

Pension Benefit Guaranty Corporation



Strategic Plan
FY 2008-2013

“After a lifetime of work, American workers have earned the opportunity to enjoy a secure retirement.”

*President George W. Bush, welcoming passage of PPA.
August 5, 2006,*

“The passage of pension reform has affirmed the principle that pension promises made to workers are promises that must be kept.”

*Secretary of Labor Elaine L. Chao, Chairman of the Board
December 2006*

A Message from the Director

In recent years retirement security has acquired new urgency with the aging of the American workforce. As the post-World War II “baby boomer” generation approaches its retirement years, this issue has become a prominent topic of political and social debate. The Pension Benefit Guaranty Corporation (PBGC) has been central to this debate.



Every month, the PBGC pays more than \$350 million to more than 630,000 retirees, a population equal to that of Baltimore, Maryland. Including those who will receive pensions from the PBGC in the future, the agency is currently directly responsible for the pensions of about 1.3 million people—more than the population of San Antonio, Texas, the seventh largest city in the United States. And the 44 million Americans whose pensions are insured by the PBGC number more than the entire populations of the countries of Canada, Argentina, or Spain.

Given this responsibility, we must assure that the pension insurance system remains stable and viable for the current and future generations of American workers and retirees who depend upon us. To this end we have developed this strategic plan, which is founded on three goals:

- The PBGC will safeguard the federal pension insurance system for the benefit of participants, plan sponsors, and other stakeholders.
- The PBGC will provide exceptional service to customers and stakeholders.
- The PBGC will exercise effective and efficient stewardship of PBGC resources.

The plan itself provides the framework to guide us in achieving these goals, and it identifies our priorities for addressing the challenges that lie ahead for the next five years.

Since 1974, the PBGC has provided a safety net for the hard-earned pensions of our nation’s workers. We are confident that, with this plan and the continued dedication of the PBGC’s highly motivated management and staff, the PBGC will continue to provide the superior service and retirement security for American workers that have marked its history. We will continue to report on our progress on our Web site at www.pbgc.gov.

A handwritten signature in black ink that reads "Charles E. F. Millard". The signature is written in a cursive, flowing style.

Charles E. F. Millard
Director

“Under this law, the Employee Retirement Income Security Act of 1974, the men and women of our labor force will have much more clearly defined rights to pension funds and greater assurances that retirement dollars will be there when they are needed.”

*President Gerald Ford, upon signing the legislation establishing the PBGC.
September 2, 1974.*

About the PBGC

The Pension Benefit Guaranty Corporation (PBGC) is a federal corporation established under the Employee Retirement Income Security Act of 1974, as amended (ERISA). ERISA established the PBGC to insure, subject to statutory limits, benefits for participants in covered private-sector defined benefit pension plans in the United States. It currently guarantees payment of basic pension benefits earned by 44 million American workers and retirees in more than 30,000 plans. The PBGC receives no funds from general tax revenues. Operations are financed by insurance premiums set by Congress and paid by companies that sponsor defined benefit pension plans, investment income, assets from plans trusted by the PBGC and recoveries from companies formerly responsible for the plans.

The PBGC and its stakeholders maintain an interest in a strong and effective pension insurance program, which is vital to the encouragement of voluntary private pension plans. While the program remains exposed to significant risks and higher deficits, the PBGC is committed to using the appropriate means to close the deficit, control its exposure to future losses and educate the American public and stakeholders on the issues it faces.

The PBGC is governed by a Board of Directors, which consists of the Secretary of Labor (Chair), Secretary of the Treasury, and Secretary of Commerce. The Director of PBGC is appointed by the President and subject to confirmation by the Senate.

PBGC Board of Directors

Secretary of Labor Elaine L. Chao,
Chair of the Board

Secretary of the Treasury Henry M. Paulson

Secretary of Commerce Carlos M. Gutierrez

PBGC Director

Charles E. F. Millard

Who We Are

Mission and Vision: The PBGC safeguards the retirement security of the American people by guaranteeing benefits for those covered by insured defined benefit pensions.

Guiding Principle: The PBGC is a performance-based organization that values professionalism, integrity, high ethical standards, and accuracy in all of its work.



PBGC Strategic Plan Overview

The PBGC's strategic plan for fiscal years 2008 through 2013 is founded on three goals:

- The PBGC will safeguard the federal pension insurance system for the benefit of participants, plan sponsors, and other stakeholders.
- The PBGC will provide exceptional service to customers and stakeholders.
- The PBGC will exercise effective and efficient stewardship of PBGC resources.

This plan identifies key activities that carry out the agency's mission. It provides the overarching framework for achievement of agency priorities and allocation of its resources. It identifies the key outcomes and strategies that will be used to achieve these goals and the key indicators of success. The strategic goals and desired outcomes are communicated to employees and stakeholders through the Internet, staff meetings, and individual leadership.



PBGC Strategic Priorities

This strategic plan provides a framework for safeguarding the pension insurance system, providing exceptional service to customers and stakeholders, and managing resources effectively to maximize efficiency. It identifies the priorities management has established to address the challenges the PBGC will face over the next five years. The priorities are to:

- Conduct business with professionalism, and integrity;
- Expand public awareness of the issues facing the private defined benefit pension system while working with Congress on legislative reforms to enable the PBGC to meet its long-term obligations to retirees;
- Align resources to meet changing workload demands;
- Build a performance-based organization that promotes the sharing of information, transparency, and accountability;
- Pursue a workable governance structure and build cooperative and collaborative relationships with stakeholders to support a policy environment as determined by the Administration;
- Implement a comprehensive approach to information technology management and data security;
- Promote a management control structure that mitigates the likelihood of significant deficiencies;
- Meet the highest ethical standards.



PBGC Strategic Goals, Outcomes, and Strategies

Strategic Goal 1 – The PBGC will safeguard the federal pension insurance system for the benefit of participants, plan sponsors, and other stakeholders.

Outcome 1: A policy environment that appropriately balances the interests of stakeholders

- ◇ Principal Strategy: Commit to eliminate the PBGC's deficit and address the PBGC's expected liabilities so that workers and retirees can expect to receive qualified benefit payments from the PBGC for the defined benefit pension plans trusted by the agency.
- ◇ Key Indicator: Annual analysis of measures that could eliminate the long-term deficit



Outcome 2: Mitigate risk and avoid financial losses from underfunded pension plans

- ◇ Principal Strategy: Improve risk monitoring and early warning activities and align resources to assure proper plan terminations; obtain enhanced recoveries from bankrupt plan sponsors that emerge from reorganization; and intervene in corporate transactions to mitigate loss to PBGC.
- ◇ Key indicators:
 - Implementation of a more robust case management system
 - Use of experts to evaluate potential failures of major plan sponsors and corporate transactions involving plan sponsors maintaining significantly underfunded plans
 - Pursuit of new claims for post-termination premium payments where former plan sponsors emerge from bankruptcy
 - Pursuit and defense of PBGC liability claims in contested cases

Outcome 3: Compliance with pension insurance program laws and regulations under Title IV of ERISA

- ◇ Principal Strategy: Implement the provisions of the Deficit Reduction Act of 2005 and the Pension Protection Act of 2006.
- ◇ Key indicators:
 - Promulgation of regulations in coordination with appropriate agencies and within established timeframes
 - Identification and remediation of legislative and regulatory gaps

The American Express Company established the first private pension plan in 1875.

Strategic Goal 2 – The PBGC will provide exceptional service to customers and stakeholders.

Outcome 1: Timely, accurate, and responsive customer service and self-service tools

- ◇ Principal Strategy: Streamline processes, implement performance-based contracts for vendors, and increase functionality available via Web and interactive voice response tools.
- ◇ Key indicators:
 - American Customer Satisfaction Index (ACSI) ratings for Participant Service
 - Customer Contact Center calls (external reported measure)
 - Retirees and beneficiaries receiving benefits (external reported measure)
 - ACSI ratings for Premium Filer Service
 - Premium Filer Contacts (external reported measure)
 - Average age of benefit determinations issued (external reported measure)
 - ACSI ratings for pbgc.gov (external reported measure)
 - Implementation of additional MyPBA online transactions for participants
 - Implementation of additional My PAA online transactions for premium filers



Outcome 2: Efficient operational processes, procedures, and systems that have capacity to handle variable workloads

- ◇ Principal Strategy: Consolidate applications, refine service delivery model, and improve key processes.
- ◇ Key indicators:
 - Fewer applications to support
 - Simplified service delivery model
 - Re-engineered processes
 - Flexible staffing aligned with workloads
 - Cost per participant in trusteed plan (external reported measure)

The PBGC paid \$4.3 billion in benefits to 631,000 retirees in 2007.

Strategic Goal 3 – The PBGC will exercise effective and efficient stewardship of PBGC resources.

Outcome 1: Access to critical systems through reliable, adaptable, and secure information technology using enterprise services to meet the needs of the PBGC's internal and external customers

- ◇ Principal Strategy: Manage information technology projects as investments, producing measurable business improvements while mitigating risks.
- ◇ Key indicators:
 - IT governance structure encompassing policies, procedures, standards, and guidance that enable corporate decision-making
 - IT Management Framework integrating architecture planning, investment management, security, and solutions development to align IT with business goals and controls
 - Transition strategy and sequencing plan identifying corporate-wide migration to target environment
 - Cost-effective, secure solutions that are delivered on time and meet the planned performance goals

Outcome 2: Compliance with laws and regulations through program evaluations and management accountability.

- ◇ Principal Strategy: Ensure legal and regulatory compliance through implementation of appropriate policies, procedures, standards, and guidance.
- ◇ Key indicators:
 - Unqualified financial audit opinion
 - Effective internal controls mitigating risks and exposures

Outcome 3: An expert, ethical, diverse, and highly productive workforce.

◇ Principal Strategy: Establish a performance-based culture with human capital programs and practices that promote a fair and inclusive work environment.

◇ Key indicators:

- ◇ A Human Capital Strategic Plan
- ◇ Proactive retention and recruitment of employees including mentoring, employee assessment and feedback, outreach, incentives and recognition programs
- ◇ Succession planning and knowledge management programs
- ◇ A performance-based culture that improves accountability and organizational performance
- ◇ Trained workforce that models the highest ethical standards, ensuring that decisions are informed by public and not private interests
- ◇ Workforce is well-trained in diversity and EEO matters



Outcome 4: PBGC resource decisions and operations reflect sound financial, security, and risk management principles.

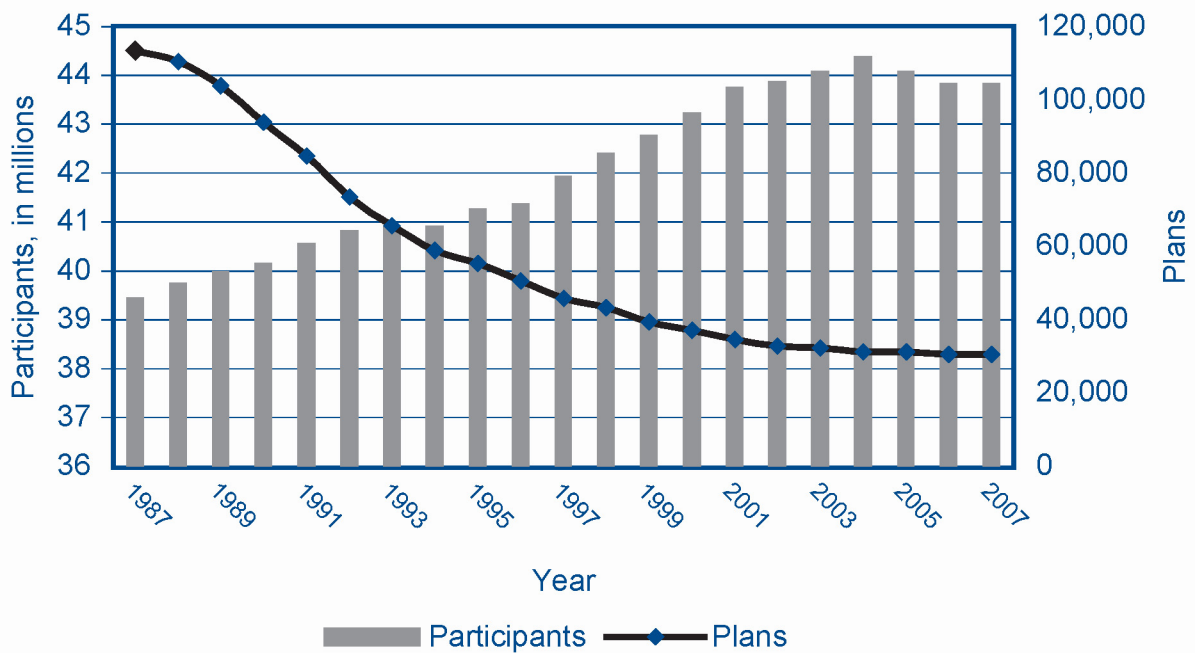
◇ Principal Strategy: Use “best practice” benchmarks and risk assessments to guide resource allocation, management and monitoring.

◇ Key indicators:

- ◇ Security controls, commensurate with risk, that protect sensitive, private, and classified information
- ◇ Contingency Planning Process that is documented and routinely tested

- Performance-based contracting with reasonably distributed risks
- Performance management program with regular monitoring, measuring, and reporting
- Records management program that is compliant with National Archives and Records Administration requirements

PBGC-Insured Plans and Participants 1987-2007



Key Factors Affecting Achievement of PBGC Goals

Plan Underfunding

Financial and operational risks facing the pension insurance system continue to fluctuate significantly because of the sensitivity of underfunded pension plans to changes in economic conditions. The necessary monitoring of these plans and their sponsors strains PBGC resources.

Plan Terminations

Continued growth in the number and magnitude of pension plan terminations and the number of participants in trusteed plans increases the PBGC's workload and the need for supporting infrastructure. This larger workload and increasing customer expectations challenge the agency's ability to deliver quality customer service.

Complexity of Assets in Terminated Plans

When an underfunded pension plan terminates, the plan's existing investment portfolio is absorbed by the PBGC, which commingles the assets with its own assets under management. Assets from recent large plan terminations have included complex investment mixes that the agency manages until the assets can be liquidated. The handling of complex assets in the PBGC's portfolio, and particularly assets that it would otherwise not hold, increases the PBGC's investment management costs.

Attracting and Engaging Highly Skilled Employees

The challenges of recruiting and retaining highly skilled employees can lead to difficulties in meeting growing customer demands. PBGC retirements and continuing competition from private sector organizations and other government agencies intensify these challenges.



Program Evaluation

Program evaluation is an independent and objective assessment of a program area. There are various activities and entities that regularly perform evaluations of PBGC programs, operations, and systems.

Annual Customer and Employee Surveys

The PBGC annually evaluates the satisfaction of customer and stakeholder segments using the American Customer Satisfaction Index (ACSI). The PBGC annually surveys its employees using the OPM's Federal Human Capital Surveys. The PBGC benchmarks its results with other government and private organizations. Evaluation of the survey results enables the PBGC to identify customer and employee needs and make targeted improvements.

Internal Controls Committee

The PBGC expanded its internal risk management program and established the Internal Controls Committee to oversee the testing and reporting of management controls for its key business cycles. The interdepartmental representation of managers and staff on the committee enables the agency to develop a strong internal control awareness program and routinely monitor the progress of required corrective actions.

PBGC has received an unqualified audit opinion for 15 consecutive years beginning in 1993.

Office of Inspector General

The PBGC's Office of Inspector General (OIG) is an independent office within the PBGC, established under the Inspector General Act of 1978 to promote integrity, efficiency, and effectiveness. The OIG has developed its own strategic plan with emphasis on adding value to PBGC programs and activities. The OIG conducts the annual financial audit of the PBGC in addition to other program reviews, and it solicits input from the PBGC Board of Directors and senior managers when developing its annual plan.

Program Assessment Rating Tool (PART)

The Program Assessment Rating Tool (PART) is an assessment of agency operations and results conducted by the Office of Management and Budget. OMB posts the PART results in the ExpectMore.gov Web site, which shows how programs are performing and what they are doing to improve. The PBGC received its second PART review by OMB in 2007. The PBGC's program was again rated "moderately effective," with a score of 70. The assessment showed that the PBGC had made improvements since the 2004 PART, namely by supporting the Administration in enacting major pension reform legislation to strengthen pension plan funding rules and shore up the pension insurance system. The 2007 assessment demonstrated improved efficiency and effectiveness in serving plan participants, retirees, and premium filers. Future improvements will focus on use of performance information in key management decisions and budgeting and on strengthening IT security.

Government Accountability Office (GAO)

The GAO routinely studies the effectiveness and efficiency of the federal pension insurance program administered by the PBGC. Its studies and recommendations have led to legislative and policy changes as well as process improvements at the PBGC. Management will continue to rely upon the GAO for guidance to help improve performance and ensure accountability.

How We Measure Our Success

PBGC establishes measures and targets to assess how we are performing as an organization. Since much of our business is customer focused, PBGC uses the American Customer Satisfaction Index (ACSI) to survey various performance segments. The chart below shows our major performance measures, current results and our long range target through 2013 (the final year covered by this (Strategic Plan)).

PBGC Performance Measures and Outyear Targets

PERFORMANCE MEASURE	2007 RESULT	2013 TARGET
<i>STRATEGIC GOAL 1: SAFEGUARD FEDERAL PENSION INSURANCE SYSTEM</i>		
Commit to eliminate PBGC's deficit and address PBGC's expected liabilities, in order that workers and retirees can expect to receive qualified benefit payments from PBGC for the defined benefit pension plans that PBGC assumes	New measure, reportable for 2008 and beyond	Annual analysis that includes measures that could eliminate the long term deficit and losses anticipated under various economic conditions
<i>STRATEGIC GOAL 2: CUSTOMER SERVICE</i>		
American Customer Satisfaction Index (ACSI) ratings for Participant Service		
a. Customer Contact Center calls	78	81
b. Retirees and beneficiaries receiving benefits	88	85
c. Online transactions for participants (My Pension Benefit Account)	79	81
ACSI ratings for Premium Filer Service		
a. Customer Contact Center calls	70	70
b. Online transactions for premium filers (My Plan Administration Account)	76	78
Average age of benefit determinations issued	3 years	2.5 years
ACSI ratings for pbgc.gov	62	70
<i>STRATEGIC GOAL 3: STEWARDSHIP</i>		
Cost per participant in trusteed plans	\$196	\$176

For further information about the PBGC, please visit our Web site at www.pbgc.gov.



Pension Benefit Guaranty Corporation
1200 K Street, N.W.
Washington, DC 20005-4026

www.pbgc.gov