

BENEFIT NEWS BRIEFS

PBGC Approves New Investment Policy

The Board of Directors of the Pension Benefit Guaranty Corporation announced it has unanimously adopted a new investment policy. The Investment Policy Statement is posted on the PBGC web site at <http://www.pbgc.gov/documents/IPS-May2011.pdf> or available by "[clicking here](#)." The PBGC Board of Directors is run by the Secretaries of Labor, Treasury and Commerce.

According to the announcement, the investment policy objective is to maximize total return within a prudent risk framework that is informed by PBGC's fixed obligations and asset composition of potential trustee plans. The investment policy establishes a 30% target asset allocation for equities and other non-fixed income assets, and a 70% asset allocation for fixed income with an 5% allocation range.

The PBGC plays a critical role in the retirement security of more than 44 million workers who rely on private defined benefit pensions, and 1.5 million more who depend on PBGC for their current or future pension benefits. The PBGC's 2010 Annual Report listed a long-term single-employer deficit of \$23 billion between liabilities and its \$80 billion assets.

Until 2003, the multiemployer insurance program had shown growing financial strength since enactment of the 1980 MPPAA amendments. However, the multiemployer program, suffering from the same economic and demographic pressures threatening the single-employer program, has reported a deficit every year since 2003, ending with the 2010 deficit of \$1.4 billion. At the end of fiscal year 2010, the multiemployer program had assets of \$1.63 billion and total liabilities of \$3.06 billion. Most of these liabilities, \$3.03 billion, represent nonrecoverable future financial assistance to plans currently receiving financial assistance and to other plans expected to receive such assistance in the future.

Since 1980, PBGC has provided financial assistance to 71 multiemployer plans, of which 50 of these plans received assistance in 2010.

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