

Benefits Briefing: Defined Benefit Plan Issues

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AMERICAN BENEFITS

COUNCIL

PBGC Premiums

- Administration proposal: \$16 billion over 10 years (currently PBGC collects just over \$2 billion per year)
 - Potential control by PBGC
- House budget proposal: \$2.7 billion over 10 years
- Senate: no proposal
- Debt reduction bill: a PBGC premium proposal is a very distinct possibility

Administration Proposal

- A refined outline for raising PBGC premiums was included in the President's proposal to create jobs and cut the deficit
- Flat rate premiums would increase to \$44 in 2014 and phase up to \$70 in 2021
- Total premium would be “capped” at four times the amount paid in 2010
- Premiums to be based on the plan's assets and liabilities, the financial condition of the plan sponsor, and other factors
- During fiscal years 2014 – 2021, the PBGC premium amounts would have to be increased by at least \$16 billion (but not more than \$17 billion) above current projected levels regardless of their deficit or plan funded status

Funding Stability

- Proposal
 - Interest Rate
 - Amortization

