



Pension Benefit Guaranty Corporation

Office of the Participant and Plan Sponsor Advocate

FY 2025 Annual Report

December 18, 2025

Respectfully submitted to:

PBGC Congressional Committees of Jurisdiction

- **Senate Committee on Health, Education, Labor, and Pensions**
- **Senate Finance Committee**
- **House Committee on Education and the Workforce**
- **House Committee on Ways and Means**

PBGC Board of Directors

- **Secretary of Labor Lori Chavez-DeRemer, PBGC Board Chair**
- **Secretary of the Treasury Scott Bessent**
- **Secretary of Commerce Howard Lutnick**

PBGC Director Janet Dhillon

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Introduction by the PBGC Advocate

As required by section 4004(e) of the Employee Retirement Income Security Act (ERISA), I am pleased to submit this Annual Report discussing the activities of the Office of the PBGC Participant and Plan Sponsor Advocate (Office of the Advocate or Advocate). I began my term as PBGC Advocate in January 2025 and this report covers the 2nd through 4th quarters of fiscal year 2025. Future Advocate reports will reflect full fiscal years' activities.



President Trump nominated Janet Dhillon to serve a 5-year term as PBGC Director, and she was confirmed by the Senate on October 7th. Since Director Dhillon had not begun her term at PBGC during FY 2025, this report reflects my office's work with PBGC under the leadership of Acting Director Alice Maroni and with oversight by the PBGC Board of Directors.

I joined PBGC in 2008. In various roles I led agency initiatives, managed PBGC's stakeholder relationship program, and represented PBGC to its customers and the public. My previous work with PBGC informed my vision for the Office of the Advocate. As the PBGC Advocate, I recognize the inherent tension built into the Advocate's role: monitoring PBGC's activities, hearing from aggrieved participants, and responding to frustrated plan sponsors while maintaining a cooperative relationship with the agency. I aim for us to lead and serve with curiosity, be approachable and balanced, solve customers' problems with skill and tact, and collaborate to hold PBGC to the high service standards Americans expect and deserve.

During this first year, my office focused on information gathering and knowledge sharing. PBGC's previous Advocate was the first to inhabit the role and had a significant impact on office priorities and goals. We will build on the work of the previous Advocate and ensure we have a deep understanding of the mechanisms and operational aspects of PBGC's work while continually building our capacity to serve PBGC's participant and plan sponsor customers.

My office is composed of myself and Emily Spreiser, Attorney-Advisor. During this reporting period, we benefited from our established relationships with stakeholders in the participant and plan sponsor communities and strong working relationships with PBGC leaders and staff. We met regularly with PBGC leadership—the PBGC Acting Director, General Counsel, Chief of Negotiations and Restructuring, and Chief of Benefits Administration—and continue to request and receive briefings on issues of interest to my office and our participant and plan sponsor customers.

Many of the Office of the Advocate's activities this year focused on internal processes and education: connecting and collaborating with relevant PBGC offices, ensuring we understand and have access to the technology and tools used by PBGC business areas, and creating synergies that allow my office to be more responsive and effective to customers.

Additionally, in my regular discussions with participants and plan sponsors, I often hear PBGC compared to analogous organizations in the private sector. PBGC's customers expect to see the features and tools they enjoy from banks, financial services, and insurance companies. There are opportunities for PBGC, working with its Board of Directors, to explore policy simplification and regulatory reform. These types of reforms can allow for the increased use of automation and artificial intelligence to improve efficiency, accuracy, and customer service. I believe the benefit to customers would be well worth the effort. Participants would benefit from less complex benefit determination calculations, shorter time spent receiving estimated benefits, and assurance that the earned benefit received is final and cannot be changed.

PBGC also needs to balance addressing the declining defined benefit pension system and participate in the important discussions around the increasing Single-Employer Program surplus and premium reform. Over time, PBGC is trusteeing fewer single-employer plans and overseeing more standard terminations and pension risk transfer activities. There are many public proposals to address the decline of pensions and implement premium reform, and I encourage PBGC, the Administration, and Congress to work together to preserve the important benefits that pensions can provide. Additionally, as the deadline for the Multiemployer Special Financial Assistance (SFA) Program approaches, PBGC can focus on oversight of SFA plans and look to the sustainability of the PBGC Multiemployer Insurance Program in the decades ahead.

In my 17 years with PBGC, I regularly heard from stakeholders that PBGC staff are accessible and mission-driven. In this year of significant workforce changes, I'm pleased to hear from participant and plan sponsor customers that PBGC remains accessible, flexible, and supportive of the workers, retirees and beneficiaries, plan sponsors, employers, and stakeholders who depend on PBGC's insurance programs. However, PBGC's customers are still experiencing challenges. My office is well-positioned to work with customers and agency leadership to minimize issues, implement positive changes, and ensure excellent customer service.

I'm looking forward to working with PBGC's Board of Directors and leadership, the Administration, PBGC staff, and our stakeholders for the benefit of PBGC's customers.

Respectfully submitted,

A handwritten signature in black ink that reads "Anne Henderson". The signature is written in a cursive, flowing style.

Anne Henderson
PBGC Participant and Plan Sponsor Advocate
December 18, 2025

Foundation Setting

Under new leadership, the Office of the Advocate reevaluated office activities and processes in response to stakeholder needs and staff reductions to ensure efficient and effective coordination with customers and relevant PBGC offices. The activities listed below describe how our office redesigned workflows, limited inefficiencies, and engaged with PBGC and our customers to ensure a foundation for success.

Stakeholder Meetings and Outreach

To understand the ongoing needs of PBGC customers, the Office of the Advocate met with stakeholder groups to discuss their interactions with the agency and to better understand the various issues they may have experienced. Below is a sample of organizations our office has engaged with this year:

- AARP
- American Academy of Actuaries
- American Benefits Council
- Alliance for Retired Americans
- Chamber of Commerce
- Committee on Investment of Employee Benefit Assets, Inc. (CIEBA)
- ERISA Industry Council (ERIC)
- Law firms with ERISA practice and experience
- National Retirees Legislative Network
- Pension Rights Center

Our discussions with these organizations introduced Office of the Advocate staff, discussed recommendations from the January 2025 Advocate's Annual Report, and collected feedback on PBGC issues and challenges affecting their members, clients, and customers. Our office looks forward to increasing our engagement with the participant and plan sponsor communities in 2026. Our outreach will focus on ensuring all stakeholders are aware of the value of involving the Office of the Advocate early, with the goal of resolving issues more quickly. We've seen several cases this year where earlier outreach to our office could potentially have helped manage all parties' expectations of PBGC's actions and timelines and limited escalations where possible. Participant and plan sponsor stakeholders are encouraged to reach out to the Office of the Advocate if there are opportunities for engagement and education on how the Advocate can assist customers experiencing challenges with PBGC.

Improvements to Office of the Advocate Systems and Processes

A significant area of activity for the Office of the Advocate in FY 2025 was systematizing and modernizing the internal systems and processes used to manage our intake and workload. The new systems enable us to leverage our limited staff and resources for stronger participant outcomes and increase our capacity to identify trends and address recurring or broadly applicable problems.

Pension Tracing Intake Tool

Earlier this year, our office launched a new online self-help tool for pension tracing cases, accessible via the Advocate website at <https://www.pbgc.gov/about/advocate/pension-plan-tracing>. (To get to the tool from [PBGC.gov/advocate](https://www.pbgc.gov/advocate), click on “Pension Plan Tracing” on the right-hand side of the page.)

It is not uncommon for plan sponsors to undergo multiple mergers or acquisitions over time, and participants can lose track of which corporate entity is responsible for paying their retirement benefit. This issue can impact both defined benefit pension plans and defined contribution plans and is commonly referred to as having a “lost plan.” Notably, plan sponsors frequently encounter the related issue of “missing participants,” as sponsors are obligated to ensure participants receive earned benefits but may struggle to locate certain participants. The Office of the Advocate’s pension tracing service offers a partial solution to the issue of lost defined benefit pension plans and can help indirectly mitigate missing participant concerns for defined benefit plan sponsors. Relatedly, the Department of Labor’s new Retirement Lost and Found Database enables the public to identify pension plans in which they may have vested, and our office can use that information to conduct pension tracing.

Defined benefit pension plan sponsors submit premium filings to PBGC every year with information the Office of the Advocate can use to help participants locate current points of contact for lost defined benefit plans. We launched an internal tracing tool in FY 2023 enabling us to efficiently research plan transfers and promoted the availability of pension tracing in 2024. The result was a dramatic increase in participant inquiries to our office. However, more than a third of pension tracing inquiries were not applicable to PBGC-insured defined benefit plans and/or did not contain sufficient information to conduct pension tracing. Still others sought information that was readily available through accessible online resources. Historically, our office responded to each of these inquiries individually by providing basic referrals or explaining additional information required.

In FY 2025, in response to the popularity of the pension tracing service, while also recognizing the need for enhanced efficiency as request volume grew, our office created the new online pension tracing intake tool. The new tool asks users to answer simple questions about their benefit and directs them to an appropriate resource based on their answers. If a user’s answers indicate they’re looking for something other than an insured or trustee defined benefit plan, they are redirected to more appropriate government websites or services. Providing this information to customers immediately, via the website, reduces both the time that customers must wait for information and the time we spend providing routine information. For example, users who are seeking help with a lost 401(k) plan are directed to the Department of Labor’s Employee Benefits Security Administration and trustee plan participants are first routed to PBGC’s Customer Contact Center. Users whose answers to the online questions indicate that they are struggling to locate PBGC-insured or trustee plans are directed to our office.

Preliminary data show that the pension tracing intake tool is working as intended and funneling appropriate pension tracing inquiries to our office. While pension tracing inquiries to our office decreased from 70 inquiries in Q4 of FY 2024 to 19 inquiries in Q4 of FY 2025, this is more than offset by the hundreds of active users visiting the tool in the same time period. Web traffic to the

new tool is largely driven by search engines and other technologies, and we expect traffic to grow in the future. In FY 2026 we will continue to monitor both our inquiry data and pension tracing tool usage to ensure that the tool is increasing, rather than acting as a barrier to, pension tracing access.

Case Management System

In FY 2025 the Office of the Advocate worked with specialists in PBGC's Office of Information and Technology (OIT) to build a new, no-cost case management system (CMS) leveraging existing software and resources inside PBGC's security boundary. Prior to implementing the CMS, our office relied heavily on individual documentation to track participant and plan sponsor matters. Staff saved casework documents to individual folders, e-mail communications were archived, and cases were tracked separately using spreadsheets. This system provided few options for tracking case data and identifying trends over time. Additionally, without a shared system, we relied heavily on personal knowledge and memory of individual staff to identify repeat issues or callers. Furthermore, the fact that case materials were not located in a single, central system created risk that documents or information could be misplaced, that members of staff might duplicate processes or prior research, or that participants or plan sponsors seeking assistance receive conflicting information from our office.

The new CMS is exclusively for use within the Office of the Advocate and features a taxonomy tailored to the issues and stakeholders our office regularly encounters. The CMS also allows us to track and store all relevant information as well as access and sort existing cases by multiple metrics. We plan to develop a reporting feature to produce on-demand reports and we expect that these new tools will enhance our customer service delivery, mitigate risk, and improve the Office of the Advocate's capacity to identify and ameliorate systemic problems at PBGC.

After several months of meeting with OIT staff and testing early iterations of the system, we put the system into use on the first day of FY 2026. As we work with the CMS going forward, we will identify and implement further improvements as necessary.

Resource Library

While the Office of the Advocate fields a wide variety of questions from participants and other members of the public, there are certain topics we encounter regularly. These include questions on why certain family members or spouses may not be entitled to receive a survivor benefit under a trustee plan, differences between pension plans and other types of retirement benefits, and the significance of retirement plan information provided by the Social Security Administration.

In FY 2025, our office developed a suite of educational resources to address these questions and topics in depth and began working with staff in PBGC's Communications, Outreach and Legislative Affairs Department (COLA) to build a new resource library on the Advocate section of PBGC.gov. We worked closely with the Office of Benefits Administration (OBA) to ensure the new resources would build on current PBGC.gov content and reinforce existing information, where available, about PBGC resources and benefit administration. While this feature and its contents are still being finalized, we anticipate it will be available early in FY 2026 and we will continue to add resources and content as appropriate.

We anticipate that the new resource library will serve as a useful self-help tool for participants, beneficiaries, and other interested website visitors who are trying to better understand how pension plans work. It will increase office efficiency by eliminating the need to repeatedly reiterate common information in response to individual inquiries and enable participants to immediately access helpful information independently.

We are hopeful that this resource library will be useful not only to Office of the Advocate stakeholders but also to PBGC staff and external stakeholder organizations who encounter similar pension issues.

Enhanced PBGC Collaboration and Coordination

In FY 2025, our office made significant efforts to improve collaboration and coordination with other PBGC departments. We met with leadership and staff throughout the agency to understand their needs and goals for successful coordination with the Office of the Advocate.

The development of our pension tracing dashboard tool has provided new opportunities for inter-office collaboration. We provided training and demonstrations to both OBA and PBGC's Disclosure Division, as both offices benefit from the ability to conduct pension tracing research. Staff in these organizations now have access to the tracing tool and we provide additional guidance as needed. In promoting the pension tracing tool internally, we've increased our office's exposure to staff and leadership resulting in increased referrals and coordination.

As discussed further below, OBA has been and continues to be an essential partner in addressing participant concerns raised to our office. While Office of the Advocate casework remains independent from ongoing benefits administration work performed by OBA, collaboration is frequently beneficial to the participant, and our office has worked together with staff in OBA to research participant case histories, identify solutions, and draft custom communications to participants and beneficiaries whose questions could not be addressed through standard forms. We look forward to continuing to collaborate with OBA in FY 2026 and identifying additional areas where we can strengthen the valuable working relationship between our offices.

Participant Activities

In the 2nd through 4th quarters of FY 2025, the Office of the Advocate opened 108 inquiries from participants, beneficiaries, and their representatives or families. Of these, 54% were tracing inquiries, 13% were referred to resources external to PBGC, and 33% related to administrative and/or substantive PBGC matters. We expect to be able to provide a more detailed breakdown of cases by issue in future years' reports thanks to the implementation of our new CMS and future reporting feature.

Notably, PBGC's Office of Benefits Administration (OBA) has been a valuable partner in resolving participant inquiries throughout FY 2025. For example, our office heard from a participant who did not recall being paid their benefit as part of their plan's standard termination process. PBGC will pay benefits in these types of cases if the plan sponsor is no longer operating and if the participant is able to provide sufficient documentation proving the benefit had not been paid out previously. However, in this case, while the U.S.-based employer for which the participant had worked was no longer in operation, the employer's international parent company was still operating in several other countries. Neither our office nor OBA had encountered this situation before. We discussed the matter with OBA and OBA ultimately agreed that if, after the participant made a good faith effort to claim a benefit from the parent company the parent company was non-responsive, the participant could make a claim to PBGC for benefits. OBA has also committed to documenting this position for future cases.

Additionally, our office noted several trends this year. The first is that an outsize number of FY 2025 cases related directly or indirectly to beneficiary matters, namely the availability of survivor benefits or the division of retirement benefits at divorce, and in some cases both. While this represents a fairly small sample size relative to the number of participants in PBGC-trusted plans, it is consistent with an observed multi-year trend in our office. This may indicate a need for PBGC or other stakeholder organizations, including our office, to explore further education and outreach to spouses, divorced former spouses or unmarried partners, and the organizations that serve them. Reaching these groups may require creative solutions and partnerships, as PBGC may not be aware of the identities of current or former spouses or partners in trusted plans.

Secondly, a number of cases touched on records access and accuracy within PBGC. And, finally, the need for effective and meaningful participant communication continues to present in much of our casework. A major role our office played this year was providing enhanced customer service to de-escalate heightened situations and mitigate risk to the agency.

Survivor benefit issues

Frequent survivor benefit inquiries demonstrate a need for greater public education.

Multiple cases this year related to the rights of spouses in common law marriages to receive survivor benefits, with mixed outcomes. In one case, a surviving common law spouse reached out to our office by way of a non-profit attorney. The Social Security Administration (SSA) had already approved the spouse for survivor benefits under its programs, and PBGC took the position that if SSA had determined the common law spouse was entitled to benefits, PBGC could pay the survivor

benefit without further scrutiny. This is an excellent outcome, both from efficiency and customer service standpoints. We recommend that OBA document this decision for future cases.

In a second matter involving a possible common law spouse, the unmarried partner of a deceased participant contacted our office after having been told by PBGC that they were not entitled to a survivor benefit. The beneficiary was considerably upset after several back-and-forth interactions with PBGC, and it was unclear whether this individual was a common law spouse, which depends on state domestic relations law. Our office referred the caller to legal services organizations in their state for help determining whether their relationship could be designated a common law marriage and, if so, building a case for benefits. This incident reflects the need for PBGC to make more information about common law marriage available for customers as well as preparing its staff and staff in the Customer Contact Center to respond to common law marriage issues.

In another matter, we heard from the caretaker of a participant who had developed cognitive challenges. The caretaker had legal authority to act on the participant's behalf and was seeking survivor benefits for the participant's children. Unfortunately, although the caretaker had repeatedly requested and received PBGC benefit application materials with the option to elect a form of benefit providing limited survivor benefits to non-spouse beneficiaries, the caretaker did not submit the materials before the participant's death. After the participant died, it was no longer possible to elect an optional form of benefit, and PBGC could only provide survivor benefits to a spouse.

Because of the sensitivity of this case, and the caretaker's previous requests for benefit applications from OBA, our office reviewed the history of interactions to ensure PBGC had met its obligations to the participant and caretaker. As we discovered, PBGC had been responsive to the caretaker's requests and we were unable to identify any justification for a change in forms of benefit. The caretaker expressed gratitude for our willingness to work with PBGC on their behalf, despite the unwanted outcome. This case illustrates that, even in cases where PBGC has provided timely and effective customer service, there may be additional opportunities to educate participants and their families about the importance of timely benefit elections and understanding survivor benefit options.

Cases also arose related to the impossibility of changing a survivor benefit designation after a participant has begun receiving monthly benefit payments. For example, our office worked extensively with a couple who had married after one of them began receiving a single life annuity from PBGC to explain why PBGC could not change the form of benefit to a joint and survivor annuity. We also assisted an individual who had been married to a participant in a trustee plan and was named as the participant's beneficiary at the time the participant retired with a joint and survivor annuity. They and the participant later divorced after the participant began receiving benefit payments. Typically, if a participant and spouse divorce the spouse loses the guaranteed right to be a survivor beneficiary absent a special court order, however an exception occurs if the divorce takes place after benefit payments begin. The individual in this case was nonetheless struggling to obtain survivor benefit information from PBGC, which had failed to recognize that they remained the participant's beneficiary despite being divorced from the participant.

We also heard from children, grandchildren, and others seeking survivor benefits because they did not understand how survivor benefits work under pension plans. Often, people confuse pension plans with 401(k) plans, which can provide survivor benefits to a wider range of individuals because

of how they are structured. Often these cases were emotional, as denial of a survivor benefit can be seen as failing to recognize the value of a loved one's labor or as invalidating the caller's relationship with the participant. We worked with these customers in various ways (meetings, calls, letters) to explain the limitations of beneficiary eligibility and we expect beneficiary issues will continue to be a significant contributor to our caseload.

The Office of the Advocate hopes to address the need for greater education about survivor benefits in FY 2026 through the development of a public-facing resource library and additional outreach. Additionally, PBGC can likely do more to educate the public on this topic and to assist participants and their families in understanding and obtaining survivor benefits.

Divorce and QDRO Issues and Education

Cases involving the division of retirement benefits at divorce are especially complex and represent an outsize number of Office of the Advocate matters.

Similarly, a disproportionate number of the inquiries and cases we receive involve the division of retirement benefits at divorce, a historic trend that held true in FY 2025. Many of these cases revolve around a legal instrument called a *qualified domestic relations order (QDRO)*. These are state court orders telling plans how to divide benefits. Divorce parties must submit the order to the plan (or to PBGC in the case of trustee plans) and the pension plan or PBGC must then determine whether the order is *qualified* based on legal requirements. If the order is not qualified it must be resubmitted and qualified or the pension plan or PBGC will not divide the retirement benefit. The Office of the Advocate regularly refers participants and beneficiaries to the Department of Labor's "[QDROs: The Division of Retirement Benefits Through Qualified Domestic Relations Orders](#)" and PBGC's "[Qualified Domestic Relations Orders and PBGC](#)." These resources contain helpful FAQs and templates to help participants and beneficiaries understand the actuarial and legal technicalities of drafting and submitting QDROs. However, the QDRO process can be challenging to navigate for many customers who contact the Advocate.

Some QDRO cases overlap with survivor benefit issues, as survivor benefits can be awarded at divorce. In one case, we heard from the former spouse of a plan participant who had previously sued PBGC claiming it had wrongfully denied them a survivor benefit. However, both PBGC and the court had determined that the former spouse needed to submit a QDRO to PBGC to obtain survivor benefits post-divorce. In our response, we reiterated both PBGC's and the courts' positions while acknowledging that obtaining and submitting a QDRO can be a significant challenge. This matter underscores the degree of confusion and difficulty that participants and former spouses experience understanding and obtaining QDROs, adding to existing challenges understanding survivor benefits.

QDROs can also present administrative challenges for PBGC. For example, our office heard from a divorced participant who received a letter from PBGC many years earlier that PBGC had applied their QDRO to their benefit. Over the next decade the participant received conflicting benefit determinations and calculation worksheets from PBGC with benefit amounts that varied significantly. The participant contacted our office for clarity.

After reviewing the numerous PBGC communications to the participant, we determined that PBGC did not apply the QDRO to the participant's benefit calculations until several years after it initially

communicated to the participant that it had done so. We asked OBA staff to conduct additional research and they determined PBGC had evenly distributed a particular benefit offset that was a feature of the participant's plan between the participant and the participant's former spouse, despite the QDRO indicating otherwise. At the time that the participant's QDRO was submitted, PBGC stored QDRO information in a separate system from plan and participant benefit data. When the offset error was identified, the participant's data was corrected in only one of the systems. Several later communications that PBGC sent to the participant drew benefit calculation information from the system that did not contain the corrections.

This mistake could not happen now; OBA no longer keeps QDRO information separate from other benefit calculation information. To resolve the issue, OBA agreed to send a new benefit determination providing the participant with a new window to appeal their benefit calculation. Our office also sent the participant a letter providing a detailed explanation of the context for receiving a new benefit determination from OBA. OBA has made a commendable effort both to research and rectify a longstanding customer service problem in this matter, which highlights how QDROs can complicate otherwise routine elements of benefit administration.

Transitioning Records from Trusteed Plans

Transitioning records and responsibilities from plan sponsors to PBGC presents specific risks and challenges.

When trusteeing a plan, PBGC is reliant on plan sponsors to provide complete and accurate benefit and employment records and must coordinate with plan sponsors for hand-off of both records and benefit administration responsibilities. PBGC then processes participant records into PBGC's electronic systems to be made available to Customer Contact Center staff. This process is individual to each plan and varies across plans in length and complexity. Poorly maintained plan sponsor records can lengthen the process of transferring benefits administration responsibilities to PBGC, and error risks can continue beyond the transition period if record gaps are never resolved or if records are not processed timely and completely. If PBGC does not have complete information, it may have to rely on supplementation by participants and beneficiaries and/or other solutions to rebuild missing records.

Every year, our office hears from participants who struggle to obtain benefits because of issues related to the transferring of records or benefit administration responsibilities from the plan sponsor to PBGC. In FY 2025 the sponsor of a large plan going through the trusteeship process reached out to our office after hearing from several plan participants that PBGC's Customer Contact Center had turned their employees away when they attempted to apply for benefits. While this would always be concerning, it was especially troubling in this case because the plan sponsor was shutting down a major facility and retirement-eligible employees were eager to begin receiving their pension benefits to replace their lost income. Meanwhile, the difficulties these participants encountered in trying to claim their benefits were exacerbating existing tensions with the sponsor surrounding the shutdown of the facility.

Our office raised this issue to OBA staff responsible for managing the transition. Together we determined there had been misunderstandings between the sponsor and PBGC regarding the process and timing for moving processing of new benefit applications to PBGC while the records transfer process was still underway. OBA staff reached out to key staff at the plan sponsor to ensure

all parties were aligned about the transition process. Our office continued to communicate with both OBA and the plan sponsor to facilitate updates and communication. Ultimately, PBGC was able to ensure a smoother transition going forward by adding new layers of direct communication between staff at higher levels within both OBA and the plan sponsor.

Cases in which record transfers and processing impact customer service outcomes are not limited to those involving trusted plans. Our office also heard this year from a beneficiary who was told by the sponsor of a terminated pension plan that their deceased spouse's benefit had been transferred to PBGC under its Missing Participants Program. When the beneficiary contacted PBGC's Customer Contact Center to claim a survivor benefit, PBGC said it had no record of the benefit. The beneficiary then contacted our office. We quickly identified this matter as being similar to two 2024 cases in which missing participant data had not been transmitted between PBGC's Standard Termination Compliance Division (STCD), which reviews and approves standard termination applications, and OBA, which runs the contact center and pays benefits.

Our office met with supervisory staff in both departments to understand why missing participant data from this particular plan hadn't transferred from STCD to OBA, and to identify further opportunities for coordination. They together identified what had gone wrong, and supervisory staff within OBA then personally managed communications with the beneficiary until the benefit application and benefit payment processes were completed. While PBGC was immediately responsive to the beneficiary's problem and was able to resolve it quickly, this case demonstrates that PBGC must remain diligent to ensure benefit records and data are processed and accessible to all relevant PBGC organizations.

At the same time, PBGC shows commendable willingness to consider new sources of documentation that prove an individual's right to benefits. As noted above, PBGC insures the missing benefits of *potentially omitted participants (POPs)* – participants who were owed benefits by a plan that underwent a standard termination but failed to ensure their benefit was paid as part of that process. PBGC will pay these benefits if the plan sponsor is no longer in business, but the agency does not have access to these plans' records and must rely on participants to provide documentation. Our office received several POP cases this year – often arising through our pension tracing work or through our relationships with participant stakeholder organizations – on which OBA performed considerable research and analysis and ultimately approved payment of benefits.

In one such success story, a member of staff at a union reached out to our office on behalf of a member with a POP claim under a collectively bargained PBGC trusted single-employer plan. Typically, POP claims involve participants who are able to provide documentation of vesting but need to show they did not already receive their benefit. In this case, however, the participant's claim was that the plan had incorrectly treated them as not having vested, and so they lacked vesting documentation.

Crucially, the participant's eligibility to vest in the particular plan relied not just on the participant's employment with the plan sponsor but also on whether the participant had been a member of a particular collective bargaining unit. The union representative presented PBGC with extensive documentation. These included old tax and employment records, records of the participant's union dues payments, and certificates of completion showing that the participant had actively participated in programs for members of the collective bargaining unit.

Our office presented the case to OBA, which originally took the position that specific forms of documentary proof of vesting were necessary for PBGC to consider a POP claim. We disagreed, noting that a vested participant may not have had their vesting documented correctly. OBA staff reconsidered, agreed to review the claim and, after performing additional research and analysis, agreed the participant had vested and began making monthly benefit payments.

Avoidable Escalation of Routine Cases

Otherwise routine cases can be complicated by ineffective communication or poor customer service outcomes.

PBGC administers benefits for over 900,000 Americans who have varying needs and varying levels of understanding about their benefits. Much of our work this year involved providing enhanced customer service and communication to participants who need help understanding their benefit options or how PBGC arrived at a particular benefit decision. Our office was uniquely situated to address particularly complex issues or cases in which participants had atypical needs and required assistance beyond what staff in PBGC's Customer Contact Center or elsewhere within PBGC could reasonably provide. For example, we encountered several cases in which participants had in-depth questions about the law, actuarial principles, or PBGC procedures, requiring both significant expertise and time spent providing detailed answers.

Other cases, however, offer an opportunity to assess how communication and customer service improvements can help participants better understand PBGC's decisions on benefit denials or calculations, and to avoid needless frustration or conflict escalation. Many of the cases discussed above would have benefitted from more thorough and detailed communication by PBGC.

As a further example, our office heard from a participant whose benefit had been denied by PBGC on the grounds that the participant had not met their retirement plan's five-year vesting requirement, even though the participant had worked for the plan sponsor for more than five years. With research assistance from OBA, our office determined that PBGC was correct – the participant's pension plan had been closed to new participants before the participant was hired. When we communicated this information to the participant they readily accepted PBGC's decision. In this case, PBGC could have done more in its earlier interactions with the participant to communicate why vesting wasn't possible.

In another example, a participant contacted us after PBGC's Appeals Board denied their appeal of PBGC's decision to gradually recoup a past benefit overpayment by reducing the participant's future monthly payments. The participant's appeal cited a new law limiting recoupment without understanding that this law does not apply to PBGC. The Appeals Board's opinion letter denying the appeal was thorough, clear and accurate, however it also claimed that the participant was at fault because they had allegedly known about the overpayment and chose not to inform PBGC or return the funds. The new law that the participant had cited considers participant fault as a factor but, as the opinion letter itself explained, that law does not apply to PBGC. It was therefore unnecessary for the Appeals Board to speculate about the participant's culpability. The participant, who fully understood the denial and that the monthly benefit reduction was very small, came to our office because they found the letter offensive. We affirmed the Appeals Board's decision as correct and empathized with their frustration, but the participant ultimately had a negative opinion of PBGC's customer service.

Many participant and beneficiary matters involve contentious disagreements about benefit eligibility, and touch on emotional issues involving financial hardship, illness, death and divorce. These issues require thoughtful communication that is clear, accurate, and compassionate. Several individuals who contacted us this year mentioned the possibility of consulting an attorney or pursuing litigation against PBGC, motivated by a perception of PBGC being dismissive or unwilling to listen to them, more so than by financial outcomes. We were able to address their frustrations by providing a more detailed explanation than they had received previously or by respectfully listening and responding sympathetically to their concerns. While our office is uniquely positioned to provide this enhanced customer service, effective and sensitive communication is an essential tool that can be used throughout the agency to mitigate litigation and optical risk.

Relatedly, PBGC often encounters individuals who repeatedly contact the agency – sometimes reaching out to multiple PBGC departments and external organizations concurrently – who have already exhausted their administrative appeals or had litigation against PBGC dismissed or decided in PBGC’s favor. There is no potential for these individuals to achieve a different outcome, and continued interaction can be resource-intensive for both the agency and the individual. Currently, PBGC staff may not be aware they are working on these individuals’ issues concurrently or that others at PBGC have already researched and addressed them. As a result, PBGC departments may spend significant time developing separate analyses and responses. We recommend that, in FY 2026, PBGC work with the Office of the Advocate to coordinate responses to individuals who make repeated contact with multiple PBGC departments.

Reducing Use of Paper Checks

PBGC needs to continue transitioning participants to electronic distribution of retirement benefits.

On March 25, 2025, President Trump signed Executive Orders 14249 and 14247. Together, these executive orders require federal agencies to move away from paper checks and towards electronic distribution of funds to promote the financial integrity and operational efficiency of the Federal government.

In response to these Presidential actions, in FY 2025 PBGC began accelerating the conversion of tens of thousands of participants receiving paper checks to Electronic Direct Deposit where possible. The outreach included mailings to customers still receiving paper checks and outbound calls to ensure compliance. PBGC also posted information on PBGC.gov, social media, and recorded messages at the PBGC Customer Contact Center.

The Office of the Advocate expects to be contacted by a small percentage of affected participants and beneficiaries and will work closely with OBA to communicate the value of transitioning participants to electronic distribution of funds.

Plan Sponsor Activities

Advocate Role and Outreach

Pension plan sponsors reach out to the Office of the Advocate when they encounter issues with PBGC's management and oversight of its two separate pension insurance programs. In this reporting period, the Office of the Advocate did not open any plan sponsor cases relating to multiemployer plans; all interactions were initiated by sponsors, administrators, or legal counsel for single-employer plans. Additionally, many of the Advocate's activities this reporting period reflected issues raised in previous Office of the Advocate Annual Reports.

Most of our office's coordination on plan sponsor cases involved either PBGC's Office of General Counsel (OGC) or Office of Negotiations and Restructuring (ONR). OGC pursues PBGC's claims as a creditor in a full array of US bankruptcy court proceedings, and to a lesser extent in state courts where smaller plan sponsors may be liquidating. OGC also regularly initiates litigation actions in US district courts to initiate terminations of single-employer pension plans and pursue recovery of related liabilities. Additionally, OGC provides oversight and activities including but not limited to issuing investigatory subpoenas, providing legal review of terminations, trusteeships, and settlement documents, and the filing of tens of millions of dollars of statutory liens each year to secure PBGC's financial recoveries.

In the insured plans compliance space, ONR works with companies, both in and out of bankruptcy, to monitor activities, conduct financial, legal, and actuarial analysis, and negotiate protections. ONR also reviews and audits standard terminations, monitors corporate events and transactions, and pursues recoveries of employer liability and unpaid employer contributions.

These are complex and multifaceted corporate transactions with significant financial implications for plans, participants, and PBGC's insurance program. The Office of the Advocate has identified a common theme defining this year's plan sponsor outreach to the Office of the Advocate: the need for clearer communications so customers can understand what to expect. We look forward to partnering on this issue with the PBGC departments working directly with plan sponsors and to engaging with the plan sponsor community and PBGC leadership on ways to provide clarity, uniformity, and consistency for plan sponsor customers.

Throughout this reporting period, plan sponsors and their stakeholders reiterated concerns around familiar issues, including premium reform and plans' access to surplus plan assets. This year also brought new challenges, including the accelerated premium due date resulting from the Bipartisan Budget Act of 2015.

Distress Termination Negotiations and Settlement Agreements

When plans are undergoing distress terminations, plans and counsel engage in extended negotiations with PBGC staff around settlement agreements, excise tax issues, post-termination liability, and coordination with relevant Federal agencies.

This year, as in previous years, plans have contacted the Office of the Advocate to express frustration around timeliness, settlement flexibilities, and seemingly conflicting information from other Federal agencies. Plan sponsors will benefit from clear and regular communications and reliable expectation setting. Our engagement with the plan sponsor community on these issues highlighted how communication failures can compound when a plan sponsor and PBGC aren't on the same page about the next step in complicated termination activities.

Previous Advocate reports have expressed similar themes and recommendations; there is room for increasing communications with plan sponsors, establishing and sharing timelines and milestones for distress termination and collection cases, and requiring case reporting and enhanced supervisory oversight on open matters. To assist with this, the Office of the Advocate will improve its outreach to plan sponsors and administrators with a goal to bring forward the timeline by which the Advocate is made aware of issues and prioritizing enhanced communications in those situations where issues are arising.

PBGC Coverage Issues and Decisions

Plan sponsors and third-party administrators reached out this reporting period to express concern about the length of time PBGC takes to provide coverage decisions for plans, particularly in complex situations. The Office of the Advocate met with relevant PBGC leadership who acknowledged the delays and agreed that, in rare cases, the aging case load had become an issue in need of corrective action. PBGC is now iterating a new process for complex coverage decision oversight including direct leadership involvement and accountability for staff assigned to the backlog. PBGC anticipates that shrinking year-over-year total inventory will reflect significant continued progress eliminating coverage decision backlog and plans on using improved aging case statistics to better measure overall progress.

Missing Participants Program

When a pension plan ends, it must make arrangements with another entity to provide benefits for missing participants. Since 2018, PBGC's Missing Participants Program has covered private sector defined benefit pension plans, certain other defined benefit plans, and defined contribution plans. Although the program is voluntary for terminating plans that are not insured by PBGC, PBGC has seen increased awareness of and use of its program, and occasionally the Office of the Advocate is asked to assist plan sponsors with missing participant issues. Our experience this year shows a need for clear communications with standard termination filers to ensure appropriate expectations both for the plan and the participants involved. Additionally, there are opportunities for improved coordination between the Standard Termination Compliance Division and staff in OBA's Customer Contact Center, so that OBA can be responsive when participants contact PBGC to claim missing benefits. When plan sponsors reached out to the Office of the Advocate, we worked with PBGC and the issue or question was resolved quickly by working directly with the PBGC staff dedicated to the program.

Premium Due Date Acceleration

The Office of the Advocate worked closely with PBGC in FY 2025 to ensure compliance with the early premium filing due date as defined in the 2015 Bipartisan Budget Act. We met with the American Benefits Council to understand plans' concerns and obtain suggestions for mitigating the confusion and potential penalties that could arise, particularly for less-resourced small plans.

My office met with representatives of PBGC's Chief Financial Officer and Office of Policy and External Affairs to discuss PBGC's significant efforts to communicate the early premium due date to the plan sponsor, practitioner, and stakeholder community. Beginning in early 2025, PBGC communicated the issue by posting a technical update and relevant information on its various websites (PBGC.gov, My PAA), utilizing email listservs, and reaching out and responding directly to practitioners and plan filers.

We're pleased to note that the vast majority of plans with premium filings regularly due on Oct 15th successfully complied with the early premium due date of September 15th this year. Though this was the largest tranche of plan filings, PBGC will continue to monitor and track compliance as plans with different plan years approach their earlier filing deadline. Generally, compliance with the early Sept 15th premium filing deadline is in line with what PBGC saw in 2024 when the plan filings were due on their historical due date of Oct 15th. The success of PBGC's outreach showed that an additional concentrated focus on outreach and education, despite being resource-intensive, can provide an overall benefit to PBGC stakeholders and its insurance programs.

Small Plan Market

In this reporting period, we've heard from small plans experiencing challenges with compliance, funding, reporting, and other aspects of plan maintenance that can negatively affect the plan sponsor and participant experience with PBGC. Almost all newly created plans paying PBGC premiums are small cash balance plans created as additional retirement vehicles for small businesses and service providers. These cash balance plans can increase small business owners' ability to save for retirement and preserve the tax benefits of a qualified retirement savings plan. These small plans tend to have less access to the types of professional actuarial and compliance expertise common to larger legacy defined benefit pension plans and may need targeted assistance when working with PBGC.

My office has been meeting with national third-party administrative firms and other stakeholders to better understand this growing market and how the Office of the Advocate may be able to assist small plans with education, support, and outreach. Our initial meetings have led to follow-up requests for the Advocate's assistance with questions about PBGC coverage and oversight.

The common denominators among the issues discussed above are improving communications and managing expectations. We have seen progress this year in how PBGC manages its internal workflows and oversight, and we're looking forward to working with PBGC leadership to focus on where PBGC can provide needed clarity and certainty to small plans while working with them to ensure protections for PBGC beneficiaries.

Recommendations and Goals for FY 2026

2025 was a year of transitions – not only to a new PBGC Advocate and staffing pattern but also to a new Presidential administration, PBGC Board of Directors, and Acting PBGC Director. My office looks forward to working with PBGC and its Board of Directors to further assist and advocate for participants and plan sponsors in defined benefit pension plans.

Many of these recommendations are informed by the casework studies above. The recommendations often require leadership and action from both PBGC and the Office of the Advocate. Our office is looking forward to assisting PBGC in implementing these recommendations, taking the lead where appropriate, and working closely with PBGC on those issues under their control.

With the delivery of this report, we ask that PBGC leaders familiarize themselves with our recommendations and make them a focal point of our regular meetings with PBGC's leadership teams. Next year's Advocate report will speak to the ways PBGC and the Office of the Advocate have worked together to make progress in these areas.

Provide targeted educational information for spouses, families, and beneficiaries on PBGC.gov and in participant communications.

Affected organizations: Office of the Advocate, OBA, COLA, OGC

A common recurring theme in Advocate inquiries is the need for effective communication and education for participants and their families. PBGC can do more to help spouses, divorced former spouses and unmarried partners of participants understand the PBGC topics that impact them. These topics include who is entitled to survivor benefits and how to safeguard survivor benefits through timely benefit elections, the benefits impact of common law marriage, and dividing retirement benefits at divorce through the QDRO process. Recognizing that the Office of the Advocate's website and outreach methods may be a logical means by which to communicate with participants and beneficiaries, we will work with OBA, COLA, and relevant stakeholders to evaluate and explore additional messaging opportunities.

With the Office of the Advocate as lead, develop research-backed style guides, training and practice tips related to customer service and conflict resolution for internal use among PBGC staff.

Affected organizations: Office of the Advocate, OBA, OGC

The Office of the Advocate works with customers who contact various PBGC offices repeatedly and with unrealistic expectations, particularly participants with longstanding complaints or those who have exhausted their appeal or litigation options. For these participants, coordination among relevant offices and sensitive, effective communication are necessary to ensure customers are able to fully exercise their benefit rights and also to avoid unnecessary conflicts, escalations, duplicative work, and litigation.

Finalize procedures for coordinating data and handling potentially omitted participant cases.

Affected organizations: Office of the Advocate, OBA, STCD

Numerous matters in our office this year involved missing participant and potentially omitted participant cases. These are cases in which PBGC may become responsible for paying benefits outside of the trusteeship process and therefore do not benefit from the extensive data gathering and data processing activities that take place for trustee plans. Consequently, PBGC's access to benefit data is limited and not always accessible to PBGC's Customer Contact Center. PBGC can do more to ensure customers in these cases receive correct information and, when appropriate, timely case escalations. The Office of Benefits Administration has committed to finalizing procedures for handling potentially omitted participant cases. This should include documenting agency decisions as novel sub-issues present themselves. Likewise, the Office of Benefits Administration and Standard Termination Compliance Division have committed to continue monitoring the process by which participant data is made accessible to the Customer Contact Center.

Explore modernizing PBGC benefit administration operations through policy reform, automation, and AI

Affected organizations: OBA, OGC, Office of Policy and External Affairs, Office of the Director, and PBGC's Board of Directors

When trusteeing a plan, PBGC is required to implement an incredibly complex process specific to that individual plan: understand decades of plan documents and amendments, collect and audit incomplete or incorrect participant data, and develop complex actuarial databases to determine benefits specific to that plan. This complexity makes it hard for participants to understand benefit amounts and the time spent in estimated pay before a benefit determination is finalized. These complexities can be challenging to convey to participants who are comparing PBGC to other benefit providers or organizations like the Social Security Administration, which administers one plan as opposed to PBGC's portfolio of thousands of plans with unique provisions. Current PBGC and policy rules require significant manual processes that are a barrier to automation and use of artificial intelligence tools. Additionally, policy simplification can help to eliminate manual exceptions around issues like early/late retirement factors, non-level benefits, benefit finality, and recoupment. Our office has had initial conversations with OBA on a path forward, and we encourage PBGC leadership to prioritize exploring these significant improvements for PBGC's customers.

Engage with the Office of the Advocate on new tools and outreach to existing small plan sponsors

Affected organizations: Office of the Advocate, OGC, ONR, COLA

There is a significant opportunity to target outreach and support to the growing small plans population, which is now the largest subset of PBGC's insured single-employer pension plans. These plans tend to have less access to the types of professional actuarial and compliance expertise common to the larger legacy defined benefit pension plans. The Office of the Advocate can work with the relevant PBGC organizations to identify existing small plans, evaluate outreach to these groups, and communicate with third-party administrators, sponsors, and plan leadership.

Include information about the services of the Office of the Advocate, particularly in initial outreach or discussions with plans interacting with PBGC for the first time.

Affected organizations: Office of the Advocate, OGC, ONR

The Office of the Advocate is in a unique position to be responsive to concerns and questions from plans who are new to PBGC's compliance or auditing activities. Our office can work with PBGC leadership to ensure customers are aware of how the Office of the Advocate can help manage expectations and resolve issues and disputes before they arise. Our work this year has shown that coordination with the Advocate's office early in challenging cases can help manage participant and plan sponsor expectations and streamline results. We'll work with the PBGC Board, leadership, and stakeholder community to identify appropriate opportunities for exposure and education.

Continue leadership oversight of the plan coverage determination process

Affected organizations: OGC, ONR

We applaud PBGC's iteration of a new process for complex coverage decision oversight in response to a concern from a plan sponsor about a long-standing complex coverage issue. This new process includes direct involvement from OGC leadership and accountability for staff assigned to the backlog. We expect to see a decline in year-over-year inventory of coverage cases and improved aging statistics.

ERISA § 4004: Participant and Plan Sponsor Advocate

DUTIES

The Participant and Plan Sponsor Advocate shall—

- (1) Act as a liaison between the Corporation, sponsors of defined benefit pension plans insured by the Corporation, and participants in pension plans trusted by the Corporation;
- (2) Advocate for the full attainment of the rights of participants in plans trusted by the Corporation;
- (3) Assist pension plan sponsors and participants in resolving disputes with the Corporation;
- (4) Identify areas in which participants and plan sponsors have persistent problems in dealings with the Corporation;
- (5) To the extent possible, propose changes in the administrative practices of the Corporation to mitigate problems;
- (6) Identify potential legislative changes which may be appropriate to mitigate problems; and
- (7) Refer instances of fraud, waste, and abuse, and violations of law to the Office of the Inspector General of the Corporation.

ANNUAL REPORT

- (1) In general—Not later than December 31 of each calendar year, the Participant and Plan Sponsor Advocate shall report to the Health, Education, Labor, and Pensions Committee of the Senate, the Committee on Finance of the Senate, the Committee on Education and the Workforce of the House of Representatives, and the Committee on Ways and Means of the House of Representatives on the activities of the Office of the Participant and Plan Sponsor Advocate during the fiscal year ending during such calendar year.
- (2) Content—Each report submitted under paragraph (1) shall--
 - (a) Summarize the assistance requests received from participants and plan sponsors and describe the activities, and evaluate the effectiveness, of the Participant and Plan Sponsor Advocate during the preceding year;
 - (b) Identify significant problems the Participant and Plan Sponsor Advocate has identified;
 - (c) Include specific legislative and regulatory changes to address the problems; and
 - (d) Identify any actions taken to correct problems identified in any previous report.
- (3) Concurrent Submission—The Participant and Plan Sponsor Advocate shall submit a copy of each report to the Secretary of Labor, the Director of the Corporation, and any other appropriate official at the same time such report is submitted to the committees of Congress under paragraph (1).