OFFICE OF INSPECTOR GENERAL

AUDIT REPORT

Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2024 and 2023 Financial Statements

Report No. AUD-2025-03
November 15, 2024

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Office of Inspector General

November 15, 2024

To the Board of Directors
Pension Benefit Guaranty Corporation

The Office of Inspector General contracted with Ernst & Young LLP (EY), an independent certified public accounting firm, to audit the financial statements of the Single-Employer and Multiemployer Program Funds administered by the Pension Benefit Guaranty Corporation (PBGC) as of and for the years ended September 30, 2024 and 2023. EY conducted the audit in accordance with the auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (*Government Auditing Standards*), and in accordance with the provisions of OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*.

In their audit, EY found:

- The financial statements present fairly, in all material respects, the financial position of the Single-Employer and Multiemployer Program Funds administered by the PBGC at September 30, 2024 and 2023, and the results of their operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. This is the 32nd consecutive unmodified financial statements audit opinion.

- PBGC maintained, in all material respects, effective internal control over financial reporting as of September 30, 2024, based on criteria established under 31 U.S.C. § 3512 (c), (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA) as implemented by OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government* issued by the United States Government Accountability Office (the Green Book).

- No instances of reportable noncompliance or other matters with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

EY is responsible for the accompanying auditor’s reports dated November 15, 2024 and the conclusions expressed therein. We do not express opinions on PBGC's financial statements or internal control over financial reporting, nor do we draw conclusions on compliance with laws and regulations. The auditor’s reports (AUD-2025-03) are also available on our website at oig.pbgc.gov.

Respectfully,

Nicholas J. Novak

Nicholas J. Novak
Inspector General

cc: Ann Orr
Patricia Kelly
Alice Maroni
David Foley
Karen Morris
Robert Scherer
Walt Luiza
John Hanley
Michael Rae
Lisa Carter

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Audit of the Pension Benefit Guaranty Corporation's

Fiscal Year 2024 and 2023 Financial Statements

Audit Report AUD-2025-03

Section I

Independent Auditor's Reports

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Report of Independent Auditors

To the Board of Directors, Management, and the Inspector General
of the Pension Benefit Guaranty Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Pension Benefit Guaranty Corporation (the Corporation), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of operations and cash flows of the Single-Employer and Multiemployer Program Funds for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Single-Employer and Multiemployer Program Funds at September 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*, the Corporation's internal control over financial reporting as of September 30, 2024, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act (FMFIA) as implemented by Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government,* issued by the United States Government Accountability Office (the Green Book), and our report dated November 15, 2024, expressed an unmodified opinion thereon.

Basis for Opinion

We conducted our audits in accordance with GAAS, in accordance with *Government Auditing Standards*, and in accordance with the provisions of OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and the provisions of OMB Bulletin No. 24-02 are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Message from the Corporation's Chair, Message from the Acting Director, Annual Performance Report, Operations in Brief, Strategic Goals and Results, Independent Evaluation of the Corporation's Programs, Fiscal Year 2024 Financial Statement Highlights, Management's Discussion and Analysis, Analysis of Systems, Controls and Legal Compliance, Management Representation, Payment Integrity Information Act Reporting, 2024 Actuarial Valuation, Letter of the Inspector General, Management's Response Letter and Organization but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated November 15, 2024, on our audit of the Corporation's internal control over financial reporting. The purpose of that report is to provide an opinion on internal control over financial reporting. In accordance with *Government Auditing Standards*, we also have issued our report dated November 15, 2024, on our tests of the Corporation's compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Those reports are an integral part of an audit performed in accordance with

Government Auditing Standards in considering the Corporation's internal control over financial reporting and compliance.

Ernst & Young LLP

November 15, 2024

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Report of Independent Auditors on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors, Management, and the Inspector General
of the Pension Benefit Guaranty Corporation

Opinion on Internal Control Over Financial Reporting

We have audited the Pension Benefit Guaranty Corporation's (the Corporation) internal control over financial reporting as of September 30, 2024, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act (FMFIA) as implemented by Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government,* issued by the United States Government Accountability Office (the Green Book). In our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of September 30, 2024, based on the criteria established under FMFIA, OMB Circular No. A-123, and the Green Book.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and in accordance with the provisions of OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, the statements of financial position as of September 30, 2024 and 2023, and the related statements of operations and cash flows of the Single-Employer and Multiemployer Program Funds for the years then ended, and the related notes (collectively referred to as the "financial statements"), and our report dated November 15, 2024, expressed an unmodified opinion thereon.

Basis for Opinion

We conducted our audit in accordance with GAAS and in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for Internal Control Over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Analysis of Entity's Systems, Controls and Legal Compliance section of the Annual Report.

Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk. We did not evaluate all internal controls relevant to operating objectives as broadly established under FMFIA, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements; and (4) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Reporting Significant Deficiencies in Internal Control Over Financial Reporting as Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies. A *deficiency in internal control* over financial reporting (internal control) exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated November 15, 2024, on our tests of the Corporation's compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's compliance.

Ernst + Young LLP

November 15, 2024

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Report of Independent Auditors on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors, Management, and the Inspector General
of the Pension Benefit Guaranty Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*) and the provisions of Office of Management and Budget (OMB) Bulletin No. 24-02*, Audit Requirements for Federal Financial Statements*, the financial statements of the Pension Benefit Guaranty Corporation (the Corporation), which comprise the statement of financial position as of September 30, 2024 and 2023, and the related statements of operations and cash flows of the Single-Employer and Multiemployer Program Funds for the years then ended, and the related notes (collectively referred to as the "financial statements"), and our report dated November 15, 2024, expressed an unmodified opinion thereon.

We also have audited, in accordance with GAAS and in accordance with *Government Auditing Standards*, the Corporation's internal control over financial reporting as of September 30, 2024, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act (FMFIA) as implemented by OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government* issued by the United States Government Accountability Office (the Green Book) and our report dated November 15, 2024, expressed an unmodified opinion thereon.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-02.

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Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the Corporation's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's compliance. Accordingly, this communication is not suitable for any other purpose.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2024, on our audit of the Corporation's internal control over financial reporting. The purpose of that report is to provide an opinion on internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting.

Ernst & Young LLP

November 15, 2024

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Audit of the Pension Benefit Guaranty Corporation's

Fiscal Year 2024 and 2023 Financial Statements

Audit Report AUD-2025-03

Section II

Pension Benefit Guaranty Corporation's

Fiscal Year 2024 and 2023 Financial Statements

PENSION BENEFIT GUARANTY CORPORATION

STATEMENTS OF FINANCIAL POSITION

	Single-Employer Program		Multiemployer Program		Memorandum Total	
	September 30,		September 30,		September 30,	
(Dollars in Millions)	**2024**	2023	**2024**	2023	**2024**	2023
ASSETS						
Cash and cash equivalents	**$9,944**	$12,424	**$284**	$1,229	**$10,228**	$13,653
Restricted cash	**-**	-	**252**	369	**252**	369
Total cash, cash equivalents, and restricted cash	**9,944**	12,424	**536**	1,598	**10,480**	14,022
Securities lending collateral (Notes 3 and 5)	**7,410**	6,753	**-**	-	**7,410**	6,753
Investments, at market (Notes 3 and 5):						
Fixed maturity securities	**103,126**	88,880	**3,616**	2,161	**106,742**	91,041
Equity securities	**16,602**	13,374	**-**	-	**16,602**	13,374
Private equity	**160**	195	**-**	-	**160**	195
Real estate and real estate investment trusts	**2,030**	1,613	**-**	-	**2,030**	1,613
Other	**214**	277	**-**	-	**214**	277
Total investments	**122,132**	104,339	**3,616**	2,161	**125,748**	106,500
Receivables, net:						
Sponsors of terminated plans (Note 16)	**17**	18	**-**	-	**17**	18
Premiums (Note 11)	**2,990**	4,167	**237**	223	**3,227**	4,390
Sale of securities	**2,245**	1,523	**-**	-	**2,245**	1,523
Derivative contracts (Note 4)	**522**	761	**-**	-	**522**	761
Investment income	**679**	691	**12**	14	**691**	705
Other (Note 16)	**21**	16	**66**	49	**87**	65
Total receivables	**6,474**	7,176	**315**	286	**6,789**	7,462
Capitalized assets, net (Note 16)	**58**	50	**1**	1	**59**	51
Operating lease right-of-use assets (Note 10)	**120**	131	**2**	0	**122**	131
Total assets	**$146,138**	$130,873	**$4,470**	$4,046	**$150,608**	$134,919

The accompanying notes are an integral part of these financial statements.
The Single-Employer Program and Multiemployer Program (which includes the SFA Program) are separate by law.
The "Memorandum Total" data columns presented above are solely an entity-wide informational view of the PBGC's two independent insurance programs.

PENSION BENEFIT GUARANTY CORPORATION

STATEMENTS OF FINANCIAL POSITION

	Single-Employer Program		Multiemployer Program		Memorandum Total	
	September 30,		September 30,		September 30,	
(Dollars in Millions)	**2024**	2023	**2024**	2023	**2024**	2023
LIABILITIES						
Present value of future benefits, net (Note 6):						
Trusted plans	**$78,497**	$73,610	**-**	-	**$78,497**	$73,610
Plans pending termination and trusteeship	**21**	16	**-**	-	**21**	16
Settlements and judgments	**17**	17	**-**	-	**17**	17
Claims for probable terminations	**131**	286	**-**	-	**131**	286
Total present value of future benefits, net	**78,666**	73,929	**-**	-	**78,666**	73,929
Present value of nonrecoverable future financial assistance (Note 7)						
Insolvent plans	**-**	-	**1,700**	1,622	**1,700**	1,622
Probable insolvent plans	**-**	-	**370**	589	**370**	589
Total present value of nonrecoverable future financial assistance	**-**	-	**2,070**	2,211	**2,070**	2,211
Special financial assistance	**-**	-	**238**	358	**238**	358
Payables, net:						
Derivative contracts (Note 4)	**383**	711	**-**	-	**383**	711
Due for purchases of securities	**5,097**	4,368	**-**	-	**5,097**	4,368
Payable upon return of securities loaned	**7,410**	6,753	**-**	-	**7,410**	6,753
Unearned premiums	**190**	264	**9**	9	**199**	273
Operating leases payable (Note 10)	**140**	140	**2**	-	**142**	140
Accounts payable and accrued expenses (Note 8)	**88**	93	**8**	7	**96**	100
Total payables	**13,308**	12,329	**19**	16	**13,327**	12,345
Total liabilities	**91,974**	86,258	**2,327**	2,585	**94,301**	88,843
Contributed transfer appropriation	**-**	-	**11**	8	**11**	8
Cumulative results of operations	**54,164**	44,615	**2,132**	1,453	**56,296**	46,068
Net position	**54,164**	44,615	**2,143**	1,461	**56,307**	46,076
Total liabilities and net position	**$146,138**	$130,873	**$4,470**	$4,046	**$150,608**	$134,919

The accompanying notes are an integral part of these financial statements.
The Single-Employer Program and Multiemployer Program (which includes the SFA Program) are separate by law.
"Contributed Transfer Appropriation" represents the total unused budget authority from General Fund appropriation(s) at fiscal year end, which is returned to the U.S. Treasury if unused by fiscal year end.
The "Memorandum Total" data columns presented above are solely an entity-wide informational view of the PBGC's two independent insurance programs.

PENSION BENEFIT GUARANTY CORPORATION

STATEMENTS OF OPERATIONS

	Single-Employer Program		Multiemployer Program		Memorandum Total	
	For the Years Ended September 30,		For the Years Ended September 30,		For the Years Ended September 30,	
(Dollars in Millions)	**2024**	2023	**2024**	2023	**2024**	2023
UNDERWRITING:						
Income:						
Premium, net (Note 11)	**$4,770**	$5,597	**$395**	$368	**$5,165**	$5,965
Contributed transfer appropriation income	-	-	**14,537**	45,925	**14,537**	45,925
Other	**11**	16	**4**	13	**15**	29
Total	**4,781**	5,613	**14,936**	46,306	**19,717**	51,919
Expenses:						
Administrative	**452**	433	**8**	7	**460**	440
Administrative special financial assistance	**-**	-	**19**	18	**19**	18
Other	**3**	3	**-**	-	**3**	3
Total	**455**	436	**27**	25	**482**	461
Other underwriting activity:						
Losses (credits) from completed and probable terminations (Note 12)	**196**	949	**-**	-	**196**	949
Losses (credits) from insolvent and probable plans-financial assistance (Note 7)	**-**	-	**(200)**	(10)	**(200)**	(10)
Actuarial adjustments (credits) (Note 6)	**(146)**	(91)	**(14)**	(37)	**(160)**	(128)
Special Financial Assistance Expense	**-**	-	**14,518**	45,907	**14,518**	45,907
Total	**50**	858	**14,304**	45,860	**14,354**	46,718
Underwriting gain (loss)	**4,276**	4,319	**605**	421	**4,881**	4,740
FINANCIAL:						
Investment income (loss) (Note 13):						
Fixed	**10,642**	2,168	**297**	(2)	**10,939**	2,166
Equity	**4,171**	2,648	**-**	-	**4,171**	2,648
Private equity	**7**	(11)	**-**	-	**7**	(11)
Real estate	**458**	(21)	**-**	-	**458**	(21)
Other	**(25)**	16	**-**	-	**(25)**	16
Total	**15,253**	4,800	**297**	(2)	**15,550**	4,798
Expenses:						
Investment	**113**	111	**-**	-	**113**	111
Actuarial charges (Note 6):						
Due to expected interest	**4,482**	3,909	**98**	87	**4,580**	3,996
Due to change in interest factors	**5,385**	(2,942)	**125**	(66)	**5,510**	(3,008)
Total	**9,980**	1,078	**223**	21	**10,203**	1,099
Financial gain (loss)	**5,273**	3,722	**74**	(23)	**5,347**	3,699
Net income (loss)	**9,549**	8,041	**679**	398	**10,228**	8,439
Cumulative results of operations, beginning of year	**44,615**	36,574	**1,453**	1,055	**46,068**	37,629
Cumulative results of operations, end of year	**$54,164**	$44,615	**$2,132**	$1,453	**$56,296**	$46,068

The accompanying notes are an integral part of these financial statements.
The Single-Employer Program and Multiemployer Program are separate by law.
The "Memorandum Total" data columns presented above are solely an entity-wide informational view of the PBGC's two independent insurance programs.

PENSION BENEFIT GUARANTY CORPORATION

STATEMENTS OF CASH FLOWS

(Dollars in millions)	Single-Employer Program For the Years Ended September 30, 2024	2023	Multiemployer Program For the Years Ended September 30, 2024	2023	Memorandum Total For the Years Ended September 30, 2024	2023
OPERATING ACTIVITIES:						
Premium receipts	**$5,872**	$4,595	**$383**	$347	**$6,255**	$4,942
Interest and dividends received	**3,966**	3,585	**34**	19	**4,000**	3,604
Plan Reimbursements from SFA	**-**	-	**1**	185	**1**	185
Cash received from (paid to) plans upon trusteeship	**(12)**	12	**-**	-	**(12)**	12
Receipts from sponsors/non-sponsors	**26**	76	**-**	-	**26**	76
Receipts from the missing participant program	**172**	120	**-**	-	**172**	120
Other receipts	**6**	7	**-**	-	**6**	7
Benefit payments – trusteed plans	**(5,833)**	(6,320)	**-**	-	**(5,833)**	(6,320)
Traditional financial assistance payments	**-**	-	**(163)**	(176)	**(163)**	(176)
Settlements and judgments	**-**	-	**-**	-	**-**	-
Payments for administrative and other expenses	**(543)**	(516)	**(8)**	(7)	**(551)**	(523)
Accrued interest paid on securities purchased	**(370)**	(168)	**(4)**	-	**(374)**	(168)
Net cash provided (used) by operating activities (Note 15)	**3,284**	1,391	**243**	368	**3,527**	1,759
INVESTING ACTIVITIES:						
Proceeds from sales of investments	**211,797**	143,640	**2,277**	464	**214,074**	144,104
Payments for purchases of investments	**(217,561)**	(140,677)	**(3,465)**	(211)	**(221,026)**	(140,888)
Net change in investment of securities lending collateral	**657**	2,172	**-**	-	**657**	2,172
Net change in securities lending payable	**(657)**	(2,172)	**-**	-	**(657)**	(2,172)
Net cash provided (used) by investing activities	**(5,764)**	2,963	**(1,188)**	253	**(6,952)**	3,216
Net increase (decrease) in cash and cash equivalents	**(2,480)**	4,354	**(945)**	621	**(3,425)**	4,975
Cash and cash equivalents, beginning of year	**12,424**	8,070	**1,229**	608	**13,653**	8,678
Cash and cash equivalents, end of year	**$9,944**	$12,424	**$284**	$1,229	**$10,228**	$13,653
SPECIAL FINANCIAL ASSISTANCE:						
Appropriation warrant received for SFA	**-**	-	**24,262**	70,034	**24,262**	70,034
Return of unobligated appropriated funds	**-**	-	**(9,721)**	(24,107)	**(9,721)**	(24,107)
Total SFA administrative and payroll expense payments	**-**	-	**(20)**	(16)	**(20)**	(16)
Special financial assistance payments	**-**	-	**(14,638)**	(45,577)	**(14,638)**	(45,577)
Net increase (decrease) in restricted cash	**-**	-	**(117)**	334	**(117)**	334
Special financial assistance restricted cash, beginning of year			**369**	35	**369**	35
Special financial assistance restricted cash, end of year	**-**	-	**252**	369	**252**	369
Cash, cash equivalents, and restricted cash, end of year	**$9,944**	$12,424	**$536**	$1,598	**$10,480**	$14,022

The above cash flows are for trusteed plans and do not include non-trusteed plans.
The accompanying notes are an integral part of these financial statements.
The Single-Employer Program and Multiemployer Program (which includes the SFA Program) are separate by law.
The "Memorandum Total" data columns presented above are solely an entity-wide informational view of the PBGC's two independent insurance programs.
Special Financial Assistance is provided under the American Rescue Plan (ARP) Act of 2021, which provides for appropriated funds to eligible SFA multiemployer plans that are transferred from the U.S. Treasury's General Fund to PBGC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2024 and 2023

NOTE 1: ORGANIZATION AND PURPOSE

The Pension Benefit Guaranty Corporation (PBGC or the Corporation) is a federal corporation created by Title IV of the Employee Retirement Income Security Act of 1974 (ERISA) and is subject to the provisions of the Government Corporation Control Act. Its activities are defined by ERISA, as that Act has been amended over the years. The Corporation insures the pension benefits, within statutory limits, of participants in covered single-employer and multiemployer defined benefit pension plans.

ERISA requires that PBGC programs be self-financing. ERISA provides that the U.S. Government is not liable for any obligation or liability incurred by PBGC.

On March 11, 2021, the President signed into law the American Rescue Plan (ARP) Act of 2021. ARP amended ERISA and added Section 4262, Special Financial Assistance (SFA) by the Corporation, which provides funding from the U.S. Treasury's General Fund for payments to eligible multiemployer plans covering their full plan benefits through 2051 (see MD&A discussion on page 33). An ERISA eighth fund has been established for SFA, which is the first time PBGC has an appropriated fund. PBGC received a new appropriation to cover SFA administration costs, and going forward, PBGC will receive annual transfers from the General Fund to cover both SFA payments to approved multiemployer plans and SFA administration costs. This is mandatory funding with an indefinite appropriation for a period of availability of 10 years.

For financial statement purposes, PBGC divides its business activity into two broad areas — "Underwriting Activity" and "Financial Activity" — covering both Single-Employer and Multiemployer Program segments. PBGC's underwriting activity provides financial guaranty insurance in return for insurance premiums (whether actually paid or not). Actual and expected probable losses that result from the termination of underfunded pension plans are included in this category, as are actuarial adjustments based on changes in actuarial assumptions, such as mortality. PBGC's financial activity consists of the performance of PBGC's assets and liabilities. PBGC's assets consist of premiums collected from defined benefit plan sponsors, assets from distress or PBGC-initiated terminated plans that PBGC has insured, and recoveries from the former sponsors of those terminated plans. PBGC's future benefit liabilities consist of those future benefits, under statutory limits, that PBGC has assumed following distress or PBGC-initiated terminations (also referred to as an involuntary termination). Gains and losses on PBGC's investments and changes in the value of PBGC's future benefit liabilities (e.g., actuarial charges such as changes in interest factors and expected interest) are included in "Financial Activity".

As of September 30, 2024, the Single-Employer and Multiemployer Programs reported Cumulative results of operations of $54,164 million and $2,132 million, respectively. The Single-Employer Program had assets of $146,138 million, offset by total liabilities of $91,974 million, which include total present value of future benefits (PVFB) of $78,666 million. As of September 30, 2024, the Multiemployer Program had assets of $4,470 million, offset by $2,070 million in present value of nonrecoverable future financial assistance. The Corporation has sufficient liquidity to meet its obligations to both programs for a number of years. The FY 2023 Projections Report shows that under most projection scenarios for the Multiemployer Program, the SFA provided to eligible plans under ARP likely extends the solvency of PBGC's Multiemployer Program for more than 40 years.

PBGC's $136,667 million of total investments (including cash and cash equivalents and investment income) represents the largest component of PBGC's Statements of Financial Position Memorandum Total assets of $150,608 million at September 30, 2024. This amount of $136,667 million (as compared to investments under management of $132,000 million, as reported in section VIII Investment Activities) reflects the fact that PBGC experiences a recurring inflow of trusteed plan assets that have not yet been incorporated into the

PBGC investment program. For total investments (i.e., not the investment program), cash and fixed-income securities ($117,644 million) represent 86 percent of the total investments, while equity securities ($16,619 million) represent 12 percent of total investments. Private market assets, real estate, and other investments ($2,404 million), represent 2 percent of the total investments.

SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAM EXPOSURE

PBGC's estimate of the total underfunding in single-employer plans was $2,606 million for those sponsored by companies whose credit quality indicates substantial financial risk and that PBGC classified as reasonably possible of termination, as of September 30, 2024. This is a decrease of $23,051 million from the reasonably possible exposure of $25,657 million in FY 2023, primarily due to a change in the estimate as it relates to a change in methodology of the RP exposure (see Note 9). For FY 2024, this exposure is concentrated in the following sectors: manufacturing and transportation/communications/utilities.

PBGC estimates that as of September 30, 2024, it is reasonably possible that multiemployer plans may require future financial assistance in the amount of $189 million (see Note 9). This is a decrease of $221 million from the reasonably possible exposure of $410 million in FY 2023. The primary reason for the decrease in exposure was a net decrease in the number of plans classified as reasonably possible to four plans at September 30, 2024, down from seven plans classified as reasonably possible at September 30, 2023. The plans removed no longer meet the reasonably possible criteria as the plans experienced improved financial conditions due to better than expected investment returns and higher plan contributions. Additionally, the reasonably possible aggregate reserve for small plans decreased by $119 million due to improved financial conditions of the plans.

There is significant volatility in plan underfunding and sponsor credit quality over time, which makes long-term estimation of PBGC's expected claims difficult. This volatility, along with the concentration of claims in a relatively small number of terminated plans, has characterized PBGC's experience to date and will likely continue. Among the factors that will influence PBGC's claims going forward are economic conditions affecting interest rates, financial markets, and the rate of business failures.

PBGC's sources of information on plan underfunding are the most recent Section 4010 and PBGC premium filings, Form 5500 filings, and other submissions to the Corporation. PBGC publishes Table S-49, "Various Measures of Underfunding in PBGC-Insured Plans," in its *Pension Insurance Data Tables* (unaudited) where the limitations of the estimates are described.

Under the Single-Employer Program, PBGC is liable for the payment of guaranteed benefits with respect to underfunded terminated plans. An underfunded plan may terminate only if PBGC or a bankruptcy court finds that one of the four conditions for a distress termination, as defined in ERISA, is met or if PBGC initiates terminating a plan under one of five specified statutory tests. The net liability assumed by PBGC is generally equal to the present value of the future benefits payable by PBGC less amounts provided by the plan's assets and amounts recoverable by PBGC from the plan sponsor and members of the plan sponsor's controlled group, as defined by ERISA.

Under the Multiemployer Program, if a plan becomes insolvent, it receives traditional financial assistance from PBGC to allow the plan to continue to pay participants their guaranteed benefits. PBGC recognizes assistance as a loss to the extent that the plan is not expected to be able to repay these amounts from future plan contributions, employer withdrawal liability, or investment earnings. Since multiemployer plans do not receive traditional financial assistance until fully insolvent, the assistance is almost never repaid unless the plan is approved for SFA. For this reason, such assistance is fully reserved for plans not eligible for SFA.

The ARP created the Special Financial Assistance (SFA) Program for multiemployer plans that meet certain criteria (see Note 7), for which PBGC will receive appropriated funds. Unlike the traditional financial assistance PBGC provides to multiemployer plans in the form of a loan, the SFA is provided via a transfer of funds with no obligation of repayment.

PBGC reports appropriated funds as Restricted Cash on the Statements of Financial Position and report income, expenses, and liabilities related to special financial assistance as separate line items on its Statements of Operations and Statements of Financial Position.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as published by the Financial Accounting Standards Board (FASB). The preparation of the financial statements, in conformity with U.S. GAAP, requires PBGC to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions may change over time as new information is obtained or subsequent developments occur. Actual results could differ from those estimates.

RECENT ACCOUNTING DEVELOPMENTS

In FY 2024**,** PBGC changed the methodology in determining the reasonably possible exposure from prior years to more narrowly focus on situations that pose meaningful risk of actual claims. Specifically, PBGC has modified the risk criteria to focus on companies with a more substantial level of default risk. In addition, the criteria used to establish which companies will be individually analyzed and which will be part of the small plan bulk reserve has been simplified. Companies that had benefit liability more than the $1 billion threshold applicable for FY 2024 were individually analyzed and classified (see Note 9).

In FY 2024, PBGC updated its methodology in calculating the Present Value of Future Benefits (PVFB) regarding the allocation of assets in Single-Employer Plans. PBGC updated the mortality table assumptions used to extract the yield curve of interest discount rates applied to measure PVFB. PBGC now averages spreads (between market interest rates and group annuity pricing yields) over the four quarters prior to the yield curve measurement date, instead of the two prior quarters (see Note 6).

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842).” Under the new standard, PBGC is required to recognize in its Statements of Financial Position (balance sheet), a right-of-use (ROU) asset, representing the right to use the underlying asset for the lease term, and a lease liability, representing the liability to make lease payments, adjusted for lease payments made at or before lease commencement, lease incentives, and any initial direct costs, for leases longer than one year. In addition, this ASU requires expanded disclosures about the nature and terms of lease agreements. This standard is effective for fiscal year beginning after December 15, 2021, and to interim periods beginning after December 15, 2022. PBGC has evaluated the impact of this guidance and updated its policy in accordance with ASC 842 upon adoption in FY 2023. As an all other entity under FASB, PBGC applied the new lease standard at PBGC’s adoption date of October 1, 2022. PBGC elected the option not to restate comparative financial statements under the modified retrospective approach and instead recognized a cumulative-effect adjustment at the beginning of FY 2023. Additionally, PBGC elected to apply the practical expedients to account for lease and non-lease components as a single lease component, and to use the risk-free rate in determining the lease ROU asset and liability. PBGC has also elected to expense short term leases and not recognize an ROU asset and lease liability for leases with a duration of 12 months or less.

Effective FY 2023, PBGC updated its methodology in calculating Present Value of Nonrecoverable Future Financial Assistance for small-sized multiemployer plans. Previously, PBGC calculated small plan probables using a seven-year historic ratio of new plan terminations or insolvencies to the total unfunded liability for small plans in a given year. The ratio was then applied to the current unfunded liability for small plans to calculate the probable exposure. Under the new methodology, PBGC will calculate the standardized projected Date of Insolvency (DOI) for high risk small-sized plans. If the projected DOI is within 20 years of the PBGC financial statement date, actuarial calculations are performed on a plan-by-plan basis for nonrecoverable future financial assistance, utilizing certain generalized assumptions that are appropriate for a bulk reserve. This updated methodology classifies the financial obligations for these plans into the categories based on their projected DOI as follows:

- Within 10 years are classified as probable.
- From 10 to 20 years are classified as reasonably possible.
- Greater than 20 years is classified as remote.

The adoption of this methodology aims to standardize and refine the projection and classification of financial obligations within the Multiemployer Program (see Note 7).

In March 2020 and January 2021, the FASB issued ASUs 2020-04 and 2021-01, respectively, "Reference Rate Reform" (ASC 848). ASC 848 provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. Topic 848 provides optional expedients and exceptions for applying U.S. GAAP to transactions affected by reference rate reform if certain criteria are met. In December 2022, the FASB issued ASU 2022-06 which deferred the end date of the temporary guidance in ASC 848, "Reference Rate Reform", from December 31, 2022, to December 31, 2024. Topic 848 was effective and adopted by PBGC beginning on March 12, 2020, and PBGC will apply the amendments prospectively through December 31, 2024. PBGC assessed the impact of adopting these ASUs and concluded there was no material impact on PBGC's financial statements.

VALUATION METHOD

A key objective of PBGC's financial statements is to provide information that is useful in assessing PBGC's present and future ability to ensure that its plan beneficiaries receive benefits when due. Accordingly, PBGC values its financial assets at estimated fair value, consistent with the standards for pension plans contained in the FASB Accounting Standards Codification Section 960, *Defined Benefit Pension Plans*. PBGC values its liabilities at the present value of future benefits and present value of nonrecoverable future financial assistance using assumptions derived from market-based (fair value) annuity prices from insurance companies, as described in the Statement of Actuarial Opinion. As described in ASC 960, the assumptions are "those assumptions that are inherent in the estimated cost at the (valuation) date to obtain a contract with an insurance company to provide participants with their accumulated plan benefit." Also, in accordance with ASC 960, PBGC selects assumptions for expected retirement ages and the cost of administrative expenses in accordance with its best estimate of anticipated experience.

The FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in U.S. GAAP, and expands disclosures about fair value measurements. ASC 820 applies to accounting pronouncements that require or permit fair value measurements.

Furthermore, PBGC applies FASB ASC 820, Fair Value Measurements and Disclosures guidance related to financial statement note disclosures for certain Level 2 and 3 investments that use the Net Asset Value (NAV) "practical expedient" (i.e., priced without any adjustments – see FASB Updates 2015-07 and 2018-13). Level 1 investments are not affected by this FASB guidance since these investments are fair value priced using quoted prices in active markets (market exchanges); however, Level 2 and Level 3 NAV investments use valuation pricing (observable for Level 2, and not observable for Level 3) for which the FASB requires additional disclosure if the practical expedient is used. Investments that use the NAV practical expedient are displayed in a NAV only category and are removed from their Level 2 or Level 3 category and added to the NAV only category. The fair value table affected by this guidance is found in PBGC Financial Statements Note 5, Fair Value Measurements.

REVOLVING AND TRUST FUNDS

PBGC accounts for its Single-Employer and Multiemployer Programs' revolving and trust funds on an accrual basis. Each fund is charged its portion of the benefits paid each year. PBGC includes totals for the revolving and trust funds for presentation purposes in the financial statements; however, the Single-Employer and Multiemployer Programs are separate programs by law and, therefore, PBGC also reports them separately.

ERISA provides for the establishment of the revolving fund where premiums are collected and held. The assets in the revolving fund are used to cover deficits incurred by trusteed plans and to provide funds for traditional financial assistance. The Pension Protection Act of 1987 created a single-employer revolving fund (Fund 7) that is credited with all premiums in excess of $8.50 per participant, including all penalties and interest charged on these amounts, and its share of earnings from investments. This fund may not be used to pay PBGC's administrative costs or the benefits of any plan terminated prior to October 1, 1988, unless no other amounts are available.

The trust fund includes assets (e.g., pension plan investments) PBGC assumes (or expects to assume) once a terminated plan has been trusteed, and related investment income. These assets generally are held by custodian banks. The trust fund supports the operational functions of PBGC.

The trust fund reflects accounting activity associated with:

1) Trusteed plans (plans for which PBGC has legal responsibility). The assets and liabilities are reflected separately on PBGC's Statements of Financial Position, the income and expenses are included in the Statements of Operations, and the cash flows from these plans are included in the Statements of Cash Flows.
2) Plans pending termination and trusteeship (plans for which PBGC has begun the process for termination and trusteeship by fiscal year-end). The assets and liabilities for these plans are reported as a net amount on the Liabilities section of the Statements of Financial Position under "Present value of future benefits, net." For these plans, the income and expenses are included in the Statements of Operations, but the cash flows are not included in the Statements of Cash Flows.
3) Probable terminations (plans that PBGC determines are likely to terminate and be trusteed by PBGC). The assets and liabilities for these plans are reported as a net amount on the Liabilities section of the Statements of Financial Position under "Present value of future benefits, net." The accrued loss from these plans is included in the Statements of Operations as part of "Losses (credits) from completed and probable terminations." The cash flows from these plans are not included in the Statements of Cash Flows. PBGC cannot exercise legal control over a plan's assets until it becomes the trustee.

ALLOCATION OF REVOLVING AND TRUST FUNDS

PBGC allocates assets, liabilities, income, and expenses to the Single-Employer and Multiemployer Programs' revolving and trust funds to the extent that such amounts are not directly attributable to a specific fund. Revolving fund investment income is allocated on the basis of each program's average cash and investments available during the year. For the administrative expenses, see the Administrative Expense section further below in Note 2. Revolving fund assets and liabilities are allocated according to the year-end equity of each program's revolving fund. Plan assets acquired by PBGC and commingled at PBGC's custodian bank are credited directly to the appropriate fund, while the earnings and expenses on the commingled assets are allocated to each program's trust fund on the basis of each trust fund's value, relative to the total value of the commingled fund.

CASH AND CASH EQUIVALENTS

"Cash" includes cash on hand and demand deposits. "Cash equivalents" are investments with original maturities of one business day, highly liquid investments that are readily convertible into cash within one business day.

SECURITIES LENDING COLLATERAL

PBGC participates in a securities lending program administered by its custodian bank. The custodian bank requires collateral that equals 102 to 105 percent of the value of the securities lent. The collateral is held by the custodian bank. The custodian bank either receives cash or non-cash as collateral or returns collateral to cover mark-to-market changes. Any cash collateral received is invested by PBGC's investment agent. In addition to the lending program managed by the custodian bank, some of PBGC's investment managers are authorized to invest in securities purchased under resale agreements (an agreement with a commitment by the seller to buy a security back from the purchaser at a specified price at a designated future date), and securities sold under repurchase agreements.

SECURITIES PURCHASED UNDER REPURCHASE AGREEMENTS

PBGC's investment managers purchase securities under repurchase agreements, whereby the seller will buy the security back at a pre-agreed price and date. Those that mature in more than one day are reported under "Fixed maturity securities" as "Securities purchased under repurchase agreements" in the Note 3 table entitled "Investments of Single-Employer Revolving Funds and Single-Employer Trusteed Plans." Repurchase agreements that mature in one day are included in "Cash and cash equivalents," which are reported on the Statements of Financial Position. Refer to Note 3 for further information regarding repurchase agreements.

INVESTMENT VALUATION AND INCOME

PBGC bases market values on the last sale of a listed security, on the mean of the "bid-and-ask" for non-listed securities, or on a valuation model in the case of fixed income securities that are not actively traded. These valuations are determined as of the end of each fiscal year. Purchases and sales of securities are recorded on the trade date. In addition, PBGC invests in and discloses its derivative investments in accordance with the guidance contained in the FASB ASC Section 815, *Derivatives and Hedging*. Investment income is accrued as earned. Dividend income is recorded on the ex-dividend date. Realized gains and losses on sales of investments are calculated using first-in, first-out for the revolving fund and weighted average cost for the trust fund. PBGC marks the plan's assets to market, and any increase or decrease in the market value of a plan's assets occurring after the date on which the plan is terminated must, by law, be credited to or suffered by PBGC.

SPONSORS OF TERMINATED PLANS

The amounts due from sponsors of terminated plans or members of their controlled group represent the settled, but uncollected, claims for sponsors' employer liability (underfunding as of date of plan termination) and for contributions due their plan less an allowance for estimated uncollectible amounts. PBGC discounts any amounts expected to be received beyond one year for time and risk factors. Some agreements between PBGC and plan sponsors provide for contingent payments based on future profits of the sponsors. The Corporation reports any such future amounts in the period they are realizable. Income and expenses related to amounts due from sponsors are reported in the Underwriting section of the Statements of Operations. Interest earned on settled claims for sponsors' employer liability (EL) and due and unpaid employer contributions (DUEC) is reported as "Income: Other." The change in the allowances for uncollectible EL and DUEC is reported as "Expenses: Other."

PREMIUMS

Premiums receivable represents (1) the plan reported premiums owed, (2) PBGC estimated amounts on filings not yet due and (3) submitted and past due premiums deemed collectible, including penalties and interest. The liability for unearned premiums represents annual premium fees that have been received in advance of the period in which they will be earned by PBGC. They remain as liabilities until they are ratably earned over the period of time to which the premium applies. "Premium income, net" represents actual and estimated revenue generated from defined benefit pension plan premium filings as required by Title IV of ERISA less bad debt expense for premiums, interest, and penalties. For insolvent multiemployer plans, bad debt expense also includes a reserve for premium payments waived by PBGC and treated as financial assistance in accordance with ERISA Section 4007 (see Note 11).

CAPITALIZED ASSETS

Capitalized assets include furniture and fixtures, electronic processing equipment, and internal-use software. This includes costs for internally developed software incurred during the application development stage (system design including software configuration and software interface, coding, and testing). These costs are shown net of accumulated depreciation and amortization. See Note 16, Other Assets, for further details.

OPERATING LEASE ROU ASSETS

For operating lease right-of-use (ROU) assets, this includes the costs for the right to use the underlying asset during the lease term. These costs are shown net of accumulated depreciation and amortization. See Note 10, Leases for further details.

PRESENT VALUE OF FUTURE BENEFITS (PVFB)

The PVFB is the estimated liability for future pension benefits that PBGC is or will be obligated to pay the participants of trusteed plans and the net liability for plans pending termination and trusteeship. The PVFB liability (including trusteed plans and plans pending termination and trusteeship) is stated as the actuarial present value of estimated future benefits less the present value of estimated recoveries from sponsors and members of their controlled group and the assets of plans pending termination and trusteeship as of the date of the financial statements. PBGC also includes the estimated liabilities attributable to plans classified as probable terminations as a separate line item in the PVFB (net of estimated recoveries and plan assets). PBGC uses assumptions to adjust the value of those future payments to reflect the time value of money (by discounting) and the probability of payment (by means of decrements, such as for death or retirement). PBGC also includes anticipated expenses to settle the benefit obligation in the determination of the PVFB. PBGC's benefit payments to participants reduce the PVFB liability.

The values of the PVFB are particularly sensitive to changes in underlying estimates and assumptions. These estimates and assumptions could change and the impact of these changes may be material to PBGC's financial statements (see Note 6).

PVFB is reported as follows:

(1) Trusteed Plans: Represents the present value of future benefit payments less the present value of expected recoveries (for which a settlement agreement has not been reached with sponsors and members of their controlled group) for plans that have terminated and been trusteed by PBGC prior to fiscal year-end. Assets

are shown separately from liabilities for trusteed plans. PBGC's liability under the expanded Missing Participants Program is included in this category. Under this program that began in FY 2018, most terminated defined contribution plans, small professional service pension plans, and multiemployer plans can now transfer the benefits of missing participants to PBGC. Previously, the program covered only insured single-employer defined benefit plans terminating in a standard termination.

(2) Pending Termination and Trusteeship: Represents the present value of future benefit payments less the plans' net assets (at fair value) anticipated to be received and the present value of expected recoveries (for which a settlement agreement has not been reached with sponsors and members of their controlled group) for plans for which termination action has been initiated and/or completed prior to fiscal year-end. Unlike trusteed plans, the liability for plans pending termination and trusteeship is shown net of plan assets.

(3) Settlements and Judgments: Represents estimated liabilities related to settled litigation (see Note 6).

(4) Net Claims for Probable Terminations: Represents (under a specific identification process), controlled groups having $50 million or more of underfunding. PBGC recognizes a contingent loss for the estimated net claim of those plans meeting the probable termination criteria. These estimated losses are based on conditions that existed as of PBGC's fiscal year-end. PBGC believes it is likely that one or more events subsequent to the fiscal year-end will occur, confirming the loss.

In accordance with the FASB ASC Section 450, *Contingencies*, PBGC recognizes net claims for probable terminations which represent PBGC's best estimate of the losses, net of plan assets, and the present value of expected recoveries (from sponsors and members of their controlled group) for plans that are likely to terminate in the future. Criteria used for classifying a specific single-employer plan as a probable termination include, but are not limited to, one or more of the following conditions: the plan sponsor is in liquidation or comparable state insolvency proceeding with no known solvent controlled group member; the sponsor has filed or intends to file for distress plan termination and the criteria will likely be met; or PBGC is considering initiating plan termination. In addition, PBGC takes into account other economic events and factors in making judgments regarding the classification of a plan as a probable termination. These events and factors may include, but are not limited to, the following: the plan sponsor is in bankruptcy or has indicated that a bankruptcy filing is imminent; the plan sponsor has stated that plan termination is likely; the plan sponsor has received a going concern opinion from its independent auditors; or the plan sponsor is in default under existing credit agreement(s).

Effective FY 2024, PBGC updated its methodology in calculating PVFB, specifically regarding the allocation of assets in Single-Employer Plans. These changes are for consistency with the new regulation on the Allocation of Assets in Single Employer Plans (new §4044 rule). PBGC updated the mortality table assumptions used to extract the yield curve of interest discount rates applied to measure PVFB. PBGC now averages spreads (between market interest rates and group annuity pricing yields) over the four quarters prior to the yield curve measurement date, instead of the two prior quarters. PBGC will continue to use the Pri-2012 mortality tables but now applies separate tables for Employees and Non-Disabled Annuitants, instead of a blended table (see Note 6).

In addition, a reserve for small unidentified probable losses is recorded for the estimated future contingent losses stemming from insured single-employer plans with an aggregate underfunding of less than $50 million. The reserve is based on the historical three-year rolling average of losses related to actual plan terminations (with an aggregate underfunding of less than $50 million) and indexed to the S&P 500 to reflect changes in economic conditions. See Note 6 for further information on Net Claims for Probable Terminations.

PBGC identifies certain plan sponsors as high risk if the plan sponsor is in Chapter 11 proceedings or the sponsor's senior unsecured debt is rated CCC+/Caa1 or lower by S&P or Moody's, respectively. PBGC specifically reviews each plan sponsor identified as high risk and classifies pension plans as probable if, based on available evidence, PBGC concludes that plan termination is likely (based on criteria described in (4) above).

In accordance with the FASB ASC 450, *Contingencies*, PBGC's exposure to losses from plan sponsors that are classified as reasonably possible is disclosed in the footnotes. Criteria used for classifying a company as reasonably possible include, but are not limited to, one or more of the following conditions: the plan sponsor is in Chapter 11 reorganization; a funding waiver is pending or outstanding with the Internal Revenue Service (IRS); the sponsor missed a minimum funding contribution; the sponsor's bond rating is equal to or below Standard & Poor's CCC+ or Moody's (Caa1); or the sponsor has no bond rating but the Dun & Bradstreet Failure Score (formerly Financial Stress Score) is below the level of default threshold equivalent to CCC+/Caa1 (see Note 9).

Effective FY 2024, PBGC changed the methodology for determining the reasonably possible exposure from prior years to more narrowly focus on situations that pose meaningful risk of actual claims. Specifically, PBGC has modified the risk criteria to focus on companies with a more substantial level of default risk. In addition, the criteria used to establish which companies will be individually analyzed and which will be part of a bulk reserve has been simplified. Companies that had benefit liability in excess of the $1 billion threshold applicable for FY 2024 were individually analyzed and classified. In combination, such companies represented approximately 80% of all benefit liabilities attributable to PBGC-insured single-employer plans. The RP exposure was individually measured for companies with these large plan liabilities and that also met the reasonably possible risk criteria. For companies with smaller plans, a reserve was calculated using an aggregate method of historic losses to estimate reasonably possible exposure, rather than reviewing each company individually. As a result of these improvements, PBGC now measures the reasonably possible exposure as of fiscal year-end as opposed to as of the prior December 31 (see Note 9).

PRESENT VALUE OF NONRECOVERABLE FUTURE FINANCIAL ASSISTANCE (PVNFFA)

In accordance with Title IV of ERISA, PBGC provides traditional financial assistance to multiemployer plans, in the form of loans, to enable the plans to pay guaranteed benefits to participants and reasonable administrative expenses of the plan. These loans, issued in exchange for interest-bearing promissory notes, constitute an obligation of each plan.

The PVNFFA assistance represents the estimated nonrecoverable payments to be provided by PBGC in the future to multiemployer plans that will not be able to meet their benefit obligations. The PVNFFA is based on the difference between the present value of future guaranteed benefits and expenses and the market value of plan assets, including the present value of future amounts expected to be paid by employers, for those plans that are expected to require future assistance. The amount reflects the rates at which, in the opinion of PBGC, these liabilities (net of expenses) could be settled in the market for single-premium nonparticipating group annuities issued by private insurers (see Note 7).

A liability for a particular plan is included in the "Present Value of Nonrecoverable Future Financial Assistance" when it is determined that the plan is currently, or will likely become in the future, insolvent and will require assistance to pay the participants their guaranteed benefits. In accordance with the FASB Accounting ASC 450, *Contingencies*, PBGC recognizes net claims for probable insolvencies for plans that are likely to become insolvent and may require future financial assistance. Projecting a future insolvency requires considering several complex factors, such as an estimate of future cash flows, future mortality rates, and age of participants not in pay status.

Each year, PBGC analyzes insured multiemployer plans to identify plans that are at risk of becoming probable and reasonably possible claims on the insurance program. Regulatory filings with PBGC, IRS, and DOL are important to this analysis and determination of risk, especially the designation of critical and declining status, which means the plan is projecting insolvency within 15-20 years. In general, if a terminated plan's assets are less than the present value of its liabilities, PBGC considers the plan a probable risk of requiring financial assistance in the future.

PBGC uses specific criteria for classifying multiemployer plans as insolvent (PBGC's insurable event for multiemployer plans), probable, and reasonably possible. The criteria are as follows:

- Any multiemployer plans currently receiving traditional financial assistance are classified as insolvent.
- Terminated, underfunded multiemployer plans (i.e., "wasting trusts") are classified as probable.
- Ongoing multiemployer plans projected to become insolvent:
    - Within 10 years are classified as probable.
    - From 10 to 20 years are classified as reasonably possible.

In general, the date of insolvency is estimated by projecting plan cash flows using actuarial assumptions. PBGC uses information provided by the plan actuary for assumptions such as termination of employment rates, retirement rates, average ages, the plan's schedule of future withdrawal liability payments owed, and contributions. PBGC uses assumptions set by PBGC for purposes of projecting returns on plan assets, future contributions, future withdrawal liability payments, plan expenses, mortality rates, and guaranteed benefits.

In addition, a bulk reserve method is employed to estimate future contingent losses for small multiemployer plans with fewer than 2,500 participants. Probable losses for plans are accrued, and reasonably possible losses are disclosed. This small plan bulk reserve uses an aggregate method to estimate liability and exposure, rather than reviewing each plan individually. In FY 2023, PBGC updated its methodology for determining the probable liability for small-sized multiemployer plans, aligning it with the current method used for medium-sized plans. Effective FY 2023, PBGC will calculate the standardized projected Date of Insolvency (DOI) for high risk small-sized plans. If the projected DOI is within 20 years of the PBGC financial statement date, actuarial calculations are performed on a plan-by-plan basis for nonrecoverable future financial assistance, utilizing certain generalized assumptions that are appropriate for a bulk reserve. This updated methodology classifies the financial obligations for these plans into the categories based on their projected DOI as follows:

- Within 10 years are classified as probable.
- From 10 to 20 years are classified as reasonably possible.
- Greater than 20 years is classified as remote.

MPRA provides that certain plans may apply to the U.S. Treasury to suspend benefits, and provides for a participant vote on the benefit suspension. These plans also may apply to PBGC for financial assistance, either for a facilitated merger or for a partition. Plans applying for a partition are also required to apply to U.S. Treasury for a suspension of benefits. These actions do not affect the determination of the nonrecoverable future financial assistance liability until U.S. Treasury has issued the final authorization to suspend benefits in the case of a benefit suspension application, or until PBGC has approved the application for financial assistance, in the case of a facilitated merger or a partition request.

The present value of nonrecoverable future financial assistance is presented in the Liability section of the Statements of Financial Position (see Note 7).

ADMINISTRATIVE EXPENSES

These operating expenses (for either the Single-Employer or Multiemployer Programs) are amounts paid and accrued for services rendered or while carrying out other activities that constitute PBGC's ongoing operations (e.g., payroll, contractual services, office space, materials, and supplies). An expense allocation methodology is used to fully capture the administrative expenses attributable to either the Single-Employer or Multiemployer Programs.

For the year-ending September 30, 2024, the Administrative Expense Reimbursement Ratio is determined to be the most representative methodology to allocate actual indirect administrative expenses, as well as to record the actual direct expenses attributable to the Single-Employer and Multiemployer Programs. The Administrative Expense Reimbursement Ratio calculates the ratios of direct administrative expenses for both the Single-Employer and Multiemployer Programs over the total direct administrative expenses. These ratios are then used to allocate the indirect administrative expenses for both the Single-Employer and Multiemployer Programs. This is PBGC's change in estimate based on the updated methodology for allocating administrative expenses.

OTHER EXPENSES

These expenses represent an estimate of the net amount of receivables deemed uncollectible during the period. The estimate is based on the most recent status of the debtor (e.g., sponsor), the age of the receivables and other factors that indicate to what degree the receivables outstanding may be uncollectible.

LOSSES FROM COMPLETED AND PROBABLE TERMINATIONS

Amounts reported as losses from completed and probable terminations represent the difference as of the actual or expected date of plan termination (DOPT) between the present value of future benefits (including amounts owed under Section 4022(c) of ERISA) assumed, or expected to be assumed, by PBGC, less related plan assets, and the present value of expected recoveries from sponsors and members of their controlled group (see Note 12). When a plan terminates, the previously recorded probable net claim is reversed and newly estimated DOPT plan assets, recoveries, and PVFB are netted and reported on the line "PVFB - Plans pending termination and trusteeship" (this value is usually different from the amount previously reported), with any change in the estimate recorded in the Statements of Operations. In addition, the plan's net income from DOPT to the beginning of PBGC's fiscal year is included as a component of losses from completed and probable terminations for plans with termination dates prior to the year in which they were added to PBGC's inventory of terminated plans.

ACTUARIAL ADJUSTMENTS AND CHARGES (CREDITS)

PBGC classifies actuarial adjustments related to insurance-based changes in method and the effect of experience as underwriting activity; actuarial adjustments are the result of the movement of plans from one valuation methodology to another, e.g., non-seriatim (calculating the liability for the group) to seriatim (calculating a separate liability for each person), and of new updated data (e.g., deaths, revised participant data). Actuarial charges (credits) are related to changes in interest factors, and expected interest is classified as financial activity. These adjustments and charges (credits) represent the change in the PVFB that results from applying actuarial assumptions in the calculation of future benefit liabilities (see Note 6).

DEPRECIATION AND AMORTIZATION

PBGC calculates depreciation on the straight-line basis over estimated useful lives of five years for equipment and ten years for furniture and fixtures. PBGC calculates amortization for capitalized software, which includes certain costs incurred for purchasing and developing software for internal use, on the straight-line basis over estimated useful lives not to exceed five years, commencing on the date that the Corporation determines that the internal-use software is implemented. Routine maintenance and leasehold improvements (the amounts of which are not material) are charged to operations as incurred. Capitalization of software cost occurs during the development stage, and costs incurred during the preliminary project and post-implementation stages are expensed as incurred. See Note 16, Other Assets, for further details.

SPECIAL FINANCIAL ASSISTANCE

ARP established the SFA Program that provides that certain multiemployer plans may apply to PBGC to receive SFA funding. The SFA liability will be recorded when the following conditions are met: (1) the initial application for SFA has been received by PBGC, (2) the multiemployer plan applicant has been determined to be eligible, (3) the application has been deemed to be complete, and (4) the application has been approved. Upon approval of the application, SFA will be paid in a timely manner by PBGC. Unlike the traditional financial assistance loans PBGC provides to multiemployer plans, SFA will be in the form of a transfer of funds with no obligation to repay. No SFA transfers may be made after September 30, 2030.

PBGC applies specific contribution guidance in ASC 958-605, *Not-for-Profit Entities*, to recognize revenue from the U.S. Treasury General Fund appropriations related to the SFA Program. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. Conditional contributions received are classified as Contributed Transfer Appropriation. Once the barriers to entitlement are overcome (i.e., approval of an SFA application), the contribution is recognized as unconditional and classified as Contributed Transfer Appropriation Income.

The SFA Program provides PBGC appropriated SFA funds (outside the revolving fund) to cover assistance to eligible multiemployer plans and PBGC's SFA administrative expenses. Unlike traditional financial assistance which PBGC provides to multiemployer plans in the form of a loan, SFA will be provided via a transfer of funds with no obligation of repayment. At the end of each fiscal year, any unused (i.e., unobligated) appropriated SFA funds must be returned to the U.S. Treasury General Fund.

NOTE 3: INVESTMENTS

Premium receipts are invested through the revolving fund in U.S. Treasury securities. The trust funds include assets that PBGC assumes or expects to assume with respect to terminated single-employer plans (e.g., recoveries from sponsors) and investment income thereon. These assets generally are held by custodian banks. The basis and market value of the investments by type are detailed below, as well as related investment profile data. The basis indicated is the cost of the asset if assumed after the date of plan termination or the market value at date of plan termination if the asset was assumed as a result of a plan's termination. PBGC marks the plan's assets to market, and any increase or decrease in the market value of a plan's assets occurring after the date on which the plan is terminated must, by law, be credited to or suffered by PBGC. Investment securities denominated in foreign currency are translated into U.S. dollars at the prevailing exchange rates at period ending September 30, 2024. Purchases and sales of investment securities, income, and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions. The portfolio does not isolate that portion of the results of operations resulting from changes in foreign exchange rates of investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments. For PBGC's securities, unrealized holding gains and losses are both recognized by including them in earnings. Unrealized holding gains and losses measure the total change in fair value — consisting of unpaid interest income earned or unpaid accrued dividend and the remaining change in fair value from holding the security.

To Be Announced (TBA) and Bond Forward transactions are recorded as regular buys and sells of investments and not as derivatives. TBA is a contract for the purchase or sale of mortgage-backed securities to be delivered on a future date. The term TBA is derived from the fact that the actual mortgage-backed security that will be delivered to fulfill a TBA trade is not designated at the time the trade is made. The securities are to be announced 48 hours prior to the established trade settlement date. TBAs are issued by the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and Government National Mortgage Association (GNMA). In accordance with FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*, TBA and Bond Forward contracts are deemed regular way trades as they are completed within the time frame generally established by regulations and conventions in the marketplace or by the exchange on which they are executed. Thus, recording of TBA and Bond Forward contracts recognizes the acquisition or disposition of the securities at the full contract amounts on day one of the trade.

Bond Forwards are reported to “Receivables, net – Sale of securities”, and “Due for purchases of securities”; TBAs are reported to “Receivables, net – Sale of securities”, “Due for purchases of securities”, and “Fixed maturity securities” from derivative contracts receivables and payables. As of September 30, 2024, TBA receivables were $1,958 million and no Bond Forward receivables were reported. In addition, as of September 30, 2024, TBA payables were $4,130 million and no Bond Forward payables were reported.

INVESTMENTS OF SINGLE-EMPLOYER REVOLVING FUNDS AND SINGLE-EMPLOYER TRUSTEED PLANS

	September 30, 2024		September 30, 2023	
(Dollars in millions)	**Basis**	**Market Value**	Basis	Market Value
Fixed maturity securities:				
U.S. Government securities	**$65,119**	**$64,029**	$62,443	$52,166
Commercial paper/securities purchased under repurchase agreements	**907**	**907**	354	354
Asset backed securities	**11,736**	**11,640**	12,753	11,629
Pooled funds				
Domestic	**2,405**	**2,110**	1,882	1,306
International	**-**	**-**	0 *	0 *
Global/other	**45**	**44**	1	1
Corporate bonds and other	**16,715**	**16,224**	20,073	17,176
International securities	**8,127**	**8,172**	7,047	6,248
Subtotal	**105,054**	**103,126**	104,553	88,880
Equity securities:				
Domestic	**1,205**	**1,475**	832	879
International	**2,611**	**3,233**	2,481	2,618
Pooled funds				
Domestic	**3,167**	**9,051**	3,426	7,239
International	**1,315**	**2,840**	1,538	2,616
Global/other	**3**	**3**	22	22
Subtotal	**8,301**	**16,602**	8,299	13,374
Private equity	**1,069**	**160**	1,101	195
Real estate and real estate investment trusts	**1,918**	**2,030**	1,865	1,613
Insurance contracts and other investments	**96**	**214**	107	277
Total[1]	**$116,438**	**$122,132** [2]	$115,925	$104,339

* Less than $500,000

[1] Total includes securities on loan at September 30, 2024, and September 30, 2023, with a market value of $8,057 million and $7,409 million, respectively.

[2] This total of $122,132 million of investments at market value represents the single-employer assets only.

INVESTMENTS OF MULTIEMPLOYER REVOLVING FUNDS AND MULTIEMPLOYER TRUSTEED PLANS

	September 30, 2024		September 30, 2023	
(Dollars in millions)	**Basis**	**Market Value**	Basis	Market Value
Investment securities:				
Fixed U.S. Government securities	**$3,714**	**$3,616**	$2,734	$2,161
Equity securities	**-**	**-**	-	-
Total	**$3,714**	**$3,616**	$2,734	$2,161

INVESTMENT PROFILE

	September 30,	
	2024	2023
Fixed Income Assets		
Average Quality	**AA**	**AA-**
Average Maturity (years)	**7.7**	**10.4**
Duration (years)	**5.3**	**5.9**
Yield to Maturity (%)	**4.4**	**5.5**
Equity Assets		
Average Price/Earnings Ratio	**24.1**	**20.6**
Dividend Yield (%)	**2.0**	**2.4**
Beta	**1.0**	**1.0**

DERIVATIVE INSTRUMENTS

PBGC assigns investment discretion and grants specific authority to all of its investment managers to invest according to specific portfolio investment guidelines the Corporation has established. PBGC further limits the use of derivatives by investment managers through tailored provisions in the investment guidelines with investment managers consistent with PBGC's investment policy statement and overall risk tolerance. These investment managers, who act as fiduciaries to PBGC, determine when it may or may not be appropriate to utilize derivatives in the portfolio(s) for which they are responsible. Investments in derivatives carry many of the same risks of the underlying instruments and carry additional risks that are not associated with direct investments in the securities underlying the derivatives.

Risks may arise from the potential inability to terminate or sell derivative positions, although derivative instruments are generally more liquid than physical market instruments. A liquid secondary market may not always exist for certain derivative positions. Over-the-counter derivative instruments also involve counterparty risk that the other party to the derivative instrument will not meet its obligations.

The use of derivatives in the PBGC investment portfolio is also further restricted insofar as they may not be used to create leverage in the portfolio. Thus, derivatives are not permitted to be utilized to leverage the portfolio beyond the maximum risk level associated with a fully invested portfolio of physical securities.

Derivative instruments are used to mitigate risk (e.g., adjust duration or currency exposures), enhance investment returns, and/or as liquid and cost-efficient substitutes for positions in physical securities. These derivative instruments are not designated as accounting hedges consistent with FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*, which requires an active designation as a prerequisite for any hedge accounting. PBGC uses a no-hedging designation, which results in the gain or loss on a derivative instrument to be recognized currently in earnings. Derivatives are accounted for at fair value in accordance with the FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*. Derivatives are marked to market with changes in value reported as a component of financial income on the Statements of Operations. PBGC presents all derivatives at fair value on the Statements of Financial Position.

PBGC's investment managers invested in investment products that used various U.S. and non-U.S. derivative instruments. Those products included, but are not limited to: index futures; options; money market futures; government bond futures; interest rate, credit default, and total return swaps and swaption (an option on a swap) contracts; stock warrants and rights; debt option contracts; and foreign currency futures, forward, and option contracts. Some of these derivatives are traded on organized exchanges and thus bear minimal counterparty risk. The counterparties to PBGC's non-exchange-traded derivative contracts are major financial institutions subject to ISDA (International Swaps and Derivatives Association, Inc.) master agreements or IFEMAs (International Foreign Exchange Master Agreements) and minimum credit ratings required by investment guidelines. PBGC monitors PBGC's counterparty risk and exchanges collateral under most contracts to further support performance by counterparties. Required margin (collateral) for exchange traded and non-exchange traded centrally cleared derivatives is maintained by a clearinghouse to support the performance by counterparties, which are members of the clearinghouse, and collateral is exchanged directly with counterparties for non-exchange traded non-centrally cleared derivatives. A clearinghouse reduces the settlement risks by netting offsetting transactions between multiple counterparties and by requiring higher levels of collateral deposits or margin requirements compared to bilateral arrangements. Settlement risks are also reduced by the clearinghouse providing independent valuation of trades and margin, monitoring the credit worthiness of the clearing firms, and providing a guarantee fund, which could be used to cover losses that exceed a defaulting clearing firm's margin on deposit.

A futures contract is an agreement between a buyer or seller and an established futures exchange clearinghouse in which the buyer or seller agrees to take or make a delivery of a specific amount of a financial instrument at a specified price on a specific date (settlement date) in the future. The futures exchanges and clearinghouses clear, settle, and guarantee transactions occurring through their facilities. Upon entering into a futures contract, an "initial margin" amount (in cash or liquid securities) of generally 1 to 6 percent of the face value indicated in the futures contract is required to be deposited with the broker. Open futures positions are marked to market daily. Subsequent payments known as "variation margin" are made or received by the portfolio dependent upon the daily fluctuations in value of the underlying contract. PBGC maintains adequate liquidity in its portfolio to meet these margin calls.

PBGC also invests in forward contracts. A forward foreign currency contract is a commitment to purchase or sell a foreign currency at the settlement date (in the future) at a negotiated rate or to make settlement based on comparable economics, but without actually delivering the foreign currency. Foreign currency forward, futures, and option contracts may be used as a substitute for cash currency holdings. This is in order to minimize currency risk exposure to changes in foreign currency exchange rates and to adjust overall currency exposure to reflect the investment views of the fixed income and equity portfolio managers regarding relationships between currencies.

A swap is an agreement between two parties to exchange different financial returns on a notional investment amount. The major forms of swaps traded are interest rate swaps, credit default swaps, and total return swaps. These swaps are netted for reporting purposes. PBGC uses swap and swaption contracts to adjust exposure to interest rates, fixed income securities exposure, credit exposure, and equity exposure, and to generate income based on the investment views of the portfolio managers regarding interest rates, indices, and individual securities.

Interest rate swaps involve exchanges of fixed-rate and floating-rate interest. Interest rate swaps are often used to alter exposure to interest rate fluctuations by swapping fixed-rate obligations for floating-rate obligations, or vice versa. The counterparties to the swap agree to exchange interest payments on specific dates, according to a predetermined formula. The payment flows are usually netted against each other, with one party paying the difference to the other.

A credit default swap is a contract between a buyer and seller of protection against pre-defined credit events. PBGC may buy or sell credit default swap contracts to seek to increase the portfolio's income or to mitigate the risk of default on portfolio securities.

A total return swap is a contract between a buyer and seller of exposures to certain asset classes, such as equities. PBGC may buy or sell total return contracts to seek to increase or reduce the portfolio's exposure to certain asset classes.

An option contract is a contract in which the writer of the option grants the buyer of the option the right to purchase from (call option) or sell to (put option) the writer a designated instrument at a specified price within a specified period of time.

Stock warrants and rights allow PBGC to purchase securities at a stipulated price within a specified time limit.

For the fiscal years ended September 30, 2024 and 2023, gains and losses from settled margin calls are reported in "Investment income" on the Statements of Operations. Securities and cash are pledged as collateral for derivative contracts (e.g., futures and swaps) and are recorded as a receivable or payable.

FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*, requires the disclosure of fair values of derivative instruments and their gains and losses in its financial statements of both the derivative positions existing at period ending September 30, 2024 and the effect of using derivatives during the reporting period.

The following three key tables present PBGC's use of derivative instruments and its impact on PBGC's financial statements:

- Fair Values of Derivative Instruments – Identifies the location of derivative fair values on the Statements of Financial Position, as well as the notional amounts.
- Offsetting of Derivative Assets – Presents the impact of legally enforceable master netting agreements on derivative assets.
- Offsetting of Derivative Liabilities – Presents the impact of legally enforceable master netting agreements on derivative liabilities.

FAIR VALUES OF DERIVATIVE INSTRUMENTS

	Asset Derivative					
	September 30, 2024			September 30, 2023		
(Dollars in millions)	Statements of Financial Position Location	**Notional**	**FMV**	Statements of Financial Position Location	Notional	FMV
Futures	Derivative Contracts	**$7,318**	**$4**	Derivative Contracts	$6,671	$357
Swap contracts						
Interest rate swaps	Investments-Fixed	**4,063**	**7**	Investments-Fixed	2,956	79
Other derivative swaps	Investments-Fixed	**1,234**	**20**	Investments-Fixed	1,077	6
Option contracts	Investments-Fixed	**119**	**1**	Investments-Fixed	8	5
Forwards - foreign exchange	Investments-Fixed	**18,393**	**(57)**	Investments-Fixed	14,942	21
	Investments-Equity	**-**	**-**	Investments-Equity	-	-

	Liability Derivative					
	September 30, 2024			September 30, 2023		
(Dollars in millions)	Statements of Financial Position Location	**Notional**	**FMV**	Statements of Financial Position Location	Notional	FMV
Futures	Derivative Contracts	**$3,421**	**($8)**	Derivative Contracts	$12,765	($140)
Option contracts	Derivative Contracts	**124**	**(1)**	Derivative Contracts	11	(4)

Additional information specific to derivative instruments is disclosed in Note 4 – Derivative Contracts, and Note 5 – Fair Value Measurements.

PBGC uses a net presentation on the Statements of Financial Position for those derivative financial instruments entered into with counterparties under legally enforceable master netting agreements. Derivative receivables and derivative payables are netted on the Statements of Financial Position with the same counterparty and the related cash collateral receivables and payables when a legally enforceable master netting agreement exists (i.e., for over-the-counter derivatives). Master netting agreements are used to mitigate counterparty credit risk in certain transactions, including derivatives transactions, repurchase agreements, and reverse repurchase agreements. The master netting agreement also may require the exchange of cash or marketable securities to collateralize either party's net position. Any cash collateral exchanged with counterparties under these master netting agreements is also netted against the applicable derivative fair values on the Statements of Financial Position.

OFFSETTING OF DERIVATIVE ASSETS FAIR VALUE

	September 30, 2024			September 30, 2023		
(Dollars in millions)	**Gross Amount of Recognized Assets**	**Gross Amounts Offset in Statements of Financial Position**	**Net Amounts of Assets Presented in Statements of Financial Position**	Gross Amount of Recognized Assets	Gross Amounts Offset in Statements of Financial Position	Net Amounts of Assets Presented in Statements of Financial Position
Derivatives						
Interest-rate contracts	**$-**	**$-**	**$-**	$1	$-	$1
Foreign exchange contracts	**178**	**(158)**	**20**	304	(231)	73
Other derivative contracts[1]	**0***	**0***	**0***	0*	0*	0*
Cash collateral nettings	**-**	**-**	**-**	-	16	16
Total Derivatives	**$178**	**($158)**	**$20**	$305	($215)	$90
Other financial instruments[2]						
Repurchase agreements	**1,427**	**-**	**1,427**	966	-	966
Securities lending collateral	**7,410**	**-**	**7,410**	6,753	-	6,753
Total derivatives and other financial instruments	**$9,015**	**($158)**	**$8,857**	$8,024	($215)	$7,809

	September 30, 2024			September 30, 2023		
(Dollars in millions)	**Gross Amounts Not Offset in Statements of Financial Position**			Gross Amounts Not Offset in Statements of Financial Position		
	Net Amount of Assets Presented in Statements of Financial Position	**Collateral Received**	**Net Amount**	Net Amount of Assets Presented in Statements of Financial Position	Collateral Received	Net Amount
Repurchase agreements	**$1,427**	**$-**	**$1,427**	$966	$-	$966
Security lending collateral	**7,410**	**(7,410)**	**-**	6,753	(6,753)	-
Total	**$8,837**	**($7,410)**	**$1,427**	$7,719	($6,753)	$966

* Less than $500,000
[1] Other derivative contracts include total return swaps, currency swaps, and credit default swaps.
[2] Under subheading "Other financial instruments", repurchase agreements and securities lending collateral are presented on a gross basis within the table and on the Statements of Financial Position.

OFFSETTING OF DERIVATIVE LIABILITIES FAIR VALUE

	September 30, 2024			September 30, 2023		
(Dollars in millions)	**Gross Amount of Recognized Liabilities**	**Gross Amounts Offset in Statements of Financial Position**	**Net Amounts of Assets Presented in Statements of Financial Position**	Gross Amount of Recognized Liabilities	Gross Amounts Offset in Statements of Financial Position	Net Amounts of Assets Presented in Statements of Financial Position
Derivatives						
Interest-rate contracts	**$2**	**$-**	**$2**	$1	$-	$1
Foreign exchange contracts	**235**	**(158)**	**77**	283	(231)	52
Other derivative contracts[1]	**0***	**0***	**0***	0*	0*	0*
Cash collateral nettings	**-**	**43**	**43**	-	-	-
Total Derivatives	**$237**	**($115)**	**$122**	$284	($231)	$53
Other financial instruments[2]						
Resale agreements	**$-**	**$-**	**$-**	$-	$-	$-
Securities lending collateral	**7,410**	**-**	**7,410**	6,753	-	6,753
Total derivatives and other financial instruments	**$7,647**	**($115)**	**$7,532**	$7,037	($231)	$6,806

	September 30, 2024			September 30, 2023		
(Dollars in millions)	**Gross Amounts Not Offset in Statements of Financial Position**			Gross Amounts Not Offset in Statements of Financial Position		
	Net Amount of Liabilities Presented in Statements of Financial Position	**Collateral Received**	**Net Amount**	Net Amount of Liabilities Presented in Statements of Financial Position	Collateral Received	Net Amount
Resale agreements	**$-**	**$-**	**$-**	$-	$-	$-
Security lending collateral	**7,410**	**(7,410)**	**-**	6,753	(6,753)	-
Total	**$7,410**	**($7,410)**	**$-**	$6,753	($6,753)	$-

* Less than $500,000
[1] Other derivative contracts include total return swaps, currency swaps, and credit default swaps.
[2] Under subheading "Other financial instruments", repurchase agreements and securities lending collateral are presented on a gross basis within the table and on the Statements of Financial Position.

The following table identifies the location of derivative gains and losses on the Statements of Operations as of September 30, 2024, and September 30, 2023.

EFFECT OF DERIVATIVE CONTRACTS ON THE STATEMENTS OF OPERATIONS

(Dollars in millions)	Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Recognized in Income on Derivatives **Sept. 30, 2024**	Sept. 30, 2023
Futures			
Contracts in a receivable position	Investment Income-Fixed	**($237)**	$1,059
Contracts in a receivable position	Investment Income-Equity	**-**	0 *
Contracts in a payable position	Investment Income-Fixed	**120**	(680)
Contracts in a payable position	Investment Income-Equity	**0 ***	-
Swap agreements			
Interest rate swaps	Investment Income-Fixed	**(7)**	21
Other derivative swaps	Investment Income-Fixed	**(1)**	(2)
Option contracts			
Options purchased (long)	Investment Income-Fixed	**(17)**	(21)
Options purchased (long)	Investment Income-Equity	**-**	-
Options written (sold short)	Investment Income-Fixed	**7**	9
Options written (sold short)	Investment Income-Equity	**-**	-
Forward contracts			
Forwards - foreign exchange	Investment Income-Fixed	**(94)**	(22)
	Investment Income-Equity	**0 ***	0 *

* Less than $500,000

Additional information specific to derivative instruments is disclosed in Note 4 - Derivative Contracts, and Note 5 - Fair Value Measurements.

SECURITIES LENDING

PBGC participates in a securities lending program administered by its custodian bank. The custodian bank requires initial collateral that equals 102 to 105 percent of the market value of the securities lent. The collateral is held by the custodian bank or its agent. The custodian bank either receives cash or non-cash as collateral or returns collateral to cover mark-to-market changes. Any cash collateral received is invested by PBGC's investment agent. In addition to the lending program managed by the custodian bank, some of PBGC's investment managers are authorized to invest in securities purchased under resale agreements (an agreement with a commitment by the seller to buy a security back from the purchaser at a specified price at a designated future date), and securities sold under repurchase agreements.

The average value of securities on loan through September 30, 2024, and through September 30, 2023, was $7,802 million and $6,436 million, respectively. The average value of lendable securities was $36,764 million through September 30, 2024, and $38,606 million through September 30, 2023. The ratio of the average value of securities on loan and the average value of lendable securities is the average utilization rate. This average utilization rate was 21 percent through September 30, 2024, and 17 percent through September 30, 2023.

The average value of U.S. Corporate Bonds and Equity securities on loan through September 30, 2024, was $1,945 million, as compared to $1,327 million through September 30, 2023. The average value of U.S. Corporate Bonds and Equity securities on loan is 25 percent of the $7,802 million average value of securities on loan through September 30, 2024, as compared to 21 percent of the $6,436 million average value of securities on loan through September 30, 2023. The average value of lendable U.S. Corporate Bonds and Equity securities was $21,147 million through September 30, 2024, or 58 percent of PBGC's overall average value of lendable securities; while the average value of lendable U.S. Corporate Bonds and Equity securities was $22,154 million through September 30, 2023, or 57 percent of PBGC's overall average value of lendable securities. The average utilization of U.S. Corporate Bonds and Equity securities was 9 percent through September 30, 2024, and 6 percent through September 30, 2023. U.S. Corporate Bonds and Equity securities utilization increased due to higher demand to borrow corporate bonds.

The average value of U.S. Government securities on loan through September 30, 2024, was $5,713 million, as compared to $5,025 million through September 30, 2023. The average value of U.S. Government securities on loan was 73 percent of the $7,802 million average value of securities on loan through September 30, 2024, as compared to 78 percent of the $6,436 million average value of securities on loan through September 30, 2023. The average value of lendable U.S. Government securities through September 30, 2024, was $10,908 million, or 30 percent of PBGC's overall average value of lendable securities; whereas the average value of lendable U.S. Government securities through September 30, 2023, was $12,685 million, or 33 percent of PBGC's overall average value of lendable securities. The average utilization of U.S. Government securities increased to 53 percent through September 30, 2024 from 41 percent through September 30, 2023. The increase in the utilization was due to elevated interest rates which resulted in favorable cash reinvestment opportunities for loans of U.S. Government Securities.

The following table presents utilization rates of investment securities in the custodian administered securities lending program.

UTILIZATION RATES IN THE SECURITIES LENDING PROGRAM

	Daily Utilization Rates at Sept. 30, 2024	Sept. 30, 2024 Average Utilization Rates	Sept. 30, 2023 Average Utilization Rates
U.S. Corporate Bond & Equity	14%	9%	6%
U.S. Government Securities	39%	53%	41%
Non-U.S. Corporate Bond & Equity	6%	4%	3%
Non-U.S. Fixed Income	3%	1%	0%*
Total PBGC Program	20%	21%	17%

*Less than 1%.

The amounts of cash collateral received for securities on loan at September 30, 2024, and September 30, 2023, were $7,410 million and $6,753 million, respectively. These amounts are recorded as assets and are offset with a corresponding liability. For lending agreements collateralized by securities, no accompanying asset or liability is recorded, as PBGC does not sell or re-pledge the associated collateral. For those securities lending activities that PBGC directs through its custodian manager, the Corporation chooses to invest proceeds from securities lending in the PBGC Collateral Fund.

In addition to its custodian agent lending program, PBGC invests in commingled index funds that participate in securities lending. PBGC does not own the securities in a commingled fund but owns units in the fund. An affiliated lending agent of the index fund provider lends the securities in the fund and receives collateral in return. The lending agent monitors and manages the collateral levels and monitors the credit quality and operations of their borrowing counterparties. The lending agent performs this service on behalf of the many clients that are invested in the index provider's commingled funds that participate in securities lending. This collateral is not valued or recorded on PBGC's financial statements as PBGC only owns units in the commingled funds.

PBGC's earnings from its agency securities lending programs as of September 30, 2024, and September 30, 2023, was $18 million and $19 million, respectively. Also contributing to PBGC's securities lending income is its participation in the commingled index funds mentioned above. Net income from securities lending is included in "Investment income – Fixed" on the Statements of Operations.

PBGC does not have the right by contract or custom to sell or re-pledge non-cash collateral, and therefore it is not reported on the Statements of Financial Position. Non-cash collateral, which consists of highly rated debt instruments, remains at meaningful levels.

REPURCHASE AGREEMENTS

PBGC's repurchase agreements entitle and obligate the Corporation to repurchase or redeem the same or substantially the same securities that were previously transferred as collateralized securities. In addition, repurchase agreements require the Corporation to redeem the collateralized securities, before maturity at a fixed determinable price.

As of September 30, 2024, PBGC had $1,427 million of repurchase agreements. Repurchase agreements include maturities of one day which is reported as an asset and included in the "Cash and cash equivalents" balance. Those that mature in more than one day are reported under "Fixed maturity securities." There was no associated liability for these secured borrowings reported as "Securities sold under repurchase agreements." PBGC has no restrictions placed on the cash received for all its outstanding repurchase agreements as of September 30, 2024.

NOTE 4: DERIVATIVE CONTRACTS

PBGC's derivative financial instruments are recorded at fair value and are included on the Statements of Financial Position as investments and derivative contracts. Foreign exchange forwards are included in "Fixed maturity securities." Swaps are netted for the individual contracts and are also included in "Fixed maturity securities." Swaps listed in the tables below represent the receivables and payables in an open trade position. Contracts for Futures in the tables below represent margin variation receivables and payables. The amounts subject to credit risk related to derivative instruments are generally limited to the amounts, if any, by which the counterparty's obligations exceed PBGC's obligations with that counterparty. PBGC considers this risk remote and does not expect the settlement of these transactions to have a material effect in the Statements of Operations and Statements of Financial Position.

Amounts in the table below represent the derivative contracts in a receivable position at September 30, 2024. Collateral deposits of $259 million, which represent cash paid as collateral on certain derivative contracts, are shown below.

DERIVATIVE CONTRACTS

(Dollars in millions)	**September 30, 2024**	September 30, 2023
Receivables on derivatives:		
Collateral deposits	**$259** [1]	$333 [2]
Futures contracts	**4**	356
Interest rate swaps (open trade receivable)	**196**	31
Other derivative swaps (open trade receivable)	**63**	41
Total	**$522**	$761

[1] For FY 2024, where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits receivable are $259 million ($273 million gross collateral deposits receivable less $14 million due to a netting of collateral deposits receivable and payable).

[2] For FY 2023, where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits receivable are $333 million ($381 million gross collateral deposits receivable less $48 million due to a netting of collateral deposits receivable and payable).

Amounts in the Derivative Contracts table below represent derivative contracts in a payable position at September 30, 2024, which PBGC reflects as a liability. Collateral deposits of $116 million, which represent cash received as collateral on certain derivative contracts, are included.

DERIVATIVE CONTRACTS

(Dollars in millions)	**September 30, 2024**	September 30, 2023
Payables on derivatives:		
Collateral deposits	**$116** [1]	$495 [2]
Futures contracts	**8**	140
Interest rate swaps (open trade payable)	**195**	31
Other derivative swaps (open trade payable)	**63**	41
Options fixed/equity – income	**1**	4
Total	**$383**	$711

[1] For FY 2024, where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits payable are $116 million ($130 million gross collateral deposits payable less $14 million due to a netting of collateral deposits receivable and payable).

[2] For FY 2023, where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits payable are $495 million ($543 million gross collateral deposits payable less $48 million due to a netting of collateral deposits receivable and payable).

NOTE 5: FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification Section 820, *Fair Value Measurements and Disclosures*, provides a consistent definition of fair value and establishes a framework for measuring fair value in accordance with U.S. GAAP. It does not require the measurement of financial assets and liabilities at fair value. The standard is intended to increase consistency and comparability in, and disclosures about, fair value measurements by giving users better information about how extensively PBGC uses fair value to measure financial assets and liabilities, the inputs PBGC used to develop those measurements, and the effect of the measurements, if any, on the financial condition, results of operations, liquidity, and capital.

Section 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an "exit price") in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants on the measurement date. When PBGC measures fair value for its financial assets and liabilities, PBGC considers the principal or most advantageous market in which the Corporation would transact. PBGC also considers assumptions that market participants would use when pricing the asset or liability. When possible, PBGC looks to active and observable markets to measure the fair value of identical, or similar, financial assets or liabilities. When identical financial assets and liabilities are not traded in active markets, PBGC looks to market observable data for similar assets and liabilities. In some instances, certain assets and liabilities are not actively traded in observable markets, and as a result PBGC uses alternative valuation techniques to measure their fair value.

In addition, Section 820 establishes a hierarchy for measuring fair value. That hierarchy is based on the observability of inputs to the valuation of a financial asset or liability as of the measurement date. The standard also requires the recognition of trading gains or losses related to certain derivative transactions whose fair value has been determined using unobservable market inputs.

PBGC believes that its valuation techniques and underlying assumptions used to measure fair value conform to the provisions of Section 820. PBGC has categorized the financial assets and liabilities that PBGC carries at fair value in the Statements of Financial Position based upon the standard's valuation hierarchy. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to pricing methods with significant observable market inputs (Level 2), and the lowest priority to significant unobservable valuation inputs (Level 3). In addition, PBGC, for certain Level 2 and 3 investments that use the NAV "practical expedient" (i.e., priced without any adjustments). Investments that use the practical expedient are displayed in a NAV only category and are removed from their Level 2 or Level 3 category and added to the new exclusive NAV only category. The fair value table affected by this guidance is found in PBGC Financial Statements Note 5, Fair Value Measurements.

If the inputs used to measure a financial asset or liability cross different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. PBGC's assessment of the significance of a particular input to the overall fair value measurement of a financial asset or liability requires judgment, and considers factors specific to that asset or liability, as follows:

Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market. PBGC's Level 1 investments primarily include exchange-traded equity securities and certain U.S. Government securities.

Level 2 - Financial assets and liabilities whose values are based on quoted prices for similar assets and liabilities in active markets. PBGC also considers inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets. This includes cash equivalents, securities lending collateral, U.S. Government securities, asset backed securities, fixed foreign investments, corporate bonds, repurchase agreements, bond forwards, and swaps.

- Quoted prices for identical or similar assets or liabilities in non-active markets. This includes corporate stock and foreign investments equity.
- Pricing models whose inputs are observable for substantially the full term of the asset or liability – included are insurance contracts and bank loans.
- Pricing models whose inputs are derived principally from or are corroborated by observable market information through correlation or other means for substantially the full term of the asset or liability.

Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable in the market and significant to the overall fair value measurement. These inputs reflect PBGC's judgment about the assumptions that a market participant would use in pricing the asset or liability and based on the best available information. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. PBGC includes instruments whose values are based on a single source such as a broker, pricing service, or dealer, which cannot be corroborated by recent market transactions. These include fixed maturity securities such as corporate bonds that are comprised of securities that are no longer traded on the active market and/or not managed by any asset manager. Equity securities such as corporate stocks are also included, comprised of securities that are no longer traded on the active market and/or not managed by any asset manager. Real estate funds that invest primarily in U.S. commercial real estate are valued based on each underlying investment within the fund/account; they incorporate valuations that consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information, including comparable transactions, and performance multiples, among other factors. The assets and liabilities that PBGC carries at fair value are summarized by the three levels required by Section 820 in the following table. The fair value of the asset or liability represents the "exit price" – the price that would be received to sell the asset or paid to transfer the liability.

FAIR VALUE MEASUREMENTS ON A RECURRING BASIS AS OF SEPTEMBER 30, 2024

(Dollars in millions)	**Investment Measured at Net Asset Value (NAV)**	**Quoted Market Prices in Active Markets (Level 1)**	**Pricing Methods with Significant Observable Market Inputs (Level 2)**	**Pricing Methods with Significant Unobservable Market Inputs (Level 3)**	**Total Net Carrying Value in Statements of Financial Position**
Assets					
Cash and cash equivalents	$ -	$88	$10,140	$ -	$10,228
Securities lending collateral[1]	-	-	7,410	-	7,410
Investments:					
Fixed maturity securities					
U.S. Government securities	-	-	67,645	-	
Commercial paper/securities purchased under repurchase agreements	-	-	907	-	
Asset backed/Mortgage backed securities	-	-	11,640	-	
Pooled funds[2]		5	-	0*	
Pooled funds fixed maturity at NAV[2,3]	2,149				
Corporate bonds and other	-	1	16,222	1	
International securities	-	(57)	8,229	0*	
Total Fixed Maturity Securities	2,149	(51)	104,643	1	106,742
Equity securities:					
Domestic	-	1,159	310	6	
International	-	3,233	-	0*	
Pooled funds[2]		14	-	-	
Pooled funds equity securities NAV[2,3]	11,880	-	-	-	
Total Equity Securities	11,880	4,406	310	6	16,602
Private equity at NAV[3]	160	-	-	-	160
Real estate and real estate investment trusts	-	1,479	-	2	
Real estate and real estate investment trusts at NAV[3]	549				
Total Real Estate	549	1,479	-	2	2,030
Insurance contracts and other Investments	20	0*	-	194	214
Receivables: [4]					
Derivative contracts[5]	-	4	518	-	522
Liabilities					
Payables: [4]					
Derivative contracts[6]	-	9	374	-	383

* Less than $500,000.

1 For securities lending details, please refer to the Securities lending section in Note 3 – Investments.
2 Pooled funds fixed and Pooled funds equity consists of domestic, international and global/other.
3 Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have been excluded from fair value hierarchy. See Significant Accounting Policies – Note 2.
4 Where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits receivable are $259 million ($273 million gross collateral deposits receivable less $14 million due to a netting of collateral deposits receivable and payable). Collateral deposits payable are $116 million ($130 million gross collateral deposits payable less $14 million due to a netting of collateral deposits receivable and payable).
5 Derivative contracts receivables are comprised of open receivable trades on futures, swaps, and collateral deposits. See the Derivative Contracts table under Note 4.
6 Derivative contracts payables are comprised of open payable trades on futures, swaps, options, and collateral deposits. See the Derivative Contracts table under Note 4.

CHANGES IN LEVEL 3 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

(Dollars in millions)	Fair Value at September 30, 2023	Total Realized and Unrealized Gains (Losses) included in Income	Purchases	Sales	Transfers Into Level 3	Transfers Out of Level 3	Fair Value at September 30, 2024	Change in Unrealized Gains (Losses) Related to Financial Instruments held at September 30, 2024[1]
Assets:								
Fixed Securities	$2	1	-	(2)	-	-	$1	$7
Equity Securities	$4	2	0*	0*	-	-	$6	$2
Private Equity	$-	-	-	-	-	-	$-	$-
Real Estate & Real Estate Investment Trusts	$4	(2)	-	0*	-	-	$2	($2)
Insurance and Other	$259	(28)	7	(44)	-	-	$194	($52)

* Less than $500,000.
1 Amounts included in this column solely represent changes in unrealized gains and losses and cannot be derived from other columns from this table.

Pursuant to FASB Accounting Standards Codification Section 820, *Fair Value Measurement, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*; additional disclosures for Investments priced at Net Asset Value are discussed below.

FAIR VALUE MEASUREMENTS OF INVESTMENTS THAT ARE MEASURED AT NET ASSET VALUE PER SHARE (OR ITS EQUIVALENT) AS A PRACTICAL EXPEDIENT FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Net Asset Value (in millions)	Unfunded Commitments [1,2]	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real estate (a)	$549	$17	n/a	n/a
Private equity (b)	160	52	n/a	n/a
Pooled funds (c)	14,029	-	n/a	n/a
Total	$14,738	$69		

[1] Unfunded amounts include recallable distributions. A substantial portion of the unfunded commitments is unlikely to be called.
[2] These amounts include unfunded commitments that are measured at Net Asset Value.

a. This class includes public and private real estate investments that invest primarily in U.S. commercial real estate and U.S. residential real estate. For the private real estate investments, the fair value of each individual investment in this class has been estimated using the net asset value of PBGC's ownership interest in partners' capital. Generally, these investments do not have redemption provisions. Distributions from each asset include periodic income payments and the proceeds from the sale of the underlying real estate assets. The underlying real estate assets can generally be held indefinitely from the inception date of the investment. There are no plans to sell PBGC's interest in private real estate fund investments in this class in the secondary market. The public real estate investment is an investment in a unit trust that is intended to match the return of a REIT index. Units reflect a pro-rata share of the fund's investments. The per unit net asset value is determined each business day based on the fair value of the fund's investments. Issuances and redemptions are possible at least monthly when a per unit value is determined and are based upon the closing per unit net asset value.

b. This class includes private market investments that invest primarily in U.S. buyout and U.S. venture capital funds. These investments do not generally have redemption provisions. Instead, investments in this class typically make distributions which result from liquidation of the underlying assets of the funds. These distributions can extend 10 years or more from the inception of each individual fund. The fair value of each individual investment has been estimated using the net asset value of PBGC's ownership interest in partners' capital.

c. This class includes investments in unit trusts that are intended to match or outperform the returns of domestic and international indices. Units reflect a pro-rata share of the fund's investments. The per unit net asset value is determined each business day based on the fair value of the fund's investments. Issuances and redemptions are possible at least monthly when a per unit value is determined and are based upon the closing per unit net asset value.

PBGC uses recent prices of group annuities to derive the interest factors used to calculate the present value of future benefit-payment obligations. PBGC determines the interest-factor set that, when combined with a specified mortality table, produces present values that approximate the prices private insurers would charge to annuitize the same benefit-payment obligations.

Based on this valuation and in accordance with the provisions of the FASB Accounting Standards Codification Section 820, *Fair Value Measurements and Disclosures*, the significant unobservable inputs for the liability is the interest factor risk for Level 3 fair value measurements. A change in interest factors has an impact to the calculation of PBGC's PVFB, and the impact will be reflected in the "Due to change in interest factors." The table below summarizes the hypothetical results of using a 100 basis point difference causing the PVFB liability to increase (decrease) with a corresponding decrease (increase) in the interest factors. Furthermore, any such hypothetical change in the PVFB liability would have a corresponding effect on "Due to change in interest factors" expense.

HYPOTHETICAL AND ACTUAL INTEREST FACTOR SENSITIVITY CALCULATIONS OF PVFB SINGLE-EMPLOYER TRUSTEED PLANS AND MULTIEMPLOYER PROGRAM[1]

September 30, 2024 *(Dollars in millions)*	**Sensitivity Factors Curve of One-Year Spot Rates (Interest Factors) - Varies Annually from 3.44% in year 1 to 4.11% in year 30 and is assumed to remain level thereafter**	**Official Factors[2] Curve of One-Year Spot Rates (Interest Factors) - Varies Annually from 4.44% in year 1 to 5.11% in year 30 and is assumed to remain level thereafter**	**Sensitivity Factors Curve of One-Year Spot Rates (Interest Factors) - Varies Annually from 5.44% in year 1 to 6.11% in year 30 and is assumed to remain level thereafter**
Single-Employer Program[3]	$84,590	**$78,522**	$73,309
Multiemployer Program	2,252	**2,070**	1,914
Total	$86,842	**$80,592**	$75,223

[1] Level 3 Fair Value Measurements.
[2] Actual Spot Curve factors and PVFB amounts calculated for September 30, 2024, fiscal year-end financial statements.
[3] Gross PVFB liability for trusteed plans prior to the netting of recoveries.

NOTE 6: PRESENT VALUE OF FUTURE BENEFITS

The present value of future benefits (PVFB) is the estimated liability for future pension benefits that PBGC is or will be obligated to pay for trusteed plans and plans pending termination and trusteeship. For financial statement purposes, the net assets of plans pending termination and trusteeship (including estimated recoveries, assets, and miscellaneous liabilities) are included in the line item "Plans Pending Termination and Trusteeship." The estimated losses on probable future plan terminations are also included in the total PVFB liability. The PVFB liability is stated as the actuarial present value of estimated future benefit payments.

PBGC uses a curve of interest factors to determine the estimated actuarial present value of future benefit payments (as well as projected multiemployer nonrecoverable future financial assistance as discussed in Note 7). PBGC surveys insurance industry group annuity prices through the American Council of Life Insurers (ACLI) to obtain input needed to determine interest factors and then derives a 30-year curve of interest factors that together with the latest Society of Actuaries' (SOA) mortality table best matches the private sector average group annuity prices from the ACLI surveys.

The yield curve of interest factors is adjusted to best fit the average survey group annuity prices which include unobserved factors such as: actual insurer mortality tables and mortality improvement expectations, regulatory capital requirements, risk perspective, profit expectations, etc. Many factors including Federal Reserve policy, changing expectations about longevity risk, and competitive market conditions may affect these interest factors.

The interest factors determined as the best fit for the price information from the four most recent ACLI surveys, as of June 30, 2024, March 31, 2024, December 31, 2023 and September 30, 2023 have been adjusted to the date of the financial statements using market interest rates. Prior to June 30, 2024, price information from the two most recent ACLI surveys was used. For this purpose, underlying market interest rates are based on a weighted average of corporate bond and Treasury rates using rate information obtained from the Intercontinental Exchange (ICE) index data platform. Corporate bond rates are from the ICE AAA-A3 market-weighted corporate bond spot curve which is based primarily on single A bond rates. Treasury rates are from the ICE U.S. Government spot curve. In PBGC's opinion, the liability for future benefit payments, net of administrative expenses, could be settled in the market for single-premium nonparticipating group annuities issued by private insurers on September 30, 2024 using these developed interest factors.

To derive the curve of interest factors, PBGC used the latest Society of Actuaries' (SOA) mortality table, released October 2019. Effective June 30, 2024, the mortality assumption was based on the Pri-2012 mortality tables, with separate tables applied for Employees and for Non-Disabled Annuitants. The MP-2021 mortality improvement scales continue to be used. The latest SOA mortality tables are PBGC's best estimate of the mortality assumption being used by insurance companies to determine group annuity premiums.

Changes to the number of surveys used and the mortality assumption noted above were made to be more consistent with the procedures used to extract the yield curve of interest discount rates used for valuation purposes under the final regulation on the Allocation of Assets in Single Employer Plans (§4044 rule).

The table below shows a comparison of the September 30, 2024 and September 30, 2023 spot rate yield curves. Future payments are discounted by the single spot rate applicable for the future year in which the payment is made. For September 30, 2024, the spot rate yield curve starts with an interest factor of 4.44% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 5.11% and is assumed to remain level thereafter. For September 30, 2023, the spot rate yield curve started with an interest factor of 6.30% in year 1 and changed as the future period for discounting got longer until year 30 when the interest factor became 5.55% and was assumed to remain level thereafter.

CURVE OF SPOT RATES FOR SEPTEMBER 30, 2024 AND SEPTEMBER 30, 2023

Period (in Years)	09/30/2024	09/30/2023	Change		Period (in Years)	09/30/2024	09/30/2023	Change
1	4.44%	6.30%	-1.86%		16	5.06%	6.07%	-1.01%
2	4.22%	6.07%	-1.85%		17	5.13%	6.11%	-0.98%
3	4.18%	5.95%	-1.77%		18	5.20%	6.14%	-0.94%
4	4.22%	5.88%	-1.66%		19	5.26%	6.17%	-0.91%
5	4.29%	5.83%	-1.54%		20	5.32%	6.18%	-0.86%
6	4.36%	5.81%	-1.45%		21	5.37%	6.19%	-0.82%
7	4.44%	5.80%	-1.36%		22	5.40%	6.18%	-0.78%
8	4.51%	5.81%	-1.30%		23	5.42%	6.15%	-0.73%
9	4.58%	5.82%	-1.24%		24	5.43%	6.11%	-0.68%
10	4.64%	5.85%	-1.21%		25	5.42%	6.05%	-0.63%
11	4.71%	5.88%	-1.17%		26	5.39%	5.98%	-0.59%
12	4.77%	5.91%	-1.14%		27	5.34%	5.89%	-0.55%
13	4.84%	5.95%	-1.11%		28	5.28%	5.79%	-0.51%
14	4.91%	5.99%	-1.08%		29	5.20%	5.67%	-0.47%
15	4.99%	6.03%	-1.04%		30	5.11%	5.55%	-0.44%
					Longer Periods	5.11%	5.55%	-0.44%

PBGC uses a fully generational mortality assumption, in combination with the spot rates above, to measure the PVFB. Based on the results of a preliminary 2022 study of PBGC's single-employer mortality experience (completed September 14, 2022), an updated mortality assumption was adopted for the September 30, 2023, and subsequent Financial Statements. The study was based on PBGC's single-employer experience from fiscal years 2017 through 2021. The study recommended the use of the Pri-2012 Total Dataset Mortality tables combined with specific ten-year age band adjustments from ages 55 to 104 for healthy participants and setting ages forward or backward for disabled participants depending on a disabled participant's gender and eligibility for Social Security. The resulting tables are projected generationally using the most currently available projection scale, which is Scale MP-2021. The preliminary 2022 mortality study was finalized on February 17, 2023. As a result, the mortality assumption was updated for the June 30, 2023 and subsequent financial statements. The final mortality study includes an additional experience year (2022) in the analysis and recommended revisions to the previously updated healthy and disabled mortality tables. Separate base mortality rates for annuitants and non-annuitants are now being applied and were determined based on experience through September 30, 2019, resulting in changes to the age band adjustments developed in the preliminary mortality study.

Thus, the mortality tables PBGC used to determine liabilities as of September 30, 2024, consisted of the Pri-2012 Total Dataset Annuitant and Non-Annuitant Mortality Tables Healthy Male and Female with the age band adjustments noted above projected generationally with the MP-2021 improvement scale.

Based on the results of a 2023 study of PBGC's case administration expenses, an updated expense assumption was adopted for the September 30, 2023, and subsequent financial statements. The expense reserve remained as 0.68% of the PVFB but the additional reserves decreased for plans in which plan asset valuations, participant database audits, and actuarial valuations were not yet complete. In addition to the completion of these milestones, PBGC continues to base the reserve on plan size, number of participants, and time since trusteeship. The expense loading factor of 0.68% for ongoing benefit payments represents the estimate of expenses incurred from the ongoing payment of administrative expenses for participants receiving benefits. The expense factors are applied to current data to calculate expense liabilities for each financial statement close. For September 30, 2024, year-end, PBGC used the same expense reserve factors for administrative expenses.

PBGC has in place a policy that allows the Corporation to not decrease a final benefit determination that is overstated by $5 or less. The effect of this policy is carried through to the calculation of the PVFB liability.

The PVFB for trusteed plans for FY 2024 and FY 2023 reflect the payment of benefits and the changes in interest and mortality assumptions, expected interest, and the effect of experience. The resulting liability represents PBGC's best estimate of the measure of anticipated experience under these programs.

The table below summarizes the actuarial adjustments, charges, and credits that explain how the Corporation's Single-Employer Program liability for the PVFB changed for the fiscal year ended September 30, 2024, and for the fiscal year ended September 30, 2023.

RECONCILIATION OF THE PRESENT VALUE OF FUTURE BENEFITS FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	September 30,			
(Dollars in millions)	**2024**		2023	
Present value of future benefits, at beginning of year -- Single-Employer, net		**$73,929**		$78,332
Estimated recoveries, prior year		**165**		128
Assets of terminated plans pending trusteeship, net, prior year		**13**		2,885
Present value of future benefits at beginning of year, gross		**74,107**		81,345
Settlements and judgments, prior year		**(17)**		(17)
Net claims for probable terminations, prior year		**(286)**		(221)
Actuarial adjustments -- underwriting:				
Changes in method and assumptions	**132**		520	
Effect of experience	**(278)**		(611)	
Total actuarial adjustments -- underwriting	**(146)**		(91)	
Actuarial charges -- financial:				
Expected interest	**4,482**		3,909	
Change in interest factors	**5,385**		(2,941)	
Total actuarial charges -- financial	**9,867**		968	
Total actuarial charges, current year		**9,721**		877
Terminations:				
Current year	**886**		1,425	
Changes in prior year	**8**		(3,544)	
Total terminations		**894**		(2,119)
Benefit payments, current year[1]		**(5,849)**		(6,061)
Estimated recoveries, current year		**(26)**		(165)
Assets of terminated plans pending trusteeship, net, current year		**(26)**		(13)
Settlements and judgments, current year [2]		**17**		17
Net claims for probable terminations:				
Future benefits	**177**		668	
Estimated plan assets and recoveries from sponsors	**(46)**		(382)	
Total net claims, current year[3]		**131**		286
Present value of future benefits, at end of year -- Single-Employer, net		**78,666**		73,929
Present value of future benefits, at end of year -- Multiemployer		**0***		0*
Total present value of future benefits, at end of year, net		**$78,666**		$73,929

* Less than $500,000 (actual amount is $17,582 and $21,902 for the 10 Pre-MPPAA (Multiemployer Pension Plan Amendments Act) trusteed multiemployer plans at September 30, 2024, and September 30, 2023, respectively).

[1] The benefit payments of $5,849 million for FY 2024, includes a $16 million payment for benefits paid from plan assets prior to trusteeship, compared to $6,061 million at September 30, 2023, which includes a $259 million credit due to the reversal of accrued benefit payments for J.C. Penney, as the company had completed a standard termination in FY 2023, respectively.

[2] PBGC estimates that PBGC's future Page/Collins settlement liability amount was $17 million at both September 30, 2024, and September 30, 2023.

[3] Net claims of future benefits for probable terminations of $131 million and $286 million at September 30, 2024, and September 30, 2023, include $96 million and $174 million, respectively, for specifically identified probable terminations, and $35 million and $112 million, respectively, for not specifically identified probables.

The following table details the assets that make up single-employer terminated plans pending termination and trusteeship:

ASSETS OF SINGLE-EMPLOYER PLANS PENDING TERMINATION AND TRUSTEESHIP, NET

	September 30, 2024		September 30, 2023	
(Dollars in millions)	**Basis**	**Market Value**	Basis	Market Value
U.S. Government securities	**$ -**	**$ -**	$ -	$ -
Corporate and other bonds	**12**	**12**	3	3
Equity securities	**8**	**8**	7	7
Private equity	**-**	**-**	-	-
Insurance contracts	**8**	**8**	0 *	0 *
Other	**(1)**	**(1)**	3	3
Total, net	**$27**	**$27**	$13	$13

*Less than $500,000

NET CLAIMS FOR PROBABLE TERMINATIONS

Factors that at present are not fully determinable may be responsible for why these claim estimates differ from actual experience. Included in net claims for probable terminations is a provision for future benefit liabilities for plans not specifically identified. This reserve for small unidentified probable losses is recorded for the estimated future contingent losses stemming from insured single-employer plans with an aggregate underfunding of less than $50 million. The reserve is based on the historic three-year rolling average of actual plan terminations (with an aggregate underfunding of less than $50 million) and indexed to the S&P 500 to reflect changes in economic conditions. The September 30, 2024, Net Claims for Probable Terminations is $131 million, of which $96 million is from a specific identification process and $35 million is from the reserve for small unidentified probable losses.

The values recorded in the following reconciliation table have been adjusted to the expected dates of termination.

RECONCILIATION OF NET CLAIMS FOR PROBABLE TERMINATIONS

	September 30,			
(Dollars in millions)	**2024**		2023	
Net claims for probable terminations, at beginning of year		**$286**		$221
New claims	**96**		174	
Actual terminations	**-**		-	
Deleted probables	**(174)**		(3)	
Change in benefit liabilities	**(77)**		(106)	
Change in plan assets	**-**		-	
Loss (credit) on probables		**155**		65
Net claims for probable terminations, at end of year		**$131**		$286

The following table itemizes specifically identified single-employer probable exposure by industry:

PROBABLES EXPOSURE BY INDUSTRY (PRINCIPAL CATEGORIES)

(Dollars in millions)	**FY 2024**	FY 2023
Retail	**$-**	$-
Manufacturing	**-**	-
Transportation, Communication and Utilities	**-**	174
Healthcare Services	**96**	-
Total[1]	**$96**	$174

[1] Total excludes a small unidentified bulk reserve of $35 million and $112 million for September 30, 2024 and September 30, 2023, respectively.

For further detail regarding single-employer probables, see Note 2 under Present Value of Future Benefits (PVFB) subpoint (4).

The following table shows what has happened to plans classified as probable. This table does not include those plans that were classified as probable and then subsequently terminated within the same fiscal year.

ACTUAL PROBABLES EXPERIENCE

As Initially Recorded Beginning in 1987

(Dollars in millions)	Status of Probables from 1987-2023 at September 30, 2024			
Beginning in 1987, number of plans reported as Probable:	Number of Plans	Percent of Plans	Net Claim	Percent of Net Claim
Probables terminated	391	79%	$35,941	75%
Probables not yet terminated or deleted	-	0%	-	0%
Probables deleted	106	21%	12,233	25%
Total	497	100%	$48,174	100%

NOTE 7: MULTIEMPLOYER FINANCIAL ASSISTANCE

PBGC provides traditional financial assistance to multiemployer defined benefit pension plans in the form of loans (generally unsecured). Since these loans for non-SFA eligible plans are not generally repaid, an allowance is set up to the extent that repayment of these loans is not expected. Given the enactment of ARP, plans eligible to receive SFA funds once approved, are required to repay the traditional financial assistance received (a plan obligation) and thus are reflected in PBGC's notes receivable net balance below.

NOTES RECEIVABLE MULTIEMPLOYER TRADITIONAL FINANCIAL ASSISTANCE

(Dollars in millions)	**September 30, 2024**	September 30, 2023
Gross balance at beginning of year	**$2,914**	$2,726
Financial assistance payments	**163**	176
Financial assistance - premiums waived	**4**	3
Write-offs related to settlement agreements	**(6)**	-
SFA - Traditional Financial Assistance Repayments	**(1)**	(147)
Change in accrued interest on notes receivable	**249**	156
Subtotal	**3,323**	2,914
Allowance for uncollectible amounts	**(3,257)**	(2,865)
Net balance at end of year	**$66** [1]	$49

[1] This receivable balance of $66 million (financial assistance plus interest that is expected to be returned to PBGC) represents the reduction to the allowance for uncollectible amounts relating to the insolvent plans that became eligible for Special Financial Assistance (SFA).

The Underwriting losses from financial assistance (insolvent plans) and probable financial assistance reflected in the Statements of Operations include period changes in the estimated present value of nonrecoverable future financial assistance. The financial expenses related to financial assistance are presented as actuarial charges, credits, and adjustments for plans that are known to be insolvent as of the valuation date and/or have begun or are about to begin receiving financial assistance. In addition, a change in the valuation of the liability due to new data received (e.g., new plan expenses, more recent valuation liabilities, and new withdrawal payment schedules) is included as financial assistance from insolvent and probable plans on the Statements of Operations. This valuation data change is a separate line item from actuarial adjustments and actuarial charges.

PBGC calculates the standardized projected Date of Insolvency (DOI) for high risk small-sized multiemployer plans. If the projected DOI is within 20 years of the PBGC financial statement date, actuarial calculations are performed on a plan-by-plan basis for nonrecoverable future financial assistance, utilizing certain generalized assumptions that are appropriate for a bulk reserve.

Financial obligations for these plans are classified into the categories based on their projected DOI as follows:

- Within 10 years are classified as probable.
- From 10 to 20 years are classified as reasonably possible.
- Greater than 20 years is classified as remote.

This methodology aims to standardize and refine the projection and classification of financial obligations within the Multiemployer Program.

To determine the probable liability, ongoing plans are divided into segments based on the number of plan participants with different processes by plan size. For small plans (less than 2,500 participants) and for medium-sized plans (2,500 to 35,000 participants), risk-based rules are applied using a cash-flow model to derive the probable liability. For large plans (more than 35,000 participants), PBGC identifies ongoing high-risk plans and then calculates projected dates of insolvency for these plans to measure the probable liability. As of September 30, 2024, the reserve has been adjusted to reflect the Special Financial Assistance (SFA) Program enacted with ARP.

ARP established the SFA Program for distressed multiemployer plans that meet specific criteria. The SFA Program is administered by PBGC and is funded by general U.S. Treasury monies, not by PBGC's multiemployer insurance fund.

The amount of SFA funding to which an eligible plan is entitled is the amount the plan requires to pay all benefits and expenses, net of plan resources (including plan assets, projected future contributions, and withdrawal liability collections), through the plan year ending in 2051. The SFA payment also includes reinstatement of benefits previously suspended due to implementation of benefit suspensions under the Multiemployer Pension Reform Act of 2014 (MPRA) or benefits reduced to PBGC guaranteed benefit levels for insolvent plans.

PBGC must process all SFA applications within 120 days of receipt. Upon PBGC's approval of the plan's application, PBGC will pay the SFA funds to the plan with no requirement for repayment, unless due to a clerical or mathematical error. To accurately reflect the impact of SFA eligibility on PBGC's accrued and contingent liability, multiemployer plans expected to be eligible and eventually approved for SFA are not considered high risk.

Since the SFA funding to eligible plans will likely enable the plans to pay benefits due through plan year 2051, SFA eligible plans are no longer considered to be in the high-risk category as defined by either (1) projected insolvency over the next 20 years, (2) currently classified as critical and declining status, or (3) meeting the projected insolvency thresholds as defined in PBGC's procedures. Therefore, the end result is that these SFA eligible plans are classified as remote and not presented within PBGC's financial statements.

In FY 2024, there was no traditional financial assistance liability removed from the multiemployer insolvent category due to a plan's eligibility to receive SFA. There was one small plan removed from consideration in the probable category small plan bulk reserve due to new data indicating the plan's eligibility for SFA.

MPRA provides that certain plans may apply to the U.S. Department of the Treasury (Treasury) to suspend benefits, and provides for a participant vote on the benefit suspension. These plans also may apply to PBGC for financial assistance: either for a facilitated merger or a partition. Plans applying for a partition are also required to apply to Treasury for a suspension of benefits. These actions do not affect the determination of the nonrecoverable future financial assistance liability until approval has been granted and Treasury has issued the final authorization to suspend benefits. In the case of a benefit suspension application, the plan is no longer classified as probable once Treasury has issued the final authorization to suspend benefits. Separately, in the case of a partition application, the original plan is no longer classified as probable once PBGC has approved the application and Treasury has issued the final authorization to suspend benefits.

As of September 30, 2024, the Corporation expects that 122 individually identified multiemployer plans have exhausted or will exhaust plan assets and need financial assistance from PBGC to pay guaranteed benefits and plan administrative expenses. The present value of nonrecoverable future financial assistance for these 122 plans is $2,070 million (inclusive of the reserve for small ongoing plan losses not individually identified). The 122 plans fall into three categories: (1) plans currently receiving financial assistance (whether terminated or not); (2) plans that have terminated but have not yet started receiving financial assistance from PBGC; and (3) ongoing plans (not terminated) that the Corporation expects will require financial assistance in the future. The latter two categories are comprised of multiemployer probables as defined by the following classification criteria:

- Probable insolvent plan-terminated future probables: Plans that have terminated but have not yet started receiving financial assistance may still have assets, but the combination of plan assets and collectible payments of withdrawal liability are projected to be insufficient to cover plan benefits plus expenses.
- Probable insolvent plan-ongoing future probables: Ongoing plans with a projected date of insolvency within 10 years. Small plans with fewer than 2,500 participants are excluded from the plan count for this category. The liability for small plans is calculated on a plan-by-plan basis to determine a small plan bulk reserve.

MULTIEMPLOYER TRADITIONAL FINANCIAL ASSISTANCE

	September 30, 2024		September 30, 2023	
(Dollars in millions)	**Number of Plans**	**Net Liability**	Number of Plans	Net Liability
Plans currently receiving financial assistance	**91** [1]	**$1,700**	90	$1,622
Plans that have terminated but have not yet started receiving financial assistance (classified as probable)	**31** [2]	**352**	32	386
Ongoing plans (not terminated) that the Corporation expects will require financial assistance in the future (classified as probable)	**0** [3]	**18** [4]	1	203 [4]
Total	**122**	**$2,070**	123	$2,211

[1] Two plans were transferred from "Plans that have terminated but have not yet started receiving financial assistance (classified as probable)" and one plan was removed due to an annuity purchase close-out.
[2] Five new plans were added to inventory, four plans were removed from inventory (three plans had sufficient assets to cover benefit liability, and the fourth plan was due to an annuity purchase close-out), and two plans were transferred to "Plans currently receiving financial assistance".
[3] One plan was removed from inventory and reclassified as reasonably possible.
[4] "Ongoing plans" include a small unidentified probable bulk reserve of $18 million and $163 million for September 30, 2024, and September 30, 2023, respectively.

Of the 122 plans:

a) 91 plans have exhausted plan assets and are currently receiving financial assistance payments from PBGC. The present value of future financial assistance payments for these insolvent 91 plans is $1,700 million.

b) 31 plans have terminated but have not yet started receiving financial assistance payments from PBGC. Terminated multiemployer plans no longer have employers making regular contributions for covered work, though some plans continue to receive withdrawal liability payments from withdrawn employers. In general, PBGC records a loss for future financial assistance for any underfunded multiemployer plan that has terminated. The present value of future financial assistance payments for these 31 terminated plans is $352 million.

c) There were no ongoing plans that the Corporation expects will require financial assistance in the future (classified as probable). The balance includes the small unidentified probable bulk reserve of $18 million.

PRESENT VALUE OF NONRECOVERABLE FUTURE FINANCIAL ASSISTANCE AND LOSSES FROM TRADITIONAL FINANCIAL ASSISTANCE

(Dollars in millions)	**September 30, 2024**	September 30, 2023
Balance at beginning of year	**$2,211**	$2,390
Changes in allowance:		
Losses (credits) from insolvent and probable plans - financial assistance[1]	**(200)**	(10)
Actuarial adjustments	**(14)**	(37)
Actuarial charges (credits) - Insolvent plans:		
Due to expected interest	**98**	87
Due to change in interest factors	**125**	(66)
Financial assistance granted (previously accrued)	**(161)**	(32)
Premium Waivers	**4**	3
Write-Offs of Financial Assistance	**(6)**	-
Change in allowance for plans that became eligible for SFA[2]	**13**	(124)
Balance at end of year	**$2,070**	$2,211

*Less than $500,000

[1]This $200 million credit consists of $145 million decrease in the multiemployer small plan bulk reserve, $69 million credit from change due to actual investment rates of return, $40 million credit due to the redassification of one multiemployer probable plan to reasonably possible, $23 million credit from expected benefit payments, and $17 million credit from the deletion of three multiemployer probable plans. This was offset by $45 million charge due to change in interest factors which resulted from decreases in market interest rates, $23 million in charges from expected interest on benefit liability, $14 million charges from effects of experience induding premium indexing, and $12 million charges from the addition for three new multiemployer probable plans.
[2]This amount represents the traditional financial assistance that will be returned to PBGC due to the reduction to the allowance for uncollectible amounts relating to insolvent plans that became eligible for Special Financial Assistance (SFA).

In the table above and on the financial statements, actuarial charges are reported separately from "Losses (credits) from insolvent and probable plans-financial assistance." As a result, the table includes the following lines: Actuarial adjustments, Due to expected interest, and Due to change in interest factors. Insolvent plans are presented within these three actuarial charges (credits) lines. "Losses (credits) from insolvent and probable plans-financial assistance" include plans that terminated but have not yet received financial assistance, ongoing plans that PBGC expects will require financial assistance in the future, and those insolvent plans that have a change in liability due to new plan data included in the valuation. PBGC uses a curve of interest factors to determine the actuarial Multiemployer Nonrecoverable Future Financial Assistance. See Note 6 for the table of yield curves shown in spot rate format.

Pursuant to ARP, PBGC will provide SFA, which is intended to help an eligible plan to pay full benefits through plan year 2051. Unlike the traditional financial assistance loans PBGC provides to multiemployer plans, SFA is in the form of a transfer of funds with no obligation of repayment. The SFA liability is recorded when the following conditions are met: (1) the initial application for SFA has been received by PBGC, (2) the multiemployer plan applicant has been determined to be eligible, (3) the application has been deemed to be complete, and (4) the application has been approved. The SFA liability is presented as a separate line item on the Statements of Financial Position.

Although the traditional financial assistance loans are not typically repaid, in order to receive the new Special Financial Assistance provided through ARP, eligible plans must repay their preexisting traditional financial assistance loans. Once collected into the PBGC revolving fund, these funds will not be available for obligation until subsequently apportioned.

NOTE 8: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following table itemizes accounts payable and accrued expenses reported in the Statements of Financial Position:

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	Single-Employer Program		Multiemployer Program		Memorandom Total	
(Dollars in millions)	**Sept. 30, 2024**	Sept. 30, 2023	**Sept. 30, 2024**	Sept. 30, 2023	**Sept. 30, 2024**	Sept. 30, 2023
Payroll and annual leave	**$18**	$17	**$1**	$0 *	**$19**	$17
Accounts payable and accrued expenses	**70**	76	**5**	4	**75**	80
SFA – Payroll and annual leave	**n/a**	n/a	**1**	1	**1**	1
SFA – Accounts payable and accrued expenses	**n/a**	n/a	**1**	2	**1**	2
Total Accounts payable and accrued expenses	**$88**	$93	**$8**	$7	**$96**	$100

* Less than $500,000

NOTE 9: REASONABLY POSSIBLE CONTINGENCIES

SINGLE-EMPLOYER PLANS

Single-employer plans sponsored by companies whose credit quality indicates substantial financial risk pose a reasonably possible (RP) risk of being terminated and trusteed under PBGC's single-employer guarantee program. The estimated unfunded vested benefit exposure amount disclosed represents PBGC's estimate of the RP exposure to loss given the inherent uncertainties about these plans.

In accordance with the FASB Accounting Standards Codification Section 450, *Contingencies*, PBGC classified these companies as reasonably possible rather than probable terminations, reflecting the sponsors' financial condition and other factors that did not indicate termination of their plans was likely. This classification was based upon information available about the companies as of September 30, 2024.

The estimate of the RP exposure to loss for the single-employer plans of these companies was determined using a measurement date of September 30, 2024. The RP exposure to loss was $2,606 million for FY 2024. This decrease of $23,051 million from the RP exposure of $25,657 million in FY 2023 is primarily due to a change in the estimate as it relates to a change in methodology of the RP exposure.

Effective FY 2024, PBGC changed the methodology for determining the RP exposure from prior years to more narrowly focus on situations that pose meaningful risk of actual claims. These changes were a result of recent data studies that supported a change in estimate. The studies evaluated historical PBGC single-employer claims compared to historical RP exposure, large terminations in the past decade, and the distribution of plan liabilities in the universe of single-employer plans covered by PBGC. As a result of these studies, PBGC concluded that RP exposure has consistently exceeded actual claims and that the RP risk criteria was too broad. PBGC also concluded that plan obligations are heavily concentrated among the largest plans, which account for only a fraction of the total number of plans covered by the Single-Employer Program. Finally, PBGC concluded that liability is a preferable metric to use (rather than underfunding) to bifurcate the universe of plans into "large" and "small", for the purpose of identifying which large companies should be individually analyzed for risk, classified, and measured.

Specifically, PBGC has modified the risk criteria to focus on companies with a more substantial level of default risk. In addition, the criteria used to establish which companies will be individually analyzed and which will be part of a bulk reserve has been simplified. Companies that had benefit liability in excess of the $1 billion threshold applicable for FY 2024 were individually analyzed and classified. In combination, such companies represented approximately 80% of all benefit liabilities attributable to PBGC-insured single-employer plans. The RP exposure was individually measured for companies with these large plan liabilities and that also met the RP risk criteria. For companies with smaller plans, a reserve was calculated using an aggregate method of historic losses to estimate RP exposure, rather than reviewing each company individually. As a result of these improvements, PBGC now measures the RP exposure as of fiscal year-end as opposed to as of the prior December 31.

PBGC's FY 2024 revised criteria for a single-employer plan sponsor to be classified as reasonably possible include one or more of the following:

a. The sponsor(s) or significant member(s) of its controlled group (e.g., a parent or major subsidiary) is in reorganization under Title 11 of the United States Code.

b. An application for a funding waiver is pending or outstanding with the IRS.

c. A minimum funding contribution has been missed.

d. The sponsor(s) or parent company has an S&P senior unsecured credit rating or an issuer credit rating of CCC+ or below, or a Moody's senior unsecured credit rating, issuer credit rating, or corporate family rating of Caa1 or below. If the sponsor(s) or parent company does not have one of the ratings above, PBGC may use an industry specific rating such as an insurance financial strength rating, general obligation bond rating, or revenue bond rating. The new ratings threshold is effective for FY 2024. The ratings used for FY 2023 were BB+ and Ba1 for S&P and Moody's, respectively.

e. The sponsor(s) or parent company has no credit rating but has a Dun & Bradstreet Failure Score of 1340 or lower. This Failure Score is newly effective for FY 2024. The Failure Score used for FY 2023 was 1477.

f. The sponsor(s) or parent company has no credit rating, but analysis indicates that its unsecured debt would pose a substantial risk.

g. Other (detailed explanation must be provided and be approved by PBGC's Contingency Working Group).

The table below shows a comparison of the September 30, 2024, and December 31, 2022, spot rate yield curves used to measure the RP exposure for FY 2024 and FY 2023, respectively. Future payments are discounted by the single rate applicable for the future year in which the payment is expected to be made. For the September 30, 2024 measurement of RP exposure, the spot rate yield curve starts with an interest factor of 4.44% in year 1 and changes as the future period for discounting gets longer until year 30 and beyond when the factor becomes 5.11% and is assumed to remain level thereafter. For the December 31, 2022 measurement of RP exposure, the spot rate yield curve started with an interest factor of 5.31% in year 1 and the interest factor for year 30 and beyond was 5.13%.

CURVE OF SPOT RATES FOR SEPTEMBER 30, 2024 AND DECEMBER 31, 2022 MEASUREMENT OF SINGLE-EMPLOYER REASONABLY POSSIBLE EXPOSURE

Period (in Years)	9/30/2024	12/31/2022	Change		Period (in Years)	9/30/2024	12/31/2022	Change
1	4.44%	5.31%	-0.87%		16	5.06%	5.34%	-0.28%
2	4.22%	5.17%	-0.95%		17	5.13%	5.41%	-0.28%
3	4.18%	5.12%	-0.94%		18	5.20%	5.47%	-0.27%
4	4.22%	5.09%	-0.87%		19	5.26%	5.52%	-0.26%
5	4.29%	5.06%	-0.77%		20	5.32%	5.57%	-0.25%
6	4.36%	5.04%	-0.68%		21	5.37%	5.60%	-0.23%
7	4.44%	5.03%	-0.59%		22	5.40%	5.62%	-0.22%
8	4.51%	5.03%	-0.52%		23	5.42%	5.62%	-0.20%
9	4.58%	5.03%	-0.45%		24	5.43%	5.60%	-0.17%
10	4.64%	5.05%	-0.41%		25	5.42%	5.57%	-0.15%
11	4.71%	5.07%	-0.36%		26	5.39%	5.52%	-0.13%
12	4.77%	5.11%	-0.34%		27	5.34%	5.44%	-0.10%
13	4.84%	5.16%	-0.32%		28	5.28%	5.35%	-0.07%
14	4.91%	5.22%	-0.31%		29	5.20%	5.25%	-0.05%
15	4.99%	5.28%	-0.29%		30	5.11%	5.13%	-0.02%
					Longer Periods	5.11%	5.13%	-0.02%

For the FY 2024 measurement of RP exposure, PBGC used the separate Pri-2012 Employee and Non-Disabled Annuitant mortality tables projected generationally with improvement scale MP-2021.

The expense load formula defined in 29 CFR Part 4044 was estimated and applied.

The following table itemizes the single-employer RP exposure to loss by industry:

REASONABLY POSSIBLE EXPOSURE TO LOSS BY INDUSTRY (PRINCIPAL CATEGORIES)

(Dollars in millions)	**FY 2024**	FY 2023
Manufacturing	**$207**	$6,428
Transportation, Communication and Utilities	**599**	11,416
Services	**0**	4,277
Wholesale and Retail Trade	**0**	488
Health Care	**0**	1,394
Finance, Insurance, and Real Estate	**0**	215
Agriculture, Mining, and Construction	**0**	1,439
Small Plan Bulk Reserve	**1,800**	N/A[1]
Total	**$2,606**	$25,657

[1]The $25,657 million Total for FY 2023 includes a Small Plan Bulk Reserve of $4,694 million, prorated across the principal categories based on the distribution of the specifically identified RP exposure to loss by industry.

MULTIEMPLOYER PLANS

Multiemployer plans that have become insolvent will require financial assistance. PBGC included amounts in the liability for the present value of nonrecoverable future financial assistance (see Note 7) for multiemployer plans that have become insolvent and for plans that PBGC estimated may require future financial assistance.

Reasonably possible multiemployer classification is defined as an ongoing plan with a projected insolvency date between 10 and 20 years from the valuation date. In FY 2024, PBGC estimated that it is reasonably possible that other multiemployer plans may require future financial assistance in the amount of $189 million, a $221 million decrease from the $410 million in FY 2023. The primary reason for the decrease in exposure was a net decrease in the number of plans classified as reasonably possible to four plans on September 30, 2024, down from seven plans classified as reasonably possible on September 30, 2023. The plans removed no longer meet the reasonably possible criteria as the plans experienced improved financial conditions due to better than expected investment returns and higher plan contributions. Additionally, the reasonably possible aggregate reserve for small plans decreased by $119 million from $190 million at September 30, 2023, to $71 million at September 30, 2024. This was primarily due to improved financial conditions of the plans. The small plan bulk reserve estimation methodology is described in Note 7.

PBGC calculated the future financial assistance liability for each multiemployer plan identified as probable (see Note 7), or reasonably possible. PBGC used a formula to calculate the present value of guaranteed future benefits and expense payments, net of any future contributions or withdrawal liability payments. These amounts were as of the later of September 30, 2024, or the projected date of plan insolvency, discounted back to September 30, 2024, utilizing the curve of spot rates presented in Note 6. PBGC's identification of plans that are likely to require such assistance and estimation of related amounts required consideration of many complex factors, including estimating future cash flows, future investment returns, future mortality rates, and retirement age of participants not in pay status. These factors are affected by future events, including actions by plans and their sponsors, most of which are beyond PBGC's control.

Both the probable liability and reasonably possible exposure are determined differently for different plan sizes, with a change to the methodology for small plans effective for FY 2023 (see Note 7).

For small plans (less than 2,500 participants) and medium-sized plans (2,500 to 35,000 participants), risk-based rules are applied using a cash-flow model to derive the reasonably possible exposure. For large plans (more than 35,000 participants), PBGC identifies ongoing high-risk plans and then calculates projected dates of insolvency for these plans to measure the reasonably possible exposure.

NOTE 10: LEASES

PBGC has one real property operating lease for its headquarters office totaling $157.2 million in future lease commitments. This lease provides for periodic rate increases based on increases in operating costs and real estate taxes over the base amount. PBGC has elected to apply the practical expedient combining lease and non-lease components into one single lease component. PBGC's new headquarters is under a 15-year leasing agreement (includes rent-free period in the beginning of the lease). PBGC had a real property lease for a field benefit administrator's facility, however, this lease expired during the third quarter of FY 2024. The minimum future lease payments for PBGC's headquarters has non-cancellable terms in excess of one year as of September 30, 2024, are as follows:

FUTURE LEASE PAYMENTS

(Dollars in millions)	
Years Ending September 30,	Operating Leases
2025	$7.4
2026	13.3
2027	13.3
2028	13.3
2029	13.3
Thereafter	96.6
Undiscounted Minimum lease payments[1]	$157.2
Discount[2]	(15.3)
Discounted Minimum lease payments	$141.9

[1]The minimum lease payments are comprised of the payments that the PBGC is obligated to make or can be required to make in connection with the leased property excluding executory costs such as operating expenses, insurance, and real estate.
[2] The discount is determined by the risk-free rate at the date of the lease commencement.

Lease expenses for operating leases were $11.4 million in FY 2024, and $12.0 million in FY 2023. No amount was allocated to SFA operating lease expense for FY 2024. Additionally, for FY 2024, PBGC has no finance leases.

CASH PAYMENTS FOR LEASES FOR THE YEAR ENDED SEPTEMBER 30, 2024

(Dollars in millions)	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$0.21
Operating cash flows from finance leases	-
Total cash payments for Leases	$0.21

NEW LEASES ACQUIRED FOR THE YEAR ENDED SEPTEMBER 30, 2024

(Dollars in millions)	
Right-of-Use Assets obtained in exchange for lease obligations:	
Operating Leases[3]	$ -
Finance Leases[3]	-
Total New Leases Acquired	$ -

[3]No operating leases nor finance leases commenced in FY 2024.

LEASE RIGHT-OF-USE ASSETS FOR THE YEAR ENDED SEPTEMBER 30, 2024

(Dollars in millions)	
Leases:	
Operating Lease Right-of-Use Assets	$121.8
Finance Lease Right-of-Use Assets	-
Total Lease Right-of-Use-Assets	$121.8

CURRENT AND NONCURRENT LEASE LIABILITIES FOR THE YEAR ENDED SEPTEMBER 30, 2024

(Dollars in millions)	
Current and NonCurrent Lease Liabilities:	
Current Operating Lease Liabilities	$ 5.0
NonCurrent Operating Lease Liabilities	136.9
Subtotal Operating Lease Liabilities	$141.9
Current Finance Lease Liabilities	$ -
NonCurrent Finance Lease Liabilities	-
Subtotal Finance Lease Liabilities	$ -
Total Current and NonCurrent Lease Liabilities	$141.9

WEIGHTED AVERAGES OF LEASES FOR THE YEAR ENDED SEPTEMBER 30, 2024

(Dollars in millions)	
Weighted Average for the Remaining Lease Term:	
Operating Leases	12.25 Years
Finance Leases	-
Weighted Average for the Risk-Free Rate:	
Operating Leases	1.63%
Finance Leases	-

NOTE 11: PREMIUMS

For both the Single-Employer and Multiemployer Programs, ERISA provides that PBGC continues to guarantee basic benefits even if a plan administrator fails to pay premiums when due. PBGC assesses interest and penalties on late or unpaid premiums. Interest continues to accrue until the premium and the interest due are paid, see Note 2 under Premiums for PBGC's premium revenue accounting policy. For plan years beginning in 2024, the per participant flat rate premium was $101 for single-employer pension plans and $37 for multiemployer plans. For plan years 2023 and 2022, the per participant flat rate premiums for single-employer pension plans were $96 and $88, respectively, and for multiemployer plans, $35 and $32, respectively.

Single-employer plans also have a variable rate premium (VRP) tied to the amount of underfunding, if any. For plan years beginning in 2024, the VRP rate was $52 per $1,000 of unfunded vested benefits (UVB) subject to an overall cap of $686 per participant. The variable rate premium rate is not indexed after FY2023 and will remain at $52 indefinitely. For plan years 2023 and 2022, the VRP rates were $52 and $48, respectively. Applicable caps for those plan years are shown in the table below.

The termination premium applies to certain plan terminations occurring after 2005. If a single-employer pension plan terminates in a distress termination pursuant to ERISA section 4041(c)(2)(B)(ii) or (iii), or in a PBGC-initiated termination under ERISA section 4042, the plan sponsor and its controlled group are liable to PBGC for a termination premium at the rate of $1,250 per plan participant per year for three years.

The $5,165 million in net premium income for FY 2024 consisted of $2,938 million in variable rate premiums, $2,228 million in flat rate premiums, $4 million in termination premiums, and $2 million in interest and penalty income; offset by $7 million to bad debt expense. Bad debt expenses include a reserve for uncollectible premium receivables (including flat, variable, termination premiums, and insolvent multiemployer plans), interest, and penalties.

Net premium income for FY 2024 was $5,165 million, a year over year decrease of $800 million due primarily to improved conditions of the plans' underfunding (i.e., lower Unfunded Vested Benefits (UVBs).

Net premium income for FY 2023 was $5,965 million and consisted of $3,728 million in variable rate premiums, $2,254 million in flat rate premiums, $3 million in termination premiums, and $2 million in interest and penalty income; offset by $22 million to bad debt expense. Bad debt expenses include a reserve for uncollectible premium receivables (including flat, variable, termination premiums, and insolvent multiemployer plans), interest, and penalties.

The following table shows the premium rates for 2022 through 2024:

PREMIUM RATES FOR SINGLE-EMPLOYER AND MULTIEMPLOYER PLANS

	Single-Employer Plans			Multiemployer Plans
	Flat Rate Premium	Variable Rate Premium		
Plan Years Beginning in	Rate Per Participant	Rate per $1,000 Unfunded Vested Benefits	Per Participant Cap	Flat Rate Premium Rate Per Participant
2024	$101	$52*	$686	$37
2023	$96	$52	$652	$35
2022	$88	$48	$598	$32

* The variable rate premium rate is no longer indexed after 2023.

Premium income is accrued for months in which a plan year overlaps the fiscal year. Because of this rule, premiums for 2022, 2023, and 2024 plan years are accrued in FY 2024, and premium rates change each calendar year, so three sets of premium rates were used to calculate FY 2024 premium revenue.

For example, consider a plan with a September 1, 2023 to August 31, 2024 plan year. Only the first month of that plan year occurs during FY 2023, so 1/12 of the plan's premium was accrued in FY 2023 and 11/12 accrued in FY 2024. Similarly, for a plan with a December 1, 2022 to November 30, 2023 plan year, the last two months of that plan year occur during FY 2024, so 2/12 of the plan's premium income was accrued in FY 2024 and 10/12 was accrued in FY 2023.

The following table presents a year-to-year comparison of key premium receivable information.

Net Premiums Receivable

(Dollars in millions)	Single-Employer Program Sept. 30, 2024	Single-Employer Program Sept. 30, 2023	Multiemployer Program Sept. 30, 2024	Multiemployer Program Sept. 30, 2023	Memorandum Total Sept. 30, 2024	Memorandum Total Sept. 30, 2023
Premiums Not Yet Due:						
Estimated Flat-Rate Premiums	**$1,025**	$1,102	**$226**	$211	**$1,251**	$1,313
Estimated Variable-Rate Premiums	**1,653**	2,374	**-**	-	**1,653**	2,374
Total Net Premiums Not Yet Due	**2,678**	3,476	**226**	211	**2,904**	3,687
Premiums Past Due:						
Flat-Rate Premiums	**158**	176	**11**	12	**169**	188
Allowance for Bad Debt-Flat-Rate	**(2)**	(2)	**0 ***	0 *	**(2)**	(2)
Variable-Rate Premiums	**106**	468	**-**	-	**106**	468
Allowance for Bad Debt-Variable-Rate	**(1)**	(5)	**-**	-	**(1)**	(5)
Total Net Premiums Past Due	**261**	637	**11**	12	**272**	649
Termination Premiums:[1]						
Termination Premiums	**355**	352	**-**	-	**355**	352
Allowance for Bad Debt-Termination	**(305)**	(299)	**-**	-	**(305)**	(299)
	50	53	**-**	-	**50**	53
Interest and Penalty:						
Interest and Penalty Due	**2**	2	**0 ***	0 *	**2**	2
Allowance for Bad Debt-Int/Penalty	**(1)**	(1)	**0 ***	0 *	**(1)**	(1)
Total Net Interest and Penalty Due	**1**	1	**0 ***	0 *	**1**	1
Grand Total Net Premiums Receivable	**$2,990**	$4,167	**$237**	$223	**$3,227**	$4,390

* Less than $500,000

[1] All termination premiums are due from plan sponsors that are either in distress or under Chapter 11 reorganization. In these cases, PBGC files claims in accordance with bankruptcy law along with all other creditors and is entitled only to a pro-rata share of any remaining assets. Depending on the circumstances of the bankruptcy proceedings, it can be years before PBGC receives its pro-rata distribution from the bankruptcy estate. In most cases, PBGC ultimately receive either nothing or only a very small fraction of its total claims filed.

The following tables present a year-to-year comparison of key premium income information.

PREMIUM INCOME BY PREMIUM TYPE

(Dollars in millions)	**September 30, 2024**	September 30, 2023
Flat-Rate Premium:		
Single-Employer	**$1,829**	$1,883
Multiemployer	**399**	371
Total Flat-Rate Premium	**2,228**	2,254
Variable-Rate Premiums	**2,938**	3,728
Interest and Penalty Income	**2**	2
Termination Premium	**4**	3
Less Bad Debts for Premiums, Interest, and Penalties	**(7)**	(22)
Total Net Premiums	**$5,165**	$5,965

PREMIUM INCOME BY PROGRAM

(Dollars in millions)	**September 30, 2024**	September 30, 2023
Single-Employer:		
Flat-Rate and Variable-Rate Premiums	**$4,767**	$5,611
Interest and Penalty Income	**2**	2
Termination Premiums	**4**	3
Less Bad Debts for Premiums, Interest, and Penalties	**(3)**	(19)
Total Single-Employer	**4,770**	5,597
Multiemployer:		
Flat-Rate Premiums	**399**	371
Interest and Penalty Income	**0 ***	0 *
Less Bad Debts for Premiums, Interest, and Penalties	**(4)**	(3)
Total Multiemployer	**395**	368
Total Net Premiums	**$5,165**	$5,965

* Less than $500,000

NOTE 12: LOSSES (CREDITS) FROM COMPLETED AND PROBABLE TERMINATIONS

Amounts reported as losses are the present value of future benefits less related plan assets and the present value of expected recoveries from sponsors. The following table details the components that make up the losses:

LOSSES (CREDITS) FROM COMPLETED AND PROBABLE TERMINATIONS – SINGLE-EMPLOYER PROGRAM

	For the Years Ended September 30,					
	2024			2023		
(Dollars in millions)	**New Terminations**	**Changes in Prior Years' Terminations[5]**	**Total**	New Terminations	Changes in Prior Years' Terminations[5]	Total
Present value of future benefits	**$901**	**($17)**	**$884**	$257	($2,383)	($2,126)
Less plan assets	**671**	**1**	**672**	235	(3,282)	(3,047)
Plan asset insufficiency	**230[1]**	**(18)**	**212**	22[1]	899	921
Less estimated recoveries	**-**	**(139)**	**(139)**	-	37	37
Subtotal	**230[2]**	**121**	**351**	22[2]	862	884
Settlements and judgments		**0*[6]**	**0*[6]**		0*[6]	0*[6]
Loss (credit) on probables	**(78)[3]**	**(77)[4]**	**(155)**	171[3]	(106)[4]	65
Total	**$152**	**$44**	**$196**	$193	$756	$949

* Less than $500,000

[1] Includes Missing Participant Program activity; if excluded the Present value of future benefits for New Terminations would be $756 million, Plan assets $526 million and Plan asset insufficiency $230 million.
[2] Net claim for plans terminated during the fiscal year (27 plans at September 30, 2024, and 21 plans at September 30, 2023), will include terminated plans that were previously recorded as probable.
[3] Includes net claims for plans that are currently classified as probable, plans that were previously recorded as probable that have since terminated and plans that were deleted.
[4] Changes to the single-employer small plan unidentified probables bulk reserve.
[5] Changes in prior years' terminations result from revaluations of DOPT assets (e.g., as identified in the plan asset reconciliation process), changes in plan recoveries at DOPT (e.g., from an estimated recovery amount to an expected recovery amount), and changes in DOPT PVFB (e.g., new liability data) for plans with termination dates prior to the current fiscal year in which they were added to PBGC's inventory of terminated plans.
[6] PBGC determined that it is highly unlikely more than half of the total potential future Page/Collins settlement liability will be paid. Accordingly, PBGC estimates that PBGC's future Page/Collins settlement liability is $17 million for both September 30, 2024, and September 30, 2023, respectively.

NOTE 13: FINANCIAL INCOME

The following table details the Memorandum Total financial income by type of investment for both the Single-Employer and Multiemployer Programs:

INVESTMENT INCOME SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS

(Dollars in millions)	**Single-Employer Program Sept. 30, 2024**	**Multiemployer Program Sept. 30, 2024**	**Memorandum Total Sept. 30, 2024**	Single-Employer Program Sept. 30, 2023	Multiemployer Program Sept. 30, 2023	Memorandum Total Sept. 30, 2023
Fixed maturity securities:						
Interest earned	**$4,264**	**$129**	**$4,393**	$3,409	$20	$3,429
Realized gain (loss)	**(7,098)**	**(372)**	**(7,470)**	(2,353)	-	(2,353)
Unrealized gain (loss)	**13,476**	**540**	**14,016**	1,112	(22)	1,090
Total fixed maturity securities	**10,642**	**297**	**10,939**	2,168	(2)	2,166
Equity securities:						
Dividends earned	**119**	**-**	**119**	117	-	117
Realized gain (loss)	**786**	**-**	**786**	1,160	-	1,160
Unrealized gain (loss)	**3,266**	**-**	**3,266**	1,371	-	1,371
Total equity securities	**4,171**	**-**	**4,171**	2,648	-	2,648
Private equity:						
Distributions earned	**4**	**-**	**4**	2	-	2
Realized gain (loss)	**5**	**-**	**5**	22	-	22
Unrealized gain (loss)	**(2)**	**-**	**(2)**	(35)	-	(35)
Total private equity	**7**	**-**	**7**	(11)	-	(11)
Real estate:						
Distributions earned	**59**	**-**	**59**	44	-	44
Realized gain (loss)	**35**	**-**	**35**	(23)	-	(23)
Unrealized gain (loss)	**364**	**-**	**364**	(42)	-	(42)
Total real estate	**458**	**-**	**458**	(21)	-	(21)
Other income:						
Distributions earned	**1**	**-**	**1**	5	-	5
Realized gain (loss)	**25**	**-**	**25**	14	-	14
Unrealized gain (loss)	**(51)**	**-**	**(51)**	(3)	-	(3)
Total other income	**(25)**	**-**	**(25)**	16	-	16
Total investment income	**$15,253**	**$297**	**$15,550**	$4,800	($2)	$4,798

NOTE 14: EMPLOYEE BENEFIT PLANS

All of PBGC's permanent full-time and part-time employees are covered by the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Full-time and part-time employees with less than five years of service under CSRS and hired after December 31, 1983, are automatically covered by both Social Security and FERS. Employees hired before January 1, 1984, participate in CSRS unless they elected and qualified to transfer to FERS. Employees hired during the 2013 calendar year or rehired with less than five years of civilian service that is potentially creditable under FERS participate in FERS-Revised Annuity Employees (FERS-RAE). These employees are still generally considered part of the same pension system but are uniquely identified in human resources and payroll systems to annotate their higher contribution rate. Additionally, under the Bipartisan Budget Act of 2013, a new category of FERS employees was created: FERS-Further Revised Annuity Employees or FERS-FRAE. This pension system is again generally the same, only the contribution rate is changed. As with FERS-RAE employees, human resources and payroll systems use unique identifiers to annotate this higher contribution rate.

Total retirement plan expenses paid to the U.S. Office of Personnel Management (OPM) amounted to $38 million in FY 2024 and $35 million in FY 2023. OPM is responsible for maintaining the assets and accumulated plan benefits for the CSRS and FERS retirement programs. OPM accounts for federal health and life insurance programs for those eligible retired PBGC employees who had selected federal government-sponsored plans. PBGC does not offer other supplemental health and life insurance benefits to its employees.

NOTE 15: CASH FLOWS

The following table consists of detailed cash flows from the sales and purchases of investments. Sales and purchases of investments are driven by the magnitude and investment composition of newly trusteed plans, the unique investment strategies implemented by PBGC's investment managers, and the varying capital market conditions in which they invest during the year. These cash flow numbers can vary significantly from year to year based on the fluctuation in these three variables.

INVESTING ACTIVITIES (SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS MEMORANDUM TOTAL)

(Dollars in millions)	September 30,	
	2024	2023
Proceeds from sales of investments:		
Fixed maturity securities	**$201,404**	$123,892
Equity securities	**5,374**	7,323
Other/uncategorized	**7,296**	12,889
Memorandum total	**$214,074**	$144,104
Payments for purchases of investments:		
Fixed maturity securities	**($208,959)**	($123,827)
Equity securities	**(4,688)**	(4,596)
Other/uncategorized	**(7,379)**	(12,465)
Memorandum total	**($221,026)**	($140,888)

The following is a reconciliation between the net income as reported in the Statements of Operations and net cash provided by operating activities as reported in the Statements of Cash Flows.

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Single-Employer Program		Multiemployer Program		Memorandum Total	
	September 30,		September 30,		September 30,	
(Dollars in millions)	**2024**	2023	**2024**	2023	**2024**	2023
Net income (loss)	**$9,549**	$8,041	**$679**	$398	**$10,228**	$8,439
Adjustments to reconcile net income to net cash provided by operating activities:						
Net (appreciation) decline in fair value of investments	**(10,785)**	(1,022)	**(243)**	25	**(11,028)**	(997)
Net (gain) loss of plans pending termination and trusteeship	**1**	(273)	**-**	-	**1**	(273)
Losses (credits) on completed and probable terminations	**196**	949	**-**	-	**196**	949
Actuarial charges (credits)	**9,721**	876	**-**	-	**9,721**	876
Benefit payments - trusteed plans	**(5,833)**	(6,320)	**-**	-	**(5,833)**	(6,320)
Settlements and judgments	**-**	-	**-**	-	**-**	-
Cash recvd from (paid to) plans upon trusteeship	**(12)**	12	**-**	-	**(12)**	12
Receipts from sponsors/non-sponsors	**26**	76	**-**	-	**26**	76
Receipts for missing participants and other	**172**	127	**-**	-	**172**	127
EL/DUEC Trusteeship interest (non-cash)	**(8)**	(14)	**-**	-	**(8)**	(14)
Cash receipts timing from Trust to Revolving	**-**	-	**-**	-	**-**	-
Amortization of discounts/premiums	**(886)**	(59)	**(24)**	(1)	**(910)**	(60)
Amortization and Depreciation expense	**24**	22	**-**	-	**24**	22
Bad debt expense/Write-offs (net)	**3**	3	**-**	-	**3**	3
Changes in assets and liabilities, net of effects of trusteed and pending plans:						
(Increase) decrease in receivables	**1,184**	(1,061)	**(29)**	123	**1,155**	(938)
Increase in present value of nonrecoverable future financial assistance	**-**	-	**(141)**	(179)	**(141)**	(179)
Increase (decrease) in unearned premiums	**(74)**	10	**0**	1	**(74)**	11
Increase (decrease) in accounts payable	**(5)**	15	**1**	1	**(4)**	16
(Increase) decrease in leases right-of-use assets	**11**	(131)	**(2)**	-	**9**	(131)
Increase (decrease) in leases payable	**-**	140	**2**	-	**2**	140
Net cash provided (used) by operating activities	**$3,284**	$1,391	**$243**	$368	**$3,527**	$1,759

NOTE 16: OTHER ASSETS

CAPITALIZED ASSETS, NET

The following tables display Property and Equipment, net. The "Capitalized assets, net" line item on the Statements of Financial Position consists of the following components:

PROPERTY AND EQUIPMENT, NET

FY 2024	September 30, 2024 Single-Employer			September 30, 2024 Multiemployer			September 30, 2024 Memorandum Total		
(Dollars in millions)	Cost	Accumulated Depreciation/ Amortization	Net	Cost	Accumulated Depreciation/ Amortization	Net	Cost	Accumulated Depreciation/ Amortization	Net
Furniture and Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Mechanical Equipment	-	-	-	-	-	-	-	-	-
ADP Equipment	5	(4)	1	0 *	0 *	0 *	5	(4)	1
Internal Use Software - In Development	19	n/a	19	0 *	n/a	0 *	19	n/a	19
Internal Use Software	206	(168)	38	4	(3)	1	210	(171)	39
Total	$230	($172)	$58	$4	($3)	$1	$234	($175)	$59

FY 2023	September 30, 2023 Single-Employer			September 30, 2023 Multiemployer			September 30, 2023 Memorandum Total		
(Dollars in millions)	Cost	Accumulated Depreciation/ Amortization	Net	Cost	Accumulated Depreciation/ Amortization	Net	Cost	Accumulated Depreciation/ Amortization	Net
Furniture and Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Mechanical Equipment	-	-	-	-	-	-	-	-	-
ADP Equipment	6	(4)	2	0 *	0 *	0 *	6	(4)	2
Internal Use Software - In Development	21	n/a	21	0 *	n/a	0 *	21	n/a	21
Internal Use Software	181	(154)	27	3	(2)	1	184	(156)	28
Total	$208	($158)	$50	$3	($2)	$1	$211	($160)	$51

* Less than $500,000

Combined depreciation and amortization expense were $14 million for FY 2024, and $10 million for FY 2023. The Memorandum Total for "Capitalized assets, net" on the Statements of Financial Position consist of the components above.

COMBINED (MEMORANDUM TOTAL) PROPERTY AND EQUIPMENT, NET

(Dollars in millions)	September 30, 2024		2023	
Combined property and equipment, net at beginning of year		**$51**		$44
Capitalized Acquisitions	**43**		30	
Dispositions	**(23)**		(13)	
Depreciation/Amortization	**(12)**		(10)	
Net change of property and equipment		**8**		7
Combined property and equipment, net at end of year		**$59**		$51

RECEIVABLES FROM SPONSORS OF TERMINATED PLANS

The following table displays the detail of Receivables, net from sponsors of terminated plans that represents the amounts due from the plan sponsor and its controlled group for the statutory minimum funding contributions owed to the plan, Due and Unpaid Employer Contributions (DUEC), and unfunded benefit liabilities of the plan, Sponsors' Employer Liability (EL). These notes and other receivables for DUEC and EL result from the execution of an approved settlement agreement with the plan sponsors and controlled group, final court order resolving PBGC claims, a confirmed plan of reorganization that sets forth the treatment of PBGC claims, or other circumstances in which significant uncertainties regarding the value of PBGC claims have been removed.

The effective interest rate varies with each settlement agreement. The interest rate for discounting the future payments to the settlement date is a risk-adjusted rate.

RECEIVABLES FROM SPONSORS OF TERMINATED PLANS

(Dollars in millions)	**Sept. 30 2024**	Sept. 30 2023
Sponsors' Employer Liability	**$13**	$15
Due and Unpaid Employer Contributions	**4**	3
Total	**$17**	$18

OTHER RECEIVABLES

Other receivables of $87 million consists primarily of $56 million of previously paid traditional financial assistance and $11 million of interest, which is expected to be repaid by SFA eligible plans upon PBGC's approval of the plan's SFA application and payment of SFA.

NOTE 17: LITIGATION

Legal challenges to PBGC's policies and positions continued in FY 2024. At the end of the fiscal year, PBGC had 23 active cases in state and federal courts and 121 bankruptcy and state receivership cases.

PBGC records as a liability on its financial statements an estimated cost for unresolved litigation to the extent that losses in such cases are probable and estimable in amount. PBGC cannot state with certainty the losses it could incur in the event it does not prevail in these matters.

NOTE 18: MULTIEMPLOYER SPECIAL FINANCIAL ASSISTANCE (SFA) CONTRIBUTED TRANSFER APPROPRIATION

Under the American Rescue Plan (ARP) Act of 2021, PBGC received an indefinite appropriation and receives annual transfers from the U.S. Treasury's General Fund to be applied for Special Financial Assistance (SFA) and SFA administration costs. The funds transferred to PBGC in the SFA appropriation are deemed a contribution from the U.S. Government to PBGC. As there are conditions that must be met before PBGC can utilize these funds, the funds are initially recorded as Contributed Transfer Appropriation (equity). Revenue is recognized from the SFA appropriations when all conditions and restrictions placed on the appropriated SFA funds are met. Once the SFA application is approved, the contribution is classified as Contributed Transfer Appropriation Income. The separate payment of SFA from PBGC to a multiemployer plan is not viewed as a PBGC contribution to the multiemployer plan, but as a SFA payment consistent with requirements of ARP and related PBGC regulations. PBGC's position is that nothing is being exchanged given that coverage under our insurance programs are not predicated upon the payment of insurance premiums.

The following table shows a summary of the appropriation's transfers received from Treasury and the use of the funds as shown in the Contributed Transfer Appropriation account.

MULTIEMPLOYER CONTRIBUTED TRANSFER APPROPRIATION

(Dollars in millions)	**September 30, 2024**	September 30, 2023
Balance at beginning of year	**$8**	$6
Special financial assistance (SFA) - transfers received	**24,230**	70,000
Special financial assistance approved	**(14,518)**	(45,907)
SFA administrative expense - transfers received	**31**	34
SFA administrative expense	**(19)**	(18)
SFA unused funds returned to U.S.Treasury	**(9,721)**	(24,107)
Balance at end of period	**$11**	$8

Unused SFA funds at fiscal year-end are to be returned to the U.S. Treasury's General Fund.

NOTE 19: SUBSEQUENT EVENTS

PBGC evaluated subsequent events through publication on November 15, 2024, the date the financial statements were available to be issued. Events or transactions for either the Single-Employer or Multiemployer Program, occurring after September 30, 2024, and before the financial statements were available to be issued, that provided additional evidence about conditions that existed as of September 30, 2024, have been recognized in the financial statements.

SINGLE-EMPLOYER PROGRAM

For the fiscal year ended September 30, 2024, there were no non-recognized subsequent events to report on the Single-Employer Program that provided evidence about conditions that did not exist on September 30, 2024, and which arose before the financial statements were available to be issued.

MULTIEMPLOYER PROGRAM

For the Multiemployer Program, there were seven non-recognized subsequent events or transactions that provided evidence about conditions that did not exist as of September 30, 2024, and which arose before the financial statements were available to be issued. Seven plans were approved to receive Special Financial Assistance (SFA) totaling $1,501 million. Had these events occurred on or prior to September 30, 2024, PBGC's Statements of Financial Position would have reflected:

- An increase of $1,501 million in SFA restricted cash, offset by an increase of $1,501 million in SFA liability.

Consequently, the Statements of Operations would have reflected:

- An increase of $1,501 million in SFA contributed transfer appropriation income (revenue recognized from the SFA appropriations when all the conditions and restrictions placed on the appropriated SFA funds are met), offset by an increase of $1,501 million in SFA expenses.

If these events had occurred on or prior to September 30, 2024, the results would have had no financial impact to the Multiemployer's Cumulative Results of Operations.

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Audit of the Pension Benefit Guaranty Corporation's

Fiscal Year 2024 and 2023 Financial Statements

Audit Report AUD-2025-03

Section III

Management Comments

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Pension Benefit Guaranty Corporation
445 12th Street SW, Washington, DC 20024-2101
Office of the Director

November 15, 2024

MEMORANDUM

To: Nick Novak
Inspector General

From: Ann Y. Orr ANN ORR Digitally signed by ANN ORR Date: 2024.11.15 09:30:15 -05'00'
Acting Director

Subject: Response to the Independent Auditor's Combined Audit Report for the FY 2024 Financial Statement Audit

Thank you, once again this year, for the opportunity to comment on the Office of Inspector General's FY 2024 audit results regarding the agency's financial statements, internal controls, and compliance with laws and regulations. Given that PBGC protects the pensions of millions of American workers, retirees, and their families, it is especially noteworthy that our financial statements have once again received an unmodified opinion, as have our internal controls over financial reporting.

Your attention to this report is especially appreciated.

cc:
Patricia Kelly
David Foley
John Hanley
Alice Maroni
Karen Morris
Michael Rae
Robert Scherer
Lisa Carter
Walter Luiza