

# Pension Benefit Guaranty Corporation

Strategic Plan  
FY 2012-2016



## Strategic Plan Fiscal Year 2012 — 2016

Broadly speaking, the Pension Benefit Guaranty Corporation has three overarching goals:

- *Preserve plans and protect pensioners,*
- *Pay pension benefits on time and accurately,* and
- Do so in ways that maintain high standards of *stewardship and accountability.*

As PBGC approaches its fortieth anniversary as an agency of the federal government, *retirement security is a growing concern among Americans of all ages.* It is a sad irony that, as Americans live longer, healthier lives, we are becoming less well-prepared for the longer retirements that it involves.

PBGC has an important role to play in the national search for solutions to this problem—how to provide better options for retirement, as well as to preserve the plans we already have. Ultimately, it may affect more Americans than the plans for which we actually pay benefits.

While the need for solutions that will restore retirement security is pressing, we face other challenges. The agency's financial condition continues to be unsound, with significant program deficits and few tools to correct them. Our programs, systems and procedures must keep pace with increasing standards of accountability and changing technology. We developed our strategic plan to address these issues and ensure success.

PBGC has a long, proud history of helping people in troubled times. One and a half million of our fellow Americans already are getting or will get their benefits directly from us, and more than 40 million others look to us for assurance of a secure retirement should something befall their plans. We can and must continue to live up to this responsibility. This strategic plan ensures that we will.

  
Joshua Gotbaum  
Director

## **About PBGC**

The Pension Benefit Guaranty Corporation (PBGC) is a federal corporation established under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA established PBGC to insure, subject to statutory limits, benefits for participants in private defined benefit pension plans in the United States and to encourage the system of voluntary private pension plans.

PBGC currently guarantees payment of basic pension benefits earned by more than 44 million American workers and retirees in nearly 27,000 plans. We encourage companies to keep their plans, and we pay benefits when they cannot. Since 1974, PBGC has become responsible for almost 1.5 million people in 4,300 failed plans, making payments of more than \$5 billion annually as of the end of FY 2011.

Broadly speaking, we have three overarching strategic goals:

- Preserve plans and protect pensioners
- Pay pension benefits on time and accurately
- Maintain high standards of stewardship and accountability.

PBGC operations are financed by insurance premiums paid by companies that sponsor defined benefit pension plans, as well as investment income, assets from plans trusted by PBGC, and recoveries from companies formerly responsible for the plans. PBGC receives no funds from general tax revenues, though PBGC's premiums are set by Congress.

The PBGC is administered by its Director, who is appointed by the President and confirmed by the United States Senate. Policy oversight is provided by a Board of Directors, which consists of the Secretaries of Labor (chair), Treasury, and Commerce.

## **Mission and Vision**

PBGC protects and insures pension plans so that workers will receive the benefits to which they are entitled.

We measure our performance by how we do our work and how we serve our customers.

## **Our Customer Focus**

We have built a strong culture of serving the people who count on us. Our [Customer Service Plan](#) highlights our customer focus. We maintain a rigorous and continuous cycle of soliciting customer feedback, conducting analysis of operational strengths and gaps, and persistently following through on customer concerns. Our outstanding customer satisfaction scores attest to the success of our efforts in providing timely, accurate, and responsive services. See the appendix for a summary of our American Customer Satisfaction Index (ACSI) scores and other measures.

PBGC.gov is our main website for communicating to the public. We also provide two online tools specific to our customer needs. Our online application for workers and retirees is My Pension Benefit Account (MyPBA). MyPBA allows customers to access certain forms and information, and to perform routine transactions. During FY 2011, MyPBA users executed over 229,000 transactions, and nearly 36,000 people established new accounts. People enjoy the convenience of handling certain transactions online, and they report satisfaction with how MyPBA serves their needs. The ACSI rating for MyPBA is 83, exceeding the ACSI threshold of excellence of 80. We use the survey feedback to identify potential improvements and new services for our customers.

Our online premium-filing application for pension plan administrators is My Plan Administration Account (My PAA), which transmitted more than 36,000 electronic filings in FY 2011. In FY 2011, users of My PAA rated their satisfaction with the online tool at 79, approaching the ACSI threshold of excellence.

Many of the strategies outlined in this plan exist to ensure our customers will continue to receive the exceptional service they deserve—*timeliness, accuracy, and responsiveness*.

## PBGC Strategic Plan Framework

Strategic Goals	Performance Goals and Priorities	Strategies
<b>Preserve Plans and Protect Pensioners</b>	<ul style="list-style-type: none"> <li>• Work to preserve plans</li> <li>• Minimize potential losses from financially weak sponsors with underfunded plans</li> <li>• Ensure compliance with pension insurance laws and regulations under Title IV of ERISA</li> <li>• Strengthen PBGC’s own financial position</li> <li>• Help improve retirement security through improvements in legislation and regulation</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor companies for risky corporate transactions</li> <li>• Reform premiums to strengthen accountability of employers with at risk plans</li> <li>• Enforce section 4062(e) of ERISA</li> <li>• Prevent unnecessary terminations in bankruptcy situations</li> <li>• Pursue and defend against claims in litigation</li> <li>• Ensure participants receive their full benefit in standard terminations</li> <li>• Provide insolvent multiemployer plans with financial assistance</li> <li>• Promulgate regulations to fully implement the provisions of the Pension Protection Act of 2006</li> <li>• Reduce administrative and regulatory burdens on plan sponsors</li> </ul>
<b>Pay Pension Benefits on Time and Accurately</b>	<ul style="list-style-type: none"> <li>• Pay accurate benefits</li> <li>• Pay benefits on time</li> <li>• Provide exceptional customer service</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure regular monthly benefit payments continue without interruption</li> <li>• Process benefit applications timely</li> <li>• Issue accurate benefit determinations</li> <li>• Process timely benefit estimates</li> </ul>
<b>Maintain High Standards of Stewardship and Accountability</b>	<ul style="list-style-type: none"> <li>• Manage PBGC’s finances</li> <li>• Maintain an unqualified audit opinion</li> <li>• Address material weaknesses and significant deficiencies</li> <li>• Strengthen stewardship and accountability</li> <li>• Provide a model work environment for a diverse PBGC staff that encourages productivity, customer service, high morale, equal opportunity, and inclusion</li> </ul>	<ul style="list-style-type: none"> <li>• Manage investments consistent with the investment policy</li> <li>• Collect pension insurance premiums due</li> <li>• Achieve an unqualified audit opinion on annual financial statements</li> <li>• Address material weaknesses and significant deficiencies</li> <li>• Fully integrate the corporation’s planning activities</li> <li>• Maintain a secure, flexible infrastructure that can rapidly accommodate new requirements</li> <li>• Establish a program in support of IPERA</li> <li>• Monitor the FedView survey results</li> <li>• Establish a baseline for internal service</li> <li>• Maintain effective privacy, FOIA, and ethics programs</li> <li>• Promote diversity, equal opportunity and inclusion through implementation of PBGC’s Diversity and Inclusion Strategic Plan</li> </ul>

## Factors Affecting the PBGC Insurance Programs

1. **Demographics.** The average lifespan of Americans continues to increase, and the workforce is aging rapidly. Over the next five years, retirement ranks will grow as more than 76 million Americans born between 1946 and 1964—the baby boomers—reach their next life phase.
2. **Economy.** The economic downturn and slow recovery have a direct impact on PBGC's financial status. PBGC's combined single-employer and multiemployer program deficit more than doubled from \$11.2 billion in FY 2008 to \$26 billion in FY 2011. Underfunding in single-employer pension plans covered by PBGC was estimated to be about \$227 billion in FY 2011, up from \$170 billion in FY 2010. The drop in value for 401(k)'s and Individual Retirement Accounts was even greater.
3. **Defined Benefit Plans.** Fewer employers are participating in defined pension programs. The number of single-employer plans dropped 22 percent from FY 2000 to FY 2009. The number of insured participants in our single-employer program has declined in each year since 2004, and we expect this decline to continue, probably at an increasing rate. By the beginning of 2015, the number of insured participants in the single-employer program could drop from the current level of 33.6 million to fewer than 32 million. Terminations of large plans, freezing of plans, closing plans to new entrants, deaths outstripping new entrants in mature plans, and an increase in the number of workers eligible for lump-sum distributions will all cause the number of covered participants to decline.

The number of multiemployer plans decreased 14 percent over the same period. Requests for financial assistance are on the rise as multiemployer plans continue to decline. More important, [forecasts](#) from our Multiemployer Pension Insurance Modeling System show a chance that the program could be insolvent within a decade.

During the five years from FY 2007 to 2011, PBGC incurred \$22 billion in claims. Total claims are projected to increase over the next 10 years: \$25 billion in new claims in the single-employer program and \$17 billion in the multiemployer program.

4. **Long-Term Exposure.** Our 10-year and 20-year [forecasts](#) indicate additional plan failures and higher deficits. As of September 30, 2010, when the deficit stood at \$21.6 billion, we forecast it to rise to \$24 billion by 2020 in the single-employer program. For the same period, we forecast a deficit in the multiemployer program to reach \$9.4 billion, up from \$1.4 billion as of September 30, 2010. Projections show a nearly 30 percent chance that the multiemployer program will run out of money entirely within 20 years. At September 30, 2011, the combined single employer and multiemployer deficit was at \$26 billion.

## Goal 1 — Preserve Pension Plans and Protect Pensioners

- **Performance Goal: Work to Preserve Plans**

**Strategy:** PBGC works with companies to preserve defined benefit pension plans and prevent their failures. This includes both single-employer plans and multiemployer plans. While the triggering events and PBGC responsibilities differ for the two types of plans, our goal is to proactively monitor and identify transactions that could pose significant risks and to arrange for plan sponsors to protect plans financially.

We also work to reduce the administrative and regulatory burdens on plan sponsors, to encourage them to continue to provide sound retirement plans.

- **Performance Goal: Minimize Potential Losses from Financially Weak Sponsors with Underfunded Plans**

**Strategy:** We monitor companies with large pension plans for risky corporate transactions, enforce section 4062(e) of ERISA relating to corporate downsizing events, protect the program and participants in plan sponsor bankruptcies, terminate underfunded plans when necessary, and pursue and defend against claims in litigation.

- **Performance Goal: Ensure Compliance with Pension Insurance System Laws and Regulations under Title IV of ERISA**

**Strategy:** We continue to seek full compliance with the provisions of Title IV of ERISA, and to enhance recoveries for the benefit of plan participants and the insurance program.

- **Performance Goal: Strengthen PBGC's Own Financial Position**

**Strategy:** PBGC financial deficits and exposure continue to be substantial and the agency's financial condition continues to be unsound. We developed a proposal to reform PBGC premiums in a way that would strengthen PBGC and also strengthen accountability of employers with at risk plans.

- **Performance Goal: Help Improve Retirement Security through Improvements in Legislation and Regulation**

**Strategy:** We remain an important source of information for our stakeholders on policy and legislative issues, and provide technical assistance to Congress and other agencies.



Goal 1 Supporting Performance Measures		FY 2011 Result	FY 2016 Target
1	Number of pension plans preserved in bankruptcy cases	19	We monitor the portfolio of these activities collectively to preserve plans and protect pensioners. These activities are not amenable to setting targets.
2	Number of plan participants protected in bankruptcy cases	74,067	
3	Insolvent multiemployer plans receiving financial assistance	49	
4	Additional payments resulting from standard termination enforcement actions	\$2 million to 920 workers and retirees	

- **Key Objectives to Achieve Strategies and Performance Measure Targets**

- a. Analyze credit, investment, and actuarial risks to the pension insurance programs and improve risk models to quantify the impact of these risks to the insurance programs
- b. Automate the collection and integration of external and internal information to enhance analyses of pension plans and plan sponsors' financial condition
- c. Continue coordination with Treasury and the Department of Labor (DOL) in responding to risks that reach across organizational boundaries
- d. Continue vigorous bankruptcy litigation efforts
- e. Explore, develop, and implement incentives and/or settlements to minimize plan-sponsor-initiated terminations and maximize recoveries
- f. Promulgate regulations that are understandable, flexible, and relevant to enhance compliance and reduce burden



## Goal 2 — Provide Accurate and Timely Payment of Benefits to Participants

- **Performance Goal: Pay Accurate Benefits**

**Strategy:** We strive to calculate each individual benefit accurately every time. Our insurance programs cover about 27,000 defined benefit plans sponsored by different industries across America. Each plan has its own unique benefit calculation formula. The process to determine a benefit amount is complex. Over the next five years, we seek to issue benefit determinations in less than 24 months in the majority of plans and to continue to streamline processes and improve customer service.

- **Performance Goal: Pay Benefits on Time**

**Strategy:** Participants and their beneficiaries should receive the benefits to which they are entitled on time. For those receiving benefits when we assume responsibility for their plan, we must continue making regular monthly payments without a break. For those not yet retired, payments begin when they become eligible. We will continue to process retiree applications within 45 days of receipt.

- **Performance Goal: Provide Exceptional Customer Service**

**Strategy:** We strive to deliver an exceptional experience for customers: *participants*, the workers and retirees in pension plans; *pension practitioners*, the pension plan sponsors, administrators, and premium filers; and *visitors* to the agency website. We regularly solicit feedback from our customers through customer surveys, usability studies, and focus groups. We have increased our responsiveness to customers with the consolidation of several stand-alone systems into core applications, expanded quality review of customer calls, and leveraged use of business tools. We will continue to use technology to streamline service delivery and improve customer service, including providing online benefit calculations for participants in FY 2013.

Goal 2 Supporting Performance Measures		FY 2011 Result	FY 2016 Target
1	Average time to complete a plan	2.3 years	2.1 years
2	Average time to issue benefit determinations (between trusteeship and benefit determination issuance)	2.9 years	2.7 years
3	Accuracy of estimated benefits (percent of estimated benefits within 10% of final benefit determination)	92%	95%
4	Customer satisfaction ratings: <ul style="list-style-type: none"> <li>• Customer Contact Center calls</li> <li>• Retirees and beneficiaries receiving benefits</li> <li>• Online transactions (MyPBA)</li> </ul>	86 90 83	85 90 85

- **Key Objectives to Achieve Strategies and Performance Measure Targets**
  - a. Improve processes and strengthen internal controls in plan and participant processing
  - b. Implement additional MyPBA online transactions to promote self-service for participants, including the capability for participants to generate benefit estimates online to support their retirement planning
  - c. Maintain exceptional service to participants, retirees, and beneficiaries

### **Goal 3 — Ensure Superior Stewardship and Accountability**

- **Performance Goal: Manage PBGC's Finances**

**Strategy:** Manage investments consistent with the requirements of the investment policy.

**Strategy:** Collect insurance premiums due from insured pension plans.

- **Performance Goal: Maintain an Unqualified Audit Opinion**

**Strategy:** For 19 consecutive years, PBGC has attained an unqualified audit opinion on annual financial statements, even as standards of accountability for financial institution continue to be strengthened. We will continue to meet this and other standards of accountability.

- **Performance Goal: Address Material Weaknesses and the Significant Deficiency**

**Strategy:** Address material weaknesses in (1) entity-wide security program planning and management, (2) access controls and configuration management, and (3) Benefits Administration and Payment Department operations, as well as the significant deficiency in integrated financial management systems.

- **Performance Goal: Strengthen Stewardship and Accountability**

**Strategy:** Fully integrate workforce, procurement, and information technology planning with corporate-wide strategic planning to ensure accomplishment of our mission and goals, and to encourage continuous organizational performance improvement.

**Strategy:** Maintain a secure, flexible infrastructure that can rapidly accommodate new business requirements, including increases and decreases in workload.

**Strategy:** Complete the pilot to identify improper payments and establish a program in support of IPERA to monitor and reduce them.

**Strategy:** Maintain an effective privacy program ensuring compliance with training requirements and timely reviews of requests for assessments and notices.

**Strategy:** Continue to resolve Freedom of Information Act (FOIA) requests within statutory timeframes.

- **Performance Goal: Provide a Model Work Environment for a Diverse PBGC Staff that Encourages Productivity, Customer Service, High Morale, Equal Opportunity, and Inclusion**

**Strategy:** Monitor the Federal Employee Viewpoint Survey results to maintain continued improvement.

**Strategy:** Establish a baseline for internal service and target areas for improvement.

**Strategy:** Maintain an effective ethics program, ensuring compliance with training and timely filings.

**Strategy:** Promote diversity, equal opportunity, and inclusion through implementation of PBGC’s Diversity and Inclusion Strategic Plan.

**Strategy:** Maintain effective alternatives for dispute resolution to address employment matters.

Goal 3 Supporting Performance Measures		FY 2011 Result	FY 2016 Target
1	Customer satisfaction ratings: <ul style="list-style-type: none"> <li>• Premium filers</li> <li>• Online transactions for premium filers (My PAA)</li> </ul>	75 79	75 80
2	Financial statement audit	Unqualified audit opinion	Unqualified audit opinion
3	Material weaknesses and significant deficiency	Developed corrective action plans; began a strategic review of BAPD	Eliminate existing material weaknesses and significant deficiency
4	Customer satisfaction ratings with PBGC.gov	69	74
5	EEO barriers and trend analysis	Not applicable	Implement corrective action for identified barriers to equal opportunity

• **Key Objectives to Achieve Strategies and Performance Measure Targets**

- a. Maintain compliance with the investment policy and premium collection regulations
- b. Address material weaknesses and the significant deficiency
- c. Complete information technology simplification effort to deliver innovative, cost-efficient automated systems
- d. Complete the strategic review of benefits administration and implement targeted areas of improvement
- e. Complete and implement a workforce plan to demonstrate PBGC’s capability and capacity to accomplish the work
- f. Establish a baseline for internal customer satisfaction to identify areas for improvement and monitoring

## PBGC Program Evaluations

PBGC conducts evaluations to maintain continuous improvement within program and support operations. The list below includes evaluations initiated internally by the PBGC and by external stakeholders to ensure PBGC programs are operating effectively, efficiently, and with integrity.

**Regulatory Review** — PBGC strives to have an open exchange of information with stakeholders, including other government officials, experts, and the public. With input from our stakeholders, we continue to focus on reducing burden in various areas, including reportable events, premiums, reporting of plan underfunding, and business shutdowns and layoffs. *The public is encouraged to submit comments to the PBGC at [reg.comments@pbgc.gov](mailto:reg.comments@pbgc.gov) as PBGC engages in continuous regulatory review.*

**The American Customer Satisfaction Index (ACSI)** — PBGC uses ACSI survey methodology to solicit input from all customer segments about their experiences with PBGC. Because the ACSI is a recognized standard throughout government and industry, we can compare ourselves to other government and private organizations, as well as gauge the effectiveness of efforts to improve our customers' experiences.

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

**Office of Inspector General (OIG)** — OIG is an independent office within PBGC, established under the Inspector General Act of 1978 to promote program integrity, efficiency, and effectiveness. The OIG initiates program reviews, conducts the annual financial audit, and solicits input from the Board of Directors and senior managers when developing its annual plan. To view OIG's annual plan, visit <http://oig.pbgc.gov>.

**Internal Control Committee** — PBGC established its own Internal Control Committee to oversee the testing and reporting of management controls for key business cycles. The interdepartmental representation of managers and staff on the committee enables PBGC to develop a strong internal control awareness program. This committee also routinely monitors the progress of required corrective actions.

**Office of Government Ethics (OGE)** — PBGC leadership continues to integrate ethics into the daily work of the Corporation. The OGE periodically reviews the effectiveness of our ethics program. In September 2011, PBGC received the Office of Government Ethics' Program Excellence and Innovation Award at the National Government Ethics Conference.

**Office of Personnel Management (OPM)** — OPM monitors the effectiveness and compliance of PBGC's human capital practices and systems to ensure all federal employees operate in a fair and discrimination free environment. Its recommendations and evaluations have led to policy changes and process improvements at PBGC. OPM provides guidance in recruiting, developing, and maintaining a high-performing workforce that draws from all segments of society and values fairness, diversity, and inclusion.

**Equal Employment Opportunity Commission (EEOC)** — EEOC evaluates the operation of PBGC's equal employment opportunity programs. It reviews PBGC's employment data and policies and practices to assure compliance with EEO laws and regulations and to advance equal opportunity, diversity and inclusion in the federal workplace.

## Appendix: PBGC Performance Measures and Activities

The table below provides historical data about our performance measures and other activities. This data provides context for decisions supporting our performance goals and strategies.

Measure	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
<b>Goal 1: Preserve Plans and Protect Pensioners</b>					
Bankruptcies resolved with plans ongoing				35	19
Participants protected in bankruptcy cases with plans ongoing				250,000	74,067
Participants protected in early warning settlements					201,547
Additional payments resulting from standard termination enforcement actions				\$10 M to 1,700 workers and retirees	\$2 M to 920 workers and retirees
Multiemployer plans receiving financial assistance	34	37	43	50	49
<b>Goal 2: Pay Pension Benefits on Time and Accurately</b>					
New underfunded terminations	110	67	144	147	152
Participants in new underfunded terminations	64,000	22,000	201,000	100,000	57,000
Participants waiting to receive a benefit determination	356,450	233,267	330,104	304,038	286,882
Average time to complete plans from trusteeship			2.9 years	2.5 years	2.3 years
Average time to issue benefit determinations from trusteeship	2.9 years	3.3 years	3.8 years	3.8 years	2.9 years
Accuracy of estimated payments finalized that year	96%	94%	93%	94%	92%
ACSI for workers and retirees who call PBGC	78	81	82	79	86
ACSI for retirees receiving benefits	88	89	88	87	90
ACSI for workers and retirees who perform online transactions using MyPBA	79	82	83	83	83
<b>Goal 3: Maintain High Standards of Stewardship and Accountability</b>					
ACSI for premium filers who contact us	70	72	72	71	75
ACSI for premium filers who perform online transactions using My PAA	76	80	79	79	79
ACSI for visitors to pbgc.gov	62	70	72	71	69
Audit opinion on PBGC's financial statements	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified