

Pension Benefit Guaranty Corporation  
**2007 Actuarial Report**

# **Table of Contents**

<b>Overview of Valuation Results</b>	<b>3</b>
<b>Single-Employer Program</b>	
<b>Seriatim at FYE Method</b>	<b>6</b>
Seriatim at DOPT Method	7
Nonseriatim Method	7
Rettig Settlement	11
Missing Participants Program	11
Collins Settlement	11
 Multiemployer Program	 12
 Actuarial Assumptions, Methods, and Procedures	 14
 Data Sources and Assumptions	 19
 Auditor’s Opinion	 20
 Valuation Statistics	 21
 Reconciliation of Results	 26
 Statement of Actuarial Opinion	 28

## **ACTUARIAL VALUATION REPORT – 2007 FISCAL YEAR**

The 2007 Annual Report of the Pension Benefit Guaranty Corporation (PBGC) contains a summary of the results of the September 30, 2007 actuarial valuation. The purpose of this separate Actuarial Valuation Report is to provide greater detail concerning the valuation of future benefits than is presented in PBGC's Annual Report.

### **Overview**

PBGC calculated and validated the present value of future benefits (PVFB) for both the single-employer and multiemployer programs and of nonrecoverable financial assistance under the multiemployer program. These calculations reflect the present value of claims as of the date of the financial statements. They present a snapshot of the liabilities as of a point in time and do not include liability projections over the period subsequent to the date of the financial statements.

For the single-employer program, the liability as of September 30, 2007 consisted of:

- (1) \$66.14 billion for the 3,783 plans that have terminated; and
- (2) \$14.81 billion for the 17 probable terminations.

Liabilities for "probable terminations" reflected reasonable estimates of the losses for plans that are likely to terminate in a future year. These estimated losses were based on conditions that existed as of PBGC's fiscal year-end. Management believes it is likely that one or more events subsequent to PBGC's fiscal year-end will occur, confirming the fact of the loss. In addition, the liability for reasonably possible terminations has been calculated and is discussed in a note to the financial statements of PBGC's 2007 Annual Report. A discussion of PBGC's potential claims and net financial condition over the next ten years is also presented in that report.

For the multiemployer program, the liability as of September 30, 2007 consisted of:

- (1) \$2 million for 10 pension plans that terminated before the passage of the Multiemployer Pension Plan Amendments Act (MPPAA) and of which PBGC is trustee; and
- (2) \$2,124 million for probable and estimable post-MPPAA losses due to financial assistance to 94 multiemployer pension plans that were, or were expected to become, insolvent.

The results of the valuation (the present value of future benefits and nonrecoverable financial assistance) are presented in Table 1 and are displayed in the graphs on pages 7 and 8.

**Table 1:  
Present Value of Future Benefits and Nonrecoverable Future Financial Assistance - 2007**

	Number of Plans	Number of Participants (in thousands)	Liability (in millions)
<b>I. Single-Employer Program</b>			
<b>A. Terminated plans</b>			
1. Seriatim at fiscal year-end (FYE)	3,444	596	\$24,223
2. Seriatim at DOPT, adjusted to FYE	20	82	5,116
3. Nonseriatim <sup>1</sup>	319	486	36,761
4. Rettig Settlement (seriatim) <sup>2</sup>	--	*	1
5. Missing Participants Program (seriatim) <sup>3</sup>	--	19	43
Subtotal	3,783	1,183	\$66,144
<b>B. Probable terminations (nonseriatim)<sup>4</sup></b>	17	87	14,810
Total <sup>5</sup>	3,800	1,270	\$80,954
<b>II. Multiemployer Program</b>			
A. Pre-MPPAA termination (seriatim)	10	*	\$ 2
B. Post-MPPAA liability (net of plan assets)	94	122	2,124
Total	104	122	\$2,126

\* Fewer than 500 participants

Notes:

- 1) The liability for terminated plans has been increased by \$55 million for settlements.
- 2) The Rettig Settlement refers to the liability for benefits that PBGC incurred due to the settlement of a class action lawsuit that increased benefits for some participants and provided new benefits to others. The remaining participants not yet paid are valued seriatim.
- 3) The Missing Participants Program refers to a liability that PBGC assumed for unlocated participants in standard plan terminations.
- 4) The net claims for probable plans reported in the financial statements include \$71 million for not-yet-identified probable terminations. The assets for these probable plans, including the expected value of recoveries on employer liability and due-and-unpaid employer contributions claims, are \$11,024 million. Thus, the net claims for probables as reported in the financial statements are \$14,810 million less \$11,024 million, or \$3,786 million.
- 5) The PVFB in the financial statements (\$69,235 million) is net of estimated plan assets and recoveries on probables (\$11,024 million), estimated recoveries on terminated plans (\$155 million), and estimated assets for plans pending trusteeship (\$540 million), or, \$80,954 million less \$11,024 million less \$155 million less \$540 million = \$69,235 million.

### **Single-Employer Program**

PBGC calculated the single-employer program's liability for benefits for each of the terminated plans and for each of the plans considered to be a probable termination using one of three methods:

- (1) seriatim at fiscal year-end (FYE);
- (2) seriatim at date of plan termination (DOPT), adjusted to FYE; and
- (3) nonseriatim.

In addition, PBGC included liabilities for incurred but not reported (IBNR) plans, for the Rettig Settlement, for the Missing Participants Program, and for the Collins Settlement.

#### **Seriatim at FYE Method**

The liability for each participant's benefit was calculated separately at FYE for plans for which PBGC had sufficiently complete and accurate data. This was termed the seriatim at FYE method. PBGC selected plans to be valued using the seriatim at FYE method according to two criteria:

- (1) completeness - whether PBGC's computer system contained enough of the plan's participant records and whether enough of those records had been finalized; and
- (2) accuracy - whether the participant's record contained enough of the critical elements of data that were necessary to perform an actuarial valuation.

For this valuation, these criteria were met by 3,444 pension plans (91% of the single-employer plans) representing \$24,223 million (30%) in liabilities and about 596,000 (47%) participants. This was an increase of 144 plans over the 3,300 plans valued seriatim at FYE last year.

While the critical error rates for 285 plans or 8.3% of the seriatim plans exceeded 5%, the overall error rate for the group of 3,444 seriatim plans was 1.4%.

### **Seriatim at DOPT Method**

There were 20 plans for which a final seriatim valuation as of date of plan termination (DOPT) had been completed, but the Benefits Administration and Payment Department of PBGC had not finished processing the case as of year-end (e.g., participant data had not been fully loaded into PBGC's computer database, or the data lacked too many critical elements to be valued by the seriatim at FYE method). When PBGC benefit calculations were finalized but not ready for seriatim valuation as of fiscal year-end, PBGC valued the plan's liability seriatim as of the plan's termination date and brought the total amounts forward to September 30, 2007 using the nonseriatim method outlined below. Because PBGC had finalized and valued these benefits for each participant and valued them using PBGC assumptions and regulations as of each plan's date of termination, these amounts are more accurate than similar calculations for plans whose benefits are not final.

### **Nonseriatim Method**

If calculations of benefits guaranteed by PBGC were not final, PBGC based the liability calculations on the plan's most recent actuarial valuation performed before the termination date that is available to PBGC. For the 319 terminated plans valued nonseriatim, PBGC obtained the liability for each plan as of the most recent available actuarial valuation date for each category of participant: retired, active, or terminated vested. These liabilities were adjusted to reflect such factors as:

- (1) benefits accrued between the valuation and plan termination dates;
- (2) differences between the interest rates assumed by the plans' actuaries and those assumed by PBGC;
- (3) differences between the mortality, retirement age, and expense assumptions used by the plans' actuaries and those used by PBGC; and
- (4) the effect on the liability of time elapsed between the valuation date and September 30, 2007.

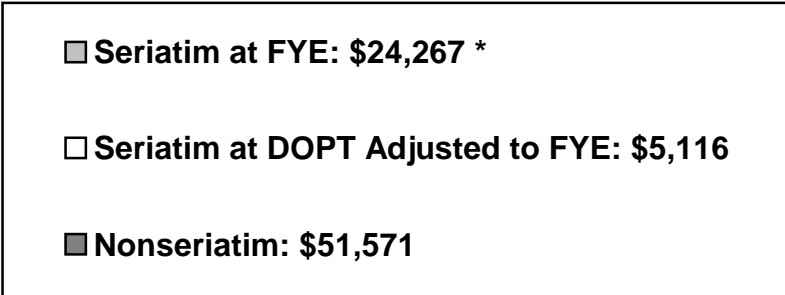
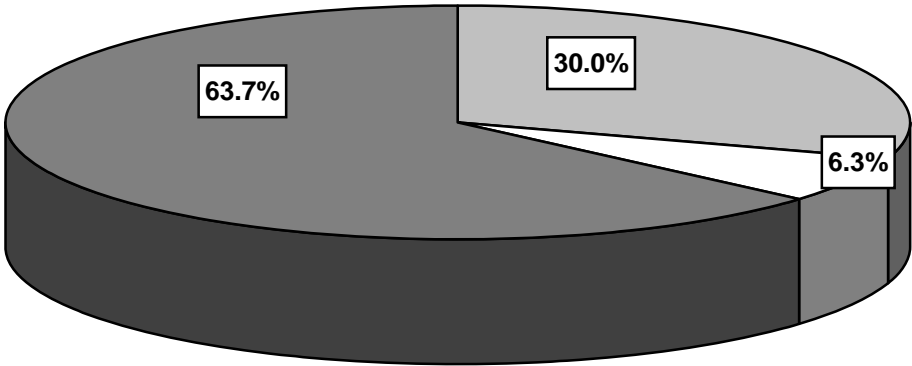
PBGC based the adjustment factors used in the nonseriatim procedure on its experience in routinely estimating the liability for benefits for administrative purposes.

For each of the 17 probable terminations, PBGC calculated the liability as of September 30, 2007 using the nonseriatim method with an assumed date of plan termination.



**Distribution of FYE07 Single-Employer Liability by Method of Calculation**

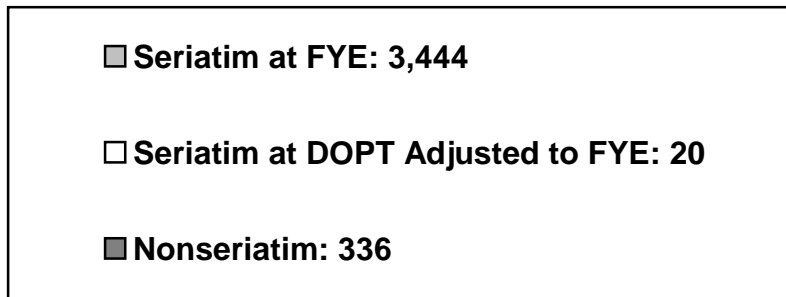
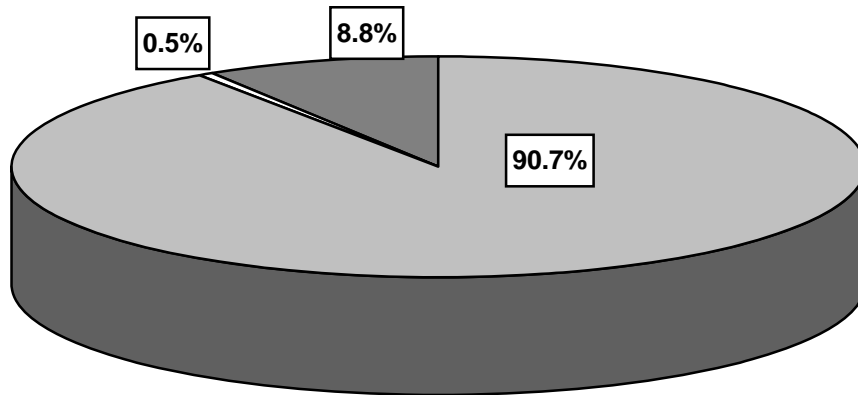
**Liability for Benefits: \$80,954**  
(Dollars in Millions)



\*Seriatim at FYE includes the Rettig Settlement and the Missing Participants Program

**Distribution of FYE07 Single-Employer Plans by  
Method of Calculation**

**Total Plans: 3,800**



### **Rettig Settlement**

The Rettig Settlement refers to the liability for benefits that PBGC incurred as a result of the settlement of a class action lawsuit in 1984. This settlement resulted in an increase in benefits for some participants and new benefits for other participants. The benefits provided to most participants under the Rettig Settlement are in the form of lump sum payments. The payment of these benefits typically results in an annual decrease in liability. Currently, since most of these benefits have been paid, the remaining unpaid benefits are valued seriatim.

### **Missing Participants Program**

The Missing Participants Program refers to a responsibility that PBGC has assumed under the Retirement Protection Act of 1994 to act as a clearinghouse for unlocated participants in standard plan terminations. As with other parts of the PVFB, only the liabilities are shown here. Because plan administrators have transferred a corresponding asset amount to PBGC, the net increase in liabilities of PBGC due to this program, if any, will be negligible. Changes to this program due to the Pension Protection Act of 2006 have not yet been implemented .

### **Collins Settlement**

The Collins Settlement refers to the liability for benefits that PBGC incurred as a result of the settlement of a class action lawsuit during fiscal year 1996. This settlement provides benefits for participants in plans which terminated between January 1, 1976 and December 31, 1981 without having been amended to conform to ERISA's vesting requirements. The liability under this settlement is included in the nonseriatim portion of the liability.

### **Multiemployer Program**

There were a total of 10 pre-MPPAA terminations, 9 of which were granted discretionary coverage under the provisions of ERISA as passed in 1974. The remaining plan terminated when coverage under Title IV was mandatory (from August 1, 1980 until September 25, 1980). PBGC calculated the liability for these 10 terminations under the seriatim at FYE method using the same assumptions as for the single-employer program.

The post-MPPAA portion of the liability represented the present value, as of September 30, 2007, of net losses that PBGC expected to incur from non-recoverable future financial assistance to 94 pension plans, that were, or were expected to become, insolvent. The liability for each plan was calculated (using the cash flow method) as the present value of future guaranteed benefit and expense payments, net of the present value of future employer contributions and withdrawal liability payments. This liability was determined as of the later of September 30, 2007 and the actual or projected date of insolvency, and then discounted back to September 30, 2007 using interest only. The most recent available actuarial reports and information provided by representatives of the affected plans served as the basis for the valuations.

Projected benefit payments were estimated based on liabilities, current benefit payments and estimated average ages for actives, terminated vesteds and retirees from the most recent actuarial reports, combined with assumptions of retirement ages and of future rates of mortality and termination. Projected expense payments were estimated as a constant percentage of the projected benefit payments; this percentage is equal to the ratio of current expense payments to current benefit payments. The projected date of insolvency was then established using a cashflow model with initial assets, expense payments, contributions, projected benefit and withdrawal liability payments as inputs, estimated when necessary.

The post-MPPAA liability as of September 30, 2007 is about \$248 million higher than it was a year earlier. This increase in liability is mostly attributable to a net increase of nine plans in the plans classified as post-MPPAA probable plans in FY 2007, offset by a modest net decrease due to the combined effect of the passage of time, data changes, and the changes in the liability discount rate, mortality assumptions and assumed rate of return. The calculation this year reflected significant improvements to the multiemployer cash flow model to allow the system to (i) better model future expense payments for specified plans; (ii) better reflect the temporary suspension of future assistance payments to currently insolvent plans resulting from their receipt of large one-time payments; and (iii) better project future benefit payments and dates of insolvency for certain types of plans.

## Actuarial Assumptions, Methods, and Procedures

PBGC continues to review the actuarial assumptions used in the valuation to assure that they remain consistent with current market conditions in the insurance industry and with PBGC's experience. The actuarial assumptions, which are used in both the single-employer and multiemployer valuations, are presented in Table 2A. Assumptions concerning data that were not available are discussed in the data section of this report.

As in previous valuations, the select and ultimate interest factors used to value PBGC's liabilities were derived using an assumed underlying mortality basis and current annuity purchase prices. The interest factors so determined for the 2007 valuation were 5.31% for the first 20 years after the valuation date and 4.88% thereafter. For the 2006 valuation the interest factors were 4.85% for the first 25 years and 4.82% thereafter. These interest factors are dependent upon PBGC's mortality assumption.

Beginning with the FY 2004 valuation, the mortality assumptions were updated by adopting the recommendations from a study by an independent consulting firm. The study recommended that, when conducting valuations for its financial statements, the PBGC use the male and female 1994 Group Annuity Mortality Tables, set forward one year, for healthy males and females. The study also recommended that continuing mortality improvements be taken into account by using Projection Scale AA to project these tables a fixed number of years. At each valuation date the fixed number of years will be determined as the sum of the elapsed time from the date of the table (1994) to the valuation date, plus the period of time from the valuation date to the average date of payment of future benefits (the duration). This is an approximation to a generational mortality table. Thus, the mortality table used for healthy lives in the 2007 valuation is the 1994 Group Annuity Mortality Table, set forward one year, projected 23 years to 2017 using Scale AA. The 23 years recognizes the 13 years from 1994 to 2007 plus the 10 year

duration of the 9/30/06 liabilities. The 2006 assumption incorporated a 22 year projection, determined as the sum of the 12 year from 1994 to 2006 and the 10 year duration of the 9/30/05 liabilities.

Retirement age assumptions were not changed.

The SPARR (Small Plan Average Recovery Ratio) assumptions as shown in Table 2B were updated to reflect the SPARR calculated for FY2005 (4.39%). The SPARRs for subsequent years are assumed to equal the FY2005 SPARR.

PBGC determined new explicit loading factors in fiscal year 2007 for expenses in all terminated plans and single-employer probable terminations. The reserve for expenses in the 2007 valuation was assumed to be 1.37% of the liability for benefits plus additional reserves for cases whose plan asset determinations, participant database audits, and actuarial valuations were not yet complete. The factors to determine the additional reserves were based on case sizes (large/small), number of participants, and time since trusteeship. The factors used in the expense reserve formula are shown in Table 2C.

During the 2007 fiscal year, we added a fourth set of financial statements (as of December 31). We improved the IPVFB system: (1) to allow the use of blended mortality tables in projecting the results of nonseriatim valuations to DOPT and to the prior and current valuation dates (2) to better reconcile 4022(c) values between prior and current valuation dates, and (3) to produce reports which facilitate verification of individual participant values.

We continue our ongoing efforts to improve the quality of the seriatim data and, as in other years, made various changes to improve the accuracy, speed, security and auditability of the calculations and to integrate with the evolving PBGC computer environment.

**Table 2A**

**Actuarial Assumptions**

	<b>Previous Valuation as of 9/30/06</b>	<b>Current Valuation as of 9/30/07</b>
<b>Interest Factors</b>	Select & Ultimate: 4.85% for 25 years, 4.82% thereafter	Select & Ultimate: 5.31% for 20 years, 4.88% thereafter
<b>Mortality</b> Healthy Lives	1994 Group Annuity Mortality Static Table (with margins), set forward one year, projected 22 years to 2016 using Scale AA	1994 Group Annuity Mortality Static Table (with margins), set forward one year, projected 23 years to 2017 using Scale AA
Disabled Lives Not Receiving Social Security	Healthy Lives Table set forward 6 years	Healthy Lives Table set forward 6 years
Disabled Lives Receiving Social Security	Healthy Lives Table set forward 6 years	Healthy Lives Table set forward 6 years
<b>SPARR</b>	Calculated SPARR for fiscal years for which it has been calculated. The most recent calculated SPARR is assumed for years for which the calculation is not yet completed (FY04 = 3.42%).	Calculated SPARR for fiscal years for which it has been calculated. The most recent calculated SPARR is assumed for years for which the calculation is not yet completed (most recent SPARR: FY05 = 4.39%). See Table 2B for values.
<b>Retirement Ages</b>	(a) Earliest possible for shutdown companies. (b) Expected retirement age (XRA) tables from 29 CFR 4044 for ongoing companies. (c) Participants past XRA are assumed to be in pay status. (d) Unlocated participants past normal retirement age (NRA) are phased out over 3 years to reflect lower likelihood of payment.	Same
<b>Expenses</b>	All terminated plans and single-employer probable terminations: 1.18% of the liability for benefits plus additional reserves as shown in Table 2C for cases where plan asset determinations, participant database audits and actuarial valuations were not complete.	All terminated plans and single-employer probable terminations: 1.37% of the liability for benefits plus additional reserves as shown in Table 2C for cases where plan asset determinations, participant database audits and actuarial valuations were not complete.



**Table 2B****Small Plan Average Recovery Ratio (SPARR) Assumptions**

The SPARR is used in the calculation of the liability for benefits determined under section 4022(c) of ERISA, which provides participants with a portion of PBGC's recoveries. The SPARR is determined by PBGC for terminations initiated in a given fiscal year based on actual recoveries and unfunded benefit liabilities for plan terminations initiated during the preceding 5 years. As of the end of fiscal year 2007, the SPARR had been calculated for plan terminations initiated in fiscal years 1991-2005. Because subsequent SPARRs have not been calculated, the 2005 SPARR is assumed for fiscal years 2006 and 2007. As of 9/30/07, financial calculations had not yet implemented the provision of the Pension Protection Act of 2006 to determine the SPARR for terminations initiated on or after 9/16/06.

<b>Fiscal Year</b>	<b>SPARR</b>	<b>Status</b>	<b>Fiscal Year</b>	<b>SPARR</b>	<b>Status</b>
1991	12.01%	Calculated	2000	4.58%	Calculated
1992	7.73%	Calculated	2001	4.94%	Calculated
1993	7.44%	Calculated	2002	9.60%	Calculated
1994	7.04%	Calculated	2003	7.86%	Calculated
1995	7.22%	Calculated	2004	3.42%	Calculated
1996	7.90%	Calculated	2005	4.39%	Calculated
1997	5.98%	Calculated	2006	4.39%	Assumed
1998	6.84%	Calculated	2007	4.39%	Assumed
1999	8.01%	Calculated			

**Table 2C**

**Reserve Factors For Expenses\***

<b>Large Plans (more than 100 participants)</b>							
	Plan Asset Determination	Participant Database	Actuarial Valuation				Interim Benefits Administration
Years Since Trusteeship	Per Large Plan	Per Large Plan	Per Large Plan	Per Participant for the First 100 Participants in Plan	Per Participant for the Next 400 Participants in Plan	Per Participant for the Remaining Participants in Plan	Per Participant
0<=y<1	\$23,020	\$78,290	\$118,640	\$1,130	\$370	\$15	\$330
1<=y<2	15,270	48,470	69,450	660	220	10	190
2<=y<3	12,050	35,970	40,380	380	130	5	110
3<=y	8,570	33,130	31,730	300	100	5	90

<b>Small Plans (100 or fewer participants)</b>							
	Plan Asset Determination	Participant Database	Actuarial Valuation				Interim Benefits Administration
Years Since Trusteeship	Per Small Plan	Per Small Plan	Per Small Plan	Per Participant for the First 100 Participants in Plan	Per Participant for the Next 400 Participants in Plan	Per Participant for the Remaining Participants in Plan	Per Participant
0<=y<1	\$11,500	\$21,470	\$118,640	\$1,130	N/A	N/A	\$330
1<=y<2	7,320	18,060	69,450	660	N/A	N/A	190
2<=y<3	5,550	15,130	40,380	380	N/A	N/A	110
3<=y	5,040	11,430	31,730	300	N/A	N/A	90

\* In addition to the reserve factors shown, an expense reserve equal to 1.37% of the liability for benefits applies to both Large Plans and Small Plans.

### **Data Sources and Assumptions**

The seriatim portion of this valuation was based on participant data maintained by PBGC's Benefits Administration & Payment Department. For the seriatim liability, benefit amounts have been determined for each participant using plan documents, together with ERISA and PBGC regulations relating to guaranteed benefits and the allocation of assets. If specific data were not available for deferred vested participants under the seriatim method, participants were assumed to be married and to elect the qualified Joint and Survivor (J&S) benefit; wives were assumed to be four years younger than their husbands. When certain other data elements for a participant were missing, they were replaced by the average for the plan. When the plan average was not available, the average for all plans valued seriatim was used.

The nonseriatim liability was based on the plan's most recent actuarial valuation performed before the termination date that is available to PBGC. The valuation information generally was obtained from actuarial reports or Schedule B filings. For nonseriatim plans and probable terminations, provision generally has been made to reduce benefits to guaranteed levels. Attained ages for active participants, terminated vested participants, and retired participants were assumed to be ages 50, 50 and 65 respectively for new nonseriatim plans when plan data were unavailable. For post-MPPAA multiemployer plans, the assumed ages are 55, 57 and 65, respectively.

### **Auditors' Opinion**

PBGC's 2007 financial statements have received an unqualified opinion from PBGC's auditors, Clifton Gunderson, LLP. The Present Value of Future Benefits and Nonrecoverable Future Financial Assistance and its underlying data are covered by this opinion. The auditors performed numerous tests of both data and procedures to support this opinion.

### **Valuation Statistics**

The FY 2007 valuation for the single-employer program included approximately 1,183,000 participants owed future payments in terminated plans as of September 30, 2007 and approximately 87,000 participants in plans that will probably terminate. For the multiemployer program, the FY 2007 valuation included, as of September 30, 2007, 232 participants in terminated pre-MPPAA plans and approximately 122,000 participants in plans receiving or expected to receive financial assistance. Of these, about 652,000 participants from terminated single-employer plans and 217 participants from terminated multiemployer plans were receiving benefits from PBGC at fiscal year-end.

The average monthly benefit paid by PBGC for participants in pay status during FY 2007 was \$553 (including supplemental benefits) for the single-employer program and \$125 for the multiemployer program.

Tables 3 through 6 summarize the detailed results of the seriatim and nonseriatim valuations for both the single-employer and multiemployer programs.

**Table 3:**  
**Liability for Pay-Status Recipients in "Seriatim at FYE" Method**

Single-Employer						Multiemployer			
Age	Number of Benefit Recipients**	Average Monthly Benefit	Average Supplemental Monthly Benefit	Liability (Millions)	Percent of Liability	Number of Benefit Recipients	Average Monthly Benefit	Liability (Millions)	Percent of Liability
Under 50	1,278	\$252	\$156	\$59	***	0	-	\$0	0%
50-54	4,370	410	300	343	2	0	-	0	0
55-59	24,938	355	338	1,554	9	0	-	0	0
60-64	54,297	425	131	3,697	20	0	-	0	0
65-69	72,986	407	49	4,236	23	0	-	0	0
70-74	68,928	409	53	3,463	19	2	\$104	*	2
75-79	62,847	386	67	2,475	14	11	150	*	10
80-84	52,131	347	70	1,477	8	41	125	*	26
85-89	31,414	301	69	601	3	63	152	1	35
Over 89	13,404	245	72	150	1	100	106	*	27
<b>TOTAL</b>	<b>386,593</b>	<b>\$380</b>	<b>\$107</b>	<b>\$18,055</b>	<b>100%</b>	<b>217</b>	<b>\$125</b>	<b>\$2</b>	<b>100%</b>

\* Less than 0.5% or less than \$500,000

\*\* Approximately 11% of participants are receiving supplemental benefits.

Note: The liability in this table does not include the liabilities for the Rettig Settlement or the Missing Participants Program.

**Table 4:**  
**Liability for Deferred Participants in "Seriatim at FYE" Method**

Single-Employer						Multiemployer			
Age	Number of Benefit Recipients**	Average Monthly Benefit	Average Supplemental Monthly Benefit	Liability (Millions)	Percent of Liability	Number of Benefit Recipients	Average Monthly Benefit	Liability (Millions)	Percent of Liability
Under 40	3,644	\$197	\$0	\$39	1%	0	-	\$0	0%
40-44	11,124	216	72	180	3	0	-	0	0
45-49	24,427	264	36	661	11	0	-	0	0
50-54	44,597	284	69	1,631	26	0	-	0	0
55-59	41,652	290	153	1,948	31	0	-	0	0
60-64	25,164	253	133	1,203	19	0	-	0	0
Over 64	3,791	226	151	188	3	0	-	0	0
Other***	54,613	--	--	362	6	15	-	*	100
<b>TOTAL</b>	<b>209,012</b>	<b>\$269</b>	<b>\$129</b>	<b>\$6,212</b>	<b>100%</b>	<b>15</b>	<b>-</b>	<b>\$*</b>	<b>100%</b>

\* Less than 0.5% or less than \$500,000

\*\* Approximately 1% of participants (not including others) will receive supplemental benefits.

\*\*\* "Other" refers to participants scheduled at year-end for lump sum payments.

Note: The liability in this table does not include the liabilities for the Rettig Settlement or the Missing Participants Program.

**Table 5:  
Seriatim at DOPT and Nonseriatim Liability**

<b>Plans with Final DOPT Benefits</b>			
	Number of Plans	Liability (millions)	Percent of Liability
A. Large	7	\$5,094	9.0%
B. Other	<u>13</u>	<u>\$22</u>	<u>0.0%</u>
Subtotal	20	\$5,116	9.0%
<b>Plans with Non-Final DOPT Benefits</b>			
	Number of Plans	Liability (millions)	Percent of Liability
A. Large	113	\$36,155	64.0%
B. Other	<u>206</u>	<u>\$551</u>	<u>1.0%</u>
Subtotal	319	\$36,706	65.0%
<b>Probable Plans</b>			
	Number of Plans	Liability (millions)	Percent of Liability
A. Large	15	\$14,727	26.0%
B. Other	<u>2</u>	<u>\$12</u>	<u>0.0%</u>
Subtotal	17	\$14,739	26.0%
Total	356	\$56,561	100.0%

Notes:

- 1) Final DOPT benefits refer to those benefits that PBGC has determined and valued seriatim as of DOPT for the plan. Non-Final DOPT benefits are estimates of these final DOPT benefits.
- 2) Large Plans in this table are those whose present value of Title IV benefits at DOPT equals or exceeds \$10 million.
- 3) The liability shown in this table does not include the liability for settlements.
- 4) The liability for probable plans is shown as a gross amount (i.e., plan assets and collections on employer liabilities are not subtracted from the liability for benefits). Also, the numbers in this table do not include the liability for not yet identified probable terminations.

**Table 6A:**  
**Distribution of Single-Employer Liability (including 4022(c)) by Trusteeship Status, Recipient Status, and Valuation Method**  
(Dollars in millions)

<b>Recipient Status</b>	<b>Seriatim/ Missing Participants</b>	<b>Nonseriatim/ IBNR/Collins</b>	<b>Rettig</b>	<b>Total Terminated Liability</b>	<b>Probables</b>	<b>Total Liability</b>	<b>Percent of Total Liability</b>
<b>Receiving Payments</b>							
Trusteed	\$18,005	\$19,517	\$0	\$37,522	\$0	\$37,522	46.3%
Pending Trusteeship	<u>1</u>	<u>314</u>	<u>0</u>	<u>315</u>	<u>9,946</u>	<u>10,261</u>	<u>12.7%</u>
Total	\$18,006	\$19,831	\$0	\$37,837	\$9,946	\$47,783	59.0%
<b>Not Receiving Payments</b>							
Trusteed	\$6,261	\$21,468	\$1	\$27,730	\$0	\$27,730	34.3%
Pending Trusteeship	<u>0</u>	<u>578</u>	<u>0</u>	<u>578</u>	<u>4,864</u>	<u>5,442</u>	<u>6.7%</u>
Total	\$6,261	\$22,046	\$1	\$28,308	\$4,864	\$33,172	41.0%
<b>All Payment Statuses</b>							
Trusteed	\$24,266	\$40,985	\$1	\$65,252	\$0	\$65,252	80.6%
Pending Trusteeship	<u>1</u>	<u>892</u>	<u>0</u>	<u>893</u>	<u>14,810</u>	<u>15,703</u>	<u>19.4%</u>
Total	\$24,267	\$41,877	\$1	\$66,145	\$14,810	\$80,955	100.0%
Percent of Terminated	36.7%	63.3%	*	100.0%			
Percent of Total	30.0%	51.7%	*	81.7%	18.3%	100%	

\* Less than .05%

Notes:

- 1) Recipient status for Seriatim, Missing Participants, IBNR, Collins and Rettig liabilities refers to status as of 9/30/07. For Nonseriatim and Probable liabilities, recipient status refers to the status as of the most recent actuarial valuation report (date of plan termination if benefits are "final"). The term "final" is defined in the notes to Table 5.
- 2) The Probable liabilities are shown as gross amounts (i.e., plan assets and collections on employer liabilities are not subtracted from the liability for benefits).



**Table 6B:****Distribution of Single-Employer Populations (including 4022(c)) by Trusteeship Status, Recipient Status, and Valuation Method**  
(Populations in thousands)

<b>Recipient Status</b>	<b>Seriatim/ Missing Participants</b>	<b>Nonseriatim</b>	<b>Rettig</b>	<b>Total Terminated Population</b>	<b>Probables</b>	<b>Total Population</b>	<b>Percent of Total Population</b>
<b>Receiving Payments</b>							
Trusteed	386	260	0	646	0	646	50.8%
Pending Trusteeship	<u>0</u>	<u>6</u>	<u>0</u>	<u>6</u>	<u>57</u>	<u>63</u>	<u>5.0%</u>
Total	386	266	0	652	57	709	55.8%
<b>Not Receiving Payments</b>							
Trusteed	228	292	*	520	0	520	41.0%
Pending Trusteeship	<u>0</u>	<u>11</u>	<u>0</u>	<u>11</u>	<u>30</u>	<u>41</u>	<u>3.2%</u>
Total	228	303	*	531	30	561	44.2%
<b>All Payment Statuses</b>							
Trusteed	614	552	*	1,166	0	1,166	91.8%
Pending Trusteeship	<u>0</u>	<u>17</u>	<u>0</u>	<u>17</u>	<u>87</u>	<u>104</u>	<u>8.2%</u>
Total	614	569	*	1,183	87	1,270	100.0%
Percent of Terminated	51.9%	48.1%	*	100.0%			
Percent of Total	48.3%	44.8%	*	93.1%	6.9%	100%	

\* Fewer than 500 participants or less than .05%

## Notes:

- 1) Recipient status for Seriatim, Missing Participants and Rettig liabilities refers to status as of 9/30/07. For Nonseriatim and Probable liabilities, recipient status refers to the status as of the most recent actuarial valuation report (date of plan termination if benefits are "final"). The term "final" is defined in the notes to Table 5.
- 2) Participant counts for IBNR and Collins are not included.

## **Reconciliation of Results**

Table 7 reconciles the FY 2007 valuation with the FY 2006 valuation. It shows that the \$1,101 million decrease in the liability for the Single-Employer program was the net effect of:

- (1) decreased liability for probable plans = (\$2,620) million
- (2) new plan terminations as of the beginning of the year = \$5,546 million
- (3) expected interest on the liability = \$3,269 million
- (4) decreased liability from change in interest rates = (\$2,809) million
- (5) change in mortality assumptions = \$163 million
- (6) actual benefit payments = (\$4,266) million
- (7) other changes = (\$384) million.

The Multiemployer columns reconcile both the liability for the pre-MPPAA terminated plans and the liability for the post-MPPAA financial assistance to insolvent plans.

**Table 7:**  
**Reconciliation of the Present Value of Future Benefits (dollars in millions)**

	Total Single Employer	Pre-MPPAA Multiemployer	Post-MPPAA Multiemployer
<b>1. Liability at BOY (09/30/06)</b>			
(a) Present Value of Future Benefits for all Plans	\$82,055	\$2	\$1,876
(b) Liability for Probable Plans (gross liability including unreported)	(17,430)	0	(907)
(c) Liability for Unreported Terminated Plans and other settlements	(55)	0	0
(d) 09/30/06 Liability for Terminated Plans (a + b + c)	\$64,570	\$2	\$969
<b>2. Change in Valuation Software</b>			
(a) Effect on Liability as of DOPT	(\$11)	\$0	\$0
(b) Projection of (a) from DOPT to BOY + post-DOPT changes	8	0	1
(c) Total (a + b)	(\$3)	\$0	\$1
<b>3. Net New Plans and Missing Participant Liability</b>			
(a) New Missing Participant Liability	\$2	\$0	\$0
(b) New Termination Inventory as of DOPT	4,966	0	88
(c) Deletions as of DOPT	0	0	(3)
(d) Projection of (b + c) from DOPT to BOY	580	0	0
(e) Total (a + b + c + d)	\$5,548	\$0	\$85
<b>4. Nonseriatim Data Changes and Effect of DOPT Seriatim Valuation</b>			
(a) Effect on Liability at DOPT	(\$28)	\$0	(\$68)
(b) Projection of (a) from DOPT to BOY	(81)	0	0
(c) Total (a + b)	(\$109)	\$0	(\$68)
<b>5. Actuarial Charges/Credits</b>			
(a) Expected Interest	\$3,269	\$0	\$46
(b) Change in Interest Rate (from 4.85% for 25 years; 4.82% thereafter to 5.31% for 20 years; 4.88% thereafter)	(2,809)	0	(31)
(c) Change in Mortality Assumption	163	0	3
(d) Change in Method (Current Year: Seriatim at DOPT to Seriatim at FYE)	(253)	0	0
(e) Effect of Experience*	(26)	0	(6)
(f) Change in Other Assumptions (SPARR)**	133	0	0
(g) Total (a + b + c + d + e + f)	\$477	\$0	\$12
<b>6. Expected Expense Payments</b>	(\$128)	\$0	\$0
<b>7. Actual Benefit Payments</b>	(\$4,266)	\$0	(\$71)
<b>8. Liabilities at End of Period (9/30/07)</b>			
(a) Liability for all Terminated Plans = (1d) + (2c) + (3e) + (4c) + (5g) + (6) + (7)	\$66,089	\$2	\$928
(b) Liability for Unreported Terminated Plans and other settlements	55	0	0
(c) Liability for all Terminated Plans (a + b)	66,144	2	928
(d) Liability for Probable Plans (gross liability including unreported) ***	14,810	0	1,196
(e) 9/30/07 Present Value of Future Benefits for all Plans (c + d)	\$80,954	\$2	\$2,124

Notes:

\* Includes change from expected benefits (\$4,205 million) to actual benefits (\$4,266 million) in Total Single Employer.  
Includes change from expected benefits (\$76.4 million) to actual benefits (\$71.1 million) in Post-MPPAA Multiemployer.  
Actual does not include payments made by employers.

\*\* Includes \$1.3 million in  
crease for SPARR assumption change

\*\*\* Includes \$71 million for unidentified probable terminations. Financial statements show a probable liability of \$14,810 million, less assets of \$11,024 million, for a net claim of \$3,786 million.

### **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, 2007.

In preparing this valuation, I have relied upon information provided to me regarding plan provisions, plan participants, plan assets, and other matters.

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; and (3) the resulting total liability represents my best estimate of anticipated experience under these programs.

Joan M. Weiss, FSA, EA  
*Chief Valuation Actuary, PBGC*  
*Member, American Academy of Actuaries*

January 7, 2008