young, am the Chief Valuation Actuary of the PBGC. I am a Member of the American Academy of Actuaries, a Fellow of the Society of Actuaries and an Enrolled Actuary. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Scott G. Young

Scott G. Young, FSA, EA, MAAA
Fellow of the Society of Actuaries
Enrolled Actuary
Member of the American Academy of Actuaries
Chief Valuation Actuary, Pension Benefit Guaranty Corporation
Director, Actuarial Services and Technology Department

INDEPENDENT AUDIT AND MANAGEMENT'S RESPONSE

Office of Inspector General

November 15, 2023

To the Board of Directors
Pension Benefit Guaranty Corporation

The Office of Inspector General contracted with Ernst & Young LLP (EY), an independent certified public accounting firm, to audit the financial statements of the Single-Employer and Multiemployer Program Funds administered by the Pension Benefit Guaranty Corporation (PBGC) as of and for the years ended September 30, 2023 and 2022. EY conducted the audit in accordance with the auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (*Government Auditing Standards*), and in accordance with the provisions of OMB Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*.

In their audit, EY found:

- The financial statements present fairly, in all material respects, the financial position of the Single-Employer and Multiemployer Program Funds administered by the PBGC at September 30, 2023 and 2022, and the results of their operations and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. This is the 31st consecutive unmodified financial statements audit opinion.

- PBGC maintained, in all material respects, effective internal control over financial reporting as of September 30, 2023, based on criteria established under 31 U.S.C. § 3512 (c), (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA) as implemented by OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government* issued by the United States Government Accountability Office (the Green Book).

- No instances of reportable noncompliance or other matters with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

EY is responsible for the accompanying auditor's' reports dated November 15, 2023 and the conclusions expressed therein. We do not express opinions on PBGC's financial statements or internal control over financial reporting, nor do we draw conclusions on compliance with laws and regulations. The auditor's reports (AUD-2024-02) are also available on our website at oig.pbgc.gov.

Respectfully,

Nicholas J. Novak

Nicholas J. Novak
Inspector General

cc: Gordon Hartogensis
Patricia Kelly
Alice Maroni
Kristin Chapman
David Foley
Karen Morris
Ann Orr
Robert Scherer
Walt Luiza
Lisa Carter
John Hanley

Ernst & Young LLP
1775 Tysons Blvd
Tysons, VA 22102

Tel: +1 703 747 1000
Fax: +1 703 747 0100
ey.com

Report of Independent Auditors

To the Board of Directors, Management, and the Inspector General
of the Pension Benefit Guaranty Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Pension Benefit Guaranty Corporation (the Corporation), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of operations and cash flows of the Single-Employer and Multiemployer Program Funds for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Single-Employer and Multiemployer Program Funds at September 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*, the Corporation's internal control over financial reporting as of September 30, 2023, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act (FMFIA) as implemented by Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government,* issued by the United States Government Accountability Office (the Green Book), and our report dated November 15, 2023, expressed an unmodified opinion thereon.

Basis for Opinion

We conducted our audits in accordance with GAAS, in accordance with *Government Auditing Standards*, and in accordance with the provisions of OMB Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and the provisions of OMB Bulletin No. 24-01 are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the potential losses from Single-Employer plans for which termination is reasonably possible as a result of unfunded vested benefits are estimated to be approximately $26 billion. Management calculated the potential losses from Single-Employer plans for which termination is reasonably possible based on the most recent data available from filings and submissions for plan years ended on or after December 31, 2021, and adjusted the value reported for liabilities to the estimated balance as of December 31, 2022, using actuarial assumptions. The Corporation did not adjust the estimate for economic conditions that occurred between December 31, 2022 and September 30, 2023, and, as a result, the underfunding for the Single-Employer Program as of September 30, 2023, could be substantially different. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-01 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Message from the Corporation's Chair, Message from the Director, Annual Performance Report, Operations in Brief, Strategic Goals and Results, Independent Evaluation of the Corporation's Programs, Fiscal Year 2023 Financial Statement Highlights, Management's Discussion and Analysis, Analysis of Entity's Systems, Controls and Legal Compliance, Management Representation, Payment Integrity Information Act Reporting, 2023 Actuarial Valuation, Letter of the Inspector General, Management's Response Letter and Organization but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated November 15, 2023, on our audit of the Corporation's internal control over financial reporting. The purpose of that report is to provide an opinion on internal control over financial reporting. In accordance with *Government Auditing Standards*, we also have issued our report dated November 15, 2023, on our tests of the Corporation's compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Ernst + Young LLP

November 15, 2023

Ernst & Young LLP
1775 Tysons Blvd
Tysons, VA 22102

Tel: +1 703 747 1000
Fax: +1 703 747 0100
ey.com

Report of Independent Auditors on Internal Control Over Financial Reporting

To the Board of Directors, Management, and the Inspector General
of the Pension Benefit Guaranty Corporation

Opinion on Internal Control Over Financial Reporting

We have audited the Pension Benefit Guaranty Corporation's (the Corporation) internal control over financial reporting as of September 30, 2023, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act (FMFIA) as implemented by Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government*, issued by the United States Government Accountability Office (the Green Book). In our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of September 30, 2023, based on the criteria established under FMFIA, OMB Circular No. A-123, and the Green Book.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and in accordance with the provisions of OMB Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*, the statements of financial position as of September 30, 2023 and 2022, and the related statements of operations and cash flows of the Single-Employer and Multiemployer Program Funds for the years then ended, and the related notes (collectively referred to as the "financial statements"), and our report dated November 15, 2023, expressed an unmodified opinion thereon.

Basis for Opinion

We conducted our audit in accordance with GAAS and in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for Internal Control Over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Analysis of Entity's Systems, Controls and Legal Compliance section of the Annual Report.

Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk. We did not evaluate all internal controls relevant to operating objectives as broadly established under FMFIA, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements; and (4) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Reporting Significant Deficiencies in Internal Control Over Financial Reporting as Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies. A *deficiency in internal control* over financial reporting (internal control) exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated November 15, 2023, on our tests of the Corporation's compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's compliance.

Ernst + Young LLP

November 15, 2023

Ernst & Young LLP
1775 Tysons Blvd
Tysons, VA 22102

Tel: +1 703 747 1000
Fax: +1 703 747 0100
ey.com

Report of Independent Auditors on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors, Management, and the Inspector General
of the Pension Benefit Guaranty Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*) and the provisions of Office of Management and Budget (OMB) Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*, the financial statements of the Pension Benefit Guaranty Corporation (the Corporation), which comprise the statement of financial position as of September 30, 2023 and 2022, and the related statements of operations and cash flows of the Single-Employer and Multiemployer Program Funds for the years then ended, and the related notes (collectively referred to as the "financial statements"), and have issued our report thereon dated November 15, 2023, which expressed an unmodified opinion thereon. We also have audited, in accordance with GAAS and in accordance with *Government Auditing Standards*, the Corporation's internal control over financial reporting as of September 30, 2023, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act (FMFIA) as implemented by OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government* issued by the United States Government Accountability Office (the Green Book), and our report dated November 15, 2023, expressed an unmodified opinion thereon.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-01.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the Corporation's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's compliance. Accordingly, this communication is not suitable for any other purpose.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, on our audit of the Corporation's internal control over financial reporting. The purpose of that report is to provide an opinion on internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting.

Ernst & Young LLP

November 15, 2023

PBGC
Protecting America's Pensions

Pension Benefit Guaranty Corporation
445 12th Street SW, Washington, DC 20024-2101

Office of the Director

November 15, 2023

MEMORANDUM

To: Nick Novak
Inspector General

From: Gordon Hartogensis
Director

Subject: Response to the Independent Auditor's Combined Audit Report for the FY 2023 Financial Statement Audit

Thank you, once again this year, for the opportunity to comment on the Office of Inspector General's FY 2023 audit results regarding the agency's financial statements, internal controls, and compliance with laws and regulations. Given that PBGC protects the pensions of millions of American workers, retirees, and their families, it is especially noteworthy that our financial statements have once again received an unmodified opinion, as have our internal controls over financial reporting.

Your attention to this report is especially appreciated.

cc:
Kristin Chapman
Patricia Kelly
Ann Orr
David Foley
Alice Maroni
Karen Morris
Robert Scherer
John Hanley
Lisa Carter
Walter Luiza

ORGANIZATION

BOARD OF DIRECTORS

Acting Secretary of Labor
Julie A. Su
Chair

Secretary of Commerce
Gina M. Raimondo

Secretary of the Treasury
Janet Yellen

EXECUTIVE MANAGEMENT

Director
Gordon Hartogensis

Chief of Benefits Administration
David Foley

Chief Financial Officer
Patricia Kelly

Chief Information Officer
Robert Scherer

Chief Management Officer
Alice Maroni

Chief of Negotiations and Restructuring
John Hanley

Chief Policy Officer
Ann Young Orr

Chief of Staff
Kristin Chapman

General Counsel
Karen Morris

OFFICE OF INSPECTOR GENERAL

Inspector General
Nicholas J. Novak

BOARD REPRESENTATIVES

Department of Commerce
Jed Kolko
Under Secretary of Commerce for Economic Affairs

Department of Labor
Lisa M. Gomez
Assistant Secretary of the Employee Benefits Security Administration

Department of the Treasury
Eric Van Nostrand
Acting Assistant Secretary for Economic Policy

SENIOR CORPORATE MANAGEMENT

Actuarial Services and Technology Department
Scott G. Young
Director

Bankruptcy, Litigation and Terminations Department
Craig Fessenden
Deputy General Counsel

Bankruptcy, Transactions and Terminations Department
Kartar Khalsa
Deputy General Counsel

Budget Department
Kimberly Mayo
Director

Business Innovation Services Department
Vidhya Shyamsunder
Director

Communications, Outreach and Legislative Affairs Department
David Wycinsky Jr.
Director

Corporate Controls & Reviews Department
Lisa Carter
Director

Corporate Finance & Restructuring Department
Adi Berger
Director

Corporate Investments Department
John Greenberg
Chief Investment Officer

Enterprise Cybersecurity Department
Tim Hurr
Director

Enterprise Governance Department
Melanie Carter
Director

Financial Operations Department
Walt Luiza
Director

General Law and Operations Department
Paul Chalmers
Deputy General Counsel

Human Resources Department
Arrie Etheridge
Director

Information Technology Infrastructure Operations Department
Joshua Kossoy
Director

Negotiations & Restructuring Actuarial Department
Jim Donofrio
Director

Office of Benefits Administration
Janice Brown-Taylor
Deputy Chief

Office of Equal Employment Opportunity
Brenecia Watson
Director

Office of Negotiations and Restructuring
John Hanley
Deputy Chief

Office of Policy and External Affairs
Michael Rae
Deputy Chief

Participant Services Division
Jennifer Messina
Director

Plan Asset & Data Management Department
Michael Hutchins
Director

Plan Compliance Department
Rossi Marcelin
Director

Policy Research and Analysis Department
Theodore Goldman
Director

Procurement Department
Arrie Etheridge
Acting Director

Program Law and Policy Department
Dan Liebman
Deputy General Counsel

Quality Management Department
Bridget Wilson
Acting Director

Workplace Solutions Department
Alisa Cottone
Director

Risk Management Officer
Latreece Wade

PBGC ADVISORY COMMITTEE

Jeanmarie Grisi, *Chair*

Michael W. Jacobson

Joseph A. LoCicero

Kweku Obed

Advisory Committee Consultants

Preston Crabill

Lynn Franzoi

Guy Pinkman

PARTICIPANT AND PLAN SPONSOR ADVOCATE

Constance A. Donovan