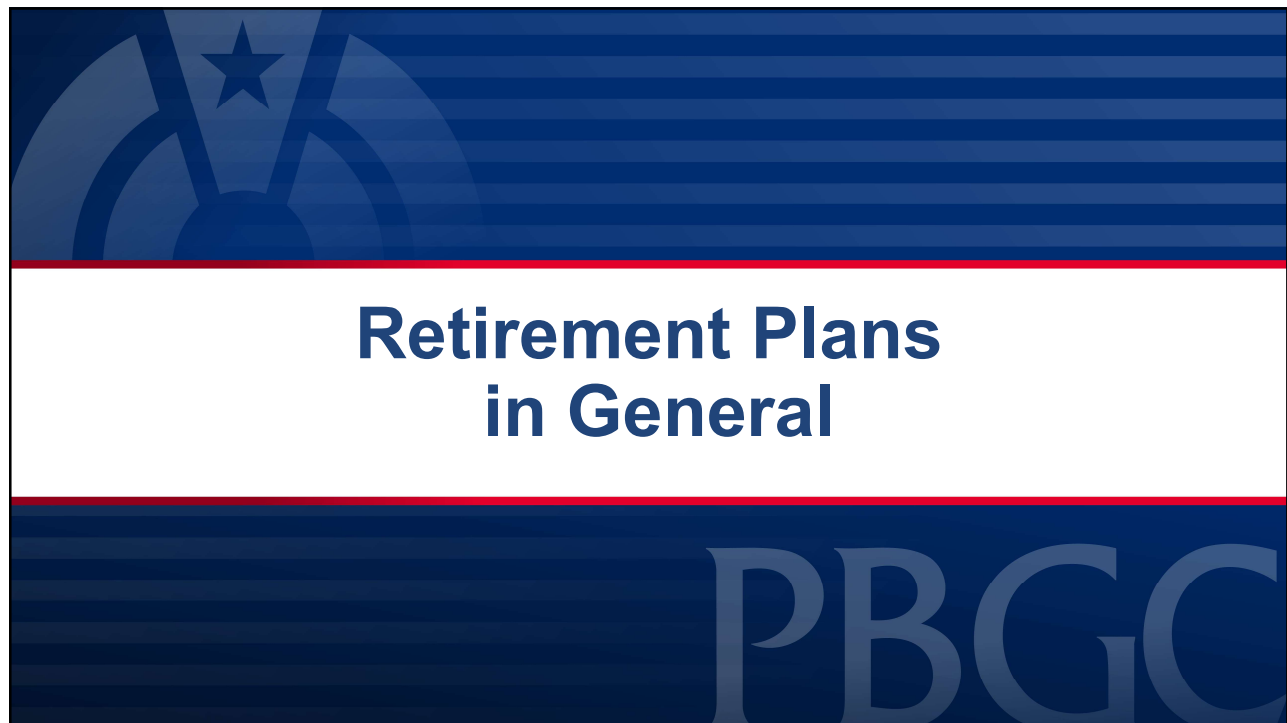


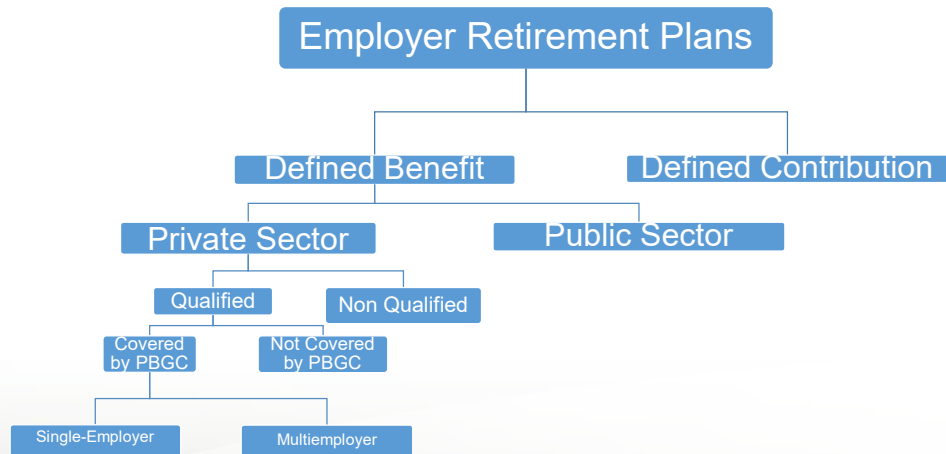


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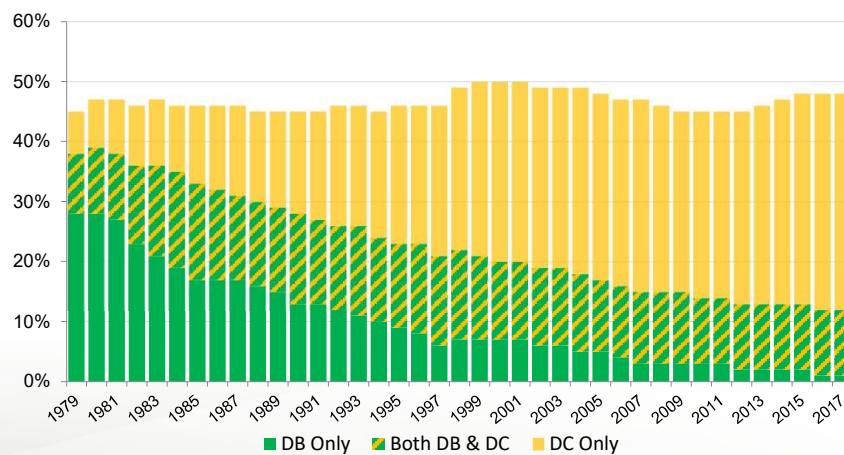
Types of Employer-Sponsored Retirement Plans



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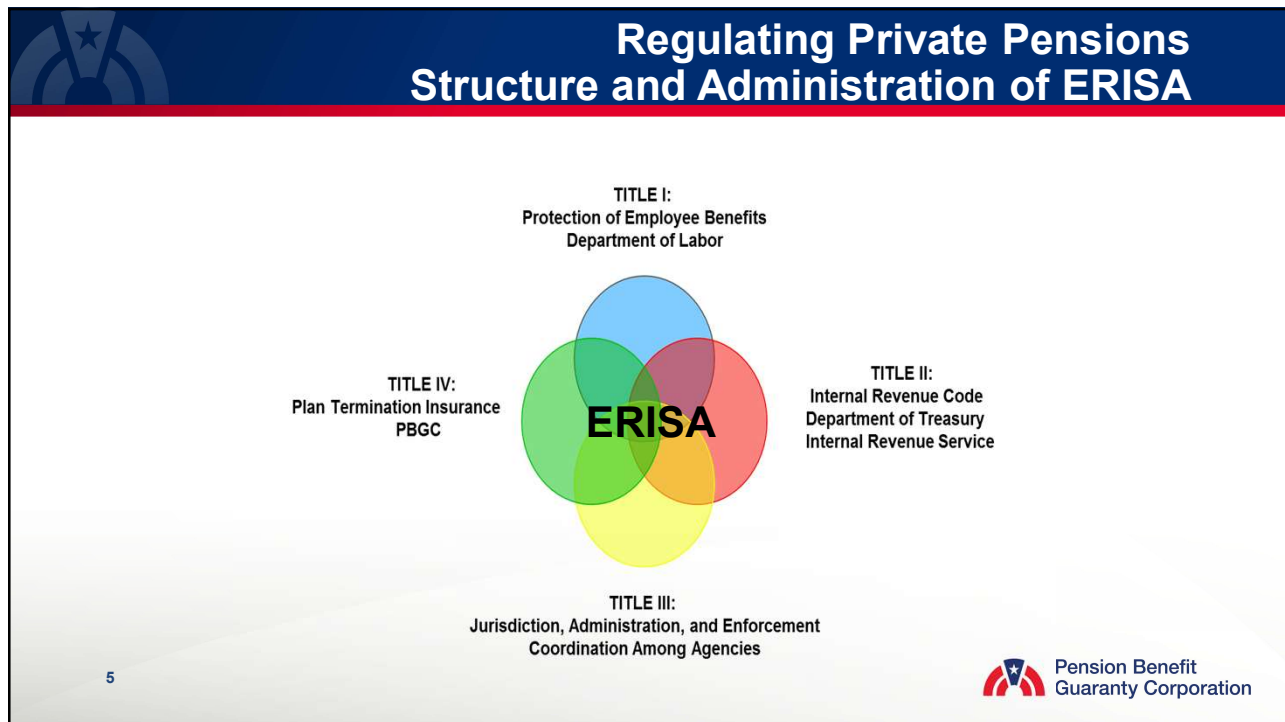
Percent of U.S. Private-Sector Workers Covered by an Employer-Provided Retirement Plan



Source: EBRI through 2014 extrapolated to 2017 using NCS

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Overview of PBGC

- Mission (per statute)
 - Encourage the continuation and maintenance of voluntary private pension plans
 - Provide for timely and uninterrupted payment of pension benefits to participants and beneficiaries
 - Maintain premiums at the lowest level consistent with its obligations
- PBGC's two programs operate very differently
 - Single-Employer Program: PBGC takes over and administer plans that terminate without sufficient assets
 - Multiemployer Program: When a plan runs out of money ("becomes insolvent"), PBGC provides financial assistance so that plan can continue to provided benefits

7



Pension Benefit
Guaranty Corporation

7

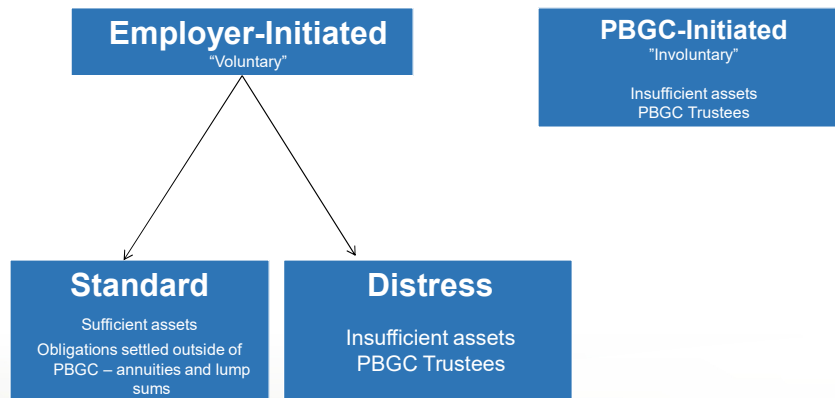


PBGC's Single-Employer Program



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Types of Single-Employer Plan Terminations



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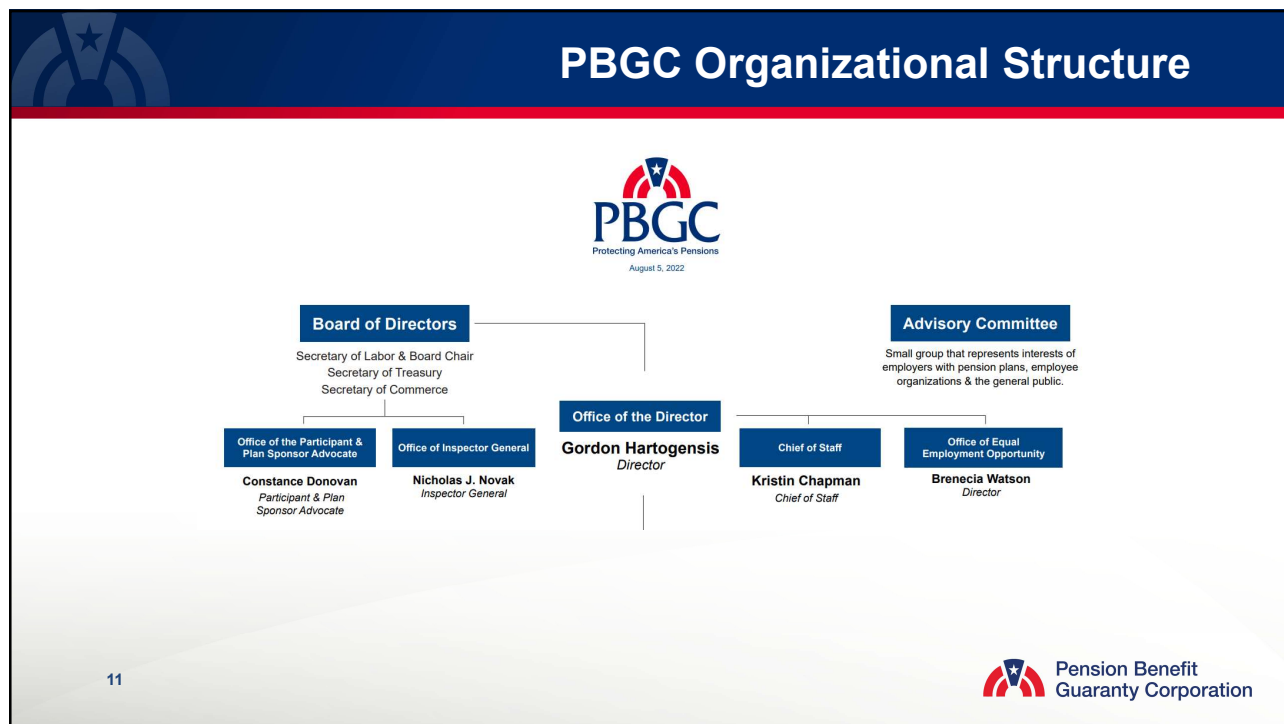
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Standard Terminations

- **PBGC Involvement – Monitor compliance**
 - Sponsor files Standard Termination Notice
 - PBGC reviews and audit
- **Missing Participants Program**
 - As part of plan termination, employer must make arrangements for some other entity to hold benefits for missing participants
 - PBGC is one of those options
 - PBGC's program expanded in 2018 to cover other kinds of terminating plans (e.g., 401(k) plans)

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IRS and DOL Are Main Private Pension Regulators

Responsible for enforcing most federal requirements for plans, including:

- Qualification Requirements
- Funding requirements
- Limits on tax deductions
- Reporting and disclosure
- Fiduciary standards

13



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Defined Benefit Plan Terminations



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Types of Terminations			
	Sufficient or Standard	Distress	Involuntary
Impact on Participants	Full benefits paid	Benefits subject to PBGC limitations	Benefits subject to PBGC limitations
What PBGC does	<ul style="list-style-type: none"> Reviews 500, 501 and MP Filings Provides assistance Performs Audits 	Interview and Collect Plan and Participant Data from: <ul style="list-style-type: none"> Plan Sponsor and Plan Administrator Prior Plan Actuary and Paying Agent Prior Plan Asset Holder/ Investment manager Participants and Beneficiaries 	<ul style="list-style-type: none"> Notify participants of trusteeship Assume benefit payments Calculate and pay estimated benefits – involuntary Plan-specific FAQs (large plan) Determine assets and final benefits Notify participants final benefit determination
Requirements	All plan liabilities must be fully satisfied – excess assets may revert to the employer if the plan allows	Must meet one of the following distress tests: <ul style="list-style-type: none"> liquidation in bankruptcy reorganization and company cannot reorganize with plan sponsor cannot continue with plan costs of coverage is unreasonably burdensome due to decline in employees 	PBGC may terminate the plan if: <ul style="list-style-type: none"> plan not met the minimum funding plan cannot pay current benefits the loss to PBGC is expected to increase unreasonably assets are unavailable to pay benefits currently due

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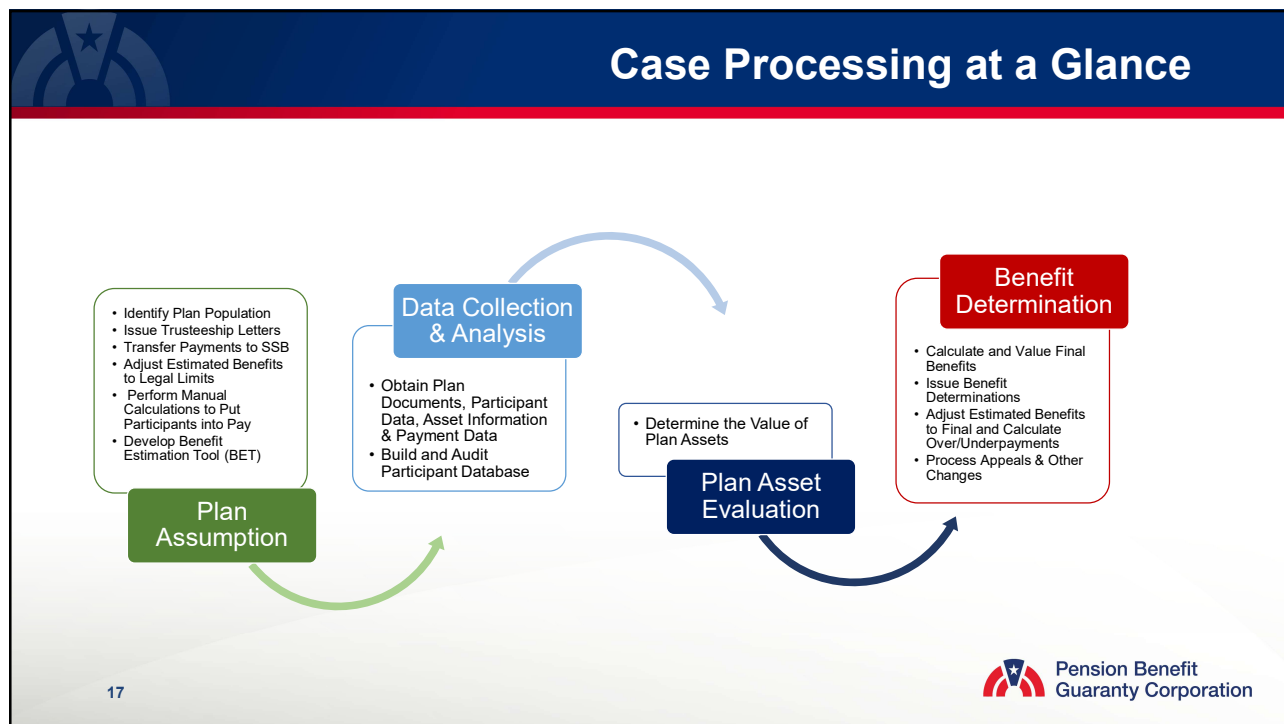


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Types of Terminations			
	Sufficient or Standard	Distress	Involuntary
Employer Obligations	Ensure all plan benefits fully paid or sent to PBGC under MP Program	<ul style="list-style-type: none"> Reduce benefits to estimate guaranteed level Provide all plan and participant data Pay unfunded liability 	<ul style="list-style-type: none"> Provide all plan and participant data Pay unfunded liability
How does it happen?	Plan Sponsor issues a <ul style="list-style-type: none"> Notice of Intent to Terminate Notice of Plan Benefits Standard Termination Notice (PBGC Form 500, Schedule EA-S) Notice of Annuity Information Schedule MP Notice of Annuity Post-Distribution Certification 	Plan administrator issues a notice of intent to terminate to affected parties, including PBGC, at least 60 days, and no more than 90 days, in advance of the proposed termination date	PBGC opens an investigation <ul style="list-style-type: none"> Reportable Event Notice Bankruptcy Filing Notification from a participant, DOL, or paying agent PBGC files a Notice of Determination <ul style="list-style-type: none"> Notifies participants after trusteeship PBGC negotiates a settlement of employer liability and files claims and perfect liens in bankruptcy court

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Guaranteed Benefits


Guaranteed benefits are limited to:

- Benefit accrued as of the bankruptcy petition date
- Accrued-at-Normal (temporary, supplemental payments)
- Maximum Insurance Limit
- Phase-in Limit
- Majority Owner Limit

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Pension Benefit Guaranty Corporation

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Asset Allocation


Plan assets plus collectible Due and Unpaid Employer Contributions may fund non-guaranteed benefits - Allocation is done in the following order:

- PC1 – Voluntary employee contributions
- PC2 – Mandatory employee contributions
- PC3 – Benefits payable 3 years prior to DOPT/BPD
- PC4 – Guaranteed benefits
- PC5 – Other vested plan benefits
- PC6 – Other benefits under the plan

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Questions?

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COFFEE WITH CONNIE & CAMILLE

Pension Rights Center National Training Conference

September 14, 2022



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How It Began: ERISA § 4004

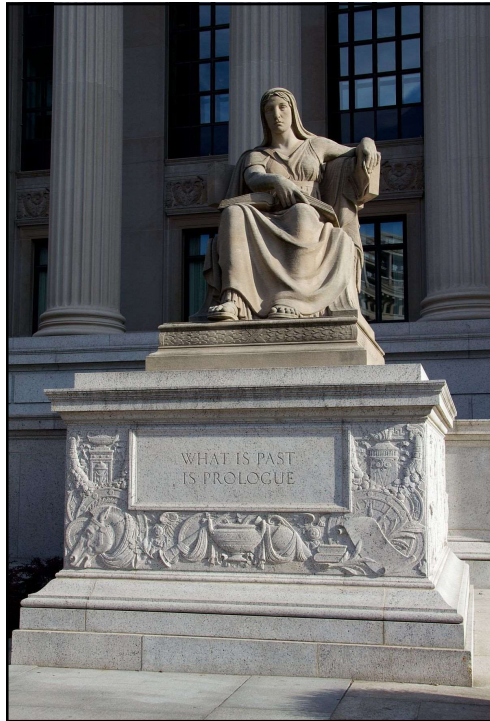
Advocate Duties

1. Act as a liaison between PBGC, DB plan sponsors, and participants...;
2. Advocate for the full attainment of the rights of participants...;
3. Assist plan sponsors and participants in **resolving disputes**...;
4. Identify persistent problems...;
5. Propose changes in **administrative practices**...;
6. Identify **potential legislative changes**; and
7. Refer instances of fraud, waste, and abuse... to Office of the Inspector General.

2



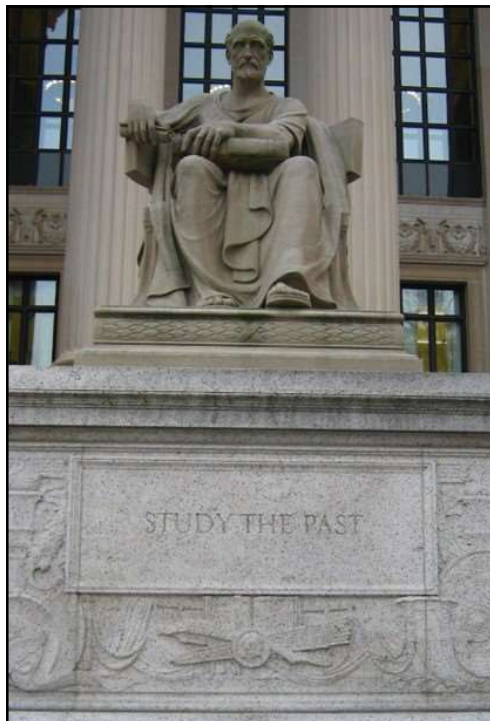
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“What’s Past is Prologue”

-William Shakespeare - “The Tempest”

3



Studying the Past: Lessons Learned

4

Study the Past: What Have We Learned?

2014

- Historical summary plan description collection & “Woodwork” participants
- 4062(e)

2015

- Improving outreach to participant advocacy groups
- Early Warning Program & concerns about rising premiums

2016

- Shift to more holistic review of potentially omitted participant (POP) benefit claims
- Premium penalty relief

2017

- PBGC/EBSA data-sharing agreement to locate missing participants
- Pilot Mediation Program
- De-risking study

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Study the Past: What Have We Learned?

2018

- Consolidating POP claim review into the Office of Benefits Administration
- Distress termination process difficulties for small/medium employers and not-for-profits/charities

2019

- Complex participant case issues
- Pre-filing consultations for distress terminations and 4010 filings

2020

- Customer service challenges & revisiting outdated processes/procedures
- Need for funding relief & CARES Act/variable-rate premium issue

2021

- Business versus legal decisions when reviewing participant claims
- Improving the distress termination process

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Study the Past: We Have Come A Long Way

Advocate 2014 Inaugural Annual Report:

"We need to listen and adjust more based on what we hear. Our passion can be a wonderful thing, but if its focus is perceived by the community we serve as against them, then we are not succeeding in the PBGC mission to preserve and protect defined benefit plans. If we at PBGC can listen more and act in partnership with plan sponsors and the participants in their defined benefit plans, then many of the substantive issues raised here would be resolved in a way that promotes a healthy private pension system and a financially sound PBGC."

7



7



Looking Forward: What's Next?



PBGC

8



What's Next?

- State of the Defined Benefit System
- What can we do to help reunite participants with their missing benefits?
- **Pension Plan Registry Project**
 - Pension Tracing Service & Registry Prototype
 - Proposed Pension Plan Registry System Architecture

 Pension Benefit
Guaranty Corporation

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Contact Information

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