Established by the Employee Retirement Income Security Act of 1974 (ERISA), the Pension Benefit Guaranty Corporation (PBGC or the Corporation) insures the pension benefits of workers and retirees in private-sector defined benefit pension plans.

PBGC has two legally separate insurance programs, which are operated and financed independently. These programs protect the retirement security of nearly 37 million American workers, retirees and beneficiaries in both single-employer and multiemployer plans. In fiscal year 2018, the Corporation made benefit payments to more than 861,000 people in failed single-employer plans in various industries, such as construction, trucking, retail, and airline.

Whereas PBGC’s Single-Employer Insurance Program pays guaranteed benefits directly to retirees and beneficiaries in failed plans, the Corporation’s Multiemployer Insurance Program provides financial assistance to insolvent plans to enable them to pay guaranteed benefits to their participants. Looking ahead, it is estimated that PBGC will need to provide financial assistance to about 130 multiemployer plans, covering 1.3 million people, that are expected to run out of money over the next 20 years. Absent legislative changes, more and larger claims on the Multiemployer Program will likely lead to the program’s insolvency. PBGC’s most recent annual Projections Report (FY 2017) indicates that the Multiemployer Program’s risk of insolvency rises rapidly and is likely to occur by the end of FY 2025.

The Corporation strives for excellence in achieving these three strategic goals:

- Preserve plans and protect plan participants and their families.
- Pay benefits accurately and on time.
- Maintain high standards of stewardship and accountability.
OPERATIONS IN BRIEF

PBGC strengthens retirement security by preserving plans and protecting plan participants and their families. The Corporation guarantees payment, up to legal limits, of the pension benefits earned by nearly 37 million American workers and retirees in more than 25,000 plans. Since 1974, PBGC has taken responsibility for paying the benefits of about 1.5 million people in over 5,000 failed single-employer and multiemployer plans. PBGC made benefit payments of $5.9 billion in FY 2018.

To preserve plans and protect plan participants in FY 2018, the Corporation:

- Helped to protect about 52,000 people by taking action in eight bankruptcy cases to encourage companies to keep their plans when they emerged from bankruptcy.
- Paid $153 million in financial assistance to 81 insolvent multiemployer plans.
- Negotiated over $550 million in financial protection, through its Early Warning Program, for nearly 100,000 people in plans put at risk by certain corporate events and transactions. PBGC works collaboratively with plan sponsors to negotiate agreements that protect pensions and avoid placing an unnecessary burden on premium payers.
- Conducted compliance reviews of plan sponsor calculations for plans that ended through standard terminations, resulting in almost 4,157 participants receiving corrected benefit amounts with a value of $12.2 million.

To pay timely and accurate benefits in FY 2018, the Corporation:

- Assumed responsibility for 58 trusteed single-employer plans covering more than 28,000 people.
- Started paying benefits to more than 14,700 retirees in single-employer plans.
- Paid $5.8 billion to more than 861,000 retirees from 4,919 failed single-employer plans.

To maintain high standards of stewardship and accountability in FY 2018, the Corporation:

- Achieved an unmodified financial statement audit opinion and an unmodified opinion on internal controls.
- Closed nine recommendations related to three significant internal control deficiencies.
- Continued providing outstanding service to retirees, as demonstrated by a retiree customer satisfaction score of 89, which is among the best in the public and private sectors, according to the American Customer Satisfaction Index.
- Published the FY 2018 – FY 2022 Strategic Plan,\(^1\) updating PBGC’s strategic goals, objectives and performance measures for the next four-year planning period.

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STRATEGIC GOALS AND RESULTS

PBGC’s FY 2018 Annual Performance Report highlights the Corporation’s achievements, accomplishments and performance results through the lens of its strategic goals. The Corporation’s priorities are to preserve plans and protect pensioners, to pay timely and accurate benefits and to maintain high standards of stewardship and accountability.

GOAL NO. 1: PRESERVING PLANS AND PROTECTING PENSIONERS

PBGC engages in activities to preserve plans and protect plan participants by administering two separate insurance programs. The Multiemployer Program protects about 10.6 million workers and retirees in about 1,400 pension plans. The Single-Employer Program protects about 26.2 million workers and retirees in about 23,400 pension plans.

This year, the Multiemployer Program:

- Paid $153 million in financial assistance to 81 multiemployer pension plans covering the benefits of over 62,300 existing retirees and 27,800 people entitled to benefits once they retire. Seven of the 81 plans, covering about 1,100 participants, became insolvent during FY 2018.
- Performed 13 multiemployer plan audits to protect the benefits of more than 14,000 people.

This year, the Single-Employer Program:

- Paid $5.8 billion in benefits to more than 861,000 retirees in single-employer plans.
- Monitored on average 1,500 companies for financial transactions that potentially pose risks to the financial viability of plans.
- Protected pensioners whose plan sponsors were in bankruptcy by encouraging plan continuation and when that is not possible, pursuing recoveries from employers.
- Ensured that participants received the law’s full protection in both underfunded and fully funded plan terminations.

MULTIEMPLOYER PROGRAM

A multiemployer pension plan is created through a collective bargaining agreement between employers and a union — usually in the same or related industries. Multiemployer plans provide benefits for people in various industries, such as transportation, construction, mining, hospitality and others. PBGC’s Multiemployer Program provides financial assistance to insolvent multiemployer plans and offers technical assistance to plan trustees and administrators, service providers and other stakeholders in an effort to help plans extend their solvency.

The Corporation works closely with all insolvent multiemployer plans to review their requests for PBGC financial assistance. In FY 2018, PBGC paid $153 million in financial assistance to 81 insolvent multiemployer plans. At year-end there were 78 insolvent plans expected to continue to receive financial assistance covering 62,300 participants currently receiving benefits. An additional 27,800 people are entitled
to benefits once they retire. PBGC performed audits of 13 plans covering more than 14,000 people. The objectives of the audits are to ensure timely and accurate payment of benefits to all plan participants, compliance with laws and regulations and effective and efficient management of the assets remaining in terminated and insolvent plans.

Absent changes in the law, the Multiemployer Program is likely to run out of money by the end of FY 2025. Restoring the program to long-term solvency requires congressional action. PBGC works with troubled multiemployer plans to extend plan solvency and protect participants’ benefits. The Corporation also continues to implement provisions of the Multiemployer Pension Reform Act of 2014 (MPRA).

**Multiemployer Plan Partitions and Applications for Benefit Suspensions**

MPRA provides options for plans that are likely to become insolvent when facing funding issues. Certain critical and declining plans that are projected to run out of money may ask PBGC for partition assistance. A partition allows plans to transfer responsibility for paying a portion of participants’ and beneficiaries’ monthly guaranteed benefit to a newly created successor plan that receives financial assistance from PBGC.

For a plan to be eligible for a partition, the plan sponsor must show that all reasonable measures to avoid insolvency have been made, including making the maximum benefit reductions allowed under the law. The plan must also demonstrate that a partition is necessary for the plan to avoid running out of money. If a partition is approved, the original plan has an ongoing obligation to pay and preserve benefits for all participants at levels above the PBGC guarantee amounts, after taking into account any benefit reductions.

Plans applying for partition are also required to apply to the Treasury Department for a suspension of benefits. Applications must show benefit reductions to 110 percent of the PBGC-guarantee level, except for age- and disability-protected benefits. PBGC provides consultation to the Treasury Department in the review of benefit suspension applications.

In FY 2018, PBGC conditionally approved a partition application for the Teamsters Local 805 Pension and Retirement Plan (805 Plan), which covers about 2,000 participants. The approval is contingent on the Treasury Department’s final authorization to suspend benefits. If the Treasury Department issues final authorization, early financial assistance from PBGC to the newly partitioned plan, combined with required benefit reductions, is expected to allow the original 805 Plan to avoid insolvency in the long term.

**Multiemployer Plan Mergers and Transfers**

Plan mergers are a way to help protect benefits in multiemployer plans. In general, mergers can broaden a plan’s contribution base, reduce small plan administrative and investment expenses and rescue troubled plans from projected insolvency. Similarly, transfers of assets and liabilities between plans, often accompanied by a plan merger, can have a positive impact on all plans involved. Such transfers may result in steady or improved funding to help sustain the plans.

In FY 2018, PBGC issued determinations that five multiemployer plans met the legal requirements for merger. The Corporation also issued two determinations that a transfer of liabilities and assets between multiemployer plans met the legal requirements. One of these transfers was from the Bakery Drivers Local 194 Plan, which is expected to go insolvent, to another plan that is expected to remain solvent.
PBGC also approves requests from multiemployer plans regarding plan withdrawal liability rules. Alternative or special withdrawal liability rules can extend plan solvency. In FY 2018, the Corporation approved four alternative allocation method requests. PBGC also approved one request from a non-construction industry plan to apply the ERISA construction industry withdrawal liability rules.

**Joint Select Committee on Solvency of Multiemployer Pension Plans**

Established by the Bipartisan Budget Act of 2018, the Joint Select Committee on Solvency of Multiemployer Pension Plans (Select Committee) is tasked with providing recommendations and legislative language that will significantly improve the solvency of multiemployer pension plans and the Corporation. The Select Committee has conducted six hearings since its inception in March 2018. PBGC’s Director W. Thomas Reeder testified before the Select Committee about the structure and financial outlook of PBGC. At the Select Committee’s request, the Corporation has provided three PBGC multiemployer pension experts to work with the Select Committee. These experts assist with briefings on various aspects of multiemployer pensions and with development and analysis of possible legislative solutions. PBGC has also provided technical assistance to help the Select Committee analyze various reform proposals. The Select Committee’s report is due by November 30, 2018.

**SINGLE-EMPLOYER PROGRAM**

The Single-Employer Program covers defined benefit pension plans that generally are sponsored by one employer. When an underfunded single-employer plan terminates, PBGC steps in to pay participants’ benefits up to limits set by law. This typically happens when the employer sponsoring an underfunded plan goes bankrupt or out of business, or can no longer afford to keep the plan going. PBGC takes over the plan’s assets, administration and payment of plan benefits up to the legal limits. In some instances, if the plan has enough money to pay all benefits owed to participants, the plan sponsor can choose to voluntarily terminate its pension plan by opting into a standard termination agreement.

**Protecting Pensioners When Plans Are at Risk**

As part of risk mitigation activities, PBGC monitored on average 1,500 companies to identify transactions and events that potentially posed risk to the people covered under their pension plans. The Corporation works collaboratively with employers to reach agreements for suitable protections to safeguard participant benefits.

In March 2016, PBGC and Sears executed a pension plan protection agreement under which Sears agreed to protect the assets of certain special purpose subsidiaries holding real estate and intellectual property assets for the benefit of Sears’s pension plans. Since then, Sears and PBGC have entered into four amendments to this agreement, each of which monetized parts of PBGC’s interests. In March 2018, PBGC and Sears closed on an agreement that provided approximately $520 million in funding for Sears’s two pension plans in exchange for permitting Sears to monetize real estate collateral protected in the March 2016 agreement. In August 2018, PBGC and Sears closed on a transaction which provided an additional $32 million in funding for Sears’s pension plans in exchange for PBGC’s release of liens on certain real estate that it had been granted in connection with an earlier amendment. The pension plans cover about 90,000 participants. In total, the four amendments have led to contributions of over $1 billion.
Subsequent to year end, Sears entered bankruptcy on October 15, 2018. At this time, the pension plans remain ongoing and under the responsibility of Sears. If circumstances require, PBGC is prepared to step in and provide PBGC-guaranteed benefits.

Protecting Pensioners When Companies Are in Bankruptcy or Go Out of Business

PBGC works diligently to encourage the continuation of pension plans, where possible, when plan sponsors undergo bankruptcy protection. When companies enter bankruptcy, PBGC first seeks to preserve their plans. PBGC takes an active role in bankruptcies and works to prevent unnecessary plan terminations. If a pension plan must be terminated as part of a bankruptcy proceeding, PBGC pursues claims and recoveries on behalf of the pension plan and the pension insurance program. The largest of these cases included:

- **Avaya Inc.** emerged from bankruptcy in FY 2018 with one of its two pension plans ongoing. Although the company had initially sought to retain both pension plans when it entered bankruptcy protection in January 2017, the company ultimately determined that it could not emerge from bankruptcy with both plans ongoing. Avaya retained the hourly plan, with nearly 7,000 participants and $600 million in underfunding, and terminated the salaried plan, with nearly 8,000 participants and $938 million in underfunding. In the settlement of the termination liability of the salaried plan, PBGC received $340 million in cash and 5.5 percent of the equity in reorganized Avaya. The plan of reorganization valued PBGC’s total recovery at $462 million, including the equity. In addition to the settlement received for the salaried plan, the case team negotiated additional protections for the ongoing hourly plan. To protect the hourly plan against any future value-diminishing transactions, PBGC negotiated for excess contributions to the hourly plan in the event of certain material transactions. The amount of these excess contributions will be the lesser of $150 million or an amount equal to the projected minimum required contributions for the four plan years immediately following the date of the material transaction.

- **Westinghouse and 29 affiliates** filed for bankruptcy on March 29, 2017. After a bidding process in December 2017, the company agreed to be acquired by Brookfield for $4.6 billion. Though Brookfield agreed to assume the pension plan, which had unfunded benefit liabilities of $952 million, PBGC was concerned that the pension plan would face undue risk after the company emerged from bankruptcy. Brookfield and PBGC negotiated a settlement agreement that contemplated a $100 million voluntary contribution to the pension plan, with the possibility of another contribution of $20 million or more once the bankruptcy claims resolution process is complete. On August 2, 2018, Westinghouse made the $100 million contribution. The amount of the contingent contribution should be known before the end of calendar year 2018.

- **Energy Future Holdings Corporation**, the largest power company in Texas, emerged from bankruptcy protection after nearly four years. The reorganized company continues to sponsor its two pension plans, with over 25,500 participants and $908 million in underfunding.

- **Cenveo, Inc.**, one of North America’s largest printing and envelope companies, and its affiliates sought bankruptcy protection in FY 2018. The bankruptcy court has approved Cenveo’s plan of reorganization, which provides for the company to continue its two pension plans. The plans cover almost 6,500 participants and are underfunded by $155 million.
**Standard Terminations**

A company can end a fully funded plan in a standard termination by paying all the benefits it owes. In FY 2018, almost 1,600 plans, covering approximately 204,500 participants, filed standard terminations. The number of standard terminations has increased possibly due to rising interest rates reducing the cost of settling plan benefits. Large plans that filed standard terminations this year include AutoZone Inc. Associates Pension Plan, the Dana Retirement Plan, Avery Dennison Pension Plan and Sherwin-Williams Company Salaried Employees Pension Investment Plan.


There are times when a company that goes out of business may still be able to fully pay all of its pension plan benefit obligations through a standard termination agreement. In the case of Dawson International Holdings (USA), Inc., the court approved the company’s plan of liquidation, providing a standard termination of the pension plan. Over two years, PBGC successfully worked with debtors to overcome opposition from other creditors so the debtors could fully fund the pension plan, protecting the benefits of over 800 participants.

In another case, PBGC successfully filed liens against multiple real property parcels that the Oak Tree Farm Dairy controlled group was in the process of selling as it began a gradual out-of-court liquidation. PBGC worked cooperatively with the controlled group over six years, resulting in using sales proceeds to fully fund its two pension plans, protecting the benefits of over 200 participants. Those two plans filed standard terminations.

In FY 2018, PBGC conducted 401 standard termination audits to verify that plan sponsors properly calculated participants’ benefits due to the plan termination. Through these audits, PBGC found errors that plan sponsors have since corrected. As a result, almost $12.2 million in additional benefits were distributed to 4,157 people in these plans.

**Significant Litigation**

PBGC protects participants in America’s private-sector pensions through litigation in federal and state courts.

- In September 2018, the appellate court agreed with PBGC in *PBGC v. Findlay* that controlled group liability and successor liability are proper avenues for PBGC to pursue. In *Findlay*, PBGC sued the sponsor’s controlled group and successors to recover unfunded benefit liabilities and termination premiums of over $30 million. The appellate court agreed with PBGC that leasing to a business under common control is always a “trade or business,” to support the controlled group rules’ purpose of preventing employers from shielding assets from liability. The appellate court also held, again to further ERISA’s purposes, that when parties related to the sponsor purchase the sponsor’s assets, they are subject to single-employer plan termination liabilities if they had notice of the liabilities and substantially continued the sponsor’s business.
• In FY 2018, PBGC won motions in district and appellate courts in *Lewis v. PBGC*, rejecting all claims against PBGC by nearly 1,700 former Delta Pilots on their challenge to the PBGC Appeals Board’s determination of their benefits. In June 2018, the district court held that the deferential *Chevron* standard of review applies to PBGC’s interpretations of ERISA and held that those interpretations were reasonable. (Under the Supreme Court case *Chevron v. Natural Resources Defense Council*, courts defer to an agency’s reasonable interpretations of a statute it is charged to administer.) In August 2018, the court of appeals rejected the one count that remained in the suit, a fiduciary breach claim the pilots asserted to recover PBGC’s post-termination investment gains on plan assets. The court held that under the terms of ERISA, any increase in asset value after plan termination belongs to PBGC.

• In January 2018, the D.C. Circuit denied class counsel’s request for an additional $2 million in attorneys’ fees in *Page, et.al., v. PBGC; Collins, et. al., v. PBGC*, triggering the close of this two-decades-long settlement. PBGC entered into the *Page/Collins* settlement in 1996, agreeing to pay benefits to participants in plans that terminated soon after ERISA passed but that had not been amended to comply with the new law. The settlement was expected to close in 2002 but the parties disagreed on several issues, including attorneys’ fees. With the additional guidance provided through the attorneys’ fee appeal, and the district court’s active supervision, the parties worked cooperatively to ensure completion of the tasks required for dissolution and discharge of the Class Action Settlement Board, which is responsible for overseeing the settlement. Accordingly, in July 2018, the district court discharged the parties and the Board pending the close of all remaining tasks, which were completed by September 30, 2018.

• In November 2017, PBGC defeated a motion by FBOP Corporation, a bank holding company, that would have disposed of PBGC’s effort to recover $30 million that was erroneously paid to FBOP because of a Treasury computer error. In 2009, FDIC took over FBOP’s banks and the company proceeded to liquidate its assets. PBGC terminated the pension plan to protect the interests of plan participants. Although the parties agreed to offset the $30 million termination liability to PBGC against FBOP’s federal tax overpayment, an IRS process failure resulted in the funds being paid to FBOP, with both FBOP and FDIC claiming a right to the funds. After the court ruling, the parties reached a negotiated settlement of $20.8 million, and PBGC has received all payments.

**Pilot Mediation Program**

PBGC’s practice is to resolve early warning and termination liability matters on a consensual basis with plan sponsors without the need for litigation. The Corporation’s team of experienced professionals are committed to achieving settlements that are affordable for each plan sponsor. In response to business community comments and concerns, PBGC initiated a pilot program in FY 2018 that offers mediation to facilitate resolution of negotiations in two key PBGC program areas. PBGC offers mediation to ongoing plan sponsors as part of the Early Warning Program and to former plan sponsors as part of resolving their pension liabilities following termination of underfunded pension plans. PBGC offered the program to several plan sponsors and has already successfully reached a mediated settlement in the first case.

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GOAL NO. 2: PAYING TIMELY AND ACCURATE BENEFITS

Through its Single-Employer Program, PBGC is directly responsible for the benefits of 1.4 million current and future retirees in trustee pension plans. These Americans count on PBGC to pay their benefits accurately and on time.

Benefits Administration

PBGC becomes the trustee of single-employer plans that end without enough money to pay all their promised benefits. In FY 2018, PBGC took responsibility for 58 single-employer plans that provide the pension benefits to more than 28,000 current and future retirees.

When PBGC assumes responsibility for a pension plan, the first priority is to make sure the plan’s existing retirees continue to receive benefits without interruption. In FY 2018, PBGC’s Office of Benefits Administration (OBA) oversaw the seamless transition of more than 14,700 retirees to direct payments from PBGC.

The five largest plans that PBGC trusteed in FY 2018 were sponsored by Avaya Inc. (7,978 participants); Carson Pirie Scott, Inc. formerly known as Parisian, Inc. (5,970 participants); Appvion, Inc. (3,216 participants); Appleton Coated LLC (two plans; 1,286 participants); and Morehead Memorial Hospital (1,157 participants).

In FY 2018, PBGC paid $5.8 billion in benefits to more than 861,000 retirees in single-employer plans. More than 29,000 new retirees applied for benefits. The Corporation processed more than 91 percent of those applications in 45 days or less, exceeding its performance target of 87 percent for FY 2018.

Accuracy of benefit amounts is also a priority. If the Corporation has not completed the process required to issue a final benefit determination at the time eligible participants request to start receiving their benefit, PBGC begins paying them an estimated benefit. Currently, more than 210,000 retirees whose final benefit determinations are in the process of being calculated receive an estimated benefit amount. In FY 2018, more than 93 percent of final benefit determinations issued were within 10 percent of the estimated benefit amount. This is slightly below PBGC’s target of 95 percent.

After PBGC becomes trustee of a plan, OBA begins a complex process of valuing the plan’s assets, reviewing plan and participant data and calculating benefits payable under the legal limits. Only after this process is completed can participants be informed of the exact amount of their benefit.

In recent years, PBGC has focused on calculating final benefits in its largest and most complex plans and improving work products and processes in response to recommendations by the Office of Inspector General. With process improvements in place generating new efficiencies, OBA reduced the average processing time from 6.23 years in FY 2017 to 6.11 years in FY 2018. OBA expects to continue this reduction in processing times in FY 2019.

Reviews and Appeals

When participants and beneficiaries in trustee single-employer plans disagree with PBGC’s determination of their benefit, they have the right to bring their concerns to PBGC’s Appeals Board. Plan sponsors may also
appeal certain PBGC determinations. The Appeals Board independently reviews each appeal and provides a
detailed written explanation of its decision. The Appeals Board started FY 2018 with 102 open appeals.
During FY 2018, the Appeals Board accepted 186 new appeals and closed 204 appeals, with 84 still open at
the end of the year. The Appeals Board statistics for the past 10 fiscal years are on PBGC’s Open
Government webpage.\(^1\)

**GOAL NO. 3: MAINTAINING HIGH STANDARDS OF STEWARDSHIP AND ACCOUNTABILITY**

*Accountability: Measuring and Monitoring Performance*

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

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

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\(^1\) https://www.pbgc.gov/open/index
## FY 2018 SUMMARY OF PBGC MEASURES AND ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Target</th>
<th>2018</th>
<th>2017</th>
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</thead>
<tbody>
<tr>
<td><strong>Preserve Plans and Protect Pensions</strong></td>
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<td></td>
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<tr>
<td>Participants Protected in Plans Emerging From Bankruptcy</td>
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<td>52,000</td>
<td>26,700</td>
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<td>Standard Termination Audits: Additional Payments</td>
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<td>$12.2M to 4,157 people</td>
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<td><strong>Pay Timely and Accurate Benefits</strong></td>
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<td>Single-Employer – Participant Benefit Payments</td>
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<td>861,000</td>
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<td>Future Single-Employer – Participant Benefit Payments</td>
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<td>Multiemployer Plan Financial Assistance – Number of Participants</td>
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<td>Future Multiemployer Plan Financial Assistance – Number of Participants</td>
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<td>Estimated Benefits Within 10 Percent of Final Calculation</td>
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<td>Average Time to Provide Benefit Determinations (Years)</td>
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<td>Improper Payment Rates Within OMB Threshold(^1)</td>
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<td>Applications Processed in 45 Days</td>
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<td>91%</td>
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<td><strong>Ensure Superior Stewardship and Accountability</strong></td>
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<tr>
<td>Retiree Satisfaction – ACSI(^2)</td>
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<td>Caller Satisfaction – ACSI</td>
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<td>Premium Filer Satisfaction – ACSI</td>
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<td>Overall Customer Satisfaction(^3)</td>
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<td>Unmodified Financial Statement Audit Opinion</td>
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\(^1\) The OMB threshold for significant improper payment reporting is as follows: amounts that exceed (1) both 1.5 percent and $10 million in improper payments, or (2) $100 million in improper payments.

\(^2\) The American Customer Satisfaction Index (ACSI) uses a 0-100 scale; 80 or above is considered excellent.

\(^3\) This measures customer satisfaction with information and services provided by the Corporation.
**PBGC’S OWN FINANCES MUST BE SOUND**

PBGC’s operations are financed by insurance premiums set by Congress and paid by sponsors of defined benefit pension plans, along with investment income, assets from pension plans trustees by PBGC and recoveries from the companies formerly responsible for the plans. PBGC receives no funds from taxpayer dollars. The Corporation pays benefits based on federal law and the provisions of the plans it trustees.

The financial status of the Single-Employer Program shows continuous improvement and reached a positive net position at the end of FY 2018. Estimates from PBGC’s FY 2017 Projections Report indicate that continued improvement in the financial status of the Single-Employer Program is likely but not guaranteed. The net financial position of the Multiemployer Insurance Program also improved during FY 2018 but remains in deep deficit. Absent changes in law, the Multiemployer Program is likely to run out of money by the end of FY 2025.

**Financial Soundness and Financial Integrity**

PBGC is responsible for insuring the pensions of nearly 37 million people, whose benefits are valued at $3 trillion dollars. In addition to collecting premiums, PBGC exercises care in the management of over $100 billion in total assets. This year, PBGC attained the 26th consecutive unmodified audit opinion on its financial statements.

**Collecting Premiums**

In FY 2018, combined premium cash receipts collected totaled $6.6 billion. Single-Employer Program premium cash receipts collected were $6.3 billion. Separately, Multiemployer Program premium cash receipts were around $303 million. Premium rates are set by Congress and generally indexed for inflation. In addition, the Bipartisan Budget Act of 2013, the Multiemployer Pension Reform Act of 2014 and the Bipartisan Budget Act of 2015 specify premium rates or premium increases for certain years. In FY 2018, PBGC continued to improve its premium collection processes by sending acknowledgments for every premium filing received, which includes the results of processing the filings (e.g., notification of any balance due or overpaid). PBGC enhanced the collection process to identify suspended payments, addressed the correction of these payments and automatically followed up with plans to indicate that their payment had been processed properly. In addition, PBGC improved ACH and Fedwire processing to automatically post payments based on all available information in the payment file.

**Investing Prudently**

PBGC investment assets are administered by investment management firms subject to PBGC’s investment policies and oversight procedures. Procedures for internal controls, due diligence and risk management are subject to periodic review. Regular and detailed communication with management firms enables the Corporation to stay informed on matters affecting its investment program. The following table provides a comparison of PBGC investment performance with each composite’s respective benchmark. For more information, refer to Section VII Investment Activities.
PBGC FY 2018 INVESTMENT RETURNS VERSUS BENCHMARKS

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>1-Year Period</th>
<th>3-Year Period</th>
<th>5-Year Period</th>
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<td>Total Fund Composite</td>
<td>1.4%</td>
<td>5.8%</td>
<td>5.1%</td>
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<tr>
<td>Total Fund Benchmark 1</td>
<td>1.0%</td>
<td>5.4%</td>
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<tr>
<td>ERISA/PPA Portfolio Benchmark 2</td>
<td>10.1%</td>
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<td>Total Global Public Stock</td>
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<td>13.5%</td>
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<td>Total Public Stock Benchmark 3</td>
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<tr>
<td>Total Global Bonds</td>
<td>(2.2%)</td>
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</tr>
<tr>
<td>Total Global Bonds Benchmark 4</td>
<td>(2.4%)</td>
<td>2.3%</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

1 The Total Fund Benchmark is a dynamic weighted benchmark based upon the weights of the Total Global Public Stock Benchmark, the Total Global Bonds Benchmark and the 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 Barclays Aggregate Bond index. See Section VII Investment Activities (The Pension Protection Act of 2006 Reporting Requirement).

3 The Total Global Public Stock Benchmark is a dynamic weighted benchmark based upon the weights of the U.S. Public Stock composite and the International Public Stock composite and the returns of their respective benchmarks.

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.

OUTREACH AND CUSTOMER SERVICE

Listening to Customers

Customers are at the center of the Corporation’s mission. PBGC management and employees consider customer interests when making decisions at every level. First, PBGC identifies and prioritizes customer needs through surveys that assess major processes and communications. The Corporation then sets targets to promote continued improvement in the areas that matter most to customers.

Telephone Surveys

PBGC uses telephone surveys to get feedback from its customers — workers, retirees, employers and practitioners. The American Customer Satisfaction Index (ACSI) evaluates PBGC’s services to this sector of customers. ACSI surveys use a proven statistical methodology to identify where the most effective improvements can be made and to allow benchmarking across public and private sectors.
The retiree survey measures satisfaction among retirees receiving monthly benefits from PBGC. This group rated its satisfaction at 89 in FY 2018, slightly below the target of 90 but among the highest in government or the private sector. Survey respondents indicated an appreciation of PBGC’s dependable and timely payment of their PBGC benefits. Pending call center upgrades may help improve satisfaction in the coming years.

The participant caller survey measures the satisfaction of pension plan participants who call PBGC’s toll-free number. Customers rate their call experience, including the automated phone system, interactions with representatives and resolution of their concerns. Other services, such as written communication or the benefit application process, are also evaluated. PBGC fell just slightly below its FY 2018 target of 85, scoring an 84 — up one point from last year. PBGC has invested in new Customer Contact Center technology to improve its customers’ experiences and anticipates the first phase of implementation in FY 2019. To reduce call wait times, the Corporation also increased its number of call center agents.

The premium filer survey measures satisfaction among plan sponsors and their representatives who file mandatory annual premiums with PBGC. The Corporation exceeded its FY 2018 target of 74 by two points, scoring 76, and was the highest-scoring regulatory agency among all agencies included in ACSI 2017 results. Although regulatory functions typically have lower satisfaction scores than service or benefit functions, PBGC has made special effort to listen to its premium filers and incorporate their views and input, particularly with respect to the online premium filing application, My PAA. PBGC also expanded its communications to premium filers in FY 2018 with timely email updates on important filing information.
Online Surveys

PBGC conducts four online surveys via PBGC.gov for measuring user satisfaction. These cover:

- Online service for participants using My Pension Benefit Account (MyPBA).
- Online service for practitioners using My Plan Administration Account (My PAA).
- The PBGC.gov website.
- Overall satisfaction of all customers.

These surveys provide valuable benchmarking insights and track trends in customer satisfaction. Online surveys continuously collect feedback, allowing PBGC to promptly address customer concerns.

Participants use MyPBA to conduct transactions with PBGC, such as applying for benefits, updating their addresses or banking information, specifying federal tax withholding or requesting benefit estimates. The MyPBA survey measures satisfaction in areas such as functionality, look and feel, and plain language. The MyPBA satisfaction score is 77, up one point from FY 2017 and meeting the target of 77.

Practitioners use My PAA to file premiums with PBGC. The My PAA survey measures satisfaction on issues like ease of navigation and site performance. The FY 2018 satisfaction score is 84, exceeding the target of 80. This score is among the highest in government. In FY 2018, My PAA added significant new functionality to improve the e-signature process if credits have changed since initial sign off, and to display on-screen validations for single filings uploads. Additional improvements included adding quick link buttons in My PAA to submit a request for penalty reconsiderations, premium refunds and other actionable requests; adding the ability to check the status of plan-specific requests and plan correspondence and allowing plan filers to save all PBGC mailed correspondence, which allows all filing team members to view documents in real time.

The PBGC.gov survey measures satisfaction with PBGC’s public website, including search, navigation, content and plain language. The website satisfaction score was 75, meeting PBGC’s target. The score reflects positive response to PBGC.gov’s newest redesign, which implemented a less-cluttered layout and made it easier to navigate frequently accessed content, such as contact information and the MyPBA login page. PBGC also undertook a usability audit in FY 2018 that resulted in significant improvements to search functionality and navigation; both changes took place in the fourth quarter, so further increases in satisfaction are expected.

PBGC’s customer satisfaction survey measures customer views on how well the Corporation performs its mission. This year, PBGC’s score of 77 was below the target of 80, but up five points from last year. The
website improvements contributed to this increase. PBGC also continues to communicate regularly with its customers via targeted newsletters, press releases, blog entries and social media.

**Engaging With Customers and Stakeholders**

PBGC works to keep its customers, stakeholders and constituents up to date on its activities through a variety of outreach efforts. In FY 2018, the Corporation enhanced its communications and outreach strategies by providing technical assistance to Congress on pension issues, increasing email campaigns and speaking engagements and improving PBGC.gov.

The Corporation communicates with Congress about the financial status and operations of PBGC programs and about matters that affect participant and employer constituents. In FY 2018, PBGC assisted Congress by providing technical assistance on a variety of legislative proposals.

In 2018, the Corporation increased its use of email, including sending regular participant communications in coordination with OBA and practitioner communications in coordination with the Financial Operations Department. PBGC continued to distribute its seasonal newsletters to retirees in PBGC trusteed plans and revamped its newsletter for future retirees. These newsletters reach hundreds of thousands of people, informing them about the benefits administration services PBGC provides.

Last year, PBGC launched the redesign of its website. Since then, PBGC has made continual improvements to PBGC.gov’s navigation, security, search and overall usability. The Corporation bases its changes on customer feedback, user experience analysis and web best practices. PBGC continues to receive positive reviews from site visitors; customer satisfaction scores are also trending upward. The Corporation continues to enhance its website by regularly refreshing web copy and encouraging content owners to use plain language writing principles.

Many of PBGC’s outreach efforts are focused on the pension community, including employer, practitioner and participant groups. To listen to their concerns and develop ways to enhance retirement security, PBGC met with groups such as AARP, the American Retirement Association, the American Benefits Council, the Committee on Investment of Employee Benefit Assets, the ERISA Industry Committee, the National Coordinating Committee for Multiemployer Plans, the National Retiree Legislative Network, the Pension Rights Center, the Women’s Institute for a Secure Retirement, U.S. Chamber of Commerce and several organizations representing the actuarial profession.

In FY 2018, PBGC representatives attended 83 events, presenting at over 50 percent of these conferences and meetings. A diverse group of PBGC representatives shared in-depth knowledge on matters regarding multiemployer plans, risk transfers, single-employer plans, lifetime income and the expanded Missing Participants Program. PBGC’s director served as keynote speaker or key presenter in nine stakeholder events, where he explained the status of the Corporation’s services and programs.

**SUSTAINING THE PROGRAMS**

PBGC continually monitors and reports on its insurance programs and their effectiveness. The model used to accomplish this task is reviewed internally and by external experts. The Corporation implements strategies to strengthen its programs’ financial health and improve its ability to manage risk.
Research and Analysis Activities

PBGC serves as an expert source of information about pensions and retirement policy. The Corporation’s Policy, Research and Analysis Department (PRAD) delivers timely and accurate analysis of PBGC programs and policy alternatives to lawmakers, policymakers and external stakeholders.

Each year, PRAD updates the Pension Insurance Data Book, a compendium of data regarding PBGC and its Single-Employer and Multiemployer Programs. The 2016 data tables include statistics for PBGC’s Single-Employer and Multiemployer Programs and for the private defined benefit pension system, including information specific to critical and declining status plans.

In addition, PBGC continues to study retirement experience as part of the review of its regulations that prescribe expected retirement ages. PRAD conducts various studies of employer-contribution and risk-transfer activity for purposes of its modeling program.

Improvements to the Pension Insurance Modeling System and Related Reports

PRAD’s primary forecasting model is the Pension Insurance Modeling System (PIMS). In FY 2018, PRAD used the model to issue the annual Projections Report, which outlines the direction of PBGC’s Single-Employer and Multiemployer Programs. The most recent Projections Report and other reports generated by PIMS are available on PBGC.gov.

Results of the PIMS projections are also incorporated into PBGC’s determinations under MPRA as to whether providing early financial assistance through a partition or facilitated merger will impair PBGC’s ability to assist other plans.

Outside experts review PIMS, and the model is periodically tested through a congressionally mandated peer review, required under the Moving Ahead for Progress in the 21st Century Act (MAP-21). This year, PBGC and its board agencies chose to perform targeted reviews to evaluate how PIMS models bankruptcy as it relates to single-employer and multiemployer sponsor participation, and whether the failure of a large multiemployer plan could cause failure of other multiemployer plans with common employers.

PBGC uses these reviews to improve PIMS and the Corporation’s reports. PBGC also uses PIMS to illustrate the effects of proposed changes to pension law and to provide other technical assistance. PBGC has undertaken a multi-year effort to improve the speed and performance of PIMS; additional improvements are in progress.

Managing Enterprise Risk

As part of the Corporation’s enterprise risk management (ERM) practices, PBGC’s Risk Management Officer along with the Risk Management Council implemented a framework to assess and analyze risks across the Corporation. The framework is designed to accomplish the main purpose of ERM — providing managers and leaders with tools and risk information to make decisions. Additionally, the Corporation completed its FY 2018 risk profile and is working on mitigation strategies for top risks.
Regulatory Activities

PBGC continues to issue regulations to protect plan participants and minimize burdens on pension plans and plan sponsors.

- PBGC published a final rule to expand and update the Missing Participants Program. Under the expanded program, most terminated defined contribution plans can transfer the benefits of missing participants to PBGC or inform PBGC about other arrangements for distributing their benefits. PBGC’s search efforts and its centralized online searchable database will help participants in terminated defined contribution plans find and receive the benefits being held for them. The final rule was published on December 22, 2017, and is available to plans that terminate beginning in 2018.

- PBGC published a final rule on facilitated multiemployer plan mergers. This final rule implements MPRA requirements for PBGC to facilitate mergers for seriously underfunded multiemployer plans. Such a merger can improve a plan’s ability to survive and to continue paying benefits to participants.

- PBGC published a policy statement that provides insight to the public on the information PBGC finds helpful and factors PBGC considers in reviewing multiemployer plan proposals for alternative terms and conditions to satisfy withdrawal liability.

In FY 2018, PBGC also published:

- A proposed rule that would improve the efficiency of reporting and disclosure by terminated and/or insolvent multiemployer plans to PBGC and to participants and beneficiaries.

- An announcement changing the way PBGC provides relief from filing deadlines when there is a disaster. The revised policy streamlines PBGC’s practice of announcing relief by keying it to the IRS’ disaster relief news releases via a one-time Disaster Relief Announcement. Filers no longer have to wait for PBGC to issue separate announcements for a given disaster.

- A notice in the Federal Register soliciting nominations for appointment to PBGC’s Advisory Committee.

STRENGTHENING A DIVERSE WORKFORCE AND LEADERSHIP

PBGC remains committed to maintaining a diverse and inclusive workplace while supporting succession and workforce planning activities. In FY 2018, the Corporation focused on strengthening employee performance management and increasing leadership engagement. PBGC has also made notable efforts to recruit and retain disabled veterans.

Federal Employee Viewpoint Survey

The Federal Employee Viewpoint Survey (FEVS) provides a confidential and voluntary method for PBGC federal employees to share honest and candid feedback about the work environment, work-life balance programs and other aspects of the Corporation. The survey also provides an opportunity for employees to influence change in their workplace. All federal employees are encouraged to take the survey. In FY 2018, 60 percent of PBGC’s federal employees participated in the survey. Although this is a decrease from the FY
2017 participation rate of 69 percent, it is significantly higher than the 2018 government-wide participation rate of 46 percent.

According to the survey results, PBGC has an engaged workforce. The Corporation exceeded its 2018 FEVS engagement score target of 69, with a score of 79 percent — its highest FEVS engagement score. The engagement score measures responses to questions on how well leaders lead, the interpersonal employee/supervisor relationship and the level of employee motivation related to the employee’s role in the workplace.

PBGC's leaders use the information from FEVS to gain valuable insight into the concerns of PBGC's greatest asset — its workforce. Reviewing the survey results is one of the ways the Corporation’s leaders identify PBGC’s strengths and challenges. This year’s survey results can be found on PBGC.gov.

**Management and Leadership Training**

PBGC took a series of actions to enhance management and leadership competencies to include:

- Incorporating employee performance and conduct into the current supervisory performance management training module to address the Office of Management and Budget’s “Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce.”
- Implementing a new training session called The Leadership Roundtable, which allows supervisors to openly discuss issues, concerns and best practices with senior leadership.

**Recruitment and Outreach**

The Corporation continues to promote recruitment and retention of disabled veterans through corporate and leadership training programs and recruitment efforts, including job fairs. This is the second fiscal year that PBGC has maintained a hiring rate of 3.3 percent for disabled veterans. Of those already on staff, 76 percent have remained with PBGC for over two years, 60 percent for over three years and 46 percent for more than four years.

**Workforce and Succession Planning**

Continuing with succession planning efforts to address workforce risk and loss of institutional knowledge, PBGC established metrics to identify departmental succession readiness. The metrics are reviewed quarterly by senior leadership. Sixty percent of PBGC departments have initiated or completed the succession planning process.

**Diversity and Inclusion**

PBGC’s Diversity & Inclusion Council (employees, management, affinity groups and union) partnered with PBGC’s director and the Communications, Outreach and Legislative Affairs Department to launch a “Small Acts of Inclusion” video, highlighting examples of inclusion and kindness in the workplace. The Council promoted the importance of inclusion during a Community Day event that showcased the Corporation’s
departmental and affinity group diversity. Employees in attendance learned about the Corporation’s programs and how each contributes to PBGC’s mission.

**Equal Employment Opportunity**

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

Essential to PBGC’s mission, OEEO’s Affirmative Employment Program (AEP) promotes equal employment opportunity by identifying and eliminating discriminatory practices and policies that impede progress for all workforce demographics.

The Affirmative Employment Program has facilitated or participated in events to support the continued development of a model EEO program. More notable events and activities include:

- Featured facilitator at PBGC’s Library Speaker Series.
- Participated in PBGC’s Diversity Day to inform the workforce of OEEO’s efforts and to solicit ideas for collaboration.
- Sponsored a workshop on resume development that focused on preparing for emerging career opportunities within PBGC.
- Established an Education & Enrichment Book Club to discuss and understand differences in a diverse workplace.
- Hosted the Equal Employment Opportunity Commission Training Institute to train employees about respect and preventing harassment in the workplace.

OEEO produced the State of the Agency MD-715 report, which provides a high-level overview of PBGC’s EEO program. The report is published and posted to PBGC.gov annually. The department also continued to conduct Barrier and Trend Analysis and created working relationships with each program office to support departmental EEO efforts.

In addition to attending OEEO’s training courses, leaders were proactive in dealing with workplace issues and amenable to solving workplace disputes through mediation. In an effort to encourage participation in alternative dispute resolution, OEEO also sponsored the Federal Mediation and Conciliation Service to conduct a mock mediation session. As a result of these efforts, formal complaints continued to decline.

**SAFEGUARDING CUSTOMERS’ INTERESTS**

**Participant and Plan Sponsor Advocate**

The PBGC Participant and Plan Sponsor Advocate is an independent entity within PBGC. The Advocate is selected by PBGC’s Board of Directors and reports to PBGC’s Board of Directors and Congress. The
Advocate acts as a liaison among PBGC, sponsors of insured defined benefit plans, and participants in PBGC-trusteed plans. The duties of the position include advocating for the full attainment of the rights of participants in trusteed plans, as well as assisting participants and plans sponsors in resolving disputes with the Corporation. The Advocate also identifies areas where participants and plan sponsors have persistent problems in dealings with PBGC and may propose changes in PBGC’s administrative practices and recommend legislative changes to mitigate problems. The Advocate is statutorily required to submit an annual report to PBGC’s congressional committees of jurisdiction, PBGC’s Board of Directors, and PBGC’s director.

The Advocate’s latest annual report, issued on December 29, 2017, recognizes PBGC for handling large volumes of routine transactions exceptionally well. The report notes that under the direction of the current PBGC leadership, the Corporation made changes based on issues raised in prior Advocate Reports, such as the introduction of a pilot mediation program which has the potential to reduce the time and expense involved when negotiating with the agency. The report also highlights positive participant initiatives, including the publication of PBGC’s Missing Participants final rule and interactions with participant advocacy groups and stakeholders. While these changes have a positive effect on PBGC’s interactions with participants and plan sponsors, the Advocate recommends the Corporation consider a set of operating principles to further improve customer relations.

**Strengthening E-Government and Information Technology**

This year, the Office of Information Technology (OIT) published its 2018-2022 PBGC IT Strategic Plan. The IT Strategic Plan outlines how PBGC can meet its strategic goals and objectives by leveraging technology to maximize the administration’s strategy and priorities for a secure digital government. OIT maintains secure, innovative, and cost-effective solutions. In FY 2018, OIT successfully:

- Achieved a 100 percent response rate for required quarterly and annual FISMA submissions to OMB and Congress for FY17 (during the FY 2018 reporting period).
- Exceeded OMB targets by achieving 98 percent performance for each of the Cybersecurity Cross Agency Priority goal targets.
- Achieved an overall “Managing Risk” grade for PBGC’s FISMA Cybersecurity Framework Risk Management Assessment.
- Strengthened PBGC anti-phishing/malware defense capabilities based on the results of an independent DHS phishing capability assessment.
- Leveraged DHS’s Continuous Diagnostics and Mitigation Program to implement a privileged account management system to reduce the likelihood and impact of a successful cyber attack.
- Implemented full disk encryption on all end-user computing hardware, reducing the risk of sensitive data loss.
Additional OIT achievements include improved openness and transparency, enhanced participation and oversight from PBGC’s executives, adoption of cloud-based service offerings, and significant hardware and software modernization including:

- Migrating office documents to Microsoft Office 365.
- Implementing the Oracle database platform to migrate legacy databases to minimize disruption of mission critical systems.
- Consolidating desktop/laptop hardware in conjunction with Windows 10 upgrade.

**Ensuring Ethical Practices**

In FY 2018, PBGC continued to ensure that new employees received ethics training within 90 days of their date of hire, and that separating employees had the opportunity to meet with an ethics counselor to discuss the rules on post-employment activities. All public financial-disclosure filers and 98 percent of PBGC designated employees received annual ethics training by the end of the fiscal year. PBGC also hosted a presentation by the Office of Special Counsel’s Hatch Act Unit Chief, who provided a Corporation-wide training on the Hatch Act, which limits federal employee participation in partisan political activity.

For internal outreach in FY 2018, PBGC’s ethics team continued its “Ethics in Brief” email notices to all PBGC employees on various topics of interest. The ethics team also updated its intranet webpage and logo to further enhance agency outreach.

**Protecting Privacy Interests**

Among PBGC’s highest priorities is protecting the personal information of its participants, beneficiaries, employees and contractors. In FY 2018, the Privacy Office continued the Corporation’s transition from a compliance approach to privacy to a more risk-based approach. This work includes reviewing PBGC systems and processes to optimize the confidentiality, integrity and availability of the information PBGC maintains.

PBGC developed a joint Information Security and Privacy Awareness course for new hires and an annual refresher training course for current employees and contractors. The mandatory training was delivered in August 2018. The privacy team also hosted its annual Privacy Week. This event offered training, information about hot topics in the privacy field, Q&A sessions and a guest speaker. The Privacy Office provided role-based training on handling personally identifiable information to additional program offices. The Privacy Office also conducted its annual inventories of personally identifiable information on file, and routinely acts to reduce the use of Social Security numbers to the minimum extent necessary.

**Strengthening Transparency and Disclosure**

PBGC continues to be a leader throughout the federal government in strengthening and promoting transparency. At PBGC, every employee is responsible for ensuring compliance with the Freedom of Information Act (FOIA), a culture that is fostered by the Disclosure Division’s training, outreach and awareness activities. In FY 2018, PBGC held 39 conferences or training sessions on a variety of topics to promote transparency, collaboration and compliance to ensure efficient and accurate processing of FOIA requests.
PBGC ended another fiscal year with a zero backlog of FOIA requests. Last year, the U.S. Department of Justice scored PBGC 100 percent when it assessed agencies that received more than 1,000 requests during the previous year. This year’s accomplishments are a direct result of continued progress in the use of technology and human capital management using a multi-track business model, which assigns requests to specialized teams.

INDEPENDENT EVALUATION OF PBGC PROGRAMS

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

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. Once work on recommendations is completed, evidence documenting the corrective actions taken is provided for OIG review.

PBGC is committed to addressing the related OIG recommendations in a timely manner. During FY 2018, PBGC reduced the number of open OIG recommendations from more than 180 in 2015 to 66, as of September 30, 2018. In FY 2018, PBGC closed nine recommendations related to three significant deficiencies.

PBGC’s OIG oversaw the annual financial statement audit completed by an independent public accounting firm, CliftonLarsonAllen LLP. The Corporation attained the 26th consecutive unmodified audit opinion on its financial statements. In the report on Internal Control Related to the Pension Benefit Guaranty Corporation’s Fiscal Year 2017 and 2016 Financial Statements Audit (AUD-2018-6), the OIG observed that PBGC strengthened its control environment by implementing management practices to mitigate control deficiencies reported in previous years. The OIG stated that management improved its current business processes to address specific financial reporting and information technology control deficiencies. In addition, the OIG stated that management should continue to focus its efforts to resolve outstanding conditions. In the report, the OIG identified the following three significant deficiencies: Controls over Present Value of Future Benefits Liability; Present Value of Nonrecoverable Future Financial Assistance; and Access Controls and Configuration Management. In addition, during FY 2018, the OIG performed other audits and evaluations, including the following:

- Evaluation of PBGC’s Fiscal Year 2017 Compliance with Improper Payments Elimination and Recovery Act (EVAL-2018-12/PA-123). As required by the Improper Payments Information Act of 2002, the OIG reviewed PBGC’s compliance with improper payment requirements. For FY 2017, PBGC performed a risk assessment on payments to federal employees and concluded that the payment stream was not susceptible to significant improper payments as defined in OMB Circular A-123, Appendix C. The OIG determined that PBGC was compliant with the applicable improper payment reporting requirements.
• DATA Act Implementation Audit: Opportunities Exist to Improve Data Quality (AUD-2018-01/PA-17-118). The OIG found that the Corporation generally complied with the requirements for completeness, timeliness, quality and accuracy of the data, and implementation and use of governmentwide financial data standards established by OMB and Treasury. However, the OIG observed inconsistencies, omissions and errors, which caused the information available to the public and Congress on Beta.USAspending.gov to not fully reflect PBGC’s operations. This occurred because PBGC relied on automated tools that included the DATA Act Processor, the exception reports, and the Broker to validate the data. The OIG made one recommendation in the report. Management promptly completed corrective action and the recommendation was closed.

• Evaluation of PBGC’s Customer Service Score Goal-Sharing Awards Program. The OIG found that the goal-sharing award program, however well-intended, has not resulted in a significant and sustained improvement in overall customer satisfaction. The program is not effectively designed to provide the desired impact on the agency’s mission—improved customer satisfaction. Although PBGC has met the goal at least once a year, PBGC has not reviewed the results of the incentive program to determine if the program is resulting in desired sustained improvements. The OIG recommend PBGC discontinue the goal-sharing program. PBGC agreed with the recommendation.

• Evaluation of Data protection for the Field Office Support Services Procurement (PA-18-125/SR 2018-15). The OIG issued a Risk Advisory informing PBGC of different data protection risk cultures and practices in the contractor-managed offices. To better safeguard participants’ data and mitigate the risk of loss, the OIG suggested PBGC management promote a more uniform data protection risk culture by strengthening contract language in the pending Field Office Support Services procurement.

For more information about OIG’s work in promoting accountability in PBGC operations, visit OIG.PBGC.gov.

**Government Accountability Office**

The Government Accountability Office’s (GAO) latest high-risk report, dated February 2017, continued to include PBGC’s Single-Employer and Multiemployer Programs as one of 34 government programs most at risk due to vulnerabilities. The report underscores the risk of PBGC’s Multiemployer Program being exhausted in less than 10 years as a result of projected pension plans insolvencies.

PBGC also monitors progress in addressing GAO recommendations. As of September 30, 2018, PBGC had only three open GAO recommendations relating to past reviews, and has requested closure on two of them, which have been fully addressed by PBGC. The Corporation provided GAO a response on the sole remaining recommendation.

For more information about GAO work on pensions and retirement security issues, visit GAO.gov.

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PBGC’s current FY 2018-2022 Strategic Plan provides a framework for annual performance plans. PBGC conducts regular data-driven performance reviews. Agency leaders review performance data and status reports on a quarterly basis. The continuous evaluation of performance data and customer feedback helps agency leadership monitor what is working well and what may need to be adjusted. These performance reviews allow agency leaders to realign or adjust human capital and other resources to influence progress on agency goals and priorities.

PBGC’s business operations, information technology programs, investment portfolios, budgets, finances, facilities, legal review, quality improvement, and procurement services are managed and supported by a multidisciplinary team of professionals and administrative staff. The current workforce consists of just under 1,000 federal employees, who are supported by contractors. Every federal employee has a performance plan with objectives tied to the agency’s strategic goals. Employees review their performance objectives and performance outcomes with their supervisor of record throughout the performance cycle. These highly skilled professionals, who are committed to the work of PBGC’s mission, include:

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

Each PBGC employee has an important role in the Corporation’s mission of protecting America’s pensions.

We publish an annual performance report of the agency’s accomplishments. This framework is consistent with requirements outlined in the Government Performance and Results Modernization Act of 2010.

For the full FY 2018-2022 PBGC Strategic Plan please visit:

For the FY 2019 PBGC Annual Performance Plan please visit:

The table that follows is a summary of the FY 2018-2022 PBGC Strategic Plan.
## Strategic Objectives

- Encourage the continuation and maintenance of pension plans
- Protect workers and retirees when plans are at risk
- Assist policymaking to address the impending insolvency crisis in the multiemployer insurance program
- Reduce the number of missing participants

## Performance Strategies

- Engage with employers, workers, and pension practitioners to encourage pension plan continuation and strengthen retirement security
- Maintain a regulatory environment that serves the interests of stakeholders and minimizes the burdens of sponsoring a plan
- Preserve plans during bankruptcy and other corporate transactions
- Protect the retirement security of workers and retirees and the interest of premium payers in federal courts
- Research and forecast insurance program activities
- Provide timely, concrete and practical guidance to plans on the implementation of mergers, partitions and alternate withdrawal liability proposals to reduce employer risk, while preserving plans and benefits
- Provide technical assistance, analysis, and options to policymakers and Congress to improve the financial stability of the multiemployer program
- Continue to provide financial assistance to insolvent multiemployer plans
- Reunite plan participants with their lost pensions

## Goal Leaders:
- Chief of Negotiations and Restructuring
- Chief Policy Officer
- General Counsel

## Performance Measures & Targets

<table>
<thead>
<tr>
<th>Goal 1 Performance Measures &amp; Targets</th>
<th>FY 2016 Result</th>
<th>FY 2017 Result</th>
<th>FY 2018 Result</th>
<th>FY 2019 Target</th>
<th>FY 2020 Target</th>
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<tbody>
<tr>
<td>Participants protected as a result of our actions in bankruptcy cases where plan sponsors emerge from bankruptcy with plans ongoing</td>
<td>55,000</td>
<td>26,700</td>
<td>52,000</td>
<td>These activities are not amenable to targets</td>
<td>These activities are not amenable to targets</td>
</tr>
<tr>
<td>Additional payments resulting from standard termination enforcement actions</td>
<td>$4.5 M to 940 people</td>
<td>$4.6 M to 435 people</td>
<td>$12.2M to 4,157 people</td>
<td>These activities are not amenable to targets</td>
<td>These activities are not amenable to targets</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Performance Area (Dollars in thousands)</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Insurance</td>
<td>79,471</td>
<td>83,539</td>
<td>82,754</td>
</tr>
<tr>
<td>Total FTE</td>
<td>211</td>
<td>209</td>
<td>213</td>
</tr>
</tbody>
</table>
FY 2020 plan to achieve Goal 1 Performance Objectives:

1. PBGC will support Congressional and Executive Branch policymakers in analyzing and implementing solutions to the solvency issues facing multiemployer plans and PBGC’s Multiemployer Insurance Program
2. PBGC will work with stakeholders to promote understanding of major program risks and possible mitigation strategies
3. PBGC will continue to be a primary resource for pension policy analysis and pension research products, education and guidance
4. PBGC will continue to monitor its largest exposures for transactions that may pose substantial risks to participants and retirees
5. PBGC will continue to audit a statistically significant number of plans terminating through standard termination, including all plans with more than 300 participants, to ensure pension plan participants receive the correct pension benefits
6. Monitor all multiemployer plans that receive financial assistance and audit a statistical sample based on risk of the plans to ensure accurate benefit payments to plan participants, efficient management of the remaining assets, and compliance with laws and regulations
7. Using robust search procedures continue to expand efforts to increase the number of missing participants located and paid
8. Communicate benefits of a defined benefit pension lifetime income via PBGC.gov, social media, and PBGC leadership speaking engagements
9. Provide technical assistance and practical guidance to plan sponsors on the implementation of proposed options to reduce employer risks while preserving plans and benefits
10. Perform rigorous cost-benefit analysis
11. Prioritize simplification and transparency
12. Collect pension insurance premiums due
13. Represent PBGC’s interest in all bankruptcy cases involving defined benefit pension plans
14. Reduce administrative and regulatory burdens on plan sponsors
15. Deliver an annual projections report on the future status of the Single-Employer and Multiemployer Programs
16. Deliver pension insurance data tables annually to educate stakeholders on the fundamental facts of the single-employer and multiemployer programs
17. Deliver informal guidance to plans on the details of requesting early financial assistance from PBGC, and process applications promptly
18. Initiate regular meetings and/or events to educate and inform the multiemployer community (participants, plan sponsors, and other stakeholders) on the effects of the insolvency
19. Monitor all multiemployer plans that receive financial assistance and audit a statistical sample based on risk of the plans to ensure accurate benefit payments to plan participants, efficient management of the remaining assets, and compliance with laws and regulations
PBGC Strategic Plan

Strategic Goal 2: Pay Pension Benefits on Time and Accurately

<table>
<thead>
<tr>
<th>Strategic Objectives</th>
<th>Performance Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Promote exceptional customer service to pensioners and provide a positive customer experience for plan participants and beneficiaries</td>
<td>• Promote exemplary customer satisfaction ratings and implement sensible solutions to improve the customer experience</td>
</tr>
<tr>
<td>2. Ensure regular monthly benefit payments continue without interruption</td>
<td>• Continue uninterrupted benefit payments in newly trusteesed plans</td>
</tr>
<tr>
<td>3. Provide accurate and timely benefit calculations</td>
<td>• Process benefit applications timely</td>
</tr>
<tr>
<td></td>
<td>• Improve the accuracy, timeliness, and completeness of benefit determinations</td>
</tr>
<tr>
<td></td>
<td>• Provide a timely and efficient appeals process for PBGC benefit determinations</td>
</tr>
</tbody>
</table>

Goal Leaders:
- Chief of Benefits Administration

Performance Measures & Targets

<table>
<thead>
<tr>
<th>Goal 2 Performance Measures &amp; Targets</th>
<th>FY 2016 Result (Target)</th>
<th>FY 2017 Result (Target)</th>
<th>FY 2018 Result (Target)</th>
<th>FY 2019 Target</th>
<th>FY 2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction rating for retirees and beneficiaries receiving benefits</td>
<td>90 (90)</td>
<td>91 (90)</td>
<td>89 (90)</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>Participant caller satisfaction</td>
<td>84 (83)</td>
<td>83 (83)</td>
<td>84 (85)</td>
<td>85</td>
<td>85</td>
</tr>
<tr>
<td>My PBA customer satisfaction</td>
<td>76 (77)</td>
<td>77 (77)</td>
<td>77 (77)</td>
<td>77</td>
<td>77</td>
</tr>
<tr>
<td>Benefit applications approved within 45 days</td>
<td>87% (87%)</td>
<td>87% (87%)</td>
<td>91% (87%)</td>
<td>87%</td>
<td>87%</td>
</tr>
<tr>
<td>Average time (years waiting) to issue benefit determinations (between trusteeship and benefit determination issuance)</td>
<td>6.3 (4.3)</td>
<td>6.2 (4.3)</td>
<td>6.1 (6.0)</td>
<td>(5.7)</td>
<td>(5.5)</td>
</tr>
<tr>
<td>Estimated benefits within 10% of final benefit determination</td>
<td>96% (95%)</td>
<td>93% (95%)</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
</tr>
</tbody>
</table>

Performance Area (Dollars in thousands)

<table>
<thead>
<tr>
<th>Pension Plan Termination</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Funding (Dollars in thousands)</td>
<td>170,416</td>
<td>188,353</td>
<td>200,833</td>
</tr>
<tr>
<td>Total FTE</td>
<td>328</td>
<td>322</td>
<td>328</td>
</tr>
</tbody>
</table>
FY 2020 plan to achieve Goal 2 Performance Objectives:

1. PBGC expects to see an increase in benefits administration activity due to the termination of the Sears pension plans. PBGC trusteed the Sears plans on February 11, 2019 and is beginning to provide services to over 90,000 participants.
2. Implement a new platform solution to enhance the customer experience through multi-channel, streamlined and modern communication options (web, chat, text, phone).
3. Reduce the number of unissued Benefit Determination Letters (BDLs) by prioritizing the oldest and the largest plans for completion.
4. Modernize and consolidate field office operations.
5. Resolve the majority of appeals within one year.
6. Enhance the quality of OBA production and reduce the plan inventory.
7. We expect to have the following annual workload results:
   - Trustee 80 plans with 40,000 participants, taking over payments from the prior plan administrator within 180 days of trusteeship.
   - Process 35,000 benefit applications, 90% within 45 days.
   - Fulfill 70,000 benefit calculation requests for non-retirees, including approximately 7,500 manual benefit calculations.
   - Answer 500,000 calls from participants and process over 300,000 resulting transactions such as address changes and electronic deposit elections.
   - Process 300,000 pieces of incoming mail and scanning 3,000,000 pages of documents.
   - Take in 2,000 missing participants to locate, from 150 standard termination cases.
<table>
<thead>
<tr>
<th>Strategic Objectives</th>
<th>Performance Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Provide exceptional customer service                                             • Maintain exemplary customer satisfaction ratings</td>
<td></td>
</tr>
<tr>
<td>• Meet or exceed the financial and ethical standards that apply to PBGC as a major financial and government institution, and monitor cash flows • Manage investments prudently consistent with investment policy</td>
<td></td>
</tr>
<tr>
<td>• Maintain effective IT security                                                   • Collect insurance premiums due</td>
<td></td>
</tr>
<tr>
<td>• Maintain a high-performing workforce                                             • Continue to monitor the efficient use of PBGC’s cash flows</td>
<td></td>
</tr>
<tr>
<td>• Encourage and support a diverse and inclusive work environment that encourages employee engagement • Maintain adequate IT security posture based on FISMA guidance and as measured by FISMA metrics</td>
<td></td>
</tr>
<tr>
<td>• Strengthen enterprise risk management                                            • Retain and train a high-quality multidisciplinary workforce</td>
<td></td>
</tr>
<tr>
<td>• Strengthen transparency, disclosure, and communication                            • Implement succession planning and workforce management activities</td>
<td></td>
</tr>
<tr>
<td>• Strengthen contractor oversight to reduce enterprise-wide risks                   • Foster a diverse, high-performing workforce</td>
<td></td>
</tr>
<tr>
<td>• Support supervisors and managers on managing employee performance and conduct</td>
<td></td>
</tr>
<tr>
<td>• Foster a culture of inclusion that encourages collaboration, flexibility, and fairness</td>
<td></td>
</tr>
<tr>
<td>• Implement enterprise risk management strategies</td>
<td></td>
</tr>
<tr>
<td>• Provide effective and timely communication with plan participants and other stakeholders</td>
<td></td>
</tr>
<tr>
<td>• Inform stakeholders of provisions of key legislative and regulatory proposals</td>
<td></td>
</tr>
<tr>
<td>• Implement an enterprise-wide plan to improve contract oversight</td>
<td></td>
</tr>
</tbody>
</table>

**Goal Leaders:**
- Chief Management Officer
- Chief Financial Officer
- Chief Information Officer
- General Counsel
- Chief of Benefits Administration
- Chief Policy Officer
## Performance Measures & Targets

### Goal 3 Performance Measures & Targets

<table>
<thead>
<tr>
<th></th>
<th>FY 2016 Result (Target)</th>
<th>FY 2017 Result (Target)</th>
<th>FY 2018 Result (Target)</th>
<th>FY 2019 Target</th>
<th>FY 2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer satisfaction ratings:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plan sponsors and premium filers</td>
<td>79 (73)</td>
<td>77 (73)</td>
<td>76 (74)</td>
<td>74</td>
<td>74</td>
</tr>
<tr>
<td>My PAA</td>
<td>83 (79)</td>
<td>85 (79)</td>
<td>84 (80)</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Overall Customer Satisfaction</td>
<td>73 (80)</td>
<td>72 (80)</td>
<td>77 (80)</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td>PBGC.gov website</td>
<td>74 (74)</td>
<td>72 (75)</td>
<td>75 (75)</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>Participant Caller</td>
<td>84 (83)</td>
<td>83 (83)</td>
<td>84 (85)</td>
<td>85</td>
<td>85</td>
</tr>
<tr>
<td>My PBA</td>
<td>76 (77)</td>
<td>76 (77)</td>
<td>77 (77)</td>
<td>77</td>
<td>77</td>
</tr>
<tr>
<td><strong>Financial statement audit</strong></td>
<td>Unmodified</td>
<td>Unmodified</td>
<td>Unmodified</td>
<td>Unmodified</td>
<td>Unmodified</td>
</tr>
<tr>
<td>Compliance with Improper Payments Elimination and Recovery Act</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Reduce material weaknesses and significant deficiencies</td>
<td>Progress</td>
<td>Progress</td>
<td>Reduce</td>
<td>Reduce</td>
<td>Reduce</td>
</tr>
<tr>
<td>Compliance with the asset allocation listed in the current Investment Policy Statement</td>
<td>NA</td>
<td>NA</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Compliance with EEOC MD-715 model work environment</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Compliance with OMB A-123 enterprise risk management requirements</td>
<td>NA</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Score in the top 40% of reporting agencies on OMB’s Annual FISMA Report</td>
<td>NA</td>
<td>NA</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Achieve a 69% positive score for</td>
<td>Yes</td>
<td>Yes</td>
<td>TBD</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>
PENSION BENEFIT GUARANTY CORPORATION

| Employee engagement on the Federal Employee Viewpoint Survey | YES | YES | TBD (YES) | YES | YES |
| Achieve a Diversity and Inclusion/New IQ Index score of 62% or higher on the annual Federal Employee Viewpoint Survey | NA | NA | 75% complete | TBD (100% complete) | TBD |

| Performance Area (Dollars in thousands) | FY 2018 | FY 2019 | FY 2020 |
| Operational Support | Total Funding (Dollars in thousands) | 162,901 | 165,126 | 169,271 |
| | Total FTE | 427 | 420 | 427 |

**FY 2020 plan to achieve Goal 3 Performance Objectives:**

1. Research and implement at least six targeted improvements per year to agency communications (including PBGC.gov) in response to customer feedback and key performance indicators (surveys, etc.)
2. Maximize stakeholder education and outreach by holding frequent and regular meetings with participant groups, plan sponsors, practitioner groups, industry associations, and other stakeholders
3. Provide data-driven communications to stakeholders based on the latest pension research, data and projections
4. Inform plan participants and practitioners of key newly published regulations through speaking engagements at stakeholder conferences and through interviews
5. Collect pension insurance premiums due
6. Conduct quality due diligence on the PBGC investment portfolios
7. Continue to develop and implement risk management frameworks with continuous monitoring to ensure compliance with OMB circular A-123 to mitigate, reduce or accept identified risks
8. Integrate the Framework for Improving Critical Infrastructure Cybersecurity (M-17-25) into the IT management process
9. Ensure legal and regulatory compliance through implementation of appropriate policies, procedures, standards and guidance to achieve an unmodified audit opinion
10. Provide ethics training to at least 98% of new employees within 90 days of hiring
11. Provide privacy training for all new employees and contractors before badging or network access 99% of the time
12. Continue to implement recommendations and training that will improve contractor oversight

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## TABLE 1: FY2018 SUMMARY OF PBGC MEASURES AND ACTIVITIES

<table>
<thead>
<tr>
<th>Target</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Preserve Plans and Protect Pensions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participants Protected in Plans Emerging From Bankruptcy</td>
<td>52,000</td>
<td>26,700</td>
</tr>
<tr>
<td>Standard Termination Audits: Additional Payments</td>
<td>$12.2 to 4,157 people</td>
<td>$4.6M to 435 people</td>
</tr>
<tr>
<td><strong>Pay Timely and Accurate Benefits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single-Employer – Participant Benefit Payments</td>
<td>861,000</td>
<td>840,000</td>
</tr>
<tr>
<td>Future Single-Employer – Participant Benefit Payments</td>
<td>532,474</td>
<td>559,000</td>
</tr>
<tr>
<td>Multiemployer Plan Financial Assistance – Number of Participants</td>
<td>62,300</td>
<td>63,700</td>
</tr>
<tr>
<td>Future Multiemployer Plan Financial Assistance – Number of Participants</td>
<td>27,800</td>
<td>30,000</td>
</tr>
<tr>
<td>Estimated Benefits Within 10 Percent of Final Calculation</td>
<td>95%</td>
<td>93%</td>
</tr>
<tr>
<td>Average Time to Provide Benefit Determinations (Years)</td>
<td>4.3</td>
<td>6.1</td>
</tr>
<tr>
<td>Improper Payment Rates Within OMB Threshold(^7)</td>
<td>&lt;1.5%</td>
<td>Yes</td>
</tr>
<tr>
<td>Applications Processed in 45 Days</td>
<td>87%</td>
<td>91%</td>
</tr>
<tr>
<td><strong>Ensure Superior Stewardship and Accountability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retiree Satisfaction – ACSI(^8)</td>
<td>90</td>
<td>89</td>
</tr>
<tr>
<td>Caller Satisfaction – ACSI</td>
<td>85</td>
<td>84</td>
</tr>
<tr>
<td>Premium Filer Satisfaction – ACSI</td>
<td>74</td>
<td>76</td>
</tr>
<tr>
<td>Overall Customer Satisfaction(^9)</td>
<td>80</td>
<td>77</td>
</tr>
<tr>
<td>Financial Position Surplus – Single-Employer</td>
<td>$2.439B</td>
<td>($10.9B)</td>
</tr>
<tr>
<td>Financial Position (Deficit) – Multiemployer</td>
<td>($53.876B)</td>
<td>($65.1B)</td>
</tr>
<tr>
<td>Unmodified Financial Statement Audit Opinion</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

---

\(^7\) The OMB threshold for significant improper payment reporting is as follows: amounts that exceed (1) both 1.5 percent and $10 million in improper payments, or (2) $100 million in improper payments.

\(^8\) The American Customer Satisfaction Index (ACSI) uses a 0-100 scale; 80 or above is considered excellent.

\(^9\) This measures customer satisfaction with information and services provided by the Corporation.