



BENEFIT NEWS BRIEFS

PBGC Fiscal Year 2016 Annual Report – Part II A Closer Look At The Multiemployer Program Deficit

In [Benefit News Briefs 2016-68](#), we looked at the Pension Benefit Guarantee Corporation's (PBGC's) recently released [fiscal year 2016 annual report](#) (Report). As we noted therein, the financial position of the PBGC multiemployer program is worsening and the multiemployer program deficit for the PBGC's 2016 fiscal year was \$58.8 billion, *an all-time **record deficit** for the multiemployer program.*

We were asked how that deficit is calculated and what plans are counted as contributing to the deficit. According to the Report, at page 90, there are 168 plans that the PBGC counts as contributing to the deficit. The deficit is calculated as the *present value* of the expected financial assistance from the PBGC. Most of the deficit (\$57 billion) is from plans expected to need financial assistance from the PBGC in the *next 10 years*. Alleviating that deficit by allowing ongoing critical and declining zone plans to suspend benefits under *Multiemployer Pension Reform Act (MPRA)* has not helped the PBGC as envisioned. Of these 168 plans:

- **65 plans** have *exhausted plan assets* and are *currently receiving financial assistance payments from PBGC*. The present value of future financial assistance payments for these insolvent 65 plans is **\$2.139 billion**.
- **63 plans** have *terminated* but have *not yet started receiving financial assistance payments from PBGC*. The present value of future financial assistance payments for these 63 terminated plans is **\$1.986 billion**.
- **40 plans** are *ongoing* (i.e., have not terminated), but PBGC expects they will exhaust plan assets and *need financial assistance within 10 years*. The present value of future financial assistance payments for these 40 ongoing plans is **\$56.884 billion**.

We should note that according to page 30 of the Report, the PBGC multiemployer program had about \$2.2 billion in assets as of the 2016 Report and paid out about \$113 million dollars in financial assistance to multiemployer plans in 2016.

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