

Pension Benefit Guaranty Corporation

2017 Actuarial Report

Table of Contents

Overview of Valuation Results	3
Single-Employer Program	
Seriatim at FYE Method	6
Seriatim at DOPT Method	7
Nonseriatim Method	7
Missing Participants Program	11
Collins Settlement	11
Multiemployer Program	12
Actuarial Assumptions, Methods, and Procedures	14
Data Sources and Assumptions	20
Valuation Statistics	21
Reconciliation of Results	26
Statement of Actuarial Opinion	28

ACTUARIAL VALUATION REPORT- 2017 FISCAL YEAR

The 2017 Annual Report of the Pension Benefit Guaranty Corporation (PBGC) contains a summary of the results of the September 30, 2017 actuarial valuation. The purpose of this separate Actuarial Valuation Report is to provide greater detail concerning the valuation of future benefits than is presented in PBGC's Annual Report.

Overview of Valuation Results

PBGC calculated and validated the present value of future benefits (PVFB) for both the single-employer and multiemployer programs and of nonrecoverable future financial assistance (NRFFA) under the multiemployer program. Generally, except for the changes in interest and mortality assumptions, we used the same methods and procedures as in 2016 for the Single-Employer and Multiemployer Programs. These calculations reflect the present value of claims as of the date of the financial statements. They present a snapshot of the liabilities as of a point in time and do not include liability projections over the period subsequent to the date of the financial statements.

For the single-employer program, the liability as of September 30, 2017 consisted of:

- (1) \$108.4 billion for the 4,845 plans that have terminated; and
- (2) \$7,917.3 million for the five probable terminations.

Liabilities for "probable terminations" reflected reasonable estimates of the losses for plans that are likely to terminate in a future year. These estimated losses were based on conditions that existed as of PBGC's fiscal year-end. Management believes it is likely that one or more events subsequent to PBGC's fiscal year-end will occur, confirming the fact of the loss. In addition, the liability for reasonably possible terminations has been calculated and is discussed in a note to the financial statements of PBGC's 2017 Annual Report.

For the multiemployer program, the liability as of September 30, 2017 consisted of:

- (1) less than \$500,000 for 10 pension plans that terminated before the passage of the Multiemployer Pension Plan Amendments Act (MPPAA) and of which PBGC is trustee;
- (2) \$2,662.0 million for estimable post-MPPAA losses due to financial assistance to 72 multiemployer pension plans that were currently receiving PBGC assistance; and
- (3) \$64,621.1 million for probable estimable post-MPPAA losses due to financial assistance to 115 multiemployer pension plans that were probable to receive PBGC assistance in the future.

The results of the valuation (the present value of future benefits and nonrecoverable future financial assistance) are presented in Table 1 and are displayed in the graphs on pages 9 and 10.

**Table 1:
Present Value of Future Benefits and Nonrecoverable Future Financial Assistance – 2017**

	<u>Number of Plans</u>	<u>Estimated Number of Participants (in thousands)</u>	<u>Liability (in millions)</u>
I. Single-Employer Program			
A. Terminated plans			
1. Seriatim at fiscal year-end (FYE)	4,287	1,005	\$74,881
2. Seriatim at DOPT, adjusted to FYE	120	171	21,325
3. Nonseriatim ¹	438	192	12,077
4. Missing Participants Program (seriatim) ²	--	24	69
Subtotal	4,845	1,392	\$108,352
B. Probable terminations (nonseriatim) ³	5	113	7,917
Total ⁴	4,850	1,505	\$116,269
II. Multiemployer Program			
A. Pre-MPPAA termination (seriatim)	10	*	\$**
B. Post-MPPAA liability (net of plan assets)			
1. Currently receiving assistance	72	93	2,662
2. Probable for assistance	115	1,241	64,621
Total	197	1,334	\$67,283

*Fewer than 500 participants

** Less than \$500,000

Notes:

- 1) The liability for terminated plans has been increased by \$18 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 probable plans reported in the financial statements include \$139 million for not-yet-identified probable terminations. The assets for the probable plans, including the expected value of recoveries on employer liability and due-and-unpaid employer contributions claims, are \$4,675 million. Thus, the net claims for probable terminations as reported in the financial statements are \$7,917 million less \$4,675 million, or \$3,242 million.
- 4) The PVFB in the financial statements (\$111,280 million) is net of estimated plan assets and recoveries on probable terminations (\$4,675 million), estimated recoveries on terminated plans (\$278 million), and estimated assets for plans pending trusteeship (\$36 million), or, \$116,269 million less \$4,675 million less \$278 million less \$36 million = \$111,280 million.

Single-Employer Program

PBGC calculated the single-employer program's liability for benefits for each of the terminated plans and for each of the plans considered to be a probable termination using one of three methods:

- (1) seriatim at fiscal year-end (FYE);
- (2) seriatim at date of plan termination (DOPT), adjusted to FYE; and
- (3) nonseriatim.

In addition, PBGC included liabilities for incurred but not reported (IBNR) plans, for the Missing Participants Program, and for the Collins Settlement.

Seriatim at FYE Method

The liability for each participant's benefit was calculated separately at FYE for plans for which PBGC had sufficiently complete and accurate data. This was termed the seriatim at FYE method. PBGC selected plans to be valued using the seriatim at FYE method according to two criteria:

- (1) completeness - whether PBGC's computer system contained enough of the plan's participant records and whether enough of those records had been finalized; and
- (2) accuracy - whether the participant's record contained enough of the critical elements of data that were necessary to perform an actuarial valuation.

For this valuation, these criteria were met by 4,287 pension plans (88% of the single-employer plans) representing \$74,881 million (64%) in liabilities and about 1,005,000 (67%) participants. This was an increase of 28 plans over the 4,259 plans valued seriatim at September 30, 2016.

The critical error rates for 529 plans or 12.3% of the seriatim plans (lower percentage than last year) exceeded 5%. The overall error rate for the group of 4,287 seriatim plans was 1.1%, which is lower than last year. A data error is considered critical if the value of the data element in error has a major impact on the liability associated with a benefit record.

Seriatim at DOPT Method

There were 120 plans for which a final seriatim valuation as of date of plan termination (DOPT) had been completed, but the Office of Benefit Administration of PBGC had not finished processing the case as of year-end (e.g., participant data had not been fully loaded into PBGC's computer database, or the data lacked too many critical elements to be valued by the seriatim at FYE method). When PBGC benefit calculations were finalized but not ready for seriatim valuation as of fiscal year-end, PBGC valued the plan's liability seriatim as of the plan's termination date and brought the total amounts forward to September 30, 2017 using the nonseriatim method outlined below. Because PBGC had finalized and valued these benefits for each participant and valued them using PBGC assumptions and regulations as of each plan's date of termination, these amounts are more accurate than similar calculations for plans whose benefits are not final.

Nonseriatim Method

If calculations of benefits provided by PBGC were not final, PBGC based the liability calculations on the plan's most recent actuarial valuation performed before the termination date that is available to PBGC. For the 438 terminated plans valued nonseriatim, PBGC obtained the liability for each plan as of the most recent available actuarial valuation date for each category of participant: retired, active, and terminated vested. These liabilities were adjusted to reflect such factors as:

- (1) benefits accrued between the valuation and plan termination dates;
- (2) differences between the interest rates assumed by the plans' actuaries and those assumed by PBGC;
- (3) differences between the mortality, retirement age, and expense assumptions used by the plans' actuaries and those used by PBGC; and

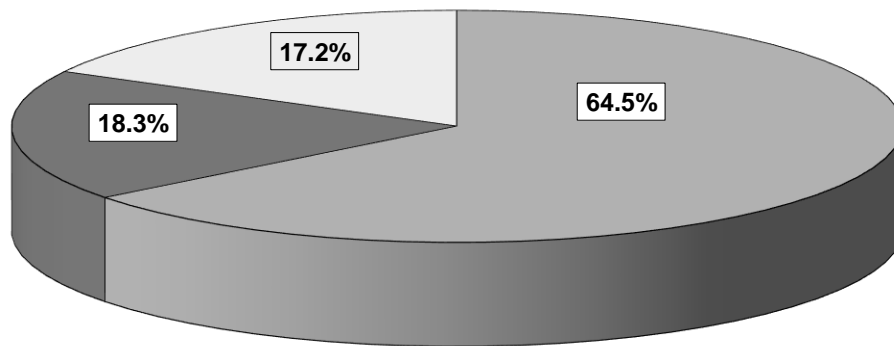
- (4) the effect on the liability of time elapsed between the valuation date and September 30, 2017.

PBGC based the adjustment factors used in the nonseriatim procedure on its experience in routinely estimating the liability for benefits for administrative purposes.

For each of the five probable terminations, PBGC calculated the liability as of September 30, 2017 using the nonseriatim method with an assumed date of plan termination.

Distribution of FYE17 Single-Employer Liability by Method of Calculation

Liability for Benefits: \$116,269
(Dollars in Millions)



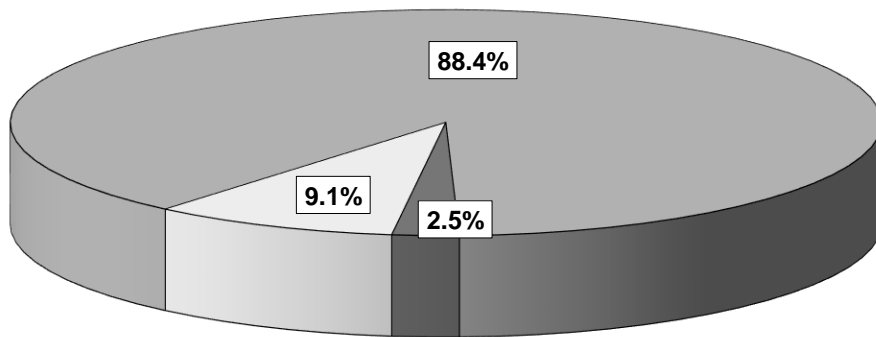
- Seriatim at FYE: \$74,950*
- Seriatim at DOPT Adjusted to FYE: \$21,325
- Nonseriatim: \$19,994**

*Seriatim at FYE includes the Missing Participants Program

**Nonseriatim includes Probable terminations

Distribution of FYE17 Single-Employer Plans by Method of Calculation

Total Plans: 4,850



■ Seriatim at FYE: 4,287
■ Seriatim at DOPT Adjusted to FYE: 120
□ Nonseriatim: 443*

*Nonseriatim includes Probable terminations

Missing Participants Program

The Missing Participants Program refers to a responsibility that PBGC has assumed under the Retirement Protection Act of 1994 to act as a clearinghouse for unlocated participants in standard plan terminations. As with other parts of PVFB, only the liabilities are shown here. Because plan administrators have transferred a corresponding asset amount to PBGC, the net increase in liabilities of PBGC due to this program, if any, will be negligible. As of September 30, 2017, changes to this program due to the Pension Protection Act of 2006 had not yet been implemented. Subsequent to the completion of these results, effective January 22, 2018, PBGC published final regulations to implement the provisions of this law expanding the program to cover defined contribution plans, multiemployer pension plans, and small professional service employer plans not covered by title IV of ERISA. Accordingly, future actuarial reports will incorporate the impact of this law.

Collins Settlement

The Collins Settlement refers to the liability for benefits that PBGC incurred as a result of the settlement of a class action lawsuit during fiscal year 1996. This settlement provides benefits for participants in plans which terminated between January 1, 1976 and December 31, 1981 without having been amended to conform to ERISA's vesting requirements. The remaining liability under this settlement is included in the nonseriatim portion of the liability.

Multiemployer Program

There was a total of ten pre-MPPAA terminations, nine of which were granted discretionary coverage under the provisions of ERISA as passed in 1974. The remaining plan terminated when coverage under Title IV was mandatory (from August 1, 1980 until September 25, 1980). PBGC calculated the liability for these ten terminations under the seriatim at FYE method using the same assumptions as for the single-employer program.

The post-MPPAA portion of the liability represented the present value, as of September 30, 2017, of net losses that PBGC expected to incur from non-recoverable future financial assistance to 187 pension plans of which 72 were insolvent (i.e., currently receiving PBGC financial assistance) and 115 were expected to become insolvent. The liability for each plan was calculated (using the cash flow method) as the present value of future guaranteed benefit and expense payments, net of the present value of future employer contributions and withdrawal liability payments. This liability was determined as of the later of September 30, 2017 and the actual or projected date of insolvency, and then discounted back to September 30, 2017 using interest only. The most recent available actuarial reports and information provided by representatives of the affected plans served as the basis for the valuations.

Projected benefit payments were estimated based on liabilities, current benefit payments and estimated average ages for actives, terminated vesteds and retirees from the most recent actuarial reports, combined with assumptions of retirement ages and of future rates of mortality and termination. Projected expense payments were estimated as a constant percentage of the projected benefit payments; this percentage is equal to the ratio of current expense payments to current benefit payments. The projected date of insolvency was then established using a cashflow model with initial assets, expense payments, contributions, and projected benefit and withdrawal liability payments as inputs, estimated when necessary.

The post-MPPAA liability of \$67,283 million as of September 30, 2017 is about \$6,274 million higher than it was a year earlier. The main reasons for the increase in liabilities was due to the addition of 22 new plans to the multiemployer inventory.

Actuarial Assumptions, Methods, and Procedures

PBGC continues to review the actuarial assumptions used in the valuation to assure that they remain consistent with current market conditions in the insurance industry and with PBGC's experience. The actuarial assumptions, which are used in both the single-employer and multiemployer valuations, are presented in Table 2A. Assumptions concerning data that were not available are discussed in the data section of this report.

Beginning with the March 31, 2017 valuation, PBGC used forward yield curve interest factors which were derived from a recalibration based on the prices from the two most recent ACLI surveys (March 31, 2017 and June 30, 2017) to value PBGC's liabilities. The interest factors so determined for the September 30, 2017 valuation vary annually from 1.54% in year 1 to 2.44% in year 31 and beyond. For the September 30, 2016 valuation the select and ultimate interest factors were 2.27% for the first 20 years after the valuation date and 2.14% thereafter. These interest factors are dependent upon PBGC's mortality assumption.

Beginning with the June 30, 2016 valuation, PBGC updated the mortality assumptions by adopting the recommendations from a study by an independent consulting firm. The study recommended that, when conducting valuations for its financial statements, PBGC use the RP-2014 Healthy Male Table times 1.09 and Healthy Female Table times 0.99. The study also recommended that continuing mortality improvements be taken into account by using Projection Scale MP-2015 or the latest projection scale to project these tables a fixed number of years. Until PBGC was able to implement fully generational mortality assumptions, the study recommended that at each valuation date the fixed number of years would be determined as the sum of the elapsed time from the date of the table (2014) to the valuation date, plus the period of time from the valuation date to the average date of payment of future benefits (the duration). Beginning with the June 30, 2017 valuation, PBGC systems were able to use fully generational mortality tables. PBGC used the adjusted RP-2014 Healthy Male and Female Mortality tables each projected generationally using scale MP-2016 for the September 30, 2017 valuation.

The mortality tables used for healthy lives in the FY 2016 valuation are the adjusted RP-2014 Healthy Male and Female Mortality Tables, each projected 15 years to 2029 using Scale MP-2015. The 15-year projection was determined as the sum of the 2 years from 2014 to 2016 and the 13-year duration of the September 30, 2015 liabilities.

Retirement age assumptions were not changed.

The SPARR (Small Plan Average Recovery Ratio) assumptions as shown in Table 2B were updated to reflect the SPARR calculated in FY2017. The FY2017 SPARR of 6.92% is used for the September 30, 2017 valuation.

PBGC used the same explicit loading factors as used since FY2007 for expenses in all terminated plans and single-employer probable terminations. The reserve for expenses was assumed to be 1.37% of the liability for benefits plus additional reserves for cases whose plan asset determinations, participant database audits, and actuarial valuations were not yet complete. The factors to determine the additional reserves were based on case sizes (large/small), number of participants, and time since trusteeship. The factors used in the expense reserve formula are shown in Table 2C.

During the 2017 fiscal year, PBGC improved the system that calculates the liabilities to address some of the valuation audit findings surrounding the valuation systems. In this year we have made improvements to our ability to value liabilities with fully generational mortality, value Joint and Survivor Pop-up annuity forms, improved the accuracy of QPSA calculations, included beneficiary ages 0 through 14 in valuing annuities, as well as increased and improved the reports available for the analysis of our results.

We continue our ongoing efforts to improve the quality of the seriatim data and, as in other years, made various changes to generally improve the accuracy, speed, security and auditability of the calculations as well as integrate with the evolving PBGC technologies.

Table 2A

Actuarial Valuation Assumptions

	<p align="center">Previous Valuation as of 9/30/16</p>	<p align="center">Current Valuation as of 9/30/17</p>																																																																																								
<p>Interest Factors</p>	<p>Select & Ultimate: 2.27% for 20 years, 2.14% thereafter</p>	<p>Forward Yield Curve:</p> <table border="1"> <thead> <tr> <th>Period</th> <th>Rate</th> <th>Period</th> <th>Rate</th> <th>Period</th> <th>Rate</th> <th>Period</th> <th>Rate</th> </tr> </thead> <tbody> <tr><td>1</td><td>1.54%</td><td>11</td><td>2.73%</td><td>21</td><td>2.41%</td><td>31</td><td>2.44%</td></tr> <tr><td>2</td><td>1.69%</td><td>12</td><td>2.64%</td><td>22</td><td>2.39%</td><td>32</td><td>2.44%</td></tr> <tr><td>3</td><td>2.07%</td><td>13</td><td>2.55%</td><td>23</td><td>2.16%</td><td>33</td><td>2.44%</td></tr> <tr><td>4</td><td>2.45%</td><td>14</td><td>2.51%</td><td>24</td><td>1.84%</td><td>34</td><td>2.44%</td></tr> <tr><td>5</td><td>2.62%</td><td>15</td><td>2.53%</td><td>25</td><td>1.83%</td><td>35</td><td>2.44%</td></tr> <tr><td>6</td><td>2.79%</td><td>16</td><td>2.56%</td><td>26</td><td>2.04%</td><td>36</td><td>2.44%</td></tr> <tr><td>7</td><td>2.92%</td><td>17</td><td>2.63%</td><td>27</td><td>2.07%</td><td>37</td><td>2.44%</td></tr> <tr><td>8</td><td>2.93%</td><td>18</td><td>2.76%</td><td>28</td><td>2.02%</td><td>38</td><td>2.44%</td></tr> <tr><td>9</td><td>2.87%</td><td>19</td><td>2.95%</td><td>29</td><td>2.12%</td><td>39</td><td>2.44%</td></tr> <tr><td>10</td><td>2.84%</td><td>20</td><td>3.16%</td><td>30</td><td>2.53%</td><td>40</td><td>2.44%</td></tr> </tbody> </table>	Period	Rate	Period	Rate	Period	Rate	Period	Rate	1	1.54%	11	2.73%	21	2.41%	31	2.44%	2	1.69%	12	2.64%	22	2.39%	32	2.44%	3	2.07%	13	2.55%	23	2.16%	33	2.44%	4	2.45%	14	2.51%	24	1.84%	34	2.44%	5	2.62%	15	2.53%	25	1.83%	35	2.44%	6	2.79%	16	2.56%	26	2.04%	36	2.44%	7	2.92%	17	2.63%	27	2.07%	37	2.44%	8	2.93%	18	2.76%	28	2.02%	38	2.44%	9	2.87%	19	2.95%	29	2.12%	39	2.44%	10	2.84%	20	3.16%	30	2.53%	40	2.44%
Period	Rate	Period	Rate	Period	Rate	Period	Rate																																																																																			
1	1.54%	11	2.73%	21	2.41%	31	2.44%																																																																																			
2	1.69%	12	2.64%	22	2.39%	32	2.44%																																																																																			
3	2.07%	13	2.55%	23	2.16%	33	2.44%																																																																																			
4	2.45%	14	2.51%	24	1.84%	34	2.44%																																																																																			
5	2.62%	15	2.53%	25	1.83%	35	2.44%																																																																																			
6	2.79%	16	2.56%	26	2.04%	36	2.44%																																																																																			
7	2.92%	17	2.63%	27	2.07%	37	2.44%																																																																																			
8	2.93%	18	2.76%	28	2.02%	38	2.44%																																																																																			
9	2.87%	19	2.95%	29	2.12%	39	2.44%																																																																																			
10	2.84%	20	3.16%	30	2.53%	40	2.44%																																																																																			

Table 2A

Actuarial Valuation Assumptions

	Previous Valuation as of 9/30/16	Current Valuation as of 9/30/17
<p>Mortality Healthy Lives</p> <p>Disabled Lives Eligible for Social Security (SS) Disability Benefits</p> <p>Disabled Lives Not Eligible for SS Disability Benefits</p>	<p>RP-2014 Healthy Male Table times 1.09 and RP-2014 Healthy Female Mortality Table times 0.99, each projected 15 years to 2029 using Scale MP-2015.</p> <p>Healthy Male and Female Mortality Tables as described above, set forward 7 years for male lives and 8 years for female lives.</p> <p>Healthy Male and Female Mortality Tables as described above, set forward 5 years for male lives and 7 years for female lives.</p>	<p>RP-2014 Healthy Male Table times 1.09 and RP-2014 Healthy Female Mortality Table times 0.99, each projected generationally using Scale MP-2016.</p> <p>Healthy Male and Female Mortality Tables as described above, set forward 7 years for male lives and 8 years for female lives.</p> <p>Healthy Male and Female Mortality Tables as described above, set forward 5 years for male lives and 7 years for female lives.</p>
SPARR	Calculated SPARR through fiscal year ending 9/30/16.	<p>Calculated SPARR through current fiscal year ending 9/30/17.</p> <p>See Table 2B for values and notes.</p>
Retirement Ages	<p>(a) Earliest possible for shutdown companies.</p> <p>(b) Expected retirement age (XRA) tables from 29 CFR 4044 for ongoing companies.</p> <p>(c) Deferred participants past XRA are assumed to be in pay status, retroactive to their XRA. To reflect lower likelihood of payment:</p> <p>(d) Unlocated deferred participants past age 65 are phased out over 3 years.</p> <p>(e) Located deferred participants are fully phased out past age 70.</p> <p>(f) Deferred participants in the Missing Participants Program are phased out over 10 years past age 70.</p>	Same
Expenses	<p>All terminated plans and single-employer probable terminations:</p> <p>1.37% of the liability for benefits plus</p> <p>Additional reserves as shown in Table 2C for cases where plan asset determinations, participant database audits and actuarial valuations were not complete.</p>	Same

Table 2B**Small Plan Average Recovery Ratio (SPARR) Assumptions**

The SPARR is used in the calculation of the liability for benefits determined under section 4022(c) of ERISA, which provides participants with a portion of PBGC's recoveries. The SPARR has been determined by PBGC for terminations initiated in a given fiscal year based on actual recoveries and unfunded benefit liabilities for plan terminations initiated during a five year averaging period. As of the end of fiscal year 2017, the SPARR had been calculated for plan terminations initiated in fiscal years 1991-2017. The FY 2017 SPARR is assumed for probable plans affected by future SPARRs.

Fiscal Year	SPARR	Fiscal Year	SPARR
1991	12.01%	2005	4.39%
1992	7.73%	10/1/05 – 9/15/06	4.13%
		9/16/06-9/30/06	3.50%
1993	7.44%	2007	4.35%
1994	7.04%	2008	4.26%
1995	7.22%	2009	3.85%
1996	7.90%	2010	9.15%
1997	5.98%	2011	12.30%
1998	6.84%	2012	12.56%
1999	8.01%	2013	17.23%
2000	4.58%	2014	4.93%
2001	4.94%	2015	9.29%
2002	9.60%	2016	9.39%
2003	7.86%	2017	6.92%
2004	3.42%		

Table 2C

Reserve Factors for Expenses

Large Plans (more than 100 participants)							
	Plan Asset Determinations	Participant Database		Actuarial Valuation			Interim Benefits Administration
Years Since Trusteeship	Per Large Plan	Per Large Plan	Per Large Plan	Per Participant for the First 100 Participants in Plan	Per Participant for the Next 400 Participants in Plan	Per Participant for the Remaining Participants in Plan	Per Participant
0<=y<1	\$23,020	\$78,290	\$118,640	\$1,130	\$370	\$15	\$330
1<=y<2	15,270	48,470	69,450	660	220	10	190
2<=y<3	12,050	35,970	40,380	380	130	5	110
3<=y	8,570	33,130	31,730	300	100	5	90

Small Plans (100 or fewer participants)							
	Plan Asset Determinations	Participant Database		Actuarial Valuation			Interim Benefits Administration
Years Since Trusteeship	Per Small Plan	Per Small Plan	Per Small Plan	Per Participant for the First 100 Participants in Plan	Per Participant for the Next 400 Participants in Plan	Per Participant for the Remaining Participants in Plan	Per Participant
0<=y<1	\$11,500	\$21,470	\$118,640	\$1,130	N/A	N/A	\$330
1<=y<2	7,320	18,060	69,450	660	N/A	N/A	190
2<=y<3	5,550	15,130	40,380	380	N/A	N/A	110
3<=y	5,040	11,430	31,730	300	N/A	N/A	90

In addition to the reserve factors shown, an expense reserve equal to 1.37% of the liability for benefits applies to both Large Plans and Small Plans.

Data Sources and Assumptions

The seriatim portion of this valuation was based on participant data maintained by PBGC's Office of Benefits Administration. For the seriatim liability, benefit amounts have been determined for each participant using plan documents, together with ERISA and PBGC regulations relating to guaranteed benefits and the allocation of assets. If specific data were not available for deferred vested participants under the seriatim method, participants were assumed to be married and to elect the qualified Joint and Survivor (J&S) benefit; wives were assumed to be four years younger than their husbands. When certain other data elements for a participant were missing, they were replaced by the average for the plan. When the plan average was not available, the average for all plans valued seriatim was used.

The nonseriatim liability was based on the plan's most recent actuarial valuation performed before the termination date that is available to PBGC. The valuation information generally was obtained from actuarial reports or Schedule SB or MB filings. For nonseriatim plans and probable terminations, provision generally has been made to reduce benefits to guaranteed levels. Attained ages for active participants, terminated vested participants, and retired participants were assumed to be ages 53, 53 and 69 respectively for new nonseriatim plans when plan data were unavailable. For post-MPPAA multiemployer plans, the assumed ages are 55, 56 and 65, respectively.

Valuation Statistics

The FY 2017 valuation for the single-employer program included approximately 1,392,000 participants owed future payments in terminated plans as of September 30, 2017 and approximately 113,000 participants in plans that will probably terminate. For the multiemployer program, the FY 2017 valuation included, as of September 30, 2017, 36 participants in terminated pre-MPPAA plans and approximately 93,000 participants in post-MPPAA plans currently receiving financial assistance and 1,241,000 participants in post-MPPAA plans expected to receive financial assistance. Of these, about 839,000 participants from terminated single-employer plans and 26 participants from terminated multiemployer plans were receiving benefits from PBGC at fiscal year-end.

The average monthly benefit paid by PBGC for participants in pay status during FY 2017 was \$557 (including supplemental benefits) for the single-employer program and \$105 for the multiemployer program in the ten pre-MPPAA plans.

Tables 3 through 6 summarize the detailed results of the seriatim and nonseriatim valuations for both the single-employer and multiemployer programs.

**Table 3:
Liability for Pay-Status Recipients in "Seriatim at FYE" Method**

Age	Single-Employer					Multiemployer			
	Number of Benefit Recipients**	Average Monthly Benefit	Average Supplemental Monthly Benefit	Liability (Millions)	Percent of Liability	Number of Benefit Recipients	Average Monthly Benefit	Liability (Millions)	Percent of Liability
Under 50	1,691	\$109	\$298	\$70	**%	0	-	\$0	0%
50-54	2,280	296	270	195	**%	0	-	0	0
55-59	17,290	326	161	1,468	3%	0	-	0	0
60-64	62,426	410	182	5,838	11%	0	-	0	0
65-69	133,714	494	362	12,901	25%	0	-	0	0
70-74	150,505	538	339	13,437	26%	0	-	0	0
75-79	124,603	582	357	9,562	18%	0	-	0	0%
80-84	93,192	558	180	5,269	10%	2	100	*	16%
85-89	63,576	479	109	2,285	4%	7	106	*	35%
Over 89	40,526	374	179	778	2%	17	105	*	49%
TOTAL	689,803	\$506	\$223	\$51,803	100%	26	\$105	\$0	100%

* Less than 0.5% or less than \$500,000

** Approximately 1% of participants are receiving supplemental benefits.

Note: The liability in this table does not include the liability for the Missing Participants Program.

**Table 4:
Liability for Deferred Participants in "Seriatim at FYE" Method**

Age	Single-Employer					Multiemployer			
	Number of Benefit Recipients**	Average Monthly Benefit	Average Supplemental Monthly Benefit	Liability (Millions)	Percent of Liability	Number of Benefit Recipients	Average Monthly Benefit	Liability (Millions)	Percent of Liability
Under 40	943	\$183	\$0	\$25	0%	0	-	\$0	0%
40-44	7,790	195	57	246	1%	0	-	0	0
45-49	24,595	246	93	1,143	5%	0	-	0	0
50-54	56,029	326	135	4,009	17%	0	-	0	0
55-59	75,279	389	162	7,395	32%	0	-	0	0
60-64	68,718	403	155	7,891	34%	0	-	0	0
Over 64	19,861	315	120	1,897	8%	0	-	0	0
Other***	61,982	--	--	472	2%	10	-	*	100%
TOTAL	315,197	\$352	\$140	\$23,078	100%	10	-	\$*	100%

* Less than 0.5% or less than \$500,000

** Less than 1% of participants (not including others) will receive supplemental benefits.

*** "Other" includes unlocatable participants and participants scheduled at year end for lump sum payments.
Note: The liability in this table does not include the liability for the Missing Participants Program.

**Table 5:
Seriatim at DOPT and Nonseriatim Liability**

Plans with Final DOPT Benefits			
	Number of Plans	Liability (millions)	Percent of Liability
A. Large	42	\$21,093	51.2%
B. Other	<u>78</u>	<u>\$232</u>	<u>0.6%</u>
Subtotal	120	\$21,325	51.8%
Plans with Non-Final DOPT Benefits			
	Number of Plans	Liability (millions)	Percent of Liability
A. Large	136	\$11,294	27.4%
B. Other	<u>302</u>	<u>\$765</u>	<u>1.9%</u>
Subtotal	438	\$12,059	29.3%
Probable Plans			
	Number of Plans	Liability (millions)	Percent of Liability
A. Large	5	\$7,778	18.9%
B. Other	<u>0</u>	<u>\$0</u>	<u>0.0%</u>
Subtotal	5	\$7,778	18.9%
Total	563	\$41,162	100.0%

Notes:

- 1) Final DOPT benefits refer to those benefits that PBGC has determined and valued seriatim as of DOPT for the plan. Non-Final DOPT benefits are estimates of these final DOPT benefits.
- 2) Large Plans in this table are those whose present value of Title IV benefits at DOPT equals or exceeds \$10 million.
- 3) The liability shown in this table does not include the liability for settlements.
- 4) The liability for Probable plans is shown as a gross amount (i.e., plan assets and collections on employer liabilities are not subtracted from the liability for benefits). Also, the numbers in this table do not include the liability for not yet identified probable terminations.

Table 6A:
Distribution of Single-Employer Liability (including 4022(c)) by Trusteeship Status, Recipient Status,
and Valuation Method
(Dollars in millions)

Recipient Status	Seriatim/ Missing Participants	Nonseriatim/ Collins	Total Terminated Liability	Probables/ IBNR	Total Liability	Percent of Total Liability
Receiving Payments						
Trusteed	\$51,802	\$15,950	\$67,752	\$0	\$67,752	58.3%
Pending Trusteeship	<u>3</u>	<u>38</u>	<u>41</u>	<u>5,202</u>	<u>5,243</u>	<u>4.5%</u>
Total	\$51,805	\$15,988	\$67,793	\$5,202	\$72,995	62.8%
Not Receiving Payments						
Trusteed	\$23,145	\$17,355	\$40,500	\$0	\$40,500	34.8%
Pending Trusteeship	<u>0</u>	<u>59</u>	<u>59</u>	<u>2,715</u>	<u>2,774</u>	<u>2.4%</u>
Total	\$23,145	\$17,414	\$40,559	\$2,715	\$43,274	37.2%
All Payment Statuses						
Trusteed	\$74,947	\$33,305	\$108,252	\$0	\$108,252	93.1%
Pending Trusteeship	<u>3</u>	<u>97</u>	<u>100</u>	<u>7,917</u>	<u>8,017</u>	<u>6.9%</u>
Total	\$74,950	\$33,402	\$108,352	\$7,917	\$116,269	100.0%
Percent of Terminated	69.2%	30.8%	100.0%			
Percent of Total	64.5%	28.7%	93.2%	6.8%	100%	

Notes:

1) Recipient status for Seriatim, Missing Participants, IBNR and Collins liabilities refers to status as of 9/30/17. For Nonseriatim and Probable liabilities, recipient status refers to the status as of the most recent actuarial valuation report (date of plan termination if benefits are "final"). The term "final" is defined in the notes to Table 5.

2) The Probable liabilities are shown as gross amounts (i.e., plan assets and collections on employer liabilities are not subtracted from the liability for benefits).

Table 6B:
Distribution of Single Employer Participants (including 4022(c)) by Trusteeship Status, Recipient Status,
and Valuation Method
(Participants in thousands)

Recipient Status	Seriatim/ Missing Participants	Nonseriatim	Total Terminated Participants	Probables	Total Participants	Percent of Total Participants *
Receiving Payments						
Trusteed	690	144	834	0	834	55.4%
Pending Trusteeship	<u>0</u>	<u>1</u>	<u>1</u>	<u>68</u>	<u>69</u>	<u>4.6%</u>
Total	690	145	835	68	903	60.0%
Not Receiving Payments						
Trusteed	339	217	556	0	556	36.9%
Pending Trusteeship	<u>0</u>	<u>1</u>	<u>1</u>	<u>45</u>	<u>46</u>	<u>3.1%</u>
Total	339	218	557	45	602	40.0%
All Payment Statuses						
Trusteed	1,029	361	1,390	0	1,390	92.4%
Pending Trusteeship	<u>0</u>	<u>2</u>	<u>2</u>	<u>113</u>	<u>115</u>	<u>7.6%</u>
Total	1,029	363	1,392	113	1,505	100.0%
Percent of Terminated	73.9%	26.1%	100.0%			
Percent of Total	68.4%	24.1%	92.5%	7.5%	100%	

Notes:

- 1) Recipient status for Seriatim and Missing Participants liabilities refers to status as of 9/30/17. For Nonseriatim and Probable liabilities, recipient status refers to the status as of the most recent actuarial valuation report (date of plan termination if benefits are "final"). The term "final" is defined in the notes to Table 5.
- 2) Participant counts for IBNR and Collins are not included.

* may not add due to rounding

Reconciliation of Results

Table 7 reconciles the September 30, 2017 valuation with the September 30, 2016 valuation. It shows that the \$1,441 million increase in the liability for the Single-Employer program was the net effect of:

- (1) increased liability for probable plans = \$7,264 million
- (2) new plan terminations as of the beginning of the year = \$992 million
- (3) expected interest on liability = \$2,532 million
- (4) decreased liability from change in interest factors = (\$2,183) million
- (5) change in mortality assumptions = (\$611) million
- (6) actual benefit payments = (\$5,699) million
- (7) other changes = (\$854) million.

The Multiemployer columns reconcile the liability for the post-MPPAA financial assistance to insolvent plans. The liability for the pre-MPPAA terminated plans in FY17 is less than \$500,000.

Table 7:
Reconciliation of the Present Value of Future Benefits (dollars in millions)

	Total Single Employer	Post-MPPAA Multiemployer
1. Liability at BOY (9/30/16)		
(a) Present Value of Future Benefits for all Plans	\$114,829	\$61,009
(b) Liability for Probable Plans (gross liability including unreported)	(653)	(58,870)
(c) Liability for Unreported Terminated Plans and other settlements	(21)	0
(d) 9/30/16 Liability for Terminated Plans (a + b + c)	\$114,155	\$2,139
2. Change in Valuation Software		
(a) Effect on Liability as of DOPT	\$0	\$0
(b) Projection of (a) from DOPT to BOY + post-DOPT changes	(8)	0
(c) Total (a + b)	(\$8)	\$0
3. Net New Plans and Missing Participant Liability		
(a) New Missing Participant Liability	\$5	\$0
(b) New Termination Inventory as of DOPT	934	773
(c) Deletions as of DOPT	0	0
(d) Projection of (b + c) from DOPT to BOY	58	0
(e) Total (a + b + c + d)	\$997	\$773
4. Nonseriatim Data Changes and Effect of DOPT Seriatim Valuation		
(a) Effect on Liability at DOPT	(\$23)	(\$84)
(b) Projection of (a) from DOPT to BOY	(146)	0
(c) Total (a + b)	(\$169)	(\$84)
5. Actuarial Charges/Credits		
(a) Expected Interest	\$2,532	\$62
(b) Change in Interest Factors (from 2.27% for 20 years; 2.14% thereafter to 1.54% in year 1 to 2.44% in year 31 and beyond)	(2,183)	(45)
(c) Change in Mortality Assumption	(611)	(33)
(d) Change in Method (Current Year: Seriatim at DOPT to Seriatim at FYE)	16	0
(e) Effect of Experience*	(578)	(7)
(f) Change in Other Assumptions (Expense, SPARR, PBGCC STD Rates)	0	0
(g) Total (a + b + c + d + e + f)	(\$824)	(\$23)
6. Expected Expense Payments	(\$117)	\$0
7. Actual Benefit Payments	(\$5,699)	(\$143)
8. Liabilities at End of Period (9/30/17)		
(a) Liability for all Terminated Plans = (1d) + (2c) + (3e) + (4c) + (5g) + (6) + (7)	\$108,335	\$2,662
(b) Liability for Unreported Terminated Plans and other settlements	18	0
(c) Liability for all Terminated Plans (a + b)	108,353	2,662
(d) Liability for Probable Plans (gross liability including unreported) **	7,917	64,621
(e) 9/30/17 Present Value of Future Benefits for all Plans (c + d)	\$116,270	\$67,283

* Includes change from expected benefits (\$5,997.6 million) to actual benefits (\$5,698.9 million) in Total Single Employer. Includes change from expected benefits (\$150.3 million) to actual benefits (\$142.9 million) in Post-MPPAA Multiemployer. Actual does not include payments made by employers.

** Includes \$139.5 million for not yet identified probable terminations. Financial statements show a liability of \$7,917.3 million for probable terminations, less assets of \$4,675.0 million, for a net claim of \$3,242.3 million.

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, 2017.

In preparing this valuation, I have relied upon information provided to me regarding plan provisions, plan participants, plan assets, and other matters.

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 G. Young, am the Chief Valuation Actuary of 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 and Department Director
Actuarial Services and Technology Department
Pension Benefit Guaranty Corporation

June 2018