

**Pension Benefit Guaranty Corporation—
CBO’s Estimate of the President’s Fiscal Year 2020 Budget**

The Pension Benefit Guaranty Corporation (PBGC) is a wholly owned government corporation that insures private pension benefits under separate programs for single-employer and multiemployer plans. The programs are funded through premiums paid by the plans, and PBGC maintains a separate reserve fund for each program. PBGC assumes trusteeship of terminated single-employer plans and pays assistance to insolvent multiemployer plans. The maximum amount of benefits that PBGC guarantees is set in law. Under current law, once the multiemployer revolving fund is exhausted, PBGC will reduce multiemployer financial assistance to amounts that can be supported with premium income.

Proposals for the Pension Benefit Guaranty Corporation (PBGC)—CBO's Estimate of the President's Fiscal Year 2020 Budget

Millions of Dollars, by Fiscal Year

May 9, 2019

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-2024	2020-2029
Increases or Decreases (-) in Direct Spending Outlays												
Establish Multiemployer Variable-Rate Premiums												
Additional premiums ^a	0	0	-1,925	-2,003	-2,005	-2,059	-2,115	-2,085	-2,110	-2,117	-5,933	-16,419
Change in financial assistance from prevention of fund exhaustion ^b	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,114</u>	<u>2,447</u>	<u>2,619</u>	<u>2,816</u>	<u>3,000</u>	<u>0</u>	<u>12,996</u>
Total	<u>0</u>	<u>0</u>	<u>-1,925</u>	<u>-2,003</u>	<u>-2,005</u>	<u>55</u>	<u>332</u>	<u>534</u>	<u>706</u>	<u>883</u>	<u>-5,933</u>	<u>-3,423</u>
In Single-Employer Program, Increase Variable Rate Premiums and Reduce Fixed-Rate Premiums	0	-282	-79	-35	-35	-7	5	10	4	22	-431	-397
Premium Timing Changes ^c	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,530</u>	<u>-2,530</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
All Policies	0	-282	-2,004	-2,038	-2,040	2,578	-2,193	544	710	905	-6,364	-3,820

PBGC = Pension Benefit Guaranty Corporation.

- a. The President's budget proposes a new variable-rate premium for PBGC's multiemployer program, but it does not specify the premium rates. CBO adopted the proposed amounts of additional premiums for 2022 and later.
- b. CBO projects that under current law, the multiemployer revolving fund will be exhausted in 2025. CBO expects that after the fund is exhausted, PBGC will reduce financial assistance to a level that could be supported with premium income. With the proposed additional premium income, the fund would remain solvent throughout the projection period, allowing additional outlays for financial assistance.
- c. The Balanced Budget Act of 2015 accelerated the due date for some premiums payments from 2026 into 2025. The President's budget would move the due date back to 2026.