2025

ANNUAL REPORT

Protecting America's Pensions

PBGC
Pension Benefit
Guaranty Corporation

A MESSAGE FROM OUR CHAIR

The Pension Benefit Guaranty Corporation has played an instrumental role in protecting the pension benefits of American workers for more than 50 years. PBGC does this by fulfilling pension promises when plans fail. The agency is committed to paying out pension benefits, up to the maximum guaranteed benefit set by law, to millions of Americans in a timely manner.

On behalf of the Trump Administration, Treasury Secretary Scott Bessent, Commerce Secretary Howard Lutnick, and PBGC, I am pleased to present the agency's fiscal year 2025 Annual Report, which provides important financial and operational information about PBGC's Single-Employer and Multiemployer Insurance Programs and activities. The report also highlights many of PBGC's accomplishments during the past fiscal year, as well as challenges that lie ahead.

Both the Single-Employer and the Multiemployer Insurance Programs are financially sound. The PBGC Single-Employer Program is projected to remain in a positive net financial position over the next decade. The Multiemployer Program is likely to remain solvent for more than 40 years. The Board is committed to working with Congress and PBGC's stakeholders to ensure that PBGC continues to be well-positioned to protect the retirement income of hard-working Americans.

My fellow Board members and I welcome new PBGC Director Janet Dhillon and are enthusiastic about the perspective and insights she brings to PBGC. We are proud of the work PBGC does in providing a more secure future for the millions of workers and retirees in defined benefit plans.

Lori Chavez-DeRemer
Secretary of Labor
Chair of the Board

A MESSAGE FROM THE DIRECTOR

The Pension Benefit Guaranty Corporation (PBGC) was established to protect the retirement security of America's workers and retirees who rely on employer-sponsored defined benefit pension plans. The security PBGC provides has a profound impact on the Americans we serve, and our commitment to them drives everything we do.

During fiscal year (FY) 2025, PBGC paid more than $6.4 billion to nearly 926,000 retirees in single-employer plans, and 428,000 workers are scheduled to receive benefits from the agency when they retire. Our commitment is to ensure that retirees and beneficiaries continue to receive their benefit payments accurately and without interruption.

The agency also continues to administer the Special Financial Assistance (SFA) Program for financially troubled multiemployer plans. During FY 2025, PBGC paid $6.2 billion in SFA.

For the fifth consecutive year, PBGC's Multiemployer and Single-Employer Insurance Programs are financially sound, with both programs reporting positive net positions. The Multiemployer Program had a positive net position of $2.6 billion at the end of FY 2025. PBGC's Single-Employer Program remains financially healthy with a positive net position of $62.2 billion at the end of FY 2025.

The FY 2025 Annual Report is the 33rd consecutive year the agency has received an unmodified audit opinion on its financial statements and the 10th consecutive year of an unmodified audit opinion on internal control over financial reporting. Additionally, as required by OMB Circular A-136, I am pleased to confirm with reasonable assurance the completeness and reliability of the data presented in the FY 2025 Annual Management Report and the FY 2025 Annual Performance Report, included in this Annual Report.

I look forward to working with the Trump Administration, Congress, and stakeholders to carry out our important mission of preserving and encouraging the continuation of private pension plans and protecting the hard-earned pension benefits of workers and retirees.

PBGC's dedicated professionals have worked diligently to advance the agency's mission. Together, we will work to ensure that we continue to operate with transparency and excellence.

Janet Dhillon

Janet Dhillon
Director
January 16, 2026

FISCAL YEAR (FY) 2025 ANNUAL REPORT

This annual report is prepared to meet applicable legal requirements and is in accordance with and pursuant to the provisions of: Circular No. A-136 Revised, Financial Reporting Requirements (i.e., Government Corporations are only required to adhere to Section I.5 and Section V, and PBGC voluntary complies with Section II.2.4) Office of Management and Budget, July 14, 2025. Section 4008 of the Employee Retirement Income Security Act of 1974 (ERISA), 29 U.S.C. Section 1308, also requires an actuarial report evaluating expected operations and claims that will be issued as soon as practicable.

ANNUAL PERFORMANCE REPORT

PBGC OVERVIEW

The Pension Benefit Guaranty Corporation (PBGC, the Corporation, or the agency) is a wholly-owned government corporation established under the Employee Retirement Income Security Act of 1974 (ERISA). Congress established PBGC to insure the pension benefits of workers and retirees. ERISA Section 4002(a) states that PBGC is to carry out the following purposes:

- Encourage the continuation and maintenance of voluntary private pension plans for the benefit of their participants
- Provide timely and uninterrupted payment of pension benefits to participants and beneficiaries under plans to which this title applies
- Maintain premiums established by the Corporation under ERISA Section 4006 at the lowest level consistent with carrying out its obligations under ERISA Title IV

PBGC operates two separate and distinct insurance programs with different premiums, guarantees, and challenges. The Single-Employer Program is financed by premiums, investment income from plan assets trusteed by PBGC, and recoveries from companies formerly responsible for the plans. The Multiemployer Program is financed by premiums and investment income. Plan sponsors pay premiums under rates set by Congress.

PBGC also administers a separate program under the American Rescue Plan (ARP) Act of 2021, which allows certain financially troubled multiemployer plans to apply for special financial assistance (SFA). Upon approval of an SFA application, PBGC makes a lump-sum payment to an eligible multiemployer plan in an amount reasonably estimated to enable the plan to pay full plan benefits through 2051. The program is funded entirely by appropriations from the General Fund of the U.S. Department of Treasury (Treasury). The ARP funds that support the SFA are set to expire at the end of FY 2030. The statute requires that initial applications for SFA be submitted by December 31, 2025, and revised applications be submitted by December 31, 2026.

PBGC MISSION

PBGC's mission is to enhance retirement security by preserving and encouraging the continuation of private pension plans and protecting the benefits of workers and retirees in traditional pension plans.

The mission is accomplished by a dedicated group of public servants that includes:

- Accountants
- Actuaries
- Attorneys
- Auditors
- Benefits Specialists
- Financial Analysts
- IT and Cybersecurity Experts

The Corporation achieves its mission through three strategic goals incorporating nine strategic objectives:

Preserve Plans and Protect Pensions of Covered Workers and Retirees

- Encourage the continuation and maintenance of voluntary private pension plans for the benefit of their participants
- Protect workers when plans are at risk
- Inform Congress, the public, and the pension community on PBGC operations and the financial stability of PBGC's insurance programs
- Provide ARP guidance to multiemployer plans and oversee orderly wind-down of the application process in accordance with the statutory timeframes

Pay Benefits on Time and Accurately

- Provide accurate and timely benefit calculations
- Ensure regular monthly benefit payments continue without interruption

Maintain High Standards and Accountability

- Provide excellent customer experience by providing excellent customer service
- Maintain effective Information Technology
- Meet or exceed financial, ethical, and privacy standards that apply to PBGC

OPERATIONS IN BRIEF

Since the enactment of ERISA, PBGC has strengthened retirement security by preserving plans and protecting pensions for participants and their families. In fiscal year (FY) 2025, the Corporation made benefit payments of over $6.4 billion to 926,000 participants in trusteed single-employer plans, provided $168.5 million in traditional financial assistance to multiemployer plans covering 60,244 participants, and made SFA payments of $6.2 billion, as highlighted in Table 1: FY 2025 Operations in Brief.

TABLE 1: FY 2025 OPERATIONS IN BRIEF[1]

	2025 Target	2025 Actual
GOAL 1: Preserve Plans and Protect Pensions		
Single-Employer Plan Participants Protected – Employers Emerging from Bankruptcy During the Year		2,953
Single-Employer Plan Standard Termination Audits: Additional Payments		$3.1M to 581 Participants
Single-Employer Benefit Payments for Terminated Plans		
• Participants Receiving Benefits		926,000
• Benefits Paid		Over $6.4B
• Participants Expected to Receive Future Benefits		428,000
Multiemployer Plan Traditional Financial Assistance		$168.5M
Multiemployer Plan SFA Payments		$6.2B
Multiemployer Participants in Insolvent Plans Receiving Traditional Financial Assistance		
• Participants Receiving Benefits		60,244
• Participants Expected to Receive Future Benefits		24,921
GOAL 2: Pay Timely and Accurate Benefits		
Estimated Benefits Within 10% of Final Calculation	95%	91%
Average Time to Provide Benefit Determinations (Years)	4.5	4.4
Improper Payment Rates Within OMB Threshold[2]	<1.5%	Yes
Applications Processed in 45 Days or Less	95%	98%
GOAL 3: Maintain High Standards of Stewardship and Accountability		
Retiree Satisfaction – ACSI Score[3]	90	86
Participant Caller Satisfaction – ACSI Score	83	79
Premium Filer Satisfaction – ACSI Score	74	76
Single-Employer – Financial Net Position		$62.2B
Multiemployer – Financial Net Position		$2.6B
Unmodified Financial Statement Audit Opinion	Yes	Yes

[1] Some numbers in this report have been rounded.
[2] The Office of Management and Budget (OMB) threshold for significant improper payment reporting includes amounts that exceed (1) both 1.5% and $10 million in improper payments or (2) $100 million in improper payments.
[3] The American Customer Satisfaction Index (ACSI) uses a 0-100 scale; 80 or above is considered excellent.

STRATEGIC GOALS AND RESULTS

PBGC's FY 2025 Annual Performance Report (APR) highlights the Corporation's achievements, accomplishments, and performance results through the lens of its strategic goals.

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

PBGC engages in activities to preserve plans and protect participants by administering two separate insurance programs. The Multiemployer Program protects about 11.1 million workers and retirees in about 1,305 pension plans. The Single-Employer Program protects about 18.4 million workers and retirees in about 22,200 pension plans.

MULTIEMPLOYER PROGRAM

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

In FY 2025, PBGC provided $168.5 million in traditional financial assistance to 100 multiemployer plans covering 60,244 participants (including beneficiaries) receiving guaranteed benefits. An additional 24,921 participants in these insolvent plans are eligible to receive benefits once they retire.

Special Financial Assistance Program

The SFA Program provides funding assistance to eligible underfunded multiemployer defined benefit pension plans. The SFA Program is funded entirely by appropriations from the General Fund of the Treasury.

Upon approval of a multiemployer plan's SFA application, PBGC will pay that plan the amount that is projected to enable the plan to pay all benefits due through the last day of the plan year ending in 2051. The SFA Program also assists plans by providing funds to reinstate previously suspended benefits, including back payments to retirees and beneficiaries, and repayment of traditional financial assistance that was received from PBGC's Multiemployer Program.

In FY 2025, PBGC updated the SFA application instructions and provided other guidance. Since the inception of the program, PBGC received 209 SFA applications requesting a total of $75.7 billion in SFA and approved 174 applications for $74.1 billion in SFA. In FY 2025, PBGC received 88 applications requesting a total of $11.0 billion. PBGC approved 47 applications requesting a total of $5.7 billion in FY 2025. As of September 30, 22 applications requesting a total of $3.6 billion were under PBGC review and 11 applications had been withdrawn but not yet resubmitted. During FY 2025, PBGC approved payment of $6.2 billion in SFA.

In addition to these approvals and updates, PBGC completed retrospective death audits on 64 plans that were approved for SFA prior to the implementation of a procedure requiring a full census death audit. The audit process involved receiving full census data from the plan and comparing it to the Social Security Administration's (SSA) full file of death information that was available to PBGC and not the plans. Once PBGC and the plan agreed to the treatment of the matching records, the plan was asked to redetermine the SFA amount based upon the adjusted census data. PBGC reviewed the calculation and, if it was found reasonable, issued a request for repayment to Treasury's General Fund of the difference between the approved SFA amount and the redetermined amount. As of September 30, 2025, retrospective death audit reviews were completed for all 64 plans. Four plans were determined to have no adjustment needed, and the remaining 60 plans required adjustments. All 60 plans have made the required repayments of SFA, which totaled $119.5 million.

Special Financial Assistance Program Litigation

In FY 2023, the Board of Trustees of the Bakery Drivers Local 550 and Industry Pension Fund sued PBGC, challenging PBGC's determination that the plan was not eligible for SFA. The plan terminated by mass withdrawal in 2016. PBGC denied the application based on its conclusion that a plan terminated by mass withdrawal cannot be restored and is therefore not eligible for SFA. On October 26, 2023, the District Court for the Eastern District of New York ruled in favor of PBGC. The plan appealed to the U.S. Court of Appeals for the Second Circuit, and on April 29, 2025, the Second Circuit ruled in favor of the plan in holding that terminated plans are not per se ineligible for SFA. On December 12, 2025, the U.S. Solicitor General and PBGC filed a petition seeking Supreme Court review of the Second Circuit's decision in the Bakery Drivers Local 550 case.

Additionally, Yellow Corporation (Yellow) and 23 of its subsidiaries filed for Chapter 11 relief on August 6, 2023, in the Bankruptcy Court for the District of Delaware. Several multiemployer plans filed bankruptcy claims for withdrawal liability against Yellow, to which Yellow objected based on its challenge to the validity of PBGC's final SFA regulation requiring phased-in recognition of SFA. On September 16, 2025, the U.S. Court of Appeals for the Third Circuit affirmed the validity of these regulations, ruling that ARP authorized PBGC to promulgate its regulations and that the regulations are reasonable.

Multiemployer Plan Withdrawal Liability, Plan Mergers, and Transfers

PBGC approval is required for a multiemployer plan to adopt an alternative method for allocating unfunded vested benefits in determining withdrawal liability. PBGC began FY 2025 with three pending requests for approval of alternative rules. Two additional requests were received during FY 2025. At the end of the fourth quarter, three requests were pending, and two were approved.

A multiemployer plan may adopt alternative terms and conditions for satisfaction of withdrawal liability if those terms and conditions are consistent with ERISA and PBGC regulations. Plans sometimes request PBGC's determination that proposed alternative terms are consistent with ERISA and PBGC regulations. There was one pending request at the beginning of FY 2025, which was approved, and none were received during FY 2025. Special withdrawal liability conditions apply to multiemployer plans that receive SFA.

A multiemployer plan merging with or transferring assets and liabilities to another multiemployer plan must provide PBGC with advance notice in accordance with ERISA and PBGC regulations. Plan trustees may request a compliance determination from PBGC, which, if granted, provides a safe harbor from certain prohibited transaction provisions of ERISA Title I. FY 2025 began with five pending merger requests, all of which were accompanied by compliance determination requests. During FY 2025, PBGC received 11 notices of merger, nine of which were accompanied by a request for a compliance determination. By the end of the fourth quarter, 10 compliance determinations were issued, none were withdrawn, and six remain under review. There were no pending transfer requests at the beginning of FY 2025, and none were received during FY 2025. Special conditions apply to transfers or mergers involving multiemployer plans that receive SFA.

SINGLE-EMPLOYER PROGRAM

The Single-Employer Program covers defined benefit pension plans that generally are sponsored by a single employer. As part of its risk mitigation activities, PBGC monitors and identifies corporate transactions and events that may pose risks to participants and beneficiaries. PBGC works collaboratively with employers to safeguard pension benefits by reviewing transactions and Reportable Events (where plan administrators and sponsors notify PBGC of the occurrence of certain events that may present a risk to a plan sponsor's ability to continue a pension plan), negotiating agreements, and engaging with plan sponsors to both encourage plan continuation and/or achieve recovery maximization. When an underfunded single-employer plan terminates, PBGC steps in to pay participants' benefits up to legal limits. This typically happens when the employer sponsoring an underfunded plan liquidates in bankruptcy, ceases operation, or can no longer afford to keep the plan going.

In support of these many duties, PBGC maintains a nationwide legal practice that represents the agency in negotiations as well as legal proceedings in both federal and state courts throughout the United States. In addition to external plan termination and recovery actions, OGC provides internal legal advice and oversight concerning the day-to-day operation of PBGC's Single-Employer Program, including but not limited to issuing investigatory subpoenas, providing legal review of termination, trusteeship, and settlement related documents, and the filing of tens of millions of dollars of statutory liens each year to secure PBGC's financial recoveries.

Standard Terminations

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

In FY 2025, 2,264 plans, covering approximately 341,000 participants, filed standard terminations with PBGC. The number of filings in FY 2025 is 27% more than the average number of standard terminations filed in the five years prior to that.

A total of 2,121 plans, with an aggregate of more than 313,000 participants, completed standard terminations in FY 2025 by paying full plan benefits to participants and beneficiaries in the form of annuities or lump sums.

PBGC completed 270 standard termination audits in FY 2025 to verify plan administrators' calculation of benefits upon plan termination. These audits discovered errors that have since been corrected by the plan administrators, resulting in more than $3.1 million in additional benefits distributed to 581 participants and beneficiaries in these plans.

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

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

Benefits Administration

PBGC assumes the role of trustee for single-employer pension plans when a plan terminates and lacks the resources to pay benefits according to the plan's provisions. In FY 2025, PBGC trusteed 31 single-employer plans, which provide pension entitlements to approximately 20,000 current and future retirees. Upon trusteeship, PBGC's foremost responsibility is to ensure uninterrupted benefit payments to existing retirees. In FY 2025, PBGC successfully maintained uninterrupted benefit payments to nearly 6,100 retirees in newly trusteed plans.

During FY 2025, PBGC disbursed more than $6.4 billion in benefits to nearly 926,000 retirees in single-employer pension plans. Additionally, over 25,000 new retirees applied for benefits. PBGC achieved a 98% rate for processing all applications within 45 days, surpassing its target rate of 95%.

After PBGC becomes trustee of a terminated pension plan, it begins a comprehensive analysis of plan and participant data. At the end of the process, participants are notified of their benefit determination. Prior to the completion of this process and as eligible participants request to commence their benefits, PBGC pays estimated benefit amounts. In FY 2025, nearly 91% of benefit determinations issued were within 10% of the estimated benefit amount, short of the goal of 95%. The overall average age of benefit determinations (BDs) for FY 2025 was 4.4 years, below the 4.5-year target.

Reviews and Appeals

When participants and beneficiaries in trusteed single-employer plans do not agree with PBGC's determination of their benefit, they may request review by PBGC's Appeals Board. Employers and plan sponsors may also appeal certain PBGC determinations. The Appeals Board independently reviews each appeal and provides a detailed written explanation for each decision. In FY 2025, the Corporation started with 43 open appeals, accepted 84 new appeals, and closed 90 appeals, with 37 still open at the end of the year. More information about PBGC's Appeals Board is available at PBGC.gov.

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

Accountability: Measuring and Monitoring Performance

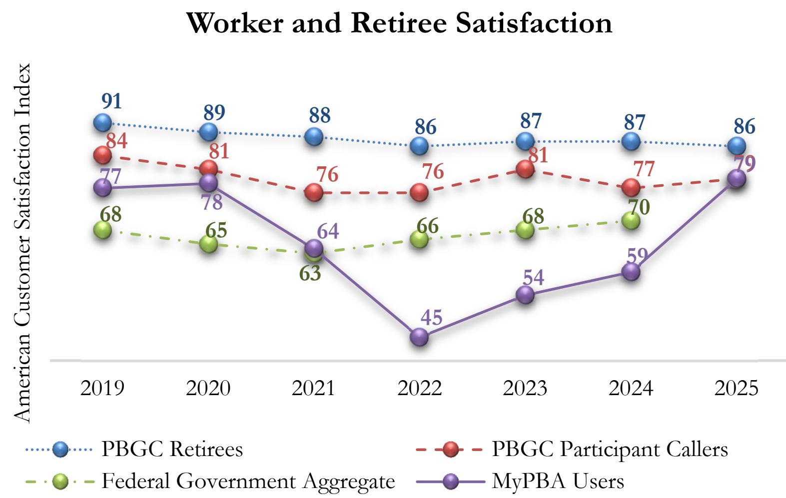
PBGC continuously monitors how well it performs and serves customers using a wide range of performance measures. Among them are how quickly and seamlessly the Corporation pays retirees and accurately calculates benefits. PBGC conducts surveys to help improve the coordination and cooperation essential to meeting customer service goals. Each quarter, PBGC leadership participates in data-driven discussions covering the Corporation's progress in operations, stewardship and accountability, customer satisfaction, and building and maintaining a model workplace.

OUTREACH AND CUSTOMER SERVICE

Central to PBGC's mission is its unwavering commitment to the American people it serves. PBGC relies on surveys to actively engage plan participants, identify opportunities for enhancement, implement procedural refinements, and continually assess satisfaction levels. Survey scoring methodology aligns with the criteria of the American Customer Satisfaction Index (ACSI).

Retirees and Participants

Satisfaction surveys indicate that retirees receiving monthly payments from PBGC rated their satisfaction at 86 out of 100. Pension plan participants who engaged with PBGC by phone and participated in a survey provided an overall satisfaction rating of 79 out of 100. My Pension Benefit Access (MyPBA), a secure online service that lets customers manage their PBGC benefit, achieved a satisfaction score of 79 out of 100.



Premium Filers

In FY 2025, pension plan sponsors and practitioners who filed premiums with PBGC reported a satisfaction score of 76 out of 100, a decrease of 1 point from FY 2024 but above the target of 74. This score compared favorably to the government-wide ACSI of 69.7 for FY 2024, the most recent data available. Filers gave especially high ratings for PBGC's personal service, written communication, and filing process.

My Plan Administration Account (My PAA) is PBGC's online application that pension plan practitioners use to file premium information and submit payments. In FY 2025, the customer satisfaction score was 80 out of 100, an increase of 5 points from FY 2024 and above the target of 78.

ACCURACY AND RELIABILITY OF PERFORMANCE DATA

In compliance with Office of Management and Budget (OMB) Circular A-11, Part 6, the Corporation implements a rigorous data verification and validation process to provide reasonable assurance that data information outlined in the FY 2025 APR is creditable, reliable, and accurate. The Agency's verification and validation process:

- Indicates whether the data source is internal or external
- Ensures the data source references come from credible data sources
- Provides a brief explanation of efforts taken to verify and validate performance data, including oversight and certifications

- Provides a data quality rating of either high, medium, or low

PBGC recognizes the importance of collecting complete, accurate, and reliable performance data, because it helps determine progress toward achieving program outcomes, agency goals, and strategic objectives.

SUSTAINING THE PROGRAMS

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

Enterprise Risk Management

PBGC continued to maintain its Enterprise Risk Management (ERM) framework and conducted the annual agency-wide risk assessment during FY 2025, in accordance with OMB Circular A-123, Management's Responsibility for Internal Control. No new risks were identified during the assessment, and risk associated with technology modernization was found to be reduced. PBGC's top entity-wide risks remain associated with SFA Program operations and potential challenges to the SFA-related rule.

Regulatory and Other Guidance Activities

In FY 2025, PBGC continued to develop rulemakings and other guidance to protect plan participants and minimize burdens on pension plans and plan sponsors.

On November 4, 2024, PBGC provided guidance on permissible investments of SFA assets to SFA-recipient multiemployer plans. On January 6, 2025, PBGC issued Technical Update 25-1 explaining that because of a provision contained in the Bipartisan Budget Act of 2015, premium due dates for plan years beginning in 2025 are generally due a month earlier than other plan years.

On July 1, 2025, PBGC issued updated instructions for notices and filing requirements for terminated and/or insolvent multiemployer plans. Effective June 30, 2025, PBGC eliminated the filing requirement that required plans to file withdrawal liability information for each employer that has withdrawn from the plan.

PBGC published a final rule on August 15, 2025, making minor clarifications, corrections, and improvements to several of its regulations. Among other changes, the final rule provides additional time for terminating single-employer plans to submit their final premium filing. The final rule, effective September 15, 2025, also codifies special premium rules for cooperative and small employer charity (CSEC) plans that were implemented in the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act).

SAFEGUARDING CUSTOMERS' INTERESTS

Office of the Participant and Plan Sponsor Advocate

The Plan Sponsor Advocate (Office of the Advocate) is selected by PBGC's Board of Directors (the Board) and reports to the Board and Congress. The duties of the Office of the Advocate include advocating for the full attainment of the rights of participants in trusteed plans and assisting participants and plan sponsors in resolving disputes with the Corporation. The Advocate also identifies areas where participants and plan sponsors have problems dealing with PBGC and may propose changes in PBGC's administrative practices and recommend legislative changes to mitigate problems.

On January 17, 2025, the Office of the Advocate submitted its statutorily required annual report to PBGC's congressional committees of jurisdiction, the Board, and PBGC's acting director. The report identified participant and plan sponsor issues and provided recommendations for PBGC actions and process improvements to address these concerns.

Strengthening E-Government and Information Technology

PBGC continues to enhance its capabilities in alignment with PBGC's strategic goals, and the Administration's priorities as reflected in Executive Orders and Presidential directives, to include implementation of Executive Order 14028 Improving the Nation's Cybersecurity and OMB M-22-09 Moving the U.S. Government Toward Zero Trust Cybersecurity Principles. In FY 2025, PBGC successfully completed enterprise-wide rollout of Zscaler Connectivity Client which ensures network traffic from PBGC's end-user computing devices (laptops, phones, etc.) is routed through and inspected by Zscaler's Secure Access Service Edge first.

Consistent with the Federal Information Security Modernization Act (FISMA), the Corporation achieved a maturity level of "managed and measurable" across all NIST Cybersecurity Framework (CSF) function areas this year and was assessed as overall effective for the fifth consecutive year. Additionally, PBGC implemented Cloud Security Services as part of its Continuous Monitoring Program to proactively identify and manage security and privacy risks in cloud environments.

Strengthening Transparency & Disclosure

PBGC continued its commitment to transparency and accountability by ensuring agency-wide compliance with the Freedom of Information Act (FOIA). In FY 2025, PBGC received 2,767 and processed 2,771 requests while maintaining a median processing time of 12 working days for complex requests, eight days under the statutory time-limit. The Disclosure Division conducted commercial, financial, and PII reviews of 88 SFA applications prior to publishing applications to PBGC.gov.

INDEPENDENT EVALUATION OF PBGC PROGRAMS

PBGC programs are regularly subject to independent evaluations that help the Corporation remain true to its mission and accountable for services provided to the public.

Office of Inspector General

PBGC places a strong emphasis on diligently addressing the Office of Inspector General's (OIG) audit recommendations. To facilitate timely completion and closure of such recommendations, regular status reports are issued to executive management to assist in monitoring corrective actions. PBGC began FY 2025 with 27 open audit recommendations. During FY 2025, PBGC closed 27 audit recommendations and received 34 new audit recommendations, resulting in 34 open recommendations at the end of FY 2025.

PBGC's OIG oversaw the FY 2025 annual financial statement audit completed by independent public accounting firm, KPMG, LLP. In addition, during FY 2025, the OIG performed other audits and evaluations that can be found at OIG.PBGC.gov.

Government Accountability Office (GAO)

GAO continues to monitor the insurance programs' finances and other issues. During FY 2025, PBGC received no new audit recommendations resulting in one open recommendation at the end of FY 2025.

FISCAL YEAR 2025 FINANCIAL STATEMENT HIGHLIGHTS

FISCAL YEAR 2025 FINANCIAL STATEMENT HIGHLIGHTS

The Pension Benefit Guaranty Corporation (PBGC or the Corporation or the agency) is a federal agency created by the Employee Retirement Income Security Act of 1974 (ERISA), as amended. PBGC protects the retirement benefits of about 30 million workers and retirees in about 23,500 private sector defined benefit pension plans. PBGC does not receive funding from general tax revenues for its Single-Employer or traditional Multiemployer Programs. Instead, it funds operations through insurance premiums set by statute and paid by plan sponsors, as well as income from investments, assets from trusteed plans, and recoveries from companies that previously sponsored those plans.

CHANGE TO SINGLE-YEAR FINANCIAL STATEMENT PRESENTATION

In accordance with guidance provided by the Office of Management and Budget (OMB), and the revised Circular A-136 dated July 14th, 2025, PBGC has adopted a single-year presentation format for its FY 2025 financial statements and related note disclosures. This change is intended to streamline reporting and improve clarity. While the financial statements and most accompanying notes now reflect only the current fiscal year, PBGC continues to include certain comparative or multi-year disclosures where required under Generally Accepted Accounting Principles (GAAP).

FINANCIAL POSITION

PBGC's Memorandum Total Financial Position

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

PBGC's Memorandum Total cumulative results of operations increased by $8,565 million, resulting in the Corporation's Memorandum Total cumulative results of operations of $64,861 million as of September 30, 2025. The increase in the Memorandum Total cumulative results of operations is due to $6,701 million in investment income, net, $6,175 million in contributed transfer appropriation income, $4,583 million in premium and other income, $1,510 million in credits due to change in interest factors, and $259 million in actuarial credits, offset by $6,154 million in special financial assistance expense, $3,433 million in charges due to expected interest, $503 million in administrative, administrative SFA, and other expenses, $436 million in losses from completed and probable terminations, $113 million in investment expenses, and $24 million in multiemployer losses from insolvent and probable plans. PBGC uses a curve of interest factors to determine the actuarial present value of estimated future benefit payments (see Note 6). The curve of spot rates for September 30, 2025, starts with an interest factor of 4.30% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 5.53% and is assumed to remain level thereafter. Interest factors resulted in $1,522 million in charges that consists of $1,477 million in credits for terminated single-employer plans, $33 million in credits for insolvent multiemployer plans, and $12 million in charges for probable multiemployer plans.

Multiemployer Financial Position

- The American Rescue Plan (ARP) established the multiemployer Special Financial Assistance (SFA) Program, resulting in a source of financing outside of PBGC's revolving fund. PBGC receives appropriated SFA funds to disburse to multiemployer plans that apply and are approved for SFA. Unlike traditional financial assistance, wherein PBGC provides assistance to multiemployer plans in the form of a loan, SFA is provided via a transfer of funds without any obligation of repayment. At the end of each fiscal year, unobligated appropriated SFA funds are returned to the U.S. Treasury General Fund.
- The Multiemployer Program's cumulative results of operations improved $516 million, resulting in a cumulative results of operations of $2,648 million as of September 30, 2025. This result is due to $431 million in net premium and other income, $143 million in fixed investment income, $33 million in credits due to change in interest factors, and $16 million in credits from actuarial adjustments offset by $74 million in charges due to expected interest, $24 million in losses from insolvent and probable plans-financial assistance, and $9 million in administrative expenses. In addition, the Multiemployer Program received $6,175 million in contributed transfer appropriation income which was fully offset by $6,154 million in special financial assistance expense and $21 million in administrative SFA expenses.
- Losses from insolvent and probable plans financial assistance for the Multiemployer Program were $24 million as of September 30, 2025. The drivers of these losses were:
    - $27 million charge due to the increase in the multiemployer small plan bulk reserve,
    - $20 million charge due to data changes,
    - $13 million charge from expected interest on benefit liability; and
    - $5 million charge from the addition of one new multiemployer probable plan; offset by
    - $12 million credit from change due to interest rates using baseline,
    - $11 million credit from expected versus actual investment rates of return,
    - $7 million credit from the removal of three multiemployer probable plans,
    - $5 million credit from effects of experience including premium indexing,
    - $4 million credit from expected benefit payments; and
    - $2 million credit due to expected investment rates of return.

Multiemployer Probable Insolvent Activity

- The September 30, 2025, probable insolvent plan liability of $336 million consisted of $291 million for plans that have terminated but have not yet started receiving financial assistance payments, and $45 million in the small unidentified probable plan bulk reserve.

Multiemployer Insolvent Activity

- The September 30, 2025, balance for insolvent plan liability (i.e., plans currently receiving financial assistance) was $1,628 million. PBGC paid $169 million in traditional financial assistance in FY 2025.

Single-Employer Financial Position

- As of September 30, 2025, the Single-Employer Program's FY 2025 cumulative results of operations was $62,213 million. The Single-Employer Program's FY 2025 net income of $8,049 million is due to $6,558 million in investment income, $4,152 million in net premium and other income, $1,477 million in credits due to change in interest factors, and $243 million in credits from actuarial adjustments. These favorable factors for the Single-Employer Program were offset by $3,359 million in charges due to expected interest related to PBGC's liabilities of $78,666 million as of September 30, 2024, $473 million in administrative and other expenses, $436 million in losses from completed and probable terminations, and $113 million in investment expenses.

INVESTMENTS

Single-Employer Investment Activity

- **Global Public Equity** – Global equity markets, as represented by the MSCI All Capitalization World IMI (Net), returned 16.79% for FY 2025. The broad U.S. equity market, as represented by the Russell 3000 Index, returned 17.41% over the same period. Within U.S. equities, growth outperformed value and large capitalization outperformed small capitalization. Non-U.S. developed equities, as represented by the MSCI EAFE IMI Index (Net), returned 15.39% for FY 2025. Within non-U.S. Developed equities, growth outperformed value. Emerging markets, as represented by the MSCI Emerging Markets Standard Index (Net), returned 17.32% during the same period.

  For FY 2025, global equity market returns generated a gain of $2,825 million from equity investments (16.11 percent return for Total Global Public Equity in FY 2025 which includes REITs).

- **Global Bonds** – The broad U.S. investment-grade fixed income markets, as represented by the Bloomberg U.S. Aggregate Bond Index, returned 2.88%. The broad U.S. Treasuries market was positive for FY 2025. Intermediate duration U.S. Treasuries outperformed long duration U.S. Treasuries as yields at the long end of the curve rose while yields at the short end fell during the year. Corporate bonds were also positive and outperformed U.S. Treasuries as credit spreads continued to narrow.

  For FY 2025, global fixed income generated a gain of $3,746 million from fixed income investments (3.26 percent return for Total Global Bonds in FY 2025).

- **Real Estate Investment Trusts (REITS)** – REITs, as represented by the Dow Jones U.S. Select Real Estate Securities Index, returned -1.73% for FY 2025, underperforming U.S. equities.

  For FY 2025, REITS generated a loss of $38 million from real estate investments (-1.47 percent return for US REITs in FY 2025).

- **Combined Single-Employer Investment Return** – FY 2025 investment returns contributed to a total PBGC combined investment gain of $6,558 million. PBGC's Total Fund Composite (excluding transition accounts) earned 5.09 percent in FY 2025, exceeding the Total Fund Benchmark return of 4.80 percent.

Multiemployer Investment Activity

- **U.S. Treasury Bonds** – Broad U.S. Treasury bonds, as represented by the Bloomberg U.S. Treasury Index, returned 2.06% for FY 2025. Intermediate Treasuries outperformed long duration Treasuries during FY 2025.

  For FY 2025, multiemployer fixed income generated a gain of $143 million from fixed income investments (3.52 percent return for multiemployer revolving fund in FY 2025).

OPERATIONS

- PBGC's combined (i.e., the Memorandum Total which is comprised of both the Single-Employer and Multiemployer Program activity) single-employer benefit payments and multiemployer financial assistance paid were $12,747 million in FY 2025. PBGC assumed responsibility for the benefit payments of an additional 19,908 workers and retirees in the 31 single-employer plans that were trusteed during FY 2025.
- FY 2025 combined (Memorandum Total) net premium income was $4,556 million. The components of the combined net premium income include variable rate premium (VRP) income of $2,244 million and flat rate premium income of $2,320 million. (see Note 11).
- During FY 2025, PBGC assumed financial responsibility for 28 underfunded single-employer plans that were terminated. Some of these plans are pending the completion of a trusteeship agreement with PBGC as of year-end. Four of these 28 terminated plans were previously classified as a probable termination by PBGC (the remaining 24 plans that did not meet probable criteria were considered in the small plan bulk reserve). These 28 terminated plans had an average funded ratio of about 56 percent, and these terminations resulted in an aggregate net loss to PBGC of $464 million (see Note 12).
- As of September 30, 2025, the net claim for single-employer probable terminations is $25 million, of which all $25 million is from the reserve for small unidentified probable losses. There were no single-employer plans specifically identified as probable at September 30, 2025. Probable terminations represent PBGC's best estimate of claims for plans that are classified as likely to terminate in a future year.
- As of September 30, 2025, the present value of multiemployer nonrecoverable future financial assistance of $1,964 million consists of 92 insolvent plans ($1,628 million), and 28 terminated plans not yet insolvent but probable ($291 million). There were no ongoing plans that are projected to exhaust plan assets within 10 years, however this classification includes a small plan bulk reserve ($45 million).

ESTIMATES OF REASONABLY POSSIBLE CONTINGENCIES

- At fiscal year-end, PBGC's estimate of its single-employer reasonably possible exposure was $4,072 million in FY 2025. This amount consisted of three sponsor companies and a small plan bulk reserve (see Note 9).
- PBGC's estimate of its multiemployer reasonably possible exposure was $125 million in FY 2025. This amount consisted of four plans and a small plan bulk reserve (see Note 9).

KEY SINGLE-EMPLOYER AND MULTIEMPLOYER RESULTS

(Dollars in millions)		**FY 2025**
Insurance Activity		
SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS MEMORANDUM TOTAL		
Single-Employer Benefits Paid	**$**	**6,426**
Multiemployer Financial Assistance Paid – SFA	**$**	**6,152**
Multiemployer Financial Assistance Paid – Traditional	**$**	**169**
Retirees Receiving Benefits (at end of year)		**969,603**
Total Participants Receiving or Owed Benefits (at end of year)		**1,460,000**
New Underfunded Terminations		**28**
Terminated/Trusteed Plans (combined to date)		**5,181**
Plans Receiving Financial Assistance – Traditional		**92**
Summary of Operations		
SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS MEMORANDUM TOTAL		
Premium Income, Net	**$**	**4,556**
Losses (credits) From Completed and Probable Terminations	**$**	**436**
Losses (credits) From Financial Assistance – Traditional	**$**	**24**
Investment Income (Loss)	**$**	**6,701**
Actuarial Charges and Adjustments (Credits)	**$**	**1,664**
Financial Position		
SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS MEMORANDUM TOTAL		
Total Assets	**$**	**157,211**
Total Liabilities	**$**	**92,338**
Net Income (Loss)	**$**	**8,565**
Cumulative Results of Operations	**$**	**64,861**
SINGLE-EMPLOYER PROGRAM		
Total Assets	**$**	**152,262**
Total Liabilities	**$**	**90,049**
Net Income (Loss)	**$**	**8,049**
Cumulative Results of Operations	**$**	**62,213**
MULTIEMPLOYER PROGRAM		
Total Assets	**$**	**4,949**
Total Liabilities	**$**	**2,289**
Net Income (Loss)	**$**	**516**
Cumulative Results of Operations	**$**	**2,648**

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

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

FINANCIAL SUMMARY – SINGLE-EMPLOYER PROGRAM

(Dollars in millions)		FY 2025
Insurance Activity:		
Benefits paid	$	**6,426**
Participants receiving monthly benefits at end of year[1]		**908,651**
Plans trusteed and pending trusteeship by PBGC[2]		**5,171**
Summary of Operations:		
Premium income, net	$	**4,130**
Other income	$	**22**
Investment income (loss)	$	**6,558**
Actuarial charges and adjustments (credits)	$	**1,639**
Losses (credits) from completed and probable termination and probable terminations	$	**436**
Administrative and investment expenses	$	**583**
Other expenses	$	**3**
Net income (loss)	$	**8,049**
Summary of Financial Position:		
Cash and investments[3]	$	**140,449**
Total assets	$	**152,262**
Present value of future benefits	$	**75,167**
Cumulative Results of Operations	$	**62,213**

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

FINANCIAL SUMMARY – MULTIEMPLOYER PROGRAM

(Dollars in millions)		FY 2025
Insurance Activity:		
Financial assistance paid – SFA	**$**	**6,152**
Participants receiving monthly benefits at end of year		**60,952**
Plans that received SFA		**48**
Financial assistance paid – traditional[1]	**$**	**169**
Plans that received FA – traditional[2]		**100**
Summary of Operations:		
Premium income, net	**$**	**426**
Contributed transfer appropriation income	**$**	**6,175**
Other income	**$**	**5**
Investment income (loss)	**$**	**143**
Actuarial charges and adjustments (credits)	**$**	**25**
Losses (credits) from insolvent and probable plans - financial assistance	**$**	**24**
Special financial assistance expense	**$**	**6,154**
Administrative and investment expense	**$**	**9**
Administrative special financial assistance expense	**$**	**21**
Net income (loss)	**$**	**516**
Summary of Financial Position:		
Cash and investments[3]	**$**	**4,577**
Restricted cash	**$**	**254**
Total assets	**$**	**4,949**
Present value of future benefits	**$**	**0**
Nonrecoverable future financial assistance, present value	**$**	**1,964**
Cumulative Results of Operations	**$**	**2,648**

[1] This amount consists of traditional financial assistance paid to 100 insolvent plans (see Note 7).
[2] 100 plans received traditional financial assistance in FY 2025, 92 are expected to continue to receive traditional financial assistance.
[3] Cash and investments consist of Cash and cash equivalents, Total investments, and Receivables, net: Investment income.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

I. INTRODUCTION

PBGC management presents its discussion and analysis of the financial statements and other statistical data to help all interested parties and readers better understand PBGC's financial condition and results of operations. Readers should review this material together with the Annual Performance Report (page 1), the financial statements (page 53), and the accompanying notes (page 57).

II. FINANCIAL AND PROGRAM RISKS

As of September 30, 2025, the Single-Employer and Multiemployer Programs reported cumulative results of operations of $62,213 million and $2,648 million, respectively. The Single-Employer Program's cumulative results of operations improved by $8,049 million and the Multiemployer Program's cumulative results of operations improved by $516 million. The Corporation held $152,262 million in single-employer assets and $4,949 million in multiemployer assets and is expected to meet its benefit and financial assistance obligations for several years. PBGC's FY 2024 Projections Report indicates that the Multiemployer Program improved and is likely to remain solvent for the next 40 years and that the Single-Employer Program is projected to remain in a positive net financial position over the next decade in all modeled scenarios, and significant growth in net position is projected. In accordance with Section 4005(g) of ERISA, the Single-Employer and Multiemployer Programs are legally separate, and the resources of one program may not be used to fund the activities of the other. For more information, please refer to Section V. *Overall Capital and Liquidity* and Section VI. *Single-Employer and Multiemployer Program Exposure.*

In FY 2025, significant factors beyond PBGC's control, including the performance of financial markets, changes in interest rates, and the solvency of insured pension plans, continued to influence PBGC's underwriting income and investment gains or losses.

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

Claims against PBGC's insurance programs may fluctuate significantly from year to year. The termination or insolvency of a single large pension plan may result in a larger claim against the Corporation than the termination or insolvency of many small plans. Accordingly, future claims will continue to depend largely on the failures of large plans. PBGC's exposure is also concentrated in certain industries. Finally, PBGC's financial condition is sensitive to market conditions. Changes in interest rates and investment returns affect the valuation of PBGC's assets and liabilities as well as those of the plans it insures (see Note 9).

III. LEGISLATIVE AND REGULATORY DEVELOPMENTS

LEGISLATIVE DEVELOPMENTS

There were no PBGC-related legislative developments in FY 2025.

REGULATORY AND RELATED ACTIVITIES

In FY 2025, PBGC continued to develop rulemakings and other guidance to protect plan participants and minimize burdens on pension plans and plan sponsors.

On November 4, 2024, PBGC provided guidance to SFA-recipient multiemployer plans on permissible investments of SFA assets. On January 6, 2025, PBGC issued Technical Update 25-1 explaining that because of a provision contained in the Bipartisan Budget Act of 2015, premium due dates for plan years beginning in 2025 are generally due a month earlier than other plan years.

On July 1, 2025, PBGC issued updated instructions for notices and filing requirements for terminated and/or insolvent multiemployer plans. Effective June 30, 2025, PBGC eliminated the filing requirement that required plans to file withdrawal liability information for each employer that has withdrawn from the plan.

PBGC published a final rule on August 15, 2025, making minor clarifications, corrections, and improvements to several of its regulations. Among other changes, the final rule provides additional time for terminating single-employer plans to submit their final premium filing and requires coverage determination requests and other specified forms to be submitted electronically. The final rule also codifies special premium rules for cooperative and small employer charity (CSEC) plans that were implemented in the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act). The rule is effective September 15, 2025.

IV. DISCUSSION OF INSURANCE PROGRAMS

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

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

By law, the Single-Employer and Multiemployer Insurance Programs are funded and administered separately, and their financial conditions, results of operations, and cash flows are reported separately. The accompanying financial statements for both programs, which appear on pages 53-56, have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as published by the Financial Accounting Standards Board (FASB). Please refer to Note 2: *"Significant Accounting Policies"* for further detail, including a description of PBGC's valuation method used in determining benefit liabilities.

IV.A. SINGLE-EMPLOYER PROGRAM RESULTS OF ACTIVITIES

The Single-Employer Program covers about 18.4 million people (excluding those plans that PBGC has trusteed). The number of covered ongoing plans at the end of FY 2025 was about 22,200.

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

In contrast, when a covered underfunded plan terminates, PBGC becomes the trustee. PBGC applies legal limits to payouts and pays the benefits. To determine the amount to pay each participant, PBGC takes into account (a) the benefit that the participant had accrued in the terminated plan, (b) the availability of assets from the terminated plan to cover benefits, (c) how much PBGC recovers from employers for plan underfunding, and (d) the limits on guaranteed benefits provided under ERISA. The benefit guarantee limits are indexed (i.e., they increase in proportion to increases in the Old-Law Social Security wage base) and vary based on the participant's age and elected form of payment. The benefit guarantee limits for plans that will fail in calendar year 2026 as shown below for sample ages:

MAXIMUM GUARANTEED ANNUAL BENEFIT PAYABLE AS A SINGLE LIFE ANNUITY

Age	Plans Terminating in 2026
70	$155,172
65	$93,477
60	$60,760
55	$42,065

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

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

SINGLE-EMPLOYER OVERALL FINANCIAL RESULTS

PBGC's FY 2025 Single-Employer Program realized net income of $8,049 million, attributable to:

(1) Investment income of $6,558,
(2) Net premium and other income of $4,152 million,
(3) Actuarial credits due to change in interest factors of $1,477 million,
(4) Actuarial adjustment credits of $243 million,
(5) Actuarial charges due to expected interest of $3,359 million,
(6) Administrative, investment, and other expenses of $586 million, and
(7) Losses from completed and probable terminations of $436 million (see "Single-Employer Underwriting Activity" below).

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

SINGLE-EMPLOYER UNDERWRITING ACTIVITY

PBGC's Single-Employer Program realized a net underwriting gain of $3,486 million in FY 2025. This $3,486 million gain was due to a $4,152 million in single-employer net premium and other income, and $243 million in actuarial adjustment credits, offset by $473 million in administrative and other expenses, and $436 million in losses from completed and probable terminations.

Premium and other income from underwriting activity was $4,152 million in FY 2025. The largest component of income was $2,244 million in variable rate premium income from plan sponsors. Other income, consisting of interest on recoveries from plan sponsors was $22 million in FY 2025. This was primarily due to interest income from sponsors' employer liability settlements. Annual variable rate premium (VRP) is $52 per $1,000 of underfunding. (The VRP rate is no longer indexed. The VRP rate of $52 per $1,000 of unfunded vested benefits has been made permanent.)

Flat rate premium income for the Single-Employer Program was $1,890 million in FY 2025. The single-employer flat rate premium for plan years beginning in 2025 was $106 per participant, plan years beginning in 2024 rate was $101 per participant, and plan years beginning in 2023 rate was $96 per participant.

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

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

The Corporation's "Losses (credits) from completed and probable plan terminations" were $436 million in FY 2025. The $436 million loss is due to $464 million in charges related to new plan terminations and $95 million in charges from revaluations and deletions of plans that had terminated in a prior year, offset by $107 million in credits from changes to single-employer probable claims, and $16 million in credits in settlements and judgements due to the removal of the Page/Collins estimated liability and being reclassified as remote per Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 450, Subtopic 20, *Contingencies — Loss Contingencies* (see "Losses (credits) from Completed and Probable Terminations – Single-Employer Program" table in Note 12).

The net claim for single-employer probable terminations as of September 30, 2025, is $25 million, of which all $25 million is from the reserve for small unidentified probable losses. There were no single-employer plans specifically identified as probable at September 30, 2025 (see Note 6).

Single-employer administrative expenses were $470 million in FY 2025.

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

- $75,134 million – trusteed plans (5,171 plans),
- $8 million – plans pending termination and trusteeship (16 plans). For more information on this topic please see "Protecting Pension in Standard Terminations" in VI. Single-Employer and Multiemployer Program Exposure, and
- $25 million – claims for probable terminations and reserve for small single-employer unidentified plans (there were no specifically identified single-employer probable plans at September 30, 2025).

SINGLE-EMPLOYER FINANCIAL ACTIVITY

Single-employer financial activity reflected a gain of $4,563 million in FY 2025. This is due to 1) $6,558 million in investment income, offset by 2) $1,882 million in net actuarial charges and 3) $113 million in investment expenses. PBGC marks its assets to market, which is consistent with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 820, Subtopic 10, *Fair Value Measurement — Overall* (see Note 5).

Actuarial charges under financial activity represent the effects of changes in interest factors and the expected interest accrued on the present value of future benefits. The change in interest factors generally reflects the difference between the liability for future benefits of terminated plans at year-end when valued using updated interest factors compared to the liability when valued using the prior year's interest factors. An actuarial credit of $1,477 million due to the change in interest factors occurred in FY 2025.

Expected interest refers to the interest that PBGC expects to accrue during the fiscal year on PBGC's liability at the end of the prior year based on the interest factor in effect at the beginning of the year. The interest factor in effect at the beginning of FY 2025 was 4.44%. The Single-Employer Program's expected interest charge was $3,359 million in FY 2025.

PBGC's single-employer Total Present Value of Future Benefits (PVFB) was $75,167 million at September 30, 2025.

Components of PBGC's single-employer PVFB of $75,167 million are as follows:

- Trusteed plans – $75,134 million,
- Plans pending termination and trusteeship – $8 million, and
- Claims for probable terminations – $25 million.

PBGC discounts its liabilities for future benefits with interest factors[1] that, together with the mortality table used by PBGC, approximate the price in the private-sector annuity market at which PBGC could settle its obligations. PBGC uses a curve of interest factors to determine the actuarial present value of estimated future benefit payments (see Note 6). The curve of spot rates for September 30, 2025, starts with an interest factor of 4.30% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 5.53% and is assumed to remain level thereafter.

To determine future mortality rates, PBGC used the results of an internal, actuarially certified 2023 Mortality Study specific to the census information on the single-employer plans insured by PBGC. The Study recommended the use of Pri-2012 Total Dataset Separate Annuitant and Non-Annuitant Mortality tables for Healthy Males and Females with age band adjustments. The resulting tables are projected generationally using Scale MP-2021 for the FY 2025 valuations. The impact on PVFB from this mortality assumption change is included in the actuarial adjustments (credits) amount reported in the Underwriting section of the Statement of Operations. The Society of Actuaries (SOA) released the Retirement Plans Experience Committee (RPEC) 2025 Mortality Improvement Update without releasing an updated Mortality Improvement Scale. Therefore, the MP-2021 Mortality Improvement Scale is the most current improvement scale.

IV.B. MULTIEMPLOYER PROGRAM RESULTS OF ACTIVITIES

The Multiemployer Program covers about 11.1 million participants in about 1,300 insured plans. Generally, a multiemployer plan is a pension plan sponsored by two or more unrelated employers under collective bargaining agreements with one or more unions. Multiemployer plans cover most unionized workers in trucking, retail food, construction, mining, garment, and other industries. Workers accrue pension credits in the plan even when they change employment from one contributing employer to another. PBGC's guaranty program under ERISA is structured so that it typically provides only partial benefits; for a participant with 30 years of service, the maximum annual payment under the benefit guarantee is $12,870; this is much lower than for the participants under the Single-Employer Program (where premium rates are higher).

Multiemployer plans are typically governed by a board of trustees appointed in equal numbers by labor and management. Under ERISA, the trustees have a fiduciary duty to act solely in the interest of participants and beneficiaries. Multiemployer plans are subject to ERISA's minimum funding requirements with assets held in a trust fund managed by the board to pay benefits and plan expenses. Excess assets do not revert to

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

contributing employers. Although bargaining parties negotiate over plan contributions, they usually delegate the establishment of benefit levels and plan design to the trustees.

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

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

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

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

As shown in the Statement of Financial Position on page 53, the liability for financial assistance that PBGC provides to the multiemployer plans fall into two categories under the classification "Present value of nonrecoverable future financial assistance." The first category listed is for "Insolvent plans" (whether terminated or not) that have exhausted plan assets and are currently receiving financial assistance. The second category is for "Probable insolvent plans" representing plans that have terminated but not yet become insolvent (for the current year), as well as ongoing plans that are expected to exhaust plan assets and require financial assistance within the next 10 years.

PBGC's obligations for future traditional financial assistance to multiemployer plans was $1,964 million at September 30, 2025. The largest component of the $1,964 million liability is the $1,628 million liability for insolvent plans, of which $922 million is attributable to 10 plans.

SPECIAL FINANCIAL ASSISTANCE

The American Rescue Plan (ARP) Act of 2021 established the Special Financial Assistance (SFA) Program for financially distressed multiemployer plans that meet specific eligibility criteria. The SFA Program, administered by the PBGC, is financed through a direct appropriation from the U.S. Treasury's general fund. These appropriated funds are separate from, and not derived from, PBGC's revolving funds or the Multiemployer Insurance Program.

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

PBGC must process all SFA applications within 120 days of receipt. Upon PBGC's approval of the plan's application, PBGC will pay the SFA funds to the plan with no requirement for repayment. For an insolvent; but not yet terminated; plan that has an obligation to repay traditional financial assistance under Section 4261 of ERISA, PBGC will issue two disbursements. The first disbursement will be a transfer to the plan to cover future benefit payments requested in the plan's SFA application. The second disbursement reimburses PBGC for the loan amount of traditional financial assistance (including premium waivers and interest) previously provided.

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

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

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

PBGC expects that every SFA eligible plan will apply for this assistance; and anticipates that those applications for SFA will be approved and funded. SFA eligible plans are no longer considered to be in the high-risk category as defined by either (1) projected insolvency over the next 20 years, (2) currently classified as critical and declining status, or (3) meeting the projected insolvency thresholds as defined in the PBGC's procedures. Therefore, the result is that these SFA eligible plans are classified as a remote liability and not presented within PBGC's financial statements. Refer to the Present Value of Nonrecoverable Future Financial Assistance section of Note 2.

RETROSPECTIVE INDEPENDENT DEATH AUDITS

In 2023, the PBGC Office of Inspector General reported an issue with the SFA amount for several previously approved plans due to the inclusion of deceased participants in the underlying participant census data used by the plans in calculating their SFA amounts; i.e., the amount needed for the plan to remain solvent through 2051. Consequently, PBGC agreed to conduct a full census data audit for the 64 previously approved plans against the Social Security Administration's (SSA) full file of death information, as this file is not available to the plans. The plans were directed to return excess funds directly to the Treasury General Fund (without passing through or otherwise held at any point by PBGC). In some other cases, OIG performed the death audit and plans returned the funds, under a settlement agreement with the Department of Justice. The Department of Justice subsequently forwarded the funds to the US Treasury General Fund. PBGC's financial statements do not recognize these returned funds; the US Treasury recognizes the excess SFA amounts in the General Fund for inclusion in the Financial Report of the United States Government. All retrospective death audits were completed before the end of FY 2025. As of September 30, 2025, 3 plans have settled with the Department of Justice and/or PBGC's OIG for $142.4 million. In addition, 60 plans have repaid a total of $119.5 million and 4 plans have determined there was no excess SFA amount. In agreement with OIG's recommendation, PBGC implemented the prospective independent death audit requirement for all SFA approvals going forward from November 8, 2023.

MULTIEMPLOYER OVERALL FINANCIAL RESULTS

The Multiemployer Program reported net income of $516 million in FY 2025. This resulted in cumulative result of operations of $2,648 million in FY 2025.

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

(1) A favorable credit due to actual/expected assistance resulted in a $160 million reduction in program liabilities.
(2) A favorable change in the pension liability valuation interest factors, which generated a $45 million increase in Multiemployer Program liabilities ($33 million to multiemployer insolvent plans and $12 million related to multiemployer probable plans).
(3) A favorable decrease of $20 million from effects of experience including premium indexing.
(4) A favorable increase to actual investment rates of return on probable plan assets (rather than the assumed rate) of $11 million.

(5) A favorable decrease of $7 million from the removal of three multiemployer plans.
(6) An unfavorable increase due to expected interest on benefit liabilities that resulted in a $88 million increase in program liabilities.
(7) An unfavorable increase of $27 million due to the increase in small bulk reserve.
(8) An unfavorable increase of $19 million due to data changes.
(9) Addition of one new multiemployer plans that resulted in a $5 million increase in program liabilities.

PBGC uses a curve of interest factors to determine the actuarial present value of estimated financial assistance. For September 30, 2025, the curve of spot rates starts with an interest factor of 4.30% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 5.53% and is assumed to remain level thereafter. (See Note 6 for the table of interest factors used.)

During FY 2025, PBGC paid $6,321 million in financial assistance consisting of $6,152 million in special financial assistance (for 48 approved plans) created by the ARP and $169 million in traditional financial assistance to 100 insolvent plans. As of September 30, 2025, there were 92 insolvent plans expected to continue receiving traditional financial assistance covering about 60,952 participants in pay status with an additional 25,772 participants entitled to benefits once they retire.

MULTIEMPLOYER UNDERWRITING ACTIVITY

As shown on the Statement of Operations, underwriting activity reflected a net gain of $414 million in FY 2025. This was attributed to $431 million in net premium and other income (other income is primarily due to the reversal of the allowance of interest on notes receivable from insolvent multiemployer plans expected to be eligible to receive special financial assistance), and $16 million in credits due to actuarial adjustments, offset by $24 million losses from insolvent and probable plans-financial assistance, and $9 million in administrative expense. In addition, the Multiemployer Program received $6,175 million in contributed transfer appropriation income which was fully offset by $6,154 million in special financial assistance expense and $21 million in administrative SFA expenses.

Net premium income was $426 million in FY 2025. The multiemployer flat rate premium for plan years beginning in 2025 was $39 per participant, plan years beginning in 2024 rate was $37 per participant, and plan years beginning in 2023 rate was $35 per participant.

MULTIEMPLOYER FINANCIAL ACTIVITY

As shown on the Statement of Operations, financial activity reflected a gain of $102 million for FY 2025. This was attributed to a $143 million gain from fixed income investments, and a credit of $33 million due to change in interest factors for plans known to be insolvent and plans about to begin receiving traditional financial assistance, offset by a charge of $74 million due to expected interest. As required by law, Multiemployer Program investments consist solely of U.S. Treasury securities.

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

Expected interest refers to the interest that PBGC expects to accrue during the fiscal year on PBGC's liability for plans known to be insolvent at the end of the prior year based on the interest factor in effect at the beginning of the year. The interest factor in effect at the beginning of FY 2025 was 4.44%. The multiemployer expected interest charges was $74 million in FY 2025.

IV.C. MISSING PARTICIPANTS PROGRAM

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

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

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

The September 30, 2025, total combined PVFB for the MP Program was $519 million for the participants whose benefits were transferred to PBGC, and is reported under "Present value of future benefits – Trusteed plans" on PBGC's balance sheet. This liability includes interest accrued from the date of transfer at the federal mid-term rate. The missing participants' benefit funds are transferred to PBGC by plan sponsors and subsequently PBGC earns interest on cash received (MP Program's fund balance of $167 million in FY 2025).

V. OVERALL CAPITAL AND LIQUIDITY

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

The Corporation has sufficient liquidity to meet its obligations for a number of years. PBGC's FY 2024 Projections Report showed that PBGC's Multiemployer Program is likely to remain solvent for more than 40 years. In this year's report, 67 percent of scenarios show solvency beyond FY 2064, the final year of the projection period. However, the most pessimistic of the 500 stochastic scenarios projects multiemployer fund depletion in FY 2039. Uncertainty about the duration of solvency is driven primarily by future investment performance, contribution income, and the level of future benefit payments in covered plans.

PBGC's FY 2024 Projections Report also showed that PBGC's Single-Employer Program is projected to remain in a positive net financial position over the next decade in all modeled scenarios, and significant growth in net position is projected. The growth expected in the net position is primarily due to projected premiums exceeding projected claims and projected earnings on the surplus assets.

UNRESTRICTED CASH

FY 2025 Memorandum Total premium cash receipts totaled $8,423 million. Net cash flow used by investment activities was $5,402 million in FY 2025. In FY 2025, PBGC's cash receipts of $11,691 million from operating activities of the Single-Employer Program were sufficient to cover its operating cash obligations of $7,227 million. This resulted in net cash provided by operating activities of $4,464 million. When the single-employer cash used through investing activities of $4,849 million is added to cash provided from operating activities, the Single-Employer Program in the aggregate experienced a net cash decrease of $385 million.

Premium receipts for FY 2025 were significantly higher than historical amounts because the normal due date for plans with a calendar plan year being shifted one month earlier, from October to September 2025, by the Bipartisan Budget Act of 2015. This caused the normal due date for two payments from calendar year plans to fall in the same fiscal year (FY 2025; October 2024 and September 2025). Most premiums are paid by plans with calendar plan years. Therefore, FY 2026 receipts are estimated to be significantly lower, given the accelerated due date applies only to 2025 plan year filings and there isn't a calendar plan year due date in FY 2026 at all. While no reasonable estimates can be made for FY 2026 terminations, the effects of changes in interest rates, or investment income, PBGC's best estimate of FY 2026 premium receipts ranges between $850 million and $1,150 million.

In the Multiemployer Program, cash receipts of $767 million from operating activities were sufficient to cover its operating cash obligations of $178 million, resulting in net cash provided by operations of $589 million. When this net cash provided is combined with the net cash used through investing activities of $553 million, the Multiemployer Program in the aggregate experienced an overall net cash increase of $36 million.

During FY 2025, PBGC recovered $125 million through agreements with sponsors of terminated single-employer plans for unpaid contributions and unfunded benefits. A portion of those recovered funds are paid out as additional benefits to plan participants with nonguaranteed benefits according to statutory priorities.

In FY 2025, PBGC's combined (Memorandum Total) net decrease in cash and cash equivalents amounted to $349 million, arising from a decrease of $385 million for the Single-Employer Program, offset by an increase of $36 million for the Multiemployer Program.

RESTRICTED CASH

In FY 2025, PBGC's cash receipts of $10,321 million from Special Financial Assistance activities were sufficient to cover its cash disbursements of $10,319 million. This resulted in net cash provided by SFA activities of $2 million, resulting in an end of year balance of $254 million.

VI. SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAM EXPOSURE

PBGC estimates its single-employer loss exposure to reasonably possible terminations (e.g., underfunded plans sponsored by companies whose credit quality indicates substantial financial risk) as $4,072 million at September 30, 2025 (see Note 9). PBGC's exposure to loss may be less than these amounts because of the statutory guarantee limits on insured pension plans, but PBGC is unable to estimate prospectively the extent and effect of the guarantee limitations. For FY 2025, this exposure was concentrated in the following sectors: manufacturing and transportation/communications/utilities.

PBGC estimates that, as of September 30, 2025, it is reasonably possible that multiemployer plans may require future traditional financial assistance of $125 million. Additionally, the reasonably possible aggregate reserve for small plans decreased primarily due to improved financial conditions of the small plans that were projected to become insolvent within 20 years.

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

PBGC's sources of information on plan underfunding are the most recent Section 4010 and PBGC premium filings, Form 5500 filings, and other submissions to the Corporation.

PROTECTING PENSIONS IN STANDARD TERMINATIONS

A company can end a fully funded plan in a standard termination by paying all the benefits it owes. In FY 2025, 2,264 plans covering approximately 340,000 participants filed standard terminations. Ten large plans, with 5,000 or more participants, filed a standard termination.

More than 90 percent of the plans that filed standard terminations were small plans with 300 or fewer participants.

PBGC conducts audits on a sample of plans that file standard terminations to verify that the plan sponsors have properly calculated and paid participants' benefits. In FY 2025, PBGC conducted 270 such plan audits and, as a result, 581 people in these plans received $3 million in additional benefits.

VII. INVESTMENT ACTIVITIES

PBGC uses institutional investment management firms to invest its assets, subject to PBGC's oversight and consistent with the Corporation's Investment Policy Statement (IPS) approved by the PBGC Board of Directors (the Board). PBGC does not determine the specific investments to be made but instead relies on

PBGC's investment managers' discretion in executing investments appropriate for their contractually assigned investment mandates. PBGC ensures that each investment manager adheres to PBGC's prescribed investment guidelines associated with each investment mandate and measures each investment manager's performance in comparison with agreed-upon investment benchmarks.

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

Total revolving fund investments, cash and cash equivalents, and accrued investment income, on September 30, 2025, were $72,622 million ($3,197 million for Fund 1, $4,576 million for Fund 2, and $64,849 million for Fund 7). Trust fund investments totaled $72,404 million as of September 30, 2025. As of September 30, 2025, PBGC's total investments consisting of cash and cash equivalents, investments, and investment income receivable as shown on the Statement of Financial Position were $145,026 million.

PBGC's investment policy, approved by the Board, outlines the following investment policy objectives: (1) to satisfy existing liabilities and future claims when due, (2) maximize funded status within a prudent risk framework that is informed by PBGC's fixed obligations and asset composition of potential trusteed plans, and (3) to utilize Liability Driven Investments techniques to minimize the risk of future deficits.

PBGC's investment program had assets under management of $140,500 million as of September 30, 2025. Of the approximate $4,500 million difference between the September 30, 2025, investment assets reported on the Statement of Financial Position and the assets within PBGC's investment portfolio, $2,400 million represents net unsettled purchases, $700 million in undisbursed funds from the Missing Participants Program, $600 million from newly trusteed assets that have not yet been commingled, $600 million from other non-commingled assets, $100 million from custodial bank holding accounts, and $100 million to private market timing difference.

Asset allocation percentages refer to the investments within PBGC's investment program that are subject to the Corporation's investment policy, as described below. Cash and fixed income securities totaled about 86 percent of total assets under management invested at the end of FY 2025. Equity securities (i.e., public equities) represented about 14 percent of total assets under management invested at the end of FY 2025. The Total Fund Composite return (excluding private market assets and transition accounts) for FY 2025 was 5.09 percent. A small percentage of PBGC's investments are in the process of moving out of certain manager portfolios (which was less than 0.01% for FY 2025) either for liquidation or for transfer to another manager. The return of the Total Fund Composite including these transition accounts was 5.10 percent in FY 2025.

For the period ending September 30, 2025, PBGC's annualized return on total invested funds excluding private market assets and transition accounts was 5.09 percent compared with a total fund benchmark return of 4.80 percent - a benchmark based on the relative weights of the underlying managed accounts. Separately, the annualized ERISA/Pension Protection Act of 2006 (PPA) hypothetical portfolio benchmark return for the period ending September 30, 2025, was 11.77 percent. The table below summarizes the performance of PBGC's investment program.

INVESTMENT PERFORMANCE

(*Annual Rates of Return*)	September 30, 2025
Single-Employer Investment Performance	
Total Fund Composite	**5.09%**
Total Fund Benchmark [1]	**4.80**
ERISA/PPA Portfolio Benchmark[2]	**11.77**
Total Global Public Equity	**16.11**
Total Global Public Equity Benchmark [3]	**14.96**
Total Global Bonds (excluding SAMP, as defined below)	**3.26**
Total Global Bonds Benchmark [4]	**3.11**
Smaller Asset Managers Program (SAMP) [5]	**3.34**
Trust Funds	**6.53**
Revolving Funds [6]	**3.52**
Multiemployer Investment Performance	
Revolving Fund [6]	**3.52**
Indices Applicable to Investments	
Russell 3000 Index	**17.41**
Dow Jones U.S. Select Real Estate Securities Index	**(1.73)**
MSCI ACWI ex-U.S. IMI Index (Net)	**16.39**
MSCI World IMI Index (Net)	**16.87**
Bloomberg U.S. Treasury Index	**2.06**
Bloomberg U.S. Aggregate Bond Benchmark	**2.88**
Bloomberg Global Aggregate Hedged Index	**3.06**

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

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

[2] The ERISA/PPA Portfolio Benchmark is based upon a hypothetical portfolio with a 60 percent allocation to the Standard & Poor's 500 equity index and a 40 percent allocation to the Bloomberg U.S. Aggregate Bond index.

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

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

[5] The SAMP program is currently benchmarked against the Bloomberg U.S. Aggregate Bond index, shown within the Indices section.

[6] The Revolving Fund reflects the Single-Employer and Multiemployer Plans' combined investment returns.

FIXED INCOME

As described below, PBGC fixed income investment managers use a number of different benchmarks. Where applicable, the relative percentage that each index or benchmark represents for its respective asset class is provided. The percentage invested under each benchmark(s), in aggregate, for each asset class relative to the overall PBGC investment program as of September 30, 2025, is also parenthetically provided in the text below.

The Total Global Bonds Benchmark is a dynamic weighted benchmark based on the weights of the underlying fixed income managers and the returns of their respective benchmarks. As of September 30, 2025, the weighted benchmark encompasses the Completion Treasuries Benchmark (62.8 percent), the Credit Completion Benchmark (4.6 percent), the Total Long Duration Bonds Benchmark (13.7 percent), the Bloomberg Aggregate Bond index (14.1 percent), the Bloomberg Global Aggregate Hedged index (2.9 percent), and the Total Emerging Market Bonds Benchmark (1.9 percent). The overall Total Global Bonds composite equals 78.4 percent of the total PBGC portfolio.

Completion Treasuries: This category includes investments in U.S. Treasury securities managed by outside professional asset managers and it applies to 49.3 percent of PBGC's investment program assets as of September 30, 2025. The assets of this category are split among the Revolving Fund (94.6 percent) and Trust Fund (5.4 percent). The objective of this category – in conjunction with the assets of Credit Completion, Long Duration, Core, Smaller Asset Manager Program, and Money Market Securities – is to hedge a portion of the single-employer liabilities. While PBGC can redeem composite assets upon request, those composite assets that are part of the Revolving Fund can only be redeemed to meet pension benefit obligations and administrative expenses.

Credit Completion: This category includes investments in United States Dollar (USD) denominated fixed-income securities managed by an outside professional asset manager and it applies to 3.6 percent of PBGC's investment program assets as of September 30, 2025. The Credit Completion Benchmark is a custom blend of multiple Bloomberg indices, whose underlying components include credit, corporate, and securitized assets. The credit and corporate components include publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity (intermediate duration), liquidity, and quality (investment grade) requirements. PBGC is able to redeem composite assets upon request.

Long Duration: This category includes investments mainly in USD-denominated fixed income securities managed by outside professional asset managers and applies to 10.7 percent of PBGC's investment program assets as of September 30, 2025. The Total Long Duration Bonds Benchmark is a dynamic weighted benchmark based on the weights of the underlying Trust Fund long-duration fixed income managers and the returns of their respective benchmarks. As of September 30, 2025, the Total Long Duration Bonds Benchmark encompasses the Bloomberg Long U.S. Government/Credit index (32.3 percent), the Bloomberg Long U.S. Corporate index (1.8 percent), and Custom Benchmarks (65.9 percent). The Bloomberg Long U.S. Government/Credit index includes both government and credit securities. The government component includes public obligations of the U.S. Treasury that have remaining maturities of more than one year and publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government. The credit component of the index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality (investment grade) requirements. The Bloomberg Long U.S. Corporate index includes investment grade, fixed-rate, taxable, U.S. dollar-denominated U.S. corporate bonds that have a maturity of greater than or equal to 10 years. The custom benchmarks include similar securities and are weighted combinations of sub-sector benchmarks. PBGC is able to redeem composite assets upon request.

Core: This category includes investments primarily in USD-denominated fixed income securities managed by outside professional asset managers. It applies to 11.0 percent of PBGC's investment program assets as of September 30, 2025. The Core Fixed Income Benchmark is the Bloomberg Aggregate Bond index. The Bloomberg Aggregate Bond index includes securities that are registered with the Securities and Exchange Commission (SEC) and are taxable and dollar-denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, asset-backed securities, and foreign securities. PBGC is able to redeem composite assets upon request.

Global Market Bonds: This category includes investments primarily in USD-denominated fixed income securities and fixed income securities denominated in other foreign currencies managed by outside professional asset managers. It applies to 2.3 percent of PBGC's investment program assets as of September 30, 2025. The Global Market Bonds Benchmark is the Bloomberg Global Aggregate Hedged index. The Bloomberg Global Aggregate Hedged index provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and USD-denominated investment grade 144A securities. The hedged index seeks to negate all exposure to foreign currencies by hedging currency exposure back to the U.S. dollar. PBGC is able to redeem composite assets upon request.

Emerging Market Bonds: This category includes fixed income securities denominated in either U.S. dollars or foreign currencies and managed by outside professional asset managers. It makes up 1.5 percent of PBGC's investment program assets as of September 30, 2025. The Total Emerging Market Bonds Benchmark is a dynamic weighted benchmark based on the weights of all emerging market bond managers and the returns of their respective benchmarks. As of September 30, 2025, the weighted benchmark encompasses the JP Morgan EMBIG Diversified index (35.1 percent) and Custom Benchmarks (64.9 percent). The custom benchmarks are weighted combinations of the JP Morgan EMBIG Diversified and the JP Morgan GBI EM Global Diversified indices. The JP Morgan EMBIG Diversified index includes USD-denominated debt instruments issued by Emerging Market countries. The index also includes USD-denominated Brady bonds, Eurobonds, and traded loans issued by sovereign and quasi-sovereign entities. The JP Morgan GBI EM Global Diversified index includes local currency or non-U.S. dollar-denominated debt instruments issued by Emerging Market countries. PBGC is able to redeem composite assets upon request.

MONEY MARKET SECURITIES

This category includes investments in money market instruments managed by an outside professional asset manager who invests in a diversified portfolio of short-term obligations and deposits, including, but not limited to, Treasury and agency obligations, certificates of deposits, commercial paper, and repurchase agreements (Trust Fund Cash). In addition, the category includes overnight investments in Treasury securities held at Treasury (Revolving Fund Cash). The Total Money Market Securities Benchmark is a dynamic weighted benchmark based on the weights of the Trust Fund Cash and the Revolving Fund Cash and the returns of their respective benchmarks. As of September 30, 2025, the weighted benchmark encompasses the 3-month Treasury bill (28.4 percent) and the 4-week Treasury bill (71.6 percent). The cash composite represents 4.8 percent of PBGC's investment program as of September 30, 2025. PBGC is able to redeem money market securities upon request.

GLOBAL PUBLIC EQUITY

This category includes investments in the U.S. Public Equity composite, the International Public Equity composite, and the World Public Equity composite, and applies to 14.3 percent of PBGC's investment program assets as of September 30, 2025. The Total Global Public Equity Benchmark is a dynamic weighted benchmark based upon the weights of the U.S. Public Equity composite, the International Public Equity composite and the World Public Equity composite, and the returns of their respective benchmarks. As of September 30, 2025, the Total Global Public Equity Benchmark comprises the Total U.S. Public Equity Benchmark (58.9 percent), the Total International Public Equity Benchmark (29.9 percent), and the Total World Public Equity Benchmark (11.2 percent). PBGC is able to redeem composite assets upon request.

U.S. Public Equity: This category includes investments in U.S. publicly traded equity securities and U.S. publicly traded real estate investment trusts (REITs) managed by outside professional asset managers. It applies to 8.4 percent of PBGC's investment program assets as of September 30, 2025. The Total U.S. Public Equity Benchmark is a dynamic weighted benchmark based upon the weights of the U.S. Public Equity managers and the returns of their respective benchmarks. As of September 30, 2025, the weighted benchmark comprises the Russell 3000 index (83.3 percent), the Dow Jones U.S. Select Real Estate Securities index (3.3 percent), and the FTSE NAREIT EQ REITs index (13.4 percent). PBGC is able to redeem composite assets upon request.

International Public Equity: This category includes investments in international publicly traded equity securities managed by outside professional asset managers. It applies to 4.3 percent of PBGC's investment program assets as of September 30, 2025. The Total International Public Equity Benchmark is a dynamic weighted benchmark based upon the weights of the International Public Equity managers and the returns of their respective benchmarks. As of September 30, 2025, the weighted benchmark encompasses the MSCI EAFE Standard index (44.0 percent), the MSCI EAFE Value index (10.2 percent), the MSCI EAFE Small Cap index (4.1 percent), the MSCI Emerging Markets index (34.0 percent), and the MSCI Canada IMI index (7.7 percent). The MSCI EAFE Standard index (Europe, Australasia and Far East) is designed to measure the developed markets large and mid-capitalization equity performance, excluding the U.S. and Canada. The MSCI EAFE Value index is designed to measure the performance of developed markets large and mid-capitalization equities exhibiting value style characteristics, excluding the U.S. and Canada. The MSCI EAFE Small Cap index is designed to measure the developed markets small capitalization equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets index is designed to measure equity market performance of emerging markets. The MSCI Canada IMI index is designed to measure the large, mid, and small capitalization equity market performance of Canada. PBGC is able to redeem composite assets upon request.

World Public Equity: This category includes investments in world publicly traded equity securities managed by outside professional asset managers. It applies to 1.6 percent of PBGC's investment program assets as of

September 30, 2025. The Total World Public Equity Benchmark is the MSCI World Investable Market Index (IMI) and thus as of September 30, 2025, this benchmark encompasses 100% of World Public Equity. The MSCI World IMI index is designed to measure the large, mid, and small capitalization equity performance across developed markets including the U.S. PBGC is able to redeem composite assets upon request.

SMALLER ASSET MANAGERS PROGRAM

The PBGC Smaller Asset Managers Program (SAMP) creates opportunities for smaller asset managers who wish to compete for the agency's business. Investment management firms selected to participate in the pilot program were allocated assets to manage in FY 2016 and PBGC's Board of Directors approved making it an ongoing program in FY 2022. Contracts associated with the ongoing SAMP were awarded in December 2023 and contracts with managers new to the program were funded in FY 2024. This category includes investments primarily in USD-denominated fixed income securities managed by outside professional asset managers. It applies to 2.4 percent of PBGC's investment program assets as of September 30, 2025. The Smaller Asset Managers Program Benchmark is the Bloomberg Aggregate Bond index. The Bloomberg Aggregate Bond index includes securities that are SEC-registered, taxable, and dollar-denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, asset-backed securities, and foreign securities. PBGC is able to redeem composite assets upon request.

INHERITED PRIVATE MARKETS

This category includes private equity, private debt, and private real estate funds inherited from trusteed plans. These private market investments invest mainly in buyouts, venture capital, distressed debt, and commercial real estate. As a result of the most recently approved Investment Policy Statement, inherited private market assets are not included in asset allocation targets, but shall be managed prudently for the benefit of PBGC. These assets are no longer included in PBGC's investment program assets but are included in PBGC's Statement of Financial Position. Private investments can be difficult to benchmark due to their illiquid nature. Typical benchmarks utilized for private equity include universe comparisons, where funds that have the same original investment date are compared against the performance of a similar fund. For direct private real estate investments, many institutions use the National Council of Real Estate Investment Funds (NCREIF) index, which includes U.S. commercial real estate properties acquired in the private market for investment purposes. For investments in private equity real estate, peer universe comparisons based on similar funds with the same original investment date are often utilized. Private market investments generally do not have redemption provisions; instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the funds. It is estimated that the majority of the underlying assets of the funds will be liquidated over the next five years. The fair values of the investments in this category have been estimated using the net asset value of PBGC's ownership interest in partners' capital.

THE PENSION PROTECTION ACT OF 2006 REPORTING REQUIREMENT

The Pension Protection Act of 2006 requires PBGC to estimate the effect of an asset allocation based on a combination of two commonly used market benchmarks. The hypothetical portfolio presented below, with a 60 percent allocation to the Standard & Poor's 500 equity index and a 40 percent allocation to the Bloomberg

Aggregate Bond index, would have increased the assets of the Corporation by about $7.8 billion (11.76 percent return compared with PBGC's Total Fund Composite return including transition accounts of 5.10 percent) for the one-year period ending September 30, 2025. Per the IPS approved by PBGC's Board of Directors, PBGC invests its portfolio with a Liability Driven Investment strategy and, therefore, the comparison to a hypothetical pension plan with an allocation of 60 percent to equities and 40 percent to fixed income is not a representative comparison. For further analysis of PBGC's Investment Activities please refer to the MD&A of Results of Operations and Financial Position. These results are summarized in the following table.

INVESTMENT PORTFOLIO ANALYSIS

60/40 Hypothetical Portfolio Analysis Versus PBGC Fiscal Year Actual Return (60/40 comprises S&P 500 Index/Bloomberg Aggregate Bond Index)			
	1-Year Period Ending		
Fiscal Year	60/40 Incremental $ Billions	60/40 % Return	PBGC Actual Return[1]
9/30/2025	$7.8	11.76%	5.10%

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

ANALYSIS OF SYSTEMS, CONTROLS AND LEGAL COMPLIANCE

PBGC maintains an Internal Controls Program designed to support compliance with the requirements of the Federal Managers' Financial Integrity Act of 1982 (FMFIA), the Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government,* September 2014 (Green Book), the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control, and its appendices,* as applicable, and other relevant laws and regulations. PBGC has continued implementing the requirements specified in the GAO Green Book and OMB Circular A-123 and, as noted below, performs a number of entity-wide activities that serve to support the FMFIA Statement of Assurance. For FY 2025, PBGC provided an unmodified FMFIA Statement of Assurance. Please refer to annual statement of assurance, as described below.

INTERNAL CONTROL COMMITTEE

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

DOCUMENTATION AND EVALUATION OF INTERNAL CONTROLS

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

Standards for Internal Control in the Federal Government (Green Book): These standards, published by the GAO, provide criteria to be used by federal agencies for designing, implementing, and operating an effective internal control system. In FY 2025, the agency continued its comprehensive evaluation of the PBGC's internal control system with regard to the design, implementation, and operating effectiveness of the five components and 17 principles of internal controls, as outlined in the Green Book. As part of this evaluation, the agency performed its annual assessment of internal controls using the Green Book, as required by OMB Circular A-123. Based on the evaluation and the results of the annual assessment, it was determined that PBGC continues to have an effective internal controls system and remains in compliance with the Green Book.

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

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

Fraud Prevention: In FY 2025, PBGC continued efforts to fully implement GAO's *Framework for Managing Fraud Risks in Federal Programs*. This work is focused on identifying and responding to fraud risks and developing control activities to prevent and detect fraud. The use of this framework is required by OMB Circular A-123 and the Payment Integrity Information Act of 2019. As part of the framework, potential fraud areas are identified, and key controls are evaluated and implemented as proactive measures to prevent fraud. Monitoring activities include supervisory approvals, management reports, and exception reporting. PBGC management performs due diligence in areas of suspected or alleged fraud.

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

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

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

Management (CSAM) tool managed by the Office of Information Technology's (OIT) Enterprise Cybersecurity Department.

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

ASSESSMENT OF PAYMENT INTEGRITY RISK

Based on the requirements of Appendix C to OMB Circular A-123, *Requirements for Payment Integrity Improvement*, and related improper payment legislation, PBGC performed a risk assessment in FY 2025 over the agency's *Multiemployer Special Financial Assistance, Payments to Contractors and Multiemployer Financial Assistance* programs. Please refer to the *Payment Integrity Information Act Reporting* section of this annual report for additional information.

AUDIT COORDINATION AND FOLLOW-UP PROGRAM

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

COMPLIANCE WITH LAWS, REGULATIONS, AND OTHER REQUIREMENTS

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

ENTERPRISE RISK MANAGEMENT ACTIVITIES

As a part of PBGC's Enterprise Risk Management (ERM) activities, the RMC conducted an agency-wide risk assessment, which was used to prepare the FY 2025 Risk Profile. The RMC – chaired by the Risk Management Officer – also met with risk owners to discuss mitigation strategies for PBGC's top risks and related measures to assess strategy effectiveness. Agency-wide communication regarding ERM, the automated ERM-related dashboard and the recurring call for emerging risks continued to foster a risk management aware culture. In addition, ERM principles remained integrated into key decision-making processes, such as strategic planning, organizational performance, budgeting, and the development and implementation of agency internal controls.

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

Pursuant to Office of Management and Budget (OMB) Circular A-123, government corporations are required to provide a statement on control systems by the head of the management of the corporation consistent with the requirements of the FMFIA. To assist in this effort, the agency's department and office directors performed assessments of risk and internal controls over the effectiveness and efficiency of their operations, reliability of reporting and compliance with applicable laws and regulations. These assessments addressed several different considerations affecting internal control objectives, such as: the development and implementation of policies and procedures; extent of management oversight; results of internal and external reviews (e.g., Office of Inspector General (OIG), Government Accountability Office (GAO), or other reviews); the safeguarding of assets; implementation of data quality plan (DATA Act Reporting); processes and controls over the special financial assistance program and other agency payment streams; government charge card management and practices; and the evaluation of known internal control deficiencies and applicable OMB requirements related to financial management systems. These directors also provided assurance statements for their reporting area which assisted with the determination of the type of assurance statement recommended to the Agency Director. In addition, the Internal Control Committee (ICC) assessed cross-cutting internal control issues for consideration by members of PBGC's executive management. Based on the results of the completed assessments, review of the departmental assurance statements, and consideration of other relevant factors, PBGC's executive management recommended, and the Director approved, the FY 2025 FMFIA Statement of Assurance included below.

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT STATEMENT OF ASSURANCE

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

During fiscal year 2025, PBGC implemented a new acquisition management system that provides transparency into the contracting life cycle.

The American Rescue Plan Act of 2021, enacted on March 11, 2021, allows certain financially troubled multiemployer plans to apply for Special Financial Assistance (SFA). Upon approval of an application, the PBGC makes a lump-sum payment to eligible multiemployer plans. PBGC has established and implemented internal controls to address the specific requirements and mitigate risks with the SFA program. Management will continue to evaluate these internal controls and implement additional controls as necessary. Additionally, PBGC continues to evaluate the processes and procedures for reviewing the compliance of multiemployer plans that have received SFA.

Based on the results of the assessment, the PBGC can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2025.

MANAGEMENT REPRESENTATION

PBGC's management is responsible for the accompanying Statement of Financial Position of the Single-Employer and Multiemployer Program Funds as of September 30, 2025, the related Statement of Operations, and the Statement of Cash Flows for the year then ended, and the related note disclosures to these statements. PBGC's management is also responsible for establishing and maintaining systems of internal accounting and administrative controls that provide reasonable assurance that the control objectives (i.e., preparing reliable financial statements, safeguarding assets, and complying with laws and regulations) are achieved.

PBGC management believes the financial statements of the Single-Employer and Multiemployer Program Funds present fairly the financial position of PBGC as of September 30, 2025, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and actuarial standards applied on a consistent basis. As noted in the FMFIA Statement of Assurance above, PBGC provides reasonable assurance that its internal controls are effective.

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

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

Janet Dhillon
Director

Lisa Carter

Lisa Carter
Acting Chief Financial Officer

January 16, 2026

FINANCIAL SECTION

PENSION BENEFIT GUARANTY CORPORATION

STATEMENT OF FINANCIAL POSITION

(Dollars in Millions)	Single-Employer Program September 30, 2025	Multiemployer Program September 30, 2025	Memorandum Total September 30, 2025
ASSETS			
Cash and cash equivalents	$9,559	$321	$9,880
Restricted cash	-	254	254
Total cash, cash equivalents, and restricted cash	9,559	575	10,134
Securities lending collateral (Notes 3 and 5)	8,965	-	8,965
Investments, at market (Notes 3 and 5):			
Fixed income securities	110,074	4,242	114,316
Equity securities	17,564	-	17,564
Private equity	251	-	251
Real estate and real estate investment trusts	1,972	-	1,972
Other	385	-	385
Total investments	130,246	4,242	134,488
Receivables, net:			
Sponsors of terminated plans (Note 16)	15	-	15
Premiums (Note 11)	192	45	237
Sale of securities	2,040	-	2,040
Derivative contracts (Note 4)	425	-	425
Investment income	644	14	658
Other (Note 16)	24	70	94
Total receivables	3,340	129	3,469
Capitalized assets, net (Note 16)	56	1	57
Operating lease right-of-use assets (Note 10)	96	2	98
Total assets	$152,262	$4,949	$157,211

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

PENSION BENEFIT GUARANTY CORPORATION
STATEMENT OF FINANCIAL POSITION

(Dollars in Millions)	Single-Employer Program September 30, 2025	Multiemployer Program September 30, 2025	Memorandum Total September 30, 2025
LIABILITIES			
Present value of future benefits, net (Note 6):			
Trusteed plans	$75,134	-	$75,134
Plans pending termination and trusteeship	8	-	8
Settlements and judgments	0	-	0
Claims for probable terminations	25	-	25
Total present value of future benefits, net	75,167	-	75,167
Present value of nonrecoverable future financial assistance (Note 7)			
Insolvent plans	-	1,628	1,628
Probable insolvent plans	-	336	336
Total present value of nonrecoverable future financial assistance	-	1,964	1,964
Special financial assistance	-	240	240
Payables, net:			
Derivative contracts (Note 4)	335	-	335
Due for purchases of securities	4,372	-	4,372
Payable upon return of securities loaned	8,965	-	8,965
Unearned premiums	999	77	1,076
Operating leases payable (Note 10)	116	2	118
Accounts payable and accrued expenses (Note 8)	95	18	113
Total payables	14,882	97	14,979
Total liabilities	90,049	2,301	92,350
Cumulative results of operations	62,213	2,648	64,861
Net position	62,213	2,648	64,861
Total liabilities and net position	$152,262	$4,949	$157,211

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

PENSION BENEFIT GUARANTY CORPORATION
STATEMENT OF OPERATIONS

(Dollars in Millions)	Single-Employer Program For the Year Ended September 30, 2025	Multiemployer Program For the Year Ended September 30, 2025	Memorandum Total For the Year Ended September 30, 2025
UNDERWRITING:			
Income:			
Premium, net (Note 11)	**$4,130**	**$426**	**$4,556**
Contributed transfer appropriation income	-	**6,175**	**6,175**
Other	**22**	**5**	**27**
Total	**4,152**	**6,606**	**10,758**
Expenses:			
Administrative	**470**	**9**	**479**
Administrative special financial assistance	**-**	**21**	**21**
Other	**3**	**-**	**3**
Total	**473**	**30**	**503**
Other underwriting activity:			
Losses (credits) from completed and probable terminations (Note 12)	**436**	**-**	**436**
Losses (credits) from insolvent and probable plans-financial assistance (Note 7)	**-**	**24**	**24**
Actuarial adjustments (credits) (Note 6)	**(243)**	**(16)**	**(259)**
Special Financial Assistance Expense	**-**	**6,154**	**6,154**
Total	**193**	**6,162**	**6,355**
Underwriting gain (loss)	**3,486**	**414**	**3,900**
FINANCIAL:			
Investment income (loss) (Note 13):			
Fixed	**3,746**	**143**	**3,889**
Equity	**2,825**	**-**	**2,825**
Private equity	**14**	**-**	**14**
Real estate	**(38)**	**-**	**(38)**
Other	**11**	**-**	**11**
Total	**6,558**	**143**	**6,701**
Expenses:			
Investment	**113**	**-**	**113**
Actuarial charges (Note 6):			
Due to expected interest	**3,359**	**74**	**3,433**
Due to change in interest factors	**(1,477)**	**(33)**	**(1,510)**
Total	**1,995**	**41**	**2,036**
Financial gain (loss)	**4,563**	**102**	**4,665**
Net income (loss)	**8,049**	**516**	**8,565**
Cumulative results of operations, beginning of year	**54,164**	**2,132**	**56,296**
Cumulative results of operations, end of year	**$62,213**	**$2,648**	**$64,861**

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

PENSION BENEFIT GUARANTY CORPORATION

STATEMENT OF CASH FLOWS

	For the Year Ended September 30, 2025				
	Single-Employer Program	Multiemployer Program			
(Dollars in millions)	Unrestricted Cash & Cash Equivalents	Unrestricted Cash & Cash Equivalents	Restricted Cash	Program Total	Memorandum Total
OPERATING ACTIVITIES:					
Premium receipts	**$7,738**	**$685**	**-**	**$685**	**$8,423**
Interest and dividends received	**3,563**	**68**	**-**	**68**	**3,631**
Plan Reimbursements from SFA	**-**	**15**	**-**	**15**	**15**
Cash received from (paid to) plans upon trusteeship	**56**	**-**	**-**	**-**	**56**
Receipts from sponsors/non-sponsors	**125**	**-**	**-**	**-**	**125**
Receipts from the missing participant program	**195**	**-**	**-**	**-**	**195**
Other receipts	**14**	**-**	**-**	**-**	**14**
Benefit payments – trusteed plans	**(6,412)**	**0**	**-**	**0**	**(6,412)**
Traditional financial assistance payments	**-**	**(169)**	**-**	**(169)**	**(169)**
Settlements and judgments	**-**	**-**	**-**	**-**	**-**
Payments for administrative and other expenses	**(550)**	**(9)**	**-**	**(9)**	**(559)**
Interest paid on securities purchased	**(265)**	**-**	**-**	**-**	**(265)**
SPECIAL FINANCIAL ASSISTANCE:					
Appropriation warrant received for SFA	**-**	**-**	**10,321**	**10,321**	**10,321**
Return of unobligated appropriated funds	**-**	**-**	**(4,147)**	**(4,147)**	**(4,147)**
Total SFA administrative and payroll expense payments	**-**	**-**	**(20)**	**(20)**	**(20)**
Special financial assistance payments	**-**	**-**	**(6,152)**	**(6,152)**	**(6,152)**
Net cash provided (used) by operating activities (Note 15)	**4,464**	**590**	**2**	**592**	**5,056**
INVESTING ACTIVITIES:					
Proceeds from sales of investments	**222,727**	**6,707**	**-**	**6,707**	**229,434**
Payments for purchases of investments	**(227,576)**	**(7,260)**	**-**	**(7,260)**	**(234,836)**
Proceeds from securities lending collateral	**1,555**	**-**	**-**	**-**	**1,555**
Payments for securities lending collateral	**(1,555)**	**-**	**-**	**-**	**(1,555)**
Net cash provided (used) by investing activities	**(4,849)**	**(553)**	**-**	**(553)**	**(5,402)**
Net increase (decrease) in cash and cash equivalents and restricted cash	**(385)**	**37**	**2**	**39**	**(346)**
Cash and cash equivalents and restricted cash beginning of year	**9,944**	**284**	**252**	**536**	**10,480**
Cash and cash equivalents and restricted cash end of year	**$9,559**	**$321**	**$254**	**$575**	**$10,134**

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE 1: ORGANIZATION AND PURPOSE

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

ERISA requires that PBGC operate on a self-financing basis. This means that PBGC's operations are funded not through general tax revenues, but through insurance premiums paid by insured pension plans, recoveries from plan sponsors, investment income, and assets of terminated pension plans. ERISA further provides that the United States Government is not liable for any obligation or liability incurred by PBGC.

The American Rescue Plan Act of 2021 amended ERISA to add Section 4262, Special Financial Assistance (SFA), which authorizes PBGC to approve and disburse financial assistance to eligible multiemployer plans in an amount projected by the plan to enable it to pay all benefits due through 2051 (see MD&A). To implement this authority, ARP established an appropriated fund, marking the first instance in which the Corporation has maintained an appropriated fund. PBGC evaluates applications, determines eligibility, and disburses payments to approved plans in accordance with statutory and regulatory requirements, exercising full program oversight. Funding for the SFA Program is provided from the U.S. Treasury's General Fund through mandatory, indefinite appropriations available for 10 years. These appropriations are transferred from the General Fund to cover both SFA benefit payments and SFA program administration costs.

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

SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAM EXPOSURE

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

PBGC's sources of information on plan underfunding are the most recent Section 4010 and PBGC premium filings, Form 5500 filings, and other submissions to the Corporation.

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

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

The Special Financial Assistance (SFA) Program provides for certain financially troubled multiemployer plans that meet specific statutory eligibility criteria (see Note 7). Unlike PBGC's traditional financial assistance, which is provided as repayable loans to insolvent plans, SFA is provided as a transfer of funds with no repayment obligation.

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

RECENT ACCOUNTING DEVELOPMENTS

In FY 2025, and in accordance with Office of Management and Budget (OMB) Circular A-136 (released July 14, 2025), all significant Federal reporting entities should report only single-year financial statements, notes, and required supplemental information (RSI). As a result, PBGC's FY2025 financial report is presented in a single-year format in accordance with this requirement.

In FY 2025, PBGC determined the Page Collins class action settlement liability should be removed from the Liabilities section (specifically, the "Settlements and judgments" line item) of the Statements of Financial Position and classified as remote. The Page Collins liability represents a 1996 class action settlement between PBGC and approximately 12,000 pension plans terminating between January 1, 1976, and December 31, 1981. Of the approximate 200,000 Page Collins class action settlement members, over 95% have been paid, and all active efforts to locate the remaining eligible class action individuals/family members have ended. Future settlement payouts are unlikely and not material, the remaining contingent liability obligation related to this settlement is now classified as remote in accordance with FASB ASC Topic 450, Subtopic 20, (see Note 6 and Note 12).

VALUATION METHOD

A key objective of PBGC's financial statements is to provide information that is useful in assessing PBGC's present and future ability to ensure that its plan beneficiaries receive benefits when due. Accordingly, PBGC values its financial assets at estimated fair value, consistent with the standards for pension plans contained in the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 960, Subtopic 325, *Plan Accounting—Defined Benefit Pension Plans—Investments-Other*. PBGC values its liabilities at the present value of future benefits and present value of nonrecoverable future financial assistance using assumptions derived from market-based (fair value) annuity prices from insurance companies, as described in the Statement of Actuarial Opinion. As described in FASB ASC Topic 960, Subtopic 20, *Plan Accounting—Defined Benefit Pension Plans—Accumulated Plan Benefits*, the assumptions are "those assumptions that are inherent in the estimated cost at the (valuation) date to obtain a contract with an insurance company to provide participants with their accumulated plan benefit." Also, in accordance with ASC 960, PBGC selects assumptions for expected retirement ages and the cost of administrative expenses in accordance with its best estimate of anticipated experience.

The FASB ASC Topic 820, Subtopic 10, *Fair Value Measurement—Overall* defines fair value, establishes a framework for measuring fair value in U.S. GAAP, and expands disclosures about fair value measurements. FASB ASC 820 applies to accounting pronouncements that require or permit fair value measurements (see Note 5).

REVOLVING AND TRUST FUNDS

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

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

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

The trust fund reflects accounting activity associated with:

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

2) Plans pending termination and trusteeship (plans for which PBGC has begun the process for termination and trusteeship by fiscal year-end). The assets and liabilities for these plans are reported as a net amount on the Liabilities section of the Statement of Financial Position under "Present value of future benefits,

net." For these plans, the income and expenses are included in the Statement of Operations, but cash flows are not included in the Statement of Cash Flows, until PBGC exercises legal control of plan assets.

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

ALLOCATION OF REVOLVING AND TRUST FUNDS

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

CASH AND CASH EQUIVALENTS

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

SECURITIES LENDING COLLATERAL

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

SECURITIES PURCHASED UNDER REPURCHASE AGREEMENTS

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

INVESTMENT VALUATION AND INCOME

PBGC bases market values on the last sale of a listed security, on the mean of the "bid-and-ask" for non-listed securities, or on a valuation model in the case of fixed income securities that are not actively traded. These valuations are determined as of the end of each fiscal year. Purchases and sales of securities are recorded on the trade date. In addition, PBGC invests in and discloses its derivative investments in accordance with the guidance contained in the FASB ASC Topic 815, Subtopic 10, *Derivatives and Hedging — Overall*. Investment income is accrued as earned. Dividend income is recorded on the ex-dividend date. Realized gains and losses on sales of investments are calculated using first-in, first-out for the revolving fund and weighted average cost for the trust fund. PBGC marks the plan's assets to market, and any increase or decrease in the market value of a plan's assets occurring after the date on which the plan is terminated must, by law, be credited to or suffered by PBGC.

SPONSORS OF TERMINATED PLANS

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

PREMIUMS

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

CAPITALIZED ASSETS

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

OPERATING LEASE RIGHT OF USE ASSETS

Operating lease right-of-use (ROU) assets includes the costs for the right to use the underlying asset during the lease term. These costs are shown net of accumulated depreciation and amortization. See Note 10, Leases for further details.

PRESENT VALUE OF FUTURE BENEFITS (PVFB)

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

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

PVFB is reported as follows:

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

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

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

(4) Net Claims for Probable Terminations: Represents (under a specific identification process), controlled groups having $50 million or more of underfunding. PBGC recognizes a contingent loss for the estimated net claim of those plans meeting the probable termination criteria. These estimated losses are based on conditions that existed as of PBGC's fiscal year-end. PBGC believes it is likely that one or more events subsequent to the fiscal year-end will occur, confirming the loss.

In accordance with the FASB ASC Topic 450, Subtopic 20, PBGC recognizes net claims for probable terminations which represent PBGC's best estimate of the losses, net of plan assets, and the present value of expected recoveries (from sponsors and members of their controlled group) for plans that are likely to terminate in the future. Criteria used for classifying a specific single-employer plan as a probable termination include, but are not limited to, one or more of the following conditions: the plan sponsor is in liquidation or comparable state insolvency proceeding with no known solvent controlled group member; the sponsor has filed or intends to file for distress plan termination and the criteria will likely be met; or PBGC is considering initiating plan termination. In addition, PBGC takes into account other economic events and factors in making judgments regarding the classification of a plan as a probable termination. These events and factors may include, but are not limited to, the following: the plan sponsor is in bankruptcy or has indicated that a bankruptcy filing is imminent; the plan sponsor has stated that plan termination is likely; the plan sponsor has received a going concern opinion from its independent auditors; or the plan sponsor is in default under existing credit agreement(s).

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

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

In accordance with the FASB ASC Topic 450, Subtopic 20*,* PBGC's exposure to losses from plan sponsors that are classified as reasonably possible is disclosed in the footnotes (see Note 9). Criteria used for classifying a company as reasonably possible include, but are not limited to, one or more of the following conditions: the plan sponsor is in Chapter 11 reorganization; a funding waiver is pending or outstanding with the Internal Revenue Service (IRS); the sponsor missed a minimum funding contribution; the sponsor's bond rating is equal to or below Standard & Poor's CCC+ or Moody's (Caa1); or the sponsor has no bond rating but the Dun & Bradstreet Failure Score (formerly Financial Stress Score) is below the level of default threshold equivalent to CCC+/Caa1.

PRESENT VALUE OF NONRECOVERABLE FUTURE FINANCIAL ASSISTANCE (PVNFFA)

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

The PVNFFA assistance represents the estimated nonrecoverable payments to be provided by PBGC in the future to multiemployer plans that will not be able to meet their benefit obligations. The PVNFFA is based on the difference between the present value of future guaranteed benefits and expenses and the market value of plan assets, including the present value of future amounts expected to be paid by employers, for those plans that are expected to require future assistance. The amount reflects the rates at which, in the opinion of PBGC, these liabilities (net of expenses) could be settled in the market for single-premium nonparticipating group annuities issued by private insurers (see discussion of curve of interest rate factors in Note 6).

A liability for a particular plan is included in the "Present Value of Nonrecoverable Future Financial Assistance" when it is determined that the plan is currently, or will likely become in the future, insolvent and will require assistance to pay the participants their guaranteed benefits. In accordance with the FASB ASC Topic 450, Subtopic 20*,* PBGC recognizes net claims for probable insolvencies for plans that are likely to become insolvent and may require future financial assistance. Projecting a future insolvency requires considering several complex factors, such as an estimate of future cash flows, future mortality rates, and age of participants not in pay status.

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

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

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

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

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

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

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

The PVNFFA is presented in the Liability section of the Statement of Financial Position (see Note 7).

ADMINISTRATIVE EXPENSES

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

For the year-ending September 30, 2025, the Administrative Expense Reimbursement Ratio is determined to be the most representative methodology to allocate actual indirect administrative expenses, as well as to record the actual direct expenses attributable to the Single-Employer and Multiemployer Programs. The

Administrative Expense Reimbursement Ratio calculates the ratios of direct administrative expenses for both the Single-Employer and Multiemployer Programs over the total direct administrative expenses. These ratios are then used to allocate the indirect administrative expenses for both the Single-Employer and Multiemployer Programs. This is PBGC's change in estimate based on the updated methodology for allocating administrative expenses.

OTHER EXPENSES

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

LOSSES FROM COMPLETED AND PROBABLE TERMINATIONS

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

ACTUARIAL ADJUSTMENTS AND CHARGES (CREDITS)

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

DEPRECIATION AND AMORTIZATION

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

SPECIAL FINANCIAL ASSISTANCE

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

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

The SFA Program provides PBGC appropriated SFA funds (outside the revolving fund) to cover assistance to eligible multiemployer plans and PBGC's SFA administrative expenses. At the end of each fiscal year, any unused (i.e., unobligated) appropriated SFA funds must be returned to the U.S. Treasury General Fund.

NOTE 3: INVESTMENTS

Premium receipts are invested through the revolving fund in U.S. Treasury securities. The trust funds include assets that PBGC assumes or expects to assume with respect to terminated single-employer plans (e.g., recoveries from sponsors) and investment income thereon. These assets generally are held by custodian banks. The basis and market value of the investments by type are detailed below, as well as related investment profile data. The basis indicated is the cost of the asset if assumed after the date of plan termination or the market value at date of plan termination if the asset was assumed as a result of a plan's termination. PBGC marks the plan's assets to market, and any increase or decrease in the market value of a plan's assets occurring after the date on which the plan is terminated must, by law, be credited to or suffered by PBGC. Investment securities denominated in foreign currency are translated into U.S. dollars at the prevailing exchange rates at period ended September 30, 2025. Purchases and sales of investment securities, income, and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions. The portfolio does not isolate that portion of the results of operations resulting from changes in foreign exchange rates of investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments. For PBGC's securities, unrealized holding gains and losses are both recognized by including them in earnings. Unrealized holding gains and losses measure the total change in fair value — consisting of unpaid interest income earned or unpaid accrued dividend and the remaining change in fair value from holding the security.

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

Bond Forwards are reported to “Receivables, net – Sale of securities”, and “Due for purchases of securities”; TBAs are reported to “Receivables, net – Sale of securities”, “Due for purchases of securities”, and “Fixed income securities” from derivative contracts receivables and payables. As of September 30, 2025, TBA receivables were $1,612 million and no Bond Forward receivables were reported. In addition, as of September 30, 2025, TBA payables were $3,517 million and no Bond Forward payables were reported.

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

	September 30, 2025	
(Dollars in millions)	**Basis [1]**	**Market Value**
Fixed income securities:		
U.S. Government securities	**$75,357**	**$74,060**
Commercial paper/securities purchased under repurchase agreements	**1,232**	**1,232**
Asset backed securities	**11,127**	**11,032**
Pooled funds		
Domestic	**2,847**	**2,621**
International	**-**	**-**
Global/other	**187**	**187**
Corporate bonds and other	**14,704**	**14,227**
International securities	**6,565**	**6,715**
Subtotal	**112,019**	**110,074**
Equity securities:		
Domestic	**1,142**	**1,373**
International	**2,809**	**3,690**
Pooled funds		
Domestic	**2,877**	**9,589**
International	**1,090**	**2,903**
Global/other	**9**	**9**
Subtotal	**7,927**	**17,564**
Private equity	**1,186**	**251**
Real estate and real estate investment trusts	**1,993**	**1,972**
Insurance contracts and other investments	**291**	**385**
Total[2]	**$123,416**	**$130,246** [3]

[1] Cost basis/amortized cost basis.

[2] Total includes securities on loan at September 30, 2025 with a market value of $9,328 million

[3] This total of $130,246 million of investments at market value represents the single-employer assets only.

INVESTMENTS OF MULTIEMPLOYER REVOLVING FUNDS AND MULTIEMPLOYER TRUSTEED PLANS

	September 30, 2025	
(Dollars in millions)	**Basis [1]**	**Market Value**
Investment securities:		
Fixed U.S. Government securities	**$4,318**	**$4,242**
Equity securities	**-**	**-**
Total	**$4,318**	**$4,242**

[1] Cost basis/amortized cost basis.

INVESTMENT PROFILE

	September 30, 2025
Fixed Income Assets	
Average Quality	**AA**
Average Maturity (years)	**6.8**
Duration (years)	**4.6**
Yield to Maturity (%)	**4.4**
Equity Assets	
Average Price/Earnings Ratio	**24.1**
Dividend Yield (%)	**1.9**
Beta	**1.0**

DERIVATIVE INSTRUMENTS

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

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

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

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

PBGC's investment managers invest in products that use various U.S. and non-U.S. derivative instruments. Those products include, but are not limited to: index futures; options; money market futures; government bond futures; interest rate, credit default, and total return swaps and swaption (an option on a swap) contracts; stock warrants and rights; debt option contracts; and foreign currency futures, forward, and option contracts. Some of these derivatives are traded on organized exchanges and thus bear minimal counterparty risk. The counterparties to PBGC's non-exchange-traded derivative contracts are major financial institutions subject to ISDA (International Swaps and Derivatives Association, Inc.) master agreements or IFEMAs

(International Foreign Exchange Master Agreements) and minimum credit ratings required by investment guidelines. PBGC monitors PBGC's counterparty risk and exchanges collateral under most contracts to further support performance by counterparties. Required margin (collateral) for exchange traded and non-exchange traded centrally cleared derivatives is maintained by a clearinghouse to support the performance by counterparties, which are members of the clearinghouse, and collateral is exchanged directly with counterparties for non-exchange traded non-centrally cleared derivatives. A clearinghouse reduces the settlement risks by netting transactions between multiple counterparties and by requiring higher levels of collateral deposits or margin requirements compared to bilateral arrangements. Settlement risks are also reduced by the clearinghouse providing independent valuation of trades and margin, monitoring the credit worthiness of the clearing firms, and providing a guarantee fund, which could be used to cover losses that exceed a defaulting clearing firm's margin on deposit.

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

PBGC also invests in forward contracts. A forward foreign currency contract is a commitment to purchase or sell a foreign currency at the settlement date (in the future) at a negotiated rate or to make settlement based on comparable economics, but without actually delivering the foreign currency. Foreign currency forward, futures, and option contracts may be used as a substitute for cash currency holdings or to reduce currency risk associated with changes in foreign currency exchange rates. In this manner the investment manager may adjust overall currency exposure to reflect their investment views of the relationships between currencies.

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

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

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

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

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

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

For the fiscal year ended September 30, 2025, gains and losses from settled margin calls are reported in "Investment income" on the Statement of Operations. Securities and cash are pledged as collateral for derivative contracts (e.g., futures and swaps) and are recorded as a receivable or payable.

FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*, requires the disclosure of fair values of derivative instruments and their gains and losses in its financial statements of both the derivative positions existing at period ending September 30, 2025 and the effect of using derivatives during the reporting period.

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

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

FAIR VALUES OF DERIVATIVE INSTRUMENTS

	Asset Derivative		
		September 30, 2025	
(Dollars in millions)	Statement of Financial Position Location	Notional	FMV
Futures	Derivative Contracts	$6,193	$44
Swap contracts			
Interest rate swaps	Investments-Fixed	4,647	25
Other derivative swaps	Investments-Fixed	1,339	24
Option contracts	Investments-Fixed	69	0 *
Forwards - foreign exchange	Investments-Fixed	21,506	(14)
	Investments-Equity	-	-

	Liability Derivative		
		September 30, 2025	
(Dollars in millions)	Statement of Financial Position Location	Notional	FMV
Futures	Derivative Contracts	$3,443	($8)
Option contracts	Derivative Contracts	20	0 *

* Less than $500,000

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

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

OFFSETTING OF DERIVATIVE ASSETS FAIR VALUE

(Dollars in millions)	September 30, 2025 Gross Amount of Recognized Assets	Gross Amounts Offset in Statement of Financial Position	Net Amounts of Assets Presented in Statement of Financial Position
Derivatives			
Interest-rate contracts	**$ -**	**$ -**	**$ -**
Foreign exchange contracts	**241**	**(219)**	**22**
Other derivative contracts[1]	**0***	**0***	**0***
Cash collateral nettings	**-**	**12**	**12**
Total Derivatives	**$241**	**($207)**	**$34**
Other financial instruments[2]			
Repurchase agreements	**1,314**	**-**	**1,314**
Securities lending collateral	**8,965**	**-**	**8,965**
Total derivatives and other financial instruments	**$10,520**	**($207)**	**$10,313**

(Dollars in millions)	September 30, 2025 Gross Amounts Not Offset in Statement of Financial Position		
	Net Amount of Assets Presented in Statement of Financial Position	Collateral Received	Net Amount
Repurchase agreements	**$1,314**	**$ -**	**$1,314**
Security lending collateral	**8,965**	**(8,965)**	**-**
Total	**$10,279**	**($8,965)**	**$1,314**

* Less than $500,000

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

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

OFFSETTING OF DERIVATIVE LIABILITIES FAIR VALUE

(Dollars in millions)	September 30, 2025 Gross Amount of Recognized Liabilities	Gross Amounts Offset in Statement of Financial Position	Net Amounts of Assets Presented in Statement of Financial Position
Derivatives			
Interest-rate contracts	$ -	$ -	$ -
Foreign exchange contracts	255	(218)	37
Other derivative contracts[1]	0*	0*	0*
Cash collateral nettings	-	-	-
Total Derivatives	**$255**	**($218)**	**$37**
Other financial instruments[2]			
Resale agreements	$ -	$ -	$ -
Securities lending collateral	8,965	-	8,965
Total derivatives and other financial instruments	**$9,220**	**($218)**	**$9,002**

(Dollars in millions)	September 30, 2025 Net Amount of Liabilities Presented in Statement of Financial Position	Gross Amounts Not Offset in Statement of Financial Position: Collateral Received	Net Amount
Resale agreements	$ -	$ -	$ -
Security lending collateral	8,965	(8,965)	-
Total	**$8,965**	**($8,965)**	**$ -**

* Less than $500,000

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

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

The following table identifies the location of derivative gains and losses on the Statement of Operations as of September 30, 2025.

EFFECT OF DERIVATIVE CONTRACTS ON THE STATEMENT OF OPERATIONS

(Dollars in millions)	Location of Gain or (Loss) Recognized in Income on Derivatives	**Amount of Gain or (Loss) Recognized in Income on Derivatives September 30, 2025**
Futures		
Contracts in a receivable position	Investment Income-Fixed	**$211**
Contracts in a receivable position	Investment Income-Equity	**-**
Contracts in a payable position	Investment Income-Fixed	**(275)**
Contracts in a payable position	Investment Income-Equity	**1**
Swap agreements		
Interest rate swaps	Investment Income-Fixed	**38**
Other derivative swaps	Investment Income-Fixed	**(1)**
Option contracts		
Options purchased (long)	Investment Income-Fixed	**(1)**
Options purchased (long)	Investment Income-Equity	**-**
Options written (sold short)	Investment Income-Fixed	**1**
Options written (sold short)	Investment Income-Equity	**-**
Forward contracts		
Forwards - foreign exchange	Investment Income-Fixed	**(6)**
	Investment Income-Equity	**0 ***

* Less than $500,000

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

SECURITIES LENDING

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

For the year ended September 30, 2025, securities lending statistics were (the average value):

- Securities on loan: $9,079 million
- Lendable securities: $38,003 million
- Utilization rate of the lendable securities: 24% (securities on loan divided by lendable securities)
- U.S. Government securities on loan: $5,857 million. (65% of securities on loan)

- U.S. Government lendable securities: $12,608 million (33% of lendable securities)
- Utilization of U.S. Government securities: 46%
- U.S. Corporate Bond and Equity securities on loan: $2,991 million (33% of securities on loan)
- U.S. Corporate Bond and Equity lendable securities: $19,512 million (51% of lendable securities)
- Utilization of U.S. Corporate Bond and Equity securities: 15%

The following table presents utilization rates of investment securities in the custodian administered securities lending program.

UTILIZATION RATES IN THE SECURITIES LENDING PROGRAM

	Daily Utilization Rates at Sept. 30, 2025	Fiscal Year 2025 Average Utilization Rates
U.S. Government Securities	46%	46%
U.S. Corporate Bond & Equity	15%	15%
Non-U.S. Corporate Bond & Equity	4%	4%
Non-U.S. Fixed Income	4%	4%
Total PBGC Program	24%	24%

The amount of cash collateral received for securities on loan at September 30, 2025 was $8,965 million. This amount was recorded as an asset and was offset with a corresponding liability. For lending agreements collateralized by securities, no accompanying asset or liability is recorded, as PBGC does not sell or re-pledge the associated collateral. For those securities lending activities that PBGC directs through its custodian manager, the Corporation chooses to invest cash collateral from securities lending in the PBGC Collateral Fund.

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

PBGC’s earnings from its agency securities lending programs as of September 30, 2025 was $21 million. Also contributing to PBGC’s securities lending income is its participation in the commingled index funds mentioned above. Net income from securities lending is included in “Investment income – Fixed” on the Statement of Operations.

PBGC does not have the right by contract or custom to sell or re-pledge non-cash collateral, and therefore it is not reported on the Statement of Financial Position. Non-cash collateral, which consists of highly rated debt instruments, remains at meaningful levels.

REPURCHASE AGREEMENTS

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

As of September 30, 2025, PBGC had $1,314 million of repurchase agreements. Repurchase agreements include maturities of one day which is reported as an asset and included in the "Cash and cash equivalents" balance. Those that mature in more than one day are reported under "Fixed income securities." There was no associated liability for secured borrowings reported as "Securities sold under repurchase agreements." PBGC has no restrictions placed on the cash received for all its outstanding repurchase agreements as of September 30, 2025.

NOTE 4: DERIVATIVE CONTRACTS

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

Amounts in the table below represent the derivative contracts in a receivable position at September 30, 2025. Collateral deposits of $211 million, which represent cash paid as collateral on certain derivative contracts, are shown below.

DERIVATIVE CONTRACTS

(Dollars in millions)	**September 30, 2025**
Receivables on derivatives:	
Collateral deposits	**$211** [1]
Futures contracts	**44**
Interest rate swaps (open trade receivable)	**47**
Other derivative swaps (open trade receivable)	**123**
Total	**$425**

[1] Where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits receivable are $211 million ($238 million gross collateral deposits receivable less $27 million due to a netting of collateral deposits receivable and payable).

Amounts in the Derivative Contracts table below represent derivative contracts in a payable position at September 30, 2025, which PBGC reflects as a liability. Collateral deposits of $156 million, which represent cash received as collateral on certain derivative contracts, are included.

DERIVATIVE CONTRACTS

(Dollars in millions)	**September 30, 2025**
Payables on derivatives:	
Collateral deposits	**$156** [1]
Futures contracts	**8**
Interest rate swaps (open trade payable)	**47**
Other derivative swaps (open trade payable)	**124**
Options fixed/equity – income	**0** *
Total	**$335**

*Less than $500,000

[1] Where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net –Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits payable are $156 million ($183 million gross collateral deposits payable less $27 million due to a netting of collateral deposits receivable and payable).

NOTE 5: FAIR VALUE MEASUREMENTS

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

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

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

PBGC believes that its valuation techniques and underlying assumptions used to measure fair value conform to the provisions of Section 820. PBGC has categorized the financial assets and liabilities that PBGC carries at fair value in the Statement of Financial Position based upon the standard's valuation hierarchy. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to pricing methods with significant observable market inputs (Level 2), and the lowest priority to significant unobservable valuation inputs (Level 3). The fair value table affected by this guidance is found in PBGC Financial Statements Note 5, Fair Value Measurements.

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

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

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

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

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

(Dollars in millions)	**Quoted Market Prices in Active Markets (Level 1)**	**Pricing Methods with Significant Observable Market Inputs (Level 2)**	**Pricing Methods with Significant Unobservable Market Inputs (Level 3)**	**Total Net Carrying Value in Statements of Financial Position**
Assets				
Cash and cash equivalents	($20)	$9,900	$ -	$9,880
Securities lending collateral[1]	-	8,965	-	8,965
Investments:				
Fixed income securities				
U.S. Government securities	-	78,302	-	
Commercial paper/securities purchased under repurchase agreements	-	1,232	-	
Asset backed/Mortgage backed securities	-	11,032	-	
Pooled funds[2]	78	2,726	4	
Corporate bonds and other	0*	14,226	1	
International securities	(14)	6,729	0*	
Total Fixed income securities	64	114,247	5	114,316
Equity securities:				
Domestic	1,352	15	6	
International	3,690	0*	0*	
Pooled funds[2]	41	12,460	-	
Total Equity Securities	5,083	12,475	6	17,564
Private Equity	-	-	251	251
Real estate and real estate investment trusts	1,529	377	66	1,972
Insurance contracts and other investments	-	232	153	385
Receivables: [3]				
Derivative contracts[4]	44	381	-	425
Liabilities				
Payables: [3]				
Derivative contracts[5]	8	327	-	335

* Less than $500,000.

1 For securities lending details, please refer to the Securities lending section in Note 3 – Investments.

2 Pooled funds fixed and Pooled funds equity consists of domestic, international and global/other.

3 Where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits receivable are $211 million ($238 million gross collateral deposits receivable less $27 million due to a netting of collateral deposits receivable and payable). Collateral deposits payable are $156 million ($183 million gross collateral deposits payable less $27 million due to a netting of collateral deposits receivable and payable).

4 Derivative contracts receivables are comprised of open receivable trades on futures, swaps, and collateral deposits. See the Derivative Contracts table under Note 4.

5 Derivative contracts payables are comprised of open payable trades on futures, swaps, options, and collateral deposits. See the Derivative Contracts table under Note 4.

Cash and cash equivalents, as well as U.S. Government securities categorized as Level 2 in the table above include $321 million and $4,242 million, respectively, for the Multiemployer Program.

CHANGES IN LEVEL 3 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS FOR THE YEAR ENDED SEPTEMBER 30, 2025

(Dollars in millions)	Fair Value at September 30, 2024	Total Realized and Unrealized Gains (Losses) included in Income	Purchases	Sales	Transfers Into Level 3	Transfers Out of Level 3	Fair Value at September 30, 2025	Change in Unrealized Gains (Losses) Related to Financial Instrument s held at September 30, 2025[1]
Assets:								
Fixed Income Securities	$1	(2)	0*	0*	6	-	$5	($1)
Equity Securities	$6	0*	0*	0*	-	-	$6	0*
Private Equity	$-	(24)	484	(370)	161	-	$251	($27)
Real Estate & Real Estate Investment Trusts	$2	(8)	1	(2)	73	-	66	(4)
Insurance and Other	$194	(6)	10	(45)	-	-	$153	($31)

* Less than $500,000.

[1] Amounts included in this column solely represent changes in unrealized gains and losses and cannot be derived from other columns from this table.

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

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

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

(Dollars in millions)	Interest Factors		
	-100 basis point	**Official (2), (3)**	**+100 basis point**
Single-Employer Program[4]	$80,679	$75,148	$70,377
Multiemployer Program	2,130	1,964	1,820
Total	**$82,809**	**$77,112**	**$72,197**

[1] Level 3 Fair Value Measurements.
[2] Actual Spot Curve factors and PVFB amounts calculated for September 30, 2025, fiscal year-end financial statements.
[3] Interest factors vary annually from 4.30% in year 1 to 5.53% in year 30 and are assumed to remain level thereafter.
[4] Gross PVFB liability for trusteed plans prior to the netting of recoveries.

NOTE 6: PRESENT VALUE OF FUTURE BENEFITS

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

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

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

The interest factors determined as the best fit for the price information from the four most recent ACLI surveys, as of June 30, 2025, March 31, 2025, December 31, 2024 and September 30, 2024 have been adjusted to the date of the financial statements using market interest rates. For this purpose, underlying market interest rates are based on a weighted average of corporate bond and Treasury rates using rate information obtained from the Intercontinental Exchange (ICE) index data platform. Corporate bond rates are from the ICE AAA-A3 market-weighted corporate bond spot curve which is based primarily on single A bond rates. Treasury rates are from the ICE U.S. Government spot curve. In PBGC's opinion, the liability for future benefit payments, net of administrative expenses, could be settled in the market for single-premium nonparticipating group annuities issued by private insurers on September 30, 2025 using these developed interest factors.

To derive the curve of interest factors, PBGC continues to use the latest Society of Actuaries' (SOA) private sector pensioner mortality table, released October 2019. Mortality rates are assumed to follow the Pri-2012 mortality tables, using separate tables applied for Employees and for Non-Disabled Annuitants. The MP-2021 mortality improvement scales also continues to be used. The latest SOA mortality tables are PBGC's best estimate of the mortality assumption being used by insurance companies to determine group annuity premiums.

The table below shows the September 30, 2025 spot rate yield curve. Future payments are discounted by the single spot rate applicable for the future year in which the payment is made. For September 30, 2025, the spot rate yield curve starts with an interest factor of 4.30% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 5.53% and is assumed to remain level thereafter.

CURVE OF SPOT RATES FOR SEPTEMBER 30, 2025

Period (in Years)	09/30/2025	Period (in Years)	09/30/2025
1	4.30%	16	5.52%
2	4.30%	17	5.57%
3	4.36%	18	5.61%
4	4.44%	19	5.65%
5	4.53%	20	5.68%
6	4.63%	21	5.69%
7	4.74%	22	5.70%
8	4.84%	23	5.71%
9	4.94%	24	5.70%
10	5.04%	25	5.69%
11	5.14%	26	5.67%
12	5.23%	27	5.64%
13	5.31%	28	5.61%
14	5.38%	29	5.57%
15	5.45%	30	5.53%
		Longer Periods	5.53%

PBGC uses a fully generational mortality assumption, in combination with the spot rates above, to measure the PVFB. Based on the results of a 2023 study of PBGC's single-employer mortality experience an updated mortality assumption was adopted for the September 30, 2023, and subsequent Financial Statements. The study recommended the use of the Pri-2012 Total Dataset Mortality tables, separate base mortality rates for annuitants and non-annuitants with adjustments, for healthy participants and setting ages forward or backward for disabled participants depending on a disabled participant's sex and eligibility for Social Security. The resulting tables are projected generationally using the most currently available projection scale, which is Scale MP-2021.

Thus, the mortality tables PBGC used to determine liabilities as of September 30, 2025, consisted of the Pri-2012 Total Dataset Annuitant and Non-Annuitant Mortality Tables Healthy Male and Female with adjustments projected generationally with the MP-2021 improvement scale.

Based on the results of a 2023 study of PBGC's case administration expenses, an updated expense assumption was adopted for the September 30, 2023, and subsequent financial statements. The expense reserve remained as 0.68% of the PVFB but the additional reserves decreased for plans in which plan asset valuations, participant database audits, and actuarial valuations were not yet complete. In addition to the completion of these milestones, PBGC continues to base the reserve on plan size, number of participants, and time since trusteeship. The expense loading factor of 0.68% for ongoing benefit payments represents the estimate of expenses incurred from the ongoing payment of administrative expenses for participants receiving benefits. The expense factors are applied to current data to calculate expense liabilities for each financial statement close. For September 30, 2025, year-end, PBGC used the same expense reserve factors for administrative expenses.

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

The PVFB for trusteed plans for FY 2025 reflect the payment of benefits and the changes in interest and mortality assumptions, expected interest, and the effect of experience. The resulting liability represents PBGC's best estimate of the measure of anticipated experience under these programs.

The table below summarizes the actuarial adjustments, charges, and credits that explain how the Corporation's Single-Employer Program liability for the PVFB changed for the fiscal year ended September 30, 2025.

RECONCILIATION OF THE PRESENT VALUE OF FUTURE BENEFITS FOR THE YEAR ENDED SEPTEMBER 30, 2025

(Dollars in millions)	September 30, 2025	
Present value of future benefits, at beginning of year -- Single-Employer, net		**$78,666**
Estimated recoveries, prior year		**26**
Assets of terminated plans pending trusteeship, net, prior year		**26**
Present value of future benefits at beginning of year, gross		**78,718**
Settlements and judgments, prior year		**(17)**
Net claims for probable terminations, prior year		**(131)**
Actuarial adjustments -- underwriting:		
Changes in method and assumptions	**41**	
Effect of experience	**(284)**	
Total actuarial adjustments -- underwriting	**(243)**	
Actuarial charges -- financial:		
Expected interest	**3,359**	
Change in interest factors	**(1,477)**	
Total actuarial charges -- financial	**1,882**	
Total actuarial charges, current year		**1,639**
Terminations:		
Current year	**1,340**	
Changes in prior year	**40**	
Total terminations		**1,380**
Benefit payments, current year[1]		**(6,426)**
Estimated recoveries, current year		**(15)**
Assets of terminated plans pending trusteeship, net, current year		**(6)**
Settlements and judgments, current year [2]		**0**
Net claims for probable terminations:		
Future benefits	**25**	
Estimated plan assets and recoveries from sponsors	**0**	
Total net claims, current year[3]		**25**
Present value of future benefits, at end of year -- Single-Employer, net		**75,167**
Present value of future benefits, at end of year -- Multiemployer		**0***
Total present value of future benefits, at end of year, net		**$75,167**

* Less than $500,000 (actual amount is $16,902 for the 10 Pre-MPPAA (Multiemployer Pension Plan Amendments Act) trusteed multiemployer plans at September 30, 2025).

1 The benefit payments of $6,426 million for FY 2025, includes a $14 million payment for benefits paid from plan assets prior to trusteeship.

2 PBGC determined that any future Page/Collins settlement payouts will be unlikely and negligeable. Therefore, future liability payments of this class action settlement should be classified as remote per FASB Accounting Standards Codification 450, Contingences, a remote contingency is not required to be disclosed in the footnotes and no accrual needs to be recorded. Accordingly, PBGC removed the Page/Collins estimated liability on the Statement of Financial Position with a corresponding credit to Losses (credits) from completed and probable terminations on the Statement of Operations.

3 Net claims of future benefits for probable terminations of $25 million include $25 million for probable terminations not specifically identified. There were no single-employer plans specifically identified as probables at September 30, 2025.

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

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

(Dollars in millions)	September 30, 2025 Basis	September 30, 2025 Market Value
U.S. Government securities	$ -	$ -
Corporate and other bonds	3	3
Equity securities	3	3
Private equity	-	-
Insurance contracts	0 *	0 *
Other	-	-
Total, net	$6	$6

*Less than $500,000

NET CLAIMS FOR PROBABLE TERMINATIONS

Factors that at present are not fully determinable may be responsible for why these claim estimates differ from actual experience. Included in net claims for probable terminations is a provision for future benefit liabilities for plans not specifically identified. This reserve for small unidentified probable losses is recorded for the estimated future contingent losses stemming from insured single-employer plans with an aggregate underfunding of less than $50 million. The reserve is based on the historic three-year rolling average of actual plan terminations (with an aggregate underfunding of less than $50 million) and indexed to the S&P 500 to reflect changes in economic conditions. The September 30, 2025, Net Claims for Probable Terminations is $25 million, of which all $25 million is from the reserve for small unidentified probable losses. There were no single-employer plans specifically identified as probables at September 30, 2025.

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

RECONCILIATION OF NET CLAIMS FOR PROBABLE TERMINATIONS

(Dollars in millions)	September 30, 2025	
Net claims for probable terminations, at beginning of year		$131
New claims	-	
Actual terminations	(96)	
Deleted probables	-	
Change in benefit liabilities	(10)	
Change in plan assets	-	
Loss (credit) on probables		(106)
Net claims for probable terminations, at end of year		$25

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

PROBABLES EXPOSURE BY INDUSTRY (PRINCIPAL CATEGORIES)

(Dollars in millions)	**FY 2025**
Retail	**$ -**
Manufacturing	**-**
Transportation, Communication and Utilities	**-**
Healthcare Services	**-**
Total[1,2]	**$ -**

[1] Total excludes a small unidentified bulk reserve of $25 million for September 30, 2025.
[2] For fiscal year ended September 30, 2025, PBGC did not have any specifically identified single-employer plans classified as probable in inventory.

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

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

ACTUAL PROBABLES EXPERIENCE

As Initially Recorded Beginning in 1987

(Dollars in millions)	**Status of Probables from 1987-2024 at September 30, 2025**			
Beginning in 1987, number of plans reported as Probable:	Number of Plans	Percent of Plans	Net Claim	Percent of Net Claim
Probables terminated	392	79%	$36,037	75%
Probables not yet terminated or deleted	-	0%	-	0%
Probables deleted	106	21%	12,233	25%
Total	498	100%	$48,270	100%

NOTE 7: MULTIEMPLOYER FINANCIAL ASSISTANCE

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

NOTES RECEIVABLE MULTIEMPLOYER TRADITIONAL FINANCIAL ASSISTANCE

(Dollars in millions)	**September 30, 2025**
Gross balance at beginning of year	**$3,323**
Financial assistance payments	**169**
Financial assistance - premiums waived	**4**
Write-offs related to settlement agreements	**0** *
SFA - Traditional Financial Assistance Repayments	**(12)**
Change in accrued interest on notes receivable	**253**
Subtotal	**3,737**
Allowance for uncollectible amounts	**(3,667)**
Net balance at end of year	**$70** [1]

* Less than $500,000

[1] This receivable balance of $70 million (financial assistance plus interest that is expected to be returned to PBGC) represents the reduction to the allowance for uncollectible amounts relating to the insolvent plans that became eligible for Special Financial Assistance (SFA).

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

PBGC calculates the standardized projected Date of Insolvency (DOI) for high risk small-sized multiemployer plans. If the projected DOI is within 20 years of the PBGC financial statement date, actuarial calculations are performed on a plan-by-plan basis for nonrecoverable future financial assistance, utilizing certain generalized assumptions that are appropriate for a bulk reserve.

Financial obligations for these plans are classified into the categories based on their projected DOI as follows:

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

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

To determine the probable liability, ongoing plans are divided into segments based on the number of plan participants with different processes by plan size. For small plans (less than 2,500 participants) and for medium-sized plans (2,500 to 35,000 participants), risk-based rules are applied using a cash-flow model to derive the probable liability. For large plans (more than 35,000 participants), PBGC identifies ongoing high-risk plans and then calculates projected dates of insolvency for these plans to measure the probable liability. As of September 30, 2025, the reserve has been adjusted to reflect the Special Financial Assistance (SFA) Program enacted with ARP.

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

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

PBGC must process all SFA applications within 120 days of receipt. Upon PBGC's approval of the plan's application, PBGC will approve the payment of the SFA funds to the plan. PBGC's accrued and contingent liability calculations account for expected future income at the plan level. With the establishment of the SFA Program this expected future income now includes SFA for eligible plans. Accordingly, in order to accurately reflect the impact of SFA eligibility on PBGC's accrued and contingent liability, multiemployer plans expected to be eligible and eventually approved for SFA are not considered high risk and are not included in contingent liabilities.

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

In FY 2025, there was no additional traditional financial assistance liability removed from the multiemployer insolvent category due to a plan's eligibility to receive SFA. This traditional financial assistance liability attributed to plans eligible for SFA was removed in previous years.

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

As of September 30, 2025, the Corporation expects that 120 individually identified multiemployer plans have exhausted or will exhaust plan assets and need financial assistance from PBGC to pay guaranteed benefits and plan administrative expenses. The present value of nonrecoverable future financial assistance for these 120 plans is $1,964 million (inclusive of the reserve for small ongoing plan losses not individually identified). The 120 plans fall into three categories: (1) plans currently receiving financial assistance (whether terminated or not); (2) plans that have terminated but have not yet started receiving financial assistance from PBGC; and (3) ongoing plans (not terminated) that the Corporation expects will require financial assistance in the future. The latter two categories are comprised of multiemployer probables as defined by the following classification criteria:

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

MULTIEMPLOYER TRADITIONAL FINANCIAL ASSISTANCE

	September 30, 2025	
(Dollars in millions)	**Number of Plans**	**Net Liability**
Plans currently receiving financial assistance	**92** [1]	**$1,628**
Plans that have terminated but have not yet started receiving financial assistance (classified as probable)	**28** [2]	**291**
Ongoing plans (not terminated) that the Corporation expects will require financial assistance in the future (classified as probable)	**0** [3]	**45** [4]
Total	**120**	**$1,964**

[1] One plan was transferred from “Plans that have terminated but have not yet started receiving financial assistance (classified as probable)”.
[2] Three plans were removed from inventory due to having sufficient assets to cover benefit liabilities, one plan was added to inventory, and one plan was transferred to “Plans currently receiving financial assistance”.
[3] No plans were added, transferred, or removed from “Ongoing plans”.
[4] “Ongoing plans” include a small unidentified probable bulk reserve of $45 million.

Of the 120 plans:

a) 92 plans have exhausted plan assets and are currently receiving financial assistance payments from PBGC. The present value of future financial assistance payments for these insolvent 92 plans is $1,628 million.

b) 28 plans have terminated but have not yet started receiving financial assistance payments from PBGC. Terminated multiemployer plans no longer have employers making regular contributions for covered work, though some plans continue to receive withdrawal liability payments from withdrawn employers. In general, PBGC records a loss for future financial assistance for any underfunded multiemployer plan that has terminated. The present value of future financial assistance payments for these 28 terminated plans is $291 million.

c) There were no ongoing plans that the Corporation expects will require financial assistance in the future (classified as probable). This balance includes the small unidentified probable bulk reserve of $45 million.

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

(Dollars in millions)	September 30, 2025	
Balance at beginning of year	**$2,070**	
Changes in allowance:		
Losses (credits) from insolvent and probable plans - financial assistance[1]	**24**	
Actuarial adjustments	**(15)**	
Actuarial charges (credits) - Insolvent plans:		
Due to expected interest	**74**	
Due to change in interest factors	**(33)**	
Financial assistance granted (previously accrued)	**(161)**	
Premium Waivers	**4**	
Write-Offs of Financial Assistance	**0**	*
Change in allowance for plans that became eligible for SFA[2]	**1**	
Balance at end of year	**$1,964**	

* Less than $500,000

[1]This $24 million in losses consists of a $27 million increase in the multiemployer small plan bulk reserve, a $20 million charge due to data changes, a $13 million charge due to expected interest on benefit liabilities, and a $5 million charge from the addition of one new multiemployer probable plan. This was offset by a $12 million credit due to change in interest factors which resulted from changes in market interest rates, a $11 million credit from change due to actual investment rates of return, a $7 million credit from the deletion of three multiemployer probable plans, and $11 million in net credits from other recurring actuarial adjustments.

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

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

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

Although the traditional financial assistance loans are not typically repaid, eligible plans receiving SFA must repay their preexisting traditional financial assistance loans. Once collected into the PBGC revolving fund, these funds will not be available for obligation until subsequently apportioned.

NOTE 8: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

(Dollars in millions)	Single-Employer Program Sept. 30, 2025	Multiemployer Program Sept. 30, 2025	Memorandom Total Sept. 30, 2025
Payroll and annual leave	$21	$0 *	$21
Accounts payable and accrued expenses	74	4	78
SFA – Payroll and annual leave	n/a	1	1
SFA – Accounts payable and accrued expenses	n/a	13 (1)	13
Total Accounts payable and accrued expenses	$95	$18	$113

* Less than $500,000

(1) Includes $12 million of unliquidated contributed transfer appropriation (see Note 18).

NOTE 9: REASONABLY POSSIBLE CONTINGENCIES

SINGLE-EMPLOYER PLANS

Single-employer plans sponsored by companies whose credit quality indicates substantial financial risk pose a reasonably possible (RP) risk of being terminated and trusteed under PBGC's single-employer guarantee program. The estimated unfunded vested benefit exposure amount disclosed represents PBGC's estimate of the RP exposure to loss given the inherent uncertainties about these plans.

In accordance with the FASB Accounting Standards Codification Topic 450, *Contingencies*, PBGC classified these companies as reasonably possible rather than probable terminations, reflecting the sponsors' financial condition and other factors that did not indicate termination of their plans was likely. This classification was based upon information available about the companies as of September 30, 2025.

The estimate of the RP exposure to loss for the single-employer plans of these companies was determined using a measurement date of September 30, 2025. The RP exposure to loss was $4,072 million for FY 2025.

Companies that had benefit liability in excess of the $900 million threshold applicable for FY 2025 were individually analyzed and classified. In combination, such companies represented approximately 80% of all benefit liabilities attributable to PBGC-insured single-employer plans. The RP exposure was individually measured for companies with these large plan liabilities and that also met the RP risk criteria described below. For companies with smaller plans, a reserve was calculated using an aggregate method of historic losses to estimate RP exposure, rather than reviewing each company individually.

PBGC's criteria for a single-employer plan sponsor to be classified as reasonably possible include one or more of the following:

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

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

c. A minimum funding contribution has been missed.

d. The sponsor(s) or parent company has an S&P senior unsecured credit rating or an issuer credit rating of CCC+ or below, or a Moody's senior unsecured credit rating, issuer credit rating, or corporate family rating of Caa1 or below. If the sponsor(s) or parent company does not have one of the ratings above, PBGC may use an industry specific rating such as an insurance financial strength rating, general obligation bond rating, or revenue bond rating.

e. The sponsor(s) or parent company has no credit rating but has a Dun & Bradstreet Failure Score of 1340 or lower.

f. The sponsor(s) or parent company has no credit rating, but analysis indicates that its unsecured debt would pose a substantial risk.

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

The RP exposure for FY 2025 was measured as of September 30, 2025 using the curve of spot rates presented in Note 6. PBGC used the separate Pri-2012 Employee and Non-Disabled Annuitant mortality tables projected generationally with improvement scale MP-2021. The expense load was calculated in accordance with 29 CFR Part 4044.52(d).

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

REASONABLY POSSIBLE EXPOSURE TO LOSS BY INDUSTRY (PRINCIPAL CATEGORIES)

(Dollars in millions)	**FY 2025**
Manufacturing	**$1,247**
Transportation, Communication and Utilities	**525**
Services	**0**
Wholesale and Retail Trade	**0**
Health Care	**0**
Finance, Insurance, and Real Estate	**0**
Agriculture, Mining, and Construction	**0**
Small Plan Bulk Reserve	**2,300**
Total	**$4,072**

MULTIEMPLOYER PLANS

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

Reasonably possible multiemployer classification is defined as an ongoing plan with a projected insolvency date between 10 and 20 years from the valuation date. In FY 2025, PBGC estimated that it is reasonably possible that four multiemployer plans may require future financial assistance in the amount of $105 million. Additionally, the reasonably possible aggregate reserve for small plans was $20 million at September 30, 2025. The small plan bulk reserve estimation methodology is described in Note 7.

PBGC calculated the future financial assistance liability for each multiemployer plan identified as probable (see Note 7), or reasonably possible. PBGC used a formula to calculate the present value of guaranteed future benefits and expense payments, net of any future contributions or withdrawal liability payments. These amounts were as of the later of September 30, 2025, or the projected date of plan insolvency, discounted back to September 30, 2025, utilizing the curve of spot rates presented in Note 6. PBGC's identification of plans that are likely to require such assistance and estimation of related amounts required consideration of many complex factors, including estimating future cash flows, future investment returns, future mortality rates, and retirement age of participants not in pay status. These factors are affected by future events, including actions by plans and their sponsors, most of which are beyond PBGC's control.

Both the probable liability and reasonably possible exposure are determined differently for different plan sizes.

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

NOTE 10: LEASES

PBGC has one real property operating lease for its headquarters office totaling $148.4 million in future lease commitments. This lease provides for periodic rate increases based on increases in operating costs and real estate taxes over the base amount. PBGC has elected to apply the practical expedient combining lease and non-lease components into one single lease component. PBGC's headquarters building is under a 15-year leasing agreement. In FY 2025, PBGC reduced the size (square footage) of its current leased office space and returned a total of 77,181 square feet or 18% of office space to GSA.

The minimum future lease payments for PBGC's headquarters has non-cancellable terms in excess of one year as of September 30, 2025, are as follows:

FUTURE LEASE PAYMENTS

(Dollars in millions)			
Years Ending September 30,	**Single-Employer Program**	**Multiemployer Program**	**Total Operating Leases**
2026	**$12.9**	**$0.2**	**$13.1**
2027	**13.0**	**0.2**	**13.2**
2028	**13.0**	**0.2**	**13.2**
2029	**13.0**	**0.2**	**13.2**
2030	**13.0**	**0.2**	**13.2**
Thereafter	**81.1**	**1.4**	**82.5**
Undiscounted Minimum lease payments[1]	**$146.0**	**$2.4**	**$148.4**
Discount[2]	**(30.0)**	**(0.5)**	**(30.5)**
Discounted Minimum lease payments	**$116.0**	**$1.9**	**$117.9**

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

Lease expenses for operating leases were $11.3 million in FY 2025. Less than $500,000 was allocated to SFA operating lease expense for FY 2025. Additionally, there were no new leases for FY 2025, nor did PBGC have any finance leases.

CASH PAYMENTS FOR LEASES FOR THE YEAR ENDED SEPTEMBER 30, 2025

(Dollars in millions)	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	**$7.2**
Operating cash flows from finance leases	**-**
Total cash payments for Leases[1]	**$7.2**

[1] Total cash payments for Leases include $0.1 million for the Multiemployer Program. Additionally, $0.4 million was allocated to the SFA Program.

LEASE RIGHT-OF-USE ASSETS FOR THE YEAR ENDED SEPTEMBER 30, 2025

(Dollars in millions)	
Leases:	
Operating Lease Right-of-Use Assets	**$97.1**
Finance Lease Right-of-Use Assets	**-**
Total Lease Right-of-Use-Assets[1]	**$97.1**

[1] Total Lease Right-of-Use Assets include $1.6 million for the Multiemployer Program.

CURRENT AND NONCURRENT LEASE LIABILITIES FOR THE YEAR ENDED SEPTEMBER 30, 2025

(Dollars in millions)	
Current and NonCurrent Lease Liabilities:	
Current Operating Lease Liabilities[1]	**$8.3**
NonCurrent Operating Lease Liabilities[2]	**109.6**
Subtotal Operating Lease Liabilities	**$117.9**
Current Finance Lease Liabilities	**$ -**
NonCurrent Finance Lease Liabilities	**-**
Subtotal Finance Lease Liabilities	**$ -**
Total Current and NonCurrent Lease Liabilities[1]	**$117.9**

[1] Current Operating Lease Liabilities include $0.1 million for the Multiemployer Program.
[2] NonCurrent Operating Lease Liabilities include $1.8 million for the Multiemployer Program.

WEIGHTED AVERAGES OF LEASES FOR THE YEAR ENDED SEPTEMBER 30, 2025

(Dollars in millions)	
Weighted Average for the Remaining Lease Term:	
Operating Leases	**11.42 Years**
Finance Leases	**-**
Weighted Average for the Risk-Free Rate:	
Operating Leases	**4.23%**
Finance Leases	**-**

NOTE 11: PREMIUMS

For both the Single-Employer and Multiemployer Programs, ERISA provides that PBGC continues to guarantee basic benefits even if a plan administrator fails to pay premiums when due. PBGC assesses interest and penalties on late or unpaid premiums. Interest continues to accrue until the premium and the interest due are paid, see Note 2 under Premiums for PBGC's premium revenue accounting policy. For plan years beginning in 2025, the per participant flat rate premium was $106 for single-employer pension plans and $39 for multiemployer plans.

Single-employer plans also have a variable rate premium (VRP) tied to the amount of underfunding, if any. For plan years beginning in 2025, the VRP rate was $52 per $1,000 of unfunded vested benefits (UVB) subject to an overall cap of $717 per participant. The variable rate premium rate is not indexed after FY 2023 and will remain at $52 indefinitely. Applicable caps for plan years beginning in 2023 to 2025 are shown in the table below.

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

The $4,556 million in net premium income for FY 2025 consisted of $2,320 million in flat rate premiums, $2,244 million in variable rate premiums and $5 million in interest and penalty income; offset by $13 million to bad debt expense. Bad debt expenses include a reserve for uncollectible premium receivables (including flat, variable, termination premiums, and insolvent multiemployer plans), interest, and penalties.

The following table shows the premium rates for 2023 through 2025:

PREMIUM RATES FOR SINGLE-EMPLOYER AND MULTIEMPLOYER PLANS

	Single-Employer Plans			Multiemployer Plans
	Flat Rate Premium	Variable Rate Premium		
Plan Years Beginning in	Rate Per Participant	Rate per $1,000 Unfunded Vested Benefits	Per Participant Cap	Flat Rate Premium Rate Per Participant
2025	$106	$52*	$717	$39
2024	$101	$52*	$686	$37
2023	$96	$52	$652	$35

* The variable rate premium rate is no longer indexed after 2023.

PBGC accrues premium income based on the number of months a plan year overlaps with the fiscal year. Because of this rule, premiums for 2023, 2024, and 2025 plan years are accrued in FY 2025, and premium rates change each calendar year, so three sets of premium rates were used to calculate FY 2025 premium revenue.

For example:

- A plan with a September 1, 2024, to August 31, 2025, plan year. Only the first month of the plan year beginning 09/01/2024 occurs during FY 2024, so 1/12 of the plan's premium income was accrued in FY 2024 and 11/12 was accrued by the end of FY 2025.

- A plan with a December 1, 2023, to November 30, 2024, plan year, the last two months of the plan year (October–November 2024) occur during FY 2025, so 2/12 of the plan's premium income was accrued in FY 2025 and 10/12 was accrued in FY 2024.

- A plan with a calendar plan year (running from January 1 to December 31). The first nine months of the 2025 plan year (January – September 2025) occur during FY 2025 and so 9/12 of the plan's 2025 premium income was accrued in FY 2025. Due to the one-month acceleration of premium due dates that applies only to 2025 plan years, the plan paid its 2024 premium on October 15, 2024, and its 2025 premium on September 15, 2025 – both payments falling within FY 2025. Three months (3/12th) of the premium payment for the 2025 plan year is treated as unearned premium in FY 2025 and will be accrued in FY 2026. The premium payments accrued in FY 2025 represent 3 months (3/12ths) of the premium payment for the 2024 plan year plus 9 months (9/12ths) of the premium payment for the 2025 plan year. The first 9 months (9/12ths) of the payment for the 2024 plan year (which was paid in FY 2025) corresponds to a premium receivable in the FY 2024 financial report.

The following table presents key premium receivable information.

Net Premiums Receivable

(Dollars in millions)	Single-Employer Program Sept. 30, 2025	Multiemployer Program Sept. 30, 2025	Memorandum Total Sept. 30, 2025
Estimated Premiums Receivable, net:			
Estimated Flat-Rate Premiums	$51	$41	$92
Estimated Variable-Rate Premiums	25	-	25
Total Net Estimated Premiums Rec.	76	41	117
Actual Premiums Receivable, net:			
Flat-Rate Premiums	38	4	42
Allowance for Bad Debt-Flat-Rate	0 *	0 *	0 *
Variable-Rate Premiums	32	-	32
Allowance for Bad Debt-Variable-Rate	0 *	-	0 *
Total Net Actual Premiums Receivable	70	4	74
Termination Premiums:[1]			
Termination Premiums	355	-	355
Allowance for Bad Debt-Termination	(312)	-	(312)
Total Termination Premiums	43	-	43
Interest and Penalty:			
Interest and Penalty Due	4	0 *	4
Allowance for Bad Debt-Int/Penalty	(1)	0 *	(1)
Total Net Interest and Penalty Due	3	0 *	3
Grand Total Net Premiums Receivable	$192	$45	$237

* Less than $500,000

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

The following table presents key premium income information.

PREMIUM INCOME BY PROGRAM

(Dollars in millions)	**September 30, 2025**
Single-Employer:	
Flat-Rate Premiums	**$1,890**
Variable-Rate Premiums	**2,244**
Interest and Penalty Income	**5**
Termination Premiums	**0 ***
Less Bad Debts for Premiums, Interest, and Penalties	**(9)**
Total Single-Employer	**4,130**
Multiemployer:	
Flat-Rate Premiums	**430**
Interest and Penalty Income	**0 ***
Less Bad Debts for Premiums, Interest, and Penalties	**(4)**
Total Multiemployer	**426**
Total Net Premiums	**$4,556**

* Less than $500,000

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

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

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

(Dollars in millions)	September 30, 2025 New Terminations	Changes in Prior Years' Terminations[5]	Total
Present value of future benefits	**$1,228**	**$148**	**$1,376**
Less plan assets	**764**	**64**	**828**
Plan asset insufficiency	**464**[1]	**84**	**548**
Less estimated recoveries	**-**	**(11)**	**(11)**
Subtotal	**464**[2]	**95**	**559**
Settlements and judgments		**(16)**[6]	**(16)**[6]
Loss (credit) on probables	**(96)**[3]	**(11)**[4]	**(107)**
Total	**$368**	**$68**	**$436**

[1] Includes Missing Participant Program activity; if excluded the Present value of future benefits for New Terminations would be $1,062 million, Plan assets $598 million and Plan asset insufficiency $464 million.

[2] Net claim for plans terminated during the fiscal year (28 plans at September 30, 2025), will include terminated plans that were previously recorded as probable.

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

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

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

[6] PBGC determined that any future Page/Collins settlement payouts will be unlikely and negligeable. Therefore, future liability payments of this class action settlement should be classified as remote per FASB Accounting Standards Codification 450, *Contingences*, a remote contingency is not required to be disclosed in the footnotes and no accrual needs to be recorded. Accordingly, PBGC removed the Page/Collins estimated liability on the Statement of Financial Position with a corresponding credit to Losses (credits) from completed and probable terminations on the Statement of Operations.

NOTE 13: FINANCIAL INCOME

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

INVESTMENT INCOME SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS

(Dollars in millions)	Single-Employer Program Sept. 30, 2025	Multiemployer Program Sept. 30, 2025	Memorandum Total Sept. 30, 2025
Fixed income securities:			
Interest earned	$4,382	$152	$4,534
Realized gain (loss)	(673)	-	(673)
Unrealized gain (loss)	37	(9)	28
Total fixed income securities	3,746	143	3,889
Equity securities:			
Dividends earned	132	-	132
Realized gain (loss)	1,398	-	1,398
Unrealized gain (loss)	1,295	-	1,295
Total equity securities	2,825	-	2,825
Private equity:			
Distributions earned	7	-	7
Realized gain (loss)	34	-	34
Unrealized gain (loss)	(27)	-	(27)
Total private equity	14	-	14
Real estate:			
Distributions earned	59	-	59
Realized gain (loss)	36	-	36
Unrealized gain (loss)	(133)	-	(133)
Total real estate	(38)	-	(38)
Other income:			
Distributions earned	12	-	12
Realized gain (loss)	24	-	24
Unrealized gain (loss)	(25)	-	(25)
Total other income	11	-	11
Total investment income	$6,558	$143	$6,701

NOTE 14: EMPLOYEE BENEFIT PLANS

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

Total retirement plan expenses paid to the U.S. Office of Personnel Management (OPM) amounted to $38 million in FY 2025. OPM is responsible for maintaining the assets and accumulated plan benefits for the CSRS and FERS retirement programs. OPM accounts for federal health and life insurance programs for those eligible retired PBGC employees who had selected federal government-sponsored plans. PBGC does not offer other supplemental health and life insurance benefits to its employees.

NOTE 15: CASH FLOWS

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

INVESTING ACTIVITIES SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS

(Dollars in millions)	Single-Employer Program September 30, 2025	Multiemployer Program September 30, 2025	Memorandum Total September 30, 2025
Proceeds from sales of investments:			
Fixed income securities	**$210,169**	**$6,707**	**$216,876**
Equity securities	**9,159**	**-**	**9,159**
Other/uncategorized	**3,399**	**-**	**3,399**
Memorandum total	**$222,727**	**$6,707**	**$229,434**
Payments for purchases of investments:			
Fixed income securities	**($218,516)**	**($7,259)**	**($225,775)**
Equity securities	**(5,993)**		**(5,993)**
Other/uncategorized	**(3,067)**	**(1)**	**(3,068)**
Memorandum total	**($227,576)**	**($7,260)**	**($234,836)**

Note: The table above excludes funds from the SFA Program, which are designated for financially distressed multiemployer plans and are restricted from investment.

RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

	For the Year Ended September 30, 2025				
	Single-Employer Program	Multiemployer Program			
(Dollars in millions)	Unrestricted Cash & Cash Equivalents	Unrestricted Cash & Cash Equivalents	Restricted Cash	Program Total	Memorandum Total
Net income (loss)	**$8,049**	**$516**	-	**$516**	**$8,565**
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:					
Additions/(Deductions):					
Accrued investment interest and dividend income	**(1,320)**	**(84)**	-	**(84)**	**(1,404)**
Realized (gain) loss on sale of investments	**(819)**	**-**	-	**-**	**(819)**
Unrealized (gain) loss on investments	**(1,148)**	**9**	-	**9**	**(1,139)**
Depreciation and amortization expense	**29**	**1**	-	**1**	**30**
Bad debt expense/write-offs	**12**	**4**	-	**4**	**16**
(Gain) loss on lease space disposition	**(3)**	**-**	-	**-**	**(3)**
Accrued trusteeship interest from sponsors	**(15)**	**-**	-	**-**	**(15)**
Accrued interest from financial assistance	**-**	**(5)**	-	**(5)**	**(5)**
Due to purchases of securities	**(725)**	**-**	-	**-**	**(725)**
Due from sale of securities	**206**	**-**	-	**-**	**206**
Change in operating assets and liabilities:					
(Increase) decrease in receivables	**2,928**	**186**	-	**186**	**3,114**
(Increase) decrease in leases right-of-use assets	**24**	**0***	-	**0***	**24**
Increase (decrease) in present value of future benefits trusteed	**(3,498)**	**0***	-	**0***	**(3,498)**
Increase (decrease) in present value of nonrecoverable future FA	**-**	**(106)**	-	**(106)**	**(106)**
Increase (decrease) in special financial assistance liability	**-**	**2**	**2**	**4**	**4**
Increase (decrease) in derivative contracts liability	**(48)**	**-**	-	**-**	**(48)**
Increase (decrease) in unearned premiums	**810**	**67**	-	**67**	**877**
Increase (decrease) in operating leases payable	**(24)**	**0***	-	**0***	**(24)**
Increase (decrease) in accounts payable and accrued expenses	**6**	**0***	-	**0***	**6**
Net cash provided (used) by operating activities	**$4,464**	**$590**	**$2**	**$592**	**$5,056**

*Less than $500,000.

PBGC reports operating cash flows on a Direct Method basis, which provides a view of major classes of cash receipts and cash payments, including premium collections, benefit payments, investment income, payments to contractors, and employee compensation. The table above presents the supplemental schedule to reconcile net income to net cash provided by operating activities.

The reconciling items include adjustments for non-cash items, depreciation, investment gains and losses, and currency translation effects; and changes in operating assets and liabilities, including receivables, payables, deferred revenues, and benefits payable. These adjustments reflect the differences between accrual-basis net income and the actual cash flows associated with PBGC's operating activities.

NOTE 16: OTHER ASSETS

CAPITALIZED ASSETS, NET

The following tables display Property and Equipment, net. The "Capitalized assets, net" line item on the Statement of Financial Position consists of the following components:

PROPERTY AND EQUIPMENT, NET

	September 30, 2025 Single-Employer			September 30, 2025 Multiemployer			September 30, 2025 Memorandum Total		
(Dollars in millions)	Cost	Accumulated Depreciation/ Amortization	Net	Cost	Accumulated Depreciation/ Amortization	Net	Cost	Accumulated Depreciation/ Amortization	Net
Furniture and Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Mechanical Equipment	-	-	-	-	-	-	-	-	-
ADP Equipment	5	(4)	1	0 *	0 *	0 *	5	(4)	1
Internal Use Software - In Development	4	n/a	4	0 *	n/a	0 *	4	n/a	4
Internal Use Software	234	(183)	51	4	(3)	1	238	(186)	52
Total	$243	($187)	$56	$4	($3)	$1	$247	($190)	$57

* Less than $500,000

Combined depreciation and amortization expense were $19 million for FY 2025. The Memorandum Total for "Capitalized assets, net" on the Statement of Financial Position consist of the components above.

COMBINED (MEMORANDUM TOTAL) PROPERTY AND EQUIPMENT, NET

(Dollars in millions)	September 30, 2025	
Combined property and equipment, net at beginning of year		$59
Capitalized Acquisitions	37	
Dispositions	(22)	
Depreciation/Amortization	(17)	
Net change of property and equipment		(2)
Combined property and equipment, net at end of year		$57

RECEIVABLES FROM SPONSORS OF SINGLE-EMPLOYER TERMINATED PLANS

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

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

RECEIVABLES FROM SPONSORS OF SINGLE-EMPLOYER TERMINATED PLANS

(Dollars in millions)	**September 30, 2025**
EL Receivable	**$10**
DUEC Receivable	**5**
Total	**$15**

OTHER RECEIVABLES

Of the $94 million in Other receivables, $57 million is attributable to multiemployer plans that were previously paid traditional financial assistance and $13 million of interest, which is expected to be repaid by SFA eligible plans upon PBGC's approval of the plan's SFA application and payment of SFA. The remaining $24 million represents miscellaneous other receivables.

NOTE 17: LITIGATION

Legal challenges to PBGC's policies and positions continued in FY 2025. At the end of the fiscal year, PBGC had 17 active cases in state and federal courts and 74 bankruptcy and state receivership cases. The 17 active cases are comprised of 2 subpoena enforcement actions, 4 fiduciary breach actions, 3 termination actions, 2 multiemployer actions, 1 participant action, 3 employment actions, 1 mortgage foreclosure and 1 lien enforcement action. The majority of those cases have no financial impact on PBGC. Of the cases that do, the aggregate potential financial impact on PBGC is less than $2 million. PBGC is a creditor in 74 bankruptcy and state receivership cases. Any potential liability relates to plan termination. In the opinion of management, resolution of these actions will not have a material adverse effect on PBGC's financial position or the results of its operations.

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

Under the American Rescue Plan (ARP) Act of 2021, PBGC was granted an indefinite appropriation and receives annual transfers from the U.S. Treasury's General Fund to finance Special Financial Assistance (SFA) payments and to cover related administrative costs. These appropriations represent contributions from the U.S. Government to PBGC. Because statutory and regulatory conditions must be satisfied before funds can be obligated, the transfers are initially recorded as Contributed Transfer Appropriation.

Revenue is recognized from the SFA appropriation when PBGC determines that all conditions and restrictions on the use of the funds have been met. Upon approval of an SFA application, the related contribution is reclassified from Contributed Transfer Appropriation to Contributed Transfer Appropriation Income. PBGC directly administers the review, approval, and disbursement of SFA funds to eligible multiemployer plans in accordance with ERISA Section 4262, ARP, and PBGC's regulations.

Payments made to approved plans are recorded as SFA disbursements, not as PBGC contributions, because they are executed pursuant to statutory direction and not in exchange for consideration. PBGC's insurance coverage is not contingent on premium payments, and therefore these transactions do not represent an exchange of value.

The table below summarizes the annual transfers received from Treasury under the SFA appropriation and the corresponding utilization of those funds, as reflected in the Contributed Transfer Appropriation account.

MULTIEMPLOYER CONTRIBUTED TRANSFER APPROPRIATION

(Dollars in millions)	**September 30, 2025**
Unliquidated balance at beginning of year	**$11**
Special financial assistance (SFA) - transfers received	**10,284**
Special financial assistance approved	**(6,154)**
SFA administrative expense - transfers received	**38**
SFA administrative expense	**(20)**
SFA unliquidated funds returned to U.S.Treasury	**(4,147)**
Unliquidated balance at end of year	**$12** [1]

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

[1] Unliquidated Contributed Transfer Appropriation reported in Accounts payable and accrued expenses (See Note 8).

NOTE 19: SUBSEQUENT EVENTS

SINGLE-EMPLOYER PROGRAM

PBGC evaluated subsequent events for the Single-Employer Program through January 16, 2026, the date which the financial statements were available to be issued, and found there were no events that required financial adjustment, accrual, or further disclosure.

MULTIEMPLOYER PROGRAM

PBGC evaluated subsequent events for the Multiemployer Program through January 16, 2026, the date which the financial statements were available to be issued, and found there were no events that required financial adjustment, accrual, or further disclosure.

INDEPENDENT AUDIT AND MANAGEMENT'S RESPONSE

Office of Inspector General

January 16, 2026

To the Board of Directors
Pension Benefit Guaranty Corporation

The Office of Inspector General contracted with KPMG LLP (KPMG), an independent certified public accounting firm, to audit the financial statements of the Single-Employer and Multiemployer Program Funds administered by the Pension Benefit Guaranty Corporation (PBGC) as of September 30, 2025, and for the year then ended. KPMG also audited the Single-Employer and Multiemployer Program Funds' internal control over financial reporting. KPMG conducted the audits in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*.

In their audits, KPMG found:

- The financial statements present fairly, in all material respects, the financial position of the Single-Employer and Multiemployer Program Funds of PBGC as of September 30, 2025, and the results of their operations and cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles. This is the 33rd consecutive unmodified financial statements audit opinion.

- The Single-Employer and Multiemployer Program Funds maintained, in all material respects, effective internal control over financial reporting as of September 30, 2025, based on criteria established in the *Standards for Internal Control in the Federal Government,* September 2014, issued by the United States Government Accountability Office (the Green Book). The Single-Employer and Multiemployer Program Funds have one significant deficiency related to monitoring of internal controls at service organizations. This is the 10th consecutive unmodified audit opinion on internal control over financial reporting.

Board of Directors
January 16, 2026
Page 2

- No instances of reportable noncompliance or other matters with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the Single-Employer and Multiemployer Program Funds of PBGC.

KPMG is responsible for the accompanying auditors' report dated January 16, 2026 and the conclusions expressed therein. We do not express opinions on PBGC's financial statements or internal control over financial reporting, nor do we draw conclusions on compliance with laws and regulations. The auditors' report (AUD-2026-02) is also available on our website at oig.pbgc.gov.

Respectfully,

Nicholas J. Novak

Nicholas J. Novak
Inspector General

cc: Janet Dhillon, Director
Alice Maroni, Chief Management Officer
David Foley, Chief of Benefits Administration
Karen Morris, General Counsel
Robert Scherer, Chief Information Officer
John Hanley, Chief of Negotiations and Restructuring
Michael Rae, Deputy Chief Policy Officer
Lisa Carter, Acting Chief Financial Officer
Steven Young, Financial Operations Department Director
Charlie Bolton, Senior Policy Advisor
LaTasha Thomas, Special Advisor to the Director

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

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

Report on the Audit of the Financial Statements and Internal Control Over Financial Reporting

Opinions on the Financial Statements and Internal Control Over Financial Reporting

We have audited the financial statements of the Single-Employer and Multiemployer Program Funds of the Pension Benefit Guaranty Corporation (PBGC), which comprise the statement of financial position as of September 30, 2025, and the related statements of operations and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Single-Employer and Multiemployer Program Funds of PBGC as of September 30, 2025, and the results of their operations and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

We also have audited PBGC's internal control over financial reporting for the Single-Employer and Multiemployer Program Funds as of September 30, 2025, based on criteria established in the *Standards for Internal Control in the Federal Government*, September 2014, issued by the Comptroller General of the United States (the Green Book). In our opinion, the PBGC maintained, in all material respects, effective internal control over financial reporting for the Single-Employer and Multiemployer Program Funds as of September 30, 2025, based on criteria established in the Green Book.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audits of the Financial Statements and Internal Control Over Financial Reporting section of our report. We are required to be independent of the Single-Employer and Multiemployer Program Funds and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matter - Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the Annual Report to provide additional information for the users of its financial statements. Such information is not a required part of the financial statements. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Financial Statements and Internal Control over Financial Reporting

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. Management is also responsible for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about each of the Single-Employer and Multiemployer Program Funds' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and about whether effective internal control over financial reporting was maintained in all material respects, and to issue an auditors' report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of financial statements or an audit of internal control over financial reporting conducted in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02 will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit of financial statements and an audit of internal control over financial reporting in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances.
- Obtain an understanding of internal control over financial reporting relevant to the audit of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about each of the Single-Employer and Multiemployer Program Funds' ability to continue as a going concern for a reasonable period of time.

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

We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

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

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

Other Information

Management is responsible for the other information included in the Annual Report. The other information comprises the Message from Our Chair, Message from the Director, Annual Performance Report, Independent Evaluation of PBGC Programs, Fiscal Year 2025 Financial Statement Highlights, Management's Discussion and Analysis, Letter of the Inspector General, Payment Integrity Information Act Reporting, Fiscal Year 2025 Actuarial Valuation, and Organization but does not include the financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

Other Reporting on Internal Control

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Our audits of internal control over financial reporting were not designed to identify all deficiencies in internal control that might be significant deficiencies. Given these limitations, significant deficiencies may exist that were not identified. We consider the deficiencies in the Single-Employer and Multiemployer Program Funds' internal control described in Exhibit I to be a significant deficiency.

Government Auditing Standards requires us to perform limited procedures on PBGC's response to the finding identified in our audits and described in Exhibit II. PBGC's response was not subjected to the auditing procedures applied in the audits of the financial statements and the audits of internal control over financial reporting and, accordingly, we express no opinion on the response.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Single-Employer and Multiemployer Program Funds' financial statements as of and for the year ended September 30, 2025 are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to report deficiencies in internal control that were identified during our audits of internal control over financial reporting that we consider to be significant deficiencies and the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Single-Employer and Multiemployer Program Funds' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
January 16, 2026

1. Improvements Needed in Monitoring Controls over Service Organizations

Background

The Single-Employer and Multiemployer Program Funds of the PBGC rely on internal control over financial reporting at service organizations to process investment and financial reporting related transactions. The service organizations provide its customers, including PBGC, with System and Organization Controls (SOC) 1, Type 2 reports. Historically, the SOC 1 Type 2 reports covering the full fiscal year for certain service organizations were not readily available with sufficient time for PBGC to evaluate and respond to potential internal control deficiencies prior to the issuance of the Annual Financial Report.

Condition

While PBGC management performs certain monitoring controls over its service providers, management did not design and implement sufficient controls to support their assessment of the operating effectiveness of service organizations' controls relevant to PBGC's financial reporting for the gap period between the period covered by the most recent SOC 1 reports and PBGC's fiscal year end. For example, PBGC management relies on a bridge letter from one of its service organizations that covers the gap period from April 1 through September 30 because the SOC 1 Type 2 report covering this six-month period is not readily available prior to the issuance of the Annual Financial Report.

Criteria

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government,* September 2014, Principle 16, *Perform Monitoring Activities*, states, "Management retains responsibility for monitoring the effectiveness of internal control over the assigned processes performed by service organizations. Management uses ongoing monitoring, separate evaluations, or a combination of the two to obtain reasonable assurance of the operating effectiveness of the service organization's internal controls over the assigned process. Monitoring activities related to service organizations may include the use of work performed by external parties, such as service auditors, and reviewed by management".

Cause

The deficiency occurred because PBGC's risk assessment process did not identify the significant gap period between the period covered by the last SOC 1 reports and PBGC's fiscal year end as a risk that required management to perform additional procedures related to the service organizations' internal controls relevant to PBGC's financial reporting.

Effect

Ineffective monitoring of internal controls at service organizations relevant to PBGC's financial reporting increases the risk that PBGC may not timely identify and address vulnerabilities in such controls which may lead to misstatements in PBGC's financial statements.

Recommendations

We recommend that PBGC management:

1. Strengthen their risk assessment process by considering the gap period between the last SOC 1 reports and PBGC's fiscal year end to determine the sufficiency of internal controls relevant to PBGC's financial reporting processed by the service organizations. Such considerations should be documented.

2. Design and implement additional controls based on the results of PBGC's risk assessment process.

PBGC
Protecting America's Pensions
Pension Benefit Guaranty Corporation
445 12th Street SW, Washington, DC 20024-2101
Office of the Director

January 16, 2026

MEMORANDUM

To: Nicholas J. Novak
Inspector General

From: Janet Dhillon
Director

Subject: Response to the Independent Auditor's Combined Audit Report for the FY 2025 Financial Statement Audit

Please accept this as the PBGC's comments on the Office of Inspector General's (OIG) Fiscal Year 2025 audit results regarding the agency's financial statements, internal controls, and compliance with laws and regulations. Given that PBGC protects the pensions of millions of American workers, retirees, and beneficiaries, it is especially noteworthy that our financial statements have once again received an unmodified opinion, as have our internal controls over financial reporting.

We agree with your observation on internal controls and will address the issue noted in this year's report. We have provided additional information regarding our plans to address the two new recommendations in the attachment to this memorandum.

As we work to address these recommendations, we will coordinate with your office, as needed, and will submit for your review evidence documenting any corrective actions taken. Addressing the OIG's audit recommendations in a timely and effective manner helps improve PBGC's control environment and support compliance with Office of Management and Budget Circular A-50, *Audit Follow-up*, and the Government Accountability Office's *Standards for Internal Control in the Federal Government*.

cc:
Charles Bolton
Lisa Carter
David Foley
John Hanley
Alice Maroni
Karen Morris
Robert Scherer
Michael Rae
LaTasha Thomas

OIG Recommendation No. 2026-02-01: Strengthen their risk assessment process by considering the gap period between the last SOC 1 reports and PBGC's fiscal year end to determine the sufficiency of internal controls relevant to PBGC's financial reporting processed by the service organizations. Such considerations should be documented.

PBGC Response: PBGC agrees with this recommendation. The Corporate Controls and Review Department (CCRD) will work with departments across the corporation to document and strengthen the risk assessment process by reviewing current controls during the gap period between the last SOC 1 reports and PBGC's fiscal year end.

Target Completion Date: 07/31/2026

OIG Recommendation No. 2026-02-02: Design and implement additional controls based on the results of PBGC's risk assessment process.

PBGC Response: PBGC agrees with this recommendation. Based on the risk assessment, the Corporate Controls and Review Department (CCRD) will work with the departments to design and implement additional controls or enhance current controls to address the gap period between the last SOC 1 reports and PBGC's fiscal year end.

Target Completion Date: 09/30/2026

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

445 12th Street SW
Washington, DC 20024-2101
202-229-4000
PBGC.gov

Management's Report on Internal Control over Financial Reporting

The Pension Benefit Guaranty Corporation's (PBGC) internal control over financial reporting for the Single-Employer and Multiemployer Program Funds is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

PBGC management is responsible for designing, implementing, and maintaining effective internal control over financial reporting for the Single-Employer and Multiemployer Program Funds. Management assessed the effectiveness of PBGC's internal control over financial reporting for the Single-Employer and Multiemployer Program Funds as of September 30, 2025, based on criteria established in the *Standards for Internal Control in the Federal Government*, September 2014, issued by the Comptroller General of the United States (known as the Green Book). Based on that assessment, management concluded that, as of September 30, 2025, PBGC's internal control over financial reporting for the Single-Employer and Multiemployer Program Funds is effective, based on criteria established in the *Standards for Internal Control in the Federal Government,* issued by the Comptroller General of the United States.

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Janet Dhillon
Director

Lisa Carter

Lisa Carter
Acting Chief Financial Officer

January 16, 2026

PAYMENT INTEGRITY INFORMATION ACT REPORTING

PAYMENT INTEGRITY INFORMATION ACT REPORTING

INTRODUCTION

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

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

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

RESULTS OF THE FY 2025 IMPROPER PAYMENT RISK ASSESSMENT

In FY 2025, PBGC performed a risk assessment of three payment streams in accordance with our three-year rotation strategy. The three payment streams reviewed for FY 2025 were Multiemployer Special Financial Assistance Payments, Payments to Contractors and Multiemployer Financial Assistance Payments. In performing the risk assessments, PBGC considered factors specified in statute and further defined in OMB guidance, including the complexity of the payment stream; the volume of payments; recent major changes in program funding, authorities, practices, or procedures; the level, experience, and quality of training for personnel responsible for making program eligibility determinations or certifying that payments are accurate; whether the program is new to the agency; whether payments or payment eligibility decisions are made outside of PBGC; significant deficiencies in the audit reports issued by the PBGC Office of Inspector General (OIG) and the Government Accountability Office (GAO); similarities to other programs that have reported improper payments (IP) and unknown payments (UP) estimates; the accuracy and reliability of IP and UP estimates previously reported for the program; whether the program lacks information or data systems to confirm eligibility; and the risk of fraud as assessed by the agency under the Standards for Internal Control in the Federal Government published by the GAO.

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

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

PREVENTING AND DETECTING IMPROPER PAYMENTS

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

- For all of its payment streams, PBGC has established controls to help ensure that payments are accurate and approved. For instance, pre-payment checks include ensuring that documentation for the payment is available for review by the approving official. On a post-payment basis, payment reconciliations are performed to help ensure completeness of payment processing and to identify errors. In addition, payments are subject to periodic compliance reviews.
- PBGC regularly performs electronic data analysis of payment transactions associated with Benefit Payments and Payments to Contractors. This process helps to identify potential duplicate payments, other overpayments, and payment anomalies. When warranted, selected payments are subjected to additional research and analysis.
- For Benefit Payments, PBGC checks its participant database against the Social Security Administration's full Death Master File (DMF) available to Federal agencies paying government benefits, to help prevent sending payments to deceased individuals that should no longer be receiving benefits.
- As a result of using the DMF, PBGC was able to stop 19,563 payments in FY 2025 totaling $8.9 million. Additionally, PBGC was successful in reclaiming[1] $10.3 million of cumulative overpayments and recovering[2] another $1.6 million of cumulative overpayments in FY 2025.

PBGC participates in the U.S. Department of the Treasury's DNP program. For example, under the Payments to Contractors stream, pre-payment verification procedures are performed so vendors are screened in the DNP prior to certification in the U.S. Treasury's Secure Payment System (SPS). In addition, prior to payment, PBGC verifies that contractors are properly registered in the General Services Administration's System for Award Management (SAM), have not been debarred or suspended from contracting in the federal sector. For FY 2025, PBGC did not identify any improper payments using the DNP process for the Payment to Contractors payment stream.

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

RECAPTURING IMPROPER PAYMENTS

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

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

FISCAL YEAR 2025 ACTUARIAL VALUATION

FISCAL YEAR 2025 ACTUARIAL VALUATION

PBGC calculated and validated the present value of future PBGC-payable benefits (PVFB) for both the Single-Employer and Multiemployer Programs and of nonrecoverable future financial assistance (NRFFA) under the Multiemployer Program. Except for updated Mortality Tables, we generally used the same methods and procedures as Fiscal Year 2024 for the Single-Employer and Multiemployer Programs.

PRESENT VALUE OF FUTURE BENEFITS AND NONRECOVERABLE FINANCIAL ASSISTANCE – SEPTEMBER 30, 2025

	Number of Plans	Number of Participants (in thousands)	Liability (in millions)
I. SINGLE-EMPLOYER PROGRAM			
A. Terminated Plans			
1. Seriatim at fiscal year-end (FYE)	5,082	1,157	$67,891
2. Seriatim at DOPT, adjusted to FYE	12	40	2,308
3. Nonserieatim[1]	77	101	4,445
4. Missing Participants Program (seriatim)[2]	-	58	519
Subtotal	5,171	1,356	$75,163
B. Probable terminations (non-seriatim)[3]	0	0	$25
Total[4]	5,171	1,356	$75,188
II. MULTIEMPLOYER PROGRAM			
A. Pre-MPPAA terminations (seriatim)	10	*	$**
B. Post-MPPAA liability (net of plan assets)			
1. Currently Receiving Assistance	92	80	1,628
2. Probable for Assistance	28	24	336
Total[5]	120	104	$1,964

* Fewer than 500 participants

** Less than $500,000

Notes:

1) Liability for terminated plans does not include liability for Page/Collins settled litigation. PBGC determined that any future Page/Collins settlement payouts will be unlikely and removed the liability.

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

3) The net claims for the probable plans reported in the financial statements include $25 million for not yet identified probable terminations.

4) The PVFB in the financial statements ($75,167 million), estimated recoveries on terminated plans ($15 million), and estimated assets of plans pending trusteeship ($6 million), or $75,188 million less $15 million less $6 million equals $75,167 million.

5) Includes $45 million for small plans bulk reserve Post-MPPAA Multiemployer plans.

Single-Employer Program

PBGC calculated the Single-Employer Program's liability for benefits in the terminated plans and probable terminations using a combination of two methods: seriatim and nonseriatim. For 5,082 plans, representing about 98 percent of the total number of single-employer terminated plans (85 percent of the total estimated number of participants in single-employer terminated plans), PBGC had sufficiently accurate data to calculate the liability separately for each participant's benefit (seriatim method). This was an increase of 38 plans over the 5,044 plans valued seriatim last year. For 12 plans whose data were not yet fully automated, PBGC calculated the benefits and liability seriatim as of the date of plan termination (DOPT) and brought the total amounts forward to the end of fiscal year 2025 on a non-seriatim basis.

For 77 other terminated plans, PBGC did not have sufficiently accurate or complete data to value individual benefits. Instead PBGC used a "nonseriatim" method that brought the plan liabilities from the plan's most recent actuarial valuation forward to the end of fiscal year 2025 using certain assumptions and adjustment factors.

For September 30, 2025, the spot rate yield curve starts with an interest factor of 4.30% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 5.53% and is assumed to remain level thereafter. For September 30, 2024, the spot rate yield curve started with an interest factor of 4.44% in year 1 and the interest factor for year 31 and beyond was 5.11%.

The mortality tables used for valuing healthy lives in the Single Employer Program were the Pri-2012 Male and Female Total Dataset tables with adjustments for healthy annuitants, non-annuitants, and contingent survivors respectively. The resulting tables were projected generationally using Male and Female Scales MP-2021. PBGC continues to assume no excess mortality adjustment to the mortality projection assumption for FY 2025.

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

Multiemployer Program

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

PBGC based its valuation of the post-MPPAA liability for nonrecoverable future financial assistance on the most recent available actuarial reports, Form 5500 Schedule B or Schedule MB, as applicable, and information provided by representatives of the affected plans. The Corporation identified 120 individual multiemployer plans that are either already insolvent or are terminated and not eligible for SFA. And therefore, we expect those plans to need financial assistance because of inadequate contribution bases and insufficient assets.

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, 2025.

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

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

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

Scott G. Young

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

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Director

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Bankruptcy, Transactions and Terminations Department
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