Pension Benefit Guaranty Corporation

PBGC

50 YEARS 1974-2024

2024

ANNUAL REPORT

Protecting America's Pensions

A MESSAGE FROM OUR CHAIR

The Biden-Harris Administration remains dedicated to protecting and strengthening the retirement security of America's workers, retirees, and their families. Through two insurance programs, the Pension Benefit Guaranty Corporation (PBGC) is essential in making sure that American workers are paid the retirement benefits they have earned after a lifetime of hard work. Today, approximately 1 million participants receive benefit payments totaling nearly $6 billion per year from the PBGC and about 31 million of America's workers, retirees, and beneficiaries are in plans insured by the PBGC.

The Board is pleased to present the PBGC's FY 2024 Annual Report, which provides important information about the operations and finances of the PBGC Single-Employer and Multiemployer Insurance Programs. The report highlights many of the PBGC's accomplishments over the past fiscal year to preserve plans and protect pensions, including achieving its 32nd consecutive unmodified audit opinion on its financial statements, reflecting the auditor's conclusion that the financial statements are presented fairly and in accordance with the applicable financial reporting framework.

The PBGC Single-Employer Program continues to achieve a positive net financial position, which is projected to grow over the next 10 years. The PBGC Multiemployer Program also continued to be in a positive net position and is likely to remain solvent for more than 40 years, primarily due to the enactment of the American Rescue Plan Act, signed by President Joseph R. Biden in 2021, and the PBGC's implementation of the Special Financial Assistance (SFA) Program. The SFA Program provides funding to severely underfunded multiemployer pension plans and as of the end of FY 2024, the PBGC has approved 127 applications for $68 billion in SFA. During FY 2024, the SFA program reached an impressive milestone of protecting the pension benefits of over one million workers and retirees while ensuring that these pension plans remain solvent over the next several decades. As of September 30, 2024, twenty-two applications, requesting a total of $2.5 billion were under active PBGC review, another 14 applications had been withdrawn but not yet resubmitted, and an additional 68 plans remain on the SFA waiting list.

Once again, the PBGC ranked in the Top 5 in the Small Agency category for the Best Places to Work in the Federal Government rankings. Overall, the PBGC ranked number three in the small agency category for Best Places to Work in the Federal Government for 2023 and had two business units that ranked first and third out of 459 in the agency subcomponents category.

My fellow Board members, Treasury Secretary Janet Yellen and Commerce Secretary Gina Raimondo, and I are proud of the PBGC's accomplishments. We are committed to proving strong leadership and oversight as the PBGC continues to strengthen its programs so that American workers and retirees have the dignified and secure retirement they deserve.

Julie A Su

Julie A. Su
Acting Secretary of Labor
Chair of the Board

A MESSAGE FROM THE ACTING DIRECTOR

Fifty years ago, on September 2, 1974, President Gerald R. Ford signed into law the Employee Retirement Income Security Act (ERISA) – historic legislation to protect private sector pensions and establish the Pension Benefit Guaranty Corporation (PBGC). Since 1974, PBGC has been at the forefront of protecting the retirement income of millions of workers, retirees, and their families.

As we celebrate this significant milestone in our agency's history, we recognize that our mission remains as vital today as it was in then — preserving and encouraging the continuation of private pension plans and protecting the hard-earned pension benefits of workers and retirees.

Marking the third year since the enactment of the American Rescue Plan Act of 2021, the Special Assistance (SFA) Program remains a top PBGC priority. This critical program provides funding to financially troubled multiemployer pension plans and will ensure that millions of America's workers, retirees, and their families receive the pension benefits they earned for many years into the future.

During fiscal year (FY) 2024, PBGC approved payment of $14.5 billion in SFA. As of November 1, 2024, PBGC has approved about $69.5 billion in SFA to plans that cover about 1,215,000 participants.

For the fourth consecutive year, the financial health of PBGC's Multiemployer and Single-Employer Insurance Programs continued to improve, with both programs reporting positive net positions. The Multiemployer Program had a positive net position of $2.1 billion at the end of FY 2024, compared with $1.5 billion at the end of FY 2023. PBGC's Single-Employer Program remains financially healthy with a positive net position of $54.2 billion at the end of FY 2024, compared with $44.6 billion at the end of FY 2023.

The FY 2024 Annual Report is the 32nd consecutive year the agency has received an unmodified audit opinion on its financial statements and the ninth consecutive year of an unmodified audit opinion on internal control over financial reporting. Additionally, as required by OMB Circular A-136, I am pleased to confirm with reasonable assurance the completeness and reliability of the data presented in the FY 2024 Annual Management Report and the FY 2024 Annual Performance Report, included in this Annual Report.

PBGC was again recognized among the Top 5 best places to work among small agencies in the federal government.

PBGC has an essential mission, a dedicated and hardworking team of professionals, and the support of stakeholders across the pensions industry. As the agency marks its 50th anniversary, we remain dedicated to fulfilling our pension protection mission and serving the workers, retirees, and businesses who rely on the work we do every day.

Ann Y. Orr
Acting Director
November 15, 2024

FISCAL YEAR (FY) 2024 ANNUAL REPORT

This annual report is prepared to meet applicable legal requirements and is in accordance with and pursuant to the provisions of: the Government Corporation Control Act, 31 U.S.C. Section 9106; Circular No. A-11, Revised, "Preparation, Submission and Execution of the Budget," Office of Management and Budget, July 25, 2024; and Circular No. A-136 Revised, Financial Reporting Requirements (i.e., Government Corporations are only required to adhere to Section I.5 and Section V, and PBGC voluntary complies with Section II.2.4) Office of Management and Budget, May 30, 2024. Section 4008 of the Employee Retirement Income Security Act of 1974 (ERISA), 29 U.S.C. Section 1308, also requires an actuarial report evaluating expected operations and claims that will be issued as soon as practicable.

ANNUAL PERFORMANCE REPORT

The Pension Benefit Guaranty Corporation (PBGC or the Corporation or the agency) protects the retirement security of about 31 million of America's workers, retirees, and beneficiaries in both single-employer and multiemployer private-sector pension plans. The benefits of these participants are valued at more than $3 trillion. The Corporation's two insurance programs are legally separate and operationally and financially independent.

The Single-Employer Program is financed by insurance premiums paid by companies that sponsor defined benefit pension plans, investment income from plan assets trusteed by PBGC and recoveries from companies formerly responsible for the plans. The Multiemployer Program is financed by premiums paid by insured plans and investment income. Congress sets PBGC premium rates.

In addition, the American Rescue Plan (ARP) Act of 2021 (Public Law 117-2) — a historic law passed by Congress and signed by President Biden on March 11, 2021 — established the Special Financial Assistance (SFA) Program for financially troubled multiemployer pension plans. The law addresses the solvency of the Multiemployer Program, which was projected to become insolvent in 2026. The SFA Program provides funding assistance to severely underfunded multiemployer defined benefit pension plans and will enable millions of America's workers, retirees, and their families to receive the pension benefits they earned through many years of hard work. The SFA Program is funded entirely by appropriations from the General Fund of the U.S. Department of the Treasury (Treasury).

The Corporation achieves its mission through three strategic goals:

1. Preserve plans and protect the pensions of covered workers and retirees.
2. Pay pension benefits on time and accurately.
3. Maintain high standards of stewardship and accountability.

OPERATIONS IN BRIEF

Since enactment of the Employee Retirement Income Security Act of 1974 (ERISA), PBGC has strengthened retirement security by preserving plans and protecting pensions for participants and their families. In FY 2024, the Corporation made benefit payments of over $5.8 billion to 912,000 participants in trusteed single-employer plans, provided $163.1 million in traditional financial assistance to multiemployer plans covering 89,126 participants, and made SFA payments of $14.6 billion, as highlighted in Table 1: FY 2024 Operations in Brief.

TABLE 1: FY 2024 OPERATIONS IN BRIEF[1]

	2024 Target	2024 Actual	2023 Actual
GOAL 1: Preserve Plans and Protect Pensions			
Single-Employer Plan Participants Protected – Employers Emerging from Bankruptcy During the Year		10,639	32,038
Single-Employer Plan Standard Termination Audits: Additional Payments		$2.1M to 1,134 participants	$2.3M to 1,306 participants
Single-Employer Benefit Payments for Terminated Plans			
• Participants Receiving Benefits		912,000	920,000
• Benefits Paid		Over $5.8B	Over $6.0B
• Participants Expected to Receive Future Benefits		444,000	473,000
Multiemployer Plan Traditional Financial Assistance		$163.1M to 98 plans	$176M to 100 plans
Multiemployer Plan SFA Payments		$14.6B	$45.6B
Multiemployer Participants in Insolvent Plans Receiving Traditional Financial Assistance			
• Participants Receiving Benefits		62,881	80,421
• Participants Expected to Receive Future Benefits		26,245	41,661
GOAL 2: Pay Timely and Accurate Benefits			
Estimated Benefits Within 10% of Final Calculation	95%	99%	96%
Average Time to Provide Benefit Determinations (Years)	4.5	4.8	4.4
Improper Payment Rates Within OMB Threshold[2]	<1.5%	Yes	Yes
Applications Processed in 45 Days or Less	87%	95%	98%
GOAL 3: Maintain High Standards of Stewardship and Accountability			
Retiree Satisfaction – ACSI Score[3]	90	87	87
Participant Caller Satisfaction – ACSI Score	83	77	81
Premium Filer Satisfaction – ACSI Score	74	77	77
Single-Employer – Financial Net Position		$54.2B	$44.6B
Multiemployer – Financial Net Position		$2.1B	$1.5B
Unmodified Financial Statement Audit Opinion	Yes	Yes	Yes

[1] Some numbers in this report have been rounded.
[2] The Office of Management and Budget (OMB) threshold for significant improper payment reporting is as follows: amounts that exceed (1) both 1.5% and $10 million in improper payments, or (2) $100 million in improper payments.
[3] The American Customer Satisfaction Index (ACSI) uses a 0-100 scale; 80 or above is considered excellent.

STRATEGIC GOALS AND RESULTS

PBGC's FY 2024 Annual Performance Report highlights the Corporation's achievements, accomplishments, and performance results through the lens of its strategic goals. The Corporation's priorities are to preserve plans and protect the pensions of workers and retirees, to pay timely and accurate benefits, and to maintain high standards of stewardship and accountability. PBGC's responsibilities significantly increased due to the addition of the SFA Program established under ARP.

GOAL NO. 1: PRESERVE PLANS AND PROTECT PENSIONS OF WORKERS AND RETIREES

PBGC engages in activities to preserve plans and protect participants by administering two separate insurance programs. The Multiemployer Program protects about 11 million workers and retirees in about 1,335 pension plans. The Single-Employer Program protects about 19.4 million workers and retirees in about 23,000 pension plans.

MULTIEMPLOYER PROGRAM

The Multiemployer Program covers defined benefit pension plans that are maintained through one or more collective bargaining agreements between employers and one or more employee organizations or unions. The participating employers are usually in the same or related industries, such as transportation, construction, mining, or hospitality. PBGC provides financial assistance to insolvent plans to allow them to pay guaranteed benefits and reasonable administrative expenses. PBGC refers to this financial assistance under the Multiemployer Program as "traditional financial assistance."

In FY 2024, PBGC provided $163.1 million in traditional financial assistance to 98 multiemployer plans covering 62,881 participants (including beneficiaries) receiving guaranteed benefits. An additional 26,245 participants in the insolvent plans are eligible to receive benefits once they retire.

The Corporation initiated audits of four insolvent multiemployer plans covering approximately 4,100 participants. The objectives of the audits are to ensure timely and accurate benefit payments to all participants, compliance with laws and regulations, and effective and efficient management of the remaining assets in terminated or insolvent plans.

PBGC regularly provides informal consultations to plan sponsors and practitioners on partition and merger applications, alternative withdrawal liability requests, plan insolvency, SFA applications, and ERISA Title IV compliance issues to assist plans in making their formal requests to PBGC more efficient and effective.

Special Financial Assistance Program

The SFA Program provides funding assistance to eligible underfunded multiemployer defined benefit pension plans and enables millions of America's workers, retirees, and their families to receive the pension benefits they earned through many years of hard work. The SFA Program is funded entirely by appropriations from the General Fund of the U.S. Department of the Treasury (Treasury).

Upon approval of a multiemployer plan's SFA application, PBGC will pay that plan in the amount that is projected to enable the plan to pay all benefits due through the last day of the plan year ending in 2051. The

SFA Program also assists plans by providing funds to reinstate previously suspended benefits, including back payments to retirees, and repayment of traditional financial assistance that was received from PBGC's Multiemployer Program.

On July 8, 2022, PBGC published a final rule implementing changes to the SFA Program, which included changes to permissible investments of SFA funds and the SFA calculation method. The rule also required plans to submit documentation with their SFA applications of a death audit identifying deceased participants. In the July 8, 2022, SFA final rule, PBGC requested comments on the condition requiring a phased-in recognition of SFA assets for purposes of calculating withdrawal liability. PBGC published a final rule in the Federal Register, effective on January 26, 2023, amending the SFA regulation to add an exception process for the withdrawal liability conditions under narrow circumstances.

On November 7, 2023, PBGC published a final rule clarifying aspects of the SFA Program, including changes to the calculation methodology for the withdrawal liability condition requiring phased-in recognition of SFA assets. The clarifications also included previously issued guidance about how make-up payments of suspended benefits are considered in the calculation methodology.

In FY 2024, PBGC updated the SFA application instructions and provided other guidance. On July 16, 2024, PBGC issued updated questions and answers providing guidance on permissible investments of SFA funds. On November 1, 2023, and on May 6, 2024, PBGC released updates to several documents in the SFA information collection. These updates include changes to the application instructions requiring the submission of census data in all participant categories to enable PBGC to perform an independent death audit. In addition, PBGC clarified the information that must be provided with the plan's certification of the amount of the fair market value of plan assets, provided a toll-free number for plans to call to determine if the plan has outstanding debt, updated the model plan amendment regarding compliance to provide instructions if fewer than all trustees have executed the amendment, and clarified an example on the change of assumptions regarding contribution base units (CBUs).

As of September 30, 2024, PBGC had received 163 SFA applications requesting a total of $73.2 billion in SFA and had approved 127 applications for $68.0 billion in SFA. Twenty-two applications, requesting a total of $2.5 billion, were under PBGC review as of September 30, 2024, and another 14 applications had been withdrawn but not yet resubmitted as of September 30, 2024. During FY 2024, PBGC approved payment of $14.5 billion in SFA. In addition to the approvals and updates above, PBGC undertook the process of performing retrospective death audits on plans that were approved for SFA prior to the implementation of a procedure requiring a full census death audit. Sixty-four plans are included in this process. The process involves receiving full census data from the plan and comparing it to the Social Security Administration's (SSA) full file of death information that is available to PBGC and not the plans. Any matching records between the full census data and the SSA death information are sent to the plan for review. PBGC reviews the plan's proposed treatment of each matching record. Once PBGC and the plan agree to the treatment of the records, the plan is asked to redetermine the SFA amount based upon the adjusted census data. PBGC reviews the calculation and, if it is found reasonable, issues a request for repayment to the U.S. Treasury's General Fund of the difference between the approved SFA amount and the redetermined amount. As of September 30, 2024, four plans were determined to have no adjustment needed and those cases have been closed. Twenty more plans have received repayment request letters; 17 plans have paid the amount requested. The remaining plans are in various stages of PBGC review.

Special Financial Assistance Program Litigation

In FY 2023, the Board of Trustees of the Bakery Drivers Local 550 and Industry Pension Fund sued PBGC, challenging PBGC's determination that the plan was not eligible for SFA. The plan terminated by mass withdrawal in 2016. PBGC denied the application based on its conclusion that a plan terminated by mass withdrawal cannot be restored and is therefore not eligible for SFA. On October 26, 2023, the Manhattan Federal District Court ruled in favor of PBGC in this lawsuit. On November 27, 2023, the plan filed an appeal with the U.S. Court of Appeals for the Second Circuit. This matter is ongoing and has no potential impact to PBGC's net position in its financial statements.

Additionally, Yellow Corporation (Yellow) and 23 of its subsidiaries filed for Chapter 11 relief on August 6, 2023, in the Bankruptcy Court for the District of Delaware. Several multiemployer plans filed bankruptcy claims for withdrawal liability against Yellow, to which Yellow objected based on its challenge to the validity of PBGC's final SFA regulation requiring phased-in recognition of special financial assistance. In July 2024, the multiemployer plans, debtors, and PBGC filed motions for partial summary judgment related to the withdrawal liability issue. In addition to filings made in the bankruptcy case, PBGC filed a motion in the U.S. District Court for the District of Delaware to withdraw the issue to the Delaware District Court. On September 13, 2024, the bankruptcy court issued a decision upholding the SFA withdrawal liability conditions under PBGC's final SFA regulation, holding that the regulation was within PBGC's authority. This matter has no impact to PBGC's financial statements.

Multiemployer Plan Withdrawal Liability, Plan Mergers and Transfers

PBGC approval is required for a multiemployer plan to adopt an alternative method for allocating unfunded vested benefits in determining withdrawal liability. PBGC began FY 2024 with three pending requests for approval of alternative rules. One request was received during FY 2024. At the end of the fourth quarter, three requests were pending, and one was approved.

A multiemployer plan may adopt alternative terms and conditions for satisfaction of withdrawal liability if those terms and conditions are consistent with ERISA and PBGC regulations. Plans sometimes request PBGC's determination that proposed alternative terms are consistent with ERISA and PBGC regulations. There were no pending requests at the beginning of FY 2024, and no requests were received during FY 2024. Special withdrawal liability conditions apply to multiemployer plans that receive SFA.

Under a statutory exception, an employer that withdraws from a construction or entertainment industry plan is generally not subject to withdrawal liability. PBGC may, by regulation, authorize plans in other industries to adopt a similar rule if PBGC determines it is appropriate to do so and doing so would not pose a significant risk to PBGC. The Corporation began FY 2024 with one request which was approved after year-end.

A multiemployer plan merging with or transferring assets and liabilities to another multiemployer plan must provide PBGC with notice (in accordance with applicable statutory and regulatory provisions). The plan trustees may request a compliance determination from PBGC, which, if granted, provides a safe harbor from certain prohibited transaction provisions of ERISA Title I. Special conditions apply to transfers or mergers involving multiemployer plans that receive SFA. The Corporation began FY 2024 with six pending merger requests, all of which included a request for a compliance determination. During FY 2024, PBGC received 11 notices of merger, 10 of which were accompanied by a request for a compliance determination. By the end of the fourth quarter, eight compliance determinations were issued, three were withdrawn, and five remain under review. In FY 2024, PBGC received one transfer, compliance determination request and issued one compliance determination.

SINGLE-EMPLOYER PROGRAM

The Single-Employer Program covers defined benefit pension plans that generally are sponsored by a single employer. When an underfunded single-employer plan terminates, PBGC steps in to pay participants' benefits up to legal limits. This typically happens when the employer sponsoring an underfunded plan liquidates in bankruptcy, ceases operation, or can no longer afford to keep the plan going. PBGC takes over the plan's assets, administration, and pays benefits up to the legal limits.

As part of its risk mitigation activities, PBGC monitors and identifies transactions and events that may pose risks to participants and beneficiaries. The Corporation works collaboratively with employers to better safeguard pension benefits.

Standard Terminations

A standard termination is a termination of a single-employer pension plan that has enough money to pay all benefits owed to participants and beneficiaries. If a plan has enough money to pay all benefits owed to participants and beneficiaries, the plan sponsor can choose to terminate a plan by filing a standard termination. In a standard termination, PBGC does not become responsible for benefit payments.

In FY 2024, 2,103 plans, covering approximately 369,000 participants, filed standard terminations with PBGC. The number of filings in FY 2024 is 22 percent more than the average number of standard terminations filed in the five years prior to that.

A total of 1,778 plans, with an aggregate of more than 321,000 participants completed standard terminations in FY 2024 by paying full plan benefits to participants and beneficiaries in the form of annuities or lump sums. Some of the larger standard terminations were Spirit Aerosystems Holdings, Inc. Pension Value Plan A, McLaren Employees' Pension Plan, ProMedica Health System, Inc. Cash Balance Retirement Plan, CommonSpirit Health ERISA Retirement Plan, Invensys Pension Plan, and L.L. Bean, Inc. Pension Plan.

PBGC completed 238 standard termination audits in FY 2024 to verify plan administrators' calculation of benefits upon plan termination. These audits discovered errors that have since been corrected by the plan administrators, resulting in more than $2.1 million in additional benefits distributed to 1,134 participants and beneficiaries in these plans.

Significant Litigation

PBGC protects participants in America's private sector pensions through litigation in federal and state courts. In FY 2024, *In re Black Press Ltd.*, a foreign corporation sought protection under Chapter 15 of the Bankruptcy Code for itself and three of its domestic subsidiaries. PBGC, in its capacity as statutory trustee of a terminated plan, which had been sponsored by another domestic subsidiary of the foreign corporation, objected to the extension of Chapter 15 bankruptcy protection to the three domestic subsidiaries, as all were local, U.S.-based newspapers that PBGC alleged were members of the plan sponsor's controlled group. The court, in sustaining PBGC's objection, held that (1) the center of the main interests of the three domestic subsidiaries was the United States, (2) the proceedings concerning the three domestic subsidiaries were not foreign main or foreign nonmain proceedings, and therefore (3) the three domestic subsidiaries were not entitled to recognition by the bankruptcy court for purposes of Chapter 15.

Plans Saved

When plan sponsors enter bankruptcy proceedings, PBGC encourages continuation of their pension plans. Although bankruptcy forces tough choices, it does not mean that pensions must terminate for companies to succeed. In FY 2024, the plans sponsored by the companies listed below were among those that remained ongoing after the bankruptcies of their sponsors or controlled group members, protecting the benefits of participants and beneficiaries:

- Instant Brands Holdings, Inc.
- Rite Aid Corporation.

Mediation Program

PBGC's Mediation Program offers mediation to facilitate resolution of fiduciary breach[1] cases, negotiations with ongoing plan sponsors as part of its Early Warning and Risk Mitigation Program, and with former plan sponsors to help resolve their pension liabilities after termination of underfunded pension plans.

PBGC's practice is to resolve early warning issues, termination liability claims, and fiduciary breach cases on a consensual basis without the need for litigation. Mediation gives plan administrators, plan sponsors, and fiduciaries of terminated plans the opportunity to resolve these cases with a neutral, professional, and independent mediator in a timely and cost-effective manner. PBGC offered and participated in one termination liability mediation in FY 2024. Settlement was pending as of September 30, 2024.

GOAL NO. 2: PAY PENSION BENEFITS ON TIME AND ACCURATELY

Nearly 1.4 million current and future retirees in trusteed single-employer pension plans rely on PBGC for their pension benefits. PBGC's benefits administration and plan processing teams are committed to paying benefits accurately and on time.

Benefits Administration

PBGC assumes the role of trustee for single-employer pension plans when a plan terminates and lacks the resources to pay benefits according to the plan's provisions. In FY 2024, PBGC trusteed 22 single-employer plans, which provide pension entitlements to approximately 6,400 current and future retirees. Upon trusteeship, PBGC's foremost responsibility is to ensure uninterrupted benefit payments to existing retirees. In FY 2024, PBGC successfully maintained uninterrupted benefit payments to over 2,100 retirees.

Over the course of FY 2024, PBGC disbursed more than $5.8 billion in benefits to over 912,000 retirees in single-employer pension plans. Additionally, nearly 28,000 new retirees applied for benefits during the fiscal

[1] As the statutory trustee of a terminated single-employer pension plan, PBGC has authority under Title IV to collect amounts due the plan and to bring suits on behalf of the plan. Pursuant to this authority, PBGC pursues recovery actions against former fiduciaries to recover amounts lost by the plan as result of a breach of fiduciary duties. Before filing an action in court, PBGC offers mediation to the former fiduciaries in an effort to reach a settlement.

year. PBGC achieved a 95 percent rate for processing all applications within 45 days, surpassing its target rate of 87 percent.

After PBGC becomes trustee of a terminated pension plan, it begins a multifaceted, multi-year endeavor that involves the valuation of plan assets, comprehensive analysis of plan and participant data, and calculation of benefits payable by PBGC. At the end of the process, participants are notified of their benefit determination. Prior to the completion of this process and as eligible participants request to commence their benefits, PBGC pays estimated benefit amounts. In FY 2024, nearly 99 percent of benefit determinations issued were within 10 percent of the estimated benefit amount.

PBGC continued to focus on issuing benefit determinations for the oldest plans in its portfolio. While it achieved notable success in this endeavor, it did not meet its target for the average age of benefit determinations issued, which was set at 4.5 years. The actual average age for FY 2024 is 4.8 years. However, if PBGC excludes its three oldest and most complex plans, Sears Plan 1, Sears Plan 2, and Avaya, the average age improves significantly. These three plans make up less than 5 percent of the plans with benefit determinations issued in FY 2024. For the other 95 percent of plans for which benefit determinations were issued in FY 2024, the average age is under 4.1 years, which outperformed the target. It is typical for large and complex plans to take longer to process because of the volume of data, complex benefit formulas, and the complex asset portfolio.

Reviews and Appeals

When participants and beneficiaries in trusteed single-employer plans do not agree with PBGC's determination of their benefit, they may request review by PBGC's Appeals Board. Employers and plan sponsors may also appeal certain PBGC determinations. The Appeals Board independently reviews each appeal and provides a detailed written explanation for each decision. In FY 2024, the Corporation started with 122 open appeals, accepted 62 new appeals, and closed 141 appeals, with 43 still open at the end of the year. More information about PBGC's Appeals Board is available at PBGC.gov.

GOAL NO. 3: MAINTAIN HIGH STANDARDS OF STEWARDSHIP AND ACCOUNTABILITY

Accountability: Measuring and Monitoring Performance

PBGC continuously monitors how well it performs and serves customers using a wide range of performance measures. Among them are how quickly and seamlessly the Corporation pays retirees, accurately calculates benefits, and invests assets. PBGC conducts surveys to help improve the coordination and cooperation essential to meeting customer service goals.

Each quarter, PBGC leadership participates in data-driven discussions covering the Corporation's progress in operations, stewardship and accountability, customer satisfaction, and building and maintaining a model workplace. The strategic use of performance data better informs planning and execution of operations, as well as corporate and program area decision-making.

PBGC'S OWN FINANCES MUST BE SOUND

PBGC's operations are financed by insurance premiums set by Congress and paid by sponsors of PBGC-insured defined benefit pension plans and by investment income. In addition, the Single-Employer Program is funded by assets from pension plans trusteed by PBGC and recoveries from the companies formerly responsible for the plans. The Corporation pays benefits based on federal law and the provisions of the plans it trustees.

Financial Position

The financial status of the Single-Employer Program achieved a positive net position of $54.2 billion at the end of FY 2024. The Single-Employer Program's financial status has evolved from historic deficits to a positive net financial position which is projected to grow over the next 10 years.

The net financial position of the Multiemployer Program improved during FY 2024 to a positive net position of $2.1 billion. Estimates from PBGC's FY 2023 Projections Report show that the Multiemployer Program is likely to remain solvent for more than 40 years, primarily due to the enactment of ARP and PBGC's implementation of SFA. The SFA Program ensures that millions of America's workers, retirees, and their families in financially troubled multiemployer pension plans receive the pension benefits rightfully earned through years of dedicated service.

Financial Soundness and Financial Integrity

The Corporation protects the pensions of about 31 million participants whose plan benefits are valued at more than $3 trillion. PBGC's two insurance programs, one for single-employer plans and one for multiemployer plans, are designed to protect a guaranteed amount of participants' pension benefits when plans fail. The programs differ significantly in the extent to which plan benefits are funded as well as in the structure and level of PBGC's premium rates and guarantees. In addition to collecting premiums, PBGC exercises care in the management of approximately $151 billion in total assets. In FY 2024, PBGC attained its 32nd consecutive unmodified audit opinion on its financial statements.

Collecting Premiums

Premium rates are set by statute. The Bipartisan Budget Act of 2013, the Multiemployer Pension Reform Act of 2014 (MPRA), the Bipartisan Budget Act of 2015, the American Rescue Plan Act of 2021 and the SECURE 2.0 Act of 2022[1] specify premium rates or premium increases for certain years. In FY 2024, combined premium cash receipts collected totaled $6.255 billion. Single-Employer Program premium cash receipts collected were $5.872 billion. Separately, Multiemployer Program premium cash receipts in FY 2024 were $383 million.

In FY 2024, PBGC upgraded the My Plan Administration Account (My PAA) online premium filing website with a new front-end user interface for a more streamlined and modern experience. The redesign introduced navigational shortcuts on key pages. PBGC also continued to prioritize enhancements to address user

[1] The SECURE 2.0 Act of 2022, Division T of the Consolidated Appropriations Act, 2023, Public Law 117–328, 136 Stat. 4459 (2022).

feedback, including automated filing notifications upon login, enhanced payment receipt details, and improved the processes to simultaneously invite new contacts to multiple plans.

Investing Prudently

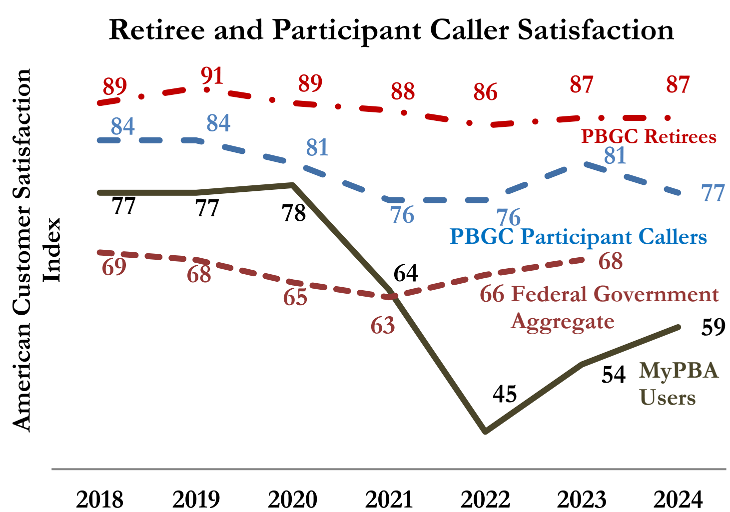
PBGC seeks to produce a return on investment that is based on levels of liquidity and investment risk that are prudent and reasonable to achieve its long-term goals. Investment assets are administered by investment management firms subject to PBGC's investment policies and oversight procedures. Procedures for internal controls, due diligence, and risk management are subject to periodic review. Regular and detailed communication with investment management firms enables the Corporation to stay informed on matters affecting its investment program. For more information, refer to Section VIII Investment Activities.

OUTREACH AND CUSTOMER SERVICE

Central to PBGC's mission are its valued customers. In its unwavering commitment to offering the highest level of service, PBGC relies on surveys to actively engage customers, identify opportunities for enhancement, implement procedural refinements, and continually assess satisfaction levels. Survey scoring methodology aligns with the criteria of the American Customer Satisfaction Index (ACSI). In FY 2024, PBGC took proactive measures based on customer feedback to enhance the quality of services rendered.

Retirees and Participants

PBGC's satisfaction score among retirees remains consistently high. Satisfaction surveys indicate that retirees receiving monthly payments from PBGC rated their satisfaction at 87 out of 100.



Pension plan participants who engaged with PBGC by phone and participated in a survey provided an overall satisfaction rating of 77 out of 100. Satisfaction compares well to the federal government aggregate (68 for FY 2023). PBGC's strength continues to be the "Customer Care" element that rates the experience customers have with the call center agents. That remained the highest-scoring element at 89. Also in FY 2024, first-call resolution increased significantly from 62 in FY 2023 to 68. Feedback from our customers indicate that the time it takes to complete an application is a challenge, and PBGC is focusing its efforts on streamlining that process in FY 2025 and FY 2026.

While customers have continued to face challenges with the FY 2021 Login.gov implementation, PBGC has made progress in addressing this issue. PBGC also implemented some highly requested features such as online benefit estimates for many participants and an online benefit application feature. My Pension Benefit Access (MyPBA) achieved a satisfaction score of 59 out of 100 in FY 2024, reflecting an improvement over the FY 2023 score of 54. This progress demonstrates the improvement in PBGC's efforts to enhance user-friendly navigation, provide additional support for users facing difficulties in establishing a Login.gov account, and allow users to do more online. PBGC remains committed to offering constructive feedback to Login.gov and exploring further avenues to improve the login experience for its customers.

Premium Filers

Pension plan sponsors and their practitioners who file premiums with PBGC gave a FY 2024 Annual Premium Filer satisfaction score of 77 out of 100 (same as last year), exceeding the target of 74. This score compared very well to the overall Citizen Satisfaction with Federal Government Services ACSI score of 68.2 for FY 2023 (latest data available). Filers gave excellent scores to PBGC's personal service, written communication, and filing process.

My PAA is an online application for pension plan practitioners to file premium information and payments with PBGC. The FY 2024 satisfaction score was 75 out of 100 (up 6 points from last year). This score is below the target of 78. Based on My PAA online survey responses, the increase in score is due primarily to practitioners improved understanding of the updated My PAA system. However, challenges exist for some practitioners, especially for those who use My PAA only once a year.

ENGAGING WITH CUSTOMERS AND STAKEHOLDERS

PBGC regularly communicates with customers about ongoing activities and news updates. The Corporation uses several communication tools, including PBGC.gov and email notifications to reach its various audiences.

In FY 2024, PBGC worked to enhance ongoing relationships with its stakeholders, including business leaders, participant and citizen organizations, and Congress. PBGC leadership and staff met with the American Benefits Council, the ERISA Industry Committee, the Chamber of Commerce, the Committee on Investment of Employee Benefit Assets, the National Coordinating Committee for Multiemployer Plans, the Pension Rights Center, the Alliance for Retired Americans, and the National Legislative Retirees Network to hear about their members' issues and concerns. PBGC uses these meetings as opportunities to discuss PBGC's priorities and outreach, and often participates in meetings and education events with stakeholder groups. PBGC also continued its meetings with pension plan service providers and consultants including representatives of the four main actuarial organizations whose members provide enrolled actuary and consulting services to plans (the Society of Actuaries, the American Academy of Actuaries, the Conference of Consulting Actuaries and the ASPPA College of Pension Actuaries).

As part of the Corporation's ongoing SFA Program efforts, PBGC continuously published new and updated SFA content on PBGC.gov. In FY 2024, there were over 26,000 visits to the Corporation's SFA page. PBGC also published 25 SFA-related news releases regarding program activities and plan application approvals.

In April 2024, the communication team supported PBGC's Office of Information Technology's participation in the Cybersecurity and Infrastructure Security Agency's ninth biennial National Cyber Exercise, Cyber Storm IX. Cyber Storm IX provided over 2,200 participants across the globe the opportunity to examine their incident response to an attack on cloud resources, identifying ways to increase their organization's cyber-resilience under the cloud-shared responsibility model.

PBGC also responded to frequent inquiries from news media and members of Congress — many writing on behalf of their constituents.

SUSTAINING THE PROGRAMS

PBGC serves as an important source of information on pension and retirement policy. The Corporation implements strategies to strengthen its programs' financial health and continues to successfully manage risks by actively monitoring and reporting on its insurance programs and other relevant information.

Research and Analysis Activities

The Corporation regularly produces analyses and reports on its programs and policy alternatives to its Board of Directors, policymakers, and external stakeholders, including the public. The Pension Insurance Data Tables are published annually and summarize information on PBGC's Single-Employer and Multiemployer Insurance Programs and the defined benefit pension system, including time-series data on PBGC's finances and operations. The Pension Insurance Data Tables provide a comprehensive, longitudinal source of information on PBGC's insurance programs and employer-sponsored defined benefit plans. In FY 2024, PBGC also published two supplemental reports on special topics of interest: Single-Employer Partial Pension Risk Transfers and Multiemployer Administrative Expenses.

PBGC's Projections Report is an annual actuarial evaluation of its future operations and financial status. The report provides 10-year projections of both insurance programs under a wide range of future financial scenarios.

Improvements to the Pension Insurance Modeling System and Related Reports

PBGC's primary forecasting model is the Pension Insurance Modeling System (PIMS). The model is annually evaluated through a congressionally mandated peer review by outside experts, required under the Moving Ahead for Progress in the 21st Century Act (MAP-21). In FY 2024, PBGC engaged a contractor to conduct a comprehensive Model Risk Management and governance review of its PIMS forecasting models. The review included an assessment of the models' conceptual soundness, operational validity, efficacy in functionality and performance, transparency and sufficiency in documentation, and effectiveness in model governance.

The peer reviews provide recommendations to improve the data assumptions and modeling methodology used to produce the PIMS projections. PBGC uses these reviews to improve PIMS. The Corporation also uses PIMS to generate results reported in its annual Projections Report and the budget process, to illustrate the effects of proposed changes to pension law, and to provide other technical assistance to policymakers. PBGC has also undertaken a multiyear effort to improve the capabilities and performance of PIMS.

Enterprise Risk Management

During FY 2024, the Corporation continued to maintain its risk management framework and conducted its annual agency-wide risk assessment, in accordance with Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control. As a part of the effort, PBGC assessed entity-wide known and anticipated risks, uncertainties, future events/conditions, and trends that could significantly affect the agency's future financial or operating performance and developed mitigating strategies to address the challenges. This process was consistent with the requirements of OMB Circular A-136, Financial Reporting Requirements.

A top entity-wide risk was identified related to Procurement Department operations. The risk, which relates to continuity in senior acquisition leadership, human capital planning for acquisition personnel, and policies and procedures over routine contract activities, has been and continues to be mitigated. Mitigation activities include implementation of a new contract writing system that encompasses all aspects of the acquisition process which incorporates business process reengineering to address people, process, and technology improvements.

PBGC top risks were associated with the SFA Program, recruiting and retaining staff, technology modernization, and the continuing trends away from defined benefit plans. The results of the annual risk assessment found that risk associated with the rapid pace and magnitude of change at PBGC, precipitated by the relocation of PBGC's headquarters, was reduced with the successful move to Portals II, our new headquarters location.

Efforts to persistently embed risk management into PBGC's culture included recurring agency-wide communication on Enterprise Risk Management (ERM) best practices and leadership training on the National Institute of Standards and Technology's (NIST) Artificial Intelligence Risk Management Framework.

PBGC's ERM process continued to be integrally linked with its organizational performance and budget processes. Risk information is a key component in considering any changes to strategic plans, performance goals and measures, and budget formulation and execution activities.

Regulatory and other Guidance Activities

As noted in the SFA section, PBGC issued regulations and updated SFA instructions this year. PBGC also provided guidance on the investment of SFA funds.

PBGC continued to develop rulemakings and other guidance to protect plan participants and minimize burdens on pension plans and plan sponsors.

PBGC published a technical corrections final rule on November 7, 2023, making miscellaneous updates and corrections to several of PBGC's regulations. The final rule was effective December 7, 2023.

On January 23, 2024, PBGC issued jointly with the Department of Labor's Employee Benefits Security Administration (EBSA), Treasury, and the Internal Revenue Service (IRS) a request for information (RFI) soliciting public input on the existing reporting and disclosure requirements for certain retirement plans under ERISA. Under section 319 of the SECURE 2.0 Act of 2022, the agencies are to review the effectiveness of reporting and disclosure requirements and provide a report to Congress no later than December 29, 2025. The RFI soliciting public input, originally scheduled to close on April 22, 2024, was extended 30 days to May 22, 2024. The agencies received 28 comment letters.

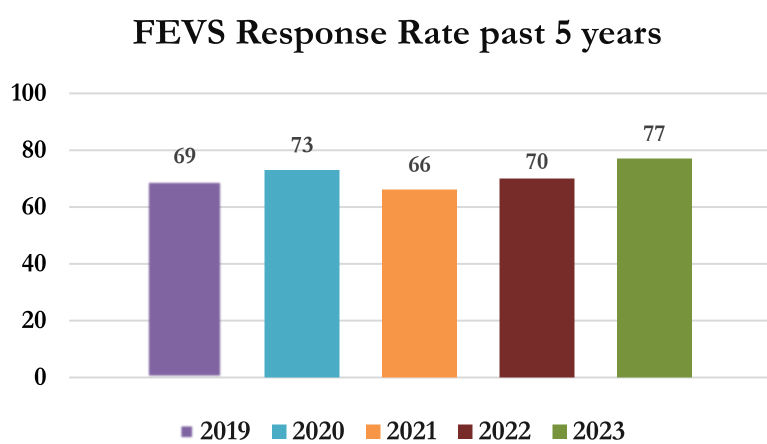
On June 6, 2024, PBGC published a final rule amending its regulation on Allocation of Assets in Single-Employer Plans to modernize the interest, mortality, and expense assumptions used to determine the present value of benefits for a single-employer pension plan ending in a distress or involuntary termination. Those assumptions are also used for certain multiemployer plan withdrawal liability calculations, Missing Participants Program filings, filings required under PBGC's regulation on Annual Financial and Actuarial Information Reporting (29 CFR part 4010) (4010 reporting), and for other purposes. The revised assumptions apply to calculations where the valuation date is on or after July 31, 2024. On July 17, 2024, PBGC released updated filing instructions for 4010 reporting and Missing Participants Program filings to conform with the regulatory changes.

STRENGTHENING A DIVERSE WORKFORCE AND LEADERSHIP

PBGC continues to be committed to maintaining a diverse and inclusive workplace that ensures alignment with strategic goals and outcomes. In FY 2024, the Corporation continued its focus on strengthening employee performance, increasing leadership engagement, expanding health and wellness programs, and continuing efforts to recruit and retain disabled veterans.

Federal Employee Viewpoint Survey

The 2023 Federal Employee Viewpoint Survey (FEVS) was administered May 8, through July 7, 2023. The agency's response rate was 77 percent, up from 70 percent of employees who completed the survey in 2022. The chart shows the year-to-year response rates over the last five years.



The results show how PBGC employees rate employee engagement, global satisfaction, performance confidence, employee experience, and diversity, equity, inclusion, and accessibility (DEIA) indices. Among small agencies, PBGC ranked 3rd. With the exception of the DEIA index, which remained the same, all other indices increased from the prior year. PBGC's employee engagement index score, which measures areas including employee development, was 87 percent. The agency's global satisfaction index score, which measures employee satisfaction with jobs, pay, organization, and if they would recommend PBGC as a good place to work, was 84 percent. The DEIA index score was 86 percent, and employee experience was 85 percent.

As a result of the FEVS scores, PBGC ranked in the Top 5 in the Small Agency category for the Best Places to Work in the Federal Government rankings.

Additionally, PBGC had two business units that ranked in the Top 3 subcomponent category out of 459 agency subcomponents:

- The Office of Negotiations & Restructuring ranked No. 1.
- The Office of Chief Financial Officer ranked No. 3.

Recruitment and Outreach

PBGC continues to focus on recruitment efforts by encouraging students to seek full-time federal employment through participation in the Office of Personnel Management (OPM) Internship Experience Program. Interns and managers have access to meaningful programs, mentoring, coaching, and other developmental opportunities. As a result, PBGC has enhanced the experience for interns that will promote growth within, leading to an increased number of interns filling permanent federal positions. Currently, PBGC has converted 67 percent of its eligible interns to permanent positions.

The agency participated in four job fairs, thus increasing PBGC's visibility and outreach with organizations serving underrepresented populations, such as Historically Black Colleges and Universities and professional associations, to recruit a workforce representing the nation's diversity.

PBGC has a robust Workplace Flexibilities Program. In 2024, PBGC continued increasing its focus on employee work-life balance, services, and benefits. The Corporation broadened wellness communications and activities to include healthy living, stress management, and mental health.

Diversity, Equity, Inclusion, and Accessibility (DEIA)

In FY 2024, PBGC continued to address Executive Orders 14901: Further Advancing Racial Equality and Support for Underserved Communities Through the Federal Government and 14035: Diversity, Equity, Inclusion, and Accessibility. The Corporation successfully submitted the annual equity initiative updates to indicate PBGC is on track with advancing equity to plan participants and DEIA initiatives to its internal customers.

PBGC continues to create and publish the DEIA Digest. This is a bimonthly newsletter created to educate supervisors and managers on pertinent DEIA issues and cutting-edge best practices. PBGC also delivered 18 Special Emphasis Programs and five management and leadership DEIA cultural awareness events.

The Corporation held a successful hybrid DEIA Community Day event, where 50 percent of staff participated. This event highlighted new programs, services, and activities that support PBGC's DEIA goals and priorities in a hybrid work environment.

The Corporation continues to partner with its eight employee resource groups to expand professional development and to foster a diverse and inclusive workplace. In support of PBGC's DEIA initiatives, and to build a cooperative framework that allows the agency to enhance its overall recruitment strategies, PBGC continues to take part in the Hispanic National Internship Program (HNIP). In FY 2024, PBGC recruited 13 interns under the HNIP program, through a contract with the Hispanic Association of Colleges & Universities. This partnership allows PBGC the opportunity to increase its underrepresented Hispanic population. PBGC uses this contract as a recruitment tool to attract candidates who have the potential to transition into federal employees. PBGC continuously researches the market to identify and partner with a well-established contractor with a proven reputation and exposure to the Hispanic community.

Performance Management

PBGC is established as a performance-based organization, and as such holds its professionals to high standards of excellence in achieving organizational results. The agency's Performance Management Program continues to ensure supervisors have the necessary tools and resources to effectively manage employee conduct and employee performance that aligns with and supports organizational goals. In FY 2024, PBGC launched an online training series on effectively managing performance, which explored topics concerning how to establish and communicate performance and conduct problems. Twenty-five virtual performance management training courses were provided. PBGC continues to execute a vigorous performance management program and OPM continues to highlight the Corporation's program as a model for other agencies to follow.

Management and Leadership Development

The Corporation continues its commitment to training and developing the workforce to ensure employees are prepared for the rapid changes in technology and policy. In FY 2024, Management & Leadership Development Programs designed and offered the following learning events: PBGC Emerging Leaders Program (ELP), three management development series, and two leadership roundtables. The Leadership/Executive Coaching Program thrives, and the demand continues to exceed expectations.

Equal Employment Opportunity

The Office of Equal Employment Opportunity (OEEO) is responsible for providing leadership in the development, implementation, and evaluation of the Equal Employment Opportunity (EEO) programs and services within PBGC. The office provides technical guidance, advice, and equal opportunity support services to PBGC employees and applicants regarding the federal government's equal opportunity program. OEEO continues to build a Model EEO Program that reflects the six essential elements as described in Management Directive 715 (MD-715):

- Demonstrates commitment from agency leadership.
- Integrates EEO into the agency's strategic mission.
- Ensures management and program accountability.
- Works to ensure program is efficient.
- Is proactive in preventing unlawful discrimination.
- Ensures responsiveness and legal compliance.

The Affirmative Employment Program (AEP) identifies discriminatory employment policies, practices, and procedures that impede equal employment opportunity for all workforce demographics. The AEP Team presented events and activities that supported equal employment opportunity including:

- Presenting YOUniversity, a Bias Awareness Program to the agency. As part of PBGC's 2022-2026 Agency Strategic Plan, it is a notable achievement.
- Conducting organizational barrier analysis and subsequent briefings to leadership.
- Offering an eight-week American Sign Language course to PBGC's workforce.

OEEO also presented: the Education & Enrichment Real Talk Series and the Education & Enrichment Affinity Chat program and commemorated the 60th Anniversary of the Passage of The Civil Rights Act of 1964 with a month-long celebration. The Affirmative Employment Committee presented various trainings and workshops and continued to identify and support the employment needs of women, Hispanics, and persons with disabilities while addressing any barriers to opportunity for those groups. Lastly, OEEO continued to provide the EEO Dashboard to support departmental leadership in their EEO efforts.

SAFEGUARDING CUSTOMERS' INTERESTS

Office of the Participant and Plan Sponsor Advocate

The Office of the PBGC Participant and Plan Sponsor Advocate (Office of the Advocate) supports the PBGC Participant and Plan Sponsor Advocate (the Advocate). The Advocate is selected by PBGC's Board of Directors (the Board), and reports to the PBGC Board and Congress. The Office of the Advocate acts as a liaison between PBGC and sponsors of insured defined benefit plans or participants in PBGC-trusteed plans. The duties of the Office of the Advocate include advocating for the full attainment of the rights of participants in trusteed plans and assisting participants and plan sponsors in resolving disputes with the Corporation. The Advocate also identifies areas where participants and plan sponsors have problems dealing with PBGC and may propose changes in PBGC's administrative practices and recommend legislative changes to mitigate problems.

The Advocate submitted its statutorily required annual report to PBGC's congressional committees of jurisdiction, the Board, and PBGC's Director on December 29, 2023. The report identified longstanding participant and plan sponsor issues and provided recommendations for PBGC actions and process improvements to address these concerns. Notable areas identified in the report included PBGC's distress termination process for plan sponsors and the agency's administrative review process for participants. These issues have been identified in previous Advocate annual reports, highlighting the need for PBGC to improve these internal inefficiencies and maximize interdepartmental coordination. The report also detailed the Office of the Advocate's efforts to connect participants with their missing benefits through its Pension Plan Tracing Service and other activities. The report also introduced the Advocate's Retirement Security Initiative and described its upcoming activities in 2024, which include holding roundtables with various stakeholders to discuss how PBGC can support the maintenance and continuation of the private defined benefit system in accordance with its statutory mission.

PBGC management officials meet regularly with the Office of the Advocate to discuss specific issues and work closely with the Advocate to review and address findings in the Advocate's Annual Report.

Strengthening E-Government and Information Technology

In alignment with the Federal Information Security Modernization Act (FISMA), PBGC continues to strengthen its information security programs and practices. For the fourth consecutive year, the Corporation obtained an overall Office of Inspector General (OIG) FISMA rating of "Effective/Managed-Risk" for its information security program. Excelling in various functional domains, the "detect" functional area assessed at "optimized" and all other cybersecurity functional areas assessed at "managed and measurable."

PBGC's Office of Information Technology (OIT) continues to function as a high-performing data and evidence driven organization. Achieving significant accomplishments, OIT delivered on its strategic goals and objectives as described in PBGC's Strategic Plan and PBGC's Information Technology (IT) Strategic Plan.

Optimizing space saving opportunities, OIT supported PBGC in reducing its federal footprint from multiple locations to a single headquarters located in Washington D.C. PBGC departments collaborated to disconnect and decommission field locations in Euclid, Ohio, and Miami, Florida.

Additionally, PBGC's Chief Information Officer (CIO) and PBGC's Senior Agency Official for Privacy (SAOP) implemented an initial Artificial Intelligence (AI) policy for the Corporation by issuing Executive Memorandum titled "*Responsible Artificial Intelligence Use*." Aligning with Executive Order (EO) 14110 *Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence* and OMB Memorandum, M-24-10, "*Advancing Governance, Innovation, and Risk Management for Agency Use of Artificial Intelligence*," the Executive Memorandum advises PBGC users to carefully consider AI risks and vulnerabilities and encourages the safeguarding of PBGC data. OIT also established an AI governance working group. Fostering synergies, this cross-functional forum coordinates activities to meet requirements described in EO 14110 and OMB M-24-10.

Strengthening PBGC's Insider Threat Program, OIT enrolled its federal employees and contractors in the RapBack program. RapBack complements PBGC's Insider Threat Program by providing core stakeholders situational awareness regarding threat behaviors from federal employees or contractors. OIT also enhanced its insider threat and cyberattack detection through deploying the Splunk User Behavior Analytics (UBA) tool. This machine learning driven solution enables PBGC to detect known, unknown, and hidden insider threats and cyberattacks.

OIT continued to bolster its IT modernization efforts by successfully completing the Benefit Calculation and Valuation (BCV) System Phase 4 which improved PBGC's customer service with online benefit estimate capability for our participants and completing Case/Legal Management System (CLMS) modernization for the Office of Negotiation and Restructuring and the Office of General Counsel. Detailed modernization data are available at IT Modernization Projects on PBGC.gov.

PBGC's Chief Data Officer (CDO), in consultation with the Data Governance Board (DGB), continues to successfully implement requirements of the Foundations for Evidence-Based Policymaking Act of 2018 (Evidence Act) and the Federal Data Strategy to improve the Corporation's operations and evidence-based policymaking.

Ensuring Ethical Practices

In FY 2024, PBGC continued to ensure that all employees received initial ethics training within 90 days of their date of hire and that separating employees had the opportunity to meet with an ethics counselor to discuss the ethical rules on post-employment activities. All public financial-disclosure filers and other designated employees received annual ethics training during the fiscal year. PBGC's ethics team continued its "Ethics in Brief" email notices to all PBGC employees on ethics issues arising out of holiday activities and provided informational guidance regarding the Hatch Act. PBGC also met all statutory and regulatory ethical obligations and continues to maintain whistleblower program certification from the U.S. Office of Special Counsel.

Protecting Privacy Interests and Securing Cybersecurity Victories

PBGC's Privacy Program strives to exceed the requirements that all federal agencies must meet under the Privacy Act, which governs the collection, maintenance, use, and dissemination of personally identifiable information (PII) about individuals that is maintained in systems of records by federal agencies. The Privacy

Office successfully republished all out-of-date System of Records Notices (SORN), making a significant improvement in the way PBGC communicates the transparency and means by which it protects the PII it maintains.

The Privacy Office presented highly specific role-based trainings to various departments and led Privacy Week training events covering emerging issues related to the use of artificial intelligence, privacy enhancing technologies, cybercrime, and other topics.

The Privacy Office implemented an executive privacy dashboard using performance measures and technology-enabled strategies to develop the enterprise reporting of qualitative and quantitative performance effectiveness of the Privacy Program. The Privacy Reporting and Information Metrics Engine (PRIME) dashboard includes privacy breach response statistics, SORN statuses, and inventories of systems containing PII, Social Security numbers, and active privacy-related Plan of Action & Milestones (POA&M) to mitigate vulnerabilities and weaknesses.

Lastly, the Privacy Office, working with the Enterprise Cybersecurity Department and the Information Technology Infrastructure Operations Department, achieved a sweeping series of victories over foreign cyber-espionage attempts. Six websites operating across three continents were reported last year to be masquerading as PBGC websites meant to lure actual plan participants to clickbait products or malware aimed at harvesting PII. After an extensive investigation, the Privacy Office pursued affirmative legal action before the World Intellectual Property Organization where all six websites in the United States, Australia, Europe, and British Virgin Islands were resultingly transferred to PBGC, effectively taking them down. None of these cyber-espionage attempts impacted the financial records of PBGC.

Strengthening Transparency & Disclosure

PBGC continued its commitment to transparency and accountability by ensuring agency-wide compliance with the Freedom of Information Act (FOIA). In FY 2024, PBGC received 2,733 and processed 2,733 requests while maintaining a median processing time of 12 working days for complex requests, eight days under the statutory time-limit. The Disclosure Division continued an 11-year history of ending the fiscal year with zero backlogged requests or appeals. All properly filed appeals of the disclosure determinations were upheld, affirming the initial rulings. The division conducted 15 virtual training sessions and attended 30 training sessions to promote efficiency and accuracy, and co-created corporate-wide outreach and awareness, achieving cultural compliance with FOIA. The Disclosure Division received a score of 100 percent from the Department of Justine (DOJ) for compliance.

The Disclosure Division participated in significant outreach with the requester community and open government groups as the Chief FOIA Officer, Disclosure Officer, and the Deputy Disclosure Officer served as members of the FOIA Advisory Committee (Committee). The Committee consists of members both inside and outside the federal government who have extensive FOIA expertise. The Committee provides an open and transparent forum for the public to provide the federal government with suggestions regarding FOIA implementation, and an opportunity to foster dialogue between the federal government and the requester community and develop recommendations for improving FOIA Administration.

The Disclosure Division continued to focus on citizen-centered service by maximizing the use of technology and human capital management to maintain agency transparency. The Disclosure Division continued to support the SFA Program's transparency efforts by conducting commercial, financial, and PII reviews of 62 SFA applications prior to publishing the applications to PBGC.gov.

INDEPENDENT EVALUATION OF PBGC PROGRAMS

PBGC programs are regularly subject to independent evaluations that help the Corporation remain true to its mission and accountable for services provided to the public. To maintain high standards of stewardship and accountability, PBGC continues to strengthen controls over operations and compliance with laws and regulations.

Office of Inspector General

PBGC places a strong emphasis on diligently addressing the OIG's audit recommendations. To facilitate timely completion and closure of such recommendations, regular status reports are issued to executive management to assist in monitoring corrective actions. Once work on recommendations is completed, the Corporation provides evidence documenting the corrective actions taken in response to the OIG's recommendations.

PBGC is committed to addressing all OIG recommendations in a timely manner. PBGC began FY 2024 with 34 open audit recommendations. During FY 2024, PBGC closed 30 audit recommendations and received 23 new audit recommendations, resulting in 27 open recommendations at the end of FY 2024.

PBGC's OIG oversaw the annual financial statement audit completed by independent public accounting firm, Ernst & Young LLP (EY). In addition, during FY 2024, the OIG performed other audits and evaluations, including the following:

- **Management Alert: Deceased Participants in the Central States' Special Financial Assistance Calculation, (EVAL-2024-01), issued November 1, 2023.** The OIG issued a management alert during the Limited Scope Evaluation of Projected Benefit Payments in Selected Special Financial Assistance (SFA) Applications (Project Number: EV-23-172). While reviewing the Central States, Southeast & Southwest Areas Pension Plan SFA application, the OIG found that deceased participants were not removed, leading to an overpayment of SFA funds. The Corporation updated its procedures to conduct an independent death search using the Social Security full file death information to ensure deceased participants are not included in SFA applications. As of April 2024, Central States returned the overpayment to the Department of the Treasury. The OIG made one recommendation to the Corporation, which is now closed.
- **Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2023 and 2022 Financial Statements (AUD-2024-02), issued November 15, 2023.** In this report, the OIG stated this is the 31st consecutive unmodified financial statement audit opinion.
- **Fiscal Year 2023 Financial Statement Audit Management Letter Report (AUD-2024-04), issued December 21, 2023.** OIG contracted with EY, an independent public accounting firm, to perform the Fiscal year 2023 Financial Statement Audit in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States and the OMB Bulletin No. 24-01, "Audit Requirements for Federal Financial Statements." During the audit EY became aware of deficiencies in internal control, other than a material weakness or significant deficiency, and other matters

that are opportunities to strengthen PBGC's operations. EY made four recommendations to PBGC. Corrective actions are complete for three recommendations and ongoing for the remaining recommendation.

- **Evaluation of PBGC's Fiscal Year 2023 Compliance with the Payment Integrity Information Act of 2019 (EVAL-2024-07), issued May 1, 2024.** As required by the Payment Integrity Information Act of 2019 (PIIA), the OIG reviewed PBGC's compliance with improper payment reporting requirements. For FY 2023, the OIG determined that PBGC complied with the applicable PIIA requirements outlined in M-21-19, Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, dated March 5, 2021.

- **Fiscal Year 2023 Purchase Card Risk Assessment (SR-2024-09), issued August 28, 2024.** PBGC's policies, procedures, and internal controls are designed to provide reasonable assurance for implementing and managing PBGC's purchase card program and to mitigate potential fraud and misuse. OIG concluded that these controls are effective and determined that the risk of illegal, improper, or erroneous purchases is low.

- **PBGC Needs to Strengthen Oversight Controls Between CORS and Other Technical Personnel (EVAL-2024-11), issued September 26, 2024**. The OIG found that PBGC did not have adequate processes and procedures for overseeing contractors in an Integrated Project Teams (IPT) environment including Agile management. Upon examining the Single-Employer (SE) Pension Insurance Modeling System (PIMS) contract and procurement procedures, the OIG determined the oversight duties between the Contracting Officer's Representative (COR) and the IPT were not clearly defined and PBGC did not incorporate contract oversight into its Agile Operating Model Playbook. The OIG issued 10 recommendations, and corrective actions are ongoing.

- **Projected Benefit Payments in Selected Special Financial Assistance (SFA) Applications (EVAL-2024-12), issued September 26, 2024.** PBGC has significantly improved its SFA procedures, taken steps to ensure deceased participants are removed from SFA calculations, and begun the process of determining the amount of SFA funds related to the retrospective independent death audits on plans that were approved for SFA prior to the implementation of the full census independent death audit. Upon completion of the retrospective independent death audit, the plans are requested to repay the quantified SFA funds directly to the Treasury. The Corporation is committed to identifying any overpayments of SFA funds already paid and preventing overpayments in the future. The OIG made two recommendations related to the Corporation continuing its implementation of the new death audit procedures. Corrective actions are ongoing for these recommendations.

- **Evaluation of PBGC's Inclusion of Anti-Gag Provision in Required Agreements (EVAL-2024-13), issued September 27, 2024.** Based on a request from Senator Chuck Grassley, the OIG reviewed the Corporation's confidentiality agreements to determine the inclusion of the "anti-gag" provision. This provision requires all federal agency nondisclosure policies, forms, or agreements to include the explicit statement notifying the employee of the anti-gag statement and their rights to disclose violation of any law, rule, or regulations or mismanagement, gross waste of funds, abuse or authority, or substantial and specific danger to public health or safety to proper government entities. PBGC is working to formalize an anti-gag policy and remind employees of this provision. The OIG made three recommendations. Corrective actions are complete for one recommendation and ongoing for the remaining two recommendations.

For more information about the OIG's work in promoting accountability in PBGC operations, visit oig.pbgc.gov.

Government Accountability Office (GAO)

GAO continues to monitor the insurance programs' finances and other issues. The Corporation is committed to addressing the GAO recommendations in a timely manner and places a strong emphasis on diligently addressing the GAO's audit recommendations. To facilitate timely completion and closure of such recommendations, regular status reports are issued to executive management to assist in monitoring corrective actions. Once work on recommendations is completed, the Corporation provides evidence documenting the corrective actions taken for the GAO review.

During FY 2024, PBGC received two new audit recommendations and closed one audit recommendation resulting in one open recommendation at the end of FY 2024.

In addition, during FY 2024, the GAO performed other evaluations and studies, including the following:

- **Retirement Plans: Improved Communication Needed on Church Plan Eligibility for Federal Insurance Coverage (GAO-23-105080), issued October 27, 2023.** Church plans, retirement plans sponsored by a church or church-associated organization, are generally ineligible for federal insurance from the PBGC. While church plans are generally exempt from ERISA requirements, PBGC updated its website to more accurately describe plans and their insurance coverage. PBGC will continue to identify and communicate with any potential church plan paying benefit insurance premiums. The GAO made one recommendation to the Corporation that is now closed.

- **401(k) Plans: Additional Federal Actions Would Help Participants Track and Consolidate Their Retirement Savings (GAO-24-103577), issued February 20, 2024.** During this study, GAO recommended that Congress consider granting authority to a federal agency to (1) establish a pension dashboard and (2) establish a system for automatic plan-to-plan rollovers. To facilitate this recommendation, PBGC will conduct a study on the feasibility of amending current law to allow active 401(k) plans to transfer small inactive account balances subject to forced-transfers to PBGC's program, currently known as the Missing Participants Program for terminated defined contribution plans. The GAO made one recommendation to the Corporation and corrective actions are ongoing.

For more information about GAO's work on pensions and retirement security issues, visit GAO.gov.

FINANCES

FISCAL YEAR 2024 FINANCIAL STATEMENT HIGHLIGHTS

The Pension Benefit Guaranty Corporation (PBGC or the Corporation or the agency) is a federal corporation established under the Employee Retirement Income Security Act (ERISA) of 1974, as amended. It guarantees payment of basic pension benefits earned by about 31 million of America's workers and retirees participating in more than 24,300 private-sector defined benefit pension plans. In accordance with the American Rescue Plan (ARP) Act of 2021, the Corporation received appropriations from the U.S. Treasury General Fund to help severely underfunded multiemployer plans that meet ARP's eligibility criteria. This funding assisted in remedying the Multiemployer Program's deficit in FY 2021 by reducing the future amount needed for traditional financial assistance and providing funds for previously insolvent eligible plans to repay prior traditional financial assistance. The Multiemployer Program's deficit would have remained significant through FY 2024 if not for the favorable impact of the ARP which resulted in the program achieving a surplus in each fiscal year since enactment. PBGC receives no funds from general tax revenues for its Single-Employer Program or the traditional multiemployer financial assistance program. Operations are financed by insurance premiums set by statute and paid by sponsors of defined benefit plans, investment income, assets from pension plans trusteed by PBGC, and recoveries from the companies formerly responsible for the plans.

FINANCIAL POSITION

PBGC's Memorandum Total Financial Position

PBGC includes Memorandum Totals for its two independent insurance programs solely for an entity-wide informational view of its financial statements. Most importantly, under Section 4005(g) of ERISA, the Single-Employer and Multiemployer Programs are separate by law; and, therefore, PBGC is required to report the financial results of operations separately.

PBGC's Memorandum Total cumulative results of operations increased by $10,228 million, resulting in the Corporation's Memorandum Total cumulative results of operations of $56,296 million as of September 30, 2024, from a balance of $46,068 million as of September 30, 2023. The increase in the Memorandum Total cumulative results of operations is due to $15,550 million in investment income, $14,537 million in contributed transfer appropriation income, $5,180 million in premium and other income, $200 million in multiemployer credits from insolvent and probable plans, and $160 million in actuarial credits, offset by $14,518 million in special financial assistance expense, $5,510 million in charges due to change in interest factors, $4,580 million in charges due to expected interest, $482 million in administrative, administrative SFA, and other expenses, $196 million in losses from completed and probable terminations, and $113 million in investment expenses. Memorandum Total actuarial charges totaled $9,930 million. PBGC uses a curve of interest factors to determine the actuarial present value of estimated future benefit payments (see Note 6). The curve of spot rates for September 30, 2024, starts with an interest factor of 4.44% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 5.11% and is assumed to remain level thereafter. This decrease in interest factors since FY 2023 resulted in $5,555 million in charges that consists of $5,385 million in charges for terminated single-employer plans, $125 million in charges for insolvent multiemployer plans, and $45 million in charges for probable multiemployer plans.

Multiemployer Financial Position

- The ARP established the multiemployer Special Financial Assistance (SFA) Program, resulting in a source of financing outside of PBGC's revolving fund. PBGC receives appropriated SFA funds to disburse to multiemployer plans that meet certain criteria. Unlike traditional financial assistance wherein PBGC provides assistance to multiemployer plans in the form of a loan, special financial assistance is provided via a transfer of funds with no obligation of repayment. At the end of each fiscal year, any unused appropriated SFA funds must be returned to the U.S. Treasury General Fund.

- The Multiemployer Program's cumulative results of operations improved by $679 million, resulting in a positive cumulative results of operations of $2,132 million as of September 30, 2024. The Multiemployer Program's FY 2024 net income of $679 million is due to $14,537 million in contributed transfer appropriation income, $399 million in net premium and other income, $297 million in fixed investment income, $200 million in credits from insolvent and probable plans-financial assistance, and $14 million in credits from actuarial adjustments. These favorable factors for the Multiemployer Program were offset by $14,518 million in special financial assistance expense, $125 million in charges due to change in interest factors (which resulted from decreases in market interest rates), $98 million in charges due to expected interest, $19 million in administrative SFA expenses, and $8 million in administrative expenses. The Multiemployer Program would still be in a deficit position had it not been for the ARP enacted in FY 2021.
- Credits from insolvent and probable plans-financial assistance for the Multiemployer Program was $200 million as of September 30, 2024. The drivers of these credits are:
    - $145 million decrease in the multiemployer small plan bulk reserve; and
    - $69 million credit from expected versus actual investment rates of return; and
    - $40 million credit due to the reclassification of one multiemployer probable plan to reasonably possible; and
    - $23 million credit from expected benefit payments; and
    - $17 million credit from the deletion of three multiemployer probable plans; offset by
    - $45 million charge due to change in interest factors which resulted from decreases in market interest rates; and
    - $23 million in charges from expected interest on benefit liability; and
    - $14 million charges from effects of experience including premium indexing; and
    - $12 million charges from the addition for three new multiemployer probable plans.
- In FY 2024, one multiemployer plan with a net claim of $40 million was reclassified from the probable category to reasonably possible. Three new probable plans with net claims of $12 million were added to the multiemployer inventory and two probable plans with net claims of $12 million credit were removed from the multiemployer inventory.

Multiemployer Probable Insolvent Activity

- The $219 million decrease in probable insolvent plan liability from $589 million at September 30, 2023, to $370 million at September 30, 2024, was primarily due to $145 million decrease in the small plan bulk reserve, $69 million credit from actual investment rates of return on probable plan assets, $40 million credit due to the reclassification of one multiemployer probable plan to reasonably possible, two plans with net claims of $31 million that were transferred from the probable insolvent category to plans receiving traditional financial assistance, and $12 million credit from two deleted plans, offset by $45 million charge due to the change in interest factors (which resulted from decreases in market interest rates), $22 million in charges from expected interest on benefit liability, and $12 million from the addition of three new probable insolvent plans.

Multiemployer Insolvent Activity

- The $78 million increase in insolvent plan liability (i.e., plans currently receiving financial assistance) from $1,622 million at September 30, 2023, to $1,700 million at September 30, 2024, was primarily due to $125 million charge due to the change in interest factors (which resulted from decreases in market interest rates), $98 million in charges from expected interest on benefit liability, two plans with net claims of $31 million that were transferred from the probable insolvent category to plans receiving traditional financial assistance, and $4 million charge due to change in the mortality table, offset by $171 million credit from traditional financial assistance provided and $5 million credit from one deleted plan. PBGC paid $163 million in traditional financial assistance in FY 2024.

Single-Employer Financial Position

- The Single-Employer Program's FY 2024 cumulative results of operations improved by $9,549 million, resulting in a positive cumulative results of operations of $54,164 million as of September 30, 2024. The Single-Employer Program's FY 2024 net income of $9,549 million is due to $15,253 million in investment income, $4,781 million in net premium and other income, and $146 million in credits from actuarial adjustments. These favorable factors for the Single-Employer Program were offset by $5,385 million in charges due to change in interest factors (which resulted from decreases in market interest rates), $4,482 million in charges due to expected interest related to PBGC's liabilities of $73,929 million as of September 30, 2023, $455 million in administrative and other expenses, $196 million in losses from completed and probable terminations, and $113 million in investment expenses.

INVESTMENTS

Single-Employer Investment Activity

- **Global Public Equity** – Global equity markets, as represented by the MSCI All Capitalization World IMI (Net), returned 30.96% for FY 2024. The broad U.S. equity market, as represented by the Russell 3000 Index, returned 35.19% over the same period. Within U.S. equities, growth outperformed value and large capitalization outperformed small capitalization. Non-U.S. developed equities, as represented by the MSCI EAFE IMI Index (Net), returned 24.60% for FY 2024. Within non-U.S. Developed equities, growth outperformed value. Emerging markets, as represented by the MSCI Emerging Markets Standard Index (Net), returned 26.05% during the same period.

  For FY 2024, global equity market returns generated a gain of $4,171 million from equity investments compared to a gain of $2,648 million for FY 2023 (31.59 percent return for Total Global Public Equity in FY 2024 versus 19.51 percent in FY 2023).

- **Global Bonds** – The broad U.S. investment-grade fixed income markets, as represented by the Bloomberg U.S. Aggregate Bond Index, returned 11.57%. The broad U.S. Treasuries market was positive for FY 2024. Long duration U.S. Treasuries outperformed intermediate duration U.S. Treasuries as yields at the long end of the curve decreased significantly during the year. Corporate bonds were also positive and outperformed U.S. Treasuries as credit spreads continued to narrow.

For FY 2024, global fixed income generated a gain of $10,642 million from fixed income investments compared to a gain of $2,168 million for FY 2023. This reflects higher fixed income returns (10.91 percent return for Total Global Bonds in FY 2024 versus 1.45 percent in FY 2023).

- **Real Estate Investment Trusts (REITS)** – REITs, as represented by the Dow Jones U.S. Select Real Estate Securities Index, returned 33.56% for FY 2024, slightly underperforming U.S. equities.

  For FY 2024, REITS generated a gain of $458 million from real estate investments compared to a loss of $21 million for FY 2023 (33.54 percent return for US REITs in FY 2024 versus 1.66 percent in FY 2023).

- **Combined Single-Employer Investment Return** – FY 2024 investment returns contributed to a total PBGC combined investment gain of $15,253 million. PBGC's Total Fund Composite (excluding transition accounts) earned 13.06 percent in FY 2024, exceeding the Total Fund Benchmark return of 12.75 percent.

Multiemployer Investment Activity

- **U.S. Treasury Bonds** – Broad U.S. Treasury bonds, as represented by the Bloomberg U.S. Treasury Index, returned 9.72% for FY 2024. Long Treasuries outperformed intermediate during FY 2024.

  For FY 2024, multiemployer fixed income generated a gain of $297 million from fixed income investments compared to a loss of $2 million for FY 2023. This reflects higher fixed income returns (8.79 percent return for multiemployer revolving fund in FY 2024 versus -0.75 percent in FY 2023).

OPERATIONS

- PBGC's combined (i.e., the Memorandum Total which is comprised of both the Single-Employer and Multiemployer Program activity) single-employer benefit payments and multiemployer financial assistance paid were $20,650 million in FY 2024 and $51,813 million in FY 2023. The significant decrease was primarily due to a reduction in the amount of special financial assistance payments; $14,638 million in special financial assistance was paid to 27 approved plans in FY 2024, compared to $45,577 million in special financial assistance payments to 64 approved plans in FY 2023. PBGC assumed responsibility for the benefit payments of an additional 6,362 workers and retirees in the 22 single-employer plans that were trusteed during FY 2024.
- FY 2024 combined (Memorandum Total) net premium income decreased by $800 million to $5,165 million compared to FY 2023 net premium income of $5,965 million. The primary components of the combined net premium income were variable rate premium (VRP) income of $2,938 million and flat rate premium income of $2,228 million. Overall, this represented a 13 percent year-over-year decrease in combined premium income and is primarily due to a $790 million decrease in the single-employer variable rate premium income. This decrease in variable rate premium income is primarily due to improved conditions of the plans' underfunding (i.e., lower Unfunded Vested Benefits), (see Note.11).
- During FY 2024, PBGC assumed financial responsibility for 27 underfunded single-employer plans that were terminated. Some of these plans are pending the completion of a trusteeship agreement with PBGC as of year-end. One of these 27 terminated plans was previously classified as a probable termination by

PBGC. These 27 terminated plans had an average funded ratio of about 70 percent, and these terminations resulted in an aggregate net loss to PBGC of $230 million (see Note 12).

- As of September 30, 2024, there was one new single-employer plan (net claim of $96 million) classified as a probable termination. Probable terminations represent PBGC's best estimate of claims for plans that are classified as likely to terminate in a future year.

- As of September 30, 2024, the present value of multiemployer nonrecoverable future financial assistance of $2,070 million consists of 91 insolvent plans ($1,700 million), and 31 terminated plans not yet insolvent but probable ($352 million). There were no ongoing plans that are projected to exhaust plan assets within 10 years, however this classification includes a small plan bulk reserve ($18 million).

ESTIMATES OF REASONABLY POSSIBLE CONTINGENCIES

- At fiscal year-end, PBGC's estimate of its single-employer reasonably possible exposure decreased to $2,606 million in FY 2024, a $23,051 million decrease compared to $25,657 million in FY 2023. This decrease is primarily due to a change in the estimate as it relates to a change in methodology of the RP exposure (see Note 9 for details on the changes as well as for discount factors utilized in calculating the reasonably possible estimate).

- PBGC's estimate of its multiemployer reasonably possible exposure decreased to $189 million in FY 2024, a $221 million decrease from the $410 million in FY 2023. The primary reason for the decrease in exposure was a net decrease in the number of plans classified as reasonably possible to four plans at September 30, 2024, down from seven plans classified as reasonably possible at September 30, 2023. The plans removed no longer meet the reasonably possible criteria as the plans experienced improved financial conditions due to better than expected investment returns and higher plan contributions. Additionally, the reasonably possible aggregate reserve for small plans decreased by $119 million due to improved financial conditions of the plans.

KEY SINGLE-EMPLOYER AND MULTIEMPLOYER RESULTS

(Dollars in millions)		**FY 2024**		FY 2023
Insurance Activity				
SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS MEMORANDUM TOTAL				
Single-Employer Benefits Paid	**$**	**5,849**	$	6,061
Multiemployer Financial Assistance Paid – SFA	**$**	**14,638**	$	45,577
Multiemployer Financial Assistance Paid – Traditional	**$**	**163**	$	176
Retirees Receiving Benefits (at end of year)		**975,123**		997,609
Total Participants Receiving or Owed Benefits (at end of year)		**1,447,000**		1,486,000
New Underfunded Terminations		**27**		21
Terminated/Trusteed Plans (combined to date)		**5,154**		5,129
Plans That Have Received Financial Assistance – Traditional		**91**		90
Summary of Operations				
SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS MEMORANDUM TOTAL				
Premium Income, Net	**$**	**5,165**	$	5,965
Losses (credits) From Completed and Probable Terminations	**$**	**196**	$	949
Losses (credits) From Financial Assistance – Traditional	**$**	**(200)**	$	(10)
Investment Income (Loss)	**$**	**15,550**	$	4,798
Actuarial Charges and Adjustments (Credits)	**$**	**9,930**	$	860
Financial Position				
SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS MEMORANDUM TOTAL				
Total Assets	**$**	**150,608**	$	134,919
Total Liabilities	**$**	**94,301**	$	88,843
Net Income (Loss)	**$**	**10,228**	$	8,439
Cumulative Results of Operations	**$**	**56,296**	$	46,068
SINGLE-EMPLOYER PROGRAM				
Total Assets	**$**	**146,138**	$	130,873
Total Liabilities	**$**	**91,974**	$	86,258
Net Income (Loss)	**$**	**9,549**	$	8,041
Cumulative Results of Operations	**$**	**54,164**	$	44,615
MULTIEMPLOYER PROGRAM				
Total Assets	**$**	**4,470**	$	4,046
Total Liabilities	**$**	**2,327**	$	2,585
Net Income (Loss)	**$**	**679**	$	398
Cumulative Results of Operations	**$**	**2,132**	$	1,453

The Single-Employer Program and Multiemployer Program are separate by law.

The "Single-Employer and Multiemployer Programs Memorandum Total" data totals presented above are solely an entity-wide informational view of PBGC's two independent insurance programs.

FINANCIAL SUMMARY – SINGLE-EMPLOYER PROGRAM

(Dollars in millions)		Fiscal Year Ended September 30, **2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015
Insurance Activity:											
Benefits paid	$	**5,849**	6,061	7,042	6,440	6,125	6,020	5,792	5,699	5,659	5,570
Participants receiving monthly benefits at end of year[1]		**912,240**	917,185	963,097	967,506	984,474	887,138	861,371	839,772	838,493	825,666
Plans trusteed and pending trusteeship by PBGC[2]		**5,144**	5,119	5,100	5,068	5,031	4,965	4,919	4,845	4,769	4,706
Summary of Operations:											
Premium income, net	$	**4,770**	5,597	4,586	4,511	5,663	6,352	5,518	6,739	6,379	4,138
Other income	$	**11**	16	21	20	28	47	38	184	25	11
Investment income (loss)	$	**15,253**	4,800	(23,032)	4,058	12,470	14,820	1,502	5,363	8,648	324
Actuarial charges and adjustments (credits)	$	**9,721**	876	(24,916)	(8,460)	8,875	14,409	(6,468)	(950)	11,515	9,504
Losses (credits) from completed and probable termination	$	**196**	949	249	1,022	1,926	91	(322)	3,063	(417)	(780)
Administrative and investment expenses	$	**565**	544	585	559	538	488	489	481	465	446
Other expenses	$	**3**	3	20	9	16	14	6	26	4	30
Net income (loss)	$	**9,549**	8,041	5,637	15,459	6,822	6,217	13,353	9,666	3,485	(4,727)
Summary of Financial Position:											
Cash and investments[3]	$	**132,755**	117,454	114,223	138,854	134,244	118,119	101,310	96,830	89,596	80,090
Total assets	$	**146,138**	130,873	124,394	150,692	143,472	128,068	109,941	106,196	97,342	85,735
Present value of future benefits	$	**78,666**	73,929	78,332	108,929	120,430	113,100	101,866	111,280	113,704	106,926
Cumulative Results of Operations	$	**54,164**	44,615	36,574	30,937	15,478	8,656	2,439	(10,914)	(20,580)	(24,065)

[1] This measure may differ from yearly performance numbers reported in PBGC's Annual Performance Report, which also include participants whose benefit payments ended during the year (for example, due to death or a final lump-sum payout).
[2] These cumulative measures may differ due to plans that terminated in a prior year may have been removed from inventory in a subsequent year.
[3] Cash and investments consists of Cash and cash equivalents, Total investments, and Receivables, net: Investment income.

As a general note, a dash "-" indicates no net activity to be reported.

FINANCIAL SUMMARY – MULTIEMPLOYER PROGRAM

		Fiscal Year Ended September 30,									
(Dollars in millions)		**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015
Insurance Activity:											
Financial assistance paid – SFA	$	**14,638**	45,577	7,526	-	-	-	-	-	-	-
Plans that have received – SFA		**27**	57	29	-	-	-	-	-	-	-
Financial assistance paid – traditional	$	**163[1]**	176	226	230	173	160	153	141	113	103
Plans that have received FA – traditional		**98[2]**	100[2]	115	109	91	85	78	72	65	57
Summary of Operations:											
Premium income, net	$	**395**	368	339	331	322	310	292	291	282	212
Contributed transfer appropriation income	$	**14,537**	45,925	7,566	1	-	-	-	-	-	-
Other income	$	**4**	13	10	37	-	-	-	-	-	-
Investment income (loss)	$	**297**	(2)	(248)	(47)	180	442	(52)	(53)	143	68
Actuarial charges and adjustments (credits)	$	**209**	(16)	(413)	(178)	180	340	(147)	(23)	167	135
Losses (credits) from insolvent and probable plans - financial assistance	$	**(200)**	(10)	(72)	(63,736)	(1,137)	(11,662)	(10,830)	6,438	6,768	9,963
Special financial assistance expense	$	**14,518**	45,907	7,555	-	-	-	-	-	-	-
Administrative and investment expense	$	**8**	7	9	8	42	40	41	42	39	32
Administrative special financial assistance expense	$	**19**	18	11	1	-	-	-	-	-	-
Net income (loss)	$	**679**	398	577	64,227	1,417	(11,290)	11,176	(6,219)	(6,549)	(9,850)
Summary of Financial Position:											
Cash and investments[3]	$	**3,912**	3,404	3,058	2,978	2,951	2,676	2,137	2,080	2,037	1,768
Restricted cash	$	**252**	369	36	3	-	-	-	-	-	-
Total assets	$	**4,470**	4,046	3,493	3,512	3,144	2,858	2,311	2,262	2,204	1,924
Present value of future benefits	$	**-**	-	-	-	-	-	-	-	-	-
Nonrecoverable future financial assistance, present value	$	**2,070**	2,211	2,390	3,017	66,865	67,995	56,153	67,283	61,009	54,186
Cumulative Results of Operations	$	**2,132**	1,453	1,055	478	(63,749)	(65,166)	(53,876)	(65,052)	(58,833)	(52,284)

[1] This amount consists of traditional financial assistance paid to 98 insolvent plans (see Note 7). In FY 2023, this amount consisted of $176 million in traditional financial assistance paid to 100 insolvent plans.

[2] 98 plans received traditional financial assistance in FY 2024, 91 are expected to continue to receive traditional financial assistance. In FY 2023, 100 plans received traditional financial assistance, 90 plans were expected to continue to receive traditional financial assistance.

[3] Cash and investments consists of Cash and cash equivalents, Total investments, and Receivables, net: Investment income. As a general note, a dash "-" indicates no net activity to be reported.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

I. INTRODUCTION

PBGC management believes its discussion and analysis of its financial statements and other statistical data will help all interested parties and readers better understand PBGC’s financial condition and results of operations. Readers should consider this material in conjunction with the Annual Performance Report starting on page 1, the financial statements beginning on page 63, and the accompanying notes beginning on page 67.

II. FINANCIAL AND PROGRAM RISKS

As of September 30, 2024, the Single-Employer and Multiemployer Programs reported cumulative results of operations of $54,164 million and $2,132 million, respectively. The Single-Employer Program’s cumulative results of operations improved by $9,549 million and the Multiemployer Program’s cumulative results of operations improved by $679 million. The Corporation has $146,138 million in single-employer assets and $4,470 million in multiemployer assets and will be able to meet its obligations for a number of years. PBGC’s FY 2023 Projections Report shows that the Multiemployer Program is likely to remain solvent for more than 40 years and that the Single-Employer Program is projected to remain in a positive net financial position over the next decade. Most importantly, under Section 4005(g) of ERISA, the Single-Employer and Multiemployer Programs are separate by law and, therefore one program’s resources cannot be used to fund the activities of the other. For more information, please refer to Section V. Overall Capital and Liquidity and Section VI. Single-Employer and Multiemployer Exposure.

In FY 2024, significant factors beyond PBGC’s control, including the performance of financial markets, changes in interest rates, and the solvency of insured pension plans, continued to influence PBGC’s underwriting income and investment gains or losses.

PBGC’s operating results can change markedly from year to year depending on the severity of losses from plan terminations, investment performance, changes in the interest factors used to discount future benefit payments, general economic conditions, changes in law, and other factors. PBGC’s operating results may vary more than those of most private insurers, in part because PBGC must insure against catastrophic risk without all the tools private insurers use to address risk. Most private insurers can diversify or reinsure their catastrophic risks or apply traditional insurance underwriting methods to mitigate these risks. Unlike private insurers, the Corporation cannot decline insurance coverage or provide a lower level of coverage, regardless of the potential risk posed by an insured plan. Private insurers can also adjust premiums in response to risk, while PBGC cannot. PBGC’s premiums are set by statute.

Claims against PBGC’s insurance programs can vary greatly from year to year. The termination or insolvency of a single large pension plan may result in a larger claim against the Corporation than the termination or insolvency of many smaller plans. Thus, future claims will continue to depend largely on the failures of large plans. Additionally, PBGC’s risks are concentrated in certain industries. Finally, PBGC’s financial condition is sensitive to market risk. Interest rates and equity returns affect not only PBGC’s own assets and liabilities but also those of PBGC-insured plans (see Note 9).

III. LEGISLATIVE AND REGULATORY DEVELOPMENTS

LEGISLATIVE DEVELOPMENTS

There were no PBGC-related legislative developments in FY 2024.

REGULATORY AND RELATED ACTIVITIES

In FY 2024, PBGC issued regulations and other guidance under the SFA Program. PBGC published a final rule on November 7, 2023, effective on December 7, 2023, that amended the SFA regulation to clarify the calculation methodology for the withdrawal liability condition requiring phase-in of SFA assets. The clarifications also included previously issued guidance about how make-up payments of suspended benefits are considered in the calculation methodology. PBGC on November 1, 2023, and on May 6, 2024, updated the SFA instructions, and on July 16, 2024, updated questions and answers that provide guidance on the investment of SFA funds.

PBGC continued to develop other rulemakings and guidance to protect plan participants and minimize burdens on pension plans and plan sponsors.

PBGC published a final rule on June 6, 2024, amending its regulation on Allocation of Assets in Single-Employer Plans to modernize the interest, mortality, and expense assumptions used to determine the present value of benefits for a single-employer pension plan ending in a distress or involuntary termination. Those assumptions are also used for certain multiemployer withdrawal liability calculations, 4010 reporting, Missing Participants Program filings, and for other purposes. The revised assumptions apply to calculations where the valuation date is on or after July 31, 2024. On July 17, 2024, PBGC released updated filing instructions for 4010 reporting and Missing Participants Program filings to conform with the regulatory changes.

PBGC, on January 23, 2024, issued jointly with the Department of Labor's Employee Benefits Security Administration (EBSA), the Department of the Treasury, and the Internal Revenue Service a request for information (RFI) soliciting public input on the existing reporting and disclosure requirements for certain retirement plans under ERISA. Under section 319 of the SECURE 2.0 Act of 2022, the agencies are to review the effectiveness of reporting and disclosure requirements and provide a report to Congress no later than December 29, 2025. The RFI soliciting public input, originally scheduled to close on April 22, 2024, was extended 30 days to May 22, 2024. The agencies received 28 comment letters.

Lastly, PBGC published a technical corrections final rule on November 7, 2023, making miscellaneous updates and corrections to several of PBGC's regulations. The final rule was effective December 7, 2023.

IV. DISCUSSION OF INSURANCE PROGRAMS

PBGC operates two separate insurance programs for defined benefit plans. PBGC's Single-Employer Program guarantees basic pension benefits when underfunded plans terminate and when a plan sponsor demonstrates it can no longer afford its plan or goes out of business. By contrast, in the Multiemployer Program, the insured event is plan insolvency, whether or not the plan is terminated. PBGC's Multiemployer

Program provides traditional financial assistance to insolvent covered plans to pay benefits at the level guaranteed by law.

The American Rescue Plan (ARP) Act of 2021 established the multiemployer Special Financial Assistance Program (SFA), resulting in a source of financing outside of PBGC's revolving fund. PBGC receives appropriated SFA funds to disburse to multiemployer plans that meet certain criteria. Unlike traditional financial assistance wherein PBGC provides assistance to multiemployer plans in the form of a loan, the special financial assistance provides assistance to eligible plans approved for SFA via a transfer of funds with no obligation of repayment. At the end of each fiscal year, any unused appropriated SFA funds must be returned to the U.S. Treasury General Fund.

By law, the single-employer and multiemployer insurance programs are funded and administered separately, and their financial conditions, results of operations, and cash flows are reported separately. The accompanying financial statements for both programs, which appear on pages 63-66, have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as published by the Financial Accounting Standards Board (FASB). Please refer to Note 2: "Significant Accounting Policies" for further detail, including a description of PBGC's valuation method used in determining benefit liabilities.

IV.A. SINGLE-EMPLOYER PROGRAM RESULTS OF ACTIVITIES AND TRENDS

The Single-Employer Program covers about 19.4 million people (excluding those plans that PBGC has trusteed), down from the 20.6 million people PBGC covered in FY 2023. The number of covered ongoing plans at the end of FY 2024 was about 23,000.

Plans that terminate in a standard termination must have sufficient funding to cover all accrued benefits owed to participants and beneficiaries. In these cases, PBGC ensures that all standard termination applications comply with statutory and regulatory requirements. PBGC audits a sample of plans that have filed for a standard termination to determine if earned benefits have been distributed to participants.

In contrast, when a covered underfunded plan terminates, PBGC becomes the trustee. PBGC applies legal limits to payouts and pays the benefits. To determine the amount to pay each participant, PBGC takes into account (a) the benefit that the participant had accrued in the terminated plan, (b) the availability of assets from the terminated plan to cover benefits, (c) how much PBGC recovers from employers for plan underfunding, and (d) the limits on guaranteed benefits provided under ERISA. The benefit guarantee limits are indexed (i.e., they increase in proportion to increases in the Old-Law Social Security wage base) and vary based on the participant's age and elected form of payment. Because of indexing, the benefit guarantee limits for plans that will fail in calendar year 2025 will be 4.56 percent higher than the limits that applied for 2024 as shown below for sample ages:

MAXIMUM GUARANTEED ANNUAL BENEFIT PAYABLE AS A SINGLE LIFE ANNUITY

Age	Plans Terminating in 2025	Plans Terminating in 2024
70	$148,042	$141,590
65	$89,182	$85,295
60	$57,968	$55,442
55	$40,132	$38,383

The benefit guarantee limit is a cap on what PBGC guarantees, not on what PBGC pays. In some cases, such as when PBGC recovers sufficient plan assets to pay more than just the maximum guaranteed benefit, PBGC pays benefits above the benefit guarantee limit.

The applicable maximum guarantee is determined by the year the retiree's plan terminated (if the plan terminated during the plan sponsor's bankruptcy, the year the sponsor entered bankruptcy) and the participant's age at the later of the date the sponsor entered bankruptcy or the date the participant begins collecting benefits.

SINGLE-EMPLOYER OVERALL FINANCIAL RESULTS

Net income for the Single-Employer Program was $9,549 million in FY 2024. The drivers of this income included investment income of $15,253 million, net premium income and other income of $4,781 million, and $146 million in credits from actuarial adjustments. This was offset by charges of $5,385 million due to a decrease in interest factors (which has the effect of increasing benefit liabilities and actuarial charges), actuarial charges due to expected interest on accrued liabilities of $4,482 million, administrative and other expenses of $455 million, losses from completed and probable terminations of $196 million, and investment expenses of $113 million.

PBGC's FY 2024 Single-Employer Program realized net income of $9,549 million compared to FY 2023 net income of $8,041 million. This favorable $1,508 million year-over-year change was attributable to:

(1) An increase in investment income of $10,453 million (a gain of $15,253 million in FY 2024 compared to a gain of $4,800 million in FY 2023),

(2) a decrease in losses from completed and probable terminations of $753 million (see "Single-Employer Underwriting Activity" below),

(3) an increase in actuarial adjustment credits of $55 million,

(4) an increase in actuarial charges due to change in interest factors of $8,327 million,

(5) a decrease in net premium and other income of $832 million,

(6) an increase in actuarial charges due to expected interest of $573 million, and

(7) an increase in administrative, investment, and other expenses of $21 million.

Actuarial charges and adjustments arise from changes in mortality and retirement assumptions, changes in interest factors, and expected interest. Expected interest refers to the interest that PBGC expects to accrue during the current fiscal year based on PBGC's liability and interest factors at the end of the prior year, with adjustments made for new plans and benefit payments made during the year.

SINGLE-EMPLOYER UNDERWRITING ACTIVITY

PBGC's Single-Employer Program realized a net underwriting gain of $4,276 million in FY 2024, $43 million less than the FY 2023 gain of $4,319 million. This $43 million decrease from the previous year was due to a $832 million decrease in single-employer net premium and other income and a $19 million increase in administrative and other expenses, offset by a $753 million decrease in losses from completed and probable terminations and a $55 million increase in actuarial adjustment credits.

Premium and other income from underwriting activity decreased by $832 million from $5,613 million in FY 2023 to $4,781 million in FY 2024. This decrease is largely due to a $790 million decrease in variable rate premium income from plan sponsors, from $3,728 million in FY 2023 to $2,938 million in FY 2024. Other income, consisting of interest on recoveries from plan sponsors, decreased from $16 million in FY 2023 to $11 million in FY 2024. The decrease in FY 2024 was primarily due to a decrease of interest income from sponsors' employer liability settlements. The 21 percent decrease in variable rate premium income is primarily due to improved conditions of the plans' underfunding (i.e., lower Unfunded Vested Benefits). Annual variable rate premium (VRP) remained unchanged at $52 per $1,000 of underfunding in 2023 and 2024. (The VRP rate is no longer indexed. The VRP rate of $52 per $1,000 of unfunded vested benefits in effect for plan years beginning in 2023 has been made permanent.)

Flat rate premium income for the Single-Employer Program decreased $54 million from $1,883 million in FY 2023 to $1,829 million in FY 2024. This was due primarily to a decrease in the participant count in FY 2024, offset by increases in the per participant flat rate premium for plan years beginning in 2023 and for plan years beginning in 2024.

A plan's present value of vested benefits for VRP purposes is generally determined using three "segment" rates. The first of these applies to benefits expected to be paid within five years of the valuation date, the second applies to the following 15 years, and the third applies to benefits expected to be paid thereafter.

The U.S. Department of Treasury (U.S. Treasury) determines each segment rate monthly using the portion of a corporate bond yield curve that is based on corporate bonds maturing during that segment rate period. The corporate bond yield curve is also prescribed every month by the U.S. Treasury. It reflects the yields for the previous month on investment-grade corporate bonds with varying maturities that are in the top three quality levels. PBGC's premium regulation provides a few alternatives with respect to which month's rates are used and whether the segment rates are averaged over 24 months.

The Corporation's "Losses (credits) from completed and probable plan terminations" decreased from a loss of $949 million in FY 2023 to a loss of $196 million in FY 2024. The current $196 million loss is due to $230 million in charges related to new plan terminations and $121 million in charges from revaluations and deletions of plans that had terminated in a prior year, offset by $155 million in credits from changes to single-employer probable claims (see "Losses (credits) from Completed and Probable Terminations – Single-Employer Program" table in Note 12).

The net claim for single-employer probable terminations as of September 30, 2024, was $131 million, while the net claim as of September 30, 2023, was $286 million. This $155 million decrease is due to the deletion of two related single-employer probable plans with a net claim of $174 million and a decrease in the reserve for small unidentified probables of $77 million, offset by the addition of one new probable plan in FY 2024 with a net claim of $96 million (see Note 6).

Single-employer administrative expenses increased by $19 million from $433 million in FY 2023 to $452 million in FY 2024.

In summary, the following key metrics describe the components of PBGC's single-employer present value of future benefits liability:

- $78,497 million – trusteed plans (5,144 plans),
- $21 million – plans pending termination and trusteeship (20 plans). For more information on this topic please see "Protecting Pension in Standard Terminations" in VI. Single-Employer and Multiemployer Program Exposure,
- $17 million – claims for settlements and judgements, and
- $131 million – claims for probable terminations and reserve for small single-employer unidentified plans (there was one specifically identified single-employer probable plan at September 30, 2024).

SINGLE-EMPLOYER FINANCIAL ACTIVITY

Single-employer financial activity reflected a gain of $5,273 million in FY 2024, a $1,551 million increase from the FY 2023 gain of $3,722 million. This is due to 1) $15,253 million in investment income (compared with a $4,800 million gain in FY 2023), offset by 2) $9,867 million in net actuarial charges (compared with a net actuarial charge of $967 million in FY 2023) and 3) $113 million in investment expenses (compared with $111 million in FY 2023). PBGC marks its assets to market, which is consistent with the FASB Accounting Standards Codification Section 820, *Fair Value Measurements and Disclosures* (see Note 5).

Actuarial charges under financial activity represent the effects of changes in interest factors and the expected interest accrued on the present value of future benefits. The change in interest factors generally reflects the difference between the liability for future benefits of terminated plans at year-end when valued using updated interest factors compared to the liability when valued using the prior year's interest factors. An actuarial charge of $5,385 million due to the change in interest factors occurred in FY 2024 due to a decrease in the interest factors from FY 2023.

Expected interest refers to the interest that PBGC expects to accrue during the fiscal year on PBGC's liability at the end of the prior year based on the interest factor in effect at the beginning of the year. The interest factor in effect at the beginning of FY 2024 (6.30%) increased compared to the factor at the beginning of FY 2023 (5.12%). The Single-Employer Program's expected interest charges increased in FY 2024 (from $3,909 million in FY 2023 to $4,482 million in FY 2024).

PBGC's single-employer Total Present Value of Future Benefits (PVFB) increased from $73,929 million at September 30, 2023 to $78,666 million at September 30, 2024.

Components of PBGC's single-employer PVFB of $78,666 million are as follows:

- Trusteed plans – $78,497 million,
- Plans pending termination and trusteeship – $21 million,
- Settlements and judgements – $17 million, and
- Claims for probable terminations – $131 million.

PBGC discounts its liabilities for future benefits with interest factors[1] that, together with the mortality table used by PBGC, approximate the price in the private-sector annuity market at which PBGC could settle its obligations. PBGC uses a curve of interest factors to determine the actuarial present value of estimated future benefit payments (see Note 6). The curve of spot rates for September 30, 2024, starts with an interest factor of 4.44% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 5.11% and is assumed to remain level thereafter. The curve of spot rates for September 30, 2023, started with an interest factor of 6.30% in year 1 and changed as the future period for discounting got longer until year 30 when the factor became 5.55% and was assumed to remain level thereafter.

To determine future mortality rates, PBGC used the results of an internal, actuarially certified 2023 Mortality Study specific to the census information on the single-employer plans insured by PBGC. The Study recommended the use of Pri-2012 Total Dataset Separate Annuitant and Non-Annuitant Mortality tables for Healthy Males and Females with age band adjustments. The resulting tables are projected generationally using Scale MP-2021 for the FY 2024 valuations. The impact on PVFB from this mortality assumption change is included in the actuarial adjustments (credits) amount reported in the Underwriting section of the Statements of Operations. The Society of Actuaries (SOA) released the Retirement Plans Experience Committee (RPEC) 2024 Mortality Improvement Update. However, the SOA did not release an updated Mortality Improvement Scale. Therefore, the MP-2021 Mortality Improvement Scale is the most current improvement scale.

IV.B. MULTIEMPLOYER PROGRAM RESULTS OF ACTIVITIES AND TRENDS

The Multiemployer Program covers about 11.1 million participants in about 1,335 insured plans. Generally, a multiemployer plan is a pension plan sponsored by two or more unrelated employers under collective bargaining agreements with one or more unions. Multiemployer plans cover most unionized workers in trucking, retail food, construction, mining, garment, and other industries. Workers accrue pension credits in the plan even when they change employment from one contributing employer to another. PBGC's guaranty program is structured so that typically it provides only partial benefits; for a participant with 30 years of service, the maximum annual payment under the benefit guarantee is $12,870; this is much lower than for the participants under the Single-Employer Program (where premium rates are higher).

Multiemployer plans are typically governed by a board of trustees appointed in equal numbers by labor and management. Under ERISA, the trustees have a fiduciary duty to act solely in the interest of participants and beneficiaries. Multiemployer plans are subject to ERISA's minimum funding requirements with assets held in a trust fund managed by the board to pay benefits and plan expenses. Excess assets do not revert to

[1] PBGC surveys life insurance industry annuity prices through the American Council of Life Insurers (ACLI) to obtain input needed to determine interest spread factors and then derives a 30-year curve of interest factors that together with PBGC's mortality assumption best matches the private sector annuity prices from the ACLI surveys. PBGC's process derives the curve of interest factors that differs least over the range of annuity prices in the ACLI surveys (see Note 6).

contributing employers. Although bargaining parties negotiate over plan contributions, they usually delegate the establishment of benefit levels and plan design to the trustees.

Most collective bargaining agreements that cover multiemployer plans provide for contributions based on time worked in a covered job. Most plans base contributions on "number of hours worked." In some plans, benefits depend on the level of contributions that employers make to the plan for the participants' work.

Employers in multiemployer plans generally remain in the plan unless they go out of business, bargain out of the plan, or move their business out of the plan coverage area. If an employer withdraws from the plan, it may be assessed withdrawal liability. Withdrawal liability is generally based on the plan's unfunded vested benefits and the employer's share of total contributions made to the plan. The amount of withdrawal liability is based on the employer's share of the unfunded vested benefits in that plan but is capped based generally on an employer's contribution history over the prior ten years and payable annually for no more than twenty years. In some instances, the employer may be assessed partial withdrawal liability.

Since the 1980's, PBGC does not trustee multiemployer plans. In the Multiemployer Program, the event triggering PBGC's guarantee is plan insolvency (the inability to pay guaranteed benefits when due), whether or not the plan has terminated. PBGC provides insolvent multiemployer plans with traditional financial assistance, in the statutorily required form of loans (generally unsecured), sufficient to pay PBGC guaranteed benefits and reasonable administrative expenses. These loans generally continue until the plan no longer needs assistance or has paid all promised benefits at the guaranteed level. These loans are generally not repaid (except for plans receiving SFA), and for that reason they are fully reserved.

Benefits under the Multiemployer Program are calculated based on (a) the benefit a participant would have received under the insolvent plan, subject to (b) the legal multiemployer guarantee under ERISA. The guaranteed amount depends on the participant's years of service and the level of the benefit accruals. Monthly benefit accrual rates per year of service up to $11 are fully guaranteed; the portion of monthly benefit accrual rates between $11 and $44 is 75 percent guaranteed; monthly benefit accrual rates in excess of $44 are not guaranteed. For example, for a participant with 20 years of service, PBGC's guarantee would cover 100 percent of annual amounts up to $2,640 and partially cover amounts in excess of that not to exceed a total of $8,580 per year. Similarly, for a participant with 30 years of service, PBGC's guarantee would cover 100 percent of annual amounts up to $3,960 and partially cover amounts in excess of that not to exceed a total of $12,870 per year. Additionally, for a participant with 40 years of service, PBGC's guarantee would cover 100 percent of annual amounts up to $5,280 and partially cover amounts in excess of that not to exceed a total of $17,160 per year. This multiemployer benefit guarantee limit has been in place since 2001.

As shown in the Statements of Financial Position on page 64, the liability for financial assistance that PBGC provides to the multiemployer plans fall into two categories under the classification "Present value of nonrecoverable future financial assistance." The first category listed is for "Insolvent plans" (whether terminated or not) that have exhausted plan assets and are currently receiving financial assistance. The second category is for "Probable insolvent plans" representing plans that have terminated but not yet become insolvent (for the current year), as well as ongoing plans that are expected to exhaust plan assets and require financial assistance within the next 10 years.

During FY 2024, PBGC's obligations for future traditional financial assistance to multiemployer plans decreased from $2,211 million at September 30, 2023, to $2,070 million at September 30, 2024, a decrease of

$141 million or 6.4 percent. The largest component of the current $2,070 million liability is the $1,700 million liability for insolvent plans, of which $982 million is attributable to 10 large plans.

SPECIAL FINANCIAL ASSISTANCE

On March 11, 2021, the American Rescue Plan (ARP) Act of 2021 was enacted into law. ARP established the Special Financial Assistance (SFA) Program for financially distressed multiemployer plans that meet specific eligibility criteria. The SFA Program is administered by PBGC and is funded by general U.S. Treasury monies, not by PBGC's multiemployer insurance fund.

The amount of SFA funding to which an eligible plan is entitled is the amount the plan requires to pay all benefits and expenses, net of plan resources (including plan assets, projected future contributions, and withdrawal liability collections), through the plan year ending in 2051. The SFA payment also includes reinstatement of benefits previously suspended due to implementation of benefit suspensions under the Multiemployer Pension Reform Act of 2014 (MPRA) or benefits reduced to PBGC guaranteed benefit levels due to insolvency.

PBGC must process all SFA applications within 120 days of receipt. Upon PBGC's approval of the plan's application, PBGC will pay the SFA funds to the plan with no requirement for repayment. For an insolvent, but not yet terminated, plan that has an obligation to repay traditional financial assistance under Section 4261 of ERISA, PBGC will issue two disbursements. The first disbursement will be a transfer to the plan to cover future benefit payments requested in the plan's SFA application. The second disbursement reimburses PBGC for the loan amount of traditional financial assistance (includes premium waivers and interest) previously provided.

ARP specifies that multiemployer plans must satisfy one or more criteria to be eligible for SFA. The criteria are as follows:

1. The plan is in critical and declining status in any plan year beginning in 2020 through 2022.
2. The plan has an approved suspension of benefits under MPRA as of March 11, 2021.
3. In any plan year beginning in 2020 through 2022, the plan meets the following criteria (the requirements do not have to be met for the same plan year):
    a. The plan is in critical status,
    b. The plan has a modified funding percentage of less than 40 percent, and
    c. The plan has a ratio of active to inactive participants which is less than 2 to 3.
4. The plan became insolvent after December 16, 2014, and has remained insolvent and not terminated as of March 11, 2021.

PBGC's determination on a plan's eligibility for SFA is not made until after a plan has submitted an application and PBGC has completed its review. For purposes of determining financial statement classification only, PBGC considers a plan that is reported to be in critical and declining status for any plan year after 2018 to be eligible for SFA under criteria (1) above. Plans that are eligible under criteria (2) are listed on the Treasury Department's website. PBGC considers any plan that meets the criteria in (3) based on information reported on its filing for any plan year after 2018 to be eligible for SFA for classification purposes. The information PBGC maintains on insolvent plans receiving traditional financial assistance under Section 4261 of ERISA is sufficient to determine eligibility under criterion (4).

PBGC has a high expectation that every SFA eligible plan will apply for this assistance, and it is anticipated that those applications for SFA will be approved and funded. SFA eligible plans are no longer considered to be in the high-risk category as defined by either (1) projected insolvency over the next 20 years, (2) currently classified as critical and declining status, or (3) meeting the projected insolvency thresholds as defined in the PBGC's procedures. Therefore, the end result is that these SFA eligible plans are classified as a remote liability and not presented within PBGC's financial statements. Refer to the Present Value of Nonrecoverable Future Financial Assistance section of Note 2.

RETROSPECTIVE INDEPENDENT DEATH AUDITS

For SFA application approvals made before November 8, 2023, the PBGC Office of Inspector General reported an issue with the SFA amount for several plans due to the inclusion of deceased participants in the underlying participant census data used by the plans in calculating their SFA amounts; i.e., the amount needed for the plan to remain solvent through 2051. Consequently, PBGC agreed to conduct a full census data audit for 64 such plans against the Social Security Administration's (SSA) full file of death information, as this file is not available to the plans. After obtaining the plans' census data, the independent audit involves comparing the plans' data to the SSA full file to determine if any deceased participants were included in the census data used by the plans in calculating their SFA amounts. If any exceptions (i.e., matches) are identified, the plan is notified with instructions to verify the results and determine how beneficiaries of the deceased participants should be reflected in the revised amount of SFA to which the plan is entitled. Finally, PBGC collaborates with the plan to facilitate the return of any excess SFA funds paid out due to inaccurate plan census data. PBGC's approval of these plans complied with the ARP statute and SFA regulations in effect when these plans submitted their applications. There was no provision for PBGC to perform an independent death audit for these plans. The plans are requested to return excess funds directly to the Treasury General Fund (without passing through or otherwise held at any point by PBGC). In some other cases, OIG performed the death audit and plans have agreed to return funds under a settlement agreement with the Department of Justice, where the funds are returned to the Department of Justice and subsequently forwarded to the US Treasury General Fund. PBGC's financial statements do not recognize the excess SFA financial activities as PBGC is not authorized by statute or regulation to recover the funds. Instead, the US Treasury recognizes the excess SFA amounts in the General Fund for inclusion in the Financial Report of the United States Government. As of September 30, 2024, 2 plans have settled with the Department of Justice for $134.6 million. In addition, 20 plans have received letters requesting repayment of a total of $13.8 million (17 plans have returned $9.4 million to the US Treasury), 4 plans have determined there was no excess SFA amount, and 40 plans are pending the completion of the census data audit. In agreement with OIG's recommendation, PBGC implemented the independent death audit requirement for all SFA approvals made after November 8, 2023.

MULTIEMPLOYER OVERALL FINANCIAL RESULTS

The Multiemployer Program reported net income of $679 million in FY 2024 compared with a net income of $398 million in FY 2023. This resulted in cumulative result of operations of $2,132 million in FY 2024 compared with a cumulative result of operations of $1,453 million in FY 2023.

The improvement in cumulative result of operations is attributable to the following key drivers impacting Multiemployer Program liabilities:

(1) A favorable credit due to actual/expected assistance resulted in a $173 million reduction in program liabilities.
(2) A decrease to the small bulk reserve of $145 million.
(3) A favorable increase to actual investment rates of return on probable plan assets (rather than the assumed rate) of $69 million.
(4) A reclassification of one multiemployer probable plan to reasonably possible, which resulted in a $40 million decrease in program liabilities.
(5) A favorable decrease of $17 million from the deletion of three multiemployer plans.
(6) An unfavorable change in the pension liability valuation interest factors, which generated a $169 million increase in Multiemployer Program liabilities ($124 million to multiemployer insolvent plans and $45 million related to multiemployer probable plans).
(7) An unfavorable increase due to expected interest on benefit liabilities that resulted in a $120 million increase in program liabilities.
(8) Addition of three new multiemployer plans that resulted in a $12 million increase in program liabilities.
(9) An unfavorable decrease due to a change in mortality table resulting in a $6 million increase in program liabilities.

PBGC uses a curve of interest factors to determine the actuarial present value of estimated financial assistance. For September 30, 2024, the curve of spot rates starts with an interest factor of 4.44% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 5.11% and is assumed to remain level thereafter. For September 30, 2023, the curve of spot rates started with an interest factor of 6.30% in year 1 and changed as the future period for discounting got longer until year 30 when the factor became 5.55% and was assumed to remain level thereafter. (See Note 6 for the table of interest factors used.)

During FY 2024, PBGC paid $14,801 million in financial assistance consisting of $14,638 million in special financial assistance (for 27 approved plans) created by the ARP and $163 million in traditional financial assistance to 98 insolvent plans. As of September 30, 2024, there were 91 insolvent plans expected to continue receiving traditional financial assistance covering about 62,881 participants in pay status with an additional 26,245 participants entitled to benefits once they retire. Comparatively, in FY 2023, PBGC paid $45,753 million in financial assistance consisting of $45,577 million in special financial assistance (for 64 approved plans) created by the ARP, and $176 million in traditional financial assistance to 100 insolvent plans. At FY 2023 year-end, there were 90 insolvent plans expected to continue receiving traditional financial assistance covering about 80,421 participants in pay status with an additional 41,661 participants entitled to benefits once they retire.

MULTIEMPLOYER UNDERWRITING ACTIVITY

As shown on the Statements of Operations on page 65, underwriting activity reflected a net gain of $605 million in FY 2024. This was attributed to $14,537 million in contributed transfer appropriation income, $399 million in net premium and other income (other income is primarily due to the reversal of the allowance of interest on notes receivable from insolvent multiemployer plans expected to be eligible to receive special financial assistance), $200 million credit from insolvent and probable plans-financial assistance, and $14 million in credits due to actuarial adjustments, offset by $14,518 million in special financial assistance expense, $19 million in administrative SFA expense, and $8 million in administrative expense.

Net premium income increased by $27 million from $368 million in FY 2023 to $395 million in FY 2024, primarily due to an increase in the multiemployer per participant flat rate premium, and by a slight increase in the participant count in FY 2024. The multiemployer flat rate premium for plan years beginning in 2024 increased to $37 per participant from the 2023 rate of $35 per participant.

MULTIEMPLOYER FINANCIAL ACTIVITY

As shown on the Statements of Operations on page 65, financial activity reflected a gain of $74 million for FY 2024. This was attributed to a $297 million gain from fixed income investments, offset by a charge of $125 million due to change in interest factors for plans known to be insolvent and plans about to begin receiving traditional financial assistance, and a charge of $98 million due to expected interest. As required by law, Multiemployer Program investments consist solely of U.S. Treasury securities.

Multiemployer Program investments originate primarily from the cash receipts for premiums due from insured plans. PBGC is required to invest these premiums in obligations issued or guaranteed by the U. S. government.

Expected interest refers to the interest that PBGC expects to accrue during the fiscal year on PBGC's liability for plans known to be insolvent at the end of the prior year based on the interest factor in effect at the beginning of the year. The interest factor in effect at the beginning of FY 2024 (6.30%) increased compared to the factor at the beginning of FY 2023 (5.12%). The multiemployer expected interest charges increased from $87 million in FY 2023 to $98 million in FY 2024.

IV.C. MISSING PARTICIPANTS PROGRAM

The Missing Participants Program (MP Program) is governed by Section 4050 of ERISA. Under the MP Program, the benefits of missing participants can be transferred to PBGC or PBGC can be informed about other arrangements for distributing the missing participants' benefits. Through PBGC's search efforts, the MP Program helps participants find and receive the benefits being held for them. The expanded MP Program, which began in FY 2018, is designed to cover defined benefit single-employer plans that terminated under a standard termination or sufficient distress termination, as well as the terminations of defined contribution plans and small professional service pension plans and terminated multiemployer plans that closed-out. Prior to FY 2018, the MP Program covered only insured single-employer defined benefit plans terminating in a standard termination. Plans in the MP Program are categorized as follows:

- Original (legacy) PBGC Insured Defined Benefit Single-Employer Plans (terminating in a standard or sufficient distress termination on or before 12/31/2017)
- PBGC Insured Defined Benefit Single-Employer Plans (terminating in a standard or sufficient distress termination on or after 01/01/2018)
- Defined Contribution Plans – noncovered by PBGC (terminating on or after 01/01/2018)

- Small Professional Services Plans – Defined Benefit noncovered by PBGC (terminating on or after 01/01/2018)
- PBGC Insured Multiemployer Plans (terminated plans that completed close-out on or after 01/01/2018)

A standard termination occurs when a sponsor of a PBGC-insured single-employer defined benefit plan settles its obligations by purchasing annuities for and/or paying lump sums to all participants.

The September 30, 2024, total combined PVFB for the MP Program was $467 million for the participants whose benefits were transferred to PBGC, compared to $364 million at September 30, 2023, and is reported under "Present value of future benefits – Trusteed plans" on PBGC's balance sheet. This liability includes interest accrued from the date of transfer at the federal mid-term rate. The missing participants' benefit funds are transferred to PBGC by plan sponsors and subsequently PBGC earns interest on cash received (MP Program's fund balance of $511 million in FY 2024 compared to $481 million in FY 2023).

V. OVERALL CAPITAL AND LIQUIDITY

PBGC's obligations include monthly payments to participants and beneficiaries in terminated defined benefit plans, financial assistance to multiemployer plans, investment management fees, and administrative operating expenses. The financial resources available to pay these obligations are underwriting income received from insured plan sponsors (largely premiums), the income earned on PBGC's investments, and the assets taken over from failed single-employer plans.

The Corporation has sufficient liquidity to meet its obligations for a number of years. PBGC's FY 2023 Projections Report showed that PBGC's Multiemployer Program is likely to remain solvent for more than 40 years, similar to the projection in the prior year's FY 2022 Projections Report. However, both reports show a high degree of uncertainty, with the worst downside scenarios continuing to show a risk of insolvency in the late-2030s. The projections in this year's report improved primarily due to an increase in the projected plan funding levels, as a result of better-than-expected investment performance.

PBGC's FY 2023 Projections Report also showed that PBGC's Single-Employer Program is projected to remain in a positive net financial position over the next decade. The projected outcomes are improved from last year's report, in large part attributable to the better-than-expected growth in the program's net position during FY 2023. Similar to last year's results, projected claims are expected to be significantly lower than projected premium income.

FY 2024 Memorandum Total premium cash receipts totaled $6,255 million, an increase of $1,313 million from $4,942 million in FY 2023. The FY 2024 increase of $1,313 million primarily reflects peak filing and the payment of premiums in October 2023 for plan year 2023 premium filings which were higher than peak filing and the payment of premiums in October 2022 for plan year 2022 premium filings. Net cash flow used by investment activities is $6,952 million in FY 2024 compared to $3,216 million net cash provided in FY 2023. In FY 2024, PBGC's cash receipts of $10,042 million from operating activities of the Single-Employer Program were sufficient to cover its operating cash obligations of $6,758 million. This resulted in net cash provided by operating activities of $3,284 million (as compared to net cash provided by operating activities of $1,391 million in FY 2023). When the single-employer cash used through investing activities of $5,764 million is added to cash provided from operating activities, the Single-Employer Program in the aggregate experienced a net cash decrease of $2,480 million. In FY 2023, the Single-Employer Program experienced a net cash increase of $4,354 million.

PBGC's best estimate of FY 2025 premium receipts ranges between $8,650 million and $8,950 million under current law, which contains a provision accelerating premium filing due dates one month earlier than in prior or future years. The provision has the effect of shifting a majority of plan year 2025 premium receipts from FY 2026 into FY 2025. The President's Budget has called for repeal of that provision. No reasonable estimates can be made for FY 2025 terminations, the effects of changes in interest rates, or investment income.

In the Multiemployer Program, cash receipts of $418 million from operating activities were sufficient to cover its operating cash obligations of $175 million, resulting in net cash provided by operations of $243 million. When this net cash provided is added to net cash used through investing activities of $1,188 million, the Multiemployer Program in the aggregate experienced an overall net cash decrease of $945 million. In FY 2023, the Multiemployer Program experienced a net cash increase of $621 million.

During FY 2024, PBGC recovered $26 million through agreements with sponsors of terminated single-employer plans for unpaid contributions and unfunded benefits. A portion of those recovered funds are paid out as additional benefits to plan participants with nonguaranteed benefits according to statutory priorities.

In FY 2024, PBGC's combined (Memorandum Total) net decrease in cash and cash equivalents amounted to $3,425 million, arising from a decrease of $2,480 million for the Single-Employer Program and a decrease of $945 million for the Multiemployer Program.

VI. SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAM EXPOSURE

PBGC estimates its single-employer loss exposure to reasonably possible terminations (e.g., underfunded plans sponsored by companies whose credit quality indicates substantial financial risk) as $2,606 million at September 30, 2024, and $25,657 million at September 30, 2023. This decrease is primarily due to a change in the estimate as it relates to a change in methodology of the RP exposure (see Note 9 for details on the changes as well as for discount factors utilized in calculating the reasonably possible estimate). PBGC's exposure to loss may be less than these amounts because of the statutory guarantee limits on insured pension plans, but PBGC is unable to estimate prospectively the extent and effect of the guarantee limitations. For FY 2024, this exposure was concentrated in the following sectors: manufacturing and transportation/communications/utilities.

PBGC estimates that, as of September 30, 2024, it is reasonably possible that multiemployer plans may require future traditional financial assistance of $189 million, compared to $410 million at September 30, 2023. Additionally, the reasonably possible aggregate reserve for small plans decreased primarily due to improved financial conditions of the small plans that were projected to become insolvent within 20 years.

The significant volatility in plan underfunding and sponsor credit quality over time makes long-term estimates of PBGC's expected claims uncertain. This volatility, along with the concentration of claims in a relatively small number of terminated plans, has characterized PBGC's experience to date and will likely continue. Factors such as economic conditions affecting interest rates, financial markets, and the rate of business failures will also influence PBGC's claims going forward.

PBGC's sources of information on plan underfunding are the most recent Section 4010 and PBGC premium filings, Form 5500 filings, and other submissions to the Corporation. PBGC publishes Table S-49, "Various Measures of Underfunding in PBGC-Insured Plans," in its *Pension Insurance Data Tables* (unaudited) where the limitations of the estimates are described.

PROTECTING PENSIONS IN STANDARD TERMINATIONS

A company can end a fully funded plan in a standard termination by paying all the benefits it owes. In FY 2024, 2,103 plans covering approximately 369,680 participants filed standard terminations. The number of filings in FY 2024 is approximately 22 percent more than the average number of terminations filed in the five years prior to that. Additionally, the number of participants in these plans is approximately 17 percent more than the year prior. Ten large plans filed a standard termination.

Some of the larger standard terminations completed in FY 2024 were Spirit AeroSystems Holdings, Inc. Pension Value Plan A, McLaren Employees' Pension Plan, ProMedica Health System, Inc. Cash Balance Retirement Plan, and CommonSpirit Health ERISA Retirement Plan.

As in previous years, more than 90 percent of the plans that filed standard terminations were small plans with 300 or fewer participants.

When plan sponsors file standard terminations, PBGC conducts audits on a sample of plans to verify that the plan sponsors have properly calculated and paid participants' benefits. In FY 2024, PBGC conducted 238 such plan audits and, as a result, 1,134 people in these plans received more than $2 million in additional benefits.

VII. SUMMARY OF OMB CIRCULAR A-136 DISCLOSURE OF MAJOR YEAR OVER YEAR CHANGES

Pursuant to OMB Circular A-136, Section II.2.4, *MD&A Analysis of Financial Statements and Stewardship Information Section*, the MD&A should summarize the entity's financial results, position, and condition and explain major changes (i.e., changes typically in excess of 10 percent). For significant entities (which are defined in Treasury Financial Manual (TFM) Vol. 1, Part 2, Section 4703) major changes are generally changes in excess of 10 percent and $1 billion.

PBGC is a significant entity and discloses the following major year over year changes to financial statement balances (i.e., FY 2024 financial results compared to FY 2023) below consistent with the OMB Circular.

1. Cash and cash equivalents decreased by $3,425 million from $13,653 million at September 30, 2023, to $10,228 million at September 30, 2024, a 25% decrease. This decrease is primarily due to the increase in net cash used by investing activities. Net cash used by investing activities is $6,952 million in FY 2024 (proceeds from the sale of investments of $214,074 million, less payments for the purchase of investments of $221,026 million). The decrease in cash and cash equivalents was also due to benefit payments of $5,833 million in FY 2024, offset by premium receipts of $6,255 million and cash from interest and dividends of $4,000 million.

2. Fixed maturity securities increased by $15,701 million at September 30, 2024 from September 30, 2023, a 17% increase. This increase primarily reflects favorable market movement, as returns from

Total Global Bonds (excluding the Smaller Asset Managers Pilot Program) were 10.91% in FY 2024. PBGC's asset allocation continues to be consistent with its Liability Driven Investment (LDI) strategy and PBGC's Investment Policy Statement (IPS) guidelines.

3. Public equity securities increased $3,228 million at September 30, 2024 from September 30, 2023, a 24% increase. This increase reflects positive equity investment returns during FY 2024 as Total Global Public Stock returns were 31.59%.

4. Premium receivables decreased by $1,163 million from $4,390 million at September 30, 2023, to $3,227 million at September 30, 2024, a 26% decrease. The decrease of $1,163 million is primarily due to improved conditions of single-employer plans' underfunding (i.e., lower Unfunded Vested Benefits) upon which the VRP is determined.

5. Contributed transfer appropriation income decreased by $31,388 million from $45,925 million as of September 30, 2023, to $14,537 million as of September 30, 2024, a 68% decrease. Contributed transfer appropriation income is recognized from the SFA appropriations when SFA applications are approved by PBGC as well as when SFA administrative expenses are incurred. In FY 2024, the $14,537 million of contributed transfer appropriation income was for 27 multiemployer plans that were approved to receive special financial assistance and $19 million in administrative SFA expense, compared to $45,907 million for 66 multiemployer plans that were approved to receive special financial assistance and $18 million in administrative SFA expense in FY 2023.

6. Special financial assistance expense decreased by $31,389 million from $45,907 million as of September 30, 2023, to $14,518 million as of September 30, 2024, a 68% decrease. Special financial assistance expense represents the total amount of SFA approved by PBGC during the year. In FY 2024, the $14,518 million of special financial assistance expense was for 27 multiemployer plans that were approved to receive special financial assistance, compared to $45,907 million for 66 multiemployer plans that were approved to receive special financial assistance in FY 2023.

7. Investment income – Fixed income increased by $8,773 million from a gain of $2,166 million as of September 30, 2023 to a gain of $10,939 million as of September 30, 2024, a 405% increase. This increase is attributable to the change in market interest rates during FY 2024 compared to the change in FY 2023, which contributed to the Total Global Bonds return of 10.91% in FY 2024, compared to FY 2023 which had a return of 1.45%.

8. Investment income – Equity increased by $1,523 million from a gain of $2,648 million as of September 30, 2023, to $4,171 million as of September 30, 2024, a 58% increase. This increase is due primarily to the stronger investment performance of equity securities in FY 2024, relative to FY 2023. Total Global Public Equity returned 31.59% in FY 2024, compared to 19.51% in FY 2023.

9. Actuarial charges – Due to change in interest factor charges increased by $8,518 million from a credit of $3,008 million as of September 30, 2023, to a charge of $5,510 million as of September 30, 2024, a 283% increase. The change in interest factors generally reflects the difference between the liability for future benefits of terminated plans at year-end when valued using updated interest factors compared

to the liability when valued using the prior year's interest factors. Decreasing interest factors result in a higher present value of pension liabilities and thus charges to this expense. The $8,518 million increase is due to the decrease in interest factors that occurred in FY 2024 compared to the increase in interest factors that occurred in FY 2023.

VIII. INVESTMENT ACTIVITIES

PBGC uses institutional investment management firms to invest its assets, subject to PBGC's oversight and consistent with the Investment Policy Statement (IPS) approved by the PBGC Board of Directors. PBGC does not determine the specific investments to be made, but instead relies on PBGC's investment managers' discretion in executing investments appropriate for their contractually assigned investment mandates. PBGC does ensure that each investment manager adheres to PBGC's prescribed investment guidelines associated with each investment mandate and measures each investment manager's performance in comparison with agreed-upon investment benchmarks. The investment policy has objectives that include (1) satisfy existing liabilities and future claims when due, (2) maximize funded status within a prudent risk framework that is informed by PBGC's fixed obligations and asset composition of potential trusteed plans, and (3) utilize Liability Driven Investment (LDI) techniques to minimize the risk of future deficits. The PBGC's LDI technique worked as intended in FY 2024 with assets and liabilities moving in the same direction.

PBGC's investment assets consist of premium revenues, which are accounted for in the revolving fund, and assets from trusteed plans and their sponsors, which are accounted for in the trust fund. By law, PBGC is required to invest certain revolving funds (i.e., Funds 1 and 2) in obligations issued or guaranteed by the United States government. Portions of the other revolving fund (i.e., Fund 7) can be invested in other debt obligations, but under PBGC's current investment policy these revolving funds are invested solely in Treasury securities. (PBGC has never established funds 3, 4, 5 or 6, which ERISA authorized for special discretionary purposes. PBGC's fund 8 consists of appropriations from the US Treasury for Special Financial Assistance. PBGC is not authorized to invest SFA funds.)

Total revolving fund investments, including cash and investment income, on September 30, 2024, were $62,785 million ($2,831 million for Fund 1, $3,913 million for Fund 2, and $56,041 million for Fund 7). Trust fund investments totaled $73,882 million as of September 30, 2024. At the end of FY 2024, PBGC's total investments consisting of cash and cash equivalents, investments, and investment income receivable as shown on the Statements of Financial Position were $136,667 million.

PBGC's investment program had assets under performance management of $132,000 million as of September 30, 2024. Of the approximate $4,700 million difference between the September 30, 2024, investment assets reported on the Statements of Financial Position and the assets within PBGC's investment performance portfolio, $2,900 million represents net unsettled purchases, $700 million from newly trusteed assets that have not yet been commingled, $600 million from other non-commingled assets, $500 million in undisbursed funds from the Missing Participants Program, $100 million from custodial bank holding accounts, offset by $100 million from net derivative contracts receivable.

Asset allocation percentages refer to the investments within PBGC's investment program that are subject to the Corporation's investment policy, as described below. Cash and fixed income securities totaled about 86 percent of total assets under performance management invested at the end of FY 2024, compared with 87 percent at the end of FY 2023. Equity securities (i.e., public equities) represented about 14 percent of total assets under performance management invested at the end of FY 2024, compared with about 13 percent at the end of FY 2023. The Total Fund Composite return (excluding private market assets and transition accounts) for FY 2024 was 13.06 percent compared with 3.89 percent in FY 2023. A small percentage of PBGC's investments are in the process of moving out of one of the manager portfolios (which was less than 0.01% for both FY 2024 and FY 2023) either for liquidation or for transfer to another manager. The return of the Total Fund Composite including these transition accounts was 13.05 percent in FY 2024, compared to 3.91 percent in FY 2023.

Due to the cyclical nature of capital markets, PBGC also reports five-year returns for its investment program. For the five-year period ending September 30, 2024, PBGC's annualized return on total invested funds excluding private market assets and transition accounts was 2.08 percent compared with a total fund benchmark return of 1.75 percent — a benchmark based on the relative weights of the underlying managed accounts. Including the transition accounts, the five-year annualized return was 2.04 percent. Separately, the annualized ERISA/Pension Protection Act of 2006 (PPA) hypothetical portfolio benchmark return for the five-year period ending September 30, 2024, was 10.51 percent. (See section VIII Investment Activities - The Pension Protection Act of 2006 Reporting Requirement.)

The table below summarizes the performance of PBGC's investment program.

INVESTMENT PERFORMANCE

(*Annual Rates of Return*)

	September 30, 2024	September 30, 2023	Three and Five Years Ended September 30, 2024: 3 yrs	Three and Five Years Ended September 30, 2024: 5 yrs
Single-Employer Investment Performance				
Total Fund Composite	**13.06%**	3.89%	(0.71%)	2.08%
Total Fund Benchmark [1]	**12.75**	3.81	(0.81)	1.75
ERISA/PPA Portfolio Benchmark [2]	**26.07**	16.16	7.63	10.51
Total Global Public Equity	**31.59**	19.51	7.45	11.66
Total Global Public Equity Benchmark [3]	**31.56**	18.71	7.25	10.93
Total Global Bonds (excluding SAMP)	**10.91**	1.45	(2.10)	0.06
Total Global Bonds Benchmark [4]	**10.58**	1.30	(2.17)	(0.18)
Smaller Asset Managers Program [5]	**12.55**	1.01	(1.00)	0.98
Trust Funds	**17.06**	7.08	1.25	4.19
Revolving Funds [6]	**8.31**	(0.37)	(3.20)	(0.74)
Indices Applicable to Single-Employer Investments				
Russell 3000 Index	**35.19**	20.46	10.29	15.26
Dow Jones U.S. Select Real Estate Securities Index	**33.56**	2.68	4.32	4.39
MSCI ACWI ex-U.S. IMI Index (Net)	**25.06**	20.19	3.74	7.66
MSCI World IMI Index (Net)	**31.62**	21.05	8.28	12.58
Bloomberg U.S. Treasury Index	**9.72**	(0.81)	(1.78)	(0.20)
Bloomberg U.S. Aggregate Bond Benchmark	**11.57**	0.64	(1.39)	0.33
Bloomberg Global Aggregate Hedged Index	**10.63**	2.10	(0.22)	0.57
Multiemployer Investment Performance				
Multiemployer Revolving Fund	**8.79**	(0.75)	(0.66)	0.78
Index Applicable to Multiemployer Investments				
Multiemployer Revolving Fund Benchmark [7]	**10.59**	(1.78)	(1.22)	0.29

Note - Composites and indices above exclude Transition Accounts and Private Market Assets.

[1] The Total Fund Benchmark is a dynamic weighted benchmark based upon the weights of the Total Global Bonds Benchmark, Total Global Public Equity Benchmark, Total Smaller Asset Managers Program Benchmark, and Total Money Market Securities Benchmark. This benchmark is utilized to compare against the Total Fund Composite returns shown above.

[2] The ERISA/PPA Portfolio Benchmark is based upon a hypothetical portfolio with a 60 percent allocation to the Standard & Poor's 500 equity index and a 40 percent allocation to the Bloomberg U.S. Aggregate Bond index.

[3] The Total Global Public Equity Benchmark is a dynamic weighted benchmark based upon the weights of the U.S. Public Equity Benchmark, the Total International Public Equity Benchmark and the MSCI World IMI Benchmark.

[4] The Total Global Bonds Benchmark is a dynamic weighted benchmark based upon the weights of PBGC's fixed income managers and the returns of their respective benchmarks (excludes Smaller Asset Managers Program).

[5] The performance inception date for the Smaller Asset Managers Program is August 2016. This program is currently benchmarked against the Bloomberg U.S. Aggregate Bond index, shown within the Indices section.

[6] Periods which include dates prior to October 2019, the Revolving Fund reflects the Single-Employer and Multiemployer Plans' combined investment returns. From October 2019 through September 2022, the Revolving Fund reflects the Single-Employer Plan's Revolving Fund investment returns only. As of October 2022, the Revolving Fund reflects the Single-Employer and Multiemployer Plans' combined investment returns.

[7] The performance inception date for the Multiemployer Revolving Fund is October 2019. From 10/1/19 through 9/30/2022, this fund was benchmarked against the Bloomberg U.S. Aggregate Treasury 3-7 Years. From 10/1/22 through current, it is benchmarked against a custom blended benchmark consisting of 70% Bloomberg U.S. Treasury Intermediate and 30% Bloomberg U.S. Treasury Long.

FIXED INCOME

As described below, PBGC fixed income investment managers use a number of different benchmarks. Where applicable, the relative percentage that each index or benchmark represents for its respective asset class is provided. The percentage invested under each benchmark(s), in aggregate, for each asset class relative to the overall PBGC investment program as of September 30, 2024, is also parenthetically provided in the text below.

The Total Global Bonds Benchmark is a dynamic weighted benchmark based on the weights of the underlying fixed income managers and the returns of their respective benchmarks. As of September 30, 2024, the weighted benchmark encompasses the Completion Treasuries Benchmark (57.7 percent), the Credit Completion Benchmark (4.7 percent), the Total Long Duration Bonds Benchmark (16.3 percent), the Bloomberg Aggregate Bond index (15.0 percent), the Bloomberg Global Aggregate Hedged index (3.7 percent), and the Total Emerging Market Bonds Benchmark (2.6 percent). The overall Total Global Bonds composite equals 78.5 percent of the total PBGC portfolio.

Completion Treasuries: This category includes investments in U.S. Treasury securities managed by outside professional asset managers and it applies to 45.3 percent of PBGC's investment program assets as of September 30, 2024. The assets of this category are split among the Revolving Fund (94.2 percent) and Trust Fund (5.8 percent). The objective of this category – in conjunction with the assets of Credit Completion, Long Duration, Core, Smaller Asset Manager Program, and Money Market Securities – is to hedge a portion of the single-employer liabilities. While PBGC can redeem composite assets upon request, those composite assets that are part of the Revolving Fund can only be redeemed to meet pension benefit obligations and administrative expenses.

Credit Completion: This category includes investments in United States Dollar (USD) denominated fixed-income securities managed by an outside professional asset manager and it applies to 3.7 percent of PBGC's investment program assets as of September 30, 2024. The Credit Completion Benchmark is a custom blend of multiple Bloomberg indices, whose underlying components include credit, corporate, and securitized assets. The credit and corporate components include publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity (intermediate duration), liquidity, and quality (investment grade) requirements. PBGC is able to redeem composite assets upon request.

Long Duration: This category includes investments mainly in USD-denominated fixed income securities managed by outside professional asset managers and applies to 12.8 percent of PBGC's investment program assets as of September 30, 2024. The Total Long Duration Bonds Benchmark is a dynamic weighted benchmark based on the weights of the underlying Trust Fund long-duration fixed income managers and the returns of their respective benchmarks. As of September 30, 2024, the Total Long Duration Bonds Benchmark encompasses the Bloomberg Long U.S. Government/Credit index (28.8 percent), the Bloomberg Long U.S. Corporate index (1.6 percent), and Custom Benchmarks (69.6 percent). The Bloomberg Long U.S. Government/Credit index includes both government and credit securities. The government component includes public obligations of the U.S. Treasury that have remaining maturities of more than one year and publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government. The credit component of the index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality (investment grade) requirements. The Bloomberg Long U.S. Corporate index includes investment grade, fixed-rate, taxable, U.S. dollar-denominated U.S. corporate bonds that have a maturity of greater than or equal to 10 years. The custom benchmarks include similar securities and are weighted combinations of sub-sector benchmarks. PBGC is able to redeem composite assets upon request.

Core: This category includes investments primarily in USD-denominated fixed income securities managed by outside professional asset managers. It applies to 11.8 percent of PBGC's investment program assets as of September 30, 2024. The Core Fixed Income Benchmark is the Bloomberg Aggregate Bond index. The Bloomberg Aggregate Bond index includes securities that are registered with the Securities and Exchange Commission (SEC) and are taxable and dollar-denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, asset-backed securities, and foreign securities. PBGC is able to redeem composite assets upon request.

Global Market Bonds: This category includes investments primarily in USD-denominated fixed income securities and fixed income securities denominated in other foreign currencies managed by outside professional asset managers. It applies to 2.9 percent of PBGC's investment program assets as of September 30, 2024. The Global Market Bonds Benchmark is the Bloomberg Global Aggregate Hedged index. The Bloomberg Global Aggregate Hedged index provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and USD-denominated investment grade 144A securities. The hedged index seeks to negate all exposure to foreign currencies by hedging currency exposure back to the U.S. dollar. PBGC is able to redeem composite assets upon request.

Emerging Market Bonds: This category includes fixed income securities denominated in either U.S. dollars or foreign currencies and managed by outside professional asset managers. It makes up 2.0 percent of PBGC's investment program assets as of September 30, 2024. The Total Emerging Market Bonds Benchmark is a dynamic weighted benchmark based on the weights of all emerging market bond managers and the returns of their respective benchmarks. As of September 30, 2024, the weighted benchmark encompasses the JP Morgan EMBIG Diversified index (25.8 percent), JP Morgan GBI EM Global Diversified (26.3 percent) and Custom Benchmarks (47.9 percent). The custom benchmarks are weighted combinations of the JP Morgan EMBIG Diversified and the JP Morgan GBI EM Global Diversified indices. The JP Morgan EMBIG Diversified index includes USD-denominated debt instruments issued by Emerging Market countries. The index also includes USD-denominated Brady bonds, Eurobonds, and traded loans issued by sovereign and quasi-sovereign entities. The JP Morgan GBI EM Global Diversified index includes local currency or non-U.S. dollar-denominated debt instruments issued by Emerging Market countries. PBGC is able to redeem composite assets upon request.

MONEY MARKET SECURITIES

This category includes investments in money market instruments managed by an outside professional asset manager who invests in a diversified portfolio of short-term obligations and deposits, including, but not limited to, Treasury and agency obligations, certificates of deposits, commercial paper, and repurchase agreements (Trust Fund Cash). In addition, the category includes overnight investments in Treasury securities held at Treasury (Revolving Fund Cash). The Total Money Market Securities Benchmark is a dynamic weighted benchmark based on the weights of the Trust Fund Cash and the Revolving Fund Cash and the returns of their respective benchmarks. As of September 30, 2024, the weighted benchmark encompasses the 3-month Treasury bill (23.6 percent) and the 4-week Treasury bill (76.4 percent). The cash composite represents 4.8 percent of PBGC's investment program as of September 30, 2024. PBGC is able to redeem money market securities upon request.

GLOBAL PUBLIC EQUITY

This category includes investments in the U.S. Public Equity composite, the International Public Equity composite, and the World Public Equity composite, and applies to 14.2 percent of PBGC's investment program assets as of September 30, 2024. The Total Global Public Equity Benchmark is a dynamic weighted benchmark based upon the weights of the U.S. Public Equity composite, the International Public Equity composite and the World Public Equity composite, and the returns of their respective benchmarks. As of September 30, 2024, the Total Global Public Equity Benchmark comprises the Total U.S. Public Equity Benchmark (60.1 percent), the Total International Public Equity Benchmark (30.2 percent) and the Total World Public Equity Benchmark (9.7 percent). PBGC is able to redeem composite assets upon request.

U.S. Public Equity: This category includes investments in U.S. publicly traded equity securities and U.S. publicly traded real estate investment trusts (REITs) managed by outside professional asset managers. It applies to 8.5 percent of PBGC's investment program assets as of September 30, 2024. The Total U.S. Public Equity Benchmark is a dynamic weighted benchmark based upon the weights of the U.S. Public Equity managers and the returns of their respective benchmarks. As of September 30, 2024, the weighted benchmark comprises the Russell 3000 index (82.2 percent), the Dow Jones U.S. Select Real Estate Securities index (4.3 percent), and the FTSE NAREIT EQ REITs index (13.5 percent). PBGC is able to redeem composite assets upon request.

International Public Equity: This category includes investments in international publicly traded equity securities managed by outside professional asset managers. It applies to 4.3 percent of PBGC's investment program assets as of September 30, 2024. The Total International Public Equity Benchmark is a dynamic weighted benchmark based upon the weights of the International Public Equity managers and the returns of their respective benchmarks. As of September 30, 2024, the weighted benchmark encompasses the MSCI EAFE Standard index (48.2 percent), the MSCI EAFE Value index (8.9 percent), the MSCI EAFE Small Cap index (4.1 percent), the MSCI Emerging Markets index (31.5 percent), and the MSCI Canada IMI index (7.3 percent). The MSCI EAFE Standard index (Europe, Australasia and Far East) is designed to measure the developed markets large and mid-capitalization equity performance, excluding the U.S. and Canada. The MSCI EAFE Value index is designed to measure the performance of developed markets large and mid-capitalization equities exhibiting value style characteristics, excluding the U.S. and Canada. The MSCI EAFE Small Cap index is designed to measure the developed markets small capitalization equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets index is designed to measure equity market performance of emerging markets. The MSCI Canada IMI index is designed to measure the large, mid, and small capitalization equity market performance of Canada. PBGC is able to redeem composite assets upon request.

World Public Equity: This category includes investments in world publicly traded equity securities managed by outside professional asset managers. It applies to 1.4 percent of PBGC's investment program assets as of September 30, 2024. The Total World Public Equity Benchmark is the MSCI World Investable Market Index (IMI) and thus as of September 30, 2024, this benchmark encompasses 100% of World Public Equity. The MSCI World IMI index is designed to measure the large, mid, and small capitalization equity performance across developed markets including the U.S. PBGC is able to redeem composite assets upon request.

SMALLER ASSET MANAGERS PROGRAM

The PBGC Smaller Asset Managers Program (SAMP) creates opportunities for smaller asset managers who wish to compete for the agency's business. Investment management firms selected to participate in the pilot program were allocated assets to manage in FY 2016 and PBGC's Board of Directors approved making it an ongoing program in FY 2022. Contracts associated with the ongoing SAMP were awarded in December 2023 and contracts with managers new to the program were funded in FY 2024. This category includes investments primarily in USD-denominated fixed income securities managed by outside professional asset managers. It applies to 2.5 percent of PBGC's investment program assets as of September 30, 2024. The Smaller Asset Managers Program Benchmark is the Bloomberg Aggregate Bond index. The Bloomberg Aggregate Bond index includes securities that are SEC-registered, taxable, and dollar-denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, asset-backed securities, and foreign securities. PBGC is able to redeem composite assets upon request.

INHERITED PRIVATE MARKETS

This category includes private equity, private debt, and private real estate funds inherited from trusteed plans. These private market investments invest mainly in buyouts, venture capital, distressed debt, and commercial real estate. As a result of the most recently approved Investment Policy Statement, inherited private market assets are not included in asset allocation targets, but shall be managed prudently for the benefit of PBGC. These assets are no longer included in PBGC's investment program assets but are included in PBGC's Statements of Financial Position. Private investments are difficult to benchmark due to their illiquid nature. Typical benchmarks utilized for private equity include universe comparisons, where funds that have the same original investment date are compared against the performance of a similar fund. For direct private real estate investments, many institutions use the National Council of Real Estate Investment Funds (NCREIF) index, which includes U.S. commercial real estate properties acquired in the private market for investment purposes. For investments in private equity real estate, peer universe comparisons based on similar funds with the same original investment date are often utilized. Private market investments typically do not have redemption provisions; instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the funds. It is estimated that the majority of the underlying assets of the funds will be liquidated over the next five years. The fair values of the investments in this category have been estimated using the net asset value of PBGC's ownership interest in partners' capital.

THE PENSION PROTECTION ACT OF 2006 REPORTING REQUIREMENT

The Pension Protection Act of 2006 requires PBGC to estimate the effect of an asset allocation based on a combination of two commonly used market benchmarks. The hypothetical portfolio presented below, with a 60 percent allocation to the Standard & Poor's 500 equity index and a 40 percent allocation to the Bloomberg Aggregate Bond index, would have increased the assets of the Corporation by about $16.0 billion (26.07 percent return compared with PBGC's Total Fund Composite return including transition accounts of 13.05 percent) for the one-year period ending September 30, 2024, and increased the assets of the Corporation by about $66.9 billion (10.51 percent annualized return compared with PBGC's Total Fund Composite annualized return including transition accounts of 2.04 percent) over the five-year period ending September 30, 2024. Per the IPS approved by PBGC's Board of Directors, PBGC invests its portfolio with a Liability Driven Investment strategy and, therefore, the comparison to a hypothetical pension plan with an allocation of 60 percent to equities and 40 percent to fixed income is not a representative comparison. For further analysis of PBGC's Investment Activities please refer to the MD&A of Results of Operations and Financial Position. These results are summarized in the following table.

INVESTMENT PORTFOLIO ANALYSIS

60/40 Hypothetical Portfolio Analysis Versus PBGC Fiscal Year Actual Return
(60/40 comprises S&P 500 Index/Bloomberg Aggregate Bond Index)

	1-Year Period Ending			5-Year Period Ending		
Fiscal Year	60/40 Incremental $ Billions	60/40 % Return	PBGC Actual Return[1]	60/40 Incremental $ Billions	60/40 % Return	PBGC Actual Return[1]
9/30/2023	$13.7	16.17%	3.91%	$31.5	6.97%	2.32%
9/30/2024	$16.0	26.07%	13.05%	$66.9	10.51%	2.04%

[1] PBGC actual return is the PBGC's Total Fund Composite return including transition accounts.

ANALYSIS OF SYSTEMS, CONTROLS AND LEGAL COMPLIANCE

PBGC maintains an Internal Controls Program designed to support compliance with the requirements of the Federal Managers' Financial Integrity Act of 1982 (FMFIA), the Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government* (Green Book), the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, *and its appendices,* as applicable, and other relevant laws and regulations. PBGC has continued implementing the requirements specified in the GAO Green Book and OMB Circular A-123 and, as noted below, performs a number of entity-wide activities that serve to support the FMFIA Statement of Assurance. For FY 2024, PBGC provided an unmodified FMFIA Statement of Assurance. Please refer to annual statement of assurance, as described below.

INTERNAL CONTROL COMMITTEE

The PBGC Internal Control Committee (ICC) provides corporate oversight and accountability regarding internal controls over PBGC's operations, reporting, and compliance with laws and regulations consistent with the GAO Green Book, OMB Circular A-123 and FMFIA requirements. Chaired by the agency's Chief Financial Officer, the ICC includes senior-level executives and management representatives from each executive office within the agency and a representative from the OIG, who is a non-voting member. The ICC oversees the process by which internal controls are documented, implemented, and assessed within the agency; reviews and approves significant revisions to key business level and entity-wide controls; monitors the status of internal control deficiencies and related corrective actions; and considers other matters, including controls designed to prevent or detect fraud. The ICC also interacts with the agency's Risk Management Council (RMC) regarding its oversight of the risk assessment processes.

DOCUMENTATION AND EVALUATION OF INTERNAL CONTROLS

As part of the agency's Internal Controls Program, key business level and entity-wide controls are evaluated, on an annual basis, to assess the adequacy of the control design and the extent to which they are operating effectively in accordance with GAO Green Book standards. The evaluation is performed using a risk-based approach as required by OMB Circular A-123. Reports regarding results of the evaluation are provided to stakeholders within the agency, and corrective actions are recommended and remediated by management, as appropriate. The following provides additional information regarding management's documentation and evaluation of internal controls and areas of focus include:

Standards for Internal Control in the Federal Government (Green Book): These standards, published by the GAO, provide criteria to be used by federal agencies for designing, implementing, and operating an effective internal control system. In FY 2024, under ICC direction, agency management continued its comprehensive evaluation of the PBGC's internal control system with regard to the design, implementation, and operating effectiveness of the five components and 17 principles of internal controls, as outlined in the Green Book. As part of this evaluation, agency management performed its annual assessment of internal controls using the Green Book, as required by OMB Circular A-123. Based on management's evaluation and the results of the annual assessment, it was determined that PBGC continues to have an effective internal controls system and remains in compliance with the Green Book.

Business Level Controls: Business level controls are controls that are built directly into operational processes to support an organization in achieving its objectives and addressing related risks. The agency has developed, implemented and maintained business level controls within its 12 major business processes cycles, which include: *Benefit Payments, Benefit Determinations, Budget and Finance, Financial Reporting, Human Resources and Payroll, Investments, Losses from Completed and Probable Terminations, Multiemployer, Procurement Accounts Payable and Related Expenses, Premiums, Single-Employer Contingent Liability,* and *Present Value of Future Benefits*. The ICC has designated certain business level controls as "key" with regard to the agency's operations, reporting and compliance requirements, and employees designated as "key control owners" and their supervisors provide quarterly representations certifying the performance of those controls and to maintain evidence documenting control execution. These controls are also documented in business cycle memoranda which are updated on an annual basis by control owners and other stakeholders.

Entity-Wide Controls: Entity-wide controls are controls that have a pervasive effect on an entity's internal control system. These controls are overarching and support the overall effectiveness of PBGC's internal control environment. The ICC has designated certain entity-wide controls as key to meeting the agency's control objectives over operations, reporting and compliance with laws and regulations within the following six categories: control environment, risk assessment, control activities, information and communication, monitoring, and anti-fraud. Many of these controls also address the five components and 17 underlying control principles of internal controls, as required by the GAO Green Book, and the related categories of objectives.

Fraud Prevention: In FY 2024, PBGC continued efforts to fully implement GAO's *Framework for Managing Fraud Risks in Federal Programs*. This work is focused on identifying and responding to fraud risks and developing control activities to prevent and detect fraud. The use of this framework is required by OMB Circular A-123 and the Payment Integrity Information Act of 2019. As part of the framework, potential fraud areas are identified, and key controls are evaluated and implemented as proactive measures to prevent fraud. Monitoring activities include supervisory approvals, management reports, and exception reporting. PBGC management performs due diligence in areas of suspected or alleged fraud.

Further, as required by Executive Order 13587, PBGC maintains an insider threat detection and prevention program to prevent, detect, deter, and remediate internal threats to the agency's assets. As part of the expansion of this program, an Insider Threat, Privacy and Security Reportal was developed which allows all PBGC staff and contractors to report an insider threat, privacy, or security incident in an effective and efficient manner. Additionally, the agency implemented technology to block the intentional or unintentional release of Personally Identifiable Information (PII) and to detect and alert on anomalous user behavior on PBGC's network.

PBGC also instituted other controls relating to fraud prevention such as the maintenance of hotlines for PBGC employees, contractors and the public to confidentially report suspected wrongdoing or allegations of possible fraud, waste or abuse occurring in a PBGC program or operation. In addition, the agency regularly issues communications to employees and contractors and provides training to promote fraud awareness.

Information Technology Controls: In order to protect the confidentiality, integrity, and availability of the PBGC information systems and the information processed and stored by those systems, PBGC implements the controls included in the National Institute of Standards and Technology's (NIST) Special Publication No. 800-53, Security and Privacy Controls for Federal Information Systems and Organizations. These controls are documented as part of System Security Plans which are maintained within the Cyber Security Assessment and Management (CSAM) tool managed by the Office of Information Technology's (OIT) Enterprise Cybersecurity Department.

Digital Accountability and Transparency Act (DATA Act): The DATA Act of 2014 was designed to increase the standardization and transparency of federal spending. It requires the disclosure of direct federal agency expenditures and linking federal contract, loan and grant spending information of federal agencies to enable taxpayers and policymakers to track federal spending more effectively. The law required the establishment of government-wide data standards established by the OMB and the Department of the Treasury to provide consistent, reliable, researchable, and usable spending data on USASpending.gov. The agency continues to maintain, perform and assess the design and operating effectiveness of key controls over data quality to support the achievement of DATA Act reporting objectives. Further, as required by Appendix A to OMB Circular A-123, *Management of Reporting and Data Integrity Risk (Memorandum M-18-16),* the agency developed and maintained a Data Quality Plan that considers incremental risks and internal controls over the input and validation of data submitted to USAspending.gov in accordance with OMB requirements. Consideration of the plan was included in the agency's annual assurance statement as described in the FMFIA process below.

ASSESSMENT OF PAYMENT INTEGRITY RISK

Based on the requirements of Appendix C to OMB Circular A-123, *Requirements for Payment Integrity Improvement*, and related improper payment legislation, PBGC performed a risk assessment in FY 2024 over the agency's *Multiemployer Special Financial Assistance, Benefit Payments and Premium Refunds* programs. Please refer to the *Payment Integrity Information Act Reporting* section of this annual report for additional information.

AUDIT COORDINATION AND FOLLOW-UP PROGRAM

In implementing OMB Circular A-50, *Audit Follow-up*, PBGC has established its Audit Coordination and Follow-up Directive. It is PBGC's policy to fully cooperate with audits of PBGC operations and ensure the efficient tracking, resolution, and implementation of agreed-upon audit recommendations contained in audit reports issued by the OIG and GAO. PBGC has dedicated staff to coordinate with OIG and GAO audit representatives in providing access to records and information needed to complete audits and ensure that management responses to draft reports are provided in a timely manner. To facilitate timely completion and closure of audit recommendations, staff regularly monitors implementation efforts, including regular distribution of audit follow-up status reports to executive management and formal submission of documentation evidencing completion of required corrective actions. Status reports are used to document planned corrective actions and estimated completion dates; they also indicate those recommendations for which work has been completed and reported as such to the OIG and to GAO. In addition, PBGC prepares a management report to the Semiannual Report to Congress (SARC) issued by the OIG, which addresses the status of agreed-upon OIG recommendations and provides other information required under the Inspector General Act of 1978, as amended.

COMPLIANCE WITH LAWS, REGULATIONS, AND OTHER REQUIREMENTS

To foster an environment that promotes compliance with laws and regulations, PBGC maintains two legal compendia: the Compendium of Laws lists statutes that may have a significant impact on PBGC's financial statements or PBGC operations, the Compendium of Executive Orders and OMB Requirements lists Executive Branch requirements applicable to PBGC. These documents provide brief descriptions of each applicable requirement and identify the PBGC department or other component with primary compliance responsibility. PBGC updates and maintains these lists to help ensure compliance with applicable laws, regulations, and other requirements. In addition, the ICC enhanced PBGC's control environment by adding and augmenting other specific controls to ensure compliance with laws, regulations, and other requirements.

ENTERPRISE RISK MANAGEMENT ACTIVITIES

As a part of PBGC's Enterprise Risk Management (ERM) activities, the RMC conducted an agency-wide risk assessment, which was used to prepare the FY 2024 Risk Profile. The RMC – chaired by the Risk Management Officer – also met with risk owners to discuss mitigation strategies for PBGC's top risks and related measures to assess strategy effectiveness. Agency-wide communication regarding ERM, the automated ERM-related dashboard and the recurring call for emerging risks continued to foster a risk management aware culture. In addition, ERM principles remained integrated into key decision-making processes, such as strategic planning, organizational performance, budgeting, and the development and implementation of agency internal controls.

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT STATEMENT OF ASSURANCE (FMFIA) ASSURANCE STATEMENT PROCESS

Pursuant to Office of Management and Budget (OMB) Circular A-123, government corporations are required to provide a statement on control systems by the head of the management of the corporation consistent with the requirements of the FMFIA. To assist in this effort, the agency's department and office directors performed assessments of risk and internal controls over the effectiveness and efficiency of their operations, reliability of reporting and compliance with applicable laws and regulations. These assessments addressed several different considerations affecting internal control objectives, such as: the development and implementation of policies and procedures; extent of management oversight; results of internal and external reviews (e.g., Office of Inspector General (OIG), Government Accountability Office (GAO), or other reviews); the safeguarding of assets; implementation of data quality plan (DATA Act Reporting); processes and controls over the special financial assistance program and other agency payment streams; government charge card management and practices; and the evaluation of known internal control deficiencies and applicable OMB requirements related to financial management systems. These directors also provided assurance statements for their reporting area which assisted with the determination of the type of assurance recommended to the Agency Director. In addition, the Internal Control Committee (ICC) assessed cross-cutting internal control issues for consideration by members of PBGC's executive management. Based on the results of the completed assessments, review of the departmental assurance statements, and consideration of other relevant factors, PBGC's executive management recommended, and the Director approved, the FY 2024 FMFIA Statement of Assurance included below.

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT STATEMENT OF ASSURANCE

The PBGC's management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. The PBGC conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*.

In our prior statement of assurance, we noted several actions taken by PBGC management to strengthen and promote procurement integrity. On September 30, 2022, PBGC awarded a contract to support a new acquisition management system that will strengthen the legal review process. The new system, which will also increase the acquisition process transparency and support better procurement outcomes, is expected to be fully operational in fiscal year 2025. In fiscal year 2024, PBGC filled key vacant Procurement Department leadership positions and took action to reduce staff turnover, an ongoing concern.

The American Rescue Plan Act of 2021, enacted on March 11, 2021, allows certain financially troubled multiemployer plans to apply for Special Financial Assistance (SFA). Upon approval of an application, the PBGC will make a single, lump-sum payment to eligible multiemployer plans. PBGC has developed and implemented initial internal controls to meet the specific requirements and mitigate risks with the SFA program. Management will continue to review the related internal control processes and consider additional controls as necessary. Additionally, PBGC is developing processes and procedures for auditing the compliance of multiemployer plans that have received SFA.

Based on the results of the assessment, the PBGC can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2024.

MANAGEMENT REPRESENTATION

PBGC's management is responsible for the accompanying Statements of Financial Position of the Single-Employer and Multiemployer Funds as of September 30, 2024, and September 30, 2023, the related Statements of Operations, and the Statements of Cash Flows for the years then ended, and the related note disclosures to these statements. PBGC's management is also responsible for establishing and maintaining systems of internal accounting and administrative controls that provide reasonable assurance that the control objectives (i.e., preparing reliable financial statements, safeguarding assets, and complying with laws and regulations) are achieved.

PBGC management believes the financial statements of the Single-Employer and Multiemployer Program Funds present fairly the financial position of PBGC as of September 30, 2024, and September 30, 2023, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and actuarial standards applied on a consistent basis. As noted in the FMFIA Statement of Assurance above, PBGC provides reasonable assurance that its internal controls are effective.

Estimates of probable terminations, nonrecoverable future financial assistance, amounts due from employers, and the present value of future benefits have a material effect on the financial results being reported. Litigation has been disclosed and reported in accordance with U.S. GAAP.

As a result of the aforementioned, PBGC has based these statements, in part, upon informed judgments and estimates for those transactions not yet complete or for which the ultimate effects cannot be precisely measured, or for those that are subject to the effects of any pending litigation.

Ann Y. Orr
Acting Director

Patricia Kelly

Patricia Kelly
Chief Financial Officer

November 15, 2024

PENSION BENEFIT GUARANTY CORPORATION

STATEMENTS OF FINANCIAL POSITION

	Single-Employer Program		Multiemployer Program		Memorandum Total	
	September 30,		September 30,		September 30,	
(Dollars in Millions)	**2024**	2023	**2024**	2023	**2024**	2023
ASSETS						
Cash and cash equivalents	**$9,944**	$12,424	**$284**	$1,229	**$10,228**	$13,653
Restricted cash	**-**	-	**252**	369	**252**	369
Total cash, cash equivalents, and restricted cash	**9,944**	12,424	**536**	1,598	**10,480**	14,022
Securities lending collateral (Notes 3 and 5)	**7,410**	6,753	**-**	-	**7,410**	6,753
Investments, at market (Notes 3 and 5):						
Fixed maturity securities	**103,126**	88,880	**3,616**	2,161	**106,742**	91,041
Equity securities	**16,602**	13,374	**-**	-	**16,602**	13,374
Private equity	**160**	195	**-**	-	**160**	195
Real estate and real estate investment trusts	**2,030**	1,613	**-**	-	**2,030**	1,613
Other	**214**	277	**-**	-	**214**	277
Total investments	**122,132**	104,339	**3,616**	2,161	**125,748**	106,500
Receivables, net:						
Sponsors of terminated plans (Note 16)	**17**	18	**-**	-	**17**	18
Premiums (Note 11)	**2,990**	4,167	**237**	223	**3,227**	4,390
Sale of securities	**2,245**	1,523	**-**	-	**2,245**	1,523
Derivative contracts (Note 4)	**522**	761	**-**	-	**522**	761
Investment income	**679**	691	**12**	14	**691**	705
Other (Note 16)	**21**	16	**66**	49	**87**	65
Total receivables	**6,474**	7,176	**315**	286	**6,789**	7,462
Capitalized assets, net (Note 16)	**58**	50	**1**	1	**59**	51
Operating lease right-of-use assets (Note 10)	**120**	131	**2**	0	**122**	131
Total assets	**$146,138**	$130,873	**$4,470**	$4,046	**$150,608**	$134,919

The accompanying notes are an integral part of these financial statements.
The Single-Employer Program and Multiemployer Program (which includes the SFA Program) are separate by law.
The "Memorandum Total" data columns presented above are solely an entity-wide informational view of the PBGC's two independent insurance programs.

PENSION BENEFIT GUARANTY CORPORATION

STATEMENTS OF FINANCIAL POSITION

(Dollars in Millions)	Single-Employer Program September 30, **2024**	2023	Multiemployer Program September 30, **2024**	2023	Memorandum Total September 30, **2024**	2023
LIABILITIES						
Present value of future benefits, net (Note 6):						
Trusteed plans	**$78,497**	$73,610	**-**	-	**$78,497**	$73,610
Plans pending termination and trusteeship	**21**	16	**-**	-	**21**	16
Settlements and judgments	**17**	17	**-**	-	**17**	17
Claims for probable terminations	**131**	286	**-**	-	**131**	286
Total present value of future benefits, net	**78,666**	73,929	**-**	-	**78,666**	73,929
Present value of nonrecoverable future financial assistance (Note 7)						
Insolvent plans	**-**	-	**1,700**	1,622	**1,700**	1,622
Probable insolvent plans	**-**	-	**370**	589	**370**	589
Total present value of nonrecoverable future financial assistance	**-**	-	**2,070**	2,211	**2,070**	2,211
Special financial assistance	**-**	-	**238**	358	**238**	358
Payables, net:						
Derivative contracts (Note 4)	**383**	711	**-**	-	**383**	711
Due for purchases of securities	**5,097**	4,368	**-**	-	**5,097**	4,368
Payable upon return of securities loaned	**7,410**	6,753	**-**	-	**7,410**	6,753
Unearned premiums	**190**	264	**9**	9	**199**	273
Operating leases payable (Note 10)	**140**	140	**2**	-	**142**	140
Accounts payable and accrued expenses (Note 8)	**88**	93	**8**	7	**96**	100
Total payables	**13,308**	12,329	**19**	16	**13,327**	12,345
Total liabilities	**91,974**	86,258	**2,327**	2,585	**94,301**	88,843
Contributed transfer appropriation	**-**	-	**11**	8	**11**	8
Cumulative results of operations	**54,164**	44,615	**2,132**	1,453	**56,296**	46,068
Net position	**54,164**	44,615	**2,143**	1,461	**56,307**	46,076
Total liabilities and net position	**$146,138**	$130,873	**$4,470**	$4,046	**$150,608**	$134,919

The accompanying notes are an integral part of these financial statements.
The Single-Employer Program and Multiemployer Program (which includes the SFA Program) are separate by law.
"Contributed Transfer Appropriation" represents the total unused budget authority from General Fund appropriation(s) at fiscal year end, which is returned to the U.S. Treasury if unused by fiscal year end.
The "Memorandum Total" data columns presented above are solely an entity-wide informational view of the PBGC's two independent insurance programs.

PENSION BENEFIT GUARANTY CORPORATION

STATEMENTS OF OPERATIONS

	Single-Employer Program		Multiemployer Program		Memorandum Total	
	For the Years Ended September 30,		For the Years Ended September 30,		For the Years Ended September 30,	
(Dollars in Millions)	**2024**	2023	**2024**	2023	**2024**	2023
UNDERWRITING:						
Income:						
Premium, net (Note 11)	**$4,770**	$5,597	**$395**	$368	**$5,165**	$5,965
Contributed transfer appropriation income	-	-	**14,537**	45,925	**14,537**	45,925
Other	**11**	16	**4**	13	**15**	29
Total	**4,781**	5,613	**14,936**	46,306	**19,717**	51,919
Expenses:						
Administrative	**452**	433	**8**	7	**460**	440
Administrative special financial assistance	**-**	-	**19**	18	**19**	18
Other	**3**	3	**-**	-	**3**	3
Total	**455**	436	**27**	25	**482**	461
Other underwriting activity:						
Losses (credits) from completed and probable terminations (Note 12)	**196**	949	**-**	-	**196**	949
Losses (credits) from insolvent and probable plans-financial assistance (Note 7)	**-**	-	**(200)**	(10)	**(200)**	(10)
Actuarial adjustments (credits) (Note 6)	**(146)**	(91)	**(14)**	(37)	**(160)**	(128)
Special Financial Assistance Expense	**-**	-	**14,518**	45,907	**14,518**	45,907
Total	**50**	858	**14,304**	45,860	**14,354**	46,718
Underwriting gain (loss)	**4,276**	4,319	**605**	421	**4,881**	4,740
FINANCIAL:						
Investment income (loss) (Note 13):						
Fixed	**10,642**	2,168	**297**	(2)	**10,939**	2,166
Equity	**4,171**	2,648	**-**	-	**4,171**	2,648
Private equity	**7**	(11)	**-**	-	**7**	(11)
Real estate	**458**	(21)	**-**	-	**458**	(21)
Other	**(25)**	16	**-**	-	**(25)**	16
Total	**15,253**	4,800	**297**	(2)	**15,550**	4,798
Expenses:						
Investment	**113**	111	**-**	-	**113**	111
Actuarial charges (Note 6):						
Due to expected interest	**4,482**	3,909	**98**	87	**4,580**	3,996
Due to change in interest factors	**5,385**	(2,942)	**125**	(66)	**5,510**	(3,008)
Total	**9,980**	1,078	**223**	21	**10,203**	1,099
Financial gain (loss)	**5,273**	3,722	**74**	(23)	**5,347**	3,699
Net income (loss)	**9,549**	8,041	**679**	398	**10,228**	8,439
Cumulative results of operations, beginning of year	**44,615**	36,574	**1,453**	1,055	**46,068**	37,629
Cumulative results of operations, end of year	**$54,164**	$44,615	**$2,132**	$1,453	**$56,296**	$46,068

The accompanying notes are an integral part of these financial statements.
The Single-Employer Program and Multiemployer Program are separate by law.
The "Memorandum Total" data columns presented above are solely an entity-wide informational view of the PBGC's two independent insurance programs.

PENSION BENEFIT GUARANTY CORPORATION

STATEMENTS OF CASH FLOWS

(Dollars in millions)	Single-Employer Program For the Years Ended September 30, 2024	Single-Employer Program 2023	Multiemployer Program For the Years Ended September 30, 2024	Multiemployer Program 2023	Memorandum Total For the Years Ended September 30, 2024	Memorandum Total 2023
OPERATING ACTIVITIES:						
Premium receipts	**$5,872**	$4,595	**$383**	$347	**$6,255**	$4,942
Interest and dividends received	**3,966**	3,585	**34**	19	**4,000**	3,604
Plan Reimbursements from SFA	**-**	-	**1**	185	**1**	185
Cash received from (paid to) plans upon trusteeship	**(12)**	12	**-**	-	**(12)**	12
Receipts from sponsors/non-sponsors	**26**	76	**-**	-	**26**	76
Receipts from the missing participant program	**172**	120	**-**	-	**172**	120
Other receipts	**6**	7	**-**	-	**6**	7
Benefit payments – trusteed plans	**(5,833)**	(6,320)	**-**	-	**(5,833)**	(6,320)
Traditional financial assistance payments	**-**	-	**(163)**	(176)	**(163)**	(176)
Settlements and judgments	**-**	-	**-**	-	**-**	-
Payments for administrative and other expenses	**(543)**	(516)	**(8)**	(7)	**(551)**	(523)
Accrued interest paid on securities purchased	**(370)**	(168)	**(4)**	-	**(374)**	(168)
Net cash provided (used) by operating activities (Note 15)	**3,284**	1,391	**243**	368	**3,527**	1,759
INVESTING ACTIVITIES:						
Proceeds from sales of investments	**211,797**	143,640	**2,277**	464	**214,074**	144,104
Payments for purchases of investments	**(217,561)**	(140,677)	**(3,465)**	(211)	**(221,026)**	(140,888)
Net change in investment of securities lending collateral	**657**	2,172	**-**	-	**657**	2,172
Net change in securities lending payable	**(657)**	(2,172)	**-**	-	**(657)**	(2,172)
Net cash provided (used) by investing activities	**(5,764)**	2,963	**(1,188)**	253	**(6,952)**	3,216
Net increase (decrease) in cash and cash equivalents	**(2,480)**	4,354	**(945)**	621	**(3,425)**	4,975
Cash and cash equivalents, beginning of year	**12,424**	8,070	**1,229**	608	**13,653**	8,678
Cash and cash equivalents, end of year	**$9,944**	$12,424	**$284**	$1,229	**$10,228**	$13,653
SPECIAL FINANCIAL ASSISTANCE:						
Appropriation warrant received for SFA	**-**	-	**24,262**	70,034	**24,262**	70,034
Return of unobligated appropriated funds	**-**	-	**(9,721)**	(24,107)	**(9,721)**	(24,107)
Total SFA administrative and payroll expense payments	**-**	-	**(20)**	(16)	**(20)**	(16)
Special financial assistance payments	**-**	-	**(14,638)**	(45,577)	**(14,638)**	(45,577)
Net increase (decrease) in restricted cash	**-**	-	**(117)**	334	**(117)**	334
Special financial assistance restricted cash, beginning of year			**369**	35	**369**	35
Special financial assistance restricted cash, end of year	**-**	-	**252**	369	**252**	369
Cash, cash equivalents, and restricted cash, end of year	**$9,944**	$12,424	**$536**	$1,598	**$10,480**	$14,022

The above cash flows are for trusteed plans and do not include non-trusteed plans.
The accompanying notes are an integral part of these financial statements.
The Single-Employer Program and Multiemployer Program (which includes the SFA Program) are separate by law.
The "Memorandum Total" data columns presented above are solely an entity-wide informational view of the PBGC's two independent insurance programs.
Special Financial Assistance is provided under the American Rescue Plan (ARP) Act of 2021, which provides for appropriated funds to eligible SFA multiemployer plans that are transferred from the U.S. Treasury's General Fund to PBGC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2024 and 2023

NOTE 1: ORGANIZATION AND PURPOSE

The Pension Benefit Guaranty Corporation (PBGC or the Corporation) is a federal corporation created by Title IV of the Employee Retirement Income Security Act of 1974 (ERISA) and is subject to the provisions of the Government Corporation Control Act. Its activities are defined by ERISA, as that Act has been amended over the years. The Corporation insures the pension benefits, within statutory limits, of participants in covered single-employer and multiemployer defined benefit pension plans.

ERISA requires that PBGC programs be self-financing. ERISA provides that the U.S. Government is not liable for any obligation or liability incurred by PBGC.

On March 11, 2021, the President signed into law the American Rescue Plan (ARP) Act of 2021. ARP amended ERISA and added Section 4262, Special Financial Assistance (SFA) by the Corporation, which provides funding from the U.S. Treasury's General Fund for payments to eligible multiemployer plans covering their full plan benefits through 2051 (see MD&A discussion on page 33). An ERISA eighth fund has been established for SFA, which is the first time PBGC has an appropriated fund. PBGC received a new appropriation to cover SFA administration costs, and going forward, PBGC will receive annual transfers from the General Fund to cover both SFA payments to approved multiemployer plans and SFA administration costs. This is mandatory funding with an indefinite appropriation for a period of availability of 10 years.

For financial statement purposes, PBGC divides its business activity into two broad areas — "Underwriting Activity" and "Financial Activity" — covering both Single-Employer and Multiemployer Program segments. PBGC's underwriting activity provides financial guaranty insurance in return for insurance premiums (whether actually paid or not). Actual and expected probable losses that result from the termination of underfunded pension plans are included in this category, as are actuarial adjustments based on changes in actuarial assumptions, such as mortality. PBGC's financial activity consists of the performance of PBGC's assets and liabilities. PBGC's assets consist of premiums collected from defined benefit plan sponsors, assets from distress or PBGC-initiated terminated plans that PBGC has insured, and recoveries from the former sponsors of those terminated plans. PBGC's future benefit liabilities consist of those future benefits, under statutory limits, that PBGC has assumed following distress or PBGC-initiated terminations (also referred to as an involuntary termination). Gains and losses on PBGC's investments and changes in the value of PBGC's future benefit liabilities (e.g., actuarial charges such as changes in interest factors and expected interest) are included in "Financial Activity".

As of September 30, 2024, the Single-Employer and Multiemployer Programs reported Cumulative results of operations of $54,164 million and $2,132 million, respectively. The Single-Employer Program had assets of $146,138 million, offset by total liabilities of $91,974 million, which include total present value of future benefits (PVFB) of $78,666 million. As of September 30, 2024, the Multiemployer Program had assets of $4,470 million, offset by $2,070 million in present value of nonrecoverable future financial assistance. The Corporation has sufficient liquidity to meet its obligations to both programs for a number of years. The FY 2023 Projections Report shows that under most projection scenarios for the Multiemployer Program, the SFA provided to eligible plans under ARP likely extends the solvency of PBGC's Multiemployer Program for more than 40 years.

PBGC's $136,667 million of total investments (including cash and cash equivalents and investment income) represents the largest component of PBGC's Statements of Financial Position Memorandum Total assets of $150,608 million at September 30, 2024. This amount of $136,667 million (as compared to investments under management of $132,000 million, as reported in section VIII Investment Activities) reflects the fact that PBGC experiences a recurring inflow of trusteed plan assets that have not yet been incorporated into the

PBGC investment program. For total investments (i.e., not the investment program), cash and fixed-income securities ($117,644 million) represent 86 percent of the total investments, while equity securities ($16,619 million) represent 12 percent of total investments. Private market assets, real estate, and other investments ($2,404 million), represent 2 percent of the total investments.

SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAM EXPOSURE

PBGC's estimate of the total underfunding in single-employer plans was $2,606 million for those sponsored by companies whose credit quality indicates substantial financial risk and that PBGC classified as reasonably possible of termination, as of September 30, 2024. This is a decrease of $23,051 million from the reasonably possible exposure of $25,657 million in FY 2023, primarily due to a change in the estimate as it relates to a change in methodology of the RP exposure (see Note 9). For FY 2024, this exposure is concentrated in the following sectors: manufacturing and transportation/communications/utilities.

PBGC estimates that as of September 30, 2024, it is reasonably possible that multiemployer plans may require future financial assistance in the amount of $189 million (see Note 9). This is a decrease of $221 million from the reasonably possible exposure of $410 million in FY 2023. The primary reason for the decrease in exposure was a net decrease in the number of plans classified as reasonably possible to four plans at September 30, 2024, down from seven plans classified as reasonably possible at September 30, 2023. The plans removed no longer meet the reasonably possible criteria as the plans experienced improved financial conditions due to better than expected investment returns and higher plan contributions. Additionally, the reasonably possible aggregate reserve for small plans decreased by $119 million due to improved financial conditions of the plans.

There is significant volatility in plan underfunding and sponsor credit quality over time, which makes long-term estimation of PBGC's expected claims difficult. This volatility, along with the concentration of claims in a relatively small number of terminated plans, has characterized PBGC's experience to date and will likely continue. Among the factors that will influence PBGC's claims going forward are economic conditions affecting interest rates, financial markets, and the rate of business failures.

PBGC's sources of information on plan underfunding are the most recent Section 4010 and PBGC premium filings, Form 5500 filings, and other submissions to the Corporation. PBGC publishes Table S-49, "Various Measures of Underfunding in PBGC-Insured Plans," in its *Pension Insurance Data Tables* (unaudited) where the limitations of the estimates are described.

Under the Single-Employer Program, PBGC is liable for the payment of guaranteed benefits with respect to underfunded terminated plans. An underfunded plan may terminate only if PBGC or a bankruptcy court finds that one of the four conditions for a distress termination, as defined in ERISA, is met or if PBGC initiates terminating a plan under one of five specified statutory tests. The net liability assumed by PBGC is generally equal to the present value of the future benefits payable by PBGC less amounts provided by the plan's assets and amounts recoverable by PBGC from the plan sponsor and members of the plan sponsor's controlled group, as defined by ERISA.

Under the Multiemployer Program, if a plan becomes insolvent, it receives traditional financial assistance from PBGC to allow the plan to continue to pay participants their guaranteed benefits. PBGC recognizes assistance as a loss to the extent that the plan is not expected to be able to repay these amounts from future plan contributions, employer withdrawal liability, or investment earnings. Since multiemployer plans do not receive traditional financial assistance until fully insolvent, the assistance is almost never repaid unless the plan is approved for SFA. For this reason, such assistance is fully reserved for plans not eligible for SFA.

The ARP created the Special Financial Assistance (SFA) Program for multiemployer plans that meet certain criteria (see Note 7), for which PBGC will receive appropriated funds. Unlike the traditional financial assistance PBGC provides to multiemployer plans in the form of a loan, the SFA is provided via a transfer of funds with no obligation of repayment.

PBGC reports appropriated funds as Restricted Cash on the Statements of Financial Position and report income, expenses, and liabilities related to special financial assistance as separate line items on its Statements of Operations and Statements of Financial Position.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as published by the Financial Accounting Standards Board (FASB). The preparation of the financial statements, in conformity with U.S. GAAP, requires PBGC to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions may change over time as new information is obtained or subsequent developments occur. Actual results could differ from those estimates.

RECENT ACCOUNTING DEVELOPMENTS

In FY 2024**,** PBGC changed the methodology in determining the reasonably possible exposure from prior years to more narrowly focus on situations that pose meaningful risk of actual claims. Specifically, PBGC has modified the risk criteria to focus on companies with a more substantial level of default risk. In addition, the criteria used to establish which companies will be individually analyzed and which will be part of the small plan bulk reserve has been simplified. Companies that had benefit liability more than the $1 billion threshold applicable for FY 2024 were individually analyzed and classified (see Note 9).

In FY 2024, PBGC updated its methodology in calculating the Present Value of Future Benefits (PVFB) regarding the allocation of assets in Single-Employer Plans. PBGC updated the mortality table assumptions used to extract the yield curve of interest discount rates applied to measure PVFB. PBGC now averages spreads (between market interest rates and group annuity pricing yields) over the four quarters prior to the yield curve measurement date, instead of the two prior quarters (see Note 6).

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842).” Under the new standard, PBGC is required to recognize in its Statements of Financial Position (balance sheet), a right-of-use (ROU) asset, representing the right to use the underlying asset for the lease term, and a lease liability, representing the liability to make lease payments, adjusted for lease payments made at or before lease commencement, lease incentives, and any initial direct costs, for leases longer than one year. In addition, this ASU requires expanded disclosures about the nature and terms of lease agreements. This standard is effective for fiscal year beginning after December 15, 2021, and to interim periods beginning after December 15, 2022. PBGC has evaluated the impact of this guidance and updated its policy in accordance with ASC 842 upon adoption in FY 2023. As an all other entity under FASB, PBGC applied the new lease standard at PBGC’s adoption date of October 1, 2022. PBGC elected the option not to restate comparative financial statements under the modified retrospective approach and instead recognized a cumulative-effect adjustment at the beginning of FY 2023. Additionally, PBGC elected to apply the practical expedients to account for lease and non-lease components as a single lease component, and to use the risk-free rate in determining the lease ROU asset and liability. PBGC has also elected to expense short term leases and not recognize an ROU asset and lease liability for leases with a duration of 12 months or less.

Effective FY 2023, PBGC updated its methodology in calculating Present Value of Nonrecoverable Future Financial Assistance for small-sized multiemployer plans. Previously, PBGC calculated small plan probables using a seven-year historic ratio of new plan terminations or insolvencies to the total unfunded liability for small plans in a given year. The ratio was then applied to the current unfunded liability for small plans to calculate the probable exposure. Under the new methodology, PBGC will calculate the standardized projected Date of Insolvency (DOI) for high risk small-sized plans. If the projected DOI is within 20 years of the PBGC financial statement date, actuarial calculations are performed on a plan-by-plan basis for nonrecoverable future financial assistance, utilizing certain generalized assumptions that are appropriate for a bulk reserve. This updated methodology classifies the financial obligations for these plans into the categories based on their projected DOI as follows:

- Within 10 years are classified as probable.
- From 10 to 20 years are classified as reasonably possible.
- Greater than 20 years is classified as remote.

The adoption of this methodology aims to standardize and refine the projection and classification of financial obligations within the Multiemployer Program (see Note 7).

In March 2020 and January 2021, the FASB issued ASUs 2020-04 and 2021-01, respectively, "Reference Rate Reform" (ASC 848). ASC 848 provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. Topic 848 provides optional expedients and exceptions for applying U.S. GAAP to transactions affected by reference rate reform if certain criteria are met. In December 2022, the FASB issued ASU 2022-06 which deferred the end date of the temporary guidance in ASC 848, "Reference Rate Reform", from December 31, 2022, to December 31, 2024. Topic 848 was effective and adopted by PBGC beginning on March 12, 2020, and PBGC will apply the amendments prospectively through December 31, 2024. PBGC assessed the impact of adopting these ASUs and concluded there was no material impact on PBGC's financial statements.

VALUATION METHOD

A key objective of PBGC's financial statements is to provide information that is useful in assessing PBGC's present and future ability to ensure that its plan beneficiaries receive benefits when due. Accordingly, PBGC values its financial assets at estimated fair value, consistent with the standards for pension plans contained in the FASB Accounting Standards Codification Section 960, *Defined Benefit Pension Plans*. PBGC values its liabilities at the present value of future benefits and present value of nonrecoverable future financial assistance using assumptions derived from market-based (fair value) annuity prices from insurance companies, as described in the Statement of Actuarial Opinion. As described in ASC 960, the assumptions are "those assumptions that are inherent in the estimated cost at the (valuation) date to obtain a contract with an insurance company to provide participants with their accumulated plan benefit." Also, in accordance with ASC 960, PBGC selects assumptions for expected retirement ages and the cost of administrative expenses in accordance with its best estimate of anticipated experience.

The FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in U.S. GAAP, and expands disclosures about fair value measurements. ASC 820 applies to accounting pronouncements that require or permit fair value measurements.

Furthermore, PBGC applies FASB ASC 820, Fair Value Measurements and Disclosures guidance related to financial statement note disclosures for certain Level 2 and 3 investments that use the Net Asset Value (NAV) "practical expedient" (i.e., priced without any adjustments – see FASB Updates 2015-07 and 2018-13). Level 1 investments are not affected by this FASB guidance since these investments are fair value priced using quoted prices in active markets (market exchanges); however, Level 2 and Level 3 NAV investments use valuation pricing (observable for Level 2, and not observable for Level 3) for which the FASB requires additional disclosure if the practical expedient is used. Investments that use the NAV practical expedient are displayed in a NAV only category and are removed from their Level 2 or Level 3 category and added to the NAV only category. The fair value table affected by this guidance is found in PBGC Financial Statements Note 5, Fair Value Measurements.

REVOLVING AND TRUST FUNDS

PBGC accounts for its Single-Employer and Multiemployer Programs' revolving and trust funds on an accrual basis. Each fund is charged its portion of the benefits paid each year. PBGC includes totals for the revolving and trust funds for presentation purposes in the financial statements; however, the Single-Employer and Multiemployer Programs are separate programs by law and, therefore, PBGC also reports them separately.

ERISA provides for the establishment of the revolving fund where premiums are collected and held. The assets in the revolving fund are used to cover deficits incurred by trusteed plans and to provide funds for traditional financial assistance. The Pension Protection Act of 1987 created a single-employer revolving fund (Fund 7) that is credited with all premiums in excess of $8.50 per participant, including all penalties and interest charged on these amounts, and its share of earnings from investments. This fund may not be used to pay PBGC's administrative costs or the benefits of any plan terminated prior to October 1, 1988, unless no other amounts are available.

The trust fund includes assets (e.g., pension plan investments) PBGC assumes (or expects to assume) once a terminated plan has been trusteed, and related investment income. These assets generally are held by custodian banks. The trust fund supports the operational functions of PBGC.

The trust fund reflects accounting activity associated with:

1) Trusteed plans (plans for which PBGC has legal responsibility). The assets and liabilities are reflected separately on PBGC's Statements of Financial Position, the income and expenses are included in the Statements of Operations, and the cash flows from these plans are included in the Statements of Cash Flows.

2) Plans pending termination and trusteeship (plans for which PBGC has begun the process for termination and trusteeship by fiscal year-end). The assets and liabilities for these plans are reported as a net amount on the Liabilities section of the Statements of Financial Position under "Present value of future benefits, net." For these plans, the income and expenses are included in the Statements of Operations, but the cash flows are not included in the Statements of Cash Flows.

3) Probable terminations (plans that PBGC determines are likely to terminate and be trusteed by PBGC). The assets and liabilities for these plans are reported as a net amount on the Liabilities section of the Statements of Financial Position under "Present value of future benefits, net." The accrued loss from these plans is included in the Statements of Operations as part of "Losses (credits) from completed and probable terminations." The cash flows from these plans are not included in the Statements of Cash Flows. PBGC cannot exercise legal control over a plan's assets until it becomes the trustee.

ALLOCATION OF REVOLVING AND TRUST FUNDS

PBGC allocates assets, liabilities, income, and expenses to the Single-Employer and Multiemployer Programs' revolving and trust funds to the extent that such amounts are not directly attributable to a specific fund. Revolving fund investment income is allocated on the basis of each program's average cash and investments available during the year. For the administrative expenses, see the Administrative Expense section further below in Note 2. Revolving fund assets and liabilities are allocated according to the year-end equity of each program's revolving fund. Plan assets acquired by PBGC and commingled at PBGC's custodian bank are credited directly to the appropriate fund, while the earnings and expenses on the commingled assets are allocated to each program's trust fund on the basis of each trust fund's value, relative to the total value of the commingled fund.

CASH AND CASH EQUIVALENTS

"Cash" includes cash on hand and demand deposits. "Cash equivalents" are investments with original maturities of one business day, highly liquid investments that are readily convertible into cash within one business day.

SECURITIES LENDING COLLATERAL

PBGC participates in a securities lending program administered by its custodian bank. The custodian bank requires collateral that equals 102 to 105 percent of the value of the securities lent. The collateral is held by the custodian bank. The custodian bank either receives cash or non-cash as collateral or returns collateral to cover mark-to-market changes. Any cash collateral received is invested by PBGC's investment agent. In addition to the lending program managed by the custodian bank, some of PBGC's investment managers are authorized to invest in securities purchased under resale agreements (an agreement with a commitment by the seller to buy a security back from the purchaser at a specified price at a designated future date), and securities sold under repurchase agreements.

SECURITIES PURCHASED UNDER REPURCHASE AGREEMENTS

PBGC's investment managers purchase securities under repurchase agreements, whereby the seller will buy the security back at a pre-agreed price and date. Those that mature in more than one day are reported under "Fixed maturity securities" as "Securities purchased under repurchase agreements" in the Note 3 table entitled "Investments of Single-Employer Revolving Funds and Single-Employer Trusteed Plans." Repurchase agreements that mature in one day are included in "Cash and cash equivalents," which are reported on the Statements of Financial Position. Refer to Note 3 for further information regarding repurchase agreements.

INVESTMENT VALUATION AND INCOME

PBGC bases market values on the last sale of a listed security, on the mean of the "bid-and-ask" for non-listed securities, or on a valuation model in the case of fixed income securities that are not actively traded. These valuations are determined as of the end of each fiscal year. Purchases and sales of securities are recorded on the trade date. In addition, PBGC invests in and discloses its derivative investments in accordance with the guidance contained in the FASB ASC Section 815, *Derivatives and Hedging*. Investment income is accrued as earned. Dividend income is recorded on the ex-dividend date. Realized gains and losses on sales of investments are calculated using first-in, first-out for the revolving fund and weighted average cost for the trust fund. PBGC marks the plan's assets to market, and any increase or decrease in the market value of a plan's assets occurring after the date on which the plan is terminated must, by law, be credited to or suffered by PBGC.

SPONSORS OF TERMINATED PLANS

The amounts due from sponsors of terminated plans or members of their controlled group represent the settled, but uncollected, claims for sponsors' employer liability (underfunding as of date of plan termination) and for contributions due their plan less an allowance for estimated uncollectible amounts. PBGC discounts any amounts expected to be received beyond one year for time and risk factors. Some agreements between PBGC and plan sponsors provide for contingent payments based on future profits of the sponsors. The Corporation reports any such future amounts in the period they are realizable. Income and expenses related to amounts due from sponsors are reported in the Underwriting section of the Statements of Operations. Interest earned on settled claims for sponsors' employer liability (EL) and due and unpaid employer contributions (DUEC) is reported as "Income: Other." The change in the allowances for uncollectible EL and DUEC is reported as "Expenses: Other."

PREMIUMS

Premiums receivable represents (1) the plan reported premiums owed, (2) PBGC estimated amounts on filings not yet due and (3) submitted and past due premiums deemed collectible, including penalties and interest. The liability for unearned premiums represents annual premium fees that have been received in advance of the period in which they will be earned by PBGC. They remain as liabilities until they are ratably earned over the period of time to which the premium applies. "Premium income, net" represents actual and estimated revenue generated from defined benefit pension plan premium filings as required by Title IV of ERISA less bad debt expense for premiums, interest, and penalties. For insolvent multiemployer plans, bad debt expense also includes a reserve for premium payments waived by PBGC and treated as financial assistance in accordance with ERISA Section 4007 (see Note 11).

CAPITALIZED ASSETS

Capitalized assets include furniture and fixtures, electronic processing equipment, and internal-use software. This includes costs for internally developed software incurred during the application development stage (system design including software configuration and software interface, coding, and testing). These costs are shown net of accumulated depreciation and amortization. See Note 16, Other Assets, for further details.

OPERATING LEASE ROU ASSETS

For operating lease right-of-use (ROU) assets, this includes the costs for the right to use the underlying asset during the lease term. These costs are shown net of accumulated depreciation and amortization. See Note 10, Leases for further details.

PRESENT VALUE OF FUTURE BENEFITS (PVFB)

The PVFB is the estimated liability for future pension benefits that PBGC is or will be obligated to pay the participants of trusteed plans and the net liability for plans pending termination and trusteeship. The PVFB liability (including trusteed plans and plans pending termination and trusteeship) is stated as the actuarial present value of estimated future benefits less the present value of estimated recoveries from sponsors and members of their controlled group and the assets of plans pending termination and trusteeship as of the date of the financial statements. PBGC also includes the estimated liabilities attributable to plans classified as probable terminations as a separate line item in the PVFB (net of estimated recoveries and plan assets). PBGC uses assumptions to adjust the value of those future payments to reflect the time value of money (by discounting) and the probability of payment (by means of decrements, such as for death or retirement). PBGC also includes anticipated expenses to settle the benefit obligation in the determination of the PVFB. PBGC's benefit payments to participants reduce the PVFB liability.

The values of the PVFB are particularly sensitive to changes in underlying estimates and assumptions. These estimates and assumptions could change and the impact of these changes may be material to PBGC's financial statements (see Note 6).

PVFB is reported as follows:

(1) Trusteed Plans: Represents the present value of future benefit payments less the present value of expected recoveries (for which a settlement agreement has not been reached with sponsors and members of their controlled group) for plans that have terminated and been trusteed by PBGC prior to fiscal year-end. Assets

are shown separately from liabilities for trusteed plans. PBGC's liability under the expanded Missing Participants Program is included in this category. Under this program that began in FY 2018, most terminated defined contribution plans, small professional service pension plans, and multiemployer plans can now transfer the benefits of missing participants to PBGC. Previously, the program covered only insured single-employer defined benefit plans terminating in a standard termination.

(2) Pending Termination and Trusteeship: Represents the present value of future benefit payments less the plans' net assets (at fair value) anticipated to be received and the present value of expected recoveries (for which a settlement agreement has not been reached with sponsors and members of their controlled group) for plans for which termination action has been initiated and/or completed prior to fiscal year-end. Unlike trusteed plans, the liability for plans pending termination and trusteeship is shown net of plan assets.

(3) Settlements and Judgments: Represents estimated liabilities related to settled litigation (see Note 6).

(4) Net Claims for Probable Terminations: Represents (under a specific identification process), controlled groups having $50 million or more of underfunding. PBGC recognizes a contingent loss for the estimated net claim of those plans meeting the probable termination criteria. These estimated losses are based on conditions that existed as of PBGC's fiscal year-end. PBGC believes it is likely that one or more events subsequent to the fiscal year-end will occur, confirming the loss.

In accordance with the FASB ASC Section 450, *Contingencies*, PBGC recognizes net claims for probable terminations which represent PBGC's best estimate of the losses, net of plan assets, and the present value of expected recoveries (from sponsors and members of their controlled group) for plans that are likely to terminate in the future. Criteria used for classifying a specific single-employer plan as a probable termination include, but are not limited to, one or more of the following conditions: the plan sponsor is in liquidation or comparable state insolvency proceeding with no known solvent controlled group member; the sponsor has filed or intends to file for distress plan termination and the criteria will likely be met; or PBGC is considering initiating plan termination. In addition, PBGC takes into account other economic events and factors in making judgments regarding the classification of a plan as a probable termination. These events and factors may include, but are not limited to, the following: the plan sponsor is in bankruptcy or has indicated that a bankruptcy filing is imminent; the plan sponsor has stated that plan termination is likely; the plan sponsor has received a going concern opinion from its independent auditors; or the plan sponsor is in default under existing credit agreement(s).

Effective FY 2024, PBGC updated its methodology in calculating PVFB, specifically regarding the allocation of assets in Single-Employer Plans. These changes are for consistency with the new regulation on the Allocation of Assets in Single Employer Plans (new §4044 rule). PBGC updated the mortality table assumptions used to extract the yield curve of interest discount rates applied to measure PVFB. PBGC now averages spreads (between market interest rates and group annuity pricing yields) over the four quarters prior to the yield curve measurement date, instead of the two prior quarters. PBGC will continue to use the Pri-2012 mortality tables but now applies separate tables for Employees and Non-Disabled Annuitants, instead of a blended table (see Note 6).

In addition, a reserve for small unidentified probable losses is recorded for the estimated future contingent losses stemming from insured single-employer plans with an aggregate underfunding of less than $50 million. The reserve is based on the historical three-year rolling average of losses related to actual plan terminations (with an aggregate underfunding of less than $50 million) and indexed to the S&P 500 to reflect changes in economic conditions. See Note 6 for further information on Net Claims for Probable Terminations.

PBGC identifies certain plan sponsors as high risk if the plan sponsor is in Chapter 11 proceedings or the sponsor's senior unsecured debt is rated CCC+/Caa1 or lower by S&P or Moody's, respectively. PBGC specifically reviews each plan sponsor identified as high risk and classifies pension plans as probable if, based on available evidence, PBGC concludes that plan termination is likely (based on criteria described in (4) above).

In accordance with the FASB ASC 450, *Contingencies*, PBGC's exposure to losses from plan sponsors that are classified as reasonably possible is disclosed in the footnotes. Criteria used for classifying a company as reasonably possible include, but are not limited to, one or more of the following conditions: the plan sponsor is in Chapter 11 reorganization; a funding waiver is pending or outstanding with the Internal Revenue Service (IRS); the sponsor missed a minimum funding contribution; the sponsor's bond rating is equal to or below Standard & Poor's CCC+ or Moody's (Caa1); or the sponsor has no bond rating but the Dun & Bradstreet Failure Score (formerly Financial Stress Score) is below the level of default threshold equivalent to CCC+/Caa1 (see Note 9).

Effective FY 2024, PBGC changed the methodology for determining the reasonably possible exposure from prior years to more narrowly focus on situations that pose meaningful risk of actual claims. Specifically, PBGC has modified the risk criteria to focus on companies with a more substantial level of default risk. In addition, the criteria used to establish which companies will be individually analyzed and which will be part of a bulk reserve has been simplified. Companies that had benefit liability in excess of the $1 billion threshold applicable for FY 2024 were individually analyzed and classified. In combination, such companies represented approximately 80% of all benefit liabilities attributable to PBGC-insured single-employer plans. The RP exposure was individually measured for companies with these large plan liabilities and that also met the reasonably possible risk criteria. For companies with smaller plans, a reserve was calculated using an aggregate method of historic losses to estimate reasonably possible exposure, rather than reviewing each company individually. As a result of these improvements, PBGC now measures the reasonably possible exposure as of fiscal year-end as opposed to as of the prior December 31 (see Note 9).

PRESENT VALUE OF NONRECOVERABLE FUTURE FINANCIAL ASSISTANCE (PVNFFA)

In accordance with Title IV of ERISA, PBGC provides traditional financial assistance to multiemployer plans, in the form of loans, to enable the plans to pay guaranteed benefits to participants and reasonable administrative expenses of the plan. These loans, issued in exchange for interest-bearing promissory notes, constitute an obligation of each plan.

The PVNFFA assistance represents the estimated nonrecoverable payments to be provided by PBGC in the future to multiemployer plans that will not be able to meet their benefit obligations. The PVNFFA is based on the difference between the present value of future guaranteed benefits and expenses and the market value of plan assets, including the present value of future amounts expected to be paid by employers, for those plans that are expected to require future assistance. The amount reflects the rates at which, in the opinion of PBGC, these liabilities (net of expenses) could be settled in the market for single-premium nonparticipating group annuities issued by private insurers (see Note 7).

A liability for a particular plan is included in the "Present Value of Nonrecoverable Future Financial Assistance" when it is determined that the plan is currently, or will likely become in the future, insolvent and will require assistance to pay the participants their guaranteed benefits. In accordance with the FASB Accounting ASC 450, *Contingencies*, PBGC recognizes net claims for probable insolvencies for plans that are likely to become insolvent and may require future financial assistance. Projecting a future insolvency requires considering several complex factors, such as an estimate of future cash flows, future mortality rates, and age of participants not in pay status.

Each year, PBGC analyzes insured multiemployer plans to identify plans that are at risk of becoming probable and reasonably possible claims on the insurance program. Regulatory filings with PBGC, IRS, and DOL are important to this analysis and determination of risk, especially the designation of critical and declining status, which means the plan is projecting insolvency within 15-20 years. In general, if a terminated plan's assets are less than the present value of its liabilities, PBGC considers the plan a probable risk of requiring financial assistance in the future.

PBGC uses specific criteria for classifying multiemployer plans as insolvent (PBGC's insurable event for multiemployer plans), probable, and reasonably possible. The criteria are as follows:

- Any multiemployer plans currently receiving traditional financial assistance are classified as insolvent.
- Terminated, underfunded multiemployer plans (i.e., "wasting trusts") are classified as probable.
- Ongoing multiemployer plans projected to become insolvent:
    - Within 10 years are classified as probable.
    - From 10 to 20 years are classified as reasonably possible.

In general, the date of insolvency is estimated by projecting plan cash flows using actuarial assumptions. PBGC uses information provided by the plan actuary for assumptions such as termination of employment rates, retirement rates, average ages, the plan's schedule of future withdrawal liability payments owed, and contributions. PBGC uses assumptions set by PBGC for purposes of projecting returns on plan assets, future contributions, future withdrawal liability payments, plan expenses, mortality rates, and guaranteed benefits.

In addition, a bulk reserve method is employed to estimate future contingent losses for small multiemployer plans with fewer than 2,500 participants. Probable losses for plans are accrued, and reasonably possible losses are disclosed. This small plan bulk reserve uses an aggregate method to estimate liability and exposure, rather than reviewing each plan individually. In FY 2023, PBGC updated its methodology for determining the probable liability for small-sized multiemployer plans, aligning it with the current method used for medium-sized plans. Effective FY 2023, PBGC will calculate the standardized projected Date of Insolvency (DOI) for high risk small-sized plans. If the projected DOI is within 20 years of the PBGC financial statement date, actuarial calculations are performed on a plan-by-plan basis for nonrecoverable future financial assistance, utilizing certain generalized assumptions that are appropriate for a bulk reserve. This updated methodology classifies the financial obligations for these plans into the categories based on their projected DOI as follows:

- Within 10 years are classified as probable.
- From 10 to 20 years are classified as reasonably possible.
- Greater than 20 years is classified as remote.

MPRA provides that certain plans may apply to the U.S. Treasury to suspend benefits, and provides for a participant vote on the benefit suspension. These plans also may apply to PBGC for financial assistance, either for a facilitated merger or for a partition. Plans applying for a partition are also required to apply to U.S. Treasury for a suspension of benefits. These actions do not affect the determination of the nonrecoverable future financial assistance liability until U.S. Treasury has issued the final authorization to suspend benefits in the case of a benefit suspension application, or until PBGC has approved the application for financial assistance, in the case of a facilitated merger or a partition request.

The present value of nonrecoverable future financial assistance is presented in the Liability section of the Statements of Financial Position (see Note 7).

ADMINISTRATIVE EXPENSES

These operating expenses (for either the Single-Employer or Multiemployer Programs) are amounts paid and accrued for services rendered or while carrying out other activities that constitute PBGC's ongoing operations (e.g., payroll, contractual services, office space, materials, and supplies). An expense allocation methodology is used to fully capture the administrative expenses attributable to either the Single-Employer or Multiemployer Programs.

For the year-ending September 30, 2024, the Administrative Expense Reimbursement Ratio is determined to be the most representative methodology to allocate actual indirect administrative expenses, as well as to record the actual direct expenses attributable to the Single-Employer and Multiemployer Programs. The Administrative Expense Reimbursement Ratio calculates the ratios of direct administrative expenses for both the Single-Employer and Multiemployer Programs over the total direct administrative expenses. These ratios are then used to allocate the indirect administrative expenses for both the Single-Employer and Multiemployer Programs. This is PBGC's change in estimate based on the updated methodology for allocating administrative expenses.

OTHER EXPENSES

These expenses represent an estimate of the net amount of receivables deemed uncollectible during the period. The estimate is based on the most recent status of the debtor (e.g., sponsor), the age of the receivables and other factors that indicate to what degree the receivables outstanding may be uncollectible.

LOSSES FROM COMPLETED AND PROBABLE TERMINATIONS

Amounts reported as losses from completed and probable terminations represent the difference as of the actual or expected date of plan termination (DOPT) between the present value of future benefits (including amounts owed under Section 4022(c) of ERISA) assumed, or expected to be assumed, by PBGC, less related plan assets, and the present value of expected recoveries from sponsors and members of their controlled group (see Note 12). When a plan terminates, the previously recorded probable net claim is reversed and newly estimated DOPT plan assets, recoveries, and PVFB are netted and reported on the line "PVFB - Plans pending termination and trusteeship" (this value is usually different from the amount previously reported), with any change in the estimate recorded in the Statements of Operations. In addition, the plan's net income from DOPT to the beginning of PBGC's fiscal year is included as a component of losses from completed and probable terminations for plans with termination dates prior to the year in which they were added to PBGC's inventory of terminated plans.

ACTUARIAL ADJUSTMENTS AND CHARGES (CREDITS)

PBGC classifies actuarial adjustments related to insurance-based changes in method and the effect of experience as underwriting activity; actuarial adjustments are the result of the movement of plans from one valuation methodology to another, e.g., non-seriatim (calculating the liability for the group) to seriatim (calculating a separate liability for each person), and of new updated data (e.g., deaths, revised participant data). Actuarial charges (credits) are related to changes in interest factors, and expected interest is classified as financial activity. These adjustments and charges (credits) represent the change in the PVFB that results from applying actuarial assumptions in the calculation of future benefit liabilities (see Note 6).

DEPRECIATION AND AMORTIZATION

PBGC calculates depreciation on the straight-line basis over estimated useful lives of five years for equipment and ten years for furniture and fixtures. PBGC calculates amortization for capitalized software, which includes certain costs incurred for purchasing and developing software for internal use, on the straight-line basis over estimated useful lives not to exceed five years, commencing on the date that the Corporation determines that the internal-use software is implemented. Routine maintenance and leasehold improvements (the amounts of which are not material) are charged to operations as incurred. Capitalization of software cost occurs during the development stage, and costs incurred during the preliminary project and post-implementation stages are expensed as incurred. See Note 16, Other Assets, for further details.

SPECIAL FINANCIAL ASSISTANCE

ARP established the SFA Program that provides that certain multiemployer plans may apply to PBGC to receive SFA funding. The SFA liability will be recorded when the following conditions are met: (1) the initial application for SFA has been received by PBGC, (2) the multiemployer plan applicant has been determined to be eligible, (3) the application has been deemed to be complete, and (4) the application has been approved. Upon approval of the application, SFA will be paid in a timely manner by PBGC. Unlike the traditional financial assistance loans PBGC provides to multiemployer plans, SFA will be in the form of a transfer of funds with no obligation to repay. No SFA transfers may be made after September 30, 2030.

PBGC applies specific contribution guidance in ASC 958-605, *Not-for-Profit Entities*, to recognize revenue from the U.S. Treasury General Fund appropriations related to the SFA Program. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. Conditional contributions received are classified as Contributed Transfer Appropriation. Once the barriers to entitlement are overcome (i.e., approval of an SFA application), the contribution is recognized as unconditional and classified as Contributed Transfer Appropriation Income.

The SFA Program provides PBGC appropriated SFA funds (outside the revolving fund) to cover assistance to eligible multiemployer plans and PBGC's SFA administrative expenses. Unlike traditional financial assistance which PBGC provides to multiemployer plans in the form of a loan, SFA will be provided via a transfer of funds with no obligation of repayment. At the end of each fiscal year, any unused (i.e., unobligated) appropriated SFA funds must be returned to the U.S. Treasury General Fund.

NOTE 3: INVESTMENTS

Premium receipts are invested through the revolving fund in U.S. Treasury securities. The trust funds include assets that PBGC assumes or expects to assume with respect to terminated single-employer plans (e.g., recoveries from sponsors) and investment income thereon. These assets generally are held by custodian banks. The basis and market value of the investments by type are detailed below, as well as related investment profile data. The basis indicated is the cost of the asset if assumed after the date of plan termination or the market value at date of plan termination if the asset was assumed as a result of a plan's termination. PBGC marks the plan's assets to market, and any increase or decrease in the market value of a plan's assets occurring after the date on which the plan is terminated must, by law, be credited to or suffered by PBGC. Investment securities denominated in foreign currency are translated into U.S. dollars at the prevailing exchange rates at period ending September 30, 2024. Purchases and sales of investment securities, income, and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions. The portfolio does not isolate that portion of the results of operations resulting from changes in foreign exchange rates of investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments. For PBGC's securities, unrealized holding gains and losses are both recognized by including them in earnings. Unrealized holding gains and losses measure the total change in fair value — consisting of unpaid interest income earned or unpaid accrued dividend and the remaining change in fair value from holding the security.

To Be Announced (TBA) and Bond Forward transactions are recorded as regular buys and sells of investments and not as derivatives. TBA is a contract for the purchase or sale of mortgage-backed securities to be delivered on a future date. The term TBA is derived from the fact that the actual mortgage-backed security that will be delivered to fulfill a TBA trade is not designated at the time the trade is made. The securities are to be announced 48 hours prior to the established trade settlement date. TBAs are issued by the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and Government National Mortgage Association (GNMA). In accordance with FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*, TBA and Bond Forward contracts are deemed regular way trades as they are completed within the time frame generally established by regulations and conventions in the marketplace or by the exchange on which they are executed. Thus, recording of TBA and Bond Forward contracts recognizes the acquisition or disposition of the securities at the full contract amounts on day one of the trade.

Bond Forwards are reported to "Receivables, net – Sale of securities", and "Due for purchases of securities"; TBAs are reported to "Receivables, net – Sale of securities", "Due for purchases of securities", and "Fixed maturity securities" from derivative contracts receivables and payables. As of September 30, 2024, TBA receivables were $1,958 million and no Bond Forward receivables were reported. In addition, as of September 30, 2024, TBA payables were $4,130 million and no Bond Forward payables were reported.

INVESTMENTS OF SINGLE-EMPLOYER REVOLVING FUNDS AND SINGLE-EMPLOYER TRUSTEED PLANS

(Dollars in millions)	**September 30, 2024** Basis	**September 30, 2024** Market Value	September 30, 2023 Basis	September 30, 2023 Market Value
Fixed maturity securities:				
U.S. Government securities	**$65,119**	**$64,029**	$62,443	$52,166
Commercial paper/securities purchased under repurchase agreements	**907**	**907**	354	354
Asset backed securities	**11,736**	**11,640**	12,753	11,629
Pooled funds				
Domestic	**2,405**	**2,110**	1,882	1,306
International	**-**	**-**	0 *	0 *
Global/other	**45**	**44**	1	1
Corporate bonds and other	**16,715**	**16,224**	20,073	17,176
International securities	**8,127**	**8,172**	7,047	6,248
Subtotal	**105,054**	**103,126**	104,553	88,880
Equity securities:				
Domestic	**1,205**	**1,475**	832	879
International	**2,611**	**3,233**	2,481	2,618
Pooled funds				
Domestic	**3,167**	**9,051**	3,426	7,239
International	**1,315**	**2,840**	1,538	2,616
Global/other	**3**	**3**	22	22
Subtotal	**8,301**	**16,602**	8,299	13,374
Private equity	**1,069**	**160**	1,101	195
Real estate and real estate investment trusts	**1,918**	**2,030**	1,865	1,613
Insurance contracts and other investments	**96**	**214**	107	277
Total[1]	**$116,438**	**$122,132** [2]	$115,925	$104,339

* Less than $500,000

[1] Total includes securities on loan at September 30, 2024, and September 30, 2023, with a market value of $8,057 million and $7,409 million, respectively.

[2] This total of $122,132 million of investments at market value represents the single-employer assets only.

INVESTMENTS OF MULTIEMPLOYER REVOLVING FUNDS AND MULTIEMPLOYER TRUSTEED PLANS

(Dollars in millions)	**September 30, 2024** Basis	**September 30, 2024** Market Value	September 30, 2023 Basis	September 30, 2023 Market Value
Investment securities:				
Fixed U.S. Government securities	**$3,714**	**$3,616**	$2,734	$2,161
Equity securities	**-**	**-**	-	-
Total	**$3,714**	**$3,616**	$2,734	$2,161

INVESTMENT PROFILE

	September 30,	
	2024	2023
Fixed Income Assets		
Average Quality	**AA**	**AA-**
Average Maturity (years)	**7.7**	**10.4**
Duration (years)	**5.3**	**5.9**
Yield to Maturity (%)	**4.4**	**5.5**
Equity Assets		
Average Price/Earnings Ratio	**24.1**	**20.6**
Dividend Yield (%)	**2.0**	**2.4**
Beta	**1.0**	**1.0**

DERIVATIVE INSTRUMENTS

PBGC assigns investment discretion and grants specific authority to all of its investment managers to invest according to specific portfolio investment guidelines the Corporation has established. PBGC further limits the use of derivatives by investment managers through tailored provisions in the investment guidelines with investment managers consistent with PBGC's investment policy statement and overall risk tolerance. These investment managers, who act as fiduciaries to PBGC, determine when it may or may not be appropriate to utilize derivatives in the portfolio(s) for which they are responsible. Investments in derivatives carry many of the same risks of the underlying instruments and carry additional risks that are not associated with direct investments in the securities underlying the derivatives.

Risks may arise from the potential inability to terminate or sell derivative positions, although derivative instruments are generally more liquid than physical market instruments. A liquid secondary market may not always exist for certain derivative positions. Over-the-counter derivative instruments also involve counterparty risk that the other party to the derivative instrument will not meet its obligations.

The use of derivatives in the PBGC investment portfolio is also further restricted insofar as they may not be used to create leverage in the portfolio. Thus, derivatives are not permitted to be utilized to leverage the portfolio beyond the maximum risk level associated with a fully invested portfolio of physical securities.

Derivative instruments are used to mitigate risk (e.g., adjust duration or currency exposures), enhance investment returns, and/or as liquid and cost-efficient substitutes for positions in physical securities. These derivative instruments are not designated as accounting hedges consistent with FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*, which requires an active designation as a prerequisite for any hedge accounting. PBGC uses a no-hedging designation, which results in the gain or loss on a derivative instrument to be recognized currently in earnings. Derivatives are accounted for at fair value in accordance with the FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*. Derivatives are marked to market with changes in value reported as a component of financial income on the Statements of Operations. PBGC presents all derivatives at fair value on the Statements of Financial Position.

PBGC's investment managers invested in investment products that used various U.S. and non-U.S. derivative instruments. Those products included, but are not limited to: index futures; options; money market futures; government bond futures; interest rate, credit default, and total return swaps and swaption (an option on a swap) contracts; stock warrants and rights; debt option contracts; and foreign currency futures, forward, and option contracts. Some of these derivatives are traded on organized exchanges and thus bear minimal counterparty risk. The counterparties to PBGC's non-exchange-traded derivative contracts are major financial institutions subject to ISDA (International Swaps and Derivatives Association, Inc.) master agreements or IFEMAs (International Foreign Exchange Master Agreements) and minimum credit ratings required by investment guidelines. PBGC monitors PBGC's counterparty risk and exchanges collateral under most contracts to further support performance by counterparties. Required margin (collateral) for exchange traded and non-exchange traded centrally cleared derivatives is maintained by a clearinghouse to support the performance by counterparties, which are members of the clearinghouse, and collateral is exchanged directly with counterparties for non-exchange traded non-centrally cleared derivatives. A clearinghouse reduces the settlement risks by netting offsetting transactions between multiple counterparties and by requiring higher levels of collateral deposits or margin requirements compared to bilateral arrangements. Settlement risks are also reduced by the clearinghouse providing independent valuation of trades and margin, monitoring the credit worthiness of the clearing firms, and providing a guarantee fund, which could be used to cover losses that exceed a defaulting clearing firm's margin on deposit.

A futures contract is an agreement between a buyer or seller and an established futures exchange clearinghouse in which the buyer or seller agrees to take or make a delivery of a specific amount of a financial instrument at a specified price on a specific date (settlement date) in the future. The futures exchanges and clearinghouses clear, settle, and guarantee transactions occurring through their facilities. Upon entering into a futures contract, an "initial margin" amount (in cash or liquid securities) of generally 1 to 6 percent of the face value indicated in the futures contract is required to be deposited with the broker. Open futures positions are marked to market daily. Subsequent payments known as "variation margin" are made or received by the portfolio dependent upon the daily fluctuations in value of the underlying contract. PBGC maintains adequate liquidity in its portfolio to meet these margin calls.

PBGC also invests in forward contracts. A forward foreign currency contract is a commitment to purchase or sell a foreign currency at the settlement date (in the future) at a negotiated rate or to make settlement based on comparable economics, but without actually delivering the foreign currency. Foreign currency forward, futures, and option contracts may be used as a substitute for cash currency holdings. This is in order to minimize currency risk exposure to changes in foreign currency exchange rates and to adjust overall currency exposure to reflect the investment views of the fixed income and equity portfolio managers regarding relationships between currencies.

A swap is an agreement between two parties to exchange different financial returns on a notional investment amount. The major forms of swaps traded are interest rate swaps, credit default swaps, and total return swaps. These swaps are netted for reporting purposes. PBGC uses swap and swaption contracts to adjust exposure to interest rates, fixed income securities exposure, credit exposure, and equity exposure, and to generate income based on the investment views of the portfolio managers regarding interest rates, indices, and individual securities.

Interest rate swaps involve exchanges of fixed-rate and floating-rate interest. Interest rate swaps are often used to alter exposure to interest rate fluctuations by swapping fixed-rate obligations for floating-rate obligations, or vice versa. The counterparties to the swap agree to exchange interest payments on specific dates, according to a predetermined formula. The payment flows are usually netted against each other, with one party paying the difference to the other.

A credit default swap is a contract between a buyer and seller of protection against pre-defined credit events. PBGC may buy or sell credit default swap contracts to seek to increase the portfolio's income or to mitigate the risk of default on portfolio securities.

A total return swap is a contract between a buyer and seller of exposures to certain asset classes, such as equities. PBGC may buy or sell total return contracts to seek to increase or reduce the portfolio's exposure to certain asset classes.

An option contract is a contract in which the writer of the option grants the buyer of the option the right to purchase from (call option) or sell to (put option) the writer a designated instrument at a specified price within a specified period of time.

Stock warrants and rights allow PBGC to purchase securities at a stipulated price within a specified time limit.

For the fiscal years ended September 30, 2024 and 2023, gains and losses from settled margin calls are reported in "Investment income" on the Statements of Operations. Securities and cash are pledged as collateral for derivative contracts (e.g., futures and swaps) and are recorded as a receivable or payable.

FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*, requires the disclosure of fair values of derivative instruments and their gains and losses in its financial statements of both the derivative positions existing at period ending September 30, 2024 and the effect of using derivatives during the reporting period.

The following three key tables present PBGC's use of derivative instruments and its impact on PBGC's financial statements:

- Fair Values of Derivative Instruments – Identifies the location of derivative fair values on the Statements of Financial Position, as well as the notional amounts.
- Offsetting of Derivative Assets – Presents the impact of legally enforceable master netting agreements on derivative assets.
- Offsetting of Derivative Liabilities – Presents the impact of legally enforceable master netting agreements on derivative liabilities.

FAIR VALUES OF DERIVATIVE INSTRUMENTS

	Asset Derivative					
	September 30, 2024			September 30, 2023		
(Dollars in millions)	Statements of Financial Position Location	**Notional**	**FMV**	Statements of Financial Position Location	Notional	FMV
Futures	Derivative Contracts	**$7,318**	**$4**	Derivative Contracts	$6,671	$357
Swap contracts						
Interest rate swaps	Investments-Fixed	**4,063**	**7**	Investments-Fixed	2,956	79
Other derivative swaps	Investments-Fixed	**1,234**	**20**	Investments-Fixed	1,077	6
Option contracts	Investments-Fixed	**119**	**1**	Investments-Fixed	8	5
Forwards - foreign exchange	Investments-Fixed	**18,393**	**(57)**	Investments-Fixed	14,942	21
	Investments-Equity	**-**	**-**	Investments-Equity	-	-

	Liability Derivative					
	September 30, 2024			September 30, 2023		
(Dollars in millions)	Statements of Financial Position Location	**Notional**	**FMV**	Statements of Financial Position Location	Notional	FMV
Futures	Derivative Contracts	**$3,421**	**($8)**	Derivative Contracts	$12,765	($140)
Option contracts	Derivative Contracts	**124**	**(1)**	Derivative Contracts	11	(4)

Additional information specific to derivative instruments is disclosed in Note 4 – Derivative Contracts, and Note 5 – Fair Value Measurements.

PBGC uses a net presentation on the Statements of Financial Position for those derivative financial instruments entered into with counterparties under legally enforceable master netting agreements. Derivative receivables and derivative payables are netted on the Statements of Financial Position with the same counterparty and the related cash collateral receivables and payables when a legally enforceable master netting agreement exists (i.e., for over-the-counter derivatives). Master netting agreements are used to mitigate counterparty credit risk in certain transactions, including derivatives transactions, repurchase agreements, and reverse repurchase agreements. The master netting agreement also may require the exchange of cash or marketable securities to collateralize either party's net position. Any cash collateral exchanged with counterparties under these master netting agreements is also netted against the applicable derivative fair values on the Statements of Financial Position.

OFFSETTING OF DERIVATIVE ASSETS FAIR VALUE

(Dollars in millions)	September 30, 2024 Gross Amount of Recognized Assets	Gross Amounts Offset in Statements of Financial Position	Net Amounts of Assets Presented in Statements of Financial Position	September 30, 2023 Gross Amount of Recognized Assets	Gross Amounts Offset in Statements of Financial Position	Net Amounts of Assets Presented in Statements of Financial Position
Derivatives						
Interest-rate contracts	**$-**	**$-**	**$-**	$1	$-	$1
Foreign exchange contracts	**178**	**(158)**	**20**	304	(231)	73
Other derivative contracts[1]	**0***	**0***	**0***	0*	0*	0*
Cash collateral nettings	**-**	**-**	**-**	-	16	16
Total Derivatives	**$178**	**($158)**	**$20**	$305	($215)	$90
Other financial instruments[2]						
Repurchase agreements	**1,427**	**-**	**1,427**	966	-	966
Securities lending collateral	**7,410**	**-**	**7,410**	6,753	-	6,753
Total derivatives and other financial instruments	**$9,015**	**($158)**	**$8,857**	$8,024	($215)	$7,809

(Dollars in millions)	September 30, 2024 Gross Amounts Not Offset in Statements of Financial Position			September 30, 2023 Gross Amounts Not Offset in Statements of Financial Position		
	Net Amount of Assets Presented in Statements of Financial Position	**Collateral Received**	**Net Amount**	Net Amount of Assets Presented in Statements of Financial Position	Collateral Received	Net Amount
Repurchase agreements	**$1,427**	**$-**	**$1,427**	$966	$-	$966
Security lending collateral	**7,410**	**(7,410)**	**-**	6,753	(6,753)	-
Total	**$8,837**	**($7,410)**	**$1,427**	$7,719	($6,753)	$966

* Less than $500,000
[1] Other derivative contracts include total return swaps, currency swaps, and credit default swaps.
[2] Under subheading "Other financial instruments", repurchase agreements and securities lending collateral are presented on a gross basis within the table and on the Statements of Financial Position.

OFFSETTING OF DERIVATIVE LIABILITIES FAIR VALUE

(Dollars in millions)	September 30, 2024 Gross Amount of Recognized Liabilities	September 30, 2024 Gross Amounts Offset in Statements of Financial Position	September 30, 2024 Net Amounts of Assets Presented in Statements of Financial Position	September 30, 2023 Gross Amount of Recognized Liabilities	September 30, 2023 Gross Amounts Offset in Statements of Financial Position	September 30, 2023 Net Amounts of Assets Presented in Statements of Financial Position
Derivatives						
Interest-rate contracts	**$2**	**$-**	**$2**	$1	$-	$1
Foreign exchange contracts	**235**	**(158)**	**77**	283	(231)	52
Other derivative contracts[1]	**0***	**0***	**0***	0*	0*	0*
Cash collateral nettings	**-**	**43**	**43**	-	-	-
Total Derivatives	**$237**	**($115)**	**$122**	$284	($231)	$53
Other financial instruments[2]						
Resale agreements	**$-**	**$-**	**$-**	$-	$-	$-
Securities lending collateral	**7,410**	**-**	**7,410**	6,753	-	6,753
Total derivatives and other financial instruments	**$7,647**	**($115)**	**$7,532**	$7,037	($231)	$6,806

(Dollars in millions)	September 30, 2024 Gross Amounts Not Offset in Statements of Financial Position			September 30, 2023 Gross Amounts Not Offset in Statements of Financial Position		
	Net Amount of Liabilities Presented in Statements of Financial Position	**Collateral Received**	**Net Amount**	Net Amount of Liabilities Presented in Statements of Financial Position	Collateral Received	Net Amount
Resale agreements	**$-**	**$-**	**$-**	$-	$-	$-
Security lending collateral	**7,410**	**(7,410)**	**-**	6,753	(6,753)	-
Total	**$7,410**	**($7,410)**	**$-**	$6,753	($6,753)	$-

* Less than $500,000

[1] Other derivative contracts include total return swaps, currency swaps, and credit default swaps.

[2] Under subheading "Other financial instruments", repurchase agreements and securities lending collateral are presented on a gross basis within the table and on the Statements of Financial Position.

The following table identifies the location of derivative gains and losses on the Statements of Operations as of September 30, 2024, and September 30, 2023.

EFFECT OF DERIVATIVE CONTRACTS ON THE STATEMENTS OF OPERATIONS

(Dollars in millions)	Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Recognized in Income on Derivatives **Sept. 30, 2024**	Sept. 30, 2023
Futures			
Contracts in a receivable position	Investment Income-Fixed	**($237)**	$1,059
Contracts in a receivable position	Investment Income-Equity	**-**	0 *
Contracts in a payable position	Investment Income-Fixed	**120**	(680)
Contracts in a payable position	Investment Income-Equity	**0 ***	-
Swap agreements			
Interest rate swaps	Investment Income-Fixed	**(7)**	21
Other derivative swaps	Investment Income-Fixed	**(1)**	(2)
Option contracts			
Options purchased (long)	Investment Income-Fixed	**(17)**	(21)
Options purchased (long)	Investment Income-Equity	**-**	-
Options written (sold short)	Investment Income-Fixed	**7**	9
Options written (sold short)	Investment Income-Equity	**-**	-
Forward contracts			
Forwards - foreign exchange	Investment Income-Fixed	**(94)**	(22)
	Investment Income-Equity	**0 ***	0 *

* Less than $500,000

Additional information specific to derivative instruments is disclosed in Note 4 - Derivative Contracts, and Note 5 - Fair Value Measurements.

SECURITIES LENDING

PBGC participates in a securities lending program administered by its custodian bank. The custodian bank requires initial collateral that equals 102 to 105 percent of the market value of the securities lent. The collateral is held by the custodian bank or its agent. The custodian bank either receives cash or non-cash as collateral or returns collateral to cover mark-to-market changes. Any cash collateral received is invested by PBGC's investment agent. In addition to the lending program managed by the custodian bank, some of PBGC's investment managers are authorized to invest in securities purchased under resale agreements (an agreement with a commitment by the seller to buy a security back from the purchaser at a specified price at a designated future date), and securities sold under repurchase agreements.

The average value of securities on loan through September 30, 2024, and through September 30, 2023, was $7,802 million and $6,436 million, respectively. The average value of lendable securities was $36,764 million through September 30, 2024, and $38,606 million through September 30, 2023. The ratio of the average value of securities on loan and the average value of lendable securities is the average utilization rate. This average utilization rate was 21 percent through September 30, 2024, and 17 percent through September 30, 2023.

The average value of U.S. Corporate Bonds and Equity securities on loan through September 30, 2024, was $1,945 million, as compared to $1,327 million through September 30, 2023. The average value of U.S. Corporate Bonds and Equity securities on loan is 25 percent of the $7,802 million average value of securities on loan through September 30, 2024, as compared to 21 percent of the $6,436 million average value of securities on loan through September 30, 2023. The average value of lendable U.S. Corporate Bonds and Equity securities was $21,147 million through September 30, 2024, or 58 percent of PBGC's overall average value of lendable securities; while the average value of lendable U.S. Corporate Bonds and Equity securities was $22,154 million through September 30, 2023, or 57 percent of PBGC's overall average value of lendable securities. The average utilization of U.S. Corporate Bonds and Equity securities was 9 percent through September 30, 2024, and 6 percent through September 30, 2023. U.S. Corporate Bonds and Equity securities utilization increased due to higher demand to borrow corporate bonds.

The average value of U.S. Government securities on loan through September 30, 2024, was $5,713 million, as compared to $5,025 million through September 30, 2023. The average value of U.S. Government securities on loan was 73 percent of the $7,802 million average value of securities on loan through September 30, 2024, as compared to 78 percent of the $6,436 million average value of securities on loan through September 30, 2023. The average value of lendable U.S. Government securities through September 30, 2024, was $10,908 million, or 30 percent of PBGC's overall average value of lendable securities; whereas the average value of lendable U.S. Government securities through September 30, 2023, was $12,685 million, or 33 percent of PBGC's overall average value of lendable securities. The average utilization of U.S. Government securities increased to 53 percent through September 30, 2024 from 41 percent through September 30, 2023. The increase in the utilization was due to elevated interest rates which resulted in favorable cash reinvestment opportunities for loans of U.S. Government Securities.

The following table presents utilization rates of investment securities in the custodian administered securities lending program.

UTILIZATION RATES IN THE SECURITIES LENDING PROGRAM

	Daily Utilization Rates at Sept. 30, 2024	Sept. 30, 2024 Average Utilization Rates	Sept. 30, 2023 Average Utilization Rates
U.S. Corporate Bond & Equity	14%	9%	6%
U.S. Government Securities	39%	53%	41%
Non-U.S. Corporate Bond & Equity	6%	4%	3%
Non-U.S. Fixed Income	3%	1%	0%*
Total PBGC Program	20%	21%	17%

*Less than 1%.

The amounts of cash collateral received for securities on loan at September 30, 2024, and September 30, 2023, were $7,410 million and $6,753 million, respectively. These amounts are recorded as assets and are offset with a corresponding liability. For lending agreements collateralized by securities, no accompanying asset or liability is recorded, as PBGC does not sell or re-pledge the associated collateral. For those securities lending activities that PBGC directs through its custodian manager, the Corporation chooses to invest proceeds from securities lending in the PBGC Collateral Fund.

In addition to its custodian agent lending program, PBGC invests in commingled index funds that participate in securities lending. PBGC does not own the securities in a commingled fund but owns units in the fund. An affiliated lending agent of the index fund provider lends the securities in the fund and receives collateral in return. The lending agent monitors and manages the collateral levels and monitors the credit quality and operations of their borrowing counterparties. The lending agent performs this service on behalf of the many clients that are invested in the index provider's commingled funds that participate in securities lending. This collateral is not valued or recorded on PBGC's financial statements as PBGC only owns units in the commingled funds.

PBGC's earnings from its agency securities lending programs as of September 30, 2024, and September 30, 2023, was $18 million and $19 million, respectively. Also contributing to PBGC's securities lending income is its participation in the commingled index funds mentioned above. Net income from securities lending is included in "Investment income – Fixed" on the Statements of Operations.

PBGC does not have the right by contract or custom to sell or re-pledge non-cash collateral, and therefore it is not reported on the Statements of Financial Position. Non-cash collateral, which consists of highly rated debt instruments, remains at meaningful levels.

REPURCHASE AGREEMENTS

PBGC's repurchase agreements entitle and obligate the Corporation to repurchase or redeem the same or substantially the same securities that were previously transferred as collateralized securities. In addition, repurchase agreements require the Corporation to redeem the collateralized securities, before maturity at a fixed determinable price.

As of September 30, 2024, PBGC had $1,427 million of repurchase agreements. Repurchase agreements include maturities of one day which is reported as an asset and included in the "Cash and cash equivalents" balance. Those that mature in more than one day are reported under "Fixed maturity securities." There was no associated liability for these secured borrowings reported as "Securities sold under repurchase agreements." PBGC has no restrictions placed on the cash received for all its outstanding repurchase agreements as of September 30, 2024.

NOTE 4: DERIVATIVE CONTRACTS

PBGC's derivative financial instruments are recorded at fair value and are included on the Statements of Financial Position as investments and derivative contracts. Foreign exchange forwards are included in "Fixed maturity securities." Swaps are netted for the individual contracts and are also included in "Fixed maturity securities." Swaps listed in the tables below represent the receivables and payables in an open trade position. Contracts for Futures in the tables below represent margin variation receivables and payables. The amounts subject to credit risk related to derivative instruments are generally limited to the amounts, if any, by which the counterparty's obligations exceed PBGC's obligations with that counterparty. PBGC considers this risk remote and does not expect the settlement of these transactions to have a material effect in the Statements of Operations and Statements of Financial Position.

Amounts in the table below represent the derivative contracts in a receivable position at September 30, 2024. Collateral deposits of $259 million, which represent cash paid as collateral on certain derivative contracts, are shown below.

DERIVATIVE CONTRACTS

(Dollars in millions)	**September 30, 2024**	September 30, 2023
Receivables on derivatives:		
Collateral deposits	**$259** [1]	$333 [2]
Futures contracts	**4**	356
Interest rate swaps (open trade receivable)	**196**	31
Other derivative swaps (open trade receivable)	**63**	41
Total	**$522**	$761

[1] For FY 2024, where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits receivable are $259 million ($273 million gross collateral deposits receivable less $14 million due to a netting of collateral deposits receivable and payable).

[2] For FY 2023, where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits receivable are $333 million ($381 million gross collateral deposits receivable less $48 million due to a netting of collateral deposits receivable and payable).

Amounts in the Derivative Contracts table below represent derivative contracts in a payable position at September 30, 2024, which PBGC reflects as a liability. Collateral deposits of $116 million, which represent cash received as collateral on certain derivative contracts, are included.

DERIVATIVE CONTRACTS

(Dollars in millions)	**September 30, 2024**	September 30, 2023
Payables on derivatives:		
Collateral deposits	**$116** [1]	$495 [2]
Futures contracts	**8**	140
Interest rate swaps (open trade payable)	**195**	31
Other derivative swaps (open trade payable)	**63**	41
Options fixed/equity – income	**1**	4
Total	**$383**	$711

[1] For FY 2024, where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits payable are $116 million ($130 million gross collateral deposits payable less $14 million due to a netting of collateral deposits receivable and payable).

[2] For FY 2023, where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits payable are $495 million ($543 million gross collateral deposits payable less $48 million due to a netting of collateral deposits receivable and payable).

NOTE 5: FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification Section 820, *Fair Value Measurements and Disclosures*, provides a consistent definition of fair value and establishes a framework for measuring fair value in accordance with U.S. GAAP. It does not require the measurement of financial assets and liabilities at fair value. The standard is intended to increase consistency and comparability in, and disclosures about, fair value measurements by giving users better information about how extensively PBGC uses fair value to measure financial assets and liabilities, the inputs PBGC used to develop those measurements, and the effect of the measurements, if any, on the financial condition, results of operations, liquidity, and capital.

Section 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an "exit price") in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants on the measurement date. When PBGC measures fair value for its financial assets and liabilities, PBGC considers the principal or most advantageous market in which the Corporation would transact. PBGC also considers assumptions that market participants would use when pricing the asset or liability. When possible, PBGC looks to active and observable markets to measure the fair value of identical, or similar, financial assets or liabilities. When identical financial assets and liabilities are not traded in active markets, PBGC looks to market observable data for similar assets and liabilities. In some instances, certain assets and liabilities are not actively traded in observable markets, and as a result PBGC uses alternative valuation techniques to measure their fair value.

In addition, Section 820 establishes a hierarchy for measuring fair value. That hierarchy is based on the observability of inputs to the valuation of a financial asset or liability as of the measurement date. The standard also requires the recognition of trading gains or losses related to certain derivative transactions whose fair value has been determined using unobservable market inputs.

PBGC believes that its valuation techniques and underlying assumptions used to measure fair value conform to the provisions of Section 820. PBGC has categorized the financial assets and liabilities that PBGC carries at fair value in the Statements of Financial Position based upon the standard's valuation hierarchy. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to pricing methods with significant observable market inputs (Level 2), and the lowest priority to significant unobservable valuation inputs (Level 3). In addition, PBGC, for certain Level 2 and 3 investments that use the NAV "practical expedient" (i.e., priced without any adjustments). Investments that use the practical expedient are displayed in a NAV only category and are removed from their Level 2 or Level 3 category and added to the new exclusive NAV only category. The fair value table affected by this guidance is found in PBGC Financial Statements Note 5, Fair Value Measurements.

If the inputs used to measure a financial asset or liability cross different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. PBGC's assessment of the significance of a particular input to the overall fair value measurement of a financial asset or liability requires judgment, and considers factors specific to that asset or liability, as follows:

Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market. PBGC's Level 1 investments primarily include exchange-traded equity securities and certain U.S. Government securities.

Level 2 - Financial assets and liabilities whose values are based on quoted prices for similar assets and liabilities in active markets. PBGC also considers inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets. This includes cash equivalents, securities lending collateral, U.S. Government securities, asset backed securities, fixed foreign investments, corporate bonds, repurchase agreements, bond forwards, and swaps.

- Quoted prices for identical or similar assets or liabilities in non-active markets. This includes corporate stock and foreign investments equity.
- Pricing models whose inputs are observable for substantially the full term of the asset or liability – included are insurance contracts and bank loans.
- Pricing models whose inputs are derived principally from or are corroborated by observable market information through correlation or other means for substantially the full term of the asset or liability.

Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable in the market and significant to the overall fair value measurement. These inputs reflect PBGC's judgment about the assumptions that a market participant would use in pricing the asset or liability and based on the best available information. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. PBGC includes instruments whose values are based on a single source such as a broker, pricing service, or dealer, which cannot be corroborated by recent market transactions. These include fixed maturity securities such as corporate bonds that are comprised of securities that are no longer traded on the active market and/or not managed by any asset manager. Equity securities such as corporate stocks are also included, comprised of securities that are no longer traded on the active market and/or not managed by any asset manager. Real estate funds that invest primarily in U.S. commercial real estate are valued based on each underlying investment within the fund/account; they incorporate valuations that consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information, including comparable transactions, and performance multiples, among other factors. The assets and liabilities that PBGC carries at fair value are summarized by the three levels required by Section 820 in the following table. The fair value of the asset or liability represents the "exit price" – the price that would be received to sell the asset or paid to transfer the liability.

FAIR VALUE MEASUREMENTS ON A RECURRING BASIS AS OF SEPTEMBER 30, 2024

(Dollars in millions)	**Investment Measured at Net Asset Value (NAV)**	**Quoted Market Prices in Active Markets (Level 1)**	**Pricing Methods with Significant Observable Market Inputs (Level 2)**	**Pricing Methods with Significant Unobservable Market Inputs (Level 3)**	**Total Net Carrying Value in Statements of Financial Position**
Assets					
Cash and cash equivalents	$ -	$88	$10,140	$ -	$10,228
Securities lending collateral[1]	-	-	7,410	-	7,410
Investments:					
Fixed maturity securities					
U.S. Government securities	-	-	67,645	-	
Commercial paper/securities purchased under repurchase agreements	-	-	907	-	
Asset backed/Mortgage backed securities	-	-	11,640	-	
Pooled funds[2]		5	-	0*	
Pooled funds fixed maturity at NAV[2,3]	2,149				
Corporate bonds and other	-	1	16,222	1	
International securities	-	(57)	8,229	0*	
Total Fixed Maturity Securities	2,149	(51)	104,643	1	106,742
Equity securities:					
Domestic	-	1,159	310	6	
International	-	3,233	-	0*	
Pooled funds[2]		14	-	-	
Pooled funds equity securities NAV[2,3]	11,880	-	-	-	
Total Equity Securities	11,880	4,406	310	6	16,602
Private equity at NAV[3]	160	-	-	-	160
Real estate and real estate investment trusts	-	1,479	-	2	
Real estate and real estate investment trusts at NAV[3]	549				
Total Real Estate	549	1,479	-	2	2,030
Insurance contracts and other Investments	20	0*	-	194	214
Receivables: [4]					
Derivative contracts[5]	-	4	518	-	522
Liabilities					
Payables: [4]					
Derivative contracts[6]	-	9	374	-	383

* Less than $500,000.

1 For securities lending details, please refer to the Securities lending section in Note 3 – Investments.
2 Pooled funds fixed and Pooled funds equity consists of domestic, international and global/other.
3 Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have been excluded from fair value hierarchy. See Significant Accounting Policies – Note 2.
4 Where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits receivable are $259 million ($273 million gross collateral deposits receivable less $14 million due to a netting of collateral deposits receivable and payable). Collateral deposits payable are $116 million ($130 million gross collateral deposits payable less $14 million due to a netting of collateral deposits receivable and payable).
5 Derivative contracts receivables are comprised of open receivable trades on futures, swaps, and collateral deposits. See the Derivative Contracts table under Note 4.
6 Derivative contracts payables are comprised of open payable trades on futures, swaps, options, and collateral deposits. See the Derivative Contracts table under Note 4.

CHANGES IN LEVEL 3 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

(Dollars in millions)	Fair Value at September 30, 2023	Total Realized and Unrealized Gains (Losses) included in Income	Purchases	Sales	Transfers Into Level 3	Transfers Out of Level 3	Fair Value at September 30, 2024	Change in Unrealized Gains (Losses) Related to Financial Instruments held at September 30, 2024[1]
Assets:								
Fixed Securities	$2	1	-	(2)	-	-	$1	$7
Equity Securities	$4	2	0*	0*	-	-	$6	$2
Private Equity	$-	-	-	-	-	-	$-	$-
Real Estate & Real Estate Investment Trusts	$4	(2)	-	0*	-	-	$2	($2)
Insurance and Other	$259	(28)	7	(44)	-	-	$194	($52)

* Less than $500,000.
1 Amounts included in this column solely represent changes in unrealized gains and losses and cannot be derived from other columns from this table.

Pursuant to FASB Accounting Standards Codification Section 820, *Fair Value Measurement, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*; additional disclosures for Investments priced at Net Asset Value are discussed below.

FAIR VALUE MEASUREMENTS OF INVESTMENTS THAT ARE MEASURED AT NET ASSET VALUE PER SHARE (OR ITS EQUIVALENT) AS A PRACTICAL EXPEDIENT FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Net Asset Value (in millions)	Unfunded Commitments [1,2]	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real estate (a)	$549	$17	n/a	n/a
Private equity (b)	160	52	n/a	n/a
Pooled funds (c)	14,029	-	n/a	n/a
Total	$14,738	$69		

[1] Unfunded amounts include recallable distributions. A substantial portion of the unfunded commitments is unlikely to be called.
[2] These amounts include unfunded commitments that are measured at Net Asset Value.

a. This class includes public and private real estate investments that invest primarily in U.S. commercial real estate and U.S. residential real estate. For the private real estate investments, the fair value of each individual investment in this class has been estimated using the net asset value of PBGC's ownership interest in partners' capital. Generally, these investments do not have redemption provisions. Distributions from each asset include periodic income payments and the proceeds from the sale of the underlying real estate assets. The underlying real estate assets can generally be held indefinitely from the inception date of the investment. There are no plans to sell PBGC's interest in private real estate fund investments in this class in the secondary market. The public real estate investment is an investment in a unit trust that is intended to match the return of a REIT index. Units reflect a pro-rata share of the fund's investments. The per unit net asset value is determined each business day based on the fair value of the fund's investments. Issuances and redemptions are possible at least monthly when a per unit value is determined and are based upon the closing per unit net asset value.

b. This class includes private market investments that invest primarily in U.S. buyout and U.S. venture capital funds. These investments do not generally have redemption provisions. Instead, investments in this class typically make distributions which result from liquidation of the underlying assets of the funds. These distributions can extend 10 years or more from the inception of each individual fund. The fair value of each individual investment has been estimated using the net asset value of PBGC's ownership interest in partners' capital.

c. This class includes investments in unit trusts that are intended to match or outperform the returns of domestic and international indices. Units reflect a pro-rata share of the fund's investments. The per unit net asset value is determined each business day based on the fair value of the fund's investments. Issuances and redemptions are possible at least monthly when a per unit value is determined and are based upon the closing per unit net asset value.

PBGC uses recent prices of group annuities to derive the interest factors used to calculate the present value of future benefit-payment obligations. PBGC determines the interest-factor set that, when combined with a specified mortality table, produces present values that approximate the prices private insurers would charge to annuitize the same benefit-payment obligations.

Based on this valuation and in accordance with the provisions of the FASB Accounting Standards Codification Section 820, *Fair Value Measurements and Disclosures*, the significant unobservable inputs for the liability is the interest factor risk for Level 3 fair value measurements. A change in interest factors has an impact to the calculation of PBGC's PVFB, and the impact will be reflected in the "Due to change in interest factors." The table below summarizes the hypothetical results of using a 100 basis point difference causing the PVFB liability to increase (decrease) with a corresponding decrease (increase) in the interest factors. Furthermore, any such hypothetical change in the PVFB liability would have a corresponding effect on "Due to change in interest factors" expense.

HYPOTHETICAL AND ACTUAL INTEREST FACTOR SENSITIVITY CALCULATIONS OF PVFB SINGLE-EMPLOYER TRUSTEED PLANS AND MULTIEMPLOYER PROGRAM[1]

September 30, 2024 *(Dollars in millions)*	**Sensitivity Factors Curve of One-Year Spot Rates (Interest Factors) - Varies Annually from 3.44% in year 1 to 4.11% in year 30 and is assumed to remain level thereafter**	**Official Factors[2] Curve of One-Year Spot Rates (Interest Factors) - Varies Annually from 4.44% in year 1 to 5.11% in year 30 and is assumed to remain level thereafter**	**Sensitivity Factors Curve of One-Year Spot Rates (Interest Factors) - Varies Annually from 5.44% in year 1 to 6.11% in year 30 and is assumed to remain level thereafter**
Single-Employer Program[3]	$84,590	**$78,522**	$73,309
Multiemployer Program	2,252	**2,070**	1,914
Total	$86,842	**$80,592**	$75,223

[1] Level 3 Fair Value Measurements.
[2] Actual Spot Curve factors and PVFB amounts calculated for September 30, 2024, fiscal year-end financial statements.
[3] Gross PVFB liability for trusteed plans prior to the netting of recoveries.

NOTE 6: PRESENT VALUE OF FUTURE BENEFITS

The present value of future benefits (PVFB) is the estimated liability for future pension benefits that PBGC is or will be obligated to pay for trusteed plans and plans pending termination and trusteeship. For financial statement purposes, the net assets of plans pending termination and trusteeship (including estimated recoveries, assets, and miscellaneous liabilities) are included in the line item "Plans Pending Termination and Trusteeship." The estimated losses on probable future plan terminations are also included in the total PVFB liability. The PVFB liability is stated as the actuarial present value of estimated future benefit payments.

PBGC uses a curve of interest factors to determine the estimated actuarial present value of future benefit payments (as well as projected multiemployer nonrecoverable future financial assistance as discussed in Note 7). PBGC surveys insurance industry group annuity prices through the American Council of Life Insurers (ACLI) to obtain input needed to determine interest factors and then derives a 30-year curve of interest factors that together with the latest Society of Actuaries' (SOA) mortality table best matches the private sector average group annuity prices from the ACLI surveys.

The yield curve of interest factors is adjusted to best fit the average survey group annuity prices which include unobserved factors such as: actual insurer mortality tables and mortality improvement expectations, regulatory capital requirements, risk perspective, profit expectations, etc. Many factors including Federal Reserve policy, changing expectations about longevity risk, and competitive market conditions may affect these interest factors.

The interest factors determined as the best fit for the price information from the four most recent ACLI surveys, as of June 30, 2024, March 31, 2024, December 31, 2023 and September 30, 2023 have been adjusted to the date of the financial statements using market interest rates. Prior to June 30, 2024, price information from the two most recent ACLI surveys was used. For this purpose, underlying market interest rates are based on a weighted average of corporate bond and Treasury rates using rate information obtained from the Intercontinental Exchange (ICE) index data platform. Corporate bond rates are from the ICE AAA-A3 market-weighted corporate bond spot curve which is based primarily on single A bond rates. Treasury rates are from the ICE U.S. Government spot curve. In PBGC's opinion, the liability for future benefit payments, net of administrative expenses, could be settled in the market for single-premium nonparticipating group annuities issued by private insurers on September 30, 2024 using these developed interest factors.

To derive the curve of interest factors, PBGC used the latest Society of Actuaries' (SOA) mortality table, released October 2019. Effective June 30, 2024, the mortality assumption was based on the Pri-2012 mortality tables, with separate tables applied for Employees and for Non-Disabled Annuitants. The MP-2021 mortality improvement scales continue to be used. The latest SOA mortality tables are PBGC's best estimate of the mortality assumption being used by insurance companies to determine group annuity premiums.

Changes to the number of surveys used and the mortality assumption noted above were made to be more consistent with the procedures used to extract the yield curve of interest discount rates used for valuation purposes under the final regulation on the Allocation of Assets in Single Employer Plans (§4044 rule).

The table below shows a comparison of the September 30, 2024 and September 30, 2023 spot rate yield curves. Future payments are discounted by the single spot rate applicable for the future year in which the payment is made. For September 30, 2024, the spot rate yield curve starts with an interest factor of 4.44% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 5.11% and is assumed to remain level thereafter. For September 30, 2023, the spot rate yield curve started with an interest factor of 6.30% in year 1 and changed as the future period for discounting got longer until year 30 when the interest factor became 5.55% and was assumed to remain level thereafter.

CURVE OF SPOT RATES FOR SEPTEMBER 30, 2024 AND SEPTEMBER 30, 2023

Period (in Years)	09/30/2024	09/30/2023	Change		Period (in Years)	09/30/2024	09/30/2023	Change
1	4.44%	6.30%	-1.86%		16	5.06%	6.07%	-1.01%
2	4.22%	6.07%	-1.85%		17	5.13%	6.11%	-0.98%
3	4.18%	5.95%	-1.77%		18	5.20%	6.14%	-0.94%
4	4.22%	5.88%	-1.66%		19	5.26%	6.17%	-0.91%
5	4.29%	5.83%	-1.54%		20	5.32%	6.18%	-0.86%
6	4.36%	5.81%	-1.45%		21	5.37%	6.19%	-0.82%
7	4.44%	5.80%	-1.36%		22	5.40%	6.18%	-0.78%
8	4.51%	5.81%	-1.30%		23	5.42%	6.15%	-0.73%
9	4.58%	5.82%	-1.24%		24	5.43%	6.11%	-0.68%
10	4.64%	5.85%	-1.21%		25	5.42%	6.05%	-0.63%
11	4.71%	5.88%	-1.17%		26	5.39%	5.98%	-0.59%
12	4.77%	5.91%	-1.14%		27	5.34%	5.89%	-0.55%
13	4.84%	5.95%	-1.11%		28	5.28%	5.79%	-0.51%
14	4.91%	5.99%	-1.08%		29	5.20%	5.67%	-0.47%
15	4.99%	6.03%	-1.04%		30	5.11%	5.55%	-0.44%
					Longer Periods	5.11%	5.55%	-0.44%

PBGC uses a fully generational mortality assumption, in combination with the spot rates above, to measure the PVFB. Based on the results of a preliminary 2022 study of PBGC's single-employer mortality experience (completed September 14, 2022), an updated mortality assumption was adopted for the September 30, 2023, and subsequent Financial Statements. The study was based on PBGC's single-employer experience from fiscal years 2017 through 2021. The study recommended the use of the Pri-2012 Total Dataset Mortality tables combined with specific ten-year age band adjustments from ages 55 to 104 for healthy participants and setting ages forward or backward for disabled participants depending on a disabled participant's gender and eligibility for Social Security. The resulting tables are projected generationally using the most currently available projection scale, which is Scale MP-2021. The preliminary 2022 mortality study was finalized on February 17, 2023. As a result, the mortality assumption was updated for the June 30, 2023 and subsequent financial statements. The final mortality study includes an additional experience year (2022) in the analysis and recommended revisions to the previously updated healthy and disabled mortality tables. Separate base mortality rates for annuitants and non-annuitants are now being applied and were determined based on experience through September 30, 2019, resulting in changes to the age band adjustments developed in the preliminary mortality study.

Thus, the mortality tables PBGC used to determine liabilities as of September 30, 2024, consisted of the Pri-2012 Total Dataset Annuitant and Non-Annuitant Mortality Tables Healthy Male and Female with the age band adjustments noted above projected generationally with the MP-2021 improvement scale.

Based on the results of a 2023 study of PBGC's case administration expenses, an updated expense assumption was adopted for the September 30, 2023, and subsequent financial statements. The expense reserve remained as 0.68% of the PVFB but the additional reserves decreased for plans in which plan asset valuations, participant database audits, and actuarial valuations were not yet complete. In addition to the completion of these milestones, PBGC continues to base the reserve on plan size, number of participants, and time since trusteeship. The expense loading factor of 0.68% for ongoing benefit payments represents the estimate of expenses incurred from the ongoing payment of administrative expenses for participants receiving benefits. The expense factors are applied to current data to calculate expense liabilities for each financial statement close. For September 30, 2024, year-end, PBGC used the same expense reserve factors for administrative expenses.

PBGC has in place a policy that allows the Corporation to not decrease a final benefit determination that is overstated by $5 or less. The effect of this policy is carried through to the calculation of the PVFB liability.

The PVFB for trusteed plans for FY 2024 and FY 2023 reflect the payment of benefits and the changes in interest and mortality assumptions, expected interest, and the effect of experience. The resulting liability represents PBGC's best estimate of the measure of anticipated experience under these programs.

The table below summarizes the actuarial adjustments, charges, and credits that explain how the Corporation's Single-Employer Program liability for the PVFB changed for the fiscal year ended September 30, 2024, and for the fiscal year ended September 30, 2023.

RECONCILIATION OF THE PRESENT VALUE OF FUTURE BENEFITS FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	September 30,			
(Dollars in millions)	**2024**		2023	
Present value of future benefits, at beginning of year -- Single-Employer, net		**$73,929**		$78,332
Estimated recoveries, prior year		**165**		128
Assets of terminated plans pending trusteeship, net, prior year		**13**		2,885
Present value of future benefits at beginning of year, gross		**74,107**		81,345
Settlements and judgments, prior year		**(17)**		(17)
Net claims for probable terminations, prior year		**(286)**		(221)
Actuarial adjustments -- underwriting:				
Changes in method and assumptions	**132**		520	
Effect of experience	**(278)**		(611)	
Total actuarial adjustments -- underwriting	**(146)**		(91)	
Actuarial charges -- financial:				
Expected interest	**4,482**		3,909	
Change in interest factors	**5,385**		(2,941)	
Total actuarial charges -- financial	**9,867**		968	
Total actuarial charges, current year		**9,721**		877
Terminations:				
Current year	**886**		1,425	
Changes in prior year	**8**		(3,544)	
Total terminations		**894**		(2,119)
Benefit payments, current year[1]		**(5,849)**		(6,061)
Estimated recoveries, current year		**(26)**		(165)
Assets of terminated plans pending trusteeship, net, current year		**(26)**		(13)
Settlements and judgments, current year [2]		**17**		17
Net claims for probable terminations:				
Future benefits	**177**		668	
Estimated plan assets and recoveries from sponsors	**(46)**		(382)	
Total net claims, current year[3]		**131**		286
Present value of future benefits, at end of year -- Single-Employer, net		**78,666**		73,929
Present value of future benefits, at end of year -- Multiemployer		**0***		0*
Total present value of future benefits, at end of year, net		**$78,666**		$73,929

* Less than $500,000 (actual amount is $17,582 and $21,902 for the 10 Pre-MPPAA (Multiemployer Pension Plan Amendments Act) trusteed multiemployer plans at September 30, 2024, and September 30, 2023, respectively).

1 The benefit payments of $5,849 million for FY 2024, includes a $16 million payment for benefits paid from plan assets prior to trusteeship, compared to $6,061 million at September 30, 2023, which includes a $259 million credit due to the reversal of accrued benefit payments for J.C. Penney, as the company had completed a standard termination in FY 2023, respectively.

2 PBGC estimates that PBGC's future Page/Collins settlement liability amount was $17 million at both September 30, 2024, and September 30, 2023.

3 Net claims of future benefits for probable terminations of $131 million and $286 million at September 30, 2024, and September 30, 2023, include $96 million and $174 million, respectively, for specifically identified probable terminations, and $35 million and $112 million, respectively, for not specifically identified probables.

The following table details the assets that make up single-employer terminated plans pending termination and trusteeship:

ASSETS OF SINGLE-EMPLOYER PLANS PENDING TERMINATION AND TRUSTEESHIP, NET

	September 30, 2024		September 30, 2023	
(Dollars in millions)	**Basis**	**Market Value**	Basis	Market Value
U.S. Government securities	**$ -**	**$ -**	$ -	$ -
Corporate and other bonds	**12**	**12**	3	3
Equity securities	**8**	**8**	7	7
Private equity	**-**	**-**	-	-
Insurance contracts	**8**	**8**	0 *	0 *
Other	**(1)**	**(1)**	3	3
Total, net	**$27**	**$27**	$13	$13

*Less than $500,000

NET CLAIMS FOR PROBABLE TERMINATIONS

Factors that at present are not fully determinable may be responsible for why these claim estimates differ from actual experience. Included in net claims for probable terminations is a provision for future benefit liabilities for plans not specifically identified. This reserve for small unidentified probable losses is recorded for the estimated future contingent losses stemming from insured single-employer plans with an aggregate underfunding of less than $50 million. The reserve is based on the historic three-year rolling average of actual plan terminations (with an aggregate underfunding of less than $50 million) and indexed to the S&P 500 to reflect changes in economic conditions. The September 30, 2024, Net Claims for Probable Terminations is $131 million, of which $96 million is from a specific identification process and $35 million is from the reserve for small unidentified probable losses.

The values recorded in the following reconciliation table have been adjusted to the expected dates of termination.

RECONCILIATION OF NET CLAIMS FOR PROBABLE TERMINATIONS

	September 30,			
(Dollars in millions)	**2024**		2023	
Net claims for probable terminations, at beginning of year		**$286**		$221
New claims	**96**		174	
Actual terminations	**-**		-	
Deleted probables	**(174)**		(3)	
Change in benefit liabilities	**(77)**		(106)	
Change in plan assets	**-**		-	
Loss (credit) on probables		**155**		65
Net claims for probable terminations, at end of year		**$131**		$286

The following table itemizes specifically identified single-employer probable exposure by industry:

PROBABLES EXPOSURE BY INDUSTRY (PRINCIPAL CATEGORIES)

(Dollars in millions)	**FY 2024**	FY 2023
Retail	**$-**	$-
Manufacturing	**-**	-
Transportation, Communication and Utilities	**-**	174
Healthcare Services	**96**	-
Total[1]	**$96**	$174

[1] Total excludes a small unidentified bulk reserve of $35 million and $112 million for September 30, 2024 and September 30, 2023, respectively.

For further detail regarding single-employer probables, see Note 2 under Present Value of Future Benefits (PVFB) subpoint (4).

The following table shows what has happened to plans classified as probable. This table does not include those plans that were classified as probable and then subsequently terminated within the same fiscal year.

ACTUAL PROBABLES EXPERIENCE

As Initially Recorded Beginning in 1987

(Dollars in millions)	Status of Probables from 1987-2023 at September 30, 2024			
Beginning in 1987, number of plans reported as Probable:	Number of Plans	Percent of Plans	Net Claim	Percent of Net Claim
Probables terminated	391	79%	$35,941	75%
Probables not yet terminated or deleted	-	0%	-	0%
Probables deleted	106	21%	12,233	25%
Total	497	100%	$48,174	100%

NOTE 7: MULTIEMPLOYER FINANCIAL ASSISTANCE

PBGC provides traditional financial assistance to multiemployer defined benefit pension plans in the form of loans (generally unsecured). Since these loans for non-SFA eligible plans are not generally repaid, an allowance is set up to the extent that repayment of these loans is not expected. Given the enactment of ARP, plans eligible to receive SFA funds once approved, are required to repay the traditional financial assistance received (a plan obligation) and thus are reflected in PBGC's notes receivable net balance below.

NOTES RECEIVABLE MULTIEMPLOYER TRADITIONAL FINANCIAL ASSISTANCE

(Dollars in millions)	**September 30, 2024**	September 30, 2023
Gross balance at beginning of year	**$2,914**	$2,726
Financial assistance payments	**163**	176
Financial assistance - premiums waived	**4**	3
Write-offs related to settlement agreements	**(6)**	-
SFA - Traditional Financial Assistance Repayments	**(1)**	(147)
Change in accrued interest on notes receivable	**249**	156
Subtotal	**3,323**	2,914
Allowance for uncollectible amounts	**(3,257)**	(2,865)
Net balance at end of year	**$66** [1]	$49

[1] This receivable balance of $66 million (financial assistance plus interest that is expected to be returned to PBGC) represents the reduction to the allowance for uncollectible amounts relating to the insolvent plans that became eligible for Special Financial Assistance (SFA).

The Underwriting losses from financial assistance (insolvent plans) and probable financial assistance reflected in the Statements of Operations include period changes in the estimated present value of nonrecoverable future financial assistance. The financial expenses related to financial assistance are presented as actuarial charges, credits, and adjustments for plans that are known to be insolvent as of the valuation date and/or have begun or are about to begin receiving financial assistance. In addition, a change in the valuation of the liability due to new data received (e.g., new plan expenses, more recent valuation liabilities, and new withdrawal payment schedules) is included as financial assistance from insolvent and probable plans on the Statements of Operations. This valuation data change is a separate line item from actuarial adjustments and actuarial charges.

PBGC calculates the standardized projected Date of Insolvency (DOI) for high risk small-sized multiemployer plans. If the projected DOI is within 20 years of the PBGC financial statement date, actuarial calculations are performed on a plan-by-plan basis for nonrecoverable future financial assistance, utilizing certain generalized assumptions that are appropriate for a bulk reserve.

Financial obligations for these plans are classified into the categories based on their projected DOI as follows:

- Within 10 years are classified as probable.
- From 10 to 20 years are classified as reasonably possible.
- Greater than 20 years is classified as remote.

This methodology aims to standardize and refine the projection and classification of financial obligations within the Multiemployer Program.

To determine the probable liability, ongoing plans are divided into segments based on the number of plan participants with different processes by plan size. For small plans (less than 2,500 participants) and for medium-sized plans (2,500 to 35,000 participants), risk-based rules are applied using a cash-flow model to derive the probable liability. For large plans (more than 35,000 participants), PBGC identifies ongoing high-risk plans and then calculates projected dates of insolvency for these plans to measure the probable liability. As of September 30, 2024, the reserve has been adjusted to reflect the Special Financial Assistance (SFA) Program enacted with ARP.

ARP established the SFA Program for distressed multiemployer plans that meet specific criteria. The SFA Program is administered by PBGC and is funded by general U.S. Treasury monies, not by PBGC's multiemployer insurance fund.

The amount of SFA funding to which an eligible plan is entitled is the amount the plan requires to pay all benefits and expenses, net of plan resources (including plan assets, projected future contributions, and withdrawal liability collections), through the plan year ending in 2051. The SFA payment also includes reinstatement of benefits previously suspended due to implementation of benefit suspensions under the Multiemployer Pension Reform Act of 2014 (MPRA) or benefits reduced to PBGC guaranteed benefit levels for insolvent plans.

PBGC must process all SFA applications within 120 days of receipt. Upon PBGC's approval of the plan's application, PBGC will pay the SFA funds to the plan with no requirement for repayment, unless due to a clerical or mathematical error. To accurately reflect the impact of SFA eligibility on PBGC's accrued and contingent liability, multiemployer plans expected to be eligible and eventually approved for SFA are not considered high risk.

Since the SFA funding to eligible plans will likely enable the plans to pay benefits due through plan year 2051, SFA eligible plans are no longer considered to be in the high-risk category as defined by either (1) projected insolvency over the next 20 years, (2) currently classified as critical and declining status, or (3) meeting the projected insolvency thresholds as defined in PBGC's procedures. Therefore, the end result is that these SFA eligible plans are classified as remote and not presented within PBGC's financial statements.

In FY 2024, there was no traditional financial assistance liability removed from the multiemployer insolvent category due to a plan's eligibility to receive SFA. There was one small plan removed from consideration in the probable category small plan bulk reserve due to new data indicating the plan's eligibility for SFA.

MPRA provides that certain plans may apply to the U.S. Department of the Treasury (Treasury) to suspend benefits, and provides for a participant vote on the benefit suspension. These plans also may apply to PBGC for financial assistance: either for a facilitated merger or a partition. Plans applying for a partition are also required to apply to Treasury for a suspension of benefits. These actions do not affect the determination of the nonrecoverable future financial assistance liability until approval has been granted and Treasury has issued the final authorization to suspend benefits. In the case of a benefit suspension application, the plan is no longer classified as probable once Treasury has issued the final authorization to suspend benefits. Separately, in the case of a partition application, the original plan is no longer classified as probable once PBGC has approved the application and Treasury has issued the final authorization to suspend benefits.

As of September 30, 2024, the Corporation expects that 122 individually identified multiemployer plans have exhausted or will exhaust plan assets and need financial assistance from PBGC to pay guaranteed benefits and plan administrative expenses. The present value of nonrecoverable future financial assistance for these 122 plans is $2,070 million (inclusive of the reserve for small ongoing plan losses not individually identified). The 122 plans fall into three categories: (1) plans currently receiving financial assistance (whether terminated or not); (2) plans that have terminated but have not yet started receiving financial assistance from PBGC; and (3) ongoing plans (not terminated) that the Corporation expects will require financial assistance in the future. The latter two categories are comprised of multiemployer probables as defined by the following classification criteria:

- Probable insolvent plan-terminated future probables: Plans that have terminated but have not yet started receiving financial assistance may still have assets, but the combination of plan assets and collectible payments of withdrawal liability are projected to be insufficient to cover plan benefits plus expenses.
- Probable insolvent plan-ongoing future probables: Ongoing plans with a projected date of insolvency within 10 years. Small plans with fewer than 2,500 participants are excluded from the plan count for this category. The liability for small plans is calculated on a plan-by-plan basis to determine a small plan bulk reserve.

MULTIEMPLOYER TRADITIONAL FINANCIAL ASSISTANCE

	September 30, 2024		September 30, 2023	
(Dollars in millions)	**Number of Plans**	**Net Liability**	Number of Plans	Net Liability
Plans currently receiving financial assistance	**91** [1]	**$1,700**	90	$1,622
Plans that have terminated but have not yet started receiving financial assistance (classified as probable)	**31** [2]	**352**	32	386
Ongoing plans (not terminated) that the Corporation expects will require financial assistance in the future (classified as probable)	**0** [3]	**18** [4]	1	203 [4]
Total	**122**	**$2,070**	123	$2,211

[1] Two plans were transferred from "Plans that have terminated but have not yet started receiving financial assistance (classified as probable)" and one plan was removed due to an annuity purchase close-out.
[2] Five new plans were added to inventory, four plans were removed from inventory (three plans had sufficient assets to cover benefit liability, and the fourth plan was due to an annuity purchase close-out), and two plans were transferred to "Plans currently receiving financial assistance".
[3] One plan was removed from inventory and reclassified as reasonably possible.
[4] "Ongoing plans" include a small unidentified probable bulk reserve of $18 million and $163 million for September 30, 2024, and September 30, 2023, respectively.

Of the 122 plans:

a) 91 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 91 plans is $1,700 million.

b) 31 plans have terminated but have not yet started receiving financial assistance payments from PBGC. Terminated multiemployer plans no longer have employers making regular contributions for covered work, though some plans continue to receive withdrawal liability payments from withdrawn employers. In general, PBGC records a loss for future financial assistance for any underfunded multiemployer plan that has terminated. The present value of future financial assistance payments for these 31 terminated plans is $352 million.

c) There were no ongoing plans that the Corporation expects will require financial assistance in the future (classified as probable). The balance includes the small unidentified probable bulk reserve of $18 million.

PRESENT VALUE OF NONRECOVERABLE FUTURE FINANCIAL ASSISTANCE AND LOSSES FROM TRADITIONAL FINANCIAL ASSISTANCE

(Dollars in millions)	**September 30, 2024**	September 30, 2023
Balance at beginning of year	**$2,211**	$2,390
Changes in allowance:		
Losses (credits) from insolvent and probable plans - financial assistance[1]	**(200)**	(10)
Actuarial adjustments	**(14)**	(37)
Actuarial charges (credits) - Insolvent plans:		
Due to expected interest	**98**	87
Due to change in interest factors	**125**	(66)
Financial assistance granted (previously accrued)	**(161)**	(32)
Premium Waivers	**4**	3
Write-Offs of Financial Assistance	**(6)**	-
Change in allowance for plans that became eligible for SFA[2]	**13**	(124)
Balance at end of year	**$2,070**	$2,211

*Less than $500,000

[1]This $200 million credit consists of $145 million decrease in the multiemployer small plan bulk reserve, $69 million credit from change due to actual investment rates of return, $40 million credit due to the reclassification of one multiemployer probable plan to reasonably possible, $23 million credit from expected benefit payments, and $17 million credit from the deletion of three multiemployer probable plans. This was offset by $45 million charge due to change in interest factors which resulted from decreases in market interest rates, $23 million in charges from expected interest on benefit liability, $14 million charges from effects of experience including premium indexing, and $12 million charges from the addition for three new multiemployer probable plans.

[2]This amount represents the traditional financial assistance that will be returned to PBGC due to the reduction to the allowance for uncollectible amounts relating to insolvent plans that became eligible for Special Financial Assistance (SFA).

In the table above and on the financial statements, actuarial charges are reported separately from "Losses (credits) from insolvent and probable plans-financial assistance." As a result, the table includes the following lines: Actuarial adjustments, Due to expected interest, and Due to change in interest factors. Insolvent plans are presented within these three actuarial charges (credits) lines. "Losses (credits) from insolvent and probable plans-financial assistance" include plans that terminated but have not yet received financial assistance, ongoing plans that PBGC expects will require financial assistance in the future, and those insolvent plans that have a change in liability due to new plan data included in the valuation. PBGC uses a curve of interest factors to determine the actuarial Multiemployer Nonrecoverable Future Financial Assistance. See Note 6 for the table of yield curves shown in spot rate format.

Pursuant to ARP, PBGC will provide SFA, which is intended to help an eligible plan to pay full benefits through plan year 2051. Unlike the traditional financial assistance loans PBGC provides to multiemployer plans, SFA is in the form of a transfer of funds with no obligation of repayment. The SFA liability is recorded when the following conditions are met: (1) the initial application for SFA has been received by PBGC, (2) the multiemployer plan applicant has been determined to be eligible, (3) the application has been deemed to be complete, and (4) the application has been approved. The SFA liability is presented as a separate line item on the Statements of Financial Position.

Although the traditional financial assistance loans are not typically repaid, in order to receive the new Special Financial Assistance provided through ARP, eligible plans must repay their preexisting traditional financial assistance loans. Once collected into the PBGC revolving fund, these funds will not be available for obligation until subsequently apportioned.

NOTE 8: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following table itemizes accounts payable and accrued expenses reported in the Statements of Financial Position:

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	Single-Employer Program		Multiemployer Program		Memorandom Total	
(Dollars in millions)	**Sept. 30, 2024**	Sept. 30, 2023	**Sept. 30, 2024**	Sept. 30, 2023	**Sept. 30, 2024**	Sept. 30, 2023
Payroll and annual leave	**$18**	$17	**$1**	$0 *	**$19**	$17
Accounts payable and accrued expenses	**70**	76	**5**	4	**75**	80
SFA – Payroll and annual leave	**n/a**	n/a	**1**	1	**1**	1
SFA – Accounts payable and accrued expenses	**n/a**	n/a	**1**	2	**1**	2
Total Accounts payable and accrued expenses	**$88**	$93	**$8**	$7	**$96**	$100

* Less than $500,000

NOTE 9: REASONABLY POSSIBLE CONTINGENCIES

SINGLE-EMPLOYER PLANS

Single-employer plans sponsored by companies whose credit quality indicates substantial financial risk pose a reasonably possible (RP) risk of being terminated and trusteed under PBGC's single-employer guarantee program. The estimated unfunded vested benefit exposure amount disclosed represents PBGC's estimate of the RP exposure to loss given the inherent uncertainties about these plans.

In accordance with the FASB Accounting Standards Codification Section 450, *Contingencies*, PBGC classified these companies as reasonably possible rather than probable terminations, reflecting the sponsors' financial condition and other factors that did not indicate termination of their plans was likely. This classification was based upon information available about the companies as of September 30, 2024.

The estimate of the RP exposure to loss for the single-employer plans of these companies was determined using a measurement date of September 30, 2024. The RP exposure to loss was $2,606 million for FY 2024. This decrease of $23,051 million from the RP exposure of $25,657 million in FY 2023 is primarily due to a change in the estimate as it relates to a change in methodology of the RP exposure.

Effective FY 2024, PBGC changed the methodology for determining the RP exposure from prior years to more narrowly focus on situations that pose meaningful risk of actual claims. These changes were a result of recent data studies that supported a change in estimate. The studies evaluated historical PBGC single-employer claims compared to historical RP exposure, large terminations in the past decade, and the distribution of plan liabilities in the universe of single-employer plans covered by PBGC. As a result of these studies, PBGC concluded that RP exposure has consistently exceeded actual claims and that the RP risk criteria was too broad. PBGC also concluded that plan obligations are heavily concentrated among the largest plans, which account for only a fraction of the total number of plans covered by the Single-Employer Program. Finally, PBGC concluded that liability is a preferable metric to use (rather than underfunding) to bifurcate the universe of plans into "large" and "small", for the purpose of identifying which large companies should be individually analyzed for risk, classified, and measured.

Specifically, PBGC has modified the risk criteria to focus on companies with a more substantial level of default risk. In addition, the criteria used to establish which companies will be individually analyzed and which will be part of a bulk reserve has been simplified. Companies that had benefit liability in excess of the $1 billion threshold applicable for FY 2024 were individually analyzed and classified. In combination, such companies represented approximately 80% of all benefit liabilities attributable to PBGC-insured single-employer plans. The RP exposure was individually measured for companies with these large plan liabilities and that also met the RP risk criteria. For companies with smaller plans, a reserve was calculated using an aggregate method of historic losses to estimate RP exposure, rather than reviewing each company individually. As a result of these improvements, PBGC now measures the RP exposure as of fiscal year-end as opposed to as of the prior December 31.

PBGC's FY 2024 revised criteria for a single-employer plan sponsor to be classified as reasonably possible include one or more of the following:

a. The sponsor(s) or significant member(s) of its controlled group (e.g., a parent or major subsidiary) is in reorganization under Title 11 of the United States Code.

b. An application for a funding waiver is pending or outstanding with the IRS.

c. A minimum funding contribution has been missed.

d. The sponsor(s) or parent company has an S&P senior unsecured credit rating or an issuer credit rating of CCC+ or below, or a Moody's senior unsecured credit rating, issuer credit rating, or corporate family rating of Caa1 or below. If the sponsor(s) or parent company does not have one of the ratings above, PBGC may use an industry specific rating such as an insurance financial strength rating, general obligation bond rating, or revenue bond rating. The new ratings threshold is effective for FY 2024. The ratings used for FY 2023 were BB+ and Ba1 for S&P and Moody's, respectively.

e. The sponsor(s) or parent company has no credit rating but has a Dun & Bradstreet Failure Score of 1340 or lower. This Failure Score is newly effective for FY 2024. The Failure Score used for FY 2023 was 1477.

f. The sponsor(s) or parent company has no credit rating, but analysis indicates that its unsecured debt would pose a substantial risk.

g. Other (detailed explanation must be provided and be approved by PBGC's Contingency Working Group).

The table below shows a comparison of the September 30, 2024, and December 31, 2022, spot rate yield curves used to measure the RP exposure for FY 2024 and FY 2023, respectively. Future payments are discounted by the single rate applicable for the future year in which the payment is expected to be made. For the September 30, 2024 measurement of RP exposure, the spot rate yield curve starts with an interest factor of 4.44% in year 1 and changes as the future period for discounting gets longer until year 30 and beyond when the factor becomes 5.11% and is assumed to remain level thereafter. For the December 31, 2022 measurement of RP exposure, the spot rate yield curve started with an interest factor of 5.31% in year 1 and the interest factor for year 30 and beyond was 5.13%.

CURVE OF SPOT RATES FOR SEPTEMBER 30, 2024 AND DECEMBER 31, 2022 MEASUREMENT OF SINGLE-EMPLOYER REASONABLY POSSIBLE EXPOSURE

Period (in Years)	9/30/2024	12/31/2022	Change		Period (in Years)	9/30/2024	12/31/2022	Change
1	4.44%	5.31%	-0.87%		16	5.06%	5.34%	-0.28%
2	4.22%	5.17%	-0.95%		17	5.13%	5.41%	-0.28%
3	4.18%	5.12%	-0.94%		18	5.20%	5.47%	-0.27%
4	4.22%	5.09%	-0.87%		19	5.26%	5.52%	-0.26%
5	4.29%	5.06%	-0.77%		20	5.32%	5.57%	-0.25%
6	4.36%	5.04%	-0.68%		21	5.37%	5.60%	-0.23%
7	4.44%	5.03%	-0.59%		22	5.40%	5.62%	-0.22%
8	4.51%	5.03%	-0.52%		23	5.42%	5.62%	-0.20%
9	4.58%	5.03%	-0.45%		24	5.43%	5.60%	-0.17%
10	4.64%	5.05%	-0.41%		25	5.42%	5.57%	-0.15%
11	4.71%	5.07%	-0.36%		26	5.39%	5.52%	-0.13%
12	4.77%	5.11%	-0.34%		27	5.34%	5.44%	-0.10%
13	4.84%	5.16%	-0.32%		28	5.28%	5.35%	-0.07%
14	4.91%	5.22%	-0.31%		29	5.20%	5.25%	-0.05%
15	4.99%	5.28%	-0.29%		30	5.11%	5.13%	-0.02%
					Longer Periods	5.11%	5.13%	-0.02%

For the FY 2024 measurement of RP exposure, PBGC used the separate Pri-2012 Employee and Non-Disabled Annuitant mortality tables projected generationally with improvement scale MP-2021.

The expense load formula defined in 29 CFR Part 4044 was estimated and applied.

The following table itemizes the single-employer RP exposure to loss by industry:

REASONABLY POSSIBLE EXPOSURE TO LOSS BY INDUSTRY (PRINCIPAL CATEGORIES)

(Dollars in millions)	**FY 2024**	FY 2023
Manufacturing	**$207**	$6,428
Transportation, Communication and Utilities	**599**	11,416
Services	**0**	4,277
Wholesale and Retail Trade	**0**	488
Health Care	**0**	1,394
Finance, Insurance, and Real Estate	**0**	215
Agriculture, Mining, and Construction	**0**	1,439
Small Plan Bulk Reserve	**1,800**	N/A[1]
Total	**$2,606**	$25,657

[1]The $25,657 million Total for FY 2023 includes a Small Plan Bulk Reserve of $4,694 million, prorated across the principal categories based on the distribution of the specifically identified RP exposure to loss by industry.

MULTIEMPLOYER PLANS

Multiemployer plans that have become insolvent will require financial assistance. PBGC included amounts in the liability for the present value of nonrecoverable future financial assistance (see Note 7) for multiemployer plans that have become insolvent and for plans that PBGC estimated may require future financial assistance.

Reasonably possible multiemployer classification is defined as an ongoing plan with a projected insolvency date between 10 and 20 years from the valuation date. In FY 2024, PBGC estimated that it is reasonably possible that other multiemployer plans may require future financial assistance in the amount of $189 million, a $221 million decrease from the $410 million in FY 2023. The primary reason for the decrease in exposure was a net decrease in the number of plans classified as reasonably possible to four plans on September 30, 2024, down from seven plans classified as reasonably possible on September 30, 2023. The plans removed no longer meet the reasonably possible criteria as the plans experienced improved financial conditions due to better than expected investment returns and higher plan contributions. Additionally, the reasonably possible aggregate reserve for small plans decreased by $119 million from $190 million at September 30, 2023, to $71 million at September 30, 2024. This was primarily due to improved financial conditions of the plans. The small plan bulk reserve estimation methodology is described in Note 7.

PBGC calculated the future financial assistance liability for each multiemployer plan identified as probable (see Note 7), or reasonably possible. PBGC used a formula to calculate the present value of guaranteed future benefits and expense payments, net of any future contributions or withdrawal liability payments. These amounts were as of the later of September 30, 2024, or the projected date of plan insolvency, discounted back to September 30, 2024, utilizing the curve of spot rates presented in Note 6. PBGC's identification of plans that are likely to require such assistance and estimation of related amounts required consideration of many complex factors, including estimating future cash flows, future investment returns, future mortality rates, and retirement age of participants not in pay status. These factors are affected by future events, including actions by plans and their sponsors, most of which are beyond PBGC's control.

Both the probable liability and reasonably possible exposure are determined differently for different plan sizes, with a change to the methodology for small plans effective for FY 2023 (see Note 7).

For small plans (less than 2,500 participants) and medium-sized plans (2,500 to 35,000 participants), risk-based rules are applied using a cash-flow model to derive the reasonably possible exposure. For large plans (more than 35,000 participants), PBGC identifies ongoing high-risk plans and then calculates projected dates of insolvency for these plans to measure the reasonably possible exposure.

NOTE 10: LEASES

PBGC has one real property operating lease for its headquarters office totaling $157.2 million in future lease commitments. This lease provides for periodic rate increases based on increases in operating costs and real estate taxes over the base amount. PBGC has elected to apply the practical expedient combining lease and non-lease components into one single lease component. PBGC's new headquarters is under a 15-year leasing agreement (includes rent-free period in the beginning of the lease). PBGC had a real property lease for a field benefit administrator's facility, however, this lease expired during the third quarter of FY 2024. The minimum future lease payments for PBGC's headquarters has non-cancellable terms in excess of one year as of September 30, 2024, are as follows:

FUTURE LEASE PAYMENTS

(Dollars in millions)	
Years Ending September 30,	Operating Leases
2025	$7.4
2026	13.3
2027	13.3
2028	13.3
2029	13.3
Thereafter	96.6
Undiscounted Minimum lease payments[1]	$157.2
Discount[2]	(15.3)
Discounted Minimum lease payments	$141.9

[1]The minimum lease payments are comprised of the payments that the PBGC is obligated to make or can be required to make in connection with the leased property excluding executory costs such as operating expenses, insurance, and real estate.
[2] The discount is determined by the risk-free rate at the date of the lease commencement.

Lease expenses for operating leases were $11.4 million in FY 2024, and $12.0 million in FY 2023. No amount was allocated to SFA operating lease expense for FY 2024. Additionally, for FY 2024, PBGC has no finance leases.

CASH PAYMENTS FOR LEASES FOR THE YEAR ENDED SEPTEMBER 30, 2024

(Dollars in millions)	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$0.21
Operating cash flows from finance leases	-
Total cash payments for Leases	$0.21

NEW LEASES ACQUIRED FOR THE YEAR ENDED SEPTEMBER 30, 2024

(Dollars in millions)	
Right-of-Use Assets obtained in exchange for lease obligations:	
Operating Leases[3]	$ -
Finance Leases[3]	-
Total New Leases Acquired	$ -

[3]No operating leases nor finance leases commenced in FY 2024.

LEASE RIGHT-OF-USE ASSETS FOR THE YEAR ENDED SEPTEMBER 30, 2024

(Dollars in millions)	
Leases:	
Operating Lease Right-of-Use Assets	$121.8
Finance Lease Right-of-Use Assets	-
Total Lease Right-of-Use-Assets	$121.8

CURRENT AND NONCURRENT LEASE LIABILITIES FOR THE YEAR ENDED SEPTEMBER 30, 2024

(Dollars in millions)	
Current and NonCurrent Lease Liabilities:	
Current Operating Lease Liabilities	$ 5.0
NonCurrent Operating Lease Liabilities	136.9
Subtotal Operating Lease Liabilities	$141.9
Current Finance Lease Liabilities	$ -
NonCurrent Finance Lease Liabilities	-
Subtotal Finance Lease Liabilities	$ -
Total Current and NonCurrent Lease Liabilities	$141.9

WEIGHTED AVERAGES OF LEASES FOR THE YEAR ENDED SEPTEMBER 30, 2024

(Dollars in millions)	
Weighted Average for the Remaining Lease Term:	
Operating Leases	12.25 Years
Finance Leases	-
Weighted Average for the Risk-Free Rate:	
Operating Leases	1.63%
Finance Leases	-

NOTE 11: PREMIUMS

For both the Single-Employer and Multiemployer Programs, ERISA provides that PBGC continues to guarantee basic benefits even if a plan administrator fails to pay premiums when due. PBGC assesses interest and penalties on late or unpaid premiums. Interest continues to accrue until the premium and the interest due are paid, see Note 2 under Premiums for PBGC's premium revenue accounting policy. For plan years beginning in 2024, the per participant flat rate premium was $101 for single-employer pension plans and $37 for multiemployer plans. For plan years 2023 and 2022, the per participant flat rate premiums for single-employer pension plans were $96 and $88, respectively, and for multiemployer plans, $35 and $32, respectively.

Single-employer plans also have a variable rate premium (VRP) tied to the amount of underfunding, if any. For plan years beginning in 2024, the VRP rate was $52 per $1,000 of unfunded vested benefits (UVB) subject to an overall cap of $686 per participant. The variable rate premium rate is not indexed after FY2023 and will remain at $52 indefinitely. For plan years 2023 and 2022, the VRP rates were $52 and $48, respectively. Applicable caps for those plan years are shown in the table below.

The termination premium applies to certain plan terminations occurring after 2005. If a single-employer pension plan terminates in a distress termination pursuant to ERISA section 4041(c)(2)(B)(ii) or (iii), or in a PBGC-initiated termination under ERISA section 4042, the plan sponsor and its controlled group are liable to PBGC for a termination premium at the rate of $1,250 per plan participant per year for three years.

The $5,165 million in net premium income for FY 2024 consisted of $2,938 million in variable rate premiums, $2,228 million in flat rate premiums, $4 million in termination premiums, and $2 million in interest and penalty income; offset by $7 million to bad debt expense. Bad debt expenses include a reserve for uncollectible premium receivables (including flat, variable, termination premiums, and insolvent multiemployer plans), interest, and penalties.

Net premium income for FY 2024 was $5,165 million, a year over year decrease of $800 million due primarily to improved conditions of the plans' underfunding (i.e., lower Unfunded Vested Benefits (UVBs).

Net premium income for FY 2023 was $5,965 million and consisted of $3,728 million in variable rate premiums, $2,254 million in flat rate premiums, $3 million in termination premiums, and $2 million in interest and penalty income; offset by $22 million to bad debt expense. Bad debt expenses include a reserve for uncollectible premium receivables (including flat, variable, termination premiums, and insolvent multiemployer plans), interest, and penalties.

The following table shows the premium rates for 2022 through 2024:

PREMIUM RATES FOR SINGLE-EMPLOYER AND MULTIEMPLOYER PLANS

	Single-Employer Plans			Multiemployer Plans
	Flat Rate Premium	Variable Rate Premium		
Plan Years Beginning in	Rate Per Participant	Rate per $1,000 Unfunded Vested Benefits	Per Participant Cap	Flat Rate Premium Rate Per Participant
2024	$101	$52*	$686	$37
2023	$96	$52	$652	$35
2022	$88	$48	$598	$32

* The variable rate premium rate is no longer indexed after 2023.

Premium income is accrued for months in which a plan year overlaps the fiscal year. Because of this rule, premiums for 2022, 2023, and 2024 plan years are accrued in FY 2024, and premium rates change each calendar year, so three sets of premium rates were used to calculate FY 2024 premium revenue.

For example, consider a plan with a September 1, 2023 to August 31, 2024 plan year. Only the first month of that plan year occurs during FY 2023, so 1/12 of the plan's premium was accrued in FY 2023 and 11/12 accrued in FY 2024. Similarly, for a plan with a December 1, 2022 to November 30, 2023 plan year, the last two months of that plan year occur during FY 2024, so 2/12 of the plan's premium income was accrued in FY 2024 and 10/12 was accrued in FY 2023.

The following table presents a year-to-year comparison of key premium receivable information.

Net Premiums Receivable

	Single-Employer Program		Multiemployer Program		Memorandum Total	
(Dollars in millions)	**Sept. 30, 2024**	Sept. 30, 2023	**Sept. 30, 2024**	Sept. 30, 2023	**Sept. 30, 2024**	Sept. 30, 2023
Premiums Not Yet Due:						
Estimated Flat-Rate Premiums	**$1,025**	$1,102	**$226**	$211	**$1,251**	$1,313
Estimated Variable-Rate Premiums	**1,653**	2,374	**-**	-	**1,653**	2,374
Total Net Premiums Not Yet Due	**2,678**	3,476	**226**	211	**2,904**	3,687
Premiums Past Due:						
Flat-Rate Premiums	**158**	176	**11**	12	**169**	188
Allowance for Bad Debt-Flat-Rate	**(2)**	(2)	**0 ***	0 *	**(2)**	(2)
Variable-Rate Premiums	**106**	468	**-**	-	**106**	468
Allowance for Bad Debt-Variable-Rate	**(1)**	(5)	**-**	-	**(1)**	(5)
Total Net Premiums Past Due	**261**	637	**11**	12	**272**	649
Termination Premiums:[1]						
Termination Premiums	**355**	352	**-**	-	**355**	352
Allowance for Bad Debt-Termination	**(305)**	(299)	**-**	-	**(305)**	(299)
	50	53	**-**	-	**50**	53
Interest and Penalty:						
Interest and Penalty Due	**2**	2	**0 ***	0 *	**2**	2
Allowance for Bad Debt-Int/Penalty	**(1)**	(1)	**0 ***	0 *	**(1)**	(1)
Total Net Interest and Penalty Due	**1**	1	**0 ***	0 *	**1**	1
Grand Total Net Premiums Receivable	**$2,990**	$4,167	**$237**	$223	**$3,227**	$4,390

* Less than $500,000

[1] All termination premiums are due from plan sponsors that are either in distress or under Chapter 11 reorganization. In these cases, PBGC files claims in accordance with bankruptcy law along with all other creditors and is entitled only to a pro-rata share of any remaining assets. Depending on the circumstances of the bankruptcy proceedings, it can be years before PBGC receives its pro-rata distribution from the bankruptcy estate. In most cases, PBGC ultimately receive either nothing or only a very small fraction of its total claims filed.

The following tables present a year-to-year comparison of key premium income information.

PREMIUM INCOME BY PREMIUM TYPE

(Dollars in millions)	**September 30, 2024**	September 30, 2023
Flat-Rate Premium:		
Single-Employer	**$1,829**	$1,883
Multiemployer	**399**	371
Total Flat-Rate Premium	**2,228**	2,254
Variable-Rate Premiums	**2,938**	3,728
Interest and Penalty Income	**2**	2
Termination Premium	**4**	3
Less Bad Debts for Premiums, Interest, and Penalties	**(7)**	(22)
Total Net Premiums	**$5,165**	$5,965

PREMIUM INCOME BY PROGRAM

(Dollars in millions)	**September 30, 2024**	September 30, 2023
Single-Employer:		
Flat-Rate and Variable-Rate Premiums	**$4,767**	$5,611
Interest and Penalty Income	**2**	2
Termination Premiums	**4**	3
Less Bad Debts for Premiums, Interest, and Penalties	**(3)**	(19)
Total Single-Employer	**4,770**	5,597
Multiemployer:		
Flat-Rate Premiums	**399**	371
Interest and Penalty Income	**0 ***	0 *
Less Bad Debts for Premiums, Interest, and Penalties	**(4)**	(3)
Total Multiemployer	**395**	368
Total Net Premiums	**$5,165**	$5,965

* Less than $500,000

NOTE 12: LOSSES (CREDITS) FROM COMPLETED AND PROBABLE TERMINATIONS

Amounts reported as losses are the present value of future benefits less related plan assets and the present value of expected recoveries from sponsors. The following table details the components that make up the losses:

LOSSES (CREDITS) FROM COMPLETED AND PROBABLE TERMINATIONS – SINGLE-EMPLOYER PROGRAM

	For the Years Ended September 30,					
	2024			2023		
(Dollars in millions)	**New Terminations**	**Changes in Prior Years' Terminations[5]**	**Total**	New Terminations	Changes in Prior Years' Terminations[5]	Total
Present value of future benefits	**$901**	**($17)**	**$884**	$257	($2,383)	($2,126)
Less plan assets	**671**	**1**	**672**	235	(3,282)	(3,047)
Plan asset insufficiency	**230[1]**	**(18)**	**212**	22[1]	899	921
Less estimated recoveries	**-**	**(139)**	**(139)**	-	37	37
Subtotal	**230[2]**	**121**	**351**	22[2]	862	884
Settlements and judgments		**0*[6]**	**0*[6]**		0*[6]	0*[6]
Loss (credit) on probables	**(78)[3]**	**(77)[4]**	**(155)**	171[3]	(106)[4]	65
Total	**$152**	**$44**	**$196**	$193	$756	$949

* Less than $500,000

[1] Includes Missing Participant Program activity; if excluded the Present value of future benefits for New Terminations would be $756 million, Plan assets $526 million and Plan asset insufficiency $230 million.

[2] Net claim for plans terminated during the fiscal year (27 plans at September 30, 2024, and 21 plans at September 30, 2023), will include terminated plans that were previously recorded as probable.

[3] Includes net claims for plans that are currently classified as probable, plans that were previously recorded as probable that have since terminated and plans that were deleted.

[4] Changes to the single-employer small plan unidentified probables bulk reserve.

[5] Changes in prior years' terminations result from revaluations of DOPT assets (e.g., as identified in the plan asset reconciliation process), changes in plan recoveries at DOPT (e.g., from an estimated recovery amount to an expected recovery amount), and changes in DOPT PVFB (e.g., new liability data) for plans with termination dates prior to the current fiscal year in which they were added to PBGC's inventory of terminated plans.

[6] PBGC determined that it is highly unlikely more than half of the total potential future Page/Collins settlement liability will be paid. Accordingly, PBGC estimates that PBGC's future Page/Collins settlement liability is $17 million for both September 30, 2024, and September 30, 2023, respectively.

NOTE 13: FINANCIAL INCOME

The following table details the Memorandum Total financial income by type of investment for both the Single-Employer and Multiemployer Programs:

INVESTMENT INCOME SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS

(Dollars in millions)	**Single-Employer Program Sept. 30, 2024**	**Multiemployer Program Sept. 30, 2024**	**Memorandum Total Sept. 30, 2024**	Single-Employer Program Sept. 30, 2023	Multiemployer Program Sept. 30, 2023	Memorandum Total Sept. 30, 2023
Fixed maturity securities:						
Interest earned	**$4,264**	**$129**	**$4,393**	$3,409	$20	$3,429
Realized gain (loss)	**(7,098)**	**(372)**	**(7,470)**	(2,353)	-	(2,353)
Unrealized gain (loss)	**13,476**	**540**	**14,016**	1,112	(22)	1,090
Total fixed maturity securities	**10,642**	**297**	**10,939**	2,168	(2)	2,166
Equity securities:						
Dividends earned	**119**	**-**	**119**	117	-	117
Realized gain (loss)	**786**	**-**	**786**	1,160	-	1,160
Unrealized gain (loss)	**3,266**	**-**	**3,266**	1,371	-	1,371
Total equity securities	**4,171**	**-**	**4,171**	2,648	-	2,648
Private equity:						
Distributions earned	**4**	**-**	**4**	2	-	2
Realized gain (loss)	**5**	**-**	**5**	22	-	22
Unrealized gain (loss)	**(2)**	**-**	**(2)**	(35)	-	(35)
Total private equity	**7**	**-**	**7**	(11)	-	(11)
Real estate:						
Distributions earned	**59**	**-**	**59**	44	-	44
Realized gain (loss)	**35**	**-**	**35**	(23)	-	(23)
Unrealized gain (loss)	**364**	**-**	**364**	(42)	-	(42)
Total real estate	**458**	**-**	**458**	(21)	-	(21)
Other income:						
Distributions earned	**1**	**-**	**1**	5	-	5
Realized gain (loss)	**25**	**-**	**25**	14	-	14
Unrealized gain (loss)	**(51)**	**-**	**(51)**	(3)	-	(3)
Total other income	**(25)**	**-**	**(25)**	16	-	16
Total investment income	**$15,253**	**$297**	**$15,550**	$4,800	($2)	$4,798

NOTE 14: EMPLOYEE BENEFIT PLANS

All of PBGC's permanent full-time and part-time employees are covered by the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Full-time and part-time employees with less than five years of service under CSRS and hired after December 31, 1983, are automatically covered by both Social Security and FERS. Employees hired before January 1, 1984, participate in CSRS unless they elected and qualified to transfer to FERS. Employees hired during the 2013 calendar year or rehired with less than five years of civilian service that is potentially creditable under FERS participate in FERS-Revised Annuity Employees (FERS-RAE). These employees are still generally considered part of the same pension system but are uniquely identified in human resources and payroll systems to annotate their higher contribution rate. Additionally, under the Bipartisan Budget Act of 2013, a new category of FERS employees was created: FERS-Further Revised Annuity Employees or FERS-FRAE. This pension system is again generally the same, only the contribution rate is changed. As with FERS-RAE employees, human resources and payroll systems use unique identifiers to annotate this higher contribution rate.

Total retirement plan expenses paid to the U.S. Office of Personnel Management (OPM) amounted to $38 million in FY 2024 and $35 million in FY 2023. OPM is responsible for maintaining the assets and accumulated plan benefits for the CSRS and FERS retirement programs. OPM accounts for federal health and life insurance programs for those eligible retired PBGC employees who had selected federal government-sponsored plans. PBGC does not offer other supplemental health and life insurance benefits to its employees.

NOTE 15: CASH FLOWS

The following table consists of detailed cash flows from the sales and purchases of investments. Sales and purchases of investments are driven by the magnitude and investment composition of newly trusteed plans, the unique investment strategies implemented by PBGC's investment managers, and the varying capital market conditions in which they invest during the year. These cash flow numbers can vary significantly from year to year based on the fluctuation in these three variables.

INVESTING ACTIVITIES (SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS MEMORANDUM TOTAL)

(Dollars in millions)	September 30,	
	2024	2023
Proceeds from sales of investments:		
Fixed maturity securities	**$201,404**	$123,892
Equity securities	**5,374**	7,323
Other/uncategorized	**7,296**	12,889
Memorandum total	**$214,074**	$144,104
Payments for purchases of investments:		
Fixed maturity securities	**($208,959)**	($123,827)
Equity securities	**(4,688)**	(4,596)
Other/uncategorized	**(7,379)**	(12,465)
Memorandum total	**($221,026)**	($140,888)

The following is a reconciliation between the net income as reported in the Statements of Operations and net cash provided by operating activities as reported in the Statements of Cash Flows.

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Single-Employer Program		Multiemployer Program		Memorandum Total	
	September 30,		September 30,		September 30,	
(Dollars in millions)	**2024**	2023	**2024**	2023	**2024**	2023
Net income (loss)	**$9,549**	$8,041	**$679**	$398	**$10,228**	$8,439
Adjustments to reconcile net income to net cash provided by operating activities:						
Net (appreciation) decline in fair value of investments	**(10,785)**	(1,022)	**(243)**	25	**(11,028)**	(997)
Net (gain) loss of plans pending termination and trusteeship	**1**	(273)	**-**	-	**1**	(273)
Losses (credits) on completed and probable terminations	**196**	949	**-**	-	**196**	949
Actuarial charges (credits)	**9,721**	876	**-**	-	**9,721**	876
Benefit payments - trusteed plans	**(5,833)**	(6,320)	**-**	-	**(5,833)**	(6,320)
Settlements and judgments	**-**	-	**-**	-	**-**	-
Cash recvd from (paid to) plans upon trusteeship	**(12)**	12	**-**	-	**(12)**	12
Receipts from sponsors/non-sponsors	**26**	76	**-**	-	**26**	76
Receipts for missing participants and other	**172**	127	**-**	-	**172**	127
EL/DUEC Trusteeship interest (non-cash)	**(8)**	(14)	**-**	-	**(8)**	(14)
Cash receipts timing from Trust to Revolving	**-**	-	**-**	-	**-**	-
Amortization of discounts/premiums	**(886)**	(59)	**(24)**	(1)	**(910)**	(60)
Amortization and Depreciation expense	**24**	22	**-**	-	**24**	22
Bad debt expense/Write-offs (net)	**3**	3	**-**	-	**3**	3
Changes in assets and liabilities, net of effects of trusteed and pending plans:						
(Increase) decrease in receivables	**1,184**	(1,061)	**(29)**	123	**1,155**	(938)
Increase in present value of nonrecoverable future financial assistance	**-**	-	**(141)**	(179)	**(141)**	(179)
Increase (decrease) in unearned premiums	**(74)**	10	**0**	1	**(74)**	11
Increase (decrease) in accounts payable	**(5)**	15	**1**	1	**(4)**	16
(Increase) decrease in leases right-of-use assets	**11**	(131)	**(2)**	-	**9**	(131)
Increase (decrease) in leases payable	**-**	140	**2**	-	**2**	140
Net cash provided (used) by operating activities	**$3,284**	$1,391	**$243**	$368	**$3,527**	$1,759

NOTE 16: OTHER ASSETS

CAPITALIZED ASSETS, NET

The following tables display Property and Equipment, net. The "Capitalized assets, net" line item on the Statements of Financial Position consists of the following components:

PROPERTY AND EQUIPMENT, NET

FY 2024	September 30, 2024 Single-Employer			September 30, 2024 Multiemployer			September 30, 2024 Memorandum Total		
(Dollars in millions)	Cost	Accumulated Depreciation/ Amortization	Net	Cost	Accumulated Depreciation/ Amortization	Net	Cost	Accumulated Depreciation/ Amortization	Net
Furniture and Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Mechanical Equipment	-	-	-	-	-	-	-	-	-
ADP Equipment	5	(4)	1	0 *	0 *	0 *	5	(4)	1
Internal Use Software - In Development	19	n/a	19	0 *	n/a	0 *	19	n/a	19
Internal Use Software	206	(168)	38	4	(3)	1	210	(171)	39
Total	$230	($172)	$58	$4	($3)	$1	$234	($175)	$59

FY 2023	September 30, 2023 Single-Employer			September 30, 2023 Multiemployer			September 30, 2023 Memorandum Total		
(Dollars in millions)	Cost	Accumulated Depreciation/ Amortization	Net	Cost	Accumulated Depreciation/ Amortization	Net	Cost	Accumulated Depreciation/ Amortization	Net
Furniture and Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Mechanical Equipment	-	-	-	-	-	-	-	-	-
ADP Equipment	6	(4)	2	0 *	0 *	0 *	6	(4)	2
Internal Use Software - In Development	21	n/a	21	0 *	n/a	0 *	21	n/a	21
Internal Use Software	181	(154)	27	3	(2)	1	184	(156)	28
Total	$208	($158)	$50	$3	($2)	$1	$211	($160)	$51

* Less than $500,000

Combined depreciation and amortization expense were $14 million for FY 2024, and $10 million for FY 2023. The Memorandum Total for "Capitalized assets, net" on the Statements of Financial Position consist of the components above.

COMBINED (MEMORANDUM TOTAL) PROPERTY AND EQUIPMENT, NET

(Dollars in millions)	September 30, 2024		2023	
Combined property and equipment, net at beginning of year		**$51**		$44
Capitalized Acquisitions	**43**		30	
Dispositions	**(23)**		(13)	
Depreciation/Amortization	**(12)**		(10)	
Net change of property and equipment		**8**		7
Combined property and equipment, net at end of year		**$59**		$51

RECEIVABLES FROM SPONSORS OF TERMINATED PLANS

The following table displays the detail of Receivables, net from sponsors of terminated plans that represents the amounts due from the plan sponsor and its controlled group for the statutory minimum funding contributions owed to the plan, Due and Unpaid Employer Contributions (DUEC), and unfunded benefit liabilities of the plan, Sponsors' Employer Liability (EL). These notes and other receivables for DUEC and EL result from the execution of an approved settlement agreement with the plan sponsors and controlled group, final court order resolving PBGC claims, a confirmed plan of reorganization that sets forth the treatment of PBGC claims, or other circumstances in which significant uncertainties regarding the value of PBGC claims have been removed.

The effective interest rate varies with each settlement agreement. The interest rate for discounting the future payments to the settlement date is a risk-adjusted rate.

RECEIVABLES FROM SPONSORS OF TERMINATED PLANS

(Dollars in millions)	**Sept. 30 2024**	Sept. 30 2023
Sponsors' Employer Liability	**$13**	$15
Due and Unpaid Employer Contributions	**4**	3
Total	**$17**	$18

OTHER RECEIVABLES

Other receivables of $87 million consists primarily of $56 million of previously paid traditional financial assistance and $11 million of interest, which is expected to be repaid by SFA eligible plans upon PBGC's approval of the plan's SFA application and payment of SFA.

NOTE 17: LITIGATION

Legal challenges to PBGC's policies and positions continued in FY 2024. At the end of the fiscal year, PBGC had 23 active cases in state and federal courts and 121 bankruptcy and state receivership cases.

PBGC records as a liability on its financial statements an estimated cost for unresolved litigation to the extent that losses in such cases are probable and estimable in amount. PBGC cannot state with certainty the losses it could incur in the event it does not prevail in these matters.

NOTE 18: MULTIEMPLOYER SPECIAL FINANCIAL ASSISTANCE (SFA) CONTRIBUTED TRANSFER APPROPRIATION

Under the American Rescue Plan (ARP) Act of 2021, PBGC received an indefinite appropriation and receives annual transfers from the U.S. Treasury's General Fund to be applied for Special Financial Assistance (SFA) and SFA administration costs. The funds transferred to PBGC in the SFA appropriation are deemed a contribution from the U.S. Government to PBGC. As there are conditions that must be met before PBGC can utilize these funds, the funds are initially recorded as Contributed Transfer Appropriation (equity). Revenue is recognized from the SFA appropriations when all conditions and restrictions placed on the appropriated SFA funds are met. Once the SFA application is approved, the contribution is classified as Contributed Transfer Appropriation Income. The separate payment of SFA from PBGC to a multiemployer plan is not viewed as a PBGC contribution to the multiemployer plan, but as a SFA payment consistent with requirements of ARP and related PBGC regulations. PBGC's position is that nothing is being exchanged given that coverage under our insurance programs are not predicated upon the payment of insurance premiums.

The following table shows a summary of the appropriation's transfers received from Treasury and the use of the funds as shown in the Contributed Transfer Appropriation account.

MULTIEMPLOYER CONTRIBUTED TRANSFER APPROPRIATION

(Dollars in millions)	**September 30, 2024**	September 30, 2023
Balance at beginning of year	**$8**	$6
Special financial assistance (SFA) - transfers received	**24,230**	70,000
Special financial assistance approved	**(14,518)**	(45,907)
SFA administrative expense - transfers received	**31**	34
SFA administrative expense	**(19)**	(18)
SFA unused funds returned to U.S.Treasury	**(9,721)**	(24,107)
Balance at end of period	**$11**	$8

Unused SFA funds at fiscal year-end are to be returned to the U.S. Treasury's General Fund.

NOTE 19: SUBSEQUENT EVENTS

PBGC evaluated subsequent events through publication on November 15, 2024, the date the financial statements were available to be issued. Events or transactions for either the Single-Employer or Multiemployer Program, occurring after September 30, 2024, and before the financial statements were available to be issued, that provided additional evidence about conditions that existed as of September 30, 2024, have been recognized in the financial statements.

SINGLE-EMPLOYER PROGRAM

For the fiscal year ended September 30, 2024, there were no non-recognized subsequent events to report on the Single-Employer Program that provided evidence about conditions that did not exist on September 30, 2024, and which arose before the financial statements were available to be issued.

MULTIEMPLOYER PROGRAM

For the Multiemployer Program, there were seven non-recognized subsequent events or transactions that provided evidence about conditions that did not exist as of September 30, 2024, and which arose before the financial statements were available to be issued. Seven plans were approved to receive Special Financial Assistance (SFA) totaling $1,501 million. Had these events occurred on or prior to September 30, 2024, PBGC's Statements of Financial Position would have reflected:

- An increase of $1,501 million in SFA restricted cash, offset by an increase of $1,501 million in SFA liability.

Consequently, the Statements of Operations would have reflected:

- An increase of $1,501 million in SFA contributed transfer appropriation income (revenue recognized from the SFA appropriations when all the conditions and restrictions placed on the appropriated SFA funds are met), offset by an increase of $1,501 million in SFA expenses.

If these events had occurred on or prior to September 30, 2024, the results would have had no financial impact to the Multiemployer's Cumulative Results of Operations.

PAYMENT INTEGRITY INFORMATION ACT REPORTING (unaudited)

INTRODUCTION

OMB Circular A-123, Appendix C, Requirements for Payment Integrity Improvement and related improper payment statutes[1] require federal agencies to conduct improper payment risk assessments. In compliance with Executive Order 13520, the PBGC Director serves as the agency official accountable for improper payment reporting purposes.

OMB's current implementation guidance specifies that in performing a Phase 1 risk assessment of improper payments, agencies must institute a systematic method of reviewing all programs or payment streams and identifying those that may be susceptible to significant risk of improper payments.

PBGC performs risk assessments of its payment streams using a rotational strategy based on a three-year cycle. PBGC's payment streams include the following: 1) benefit payments to participants in "final pay" status for plans trusteed by PBGC under Title IV of ERISA (Benefit Payments); 2) payments to contractors for goods and services, including government credit card transactions (Payments to Contractors); 3) payments made to federal employees, including payroll and travel reimbursements (Payments to Federal Employees); 4) financial assistance payments to insolvent multiemployer plans that are unable to pay benefits when due under the requirements of Title IV of ERISA (Multiemployer Financial Assistance Payments); 5) refunds of previously paid premiums (Premium Refunds); and 6) multiemployer special financial assistance payments for distressed multiemployer plans that meet specific criteria under ARP (Multiemployer Special Financial Assistance Payments). None of PBGC's payment streams, required to be assessed, have been previously determined to be susceptible to significant risk of improper payments as defined by statute or OMB guidance.

RESULTS OF THE FY 2024 IMPROPER PAYMENT RISK ASSESSMENT

In FY 2024, PBGC performed a risk assessment of three payment streams in accordance with our three-year rotation strategy. The three payment streams reviewed for FY 2024 were Multiemployer Special Financial Assistance Payments, Benefit Payments and Premium Refunds. In performing the risk assessments, PBGC considered factors specified in statute and further defined in OMB guidance, including the complexity of the payment stream; the volume of payments; recent major changes in program funding, authorities, practices, or procedures; the level, experience, and quality of training for personnel responsible for making program eligibility determinations or certifying that payments are accurate; whether the program is new to the agency; whether payments or payment eligibility decisions are made outside of PBGC; significant deficiencies in the audit reports issued by the PBGC Office of Inspector General (OIG) and the Government Accountability Office (GAO); similarities to other programs that have reported improper payments (IP) and unknown payments (UP) estimates; the accuracy and reliability of IP and UP estimates previously reported for the program; whether the program lacks information or data systems to confirm eligibility; and the risk of fraud as assessed by the agency under the Standards for Internal Control in the Federal Government published by the Government Accountability Office.

[1] This references the Payment Integrity Information Act of 2019 (PIIA), which repealed and replaced the Improper Payments Information Act of 2002 (IPIA), the Improper Payments Elimination and Recovery Act of 2010 (IPERA), and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA).

To be considered susceptible to significant risk of improper payments, OMB guidance specifies that annual improper payments within a payment stream would have to exceed (1) both 1.5 percent of program outlays and $10,000,000 of payments made during the reporting period or (2) $100,000,000 (regardless of the improper payment percentage of total program outlays). Based on the results of the Phase 1 risk assessments, PBGC determined that the Multiemployer Special Financial Assistance Payments, Benefit Payments and Premium Refunds payment streams were not susceptible to significant risk of improper payments as defined by the law and OMB implementation guidance. For more detailed information on payment integrity activities and prior years' reporting, visit PaymentAccuracy.gov.

PREVENTING AND DETECTING IMPROPER PAYMENTS

In addition to its periodic improper payment testing and in support of the Administration's Do Not Pay Initiative (DNP), PBGC employs a variety of means to prevent and detect improper payments on an ongoing basis:

- For all of its payment streams, PBGC has established controls to help ensure that payments are accurate and approved. For instance, pre-payment checks include ensuring that documentation for the payment is available for review by the approving official. On a post-payment basis, payment reconciliations are performed to help ensure completeness of payment processing and to identify errors. In addition, payments are subject to periodic compliance reviews.
- PBGC regularly performs electronic data analysis of payment transactions associated with Benefit Payments and Payments to Contractors. This process helps to identify potential duplicate payments, other overpayments, and payment anomalies. When warranted, selected payments are subjected to additional research and analysis.
- For Benefit Payments, PBGC checks its participant database against the Social Security Administration's full Death Master File (DMF) available to Federal agencies paying government benefits, to help prevent sending payments to deceased individuals that should no longer be receiving benefits.
- As a result of using the DMF, PBGC was able to stop 19,334 payments in FY 2024 totaling $8.8 million. Additionally, PBGC was successful in reclaiming[1] $10.1 million of cumulative overpayments and recovering[2] another $2.3 million of cumulative overpayments in FY 2024.

PBGC participates in the U.S. Department of the Treasury's DNP program. For example, under the Payments to Contractors stream, payments are screened on a post-payment basis to assess whether companies are receiving payments for work performed under PBGC contracts. Prior to payment, PBGC verifies that contractors are properly registered in the General Service Administration's System for Award Management (SAM), have not been debarred or suspended from contracting in the federal sector, and do not have federal debts that have been referred to the Department of the Treasury for collection. For FY 2024, PBGC did not identify any improper payments using the DNP process for the Payment to Contractors payment stream.

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[1] Reclamation is a procedure used by the federal government to recover benefit payments made through the ACH to the account of a recipient who died or became legally incapacitated or a beneficiary who died before the date of the payment(s).
[2] Recovery means collecting an overpayment other than by reducing future benefits.

RECAPTURING IMPROPER PAYMENTS

Potential improper payments are subjected to further analysis based on the amount of the payment, the nature of the potential error, and other risk factors to determine whether amounts are due to PBGC. For Benefit Payments in the Single-Employer Program to participants and their beneficiaries, PBGC has established procedures to recapture overpayments through electronic reclamation and debt collection agreements. PBGC forwards most of its benefit overpayment debts to the Centralized Receivables Service (CRS) of the Treasury Department to serve as its debt collection agent. CRS has the capability to enter into installment repayment agreements and offsets against other federal benefits. In some cases, recapture of payments may not be sought based on demonstration that a participant is experiencing financial hardship or other reasons. Other PBGC payment streams also have procedures in place to collect overpayments.

When it is suspected that PBGC payments were issued, misdirected, or obtained in a fraudulent manner, PBGC works closely with PBGC's Office of Inspector General (OIG). The OIG performs investigations of suspect transactions and, when appropriate, refers matters to the Department of Justice to determine whether there is a sufficient basis to initiate a civil or criminal prosecution. The OIG regularly reports its work on its website, oig.pbgc.gov, and in its Semiannual Reports to Congress, which are posted there.

FISCAL YEAR 2024 ACTUARIAL VALUATION (unaudited)

PBGC calculated and validated the present value of future PBGC-payable benefits (PVFB) for both the Single-Employer and Multiemployer Programs and of nonrecoverable future financial assistance (NRFFA) under the Multiemployer Program. Except for updated Mortality Tables, we generally used the same methods and procedures as Fiscal Year 2023 for the Single-Employer and Multiemployer Programs.

PRESENT VALUE OF FUTURE BENEFITS AND NONRECOVERABLE FINANCIAL ASSISTANCE – SEPTEMBER 30, 2024

	Number of Plans	Number of Participants (in thousands)	Liability (in millions)
I. SINGLE-EMPLOYER PROGRAM			
A. Terminated Plans			
1. Seriatim at fiscal year-end (FYE)	5,044	1,160	$68,682
2. Seriatim at DOPT, adjusted to FYE	13	20	2,368
3. Nonserieatim[1]	87	137	7,070
4. Missing Participants Program (seriatim)[2]	-	48	467
Subtotal	5,144	1,365	$78,587
B. Probable terminations (non-seriatim)[3]	1	2	$178
Total[4]	5,145	1,367	$78,765
II. MULTIEMPLOYER PROGRAM			
A. Pre-MPPAA terminations (seriatim)	10	0*	$0
B. Post-MPPAA liability (net of plan assets)			
1. Currently Receiving Assistance	91	82	1,700
2. Probable for Assistance	31	29	370
Total	122	111	$2,070

* Fewer than 500 participants

Notes:

1) The liability for terminated plans has been increased by $17 million for settlements.
2) The Missing Participants Program refers to a liability that PBGC assumed for unlocated participants in the Expanded Missing Participant Program.
3) The net claims for the probable plans reported in the financial statements include $35 million for not yet identified probable terminations. The assets for probable plans, including the expected value of recoveries on employer liability and due and unpaid employer contributions claims, are $47 million. Thus, the net claims for probables as reported in the financial statements are $178 million less $47 million, or $131 million.
4) The PVFB in the financial statements ($78,666 million) is net of estimated plan assets and recoveries on probables ($47 million), estimated recoveries on terminated plans ($26 million), and estimated assets of plans pending trusteeship ($26 million), or $78,765 million less $47 million less $26 million less $26 million equals $78,666 million.

Single-Employer Program

PBGC calculated the Single-Employer Program's liability for benefits in the terminated plans and probable terminations, as defined in Note 2 to the financial statements, using a combination of two methods: seriatim and nonseriatim. For 5,044 plans, representing about 98 percent of the total number of single-employer terminated plans (85 percent of the total estimated number of participants in single-employer terminated plans), PBGC had sufficiently accurate data to calculate the liability separately for each participant's benefit (seriatim method). This was an increase of 56 plans over the 4,988 plans valued seriatim last year. For 13 plans whose data were not yet fully automated, PBGC calculated the benefits and liability seriatim as of the date of plan termination (DOPT) and brought the total amounts forward to the end of fiscal year 2024 on a non-seriatim basis.

For 87 other terminated plans, PBGC did not have sufficiently accurate or complete data to value individual benefits. Instead, the Corporation used a "nonseriatim" method that brought the plan liabilities from the plan's most recent actuarial valuation forward to the end of fiscal year 2024 using certain assumptions and adjustment factors.

For September 30, 2024, the spot rate yield curve starts with an interest factor of 4.44% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 5.11% and is assumed to remain level thereafter. For September 30, 2023, the spot rate yield curve started with an interest factor of 6.30% in year 1 and the interest factor for year 31 and beyond was 5.55%.

The mortality tables used for valuing healthy lives in the Single-Employer Program were the Pri-2012 Male and Female Total Dataset tables with adjustments for healthy annuitants, non-annuitants, and contingent survivors respectively. The resulting tables were projected generationally using Male and Female Scales MP-2021. In accordance with the recommendation from the 2022 Mortality Study, mortality experience is reviewed at the end of each fiscal year to determine if the excess mortality percentages applied to the improvement scale should be updated. PBGC decided to remove the excess mortality adjustment effective with the 9/30/2024 valuation since 1) the combined single-employer excess death rate (weighted 50% male, 50% female) based on PBGC experience for 2024 (0.75%) was substantially lower than the expected rate (4%), and 2) available analyses on general population data point toward a return to pre-pandemic excess death levels. In fiscal year 2023, the mortality tables used for valuing healthy lives in the Single-Employer Program were the Pri-2012 Male and Female Total Dataset tables with adjustments for healthy annuitants, non-annuitants, and contingent survivors respectively. The resulting tables were projected generationally using Male and Female Scales MP-2021. For the 9/30/2023 valuation, the adjustments to Scales MP-2021 for anticipated excess mortality were: 2023: 5%, 2024: 4%, 2025: 3%, 2026: 2%, 2027: 1%, 2028 and beyond: 0%.

Based on the results of a 2023 study of PBGC's case administration expenses, an updated expense assumption was adopted for September 30, 2023 and subsequent years. The expense reserve stayed at 0.68% of the PVFB and the additional reserves decreased for plans in which case processing milestones (plan asset valuations, participant database audits, and actuarial valuations) were not yet complete. In addition to the completion of these milestones, PBGC continues to base the reserve on plan size, number of participants, and elapsed time since trusteeship. The expense loading factor of 0.68% for ongoing benefit payments represents an estimate of expenses incurred from the ongoing benefit payments to participants. The expense factors are applied to current data to calculate expense liabilities for each financial statement valuation date.

Multiemployer Program

PBGC calculated the liability for the 10 pre-MPPAA terminations using the same assumptions and methods applied to the Single-Employer Program.

PBGC based its valuation of the post-MPPAA liability for nonrecoverable future financial assistance on the most recent available actuarial reports, Form 5500 Schedule B or Schedule MB, as applicable, and information provided by representatives of the affected plans. The Corporation identified 122 individual multiemployer plans that are either already insolvent or are terminated and not eligible for SFA. And therefore, we expect those plans to need financial assistance because of inadequate contribution bases and insufficient assets.

COVID-19 Note

For the September 30, 2024 valuation, PBGC adjusted the MP-2021 improvement scale to reflect excess mortality due to COVID-19. For future years, no excess mortality adjustment were assumed. Any potential impact on other assumptions will be evaluated over time as events unfold and more data is acquired.

Statement of Actuarial Opinion

This valuation has been prepared in accordance with generally accepted actuarial principles and practices and, to the best of my knowledge, fairly reflects the actuarial present value of the Corporation's liabilities for the single-employer and multiemployer plan insurance programs as of September 30, 2024.

In preparing this valuation, I have relied upon information provided to me regarding plan provisions, plan participants, plan assets, and other matters, some of which are detailed in Note 6 of this Annual Report as well as a complete Actuarial Report available from PBGC.

In my opinion, (1) the techniques and methodology used for valuing these liabilities are generally acceptable within the actuarial profession; (2) the assumptions used are appropriate for the purposes of this statement and are individually my best estimate of expected future experience, discounted using current settlement rates from insurance companies as determined by PBGC's Policy Research and Analysis Department; and (3) the resulting total liability represents my best estimate of anticipated experience under these programs.

I, Scott Young, am the Chief Valuation Actuary of the PBGC. I am a Member of the American Academy of Actuaries, a Fellow of the Society of Actuaries and an Enrolled Actuary. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Scott G. Young

Scott G. Young, FSA, EA, MAAA
Fellow of the Society of Actuaries
Enrolled Actuary
Member of the American Academy of Actuaries
Chief Valuation Actuary, Pension Benefit Guaranty Corporation
Director, Actuarial Services and Technology Department

INDEPENDENT AUDIT AND MANAGEMENT'S RESPONSE

Office of Inspector General

November 15, 2024

To the Board of Directors
Pension Benefit Guaranty Corporation

The Office of Inspector General contracted with Ernst & Young LLP (EY), an independent certified public accounting firm, to audit the financial statements of the Single-Employer and Multiemployer Program Funds administered by the Pension Benefit Guaranty Corporation (PBGC) as of and for the years ended September 30, 2024 and 2023. EY conducted the audit in accordance with the auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (*Government Auditing Standards*), and in accordance with the provisions of OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*.

In their audit, EY found:

- The financial statements present fairly, in all material respects, the financial position of the Single-Employer and Multiemployer Program Funds administered by the PBGC at September 30, 2024 and 2023, and the results of their operations and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. This is the 32nd consecutive unmodified financial statements audit opinion.

- PBGC maintained, in all material respects, effective internal control over financial reporting as of September 30, 2024, based on criteria established under 31 U.S.C. § 3512 (c), (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA) as implemented by OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government* issued by the United States Government Accountability Office (the Green Book).

- No instances of reportable noncompliance or other matters with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

EY is responsible for the accompanying auditor's reports dated November 15, 2024 and the conclusions expressed therein. We do not express opinions on PBGC's financial statements or internal control over financial reporting, nor do we draw conclusions on compliance with laws and regulations. The auditor's reports (AUD-2025-03) are also available on our website at oig.pbgc.gov.

Respectfully,

Nicholas J. Novak

Nicholas J. Novak
Inspector General

cc: Ann Orr
Patricia Kelly
Alice Maroni
David Foley
Karen Morris
Robert Scherer
Walt Luiza
John Hanley
Michael Rae
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Report of Independent Auditors

To the Board of Directors, Management, and the Inspector General
of the Pension Benefit Guaranty Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Pension Benefit Guaranty Corporation (the Corporation), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of operations and cash flows of the Single-Employer and Multiemployer Program Funds for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Single-Employer and Multiemployer Program Funds at September 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*, the Corporation's internal control over financial reporting as of September 30, 2024, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act (FMFIA) as implemented by Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government,* issued by the United States Government Accountability Office (the Green Book), and our report dated November 15, 2024, expressed an unmodified opinion thereon.

Basis for Opinion

We conducted our audits in accordance with GAAS, in accordance with *Government Auditing Standards*, and in accordance with the provisions of OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and the provisions of OMB Bulletin No. 24-02 are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Message from the Corporation's Chair, Message from the Acting Director, Annual Performance Report, Operations in Brief, Strategic Goals and Results, Independent Evaluation of the Corporation's Programs, Fiscal Year 2024 Financial Statement Highlights, Management's Discussion and Analysis, Analysis of Systems, Controls and Legal Compliance, Management Representation, Payment Integrity Information Act Reporting, 2024 Actuarial Valuation, Letter of the Inspector General, Management's Response Letter and Organization but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated November 15, 2024, on our audit of the Corporation's internal control over financial reporting. The purpose of that report is to provide an opinion on internal control over financial reporting. In accordance with *Government Auditing Standards*, we also have issued our report dated November 15, 2024, on our tests of the Corporation's compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Those reports are an integral part of an audit performed in accordance with

Government Auditing Standards in considering the Corporation's internal control over financial reporting and compliance.

Ernst & Young LLP

November 15, 2024

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Report of Independent Auditors on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors, Management, and the Inspector General
of the Pension Benefit Guaranty Corporation

Opinion on Internal Control Over Financial Reporting

We have audited the Pension Benefit Guaranty Corporation's (the Corporation) internal control over financial reporting as of September 30, 2024, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act (FMFIA) as implemented by Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government,* issued by the United States Government Accountability Office (the Green Book). In our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of September 30, 2024, based on the criteria established under FMFIA, OMB Circular No. A-123, and the Green Book.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and in accordance with the provisions of OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, the statements of financial position as of September 30, 2024 and 2023, and the related statements of operations and cash flows of the Single-Employer and Multiemployer Program Funds for the years then ended, and the related notes (collectively referred to as the "financial statements"), and our report dated November 15, 2024, expressed an unmodified opinion thereon.

Basis for Opinion

We conducted our audit in accordance with GAAS and in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for Internal Control Over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Analysis of Entity's Systems, Controls and Legal Compliance section of the Annual Report.

Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk. We did not evaluate all internal controls relevant to operating objectives as broadly established under FMFIA, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements; and (4) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Reporting Significant Deficiencies in Internal Control Over Financial Reporting as Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies. A *deficiency in internal control* over financial reporting (internal control) exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated November 15, 2024, on our tests of the Corporation's compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's compliance.

Ernst + Young LLP

November 15, 2024

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Report of Independent Auditors on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors, Management, and the Inspector General
of the Pension Benefit Guaranty Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*) and the provisions of Office of Management and Budget (OMB) Bulletin No. 24-02*, Audit Requirements for Federal Financial Statements*, the financial statements of the Pension Benefit Guaranty Corporation (the Corporation), which comprise the statement of financial position as of September 30, 2024 and 2023, and the related statements of operations and cash flows of the Single-Employer and Multiemployer Program Funds for the years then ended, and the related notes (collectively referred to as the "financial statements"), and our report dated November 15, 2024, expressed an unmodified opinion thereon.

We also have audited, in accordance with GAAS and in accordance with *Government Auditing Standards*, the Corporation's internal control over financial reporting as of September 30, 2024, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act (FMFIA) as implemented by OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government* issued by the United States Government Accountability Office (the Green Book) and our report dated November 15, 2024, expressed an unmodified opinion thereon.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-02.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the Corporation's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's compliance. Accordingly, this communication is not suitable for any other purpose.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2024, on our audit of the Corporation's internal control over financial reporting. The purpose of that report is to provide an opinion on internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting.

Ernst + Young LLP

November 15, 2024

Pension Benefit Guaranty Corporation
445 12th Street SW, Washington, DC 20024-2101

Office of the Director

November 15, 2024

MEMORANDUM

To: Nick Novak
Inspector General

From: Ann Y. Orr
Acting Director

Subject: Response to the Independent Auditor's Combined Audit Report for the FY 2024 Financial Statement Audit

Thank you, once again this year, for the opportunity to comment on the Office of Inspector General's FY 2024 audit results regarding the agency's financial statements, internal controls, and compliance with laws and regulations. Given that PBGC protects the pensions of millions of American workers, retirees, and their families, it is especially noteworthy that our financial statements have once again received an unmodified opinion, as have our internal controls over financial reporting.

Your attention to this report is especially appreciated.

cc:
Patricia Kelly
David Foley
John Hanley
Alice Maroni
Karen Morris
Michael Rae
Robert Scherer
Lisa Carter
Walter Luiza

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Office of Negotiations and Restructuring
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Deputy Chief

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