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PBGC Releases FY 2020 Projections Report, 5-Year Multiemployer Program Report

FOR IMMEDIATE RELEASE

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WASHINGTON, D.C. — The Pension Benefit Corporation (PBGC) today released the agency's [Fiscal Year \(FY\) 2020 Projections Report](#) and a [5-Year Multiemployer Program Report](#). The reports show a substantial improvement in the outlook for PBGC's Multiemployer Insurance Program due to the enactment of the American Rescue Plan Act of 2021 (ARP). The Projections Report also shows that continued improvement in PBGC's Single-Employer Insurance Program is likely.

"These projections show significant improvements in the projected solvency of the Multiemployer Program, as well as likely continued improvements in the Single-Employer Program," **PBGC Director Gordon Hartogensis** said. "While future reforms would help improve the long-term health and resilience of the multiemployer system overall, ARP has provided a financial lifeline, and the effects of that are clear. The difference between these projection reports and reports from recent years is night and day; and that is great news for the millions of workers, retirees, and their families who rely on the agency."

Enactment of the American Rescue Plan Act Extends Multiemployer Program Solvency

Prior to enactment of ARP, PBGC's Multiemployer Program was projected to become insolvent in FY 2026, jeopardizing the retirement security of millions of workers and retirees. By providing special financial assistance to the most financially troubled multiemployer plans, ARP significantly extends the solvency of PBGC's Multiemployer Program. Additionally, ARP assists plans by providing funds to reinstate previously suspended benefits.

Reflecting the significant monetary relief provided under ARP, the new projections show a median projected insolvency in 2055. The new reports also project a dramatic \$75.6 billion improvement in the Multiemployer Program's projected net financial position from last year's negative \$82.3 billion for FY 2029 (in 2019 dollars), to this year's negative \$6.7 billion for FY 2030 (in 2020 dollars). The

analysis of the impact of ARP is based on the interim final rule made public on July 9, 2021 and published in the Federal Register on July 12, 2021. To the extent that PBGC makes any changes to the SFA program in the final rule, these projections may also change.

Single-Employer Program Remains Strong

Consistent with last year's report, the FY 2020 Projections Report shows that the Single-Employer Program is expected to remain strong through the 10-year projection period. The projections show no scenarios in which the Single-Employer Program approaches insolvency within the next 10 years.

While the projections show considerable uncertainty, they show an average FY 2030 net financial position of \$49.9 billion (in 2020 dollars), up slightly from last year's FY 2029 projection of \$46.3 billion (in 2019 dollars).

5-Year Multiemployer Program Report

The 5-Year Multiemployer Program Report reviews the sustainability of the Multiemployer Program. Every five years, PBGC is required to assess the premiums needed to maintain the current guarantee levels and whether the guarantee levels may be increased without raising premiums.

Because the new projections show a continued high likelihood of insolvency at some point in the future, the report concludes that current premium levels — including the statutory increase under ARP beginning in 2031 — would not support an increase in the multiemployer benefit guarantee level at this time. The report also indicates that increasing the program's premiums would improve the likelihood of solvency through the end of FY 2060.