

## PBGC at a Glance (2018)

- **PBGC protects the pension benefits** of nearly 40 million workers and retirees in nearly 24,000 private-sector defined benefit plans.
- **PBGC is a federal government corporation** and is *not* funded by general tax revenues.
  - PBGC’s Director is appointed by the President and confirmed by the Senate. Our Board of Directors consists of the Secretaries of Labor (Chair), Commerce and Treasury.
- **PBGC’s two insurance programs** insure these pension plans:
  - (1) **Single-employer** - Generally a pension plan sponsored by one company or a group of companies under common ownership. The plan may or may not be collectively bargained.
    - Single-employer operations are financed by (i) premiums from employers that sponsor insured pension plans, (ii) assets of terminated plans that PBGC takes over, and (iii) investment income.
  - (2) **Multiemployer**<sup>1</sup> - A multiemployer plan is a pension plan created through an agreement between employers and a union. The employers are usually in the same or related industries. Management and labor representatives jointly govern the plan.
    - Multiemployer operations are financed by (i) premiums paid by insured pension plans, and (ii) investment income.

*The two programs are financially separate; funds of one program cannot be used for the other.*
- **PBGC’s two programs paid retirement benefits** to over 900,000 retirees in more than 4,900 single-employer and multiemployer plans in FY 2017.
  - Payments and financial assistance totaled over \$5.8 billion.
  - Almost 600,000 more workers will receive benefits when they retire.

### PBGC’s Two Pension Insurance Programs

	Single-Employer Program	Multiemployer Program
<b>PBGC Protects</b>	Over 27 million workers and retirees in over 22,000 plans	Over 10 million workers and retirees in about 1,400 plans
<b>Financial Position at end of FY 2017</b>	<b>Deficit of \$11 billion:</b> <ul style="list-style-type: none"> <li>• Assets: \$106 billion</li> <li>• Liabilities: \$117 billion</li> </ul>	<b>Deficit of \$65 billion</b> <ul style="list-style-type: none"> <li>• Assets: \$2.3 billion</li> <li>• Liabilities: \$67 billion</li> </ul>
<b>Maximum Guaranteed Benefit</b> <i>(set by law)</i>	The guarantee is adjusted yearly.  For 2018, the maximum guarantee is ≈ \$5,420 per month, or ≈ \$65,045 per year. (This assumes PBGC payments start at age 65; other legal limits can affect benefit amounts.)	The guarantees are lower and are <b>not</b> adjusted yearly.  For someone with 30 years of service, the maximum guarantee is \$12,870 per year.
<b>How Benefits are Paid</b>	PBGC takes over the terminated plan and pays benefits directly to the retirees.	PBGC loans financial assistance to plans to cover pension benefits and reasonable administrative expenses when the plan runs out of money (“insolvent”).
<b>Premium Rates for 2018</b> <i>(set by law)</i> <i>Some of these rates are subject to indexing; after 2019 all of them will be subject to indexing. (The Bipartisan Budget Act of 2015 provided for increases to the single-employer flat-rate premium and variable-rate premium for 2017-2019.)</i>	Flat-rate premium: <ul style="list-style-type: none"> <li>• \$74 per worker or retiree</li> </ul> Variable-rate premium (VRP): <ul style="list-style-type: none"> <li>• \$38 for each \$1,000 of unfunded vested benefits</li> <li>• The VRP is subject to a cap that is \$523 per participant for 2018.</li> </ul>	Flat-rate premium: <ul style="list-style-type: none"> <li>• \$28 per worker or retiree</li> </ul>

<sup>1</sup> See also [Multiemployer Pension Reform Act of 2014 FAQs](#) for more information.