

October 1, 2025- March 31, 2026

SARC #74

PBGC OIG

Pension Benefit Guaranty Corporation Office of the Inspector General



SEMIANNUAL REPORT TO CONGRESS





PBGC Headquarters

Washington, DC

→ From the Inspector General



Nicholas J. Novak

Dear Members of the Board:

I am pleased to provide the Pension Benefit Guaranty Corporation (PBGC) Office of Inspector General (OIG) Semiannual report to Congress. This report addresses the OIG's accomplishments for the semiannual reporting period from October 1, 2025, through March 31, 2026. During this time, the OIG remained dedicated to advancing the economy, efficiency, and effectiveness of PBGC programs and operations, including participant benefits, and those performed by its contractors.

Continually, my team combats fraud, waste, and abuse of PBGC programs. For example, over the past six months, the OIG investigated a deceased beneficiary's son who was cashing his late mother's PBGC benefit checks. Based on our investigation, a Cuyahoga County grand jury indicted him on January 21, 2026, for grand theft, identity fraud, forgery, and tampering with records. The case is being prosecuted by the Cuyahoga County's Prosecuting Attorney, Economic Crimes and Public Corruption unit.

Outside PBGC, the OIG continues to participate in collaborative efforts with the Council of the Inspectors General on Integrity and Efficiency and the Council of Counsels to the Inspectors General. I am a member of the Inspector General Strategic Hiring Committee which provides community-wide oversight, consistency, and accountability in hiring practices across participating Offices of Inspector General.

I would like to recognize and thank the members of my team for their hard work, professionalism, and dedication to our mission. The achievements summarized in this semiannual report would not be possible without them.

I also appreciate the interest and support of Director Dhillon, PBGC, and the Board in the OIG's work and look forward to the Corporation's continued cooperation in our efforts to improve PBGC's programs and operations and protect participants' benefits.

Respectfully submitted,

Nicholas J. Novak Inspector General
Pension Benefit Guaranty Corporation

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Pension Benefit Guaranty Corporation

The Agency

The Employee Retirement Income Security Act of 1974 (ERISA) established the Pension Benefit Guaranty Corporation (PBGC or the Corporation) within the Department of Labor to administer pension insurance programs. ERISA requires PBGC to: (1) encourage the continuation and maintenance of voluntary private pension plans, (2) provide for the timely and uninterrupted payment of pension benefits to participants and beneficiaries, and (3) maintain premiums at the lowest level consistent with carrying out PBGC's obligations.

PBGC insures the pension benefits of about 30 million American workers and retirees who participate in about 23,500 private sector defined benefit plans through its Single-Employer and traditional Multiemployer Insurance Programs. The Corporation's two insurance programs are legally separate and operationally and financially independent. The Single-Employer Program is financed by insurance premiums paid by sponsors of defined benefit plans, investment income from plan assets trusteeed by PBGC, and recoveries from companies formerly responsible for the plans. The Multiemployer Program is financed by premiums paid by insured plans and investment income. Premium rates are set by statute.

In Fiscal Year (FY) 2025, PBGC paid over \$6.4 billion in retirement benefits to nearly 926,000 participants in 5,171 single-employer plans. It also paid \$168.5 million in traditional financial assistance to about 60,000 participants (including beneficiaries) in approximately 90 insolvent multiemployer plans. Between the two programs, it managed approximately \$157 billion in total assets.¹ The American Rescue Plan Act of 2021 (Public Law 117-2) established the Special Financial Assistance (SFA) program to address the solvency of the Multiemployer Program, which was projected to become insolvent in 2026. The SFA program is expected to provide an estimated \$79.1 billion in financial assistance to financially troubled multiemployer pension plans.²

PBGC continues to administer the SFA program which is funded by taxpayer funds. As of March 31 2026, PBGC received 230 SFA applications requesting a total of \$75.9 billion in SFA and approved 195 applications for \$74.4 billion in SFA. Ten applications, requesting a total of \$0.2 billion, were under PBGC review as of March 31, 2026. During FY 2025, PBGC paid \$6.2 billion in SFA.

¹ Unless otherwise cited, the figures contained in this section are based on PBGC's 2025 Annual Report.

² PBGC FY 2024 Projections Report, January 2026.

Office of the Inspector General

Who we are

The PBGC OIG was created under the 1988 amendments to the Inspector General Act of 1978 (IG Act). We provide independent and objective audits, inspections, evaluations, and investigations to help Congress, the Board of Directors, and PBGC protect the pension benefits of America's workers.

We are organizationally independent from the Corporation, with the Inspector General reporting to the Board of Directors. Under Public Law 112-141, the Inspector General must attend at least two Board meetings per year " to provide a report on the activities and findings of the Inspector General, including with respect to monitoring and review of the operations of the Corporation."

The OIG executive leadership team consists of the Inspector General, the Deputy Inspector General, the Chief Counsel, and three Assistant Inspectors General. The Assistant Inspector General for Audits leads our audit staff, the Assistant Inspector General for Investigations leads our investigative staff, and the Assistant Inspector General for Management leads our office operations.

New Leadership and Changes in PBGC Organization

In November 2025, PBGC welcomed its 17th Director, Janet Dhillon.

In February, the Corporation hired a new Chief Policy Officer to serve as a key strategic advisor to Director Dhillon on all matters and lead the Office of Policy and External Affairs. In addition, the Offices of Management and Administration and the Office of Benefits Administration were combined to create the new Office of Operations, headed by the Chief Operating Officer, formerly the Chief of Benefits Administration.

Our Value Framework

Independent, Positive Engagement

Our work must be **independent** and objective.
At the same time, corrective action based on our work is less likely to happen
if we are not engaged with management.
We optimize our value through **positive engagement** and creating win-wins
whenever possible.



Vision

Providing deep knowledge
and sensible solutions through
independent, positive engagement.



Mission

Prevent and detect fraud and
abuse in PBGC programs and
operations, along with other core
activities.



Pillars

People Focused
Process Oriented
Performance Driven

OIG Core Values



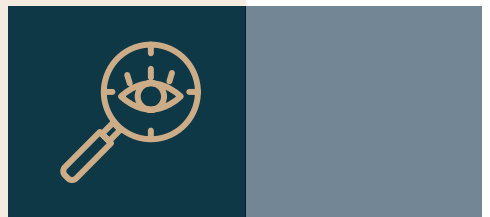
Respect

We treat each other and those with whom we interact with dignity, civility, and due regard to differing perspectives.



Integrity

We consistently practice honesty and fairness with an uncompromising adherence to strong moral and ethical principles and values. We rely upon these principles to guide our actions and decisions no matter how small they may seem.



Excellence

We strive to achieve the highest quality in everything we do and learn from our experiences.



Objectivity and Independence

We conduct our work with fairness and free from bias. We base our findings and recommendations on reliable and verifiable evidence, unencumbered by external pressure and undue influence.



Audits, Inspections, and Evaluations

We conduct independent and objective audits and evaluations of PBGC's programs and activities to ensure they operate economically, efficiently, and effectively.

Audit Accomplishments



Inspection of PBGC Employees with Delinquent Federal Debt

The OIG concluded, while some employees were identified to have delinquent debt, there was no evidence of deliberate noncompliance. We concluded that internal controls and interoffice coordination operate effectively, and made no recommendations for corrective action.



Follow-up on Recommendation Regarding Projected Benefit Payments in Special Financial Assistance Applications

PBGC implemented corrective actions to review Special Financial Assistance applications for inclusion of deceased participants, and resulted in \$262 million in over payments being returned to the US Treasury. As a result of the thorough actions taken by PBGC, we made no further recommendations and the previous recommendation was closed.

To access our full library of reports and recommendations, visit <https://oig.pbgc.gov/index.html>

Statistical Data

Type of Reports

Performance audits provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits follow Generally Accepted Government Auditing Standards.



Financial audits are assessments that determine whether the reported financial conditions, results, and use of resources are presented fairly in accordance with recognized criteria.

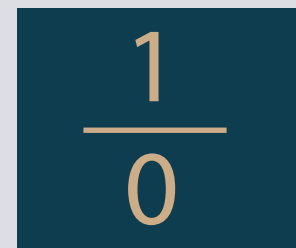


Completed Reports

Recommendations



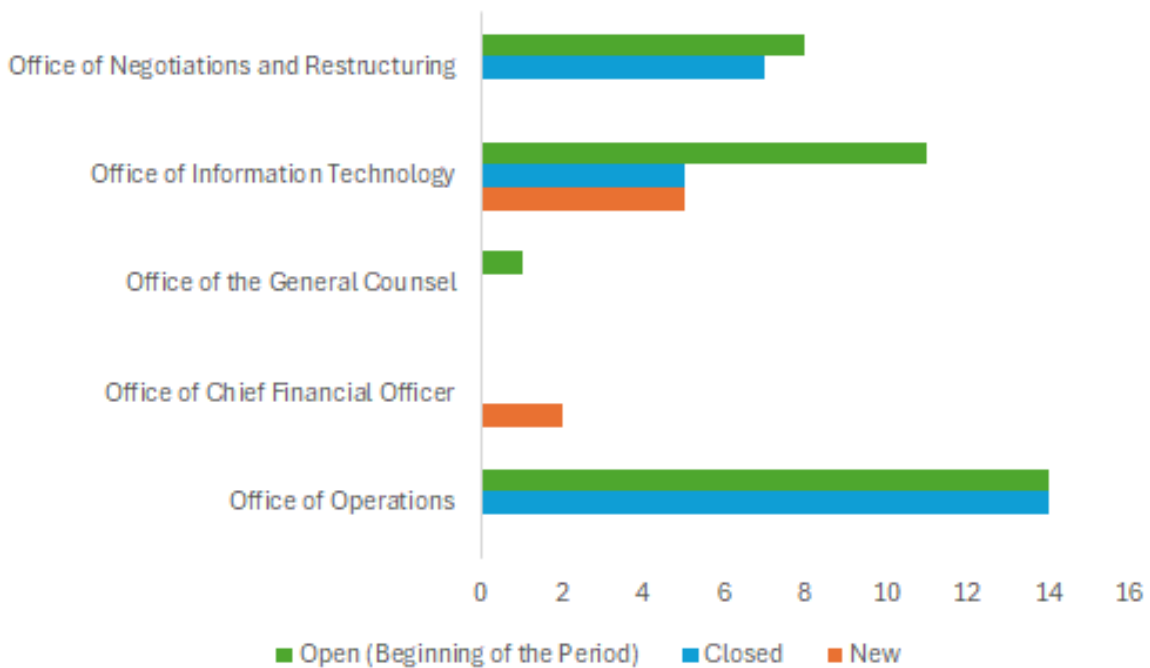
Inspections provide findings or conclusions based on an inspection of sufficient, appropriate evidence against criteria. Inspections follow the Quality Standards for Inspection and Evaluation by CIGIE.



Special Reports provide information on emerging issues to management's attention through a Risk Advisory or Management Alert or provide the public and stakeholders with contextual information through a White Paper. These products can have suggestions, which are non-formal recommendations.

OIG Recommendations

Status of Recommendations to PBGC Departments as of March 31, 2026



As of March 31, 2026, PBGC OIG has 15 open recommendations included in 6 reports issued since FY 2025.

A recommendation is opened on the date the audit report is issued. The recommendation is considered “resolved” and remains open until the PBGC completes the corrective action and provides PBGC OIG with sufficient supporting evidence of the actions taken. A recommendation is closed after the auditee has agreed with the recommendation, takes appropriate corrective action, and provides PBGC OIG with sufficient supporting evidence to demonstrate the actions corrected the issue.

Summary of Outstanding Recommendations

Report No	Issue Date	Report Title	Total Report Recs	Open Recs 3/31/2026	Potential Cost Savings
2025-02	10/31/2024	Pension Benefit Guaranty Corporation's Information Security Program and Practices for Fiscal Year 2024	6	1	\$0
2025-08	03/27/2025	PBGC's Special Financial Assistance Program's Policies and Procedures for the Annual Statement of Compliance Need Improvement	8	1	\$0
2025-10	08/06/2025	PBGC's Software Self-Attestation Efforts Need Improvement	5	2	\$0
2025-12	09/30/2025	Fiscal Year 2025 Pension Benefit Guaranty Corporation Federal Information Security Modernization Act of 2014 (FISMA) Independent Performance Audit	4	4	\$0
2026-02	01/16/2026	Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2025 Financial Statements	2	2	\$0
2026-04	01/16/2026	Fiscal Year 2025 Financial Statement Audit Management Letter Report	5	5	\$0

Peer Reviews



Audit

Generally accepted government auditing standards require any organization conducting audits in accordance with those standards to undergo an external peer review at least once every three years.

These peer reviews conclude in a rating of *pass*, *pass with deficiencies*, or *fail*. A rating of *pass* signifies that the audit organization's system of quality control has been suitably designed to provide the organization with reasonable assurance of performing and reporting in conformity with applicable professional standards, legal, and regulatory requirements in all material respects.

Inspection and Evaluation

The *CIGIE Quality Standards for Inspection and Evaluation* require members of CIGIE that conduct inspections or evaluations under those standards to undergo an external peer review every three years.

These peer reviews conclude in a rating of *pass*, *pass with deficiencies*, or *fail*. A rating of *pass* signifies that the audit organization's system of quality control gives reasonable assurance of performing and reporting in conformity with these standards. Prior to April 1, 2024, inspection and evaluation peer review reports did not include an overall rating (such as *pass* or *fail*), but stated whether the reviewed OIG's policies and procedures were generally consistent with CIGIE standards and whether the OIG's work generally complied with those standards.

Investigation

CIGIE's Qualitative Assessment Review Guidelines for Investigative Operations of Federal Offices of Inspector General establish an independent external evaluation process for investigative operations.

The objective of an investigative peer review is to determine whether internal control systems are in place and operating effectively to provide reasonable assurance that an OIG's investigative operations comply with CIGIE's Quality Standards for Investigations. Reviewed OIGs are assessed a rating of *compliant* or *non-compliant*.

To ensure adherence to relevant professional standards, each OIG is subject to periodic external peer reviews. Information on peer reviews conducted by and of the PBGC OIG is provided below.

Copies of peer review reports of PBGC OIG are available on our website at <https://oig.pbgc.gov/about/office-audits-inspections-and-evaluations>

Peer Reviews of PBGC OIG



Type of Review	Date of Peer Review	Reviewing OIG	Rating	Recommendations
Audit	March 18, 2025	Railroad Retirement Board	Pass	None
Evaluation	March 28, 2024	Federal Communications Commission	In Compliance	None
Investigation	August 22, 2024	U.S. Agency for International Development	In Compliance	None

Peer Reviews by PBGC OIG



Type of Review	Date of Peer Review	Reviewed OIG	Rating	Recommendations
Audit	February 11, 2026	National Archives and Records Administration	Pass	None
Evaluation	July 30, 2025	Department of Commerce	Pass	None
Investigation	March 27, 2023	National Archives and Records Administration	In Compliance	None

Investigations

The OIG has broad discretion to carry out investigations related to PBGC programs and operations that the IG determines are necessary or appropriate. The range of matters falling within the OIG's investigative purview is expansive, encompassing potential violations of law, rules, or regulations; mismanagement; abuse of authority; and more.

All investigations are carried out in accordance with the CIGIE's Quality Standards for Investigations. Significant issues for which we completed or concluded an investigation during this reporting period include:

Investigative Activities



737

Complaints received



4

Criminal investigations referred for prosecution



1/0

Indictments/Convictions



23

Subpoenas issued



Fraud Alert Issued

In January 2026, we received a hotline complaint from a participant in a PBGC trusted plan related to some email correspondence the individual received. It was determined the email was related to an international phishing scam. The OIG performed some remediation activities and issued a related Fraud Alert.



Impersonating a Deceased Participant

On January 21, 2026, a 56-year-old Ohio man was indicted by a Cuyahoga County grand jury for Grand Theft, Identity Fraud, Forgery, and Tampering with Records. Through a confidential source, we learned that a PBGC beneficiary had died in August 2022; however, the beneficiary's son continued illicitly endorsing and negotiating over \$9,000 in PBGC benefits issued after her death. The case is being prosecuted by the county's Prosecuting Attorney, Economic Crimes and Corruption Unit.

Statistical Data

Investigative Workload

PBGC OIG investigates and refers matters for criminal prosecution, including cases of theft of pension benefits, identity theft, bank fraud, wire fraud, and forgery.



65

Investigations, Complaints,
and Hotlines Opened



36

Ongoing
Investigations



73

Investigations, Complaints,
and Hotlines Closed

Metrics Used to Develop Investigative Statistical Data



PBGC OIG maintains an Investigative Case Management System to track the life of an investigation. It captures hundreds of data points, including dates, significant investigative steps, referrals, and outcomes (criminal, civil, and administrative). It is also the repository for reports of investigation, stakeholder communications, and management implication reports. Each statistic and outcome reported is validated against supporting legal documents.

Investigative Activity



Investigative referrals for criminal prosecution

To the Department of Justice: 3

Accepted: 1

Declined: 4

To State/Local Prosecutor's Office: 1

Accepted: 0

Declined: 0

Theft amounts identified during investigations

Single-Employer: \$27,895

Theft amounts referred for recovery from investigations

PBGC: \$202,577

Investigative memos

Issued : 9

Administrative Cases

Informal referrals to PBGC: 5

Formal referrals to PBGC: 31

Referred to outside agency: 18

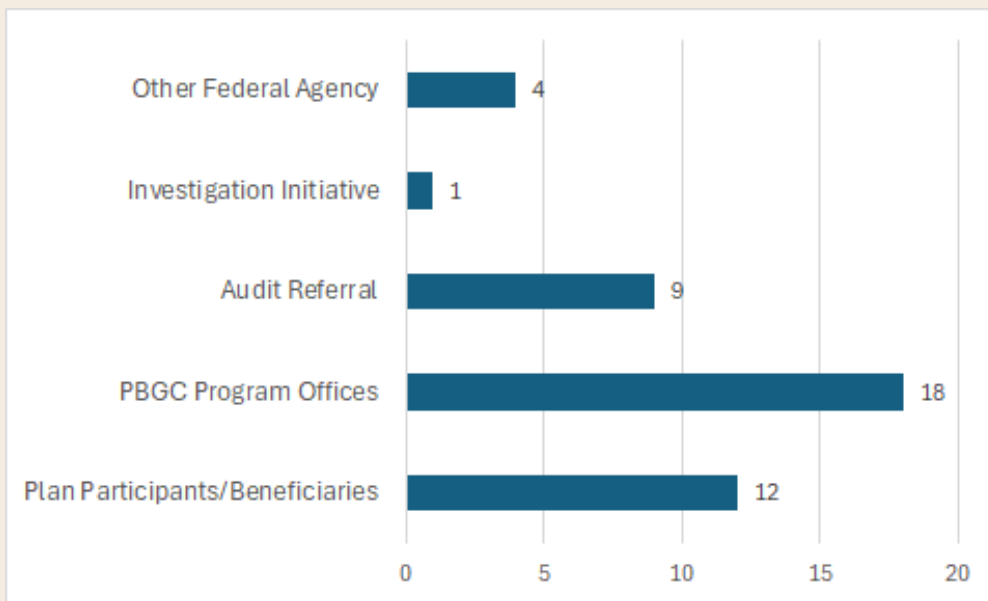


Hotline Complaint Center

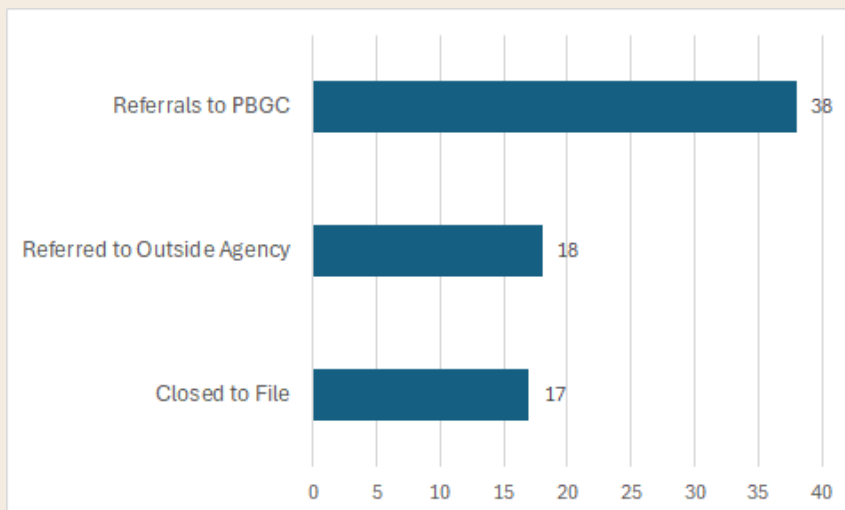


PBGC OIG maintains a Hotline Complaint Center for receiving allegations of fraud, waste, abuse, or mismanagement in PBGC programs or operations. Allegations may be reported 24 hours a day, 7 days a week by PBGC employees, contractors, or the general public. We received 737 hotline contacts and closed 750 contacts this period.³

Hotline Contacts Origination



Hotline Contacts Closed



³During the period, 693 contacts were initiated by private individuals. Of these, 677 were closed after review. This information supplements the bar charts above, to equal the hotline numbers.



OFFICE OF INSPECTOR GENERAL HOTLINE

Suspect Fraud, Waste, Abuse, or Mismanagement? **LET'S TALK!**

Workers and Retirees
are Counting on You!



Call the Hotline at 1-800-303-9737

Or write to:

Pension Benefit Guaranty Corporation
Office of the Inspector General Hotline
445 12th St SW
Washington, DC 20024-2101

Complete a Web Submission on our Website:
<https://oig.pbgc.gov/hotline>

Your report can be made anonymously or in confidence.

Reporting Requirements



Reports with no agency comment within 60 days

We work closely with the Corporation to ensure timely responses to our draft audit reports. All agency responses were received within 60 calendar days.



Management decisions on previously issued audits

PBGC did not have any recommendations from a prior period with no management decision.



Attempts to interfere with PBGC OIG independence

We did not encounter any instances where PBGC attempted to interfere with our independence.



Audits closed but not disclosed to the public

It is our practice to post all closed non-sensitive audits and evaluations on our public website. We generally do not provide or post on our website the full text of reports that would disclose specific vulnerabilities that could be exploited; typically, such reports are IT-related. During this period, we did issued one restricted report.



Compliance with Federal Financial Management Improvement Act

PBGC is in compliance with the Federal Financial Management Improvement Act.



Information or assistance refused by PBGC

PBGC did not unreasonably refuse information or assistance.



Whistleblower retaliation

PBGC OIG did not close any investigations in which a PBGC official was found to have engaged in whistleblower retaliation.



Investigations involving senior Government employees where misconduct was substantiated

There were no investigations involving senior Government employees where misconduct was substantiated.



Investigations involving senior Government employees that were closed but not disclosed to the public

There were no investigations involving senior Government employees that were closed but not disclosed to the public.



Human trafficking

In accordance with the Trafficking Victims Prevention and Protection Reauthorization Act (Public Law 117-348), PBGC OIG is required to report on its human trafficking investigations.

Allegations received: 0

Referred: 0

Accepted: 0

Declined: 0

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Reporting Requirements

Index of reporting requirements under the Inspector General Act of 1978, as amended.

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5(a)(2)	Prior recommendations for which corrective actions have not been completed	8
5(a)(3)	Significant investigations closed	14
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5(a)(16)	Closed but undisclosed audits and investigations of senior Government employees	18

Acronym Glossary

Acronym	Meaning
ARP	American Rescue Plan
CIGIE	Council of the Inspectors General on Integrity and Efficiency
ERISA	Employee Retirement Income Security Act of 1974, as amended
FY	Fiscal Year
IG Act	Inspector General Act of 1978
OIG	Office of Inspector General
PBGC	Pension Benefit Guaranty Corporation
SFA	Special Financial Assistance