



Updated Analysis of Single-Employer Pension Plan Partial Risk Transfers

2015-2022 Premium Filing Years

June 2024

- In 2020, PBGC published a [report](#) analyzing risk transfer activity (RTA) among PBGC-insured single-employer defined benefit pension plans based on premium filing data for the 2015 through 2018 plan years.
- This update builds upon the 2020 report by utilizing premium filing data for plan years spanning 2015 through 2022.
- The information reported to PBGC includes the number of pension plans that engaged in risk transfer activities and the number of participants affected by these activities (i.e., the number of participants who received a distribution from their pension plan in the form of a lump sum cash out or an annuity purchased from a private insurance company). The participants who received a lump sum distribution or an annuity no longer have accrued benefits in their pension plans and thus, are no longer covered by PBGC insurance.

Background (continued)

- The risk transfer data reported to PBGC does not include the amount of liabilities transferred as part of the RTA.
- Risk transfers are one of the methods used by plan sponsors to reduce the financial risks associated with sponsoring a defined benefit pension plan. Risk transfer transactions reduce some or all the pension plan liability and risk by offering lump sum options to participants or by purchasing annuities from insurance companies to provide participants' promised benefits.
- The statistics presented herein cover RTA only among PBGC-insured single-employer defined benefit plans.

Key Findings

- Measured by event count, RTA during 2019 to 2022 is down compared to RTA during 2015 to 2018.
 - The number of plans offering lump sum windows each plan year has decreased materially over the observed period, dropping from 960 lump sum window offerings in 2015 to 94 lump sum window offerings in 2022 (with a slight bump up during 2020 and 2021).
 - In contrast, the number of plans purchasing annuities each year has increased from 91 purchases in 2015 to 225 purchases in 2022.
 - 1,065 plans engaged in risk transfer activity in multiple years between 2015 and 2022. Of those plans, 225 purchased annuities in multiple years.
 - 629 plans had at least one annuity purchase and made at least one lump sum offering during this period.
- During the entire study period (2015-2022), about 4.1 million participants were removed from single-employer plans due to risk transfer activity.
- The percentage of total participants removed due to risk transfer activity ranged between 1.7% and 2.6% per plan year (see slide 6).

Key Findings (continued)

- The percentage of ongoing large plans (1,000 or more participants) reporting in the 2022 plan year that engaged in risk transfer activity anytime during the study period was 4.8%.
- Plans with 1,000 or more participants continue to engage in RTA at a significantly higher rate than plans with less than 1,000 participants.
- Frozen plans, which already accounted for the vast majority of RTA, constitute an even larger share of plans that engaged in RTA than before.
- RTA is up across all major industry categories.
- Plans paying the maximum variable rate premium are more likely to engage in risk transfer activity than plans paying less than the maximum variable rate premium or not paying at all.
- Since 2016, risk transfer activity rates among plans with premium target funding ratios under 100% have generally been slightly higher than plans with funding ratios equal to or above 100%.

Number of Plans Performing Risk Transfer Activities (2015-2022)

Risk Transfer Activity	2015 ¹	2016	2017	2018	2019	2020 ²	2021	2022	Total 2015-2022 ³
Plans Offering Lump Sums	960	585	768	447	171	364	222	94	2,763
Plans Purchasing Annuities	91	76	159	213	220	147	203	225	1,001
Plans Performing any RTA ⁴	1,024	643	891	623	372	487	392	310	3,135

¹ Risk transfer reporting on the 2015 premium filing covered a period of approximately 19.5 months as this was the first time PBGC began collecting risk transfer data.

² Beginning with the 2020 premium filings, RTA is reported for the prior plan year. Prior to 2020, RTA was reported for the year ending 60 days before the premium filing was made. As such, there may be some overlap in reporting between the 2019 and 2020 premium filings.

³ The total number of plans reporting an RTA from 2015-2022 is not the sum of the plans reporting an RTA in each year, because some plans performed an RTA in multiple years and, as such, were not double counted in the total column.

⁴ Some plans offered lump sums and purchased annuities in the same year, so the number of plans performing any RTA does not equal the sum of plans offering lump sums and purchasing annuities. 629 plans had at least one annuity purchase and made at least one lump sum offering during this period. 1,065 plans engaged in risk transfer activity in multiple years between 2015 and 2022. Of those plans, 225 purchased annuities in multiple years.

Number of Participants Affected by Risk Transfer Activities (2015-2022)

Risk Transfer Activity	2015	2016	2017	2018	2019	2020 ³	2021	2022	Total
A. Lump Sums (LS)									
1. Term Vested Participants Offered LS	1,299,783	651,902	819,496	442,001	182,951	597,210	147,587	36,909	4,177,839
2. Term Vested Participants Electing LS	639,609	304,106	368,232	186,220	79,406	221,392	63,478	17,396	1,879,839
3. Retired Participants Offered LS ¹	76,683	31,522 ²	N/A	N/A	N/A	64,613	8,598	17,879	199,295
4. Retired Participants Electing LS ¹	30,373	12,124 ²	N/A	N/A	N/A	22,947	3,666	8,641	77,751
5. Total Number of Participants Removed from Single-Employer Plans Due to Lump Sums: A.2+A.4	669,982	316,230	368,232	186,220	79,406	244,339	67,144	26,037	1,957,590

¹ In 2015, the IRS issued notice 2015-49 that disallowed lump sums to in-pay participants with certain exceptions for plans that had taken steps to offer lump sum elections prior to the notice. Questions regarding how many in-pay participants were offered or elected lump sums were removed from the PBGC premium filing form from 2016 to 2019. The questions were reintroduced beginning in 2020.

² A large plan initiated an in-pay lump sum window prior to the IRS notice in 2015. The figures associated with this lump sum are calculated using a press release, which provided the total number of offers, and data reported on the PBGC premium filing for terminated vested participants.

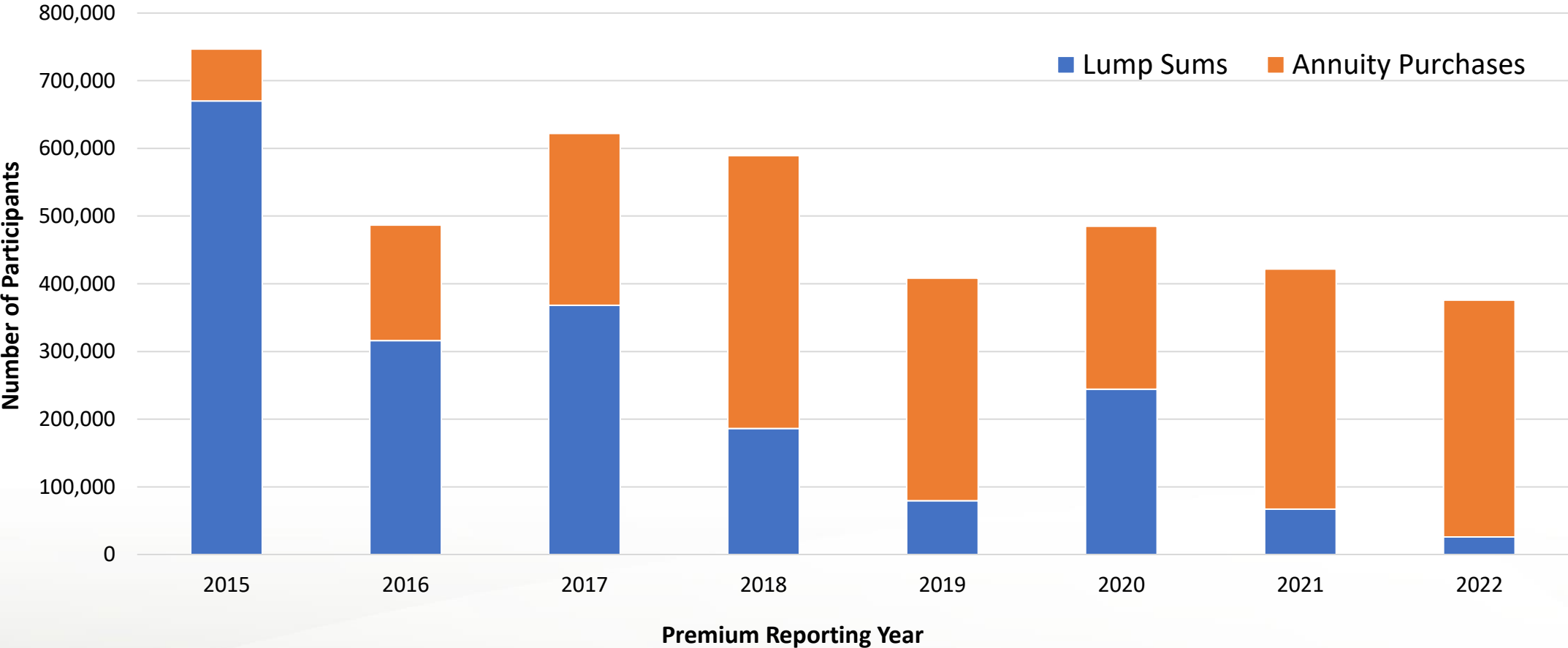
³ There may be some duplication in reporting between the 2019 and 2020 premium filings due to changes in instructions.

Number of Participants Affected by Risk Transfer Activities (2015-2022)

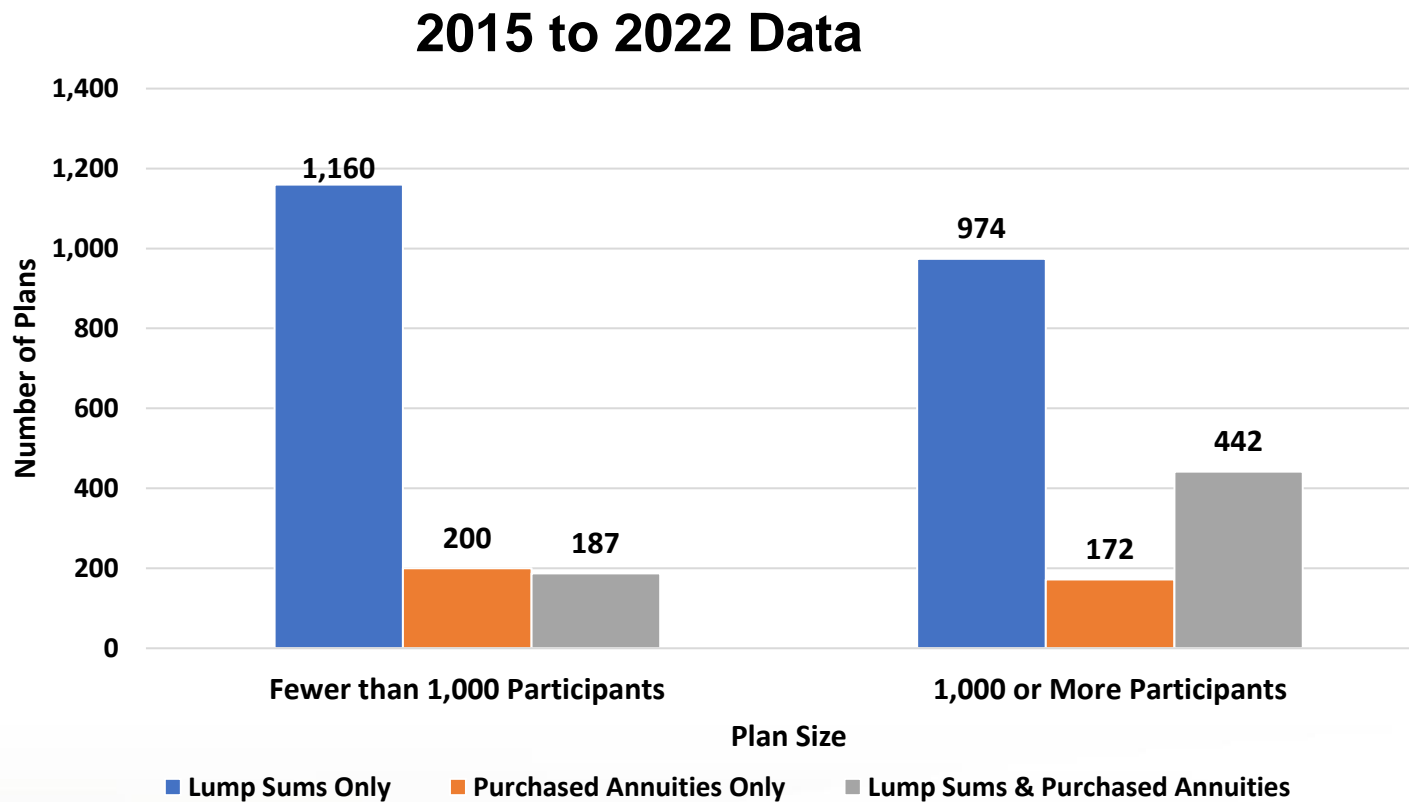
Risk Transfer Activity	2015	2016	2017	2018	2019	2020 ¹	2021	2022	Total
B. Annuity Purchases (AP)									
1. AP for Term Vested Participants	1,669	2,746	2,030	3,498	3,995	1,870	4,452	3,391	23,651
2. AP for Retirees	74,947	167,651	251,637	399,618	324,757	238,805	350,099	346,510	2,154,024
3. Total Number of Participants Removed from Single-Employer Plans Due to Annuity Purchases: B.1+B.2	76,616	170,397	253,667	403,116	328,752	240,675	354,551	349,901	2,177,675
4. Total Number of Participants Removed Due to Risk Transfer Activity: A.5+B.3	746,598	486,627	621,899	589,336	408,158	485,014	421,695	375,938	4,135,265
5. Total Number of Participants During the Premium Reporting Year	29,072,265	25,462,296	26,295,261	25,011,031	23,908,337	22,737,946	21,997,665	21,094,992	N/A
6. Percentage of Participants Removed Due to Risk Transfer Activity: B.4 ÷ B.5	2.6%	1.9%	2.4%	2.4%	1.7%	2.1%	1.9%	1.8%	N/A

¹There may be some duplication in reporting between the 2019 and 2020 premium filings due to changes in instructions.

Number of Participants Removed Due to Risk Transfer Activities (2015-2022)



Type of RTA Performed by Plan Size

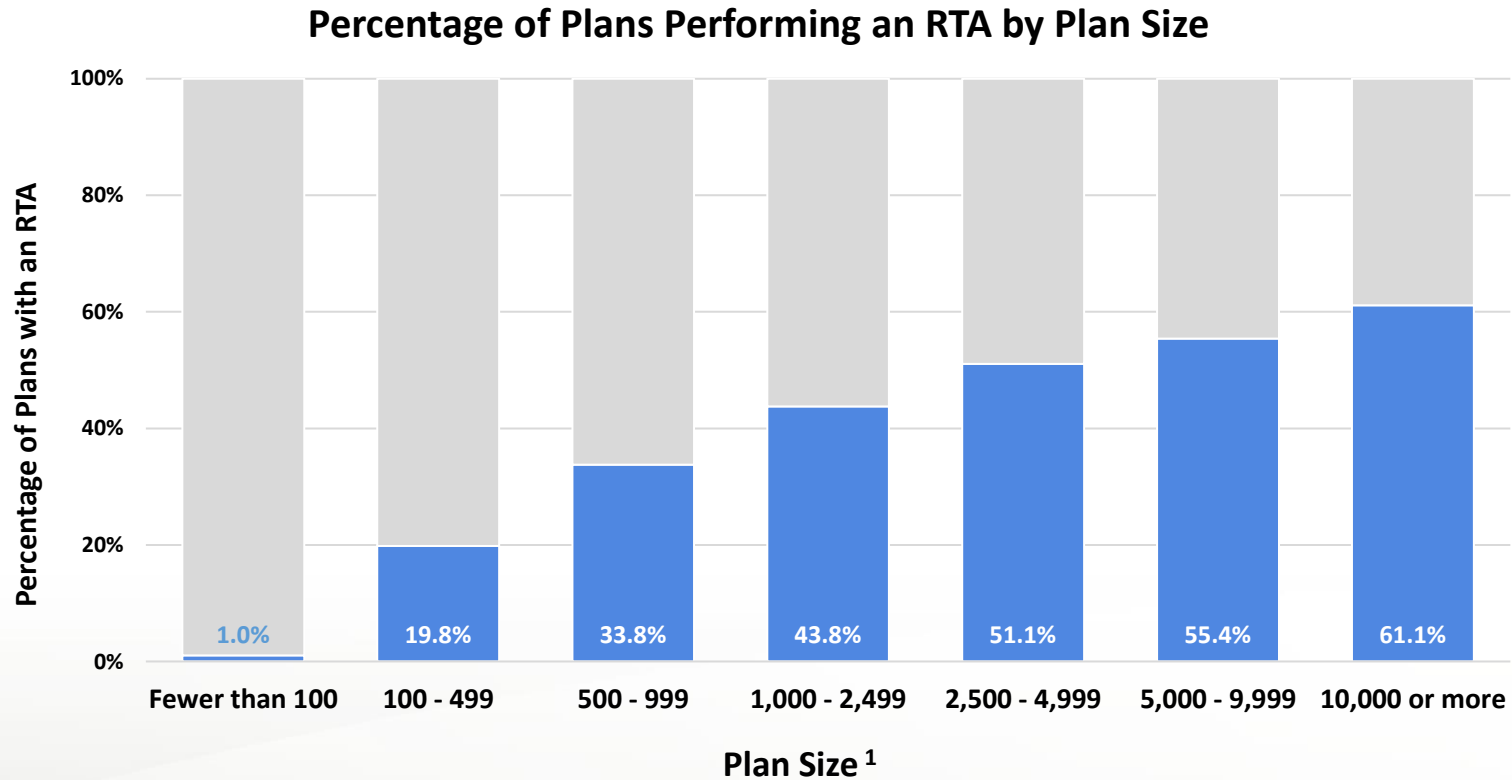


Notes:

- The information in this figure represents a snapshot in time. Over time, plans may move between plan size and risk transfer categories due to additional risk transfer activity. For example, plans that only offered a lump sum or only purchased an annuity at a prior snapshot date may move into the category of plans that offered both a lump sum and purchased an annuity in subsequent years after engaging in additional risk transfer activity.
- Plan size determined at the time a plan entered the study period.

Percentage of Plans Performing RTA by Plan Size

2015 to 2022 Data



¹ Plan size determined at the time a plan entered the study period.

Plan and Participant Counts Categorized by Plan Size, Including Plans Performing RTA (2015-2022)

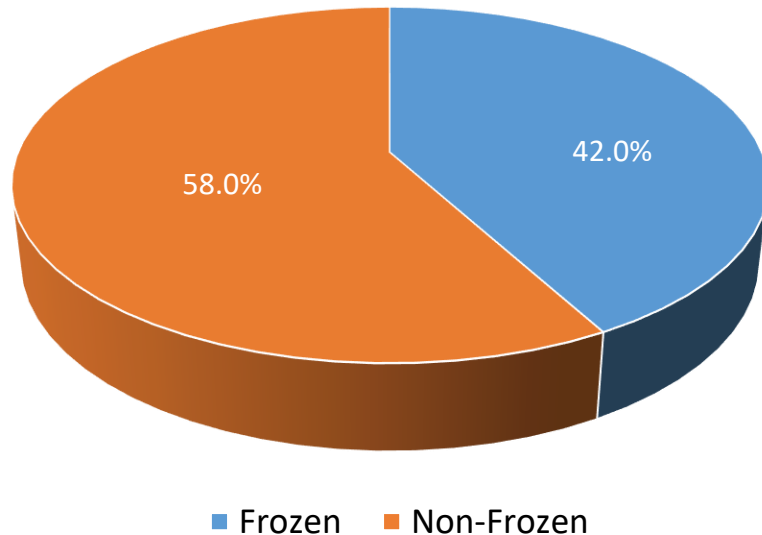
Plan Size	< 100	100 - 499	500 - 999	1,000 – 2,499	2,500 – 4,999	5,000 – 9,999	10,000 or more	Total
Plan Count	31,432	4,016	1,246	1,348	711	500	586	39,839
Plans with RTAs	329	797	421	590	363	277	358	3,135
Participants	625,080	1,339,029	1,022,357	2,373,117	2,769,474	3,744,372	23,725,020	35,598,449
Participants Removed through RTAs	9,029	74,942	72,686	234,884	310,500	504,644	2,928,580	4,135,265
% Share of All RTA Participants Removed	0.2%	1.8%	1.8%	5.7%	7.5%	12.2%	70.8%	100.0%

Notes:

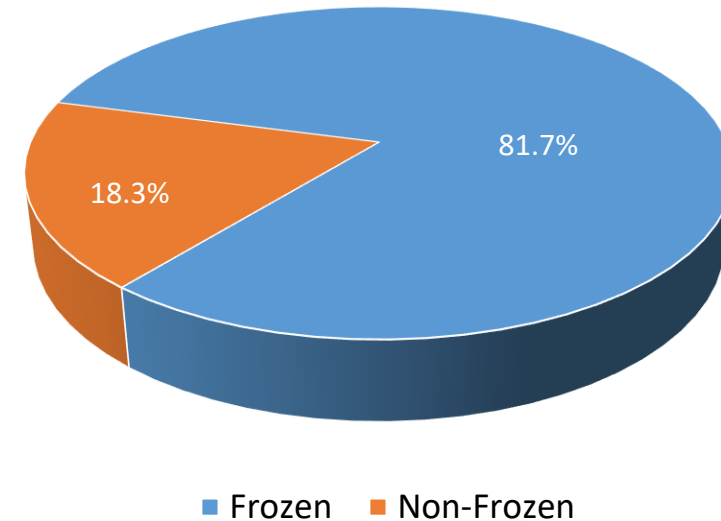
- The table above includes the estimated number of participants removed through a retiree lump sum offer by a large plan in 2016.
- The *Total* column is cumulative over time starting with the 2015 plan year and includes new plans established each year through the 2022 plan year. If a plan experienced a risk transfer activity, and subsequently terminated, it would still be included in the information above. For comparison, based on Tables S-30 and S-31 from the 2021 Pension Insurance Data Tables, as of the 2022 plan year, there are 23,766 plans and 22.3 million participants.
- Plan size determined at the time a plan entered the study period.

Percentage of Plans by Frozen Status 2015 to 2022 Data

**Universe of All Plans
(39,839 Plans)**



**Plans with 1,000 or More Participants
(3,145 Plans)**

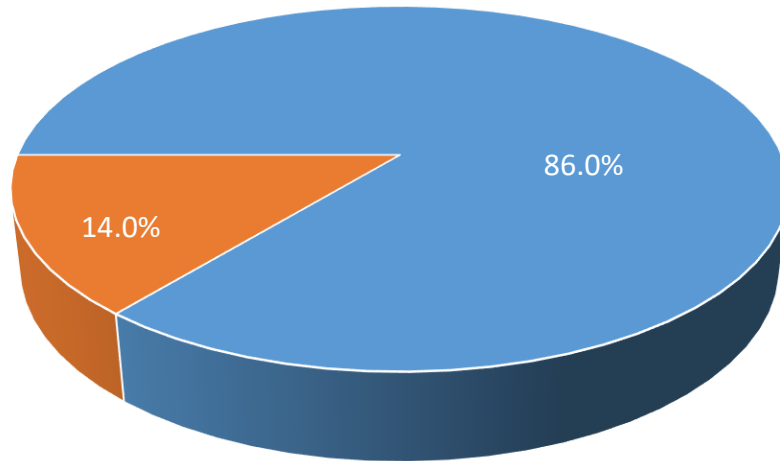


Notes:

- A plan is considered “frozen” if benefit accruals were frozen and/or participation was frozen as of a particular date.
- The charts above reflect the most recent frozen status of plans during the study period.
- Plan size determined at the time a plan entered the study period.

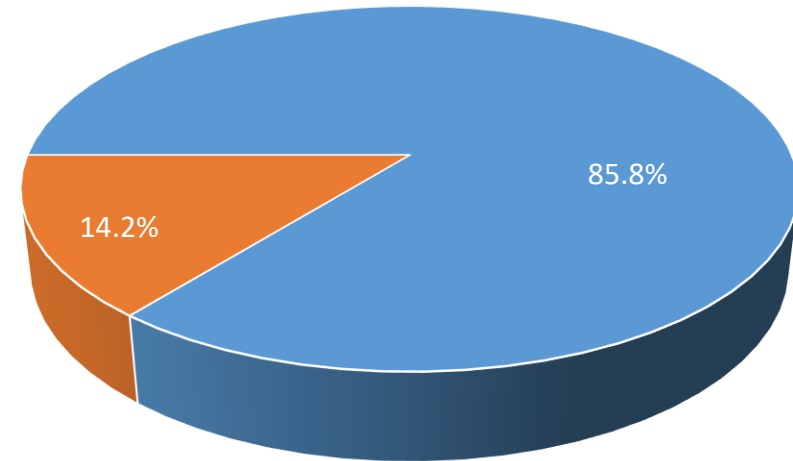
Percentage of Plans Performing RTA by Frozen Status 2015 to 2022 Data

**Universe of All Plans
Performing RTA
(3,135 Plans)**



■ Frozen ■ Non-Frozen

**Plans with 1,000 or More
Participants Performing RTA
(1,588 Plans)**



■ Frozen ■ Non-Frozen

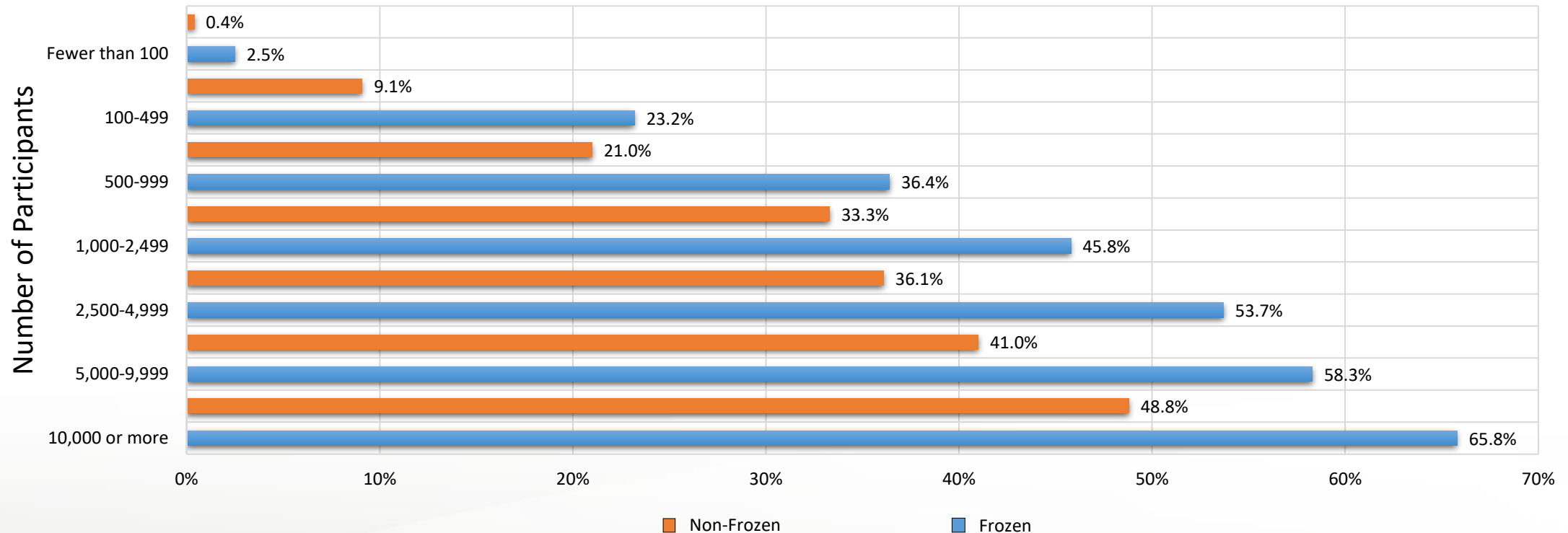
Notes:

- A plan is considered “frozen” if benefit accruals were frozen and/or participation was frozen as of a particular date.
- The charts above reflect the most recent frozen status of plans during the study period.
- Plan size determined at the time a plan entered the study period.

Percentage of Plans Performing RTA by Frozen Status and Plan Size

2015 to 2022 Data

Plans with an RTA as a % of All Plans (By Plan Size and Frozen Status)



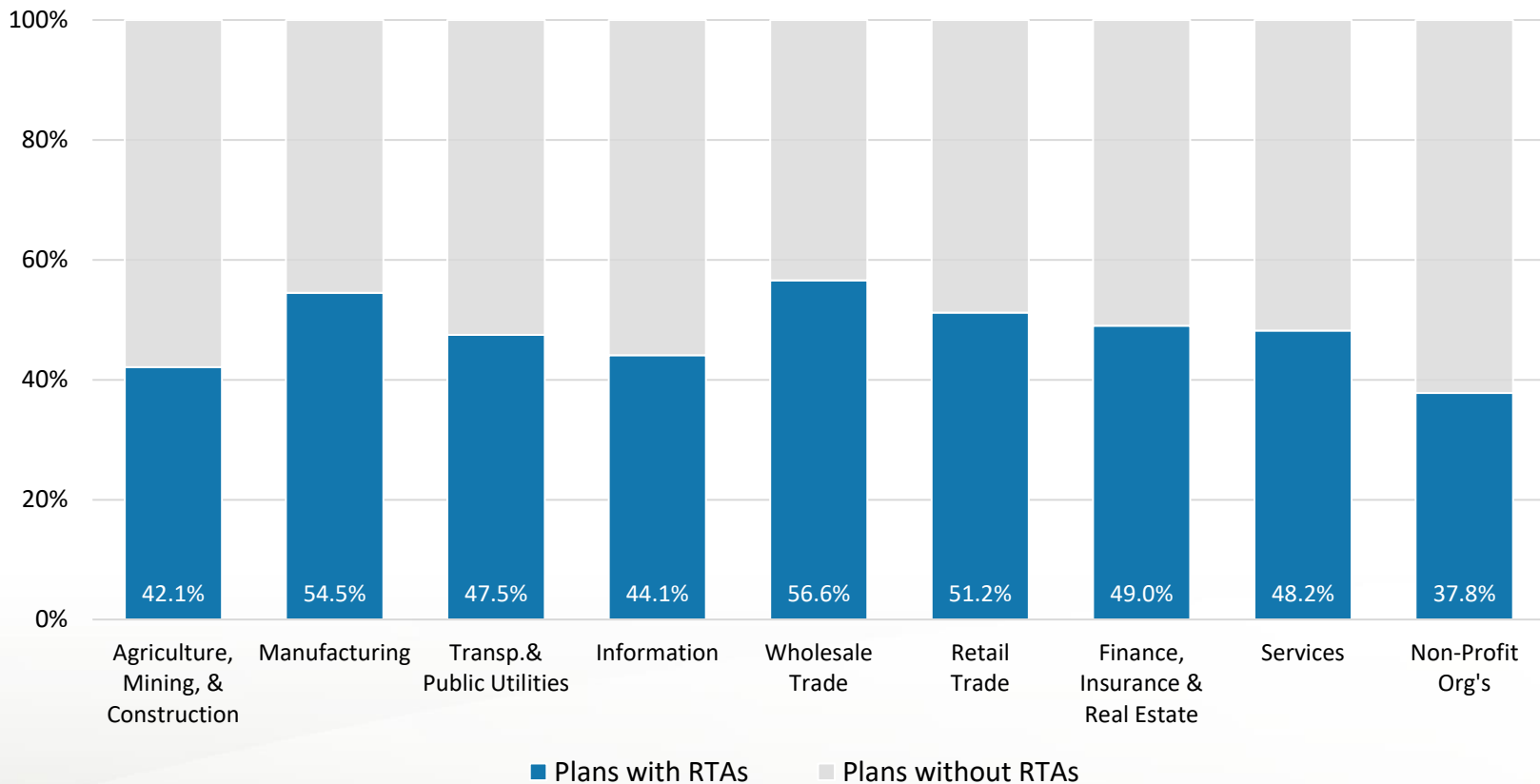
Notes:

- A plan is considered “frozen” if benefit accruals were frozen and/or participation was frozen as of a particular date.
- The charts above reflect the most recent frozen status of plans during the study period.
- Plan size determined at the time a plan entered the study period.

Percentage of Plans with 1,000 or More Participants Performing RTA by Industry

2015 to 2022 Data

Percentage of Large Plans Performing RTAs by Industry



Note: The chart above reflects the most recent industry classifications of plans.

Plans Performing RTA Based on Status at Variable Rate Premium (VRP) Cap

Plan Year	Plans at VRP Cap			Plans Paying VRP but Not at VRP Cap			Plans Not Paying VRP		
	Total Count	RTA Count	% Total	Total Count	RTA Count	% Total	Total Count	RTA Count	% Total
2015	1,448	137	9.5%	10,996	560	5.1%	11,784	327	2.8%
2016	2,036	130	6.4%	11,670	373	3.2%	10,990	140	1.3%
2017	2,164	240	11.1%	10,739	396	3.7%	11,981	255	2.1%
2018	2,028	169	8.3%	9,447	233	2.5%	13,608	221	1.6%
2019	2,830	139	4.9%	10,652	124	1.2%	11,387	109	1.0%
2020	2,141	122	5.7%	8,348	149	1.9%	13,932	216	1.6%
2021	1,877	94	5.0%	8,797	86	1.0%	13,664	212	1.6%
2022	1,968	97	4.9%	9,441	92	1.0%	13,448	121	0.9%

[Historical PBGC Premium Rates and Per Participant Caps](#)

RTA Prevalence by Funded Status

100% Premium Funding Target (PFT) Threshold

Premium Filing Year	PFT Funded Ratio ¹ < 100%				PFT Funded Ratio ¹ ≥ 100%			
	Plans ² with RTAs		Plans ² Without RTAs		Plans ² With RTAs		Plans ² Without RTAs	
	No. of Plans ³	% of Plans	No. of Plans ³	% of Plans	No. of Plans ³	% of Plans	No. of Plans ³	% of Plans
2015	384	20%	1,496	80%	198	22%	722	78%
2016	268	14%	1,629	86%	81	12%	610	88%
2017	337	20%	1,381	80%	144	17%	706	83%
2018	220	16%	1,135	84%	129	12%	961	88%
2019	136	9%	1,412	91%	57	7%	704	93%
2020	120	11%	951	89%	127	11%	982	89%
2021	88	10%	809	90%	116	10%	1,086	90%
2022	100	10%	884	90%	66	6%	976	94%

¹ PFT Funded ratio was separately determined for each premium filing year as the ratio of a plan's market value of assets to the premium funding target.

² Reflects plans with 1,000 or more participants.

³ Plans may be included in more than one premium filing year if multiple risk transfer activities were performed over the study period.

Potential Impact to PBGC Flat Rate Premium

- Assuming participants leaving the Single-Employer Program through RTAs would not have left the system by some other cause, the 4,135,265 participants removed through RTAs from 2015-2022 represent a flat-rate premium income loss to PBGC of about \$397 million for the 2023 premium payment year.
- This represents 21.1% of the \$1,883 million flat-rate premium income PBGC's Single-Employer Program received from plans for the 2023 premium payment year.
- Note that there are other factors to consider when projecting flat-rate premium income loss from RTAs. Participants removed from the system through RTAs would have eventually left the system by some other reason, so the flat-rate premium income lost due to a participant's removal is not an annual loss in perpetuity. Participant counts in single-employer plans are reduced for other non-RTA reasons, such as mortality, election of a lump sum or an annuity purchase not associated with an RTA, and plan termination.
- Note also that while RTAs represent a loss of future premium income to PBGC's Single-Employer Program, they also reduce the participant population and the benefits that PBGC is responsible for insuring.

Potential Impact to PBGC Variable Rate Premium

- Reducing the Variable Rate Premium (VRP) may be a factor in a sponsor's decision to perform an RTA, particularly if the plan is paying VRPs at or near the per-participant cap.
- Plans paying premiums at the VRP cap performed RTAs at a greater rate, proportionally, than all other plans (i.e., plans paying a lower or no VRP).
- The impact of RTAs on PBGC's VRP income is not easily determined, since a plan's underfunding (and subsequent VRPs) are determined by factors not directly related to the RTA. However, one source of rough estimation is the participant reduction in plans paying the per-participant VRP cap.
- Assuming plans paying the VRP cap in the plan year in which they performed an RTA will continue to pay the VRP cap in the subsequent plan year, the VRP income lost from those plans will roughly equal the dollar amount of the VRP cap multiplied by the number of participants removed through an RTA.

Potential Impact to PBGC Variable Rate Premium (continued)

- Based on the 2022 premium filings, 97 plans that were paying the VRP cap performed an RTA, removing a total of 119,292 participants. Using the simplified assumption above, those 119,292 participants represent a “loss” of \$77.8 million in premium revenue, based on the 2023 per-participant VRP cap of \$652.
- This represents only 2.1% of the \$3,728 million VRP income that PBGC’s Single-Employer Program received from plans for the 2023 premium payment year.
- Not all plans performing RTAs are currently at the VRP cap. It is possible that the removal of participants through RTAs could cause a plan not at the VRP cap to hit the cap, resulting in additional lost income for PBGC.

Appendix

Data Availability, Limitations, and Adjustments

PBGC

Information Collected

- PBGC Premium Filings for the 2015 through 2022 plan years. Information collected includes the number of:
 - Participants offered lump sums,
 - Participants electing lump sums, and
 - Not-in-pay status and in-pay status participants for whom plans purchased annuities.
- For plan years 2016 through 2019, information reported was for the period from the prior plan year's reporting up to 60 days before the premium filing was made. For the 2015 plan year, information collected was for the 2014 and 2015 premium payment years up to 60 days before the 2015 premium filing was made (19.5 months). For plan years 2020 and beyond, the information reported was for the prior premium payment year.
- Risk transfer activities include annuity purchases and lump sum windows. Certain risk transfer activities are excluded from reporting as defined in the [PBGC premium filing instructions](#).

Participant Count Adjustments

The participant count date for the PBGC premium filing is the last day of the prior premium payment year. For premium filings prior to 2020 plan year, risk transfer activity (RTA) is generally reported over the period beginning 60 days before the prior premium filing due date through 60 days before the current premium filing due date. Since the participant count date is within the RTA reporting period, the exact participant count, as of the date the RTA was performed, could not be determined based on available data. This timing mismatch can distort results when analyzing RTAs. To account for this timing mismatch, when RTA participant counts exceeded the corresponding participant count as of the participant count date, the number of participants removed through an RTA were added back into the participant count as of the participant count date. This method assumes that the RTA happened prior to the premium filing participant count date.

Data Excluded

Premium filings include a notice that a premium filing will be the final filing due to a plan termination, PBGC trusteeship, merger/consolidation, or cessation of PBGC coverage. These plans were not examined in this study.

Additional Notes

Plan size was determined at the point in time that a plan entered the study period.

PBGC's [Pension Insurance Data Tables](#) also shows additional information related to risk transfer activity. See Tables S-54 through S-59.