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Regulatory Planning and Review of Existing Regulations

**Comment On:** PBGC-2017-0009-0001
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## General Comment

Millions of American rely upon the Pension Benefit Guaranty Corporation (PBGC) for assurance of their financial security in retirement, either through single employee plans, about 22,000 or through multi-employer plans, of which there are about 1400. There are several trends affecting these plans as part of large secular changes wending their way through the economy. These include large numbers of retirees from the baby-boomer generation, increased competition between e-commerce and traditional brick and mortar stores, attempts to transfer pension funding risk to third parties, and uncertainty about available Return on Investment (ROI) to determine benefits versus future liabilities. Beecause 30-50 million workers depend up the assurance of retirement benefits, with millions more in the families of those workers, the objectives of the PBGC must be considered reasonably, prudently, and carefully.

Therefore, any changes in regulations of the PBGC should be undertaken only after careful study which provides assurance that the proposed changes do not weaken or reduce the likelihood of pension benefits being available to these tens of millions of workers, even if there are some burdens on employers in compliance. Among the features of PBGC changes which should definitely not be made are
1. Changes which reduce the recovery of the benefits in reduced pension funding resulting from prior widening of interest rate channels or estimates. That is, to the extent that businesses have already received the benefits of $69 billion or more from increased interest rate or return assumptions from 2013-2017, the reversal of those benefits in 2018 and later should not be an excuse to reduce pension funding or increase unfunded liabilities by providing businesses with greater discretion or flexibility in future estimated ROIs for funding purposes.
2. Information about attempted risk transfers should continue to be obtained from businesses or plans which attempt to offload their pension obligations. One reason for doing this is that it is unclear whether anyone is gathering the data necessary to assess which entities such as insurance companies or others

which claim to assume and fund future pension risk are excessively large or risky. Just as some businesses provided derivative insurance, at below cost and unfunded levels, leading to the Great Recession of 2008, when AGIC collapsed, so it is necessary to be aware of and assess concentration of risk in proposed risk transfer programs.
3. Proposed regulations about funding and payments, while potential subject to simplification, must assure that payments are made if any delay occurs, and any delay which constitutes an increase risk of pension plan failure, bankruptcy or other increased risk of reliance on PBGC assets and payments, is early and quickly identified so that such risk and non=payment or failure can be avoided.
4. Information about pension funding should continue to be made publicly available, both to the workers and employees who are entitled to benefit, as well as shareholders for whom pension liabilities, and their degree of funding, are relevant in assessing the overall value of the enterprise and any associated stock in the business. This is a key point made in the attached article, and argues for continued transparency of funding, benefit, liability, and expected return information.
Given these important key objectives, any change in regulations must be carefully considered, and loosening regulations should be avoided or refused if it would harm the information, prospective funding, and risk assessment discussed above.

Again, a key point is that relaxation of interest rate return assumptions should not be made solely to benefit business or plan administratives, both because the interests of employees are involved, and because of the climate of economic uncertainty in a globalized world, in which future returns are increasingly risk and should not be biased toward optimistic results.

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## Attachments

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