

**Proposals Affecting the Pension Benefit Guaranty Corporation—  
CBO’s Estimate of the President’s Fiscal Year 2021 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.

These estimates are based on CBO’s baseline budget projections as of March 6, 2020, which do not incorporate changes to the nation’s economic outlook and fiscal situation arising from the recent and rapidly evolving public health emergency related to the novel coronavirus.

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Millions of Dollars, by Fiscal Year

March 25, 2020

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-2025	2021-2030
Increases or Decreases (-) in Direct Spending Outlays												
Establish Multiemployer Variable-Rate Premiums												
Additional premiums <sup>a</sup>	0	0	-2,660	-2,698	-2,694	-2,825	-2,871	-2,923	-3,020	-3,105	-8,052	-22,796
Change in financial assistance from prevention of fund exhaustion <sup>b</sup>	0	0	0	0	0	0	679	1,809	1,923	1,998	0	6,409
Total	0	0	-2,660	-2,698	-2,694	-2,825	-2,192	-1,114	-1,097	-1,107	-8,052	-16,387
In Single-Employer Program, Increase Variable Rate Premiums and Reduce Fixed-Rate Premiums	0	-1,123	-337	-147	-165	-76	-7	29	61	72	-1,772	-1,693
Premium Timing Changes <sup>c</sup>	0	0	0	0	3,887	-3,887	0	0	0	0	3,887	0
All Policies	0	-1,123	-2,997	-2,845	1,028	-6,789	-2,200	-1,086	-1,035	-1,035	-5,937	-18,082

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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 2023 and later.
- b. CBO projects that under current law, the multiemployer revolving fund will be exhausted in 2027. 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.