Protecting America's Pensions

OFFICE OF INSPECTOR GENERAL

AUDIT REPORT

Audit of the Pension Benefit Guaranty Corporation's Limited Purpose Financial Statements Report Fiscal Year 2021 and 2020

Report No. AUD-2022-03
November 15, 2021

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Office of Inspector General

November 15, 2021

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 limited purpose financial statements of the Single-Employer and Multiemployer Program Funds administered by the Pension Benefit Guaranty Corporation as of and for the years ended September 30, 2021 and 2020. EY conducted the audit for the purpose of forming opinions on the financial statements that collectively comprise PBGC's financial statements. The Supplemental Information is presented in the report for purposes of additional analysis and is not a required part of the financial statements. EY conducted the audit in accordance with the following auditing standards: Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States and the Office of Management and Budget Bulletin No. 21-04, "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 as of September 30, 2021 and 2020, and the results of their operations and cash flows for the year then ended, in accordance with accounting principles generally accepted in the U.S. This is the 29th consecutive unmodified financial statement audit opinion. The Supplemental Information is fairly stated, in all material respects, in relation to the financial statements as a whole.

- PBGC maintained, in all material respects, effective internal control over financial reporting as of September 30, 2021, based on criteria established under 31 U.S.C. 3512 (c), (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA) and OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control (0MB Circular A-123). As of September 30, 2021, PBGC has one significant deficiency: Lack of Reevaluation of Policies, Procedures and Controls when Significant Changes to Programs Occur.

- No instances of 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 report dated November 15, 2021 and the conclusions expressed in the report. 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 financial statement audit report (AUD-2022-03/FA-21-155-2) is also available on our website at oig.pbgc.gov.

Restriction on Use

This report is intended solely for the information and use of the Inspector General and Management of PBGC, the Office of Management and Budget, the Department of Treasury, and the Government Accountability Office and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Nicholas J. Novak

Nicholas J. Novak
Inspector General

cc: Gordon Hartogensis
Patricia Kelly
Alice Maroni
Kristin Chapman
David Foley
Karen Morris
Ann Orr
Robert Scherer
Theodore Winter
Frank Pace
Russell Dempsey

Audit of the Pension Benefit Guaranty Corporation's

Fiscal Year 2021 and 2020 Limited Purpose Financial Statements

Audit Report AUD-2022-03/FA-21-155-2

Section I

Independent Auditors' Report

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Ernst & Young LLP
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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 Financial Statements

We have audited the accompanying financial statements of the Pension Benefit Guaranty Corporation (the Corporation), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of operations and cash flows of the Single-Employer and Multiemployer Program Funds administered by the Corporation for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and the Office of Management and Budget (OMB) Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 21-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Single-Employer and Multiemployer Program Funds administered by the Corporation as of September 30, 2021 and 2020, and the results of their operations and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the potential losses from Single Employer plans for which termination is reasonably possible as a result of unfunded vested benefits are estimated to be approximately $105 billion. Management calculated the potential losses from single-employer plans for which termination is reasonably possible based on the most recent data available from filings and submissions for plan years ended on or after December 31, 2019, and adjusted the value reported for liabilities to the estimated balance as of December 31, 2020, using actuarial assumptions. The Corporation did not adjust the estimate for economic conditions that occurred between December 31, 2020 and September 30, 2021, and, as a result, the underfunding for the Single-Employer Program as of September 30, 2021, could be substantially different. Our opinion is not modified with respect to this matter.

Supplemental Information

Our audit is conducted for the purpose of forming opinions on the financial statements that collectively comprise PBGC's financial statements. The accompanying Supplemental Information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on PBGC's financial statements. The accompanying other information, including the Analysis of Entity's Systems, Controls and Legal Compliance, 2021 Actuarial Valuation, and the Office of the Inspector General Transmittal Memo/Letter, is presented for purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated November 15, 2021 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, 2021 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.

Restriction on Use

This report is intended solely for the information and use of the Inspector General and Management of PBGC, the Office of Management and Budget, the Department of Treasury, and the Government Accountability Office and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

November 15, 2021

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Report of Independent Auditors on Internal Control Over Financial Reporting

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

We have audited the Pension Benefit Guaranty Corporation's (the Corporation) internal control over financial reporting as of September 30, 2021, 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 Comptroller General of the United States.

Management's Responsibility 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 Responsibility

Our responsibility is to express an opinion on the Corporation's internal control over financial reporting based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 21-04 require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Building a better working world

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, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) 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.

Opinion

In our opinion, although certain internal controls could be improved, the Corporation maintained, in all material respects, effective internal control over financial reporting as of September 30, 2021, based on criteria established under FMFIA.

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.

As described in the accompanying Exhibit I, our audit identified a deficiency in the Corporation's reevaluation of policies that we consider to be a significant deficiency in the Corporation's internal control over financial reporting.

Corporation’s Response to Findings

The Corporation’s response to the finding identified in our audit of internal control over financial reporting, as described in Exhibit I of our report, is included in Exhibit II. The Corporation’s response was not subjected to the audit procedures applied in the audit of internal control over financial reporting, and, accordingly, we express no opinion on it.

Report on Financial Statements

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*, the financial statements of the Corporation, which comprise the statement of financial position as of September 30, 2021 and 2020, and the related statements of operations and cash flows of the Single-Employer and Multiemployer Program Funds administered by the Corporation for the years then ended, and the related notes to the financial statements. Our report dated November 15, 2021 expressed an unmodified opinion thereon.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated November 15, 2021 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, 2021

Lack of Reevaluation of Policies, Procedures, and Controls When Significant Changes to Programs Occur

The American Rescue Plan Act of 2021 (ARP) established a new multiemployer (ME) Special Financial Assistance (SFA) Program. Unlike traditional financial assistance wherein PBGC provides assistance to multiemployer plans in the form of a loan and records a liability for the non-recoverable future financial assistance (NRFFA) representing the estimated non-recoverable payments to be provided in the future to ME plans, the new special financial assistance will be provided to qualifying plans with no obligation of repayment. During FY 2021, PBGC started the implementation of the SFA program and determined that a significant number of plans are eligible for SFA. Therefore, PBGC removed the related NRFFA liability from its balance sheet, resulting in a 95% reduction of the liability from the prior fiscal year.

This change to the ME liability also resulted in other ME program processes becoming significant or material for the first time. According to the Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government*, management should identify, analyze, and respond to significant changes that could impact the internal control system. PBGC did not execute an adequate reevaluation of policies, procedures, and controls related to ME processes given the program changes resulting from ARP, and, in particular, did not reevaluate the precision of the respective controls associated with processes that became material to the ME program. For example, we noted that PBGC did not reevaluate its policies, procedures, and controls associated with PBGC administrative expenses, resulting in the incorrect recording of administrative obligations as administrative expenses and using an unsupported allocation methodology to allocate a portion of total administrative expenses to the ME program.

Recommendations

PBGC should take the following corrective actions to remediate conditions identified above:

- Develop specific policies to reevaluate policies, procedures, and controls when significant changes to programs occur.
- Annually re-evaluate allocation methodologies considering any current year developments which impacts the execution of PBGC operations.

Pension Benefit Guaranty Corporation Managements Response FY 2021 Independent Auditor Report September 30, 2021

PBGC
Protecting America's Pensions
Pension Benefit Guaranty Corporation
1200 K Street, N.W., Washington, D.C. 20005-4026

MEMORANDUM

November 15, 2021

TO: Nick Novak
Inspector General

FROM: John F. Greenberg, Acting for Patricia Kelly
Chief Financial Officer

JOHN GREENBERG
Digitally signed by JOHN GREENBERG
Date: 2021.11.15 14:29:46 -05'00'

SUBJECT: Response to the Independent Auditor's FY 2021 Limited Purpose Financial Statement Audit Report

Thank you for the opportunity to comment on the Office of Inspector General's FY 2021 audit results regarding the Agency's financial statements, internal controls, and compliance with laws and regulations. We agree with your observations on internal controls and are fully committed to addressing the issues noted in this year's report. Work remains to be done, and as management completes it, we will keep your office informed. Your attention to reviewing our corrective actions is especially appreciated.

cc:
Gordon Hartogensis
Kristin Chapman
Alice Maroni
David Foley
Karen Morris
Robert Scherer
Ann Orr
Russell Dempsey
Frank Pace
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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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 21-04, *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, 2021 and 2020, and the related statements of operations and cash flows of the Single-Employer and Multiemployer Program Funds administered by the Corporation for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2021. We also have audited the Corporation's internal control over financial reporting as of September 30, 2021, 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 Comptroller General of the United States, and have issued our report thereon dated November 15, 2021.

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 audits, 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 OMB Bulletin No. 21-04.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated November 15, 2021, on our audit of the Corporation's 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.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing 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.

Ernst & Young LLP

November 15, 2021

Audit of the Pension Benefit Guaranty Corporation's

Fiscal Year 2021 and 2020 Limited Purpose Financial Statements

Audit Report AUD-2022-03/FA-21-155-2

Section II

Pension Benefit Guaranty Corporation's

Limited Purpose Financial Statements

This limited purpose financial statement report is prepared to meet applicable legal requirements and is in accordance with and pursuant to the provisions of: the Government Corporation Control Act, 31 U.S.C. Section 9106; Circular No. A-11, Revised, "Preparation, Submission and Execution of the Budget," Office of Management and Budget, August 6, 2021; and Circular No. A-136 Revised, Financial Reporting Requirements (i.e., Government Corporations are only required to adhere to Section I.5 and Section V, PBGC voluntary complies with Section II.2.4) Office of Management and Budget, August 10, 2021, and Treasury Financial Manual, Revised, Chapter 4700, Sections 4710 and 4730, June 2021. Section 4008 of the Employee Retirement Income Security Act of 1974 (ERISA), 29 U.S.C. Section 1308, also requires an actuarial report evaluating expected operations and claims that will be issued as soon as practicable.

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PENSION BENEFIT GUARANTY CORPORATION

STATEMENTS OF FINANCIAL POSITION

	Single-Employer Program		Multiemployer Program		Memorandum Total	
	September 30,		September 30,		September 30,	
(Dollars in Millions)	**2021**	2020	**2021**	2020	**2021**	2020
ASSETS						
Cash and cash equivalents	**$8,598**	$6,265	**$279**	$205	**$8,877**	$6,470
Restricted Cash	**-**	-	**3**	-	**3**	-
Total cash, cash equivalents, and restricted cash	**$8,598**	$ 6,265	**$282**	$ 205	**$8,880**	$ 6,470
Securities lending collateral (Notes 3 and 5)	**6,145**	3,949	**-**	-	**6,145**	3,949
Investments, at market (Notes 3 and 5):						
Fixed maturity securities	**111,205**	100,290	**2,688**	2,734	**113,893**	103,024
Equity securities	**15,741**	24,008	**-**	-	**15,741**	24,008
Private equity	**320**	276	**-**	-	**320**	276
Real estate and real estate investment trusts	**2,153**	2,784	**-**	-	**2,153**	2,784
Other	**200**	7	**-**	-	**200**	7
Total investments	**129,619**	127,365	**2,688**	2,734	**132,307**	130,099
Receivables, net:						
Sponsors of terminated plans	**44**	26	**-**	-	**44**	26
Premiums (Note 11)	**2,988**	3,606	**198**	192	**3,186**	3,798
Sale of securities	**2,009**	1,500	**-**	-	**2,009**	1,500
Derivative contracts (Note 4)	**609**	122	**-**	-	**609**	122
Investment income	**637**	614	**11**	12	**648**	626
Other	**7**	6	**332**	-	**339**	6
Total receivables	**6,294**	5,874	**541**	204	**6,835**	6,078
Capitalized assets, net (Note 16)	**36**	19	**1**	1	**37**	20
Total assets	**$150,692**	$143,472	**$3,512**	$3,144	**$154,204**	$146,616

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 FINANCIAL POSITION

	Single-Employer Program		Multiemployer Program		Memorandum Total	
	September 30,		September 30,		September 30,	
(Dollars in Millions)	**2021**	2020	**2021**	2020	**2021**	2020
LIABILITIES						
Present value of future benefits, net (Note 6):						
Trusted plans	**$108,645**	$119,576	**-**	-	**$108,645**	$119,576
Plans pending termination and trusteeship	**13**	635	**-**	-	**13**	635
Settlements and judgments	**17**	17	**-**	-	**17**	17
Claims for probable terminations	**254**	202	**-**	-	**254**	202
Total present value of future benefits, net	**108,929**	120,430	**-**	-	**108,929**	120,430
Present value of nonrecoverable future financial assistance (Note 7)						
Insolvent plans	**-**	-	**1,545**	2,994	**1,545**	2,994
Probable insolvent plans	**-**	-	**1,472**	63,871	**1,472**	63,871
Total present value of nonrecoverable future financial assistance	**-**	-	**3,017**	66,865	**3,017**	66,865
Special financial assistance	**-**	-	**-**	-	**-**	-
Payables, net:						
Derivative contracts (Note 4)	**558**	73	**-**	-	**558**	73
Due for purchases of securities	**3,794**	3,294	**-**	-	**3,794**	3,294
Payable upon return of securities loaned	**6,145**	3,949	**-**	-	**6,145**	3,949
Unearned premiums	**239**	181	**12**	5	**251**	186
Accounts payable and accrued expenses (Note 8)	**90**	67	**2**	23	**92**	90
Total payables	**10,826**	7,564	**14**	28	**10,840**	7,592
Total liabilities	**119,755**	127,994	**3,031**	66,893	**122,786**	194,887
Contributed transfer appropriation	**-**	-	**3**	-	**3**	-
Cumulative results of operations	**30,937**	15,478	**478**	(63,749)	**31,415**	(48,271)
Net position	**30,937**	15,478	**481**	(63,749)	**31,418**	(48,271)
Total liabilities and net position	**$150,692**	$143,472	**$3,512**	$3,144	**$154,204**	$146,616

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 OPERATIONS

(Dollars in Millions)	Single-Employer Program For the Years Ended September 30, 2021	2020	Multiemployer Program For the Years Ended September 30, 2021	2020	Memorandum Total For the Years Ended September 30, 2021	2020
UNDERWRITING:						
Income:						
Premium, net (Note 11)	**$4,511**	$5,663	**$331**	$322	**$4,842**	$5,985
Contributed transfer appropriation income	-	-	**1**	-	**1**	-
Other	**20**	28	**37**	-	**57**	28
Total	**4,531**	$5,691	**369**	$322	**4,900**	6,013
Expenses:						
Administrative	**419**	387	**8**	40	**427**	427
Administrative special financial assistance	**-**	-	**1**	-	**1**	-
Other	**9**	16	**-**	-	**9**	16
Total	**428**	403	**9**	40	**437**	443
Other underwriting activity:						
Losses (credits) from completed and probable terminations (Note 12)	**1,022**	1,926	**-**	-	**1,022**	1,926
Losses (credits) from insolvent and probable plans-financial assistance (Note 7)	**-**	-	**(63,736)**	(1,137)	**(63,736)**	(1,137)
Actuarial adjustments (credits) (Note 6)	**(3,940)**	48	**(143)**	(34)	**(4,083)**	14
Special Financial Assistance Expense	**-**	-	**-**	-	**-**	-
Total	**(2,918)**	1,974	**(63,879)**	(1,171)	**(66,797)**	803
Underwriting gain (loss)	**7,021**	3,314	**64,239**	1,453	**71,260**	4,767
FINANCIAL:						
Investment income (loss) (Note 13):						
Fixed	**(3,890)**	10,507	**(47)**	180	**(3,937)**	10,687
Equity	**6,829**	2,087	**-**	-	**6,829**	2,087
Private equity	**148**	(17)	**-**	-	**148**	(17)
Real estate	**873**	(118)	**-**	-	**873**	(118)
Other	**98**	11	**-**	-	**98**	11
Total	**4,058**	12,470	**(47)**	180	**4,011**	12,650
Expenses:						
Investment	**140**	135	**0**	2	**140**	137
Actuarial charges (Note 6):						
Due to expected interest	**762**	2,620	**11**	68	**773**	2,688
Due to change in interest factors	**(5,282)**	6,207	**(46)**	146	**(5,328)**	6,353
Total	**(4,380)**	8,962	**(35)**	216	**(4,415)**	9,178
Financial gain (loss)	**8,438**	3,508	**(12)**	(36)	**8,426**	3,472
Net income (loss)	**15,459**	6,822	**64,227**	1,417	**79,686**	8,239
Cumulative results of operations, beginning of year	**15,478**	8,656	**(63,749)**	(65,166)	**(48,271)**	(56,510)
Cumulative results of operations, end of year	**$30,937**	$15,478	**$478**	($63,749)	**$31,415**	($48,271)

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, 2021	2020	Multiemployer Program For the Years Ended September 30, 2021	2020	Memorandum Total For the Years Ended September 30, 2021	2020
OPERATING ACTIVITIES:						
Premium receipts	**$ 5,186**	$ 6,577	**$ 334**	$ 309	**$ 5,520**	$ 6,886
Interest and dividends received	**3,106**	3,411	**8**	92	**3,114**	3,503
Cash received from plans upon trusteeship	**65**	(23)	**-**	-	**65**	(23)
Receipts from sponsors/non-sponsors	**35**	131	**-**	-	**35**	131
Receipts from the missing participant program	**198**	81	**-**	-	**198**	81
Other receipts	**2**	1	**-**	-	**2**	1
Benefit payments – trusteed plans	**(6,301)**	(6,069)	**-**	-	**(6,301)**	(6,069)
Financial assistance payments	**-**	-	**(230)**	(173)	**(230)**	(173)
Settlements and judgments	**-**	-	**-**	-	**-**	-
Payments for administrative and other expenses	**(532)**	(527)	**(8)**	(29)	**(540)**	(556)
Accrued interest paid on securities purchased	**(242)**	(421)	**(1)**	(16)	**(243)**	(437)
Net cash provided (used) by operating activities (Note 15)	**1,517**	3,161	**103**	183	**1,620**	3,344
INVESTING ACTIVITIES:						
Proceeds from sales of investments	**196,876**	174,976	**637**	5,760	**197,513**	180,736
Payments for purchases of investments	**(196,060)**	(177,366)	**(666)**	(5,846)	**(196,726)**	(183,212)
Net change in investment of securities lending collateral	**2,197**	(770)	**-**	-	**2,197**	(770)
Net change in securities lending payable	**(2,197)**	770	**-**	-	**(2,197)**	770
Net cash provided (used) by investing activities	**816**	(2,390)	**(29)**	(86)	**787**	(2,476)
Net increase (decrease) in cash and cash equivalents	**2,333**	771	**74**	97	**2,407**	868
Cash and cash equivalents, beginning of year	**6,265**	5,494	**205**	108	**6,470**	5,602
Cash and cash equivalents, end of year	**$ 8,598**	$6,265	**$ 279**	$ 205	**$ 8,877**	$ 6,470
Special financial assistance (restricted cash)			**3**	-	**3**	-
Cash, cash equivalents, and restricted cash, end of year	**$ 8,598**	$ 6,265	**$ 282**	$ 205	**$ 8,880**	$ 6,470

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 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 that will be provided under the American Rescue Plan Act of 2021, which represents the funds appropriated and transferred from the U.S. Treasury's General Fund.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 and 2020

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 Act (ARP), 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 lump-sum payments to eligible multiemployer plans covering their full plan benefits through 2051 (see MD&A discussion on page 34). 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 pass-through transfers to cover both SFA administration costs and SFA. 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 this area.

As of September 30, 2021, the Single-Employer and Multiemployer Programs reported net positions of $30,937 million and $481 million, respectively. The Single-Employer Program had assets of $150,692 million, offset by total liabilities of $119,755 million, which include total present value of future benefits (PVFB) of $108,929 million. As of September 30, 2021, the Multiemployer Program had assets of $3,512 million, offset by $3,017 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 2020 Projections Report shows that under most projection scenarios for the Multiemployer Program, the SFA provided to eligible plans under ARP delays the insolvency of PBGC's Multiemployer Program to a point likely more than 30 years out. The SFA program created by ARP is expected to enable PBGC to satisfy long-term multiemployer obligations by shoring up currently insolvent and probable plans which in turn should significantly reduce the total present value of nonrecoverable future financial assistance.

PBGC's $141,832 million of total investments (including cash and investment income receivable) represents the largest component of PBGC's Statements of Financial Position Memorandum Total assets of $154,204 million at September 30, 2021. This amount of $141,832 million (as compared to investments under management of $138,506 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 ($123,407 million) represent 87 percent of the total investments, while equity securities ($15,752 million) represent 11 percent of total investments. Private market assets, real estate, and other investments ($2,672 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 $105,381 million for those sponsored by companies that have credit ratings below investment grade and that PBGC classified as reasonably possible of termination, as of September 30, 2021. This is a decrease of $70,809 million from the reasonably possible exposure of $176,190 million in FY 2020. This decrease is primarily due to very positive investment results on plan assets during calendar 2020 and the decline in the number of companies with lower than investment grade bond ratings and/or credit scores that therefore are classified as reasonably possible. These estimates are determined using a measurement date of December 31 of the previous year (see Note 9). For FY 2021, this exposure is concentrated in the following sectors: manufacturing, transportation/communications/utilities, and services.

PBGC estimates that as of September 30, 2021, it is reasonably possible that multiemployer plans may require future financial assistance in the amount of $329 million (see Note 9). This is a decrease of $8,983 million from the reasonably possible exposure of $9,312 million in FY 2020. The primary reason for the decrease in exposure was due to the net effect of removing thirteen plans that are no longer classified as reasonably possible ($6,552 million decrease) while only two new plans are classified as reasonably possible ($147 million increase). Another driver of the decrease was the decline in the reasonably possible small plan bulk reserve due to adjustments made to account for the new SFA Program. Additionally, adjustments made to valuation assumptions had a net effect that reduced the reasonably possible exposure ($148 million decrease).

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 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 where the limitations of the estimates are appropriately 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 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 PBGC assistance until fully insolvent, financial assistance is almost never repaid. For this reason, such assistance is fully reserved.

The ARP created a new special financial assistance program for multiemployer plans that meet certain criteria, for which PBGC will receive appropriated funds. Unlike the traditional financial assistance PBGC provides to multiemployer plans in the form of a loan, the special financial assistance will be provided via a transfer (pass-through of funds) with no obligation of repayment.

PBGC will report 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). 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 August 2018, the FASB issued Accounting Standards Update (ASU) 2018-15, "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract" which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The guidance will be effective for fiscal years beginning after December 15, 2020 and for interim periods within annual periods beginning after December 15, 2021. PBGC has evaluated the impact of this guidance and has updated its capitalization policy in accordance with this ASU for adoption in FY 2022.

The American Rescue Plan (ARP) Act, signed into law by the President on March 11, 2021, created a program to provide special financial assistance (SFA) to financially troubled multiemployer plans. This new SFA Program is financed by an appropriation from the General Fund and the funds transferred to PBGC in the SFA appropriation are deemed a contribution from the US Government to PBGC. In June 2018, the FASB issued ASU 2018-08, "*Not-for-Profit Entities"* (Topic 958) which clarifies the guidance for contributions received and made. The amendments in this ASU, applicable to all entities, clarify and improve the scope and the accounting guidance for contributions received and contributions made. PBGC applies the guidance in this ASU to account for the SFA contributions as a nonreciprocal transaction to recognize revenue with donor restrictions. The funds transferred to PBGC in the SFA appropriations are deemed a contribution from the US Government to PBGC. PBGC will apply specific contribution guidance in ASC 958, *Not-for-Profit Entities - Revenue Recognition-Contributions,* to recognize revenue and expenses related to the SFA Program.

In March 2020 and January 2021, the FASB issued ASUs 2020-04 and ASU 2021-01, respectively, "Reference Rate Reform" (Topic 848). Topic 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. Topic 848 was effective for PBGC beginning on March 12, 2020, and PBGC will apply the amendments prospectively through December 31, 2022. 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 Section 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 Section 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 Accounting Standards Codification Section 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. Section 820 applies to accounting pronouncements that require or permit 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 or 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 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.

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 Accounting Standards Codification 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.

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.

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 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 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.

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: In accordance with the FASB Accounting Standards Codification 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. Under a specific identification process, PBGC evaluates each controlled group having $50 million or more of underfunding and 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.

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).

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). Otherwise, high risk plan sponsors are classified as reasonably possible.

In accordance with the FASB Accounting Standards Codification Section 450, *Contingencies*, PBGC's exposure to losses from plans of companies that are classified as reasonably possible is disclosed in the footnotes. In order for a plan sponsor to be specifically classified as reasonably possible, it must first have $50 million or more of underfunding, as well as meet additional criteria. 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 below investment-grade for Standard & Poor's (BB+) or Moody's (Ba1); or the sponsor has no bond rating but the Dun & Bradstreet Failure Score (formerly Financial Stress Score) is below the threshold considered to be investment grade (see Note 9).

PRESENT VALUE OF NONRECOVERABLE FUTURE FINANCIAL ASSISTANCE

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 present value of nonrecoverable future financial 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 present value of nonrecoverable future financial assistance 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 Standards Codification Section 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, 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, based on the use of seven years of the present value of nonrecoverable future financial assistance for plan termination history to project the current probable liability. The small plan probables are calculated using a seven-year ratio of new plan terminations or insolvencies to the total unfunded liability in a given year. This ratio is applied to the current unfunded liability for small plans to calculate the probable liability.

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 applicable portion of the existing multiemployer liability related to the PVNFFA will be reversed at fiscal year-end for the plans expected to be eligible for Special Financial Assistance (SFA). (Refer to the "Special Financial Assistance" paragraph below for more information).

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, 2021, the Administrative Expense Reimbursement Ratio is determined to be the most representative formula to allocate actual indirect administrative expenses, as well as to record the actual direct expenses attributable to the Single-Employer and Multiemployer Programs. The Multiemployer Administrative Expense Reimbursement Ratio calculates the ratio of direct administrative expenses for the Multiemployer Program over the total administrative expenses less the direct Single-Employer administrative expenses. This is PBGC's change in estimate based on the updated methodology for allocating administrative expenses. Prior to September 30, 2021, the Single-Employer and Multiemployer Ongoing Plans Expense Ratio was calculated to allocate administrative expenses between the Single-Employer Program and the Multiemployer Program.

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., nonseriatim (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 a new SFA Program and provides that certain multiemployer plans may apply to PBGC to receive SFA. PBGC, in consultation with Treasury, may impose reasonable conditions on eligible plans receiving SFA, such as allocations of plan assets, withdrawal liability, and reductions in employer contribution rates. PBGC, however, is prohibited from imposing conditions related to prospective reductions in plan benefits, plan governance relating to the terms of contracts with trustees or plan vendors, and any funding rules related to plans receiving SFA. 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 in the form of a lump sum payment (which is intended to allow the plan to continue paying full benefits through 2051). Unlike the traditional financial assistance loans PBGC provides to multiemployer plans, SFA will be in the form of a transfer (pass-through) of funds with no obligation to repay. No SFA transfers may be made after September 30, 2030.

PBGC will apply 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, the contribution is recognized as unconditional and classified as Contributed Transfer Appropriation Income.

The SFA program results in a new source of financing outside of PBGC's revolving fund. PBGC will receive appropriated SFA funds to disburse to multiemployer plans that meet certain criteria. 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 (pass-through) 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.

Since the SFA funding to eligible plans will likely enable the plans to pay benefits for the next 30 years, the vast majority of the traditional financial assistance liability recognized in previous years, for ongoing probable plans, has been reversed. This results in a change in the estimate to the allowance for the traditional financial assistance. PBGC reversed the allowance for insolvent multiemployer plans expected to be eligible to receive Special Financial Assistance (which reflects the expected plans' repayment of traditional financial assistance). See the MD&A Section IV, Multiemployer Program Results of Activities and Trends for the criteria to be eligible for SFA and Note 7, Multiemployer Financial Assistance for further details.

Given the significance of PBGC receiving appropriations from the U.S. Treasury General Fund for the first time, a revision to PBGC's financial statement presentation format was necessary. This includes the addition of new line items for financial statement purposes and renaming the "Statements of Operations and Changes to Net Position" to "Statements of Operations." Listed below by financial statement are the newly added financial line items:

<u>Statements of Financial Position:</u>

- **Restricted cash** – Appropriation (as authorized by ARP) from the U.S. Treasury General Fund for SFA to fund eligible multiemployer plans (these funds cannot be invested).
- **Special financial assistance** – A liability account representing SFA to be provided to approved multiemployer plans.
- **Contributed transfer appropriation** – An equity account representing unused SFA appropriations.
- **Cumulative results of operations** – Represents PBGC's financial position that excludes the unused appropriations from the U.S. Treasury General Fund for SFA.

Statements of Operations:

- **Contributed transfer appropriation income** – Revenue is recognized from the SFA appropriations when all conditions and restrictions placed on the appropriated SFA funds are met.
- **Administrative Special Financial Assistance** – Administrative costs associated with administering ARP special financial assistance expenses (e.g., payroll, contractors).
- **Special Financial Assistance Expense** – SFA approved (pass-through) payments made to multiemployer plans (not subject to repayment).
- **Cumulative results of operations, beginning of year** – Represents PBGC's financial operations activity that excludes the unused appropriations from the U.S. Treasury General Fund for SFA at the beginning of the fiscal year. This replaces "Net position, beginning of year."
- **Cumulative results of operations, end of period** – Represents PBGC's financial operations activity that excludes the unused appropriations from the U.S. Treasury General Fund for SFA at the end of the period. This replaces "Net position, end of year."

Statements of Cash Flows:

- **Special Financial Assistance (restricted cash)** – Appropriation from the U.S. Treasury General Fund for SFA to fund eligible multiemployer plans.

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 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, 2021. 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, 2021, TBA receivables were $1,532 million and no Bond Forward receivables were reported. In addition, as of September 30, 2021, TBA payables were $3,242 million and no Bond Forward payables were reported.

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

(Dollars in millions)	**September 30, 2021** Basis	**September 30, 2021** Market Value	September 30, 2020 Basis	September 30, 2020 Market Value
Fixed maturity securities:				
U.S. Government securities	**$63,397**	**$64,080**	$59,300	$63,879
Commercial paper/securities purchased under repurchase agreements	**0 ***	**0 ***	432	432
Asset backed securities	**8,697**	**8,746**	5,111	5,267
Pooled funds				
Domestic	**6,280**	**5,991**	1,083	850
International	**-**	**-**	-	-
Global/other	**0 ***	**0 ***	0 *	0 *
Corporate bonds and other	**22,921**	**24,446**	18,571	20,646
International securities	**7,774**	**7,942**	9,113	9,216
Subtotal	**109,069**	**111,205**	93,610	100,290
Equity securities:				
Domestic	**203**	**241**	1,137	1,137
International	**1,829**	**2,240**	2,130	2,472
Pooled funds				
Domestic	**3,268**	**7,768**	5,961	10,797
International	**2,844**	**5,485**	6,768	9,595
Global/other	**7**	**7**	7	7
Subtotal	**8,151**	**15,741**	16,003	24,008
Private equity	**1,166**	**320**	1,149	276
Real estate and real estate investment trusts	**1,967**	**2,153**	2,826	2,784
Insurance contracts and other investments	**108**	**200**	6	7
Total[1]	**$120,461**	**$129,619** [2]	$113,594	$127,365

* Less than $500,000

[1] Total includes securities on loan at September 30, 2021, and September 30, 2020, with a market value of $7,013 million and $5,490 million, respectively.

[2] This total of $129,619 million of investments at market value represents the single-employer assets only.

INVESTMENTS OF MULTIEMPLOYER REVOLVING FUNDS AND MULTIEMPLOYER TRUSTEED PLANS

(Dollars in millions)	**September 30, 2021** Basis	**September 30, 2021** Market Value	September 30, 2020 Basis	September 30, 2020 Market Value
Investment securities:				
Fixed U.S. Government securities	**$2,666**	**$2,688**	$2,623	$2,734
Equity securities	**-**	**-**	-	-
Total	**$2,666**	**$2,688**	$2,623	$2,734

INVESTMENT PROFILE

	September 30,	
	2021	2020
Fixed Income Assets		
Average Quality	**AA**	**AA**
Average Maturity (years)	**14.8**	**16.1**
Duration (years)	**9.3**	**12.7**
Yield to Maturity (%)	**2.1**	**1.7**
Equity Assets		
Average Price/Earnings Ratio	**22.2**	**23.4**
Dividend Yield (%)	**2.2**	**2.3**
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.

During fiscal years 2021 and 2020, PBGC, through its 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 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, 2021 and 2020, 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, 2021 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, 2021			September 30, 2020			
(Dollars in millions)	Statements of Financial Position Location	**Notional**	**FMV**	Statements of Financial Position Location	Notional	FMV	
Futures	Derivative Contracts	**$19,164**	**$309**	Derivative Contracts	$23,731	$6	
Swap contracts							
Interest rate swaps	Investments-Fixed	**1,860**	**14**	Investments-Fixed	1,200	2	
Other derivative swaps	Investments-Fixed	**1,173**	**42**	Investments-Fixed	1,046	4	
Option contracts	Investments-Fixed	**131**	**1**	Investments-Fixed	18	0	*
Forwards - foreign exchange	Investments-Fixed	**13,503**	**19**	Investments-Fixed	5,843	1	
	Investments-Equity	**-**	**-**	Investments-Equity	-	-	

	Liability Derivative					
	September 30, 2021			September 30, 2020		
(Dollars in millions)	Statements of Financial Position Location	**Notional**	**FMV**	Statements of Financial Position Location	Notional	FMV
Futures	Derivative Contracts	**$18,351**	**($101)**	Derivative Contracts	$10,578	($18)
Option contracts	Derivative Contracts	**95**	**(1)**	Derivative Contracts	385	(1)

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, 2021			September 30, 2020		
(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**	**($1)**	**$ 0***	$ 0*	$ -	$ 0*
Foreign exchange contracts	**136**	**(103)**	**33**	44	(29)	15
Other derivative contracts[1]	**3**	**(1)**	**2**	5	(1)	4
Cash collateral nettings	**-**	**12**	**12**	-	4	4
Total Derivatives	**$140**	**($93)**	**$47**	$49	($26)	$23
Other financial instruments[2]						
Repurchase agreements	**-**	**-**	**-**	768	-	768
Securities lending collateral	**6,145**	**-**	**6,145**	3,949	-	3,949
Total derivatives and other financial instruments	**$6,285**	**($93)**	**$6,192**	$4,766	($26)	$4,740

	September 30, 2021			September 30, 2020		
(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	**$ -**	**$ -**	**$ -**	$ 768	$ -	$768
Security lending collateral	**6,145**	**(6,145)**	**-**	3,949	(3,949)	-
Total	**$6,145**	**($6,145)**	**$ -**	$4,717	($3,949)	$768

* 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

(Dollars in millions)	September 30, 2021 Gross Amount of Recognized Liabilities	September 30, 2021 Gross Amounts Offset in Statements of Financial Position	September 30, 2021 Net Amounts of Assets Presented in Statements of Financial Position	September 30, 2020 Gross Amount of Recognized Liabilities	September 30, 2020 Gross Amounts Offset in Statements of Financial Position	September 30, 2020 Net Amounts of Assets Presented in Statements of Financial Position
Derivatives						
Interest-rate contracts	**$ 1**	**($1)**	**$ 0***	$ -	$ -	$ -
Foreign exchange contracts	**117**	**(103)**	**14**	43	(29)	14
Other derivative contracts[1]	**1**	**(1)**	**0***	9	(1)	8
Cash collateral nettings	**-**	**-**	**-**	-	-	-
Total Derivatives	**$119**	**($105)**	**$14**	$52	($30)	$22
Other financial instruments[2]						
Resale agreements	**$ -**	**$ -**	**$ -**	$ -	$ -	$ -
Securities lending collateral	**6,145**	**-**	**6,145**	3,949	-	3,949
Total derivatives and other financial instruments	**$6,264**	**($105)**	**$6,159**	$4,001	($30)	$3,971

(Dollars in millions)	September 30, 2021 Gross Amounts Not Offset in Statements of Financial Position			September 30, 2020 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	**6,145**	**(6,145)**	**-**	3,949	(3,949)	-
Total	**$6,145**	**($6,145)**	**$ -**	$3,949	($3,949)	$ -

* 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, 2021, and September 30, 2020.

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, 2021**	 Sept. 30, 2020
Futures			
Contracts in a receivable position	Investment Income-Fixed	**($24)**	($1,431)
Contracts in a receivable position	Investment Income-Equity	**-**	-
Contracts in a payable position	Investment Income-Fixed	**(1,051)**	1,919
Contracts in a payable position	Investment Income-Equity	**-**	-
Swap agreements			
Interest rate swaps	Investment Income-Fixed	**22**	(19)
Other derivative swaps	Investment Income-Fixed	**(1)**	(10)
Option contracts			
Options purchased (long)	Investment Income-Fixed	**2**	1
Options purchased (long)	Investment Income-Equity	**-**	-
Options written (sold short)	Investment Income-Fixed	**(1)**	(1)
Options written (sold short)	Investment Income-Equity	**-**	0 *
Forward contracts			
Forwards - foreign exchange	Investment Income-Fixed	**42**	(50)
	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 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).

The average value of securities on loan through September 30, 2021, and through September 30, 2020, was $6,952 million and $6,041 million, respectively. The average value of lendable securities was $45,605 million through September 30, 2021, and $41,012 million through September 30, 2020. 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 15 percent through both September 30, 2021 and September 30, 2020.

The average value of U.S. Corporate Bonds and Equity securities on loan through September 30, 2021, was $3,672 million, as compared to $3,218 million through September 30, 2020. The average value of U.S. Corporate Bonds and Equity securities on loan is 53 percent of the $6,952 million average value of securities on loan through September 30, 2021, as compared to 53 percent of the $6,041 million average value of securities on loan through September 30, 2020. The average value of lendable U.S. Corporate Bonds and Equity securities was $26,764 million through September 30, 2021, or 59 percent of PBGC's overall average value of lendable securities; while the average value of lendable U.S. Corporate Bonds and Equity securities was $23,453 million through September 30, 2020, or 57 percent of PBGC's overall average value of lendable securities. The average utilization of U.S. Corporate Bonds and Equity securities was 14 percent through both September 30, 2021 and September 30, 2020.

The average value of U.S. Government securities on loan through September 30, 2021, was $3,218 million, as compared to $2,773 million through September 30, 2020. The average value of U.S. Government securities on loan was 46 percent of the $6,952 million average value of securities on loan through September 30, 2021, as compared to 46 percent of the $6,041 million average value of securities on loan through September 30, 2020. The average value of lendable U.S. Government securities through September 30, 2021, was $14,271 million, or 31 percent of PBGC's overall average value of lendable securities; whereas the average value of lendable U.S. Government securities through September 30, 2020, was $13,348 million, or 33 percent of PBGC's overall average value of lendable securities. The average utilization of U.S. Government securities was 23 percent through September 30, 2021 and 21 percent through September 30, 2020. Utilization of U.S. Government securities increased year over year because of a higher level of demand for U.S. Government Securities from borrowers. 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, 2021	Sept. 30, 2021 Average Utilization Rates	Sept. 30, 2020 Average Utilization Rates
U.S. Corporate Bond & Equity	13%	14%	14%
U.S. Government Securities	21%	23%	21%
Non-U.S. Corporate Bond & Equity	3%	2%	2%
Non-U.S. Fixed Income	0%*	0%*	0%*
Total PBGC Program	14%	15%	15%

*Less than 1%.

The amount of cash collateral received for securities on loan at September 30, 2021, and September 30, 2020, was $6,145 million and $3,949 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. The index fund provider utilizes an affiliated lending agent that lends the securities in the fund and receives collateral in return. The lending agent monitors and manages the collateral levels as well as monitors the credit quality and operations of their lending counterparties. The lending agent performs this service on behalf of the many clients that are invested in the 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, 2021, and September 30, 2020, was $12 million and $21 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, has decreased year over year.

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, 2021, PBGC had no 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, 2021.

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, 2021. Collateral deposits of $191 million, which represent cash paid as collateral on certain derivative contracts, are shown below.

DERIVATIVE CONTRACTS

(Dollars in millions)	**September 30, 2021**	September 30, 2020
Receivables on derivatives:		
Collateral deposits	**$191** [1]	$93 [2]
Futures contracts	**309**	6
Interest rate swaps (open trade receivable)	**25**	0
Other derivative swaps (open trade receivable)	**84**	23
Total	**$609**	$122

[1] For FY 2021, 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 $191 million ($200 million gross collateral deposits receivable less $9 million due to a netting of collateral deposits receivable and payable).

[2] For FY 2020, 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 $93 million ($106 million gross collateral deposits receivable less $13 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, 2021, which PBGC reflects as a liability. Collateral deposits of $347 million, which represent cash received as collateral on certain derivative contracts, are included.

DERIVATIVE CONTRACTS

(Dollars in millions)	**September 30, 2021**	September 30, 2020
Payables on derivatives:		
Collateral deposits	**$347** [1]	$31 [2]
Futures contracts	**101**	18
Interest rate swaps (open trade payable)	**25**	0
Other derivative swaps (open trade payable)	**84**	23
Options fixed/equity – income	**1**	1
Total	**$558**	$73

[1] For FY 2021, 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 $347 million ($356 million gross collateral deposits payable less $9 million due to a netting of collateral deposits receivable and payable).

[2] For FY 2020, 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 $31 million ($44 million gross collateral deposits payable less $13 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).

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, pooled funds fixed income, pooled funds equity, 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, 2021

(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	$ -	$ 2,783	$ 6,094	$ -	$ 8,877
Securities lending collateral[1]	-	-	6,145	-	6,145
Investments:					
Fixed maturity securities					
U.S. Government securities	-	-	66,768	-	
Commercial paper/securities purchased under repurchase agreements	-	-	0*	-	
Asset backed/Mortgage backed securities	-	-	8,746	-	
Pooled funds[2]	-	59	0*	-	
Pooled funds fixed maturity at NAV[2,3]	5,932	-	-	-	
Corporate bonds and other	-	26	24,420	0*	
International securities	-	19	7,923	-	
Total Fixed Maturity Securities	5,932	104	107,857	0*	113,893
Equity securities:					
Domestic	-	158	78	5	
International	-	2,240	0*	0*	
Pooled funds[2]	-	81	-	-	
Pooled funds equity securities NAV[2,3]	13,179	-	-	-	
Total Equity Securities	13,179	2,479	78	5	15,741
Private equity at NAV[3]	320	-	-	-	320
Real estate and real estate investment trusts	-	1,672	-	25	
Real estate and real estate investment trusts at NAV[3]	456	-	-	-	
Total Real Estate	456	1,672	-	25	2,153
Insurance contracts and other Investments	0*	0*	-	200	200
Receivables: [4]					
Derivative contracts[5]	-	309	300	-	609
Liabilities					
Payables: [4]					
Derivative contracts[6]	-	102	456	-	558

* 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 $191 million ($200 million gross collateral deposits receivable less $9 million due to a netting of collateral deposits receivable and payable). Collateral deposits payable are $347 million ($356 million gross collateral deposits payable less $9 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.

As of September 30, 2021, there were no significant transfers between Level 1 and Level 2. The end of the reporting period is the date used to recognize transfers between levels.

CHANGES IN LEVEL 3 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS FOR THE YEAR ENDED SEPTEMBER 30, 2021

(Dollars in millions)	Fair Value at September 30, 2020	Total Realized and Unrealized Gains (Losses) included in Income	Purchases	Sales	Transfers Into Level 3	Transfers Out of Level 3[1]	Fair Value at September 30, 2021	Change in Unrealized Gains (Losses) Related to Financial Instruments held at September 30, 2021[2]
Assets:								
Fixed	$ 0*	0*	0*	0*	-	-	$ 0*	$ 0*
Pooled funds (fixed)	$ -	-	-	-	-	-	$ -	$ -
Domestic/Int'l equity[3]	$ 4	1	1	(1)	-	-	$ 5	$ 1
Private equity	$ -	-	-	-	-	-	$ -	$ -
Real estate & real estate investment trusts	$ 8	(3)	76	(56)	0*	-	$ 25	$ 0*
Other	$ 7	91	170	(68)	-	-	$200	$91

* Less than $500,000

1 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.

2 Amounts included in this column solely represent unrealized gains and losses and cannot be derived from other columns from this table.

3 Assets which are not actively traded in the marketplace.

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, 2021

	Net Asset Value (in millions)	Unfunded Commitments [1,2]	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real estate (a)	$ 456	$ 32	n/a	n/a
Private equity (b)	320	77	n/a	n/a
Pooled funds (c)	19,111	-	n/a	n/a
Total	$19,887	$109		

[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, 2021 *(Dollars in millions)*	**Sensitivity Factors Curve of One-Year Spot Rates (Interest Factors) - Varies Annually from -0.56% in year 1 for 30 years, 1.30% thereafter**	**Official Factors**[2] **Curve of One-Year Spot Rates (Interest Factors) - Varies Annually from 0.44% in year 1 for 30 years, 2.30% thereafter**	**Sensitivity Factors Curve of One-Year Spot Rates (Interest Factors) - Varies Annually from 1.44% in year 1 for 30 years, 3.30% thereafter**
Single-Employer Program[3]	$120,490	**$108,795**	$99,053
Multiemployer Program[4]	3,365	**3,017**	2,728
Total	$123,855	**$111,812**	$101,781

[1] Level 3 Fair Value Measurements.
[2] Actual Spot Curve factors and PVFB amounts calculated for September 30, 2021, fiscal year-end financial statements.
[3] Gross PVFB liability for trusteed plans prior to the netting of recoveries.
[4]Liabilities for the Multiemployer Program includes a remaining $8.9 million assistance payment for Local 235 merger.

NOTE 6: PRESENT VALUE OF FUTURE BENEFITS

The 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 PVFB. 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 actuarial present value of future benefit payments (as well as projected multiemployer nonrecoverable future financial assistance as discussed in Note 7). PBGC collects group annuity prices through a survey managed by 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 best matches the private sector annuity prices from the ACLI surveys. PBGC's process derives the curve of interest factors that best align with the range of average annuity prices from the ACLI surveys.

These interest factors were determined to be those that, given the mortality assumption used, best match the group annuity prices provided by the ACLI surveys. The yield curve of interest rates is adjusted to best fit the average survey annuity prices which include unobserved factors such as: differing mortality improvement expectations; regulatory costs; varying profit and book-of-business expectations; etc. Many factors including Federal Reserve policy, changing expectations about longevity risk, and competitive market conditions may affect these rates.

The rates determined as the best fit for the price information from the two most recent ACLI surveys, as of June 30, 2021 and March 31, 2021, have been adjusted to the date of the financial statements using market interest rates. 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 at September 30, 2021 using these rates.

Group annuity pricing rates from the surveys were adjusted to the PVFB measurement date 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.

Effective March 31, 2021, PBGC made a change to the mortality assumption used solely to derive the curve of interest rates and introduced changes intended to better reflect the impact of competitive bidding on the actual cost of group annuity transactions. The mortality assumption used was the latest Society of Actuaries (SOA) mortality table (Pri-2012 blended table based on the Employee and Non-Disabled Annuitant mortality tables) and improvement scales (MP-2020). The latest SOA table is PBGC's best estimate of the mortality assumption being used by insurance companies to determine group annuity premiums. Previously, PBGC used the same mortality assumption used to measure the PVFB (RP-2014 with gender adjustments) to match the average of the premium information from the surveys.

In addition, PBGC introduced changes intended to determine a yield curve of spot rates that better represent actual group annuity transaction costs:

- Competitive Bid – Group annuity transactions typically start with an "informational round" of bidding using "off-the-shelf" or "sheet rate" premiums. PBGC's view is that the rates received from the insurer surveys are based on these "off-the-shelf" rates. However, actual group annuity transactions are typically won by the lowest bidder in a final round of bidding. To reflect this competitive bidding, PBGC now averages the lowest half (lowest cost) of the survey premium rates received. Prior to December 31, 2020, PBGC averaged all the survey premium rates received.

- Related Changes – in conjunction with the competitive bid change, PBGC has also made some procedural changes effective December 31, 2020:

  - *Average Insurer Costs* – PBGC introduced the concept of determining a weighted average premium for each insurer using age/gender weightings for a typical pension plan population. These average premiums are used when determining outliers as described below.

  - *Optimal Fit of Yield Curve* – The age/gender weightings for a typical pension plan, as discussed above, are also used to minimize the differences between the calculated hypothetical premium rates and the actual average insurer premiums based on the surveys received.

  - *Outlier Determinations* – Previously, insurer survey responses were reviewed, and high/low outlier insurer premium rates were identified using three separate tests where all three tests needed to fail for an insurer to be considered an outlier. At most, only one high and one low outlier would be identified each quarter. Now, the outlier test has been revised to use two simplified tests and more than two outliers can be identified each quarter.

  - *Average Insurer Premiums* – Each insurer is assigned size units between 1 and 10 based on responses to survey questions related to the insurer's volume of business and book of business. The size units are used to weight the premium rate information from each insurer and the lowest-cost half of the size units are used to determine the weighted average premiums. This weighting is done to ensure that a significant portion of the business done in the group annuity market is represented in the average premiums used to determine the yield curve.

Effective September 30, 2021, PBGC made an additional change by making a small adjustment to the curve of interest rates to represent the portion of administrative expenses that is believed to be implicitly embedded in the premium rates provided in the group annuity surveys. As of September 30, 2021, this small adjustment was an increase in interest rates of 0.031%.

The impact of all the changes noted above on the PVFB measurement is summarized in the following table.

Change	**Change in PVFB as of 09/30/2021** *(Dollars in millions)*	**Percentage Change in PVFB**
Updated mortality table	$2,595	2.13%
Competitive bid and related changes	($5,263)	(4.33%)
Implicit administrative expense adjustment	($336)	(0.28%)
Total impact	($3,004)	(2.47%)

Illustrated in the table below is a comparison of the September 30, 2021 and September 30, 2020 yield curves shown in spot rate format. Future payments are discounted by the single spot rate applicable for the future year in which the payment is made. For September 30, 2021, the spot rate yield curve starts with an interest factor of 0.44% in year 1 and changes as the future period for discounting gets longer until year 31 when the factor becomes 2.30% and is assumed to remain level thereafter. For September 30, 2020, the spot rate yield curve started with an interest factor of 0.62% in year 1 and the interest factor for year 31 and beyond was 1.49%.

CURVE OF SPOT RATES FOR SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020

Period (in Years)	09/30/2021	09/30/2020	Change		Period (in Years)	09/30/2021	09/30/2020	Change
1	0.44%	0.62%	-0.18%		16	2.42%	1.64%	0.78%
2	0.71%	0.71%	0.00%		17	2.44%	1.64%	0.80%
3	1.07%	0.90%	0.17%		18	2.46%	1.64%	0.82%
4	1.39%	1.09%	0.30%		19	2.47%	1.64%	0.83%
5	1.65%	1.25%	0.40%		20	2.49%	1.64%	0.85%
6	1.86%	1.38%	0.48%		21	2.49%	1.63%	0.86%
7	2.01%	1.47%	0.54%		22	2.50%	1.62%	0.88%
8	2.12%	1.54%	0.58%		23	2.49%	1.61%	0.88%
8	2.20%	1.58%	0.62%		24	2.48%	1.60%	0.88%
10	2.25%	1.60%	0.65%		25	2.46%	1.58%	0.88%
11	2.30%	1.62%	0.68%		26	2.44%	1.56%	0.88%
12	2.33%	1.63%	0.70%		27	2.41%	1.54%	0.87%
13	2.35%	1.63%	0.72%		28	2.38%	1.52%	0.86%
14	2.38%	1.64%	0.74%		29	2.34%	1.50%	0.84%
15	2.40%	1.64%	0.76%		30	2.30%	1.49%	0.81%
					Longer Periods	2.30%	1.49%	0.81%

PBGC uses a fully generational mortality projection scale to measure the PVFB. The mortality tables PBGC used for September 30, 2021 consisted of the Retirement Plan 2014 (RP-2014) Healthy Male mortality table times 1.09 and the RP-2014 Healthy Female mortality table times 0.99 each with adjustments before age 50 and projected generationally with the Male and Female MP-2020 Projection Scales, respectively. For September 30, 2020, PBGC used the same mortality tables projected generationally with the Male and Female MP-2019 Projection Scales, respectively.

The expense reserve factor for administrative expenses is 0.68 percent plus additional reserves for cases in which plan asset determinations, 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 case size, number of participants, and time since trusteeship. For September 30, 2020 year-end, PBGC used the same expense reserve factors for administrative expenses.

The PVFB for trusteed plans for FY 2021 and FY 2020 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, 2021, and for the fiscal year ended September 30, 2020.

RECONCILIATION OF THE PRESENT VALUE OF FUTURE BENEFITS FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	September 30,			
(Dollars in millions)	**2021**		2020	
Present value of future benefits, at beginning of year -- Single-Employer, net		**$120,430**		$113,100
Estimated recoveries, prior year		**135**		146
Assets of terminated plans pending trusteeship, net, prior year		**1,237**		378
Present value of future benefits at beginning of year, gross		**121,802**		113,624
Settlements and judgments, prior year		**(17)**		(17)
Net claims for probable terminations, prior year		**(202)**		(173)
Actuarial adjustments -- underwriting:				
Changes in method and assumptions	**(3,859)**		838	
Effect of experience	**(80)**		(790)	
Total actuarial adjustments -- underwriting	**(3,939)**		48	
Actuarial charges -- financial:				
Expected interest	**762**		2,620	
Change in interest factors	**(5,282)**		6,207	
Total actuarial charges -- financial	**(4,520)**		8,827	
Total actuarial charges, current year		**(8,459)**		8,875
Terminations:				
Current year	**5,761**		5,508	
Changes in prior year	**6**		(108)	
Total terminations		**5,767**		5,400
Benefit payments, current year[1]		**(6,440)**		(6,126)
Estimated recoveries, current year		**(150)**		(135)
Assets of terminated plans pending trusteeship, net, current year		**(3,643)**		(1,237)
Settlements and judgments, current year [2]		**17**		17
Net claims for probable terminations:				
Future benefits[3]	**347**		429	
Estimated plan assets and recoveries from sponsors	**(93)**		(227)	
Total net claims, current year		**254**		202
Present value of future benefits, at end of year -- Single-Employer, net		**108,929**		120,430
Present value of future benefits, at end of year -- Multiemployer		**0***		0*
Total present value of future benefits, at end of year, net		**$108,929**		$120,430

* Less than $500,000 (actual amount is $44,766 and $62,865 for the 10 Pre-MPPAA (Multiemployer Pension Plan Amendments Act) trusteed multiemployer plans at September 30, 2021, and September 30, 2020, respectively).

1 The benefit payments of $6,440 million at September 30, 2021, and $6,126 million at September 30, 2020, include $139 million in FY 2021 and $56 million in FY 2020, respectively, for benefits paid from plan assets prior to trusteeship.

2 PBGC determined it is highly unlikely that 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 amount was $17 million at both September 30, 2021 and September 30, 2020.

3 The future benefits for probable terminations of $347 million and $429 million at September 30, 2021, and September 30, 2020, include $135 million and $103 million, respectively, for probable terminations for specifically identified, and $119 million and $99 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

(Dollars in millions)	September 30, 2021 Basis	September 30, 2021 Market Value	September 30, 2020 Basis	September 30, 2020 Market Value
U.S. Government securities	**$ -**	**$ -**	$ -	$ -
Corporate and other bonds	**2,201**	**2,201**	574	574
Equity securities	**1,566**	**1,566**	664	664
Private equity	**-**	**-**	-	-
Insurance contracts	**3**	**3**	-	-
Other	**(127)**	**(127)**	(1)	(1)
Total, net	**$3,643**	**$3,643**	$1,237	$1,237

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, 2021, Net Claims for Probable Terminations is $254 million, of which $135 million is from a specific identification process and $119 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

(Dollars in millions)	September 30, 2021		September 30, 2020	
Net claims for probable terminations, at beginning of year		**$202**		$173
New claims	**135**		103	
Actual terminations	**(103)**		-	
Deleted probables	**-**		-	
Change in benefit liabilities	**20**		(74)	
Change in plan assets	**-**		-	
Loss (credit) on probables		**52**		29
Net claims for probable terminations, at end of year		**$254**		$202

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

PROBABLES EXPOSURE BY INDUSTRY (PRINCIPAL CATEGORIES)

(Dollars in millions)	**FY 2021**	FY 2020
Retail	**$ -**	$ -

Manufacturing	**135**	103
Forest Product	**-**	-
Total[1]	**$135**	$103

[1] Total excludes a small unidentified bulk reserve of $119 million and $99 million for September 30, 2021 and September 30, 2020, respectively.

For further detail regarding single-employer probables, see Note 2 under Present Value of Future Benefits (PVFB) subpoint (4) on pages 74-75.

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 1987-2020 at September 30, 2021			
Beginning in 1987, number of plans reported as Probable:	Number of Plans	Percent of Plans	Net Claim	Percent of Net Claim
Probables terminated	390	79%	$35,806	75%
Probables not yet terminated or deleted	-	0%	-	0%
Probables deleted	103	21%	12,032	25%
Total	493	100%	$47,838	100%

NOTE 7: MULTIEMPLOYER FINANCIAL ASSISTANCE

PBGC provides financial assistance to multiemployer defined benefit pension plans in the form of loans (generally unsecured). Since these loans are not generally repaid, an allowance is set up to the extent that repayment of these loans is not expected.

NOTES RECEIVABLE MULTIEMPLOYER TRADITIONAL FINANCIAL ASSISTANCE

(Dollars in millions)	**September 30, 2021**	September 30, 2020
Gross balance at beginning of year	**$2,344**	$2,079
Financial assistance payments	**221**	164
Financial assistance - premiums waived	**3**	2
Write-offs related to settlement agreements	**(2)**	0 *
Change in accrued interest on notes receivable	**68**	99
Subtotal	**2,634**	2,344
Allowance for uncollectible amounts	**(2,302)**	(2,344)
Net balance at end of year	**$332** [1]	$ -

* Less than $500,000

[1] This receivable balance of $332 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 23 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.

To determine the probable liability, ongoing plans are divided into segments based on the number of plan participants with different processes by plan size. The reserve for small ongoing plans (fewer than 2,500 participants) with probable losses not individually identified uses an aggregate method to estimate liability and exposure. Rather than reviewing each plan individually to identify probable losses, the reserve for small ongoing plans (fewer than 2,500 participants) uses an aggregate method to estimate liability and exposure based on the use of seven years of plan termination history to project the current probable liability. As of September 30, 2021, the reserve has been adjusted to reflect the Special Financial Assistance (SFA) Program enacted with the American Rescue Plan in March 2021.

For medium-sized plans (2,500 to 35,000 participants), risk-based rules are applied using a cash-flow model. 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.

On March 11, 2021, the American Rescue Plan (ARP) Act of 2021 was enacted into law. ARP established the Special Financial Assistance (SFA) Program for distressed multiemployer plans that meet specific criteria. The SFA Program is to be 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 (MPRA).

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 in a single lump sum with no requirement for repayment. 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 and will be classified as remote.

The financial impact of the SFA Program is to reduce the category of ongoing plans to approximately a zero liability for individually identified high risk plans (the only exception being a small plan bulk reserve) on the Statements of Financial Position. This significantly reduces the liability for the multiemployer program, and as a result, 68 plans were removed from the Multiemployer insolvent and probable inventory.

Since the SFA funding to eligible plans will likely enable the plans to pay benefits for the next 30 years, the vast majority of the traditional financial assistance liability recognized in previous years, for ongoing probable plans, has been reversed (i.e., unbooked). The previous amount disclosed for reasonably possible plans has also been significantly decreased. These 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.

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. 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.

PBGC approved the merger of the Laborers International Union of North America 1000 Pension Fund (Local 1000 Plan) with the Laborers Local 235 Pension Fund (Local 235 Plan, collectively the Plans), PBGC's first facilitated merger under MPRA. Beginning FY 2020, PBGC is to provide three annual installments of $9 million to the merged plan. The Local 1000 Plan, which was in critical and declining status, had been projected to become insolvent in 2026. The merger enabled Local 1000 Plan participants to postpone or avoid certain benefit reductions, while not harming the Local 235 Plan. The financial assistance is expected to reduce PBGC's long-term loss with respect to these plans.

As of September 30, 2021, the Corporation expects that 134 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 134 plans is $3,017 million (inclusive of the reserve for small ongoing plan losses not individually identified, and $9 million that resulted from the first facilitated merger of two multiemployer plans under MPRA. This newly merged plan is not included in the insolvent plan count noted in the table below). The 134 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 comprise 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 based on an aggregate method to determine a small plan bulk reserve.

MULTIEMPLOYER TRADITIONAL FINANCIAL ASSISTANCE

	September 30, 2021		September 30, 2020	
(Dollars in millions)	**Number of Plans**	**Net Liability**	Number of Plans	Net Liability
Plans currently receiving financial assistance	**77** [1]	**$1,545** [2]	91	$2,994
Plans that have terminated but have not yet started receiving financial assistance (classified as probable)	**57** [3]	**1,301**	61	2,072
Ongoing plans (not terminated) that the Corporation expects will require financial assistance in the future (classified as probable)	**0** [4]	**171** [5]	40	61,799 [5]
Total	**134**	**$3,017**	192	$66,865

[1] A total of 31 plans were removed from inventory that were considered eligible for receiving Special Financial Assistance (SFA), that included eight newly added plans that were subsequently removed from inventory that were considered eligible to receive SFA, five plans were transferred from "Ongoing plans (not terminated)" (which were subsequently removed from inventory that were considered eligible to receive SFA) and four plans were transferred from "Plans that have terminated but have not yet started receiving financial assistance (classified as probable).

[2] Net liability for "Plans currently receiving financial assistance" includes $9 million that resulted from the facilitated merger of two multiemployer plans under MPRA. However, this newly merged plan is not included in the insolvent plan count noted in the table above.

[3] A total of four plans were removed from inventory that consists of two plans that were considered eligible to receive SFA (of which one was a new plan and was subsequently removed from inventory that was considered to receive SFA), one plan transferred from "Ongoing plans (not terminated)" (which was subsequently removed from inventory that was considered eligible to receive SFA), and one plan was removed due to a plan merger. Four plans were transferred to "Plans currently receiving financial assistance" and two new plans were added to inventory.

[4] A total of 34 plans were removed from inventory, of which 30 plans were considered eligible for receiving SFA, three plans were reclassed to remote, and one plan was reclassed to reasonably possible. Five plans were transferred to "Plans currently receiving financial assistance" and one plan was transferred to "Plans that have terminated but have not yet started receiving financial assistance (classified as probable)".

[5] "Ongoing plans" include a small unidentified probable bulk reserve of $171 million and $1,232 million for September 30, 2021, and September 30, 2020, respectively.

Of the 134 plans:

a) 77 have exhausted plan assets and are currently receiving financial assistance payments from PBGC. The present value of future financial assistance payments for these insolvent 77 plans is $1,545 million (see sub note 2 above).

b) 57 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 57 terminated plans is $1,301 million.

c) There are no plans ongoing that the Corporation expects will require financial assistance in the future (classified as probable); ongoing plans include a small unidentified probable bulk reserve of $171 million.

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

(Dollars in millions)	**September 30, 2021**	September 30, 2020
Balance at beginning of year	**$66,865**	$67,995
Changes in allowance:		
Losses (credits) from insolvent and probable plans - financial assistance[1]	**(63,736)**	(1,137)
Actuarial adjustments	**(143)**	(34)
Actuarial charges (credits) - Insolvent plans:		
Due to expected interest	**11**	68
Due to change in interest factors	**(46)**	146
Financial assistance granted (previously accrued)	**(220)**	(164)
Reversal of allowance for plans that became eligible for SFA[2]	**295**	-
Financial assistance granted through MPRA merger[3]	**(9)**	(9)
Balance at end of period	**$3,017**	$66,865

[1]This amount of $63,736 million consists of a $63,847 million credit from the net decrease in multiemployer insolvent and probable insolvent liability for the current fiscal year, and a $295 million credit from an expected recovery of Financial Assistance paid in current and prior fiscal years. This was offset by a current year charge of $229 million in financial assistance payments and net charges of $177 million to Actuarial adjustments.
[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 insolvent plans that became eligible for Special Financial Assistance (SFA).
[3]PBGC approved its first facilitated merger of two multiemployer plans under MPRA that resulted in an additional $9 million in financial assistance in FY 2021.

In the table above, 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 the ARP, PBGC will provide special financial assistance (SFA) in the form of a lump sum payment, which is intended to allow a plan to continue paying full benefits through 2051. 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 of repayment. 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. The SFA liability will be presented as a separate line item on the Statements of Financial Position. The applicable portion of the existing multiemployer liability related to the PVNFFA has been reversed at fiscal year-end 2021 for the plans expected to be eligible for SFA.

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

(Dollars in millions)	**September 30, 2021**	September 30, 2020
Annual leave	**$14**	$13
Other payables and accrued expenses	**78**	77
Accounts payable and accrued expenses	**$92**	$90

NOTE 9: REASONABLY POSSIBLE CONTINGENCIES

SINGLE-EMPLOYER PLANS

Single-employer plans sponsored by companies whose credit quality is below investment grade pose a greater risk of being terminated than plans sponsored by companies with investment grade ratings. The estimated unfunded vested benefits exposure amounts disclosed represent PBGC's estimates of the reasonably possible exposure to loss given the inherent uncertainties about these plans.

In accordance with the FASB Accounting Standards Codification Section 450, *Contingencies*, PBGC classified a number of these companies that sponsor plans with total unfunded vested benefits of $50 million or more 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, 2021. PBGC's 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 BB+ or below, or a Moody's senior unsecured credit rating, issuer credit rating, or corporate family rating of Ba1 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.

e. The sponsor(s) or parent company has no bond rating, but has a Dun & Bradstreet Failure Score (formerly Financial Stress Score) of below 1477.

f. The sponsor(s) or parent company has no bond rating, but analysis indicates that its unsecured debt would be below investment grade.

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

A reserve for the small unidentified reasonably possible exposure (companies that sponsor plans with less than $50 million in unfunded vested benefits) is calculated using an aggregate method to estimate exposure, rather than reviewing each company individually.

The estimate of the reasonably possible exposure to loss for the single-employer plans of these companies was determined using a measurement date of December 31, 2020. The reasonably possible exposure to loss was $105,381 million for FY 2021. This is a decrease of $70,809 million from the reasonably possible exposure of $176,190 million in FY 2020. This decrease is primarily due to very positive investment results on plan assets during calendar 2020 and the decline in the number of companies with lower than investment grade bond ratings and/or credit scores that therefore are classified as reasonably possible.

The estimate of unfunded vested benefit exposure to loss is not generally based on PBGC-guaranteed benefit levels, since data is not available to determine an estimate at this level of precision. PBGC calculated this estimate, as in previous years, by using the most recent data available from filings and submissions to the Corporation for plan years ended on or after December 31, 2019.

The present value of vested benefits, and resulting estimate of unfunded vested benefit exposure to loss, are based on a measurement date of December 31, 2020. For the December 31, 2020 measurement, PBGC changed the mortality assumption and the methodology for determining the yield curve of spot rates utilized to discount the reasonably possible exposure as compared to prior years. See Note 6 for additional details.

The table below shows a comparison of the December 31, 2020 and December 31, 2019 spot rate yield curves. Future payments are discounted by the single rate applicable for the period (year) in which the payment is expected to be made. For the December 31, 2020 measurement of reasonably possible exposure, the spot rate yield curve starts with an interest factor of 0.91% in year 1 and changes as the future period for discounting increases until year 31 when the factor becomes 2.08% and is assumed to remain level thereafter. For the December 31, 2019 measurement of reasonably possible exposure, the spot rate yield curve started with an interest factor of 2.18% in year 1 and the interest factor for year 31 and beyond was 2.26%.

CURVE OF SPOT RATES FOR DECEMBER 31, 2020 AND DECEMBER 31, 2019 MEASUREMENT OF SINGLE-EMPLOYER REASONABLY POSSIBLE EXPOSURE

Period (in Years)	12/31/2020	12/31/2019	Change		Period (in Years)	12/31/2020	12/31/2019	Change
1	0.91%	2.18%	-1.27%		16	2.14%	2.42%	-0.28%
2	0.93%	2.12%	-1.19%		17	2.14%	2.43%	-0.29%
3	1.10%	2.15%	-1.05%		18	2.15%	2.43%	-0.28%
4	1.30%	2.20%	-0.90%		19	2.15%	2.45%	-0.30%
5	1.48%	2.24%	-0.76%		20	2.15%	2.47%	-0.32%
6	1.64%	2.30%	-0.66%		21	2.15%	2.46%	-0.31%
7	1.77%	2.34%	-0.57%		22	2.14%	2.44%	-0.30%
8	1.87%	2.37%	-0.50%		23	2.14%	2.41%	-0.27%
9	1.94%	2.39%	-0.45%		24	2.13%	2.38%	-0.25%
10	2.00%	2.40%	-0.40%		25	2.12%	2.35%	-0.23%
11	2.04%	2.41%	-0.37%		26	2.11%	2.32%	-0.21%
12	2.07%	2.41%	-0.34%		27	2.10%	2.29%	-0.19%
13	2.10%	2.41%	-0.31%		28	2.09%	2.27%	-0.18%
14	2.11%	2.42%	-0.31%		29	2.08%	2.26%	-0.18%
15	2.13%	2.42%	-0.29%		30	2.08%	2.26%	-0.18%
					Longer Periods	2.08%	2.26%	-0.18%

For the December 31, 2020 measurement of reasonably possible exposure, PBGC used the Pri-2012 mortality table blended based on the Employee and Non-Disabled Annuitant mortality rates in accordance with 26 CFR § IRC 1.430(h)(3)-1(b)(2)) and projected generationally with improvement scale MP-2020. This is consistent with the mortality table PBGC used to develop the yield curve of spot rates utilized to discount the reasonably possible exposure. In FY 2020, PBGC estimated the reasonably possible exposure as of December 31, 2019 using the RP-2014 Healthy Male and Healthy Female mortality tables projected generationally using the MP-2019 male and female projection scales, respectively which was consistent with the mortality table PBGC used to develop the yield curve of spot rates utilized to discount the reasonably possible exposure as of December 31, 2019.

The expense load defined in 29 CFR Part 4044, Appendix C was estimated and applied to the present value of vested benefits.

The interest factors used for the reasonably possible exposure are derived at a different point in time than the interest factors used for PBGC's Present Value of Future Benefits for trusteed plans recorded on the balance sheet and detailed in Note 6. Due to the amount of time required to develop the reasonably possible exposure, it is determined using a measurement date as of the prior December 31, rather than as of the fiscal year-end.

The underfunding associated with these plans could be substantially different at September 30, 2021, because of changes in economic conditions between December 31, 2020, and September 30, 2021. PBGC did not adjust the estimate for events that occurred between December 31, 2020, and September 30, 2021.

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

REASONABLY POSSIBLE EXPOSURE TO LOSS BY INDUSTRY (PRINCIPAL CATEGORIES)

(Dollars in millions)	**FY 2021**	FY 2020
Manufacturing	**$26,300**	$61,568
Transportation, Communication and Utilities	**37,248**	43,345
Services	**24,976**	36,949
Wholesale and Retail Trade	**4,222**	10,975
Health Care	**6,337**	10,120
Finance, Insurance, and Real Estate	**1,792**	6,435
Agriculture, Mining, and Construction	**4,506**	6,798
Total	**$105,381**	$176,190

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.

In addition, PBGC estimated as of September 30, 2021, that it is reasonably possible that other multiemployer plans may require future financial assistance in the amount of $329 million, a $8,983 million decrease from the $9,312 million in FY 2020. The primary reason for the decrease in exposure was due to the net effect of removing thirteen plans that are no longer classified as reasonably possible ($6,552 million decrease) while only two new plans are classified as reasonably possible ($147 million increase). Another driver of the decrease was the decline in the reasonably possible small plan bulk reserve due to adjustments made to account for the new SFA Program. Additionally, adjustments made to valuation assumptions had a net effect that reduced the reasonably possible exposure ($148 million decrease). Reasonably possible multiemployer classification is defined as an ongoing plan with a projected insolvency date between 10 and 20 years from the valuation date.

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, 2021, or the projected (or actual, if known) date of plan insolvency, discounted back to September 30, 2021. 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 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.

To determine the probable liability and reasonably possible exposure, ongoing plans are divided into segments based on the number of plan participants with different processes by plan size (see Note 7). The reserve for small unidentified probable losses (fewer than 2,500 participants) uses an aggregate method to estimate liability and exposure, rather than reviewing each plan individually, based on the use of seven years of plan termination history to project the current probable liability. As of September 30, 2021, the reserve has been adjusted to reflect the Special Financial Assistance Program enacted with the American Rescue Plan in March, 2021.

The reasonably possible exposure for small plans is derived by subtracting the probable liability for small plans from the total exposure for high-risk small plans. For medium-sized plans (2,500 to 35,000 participants), risk-based rules are applied using a cash-flow model. 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: COMMITMENTS

PBGC's lease commitments for its office and field benefit administrators' facilities total $338.8 million in future years. These leases provide for periodic rate increases based on increases in operating costs and real estate taxes over the base amount. In FY 2022, PBGC will relocate to its new headquarters under a new 15 year leasing agreement (includes rent-free period for the first nine months). The minimum future lease payments for PBGC facilities having non-cancellable terms in excess of one year as of September 30, 2021, are:

COMMITMENTS: FUTURE LEASE PAYMENTS

(Dollars in millions)	
Years Ending September 30,	Operating Leases
2022	$ 15.6
2023	21.5
2024	22.6
2025	22.6
2026	22.6
Thereafter	233.9
Minimum lease payments	$ 338.8

In addition to the committed minimum operating lease payments of $338.8 million as noted in the table above, PBGC has estimated future uncommitted operating leases of $3.3 million.

Lease expenses were $15.7 million in FY 2021 and $15.9 million in FY 2020.

NOTE 11: PREMIUMS

For both the Single-Employer and Multiemployer Programs, ERISA provides that PBGC continues to guarantee basic benefits despite the failure of a plan administrator to pay premiums when due. PBGC assesses interest and penalties on the late or unpaid portion of premiums. Interest continues to accrue until the premium and the interest due are paid. See Note 2, Premiums for PBGC's premium revenue accounting policy. For plan years beginning in 2021, the per-participant flat rate premium was $86 for single-employer pension plans and $31 for multiemployer plans. For plan years 2020 and 2019, the per-participant flat rate premiums for single-employer pension plans were $83 and $80, respectively, and for multiemployer plans, $30 and $29, respectively.

Single-employer plans also owe a variable rate premium (VRP) tied to the amount of underfunding, if any. For plan years beginning in 2021, the VRP rate was $46 per $1,000 of unfunded vested benefits (UVB) subject to an overall cap of $582 per participant. For plan years 2020 and 2019, the VRP rates were $45 and $43, 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 $4,842 million in net premium income for FY 2021 consisted of $2,628 million in variable rate premiums, $2,164 million in flat rate premiums, $26 million in termination premiums, a credit of $22 million to bad debt expense, and $2 million in interest and penalty income. 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 2021 was $4,842 million, a year over year decrease of $1,143 million due primarily to 1) improved conditions of plans' underfunding (i.e., lower Unfunded Vested Benefits); 2) amended filings pursuant to PBGC Technical Update 20-2 resulting in lower variable rate premiums; 3) premium adjustments and rate changes for several Cooperative and Small-Employer Charity (CSEC) plans (see below for more information); offset by 4) increased premium rates for both flat and variable rate premiums. The SECURE Act of 2019 (enacted December 20, 2019) significantly lowered premium rates for several Cooperative and Small-Employer Charity (CSEC) plans (i.e., pre-Pension Protection Act of 2006 premium rates). Since the Premium and Practitioner System (PPS) was not updated to reflect these lower premium rates for 2019 and 2020 plan years, fiscal year-to-date revenue data for CSEC plans was reviewed and adjusted based on the lower premium rates and plan information provided in CSEC plan premium filings. The adjustments resulted in lower variable rate premiums of $11 million in premium adjustments for several (CSEC) plans in the first, second, third and fourth quarters of FY 2021, pursuant to the SECURE Act of 2019 (enacted December 20, 2019).

Net premium income for FY 2020 was $5,985 million and consisted of $3,770 million in variable rate premiums, $2,198 million in flat rate premiums, $12 million in termination premiums, a credit of $3 million to bad debt expense, and $2 million in interest and penalty income. 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 2019 through 2021:

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
2021	$86	$46	$582	$31
2020	$83	$45	$561	$30
2019	$80	$43	$541	$29

Premium income is accrued for months in which a plan year overlaps the fiscal year. Because of this rule, premiums for 2019, 2020, and 2021 plan years are accrued in FY 2021, and premium rates change each calendar year, so three sets of premium rates were used to calculate FY 2021 premium revenue.

For example, consider a plan with a September 1, 2020 to August 31, 2021 plan year. Only the first month of that plan year occurs during FY 2020, so 1/12 of the plan's premium was accrued in FY 2020 and 11/12 accrued in FY 2021. Similarly, for a plan with a December 1, 2019 to November 30, 2020 plan year, the last two months of that plan year occur during FY 2021, so 2/12 of the plan's premium income was accrued in FY 2021 and 10/12 was accrued in FY 2020.

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

Net Premiums Receivable

(Dollars in millions)	Single-Employer Sept. 30, 2021	Single-Employer Sept. 30, 2020	Multiemployer Sept. 30, 2021	Multiemployer Sept. 30, 2020	Memorandum Total Sept. 30, 2021	Memorandum Total Sept. 30, 2020
Premiums Not Yet Due:						
Estimated Flat-Rate Premiums	**$1,048**	$1,090	**$170**	$186	**$1,218**	$1,276
Estimated Variable-Rate Premiums	**1,608**	2,102	**-**	-	**1,608**	2,102
Total Net Premiums Not Yet Due	**2,656**	3,192	**170**	186	**2,826**	3,378
Premiums Past Due:						
Flat-Rate Premiums	**140**	157	**27**	6	**167**	163
Allowance for Bad Debt-Flat-Rate	**(1)**	(1)	**0 ***	0 *	**(1)**	(1)
Variable-Rate Premiums	**131**	248	**-**	-	**131**	248
Allowance for Bad Debt-Variable-Rate	**(1)**	(3)	**-**	-	**(1)**	(3)
Total Net Premiums Past Due	**269**	401	**27**	6	**296**	407
Termination Premiums:[1]						
Termination Premiums	**329**	304	**-**	-	**329**	304
Allowance for Bad Debt-Termination	**(267)**	(292)	**-**	-	**(267)**	(292)
	62	12	**-**	-	**62**	12
Interest and Penalty:						
Interest and Penalty Due	**2**	1	**1**	1	**3**	2
Allowance for Bad Debt-Int/Penalty	**(1)**	0 *	**0 ***	(1)	**(1)**	(1)
Total Net Interest and Penalty Due	**1**	1	**1**	0 *	**2**	1
Grand Total Net Premiums Receivable	**$2,988**	$3,606	**$198**	$192	**$3,186**	$3,798

* 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, 2021**	September 30, 2020
Flat-Rate Premium:		
Single-Employer	**$1,829**	$1,874
Multiemployer	**335**	324
Total Flat-Rate Premium	**2,164**	2,198
Variable-Rate Premiums	**2,628**	3,770
Interest and Penalty Income	**2**	2
Termination Premium	**26**	12
Less Bad Debts for Premiums, Interest, and Penalties	**22**	3
Total Net Premiums	**$4,842**	$5,985

* Less than $500,000

PREMIUM INCOME BY PROGRAM

(Dollars in millions)	**September 30, 2021**	September 30, 2020
Single-Employer:		
Flat-Rate and Variable-Rate Premiums	**$4,457**	$5,644
Interest and Penalty Income	**2**	1
Termination Premiums	**26**	12
Less Bad Debts for Premiums, Interest, and Penalties	**26**	6
Total Single-Employer	**4,511**	5,663
Multiemployer:		
Flat-Rate Premiums	**335**	324
Interest and Penalty Income	**0 ***	1
Less Bad Debts for Premiums, Interest, and Penalties	**(4)**	(3)
Total Multiemployer	**331**	322
Total Net Premiums	**$4,842**	$5,985

* 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,					
	2021			2020		
(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	**$5,752**	**$41**	**$5,793**	$5,500	($105)	$5,395
Less plan assets	**4,513**	**297**	**4,810**	3,423	85	3,508
Plan asset insufficiency	**1,239[1]**	**(256)**	**983**	2,077	(190)	1,887
Less estimated recoveries	**-**	**13**	**13**	-	(10)	(10)
Subtotal	**1,239[2]**	**(269)**	**970**	2,077[2]	(180)	1,897
Settlements and judgments		**0*[6]**	**0*[6]**		0*[6]	0*[6]
Loss (credit) on probables	**32[3]**	**20[4]**	**52**	103[3]	(74)[4]	29
Total	**$1,271**	**($249)**	**$1,022**	$2,180	($254)	$1,926

* Less than $500,000

[1] Includes Missing Participant activity; if excluded the Present value of future benefits for New Terminations would be $5,555 million, Plan assets $4,316 million and Plan asset insufficiency $1,239 million.
[2] Net claim for plans terminated during the fiscal year (42 plans at September 30, 2021 and 67 plans at September 30, 2020), including plans previously recorded as probables which have since terminated.
[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, 2021 and September 30, 2020, 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, 2021**	**Multiemployer Program Sept. 30, 2021**	**Memorandum Total Sept. 30, 2021**	Single-Employer Program Sept. 30, 2020	Multiemployer Program Sept. 30, 2020	Memorandum Total Sept. 30, 2020
Fixed maturity securities:						
Interest earned	**$2,413**	**$30**	**$2,443**	$2,633	$37	$2,670
Realized gain (loss)	**(863)**	**12**	**(851)**	6,372	32	6,404
Unrealized gain (loss)	**(5,440)**	**(89)**	**(5,529)**	1,502	111	1,613
Total fixed maturity securities	**(3,890)**	**(47)**	**(3,937)**	10,507	180	10,687
Equity securities:						
Dividends earned	**102**	**-**	**102**	54	-	54
Realized gain (loss)	**6,788**	**-**	**6,788**	1,749	-	1,749
Unrealized gain (loss)	**(61)**	**-**	**(61)**	284	-	284
Total equity securities	**6,829**	**-**	**6,829**	2,087	-	2,087
Private equity:						
Distributions earned	**2**	**-**	**2**	2	-	2
Realized gain (loss)	**120**	**-**	**120**	74	-	74
Unrealized gain (loss)	**26**	**-**	**26**	(93)	-	(93)
Total private equity	**148**	**-**	**148**	(17)	-	(17)
Real estate:						
Distributions earned	**53**	**-**	**53**	43	-	43
Realized gain (loss)	**592**	**-**	**592**	218	-	218
Unrealized gain (loss)	**228**	**-**	**228**	(379)	-	(379)
Total real estate	**873**	**-**	**873**	(118)	-	(118)
Other income:						
Distributions earned	**0 ***	**-**	**0 ***	3	-	3
Realized gain (loss)	**7**	**-**	**7**	8	-	8
Unrealized gain (loss)	**91**	**-**	**91**	0 *	-	0
Total other income	**98**	**-**	**98**	11	-	11
Total investment income	**$4,058**	**($47)**	**$4,011**	$12,470	$180	$12,650

*Less than $500,000

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 amounted to $32 million in FY 2021 and $30 million in FY 2020. These financial statements do not reflect CSRS or FERS assets or accumulated plan benefits applicable to PBGC's employees. These amounts are reported by the U.S. Office of Personnel Management (OPM) and are not allocated to the individual employers. 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)

	September 30,	
(Dollars in millions)	**2021**	2020
Proceeds from sales of investments:		
Fixed maturity securities	**$167,434**	$159,258
Equity securities	**19,592**	13,217
Other/uncategorized	**10,487**	8,261
Memorandum total	**$197,513**	$180,736
Payments for purchases of investments:		
Fixed maturity securities	**($173,958)**	($166,585)
Equity securities	**(14,349)**	(9,688)
Other/uncategorized	**(8,419)**	(6,939)
Memorandum total	**($196,726)**	($183,212)

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)	**2021**	2020	**2021**	2020	**2021**	2020
Net income (loss)	**$15,459**	$6,822	**$64,227**	$1,417	**$79,686**	$8,239
Adjustments to reconcile net income to net cash provided by operating activities:						
Net (appreciation) decline in fair value of investments	**(1,177)**	(9,777)	**73**	(112)	**(1,104)**	(9,889)
Net (gain) loss of plans pending termination and trusteeship	**(285)**	19	**-**	-	**(285)**	19
Losses (credits) on completed and probable terminations	**1,022**	1,926	**-**	-	**1,022**	1,926
Actuarial charges (credits)	**(8,460)**	8,875	**-**	-	**(8,460)**	8,875
Benefit payments - trusteed plans	**(6,301)**	(6,069)	**-**	-	**(6,301)**	(6,069)
Settlements and judgments	**0**	0	**-**	-	**0**	0
Cash received from plans upon trusteeship	**65**	(23)	**-**	-	**65**	(23)
Receipts from sponsors/non-sponsors	**35**	131	**-**	-	**35**	131
Receipts for missing participants and other	**200**	82	**-**	-	**200**	82
EL/DUEC Trusteeship interest (non-cash)	**(18)**	(26)	**-**	-	**(18)**	(26)
Cash receipts timing from Trust to Revolving	**-**	-	**-**	-	**-**	-
Amortization of discounts/premiums	**286**	217	**2**	14	**288**	231
Amortization and Depreciation expense	**7**	8	**-**	-	**7**	8
Bad debt expense/Write-offs (net)	**8**	16	**-**	-	**8**	16
Changes in assets and liabilities, net of effects of trusteed and pending plans:						
(Increase) decrease in receivables	**595**	954	**(337)**	(5)	**258**	949
Increase in present value of nonrecoverable future financial assistance	**-**	-	**(63,848)**	(1,130)	**(63,848)**	(1,130)
Increase (decrease) in unearned premiums	**58**	5	**7**	(1)	**65**	4
Increase (decrease) in accounts payable	**23**	1	**(21)**	-	**2**	1
Net cash provided (used) by operating activities	**$1,517**	$3,161	**$103**	$183	**$1,620**	$3,344

NOTE 16: OTHER ASSETS

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

PROPERTY AND EQUIPMENT, NET

FY 2021	September 30, 2021 Single-Employer			September 30, 2021 Multiemployer			September 30, 2021 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	9	(7)	2	0 *	0 *	0 *	9	(7)	2
Internal Use Software - In Development	11	n/a	11	0 *	n/a	0 *	11	n/a	11
Internal Use Software	158	(135)	23	3	(2)	1	161	(137)	24
Total	$178	($142)	$36	$3	($2)	$1	$181	($144)	$37

FY 2020	September 30, 2020 Single-Employer			September 30, 2020 Multiemployer			September 30, 2020 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	9	(7)	2	1	0	1	10	(7)	3
Internal Use Software - In Development	4	n/a	4	0 *	n/a	0 *	4	n/a	4
Internal Use Software	136	(123)	13	8	(8)	0 *	144	(131)	13
Total	$149	($130)	$19	$9	($8)	$1	$158	($138)	$20

* Less than $500,000

Combined depreciation and amortization expense was $8 million for both FY 2021 and FY 2020. 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, 2021		2020	
Combined property and equipment, net at beginning of year		**$20**		$19
Capitalized Acquisitions	**28**		11	
Dispositions	**(5)**		(2)	
Depreciation/Amortization	**(6)**		(8)	
Net change of property and equipment		**17**		1
Combined property and equipment, net at end of year		**$37**		$20

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, 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 2021	Sept. 30 2020
EL Receivables	**$40**	**$23**
DUEC Receivables	**4**	**3**
Total	**$44**	**$26**

Other Receivables

Other receivables of $339 million consists primarily of $295 million of previously paid financial assistance and $37 million of interest that is expected to be repaid from SFA eligible plans.

NOTE 17: LITIGATION

Legal challenges to PBGC's policies and positions continued in FY 2021. At the end of the fiscal year, PBGC had 16 active cases in state and federal courts and 137 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

On March 11, 2021, under the American Rescue Plan Act (ARP), PBGC received a permanent 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. At that time, 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 special financial assistance payment consistent with requirements of ARP and related PBGC regulations.

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

MULTIEMPLOYER CONTRIBUTED TRANSFER APPROPRIATION

(Dollars in millions)	**September 30, 2021**	September 30, 2020
Balance at beginning of year	**$ -**	**$ n/a**
Special financial assistance (SFA) - transfers received	**-**	**n/a**
Special financial assistance approved	**-**	**n/a**
SFA adminisrative expense - transfers received	**12**	**n/a**
SFA administrative expense	**(1)**	**n/a**
SFA unused funds returned to U.S.Treasury	**(8)**	**n/a**
Balance at end of period	**$3**	**n/a**

If there are any unused SFA funds at fiscal year-end, these amounts will be returned to the U.S. Treasury's General Fund.

NOTE 19: SUBSEQUENT EVENTS

PBGC evaluated subsequent events through publication on November 15, 2021, 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, 2021, and before the financial statements were available to be issued, that provided additional evidence about conditions that existed at September 30, 2021, have been recognized in the financial statements.

For the fiscal year ended September 30, 2021, there was a non-recognized subsequent event to report for both the Single-Employer and Multiemployer Programs that provided additional evidence about conditions that did not exist on September 30, 2021, and which arose before the financial statements were available to be issued. If this event had occurred on or prior to September 30, 2021, the net position for the Single-Employer Program would have been decreased by $341 million, and the Multiemployer Program would have been decreased by $16 million. This is described in the paragraph below.

On October 20, 2021, the Society of Actuaries (SOA) released Mortality Improvement Scale MP-2021, the annual update to the SOA's mortality improvement scales. These improvement scales are widely used by actuaries to project improvements in mortality rates into the future. The updated version of the improvement scales reflect historical U.S. population mortality experience through 2019, with no adjustments for the pandemic due to the uncertainty about the long-term effects of COVID-19 on mortality rates. To determine the Present Value of Future Benefits and the Present Value of Nonrecoverable Future Financial Assistance for the Fiscal Year 2021 Financial Statement valuations, PBGC used the most recent mortality improvement scale available by the SOA as of September 30, 2021 (MP-2020). PBGC estimates that using the updated scale MP-2021 would increase the Present Value of Future Benefits for the Single-Employer Program by approximately $341 million or 0.3 percent and would increase the Present Value of Nonrecoverable Future Financial Assistance for the Multiemployer Program by approximately $16 million or 0.6 percent as of September 30, 2021.

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Audit of the Pension Benefit Guaranty Corporation's

Fiscal Year 2021 and 2020 Limited Purpose Financial Statements

Audit Report AUD-2022-03/FA-21-155-2

Section III

Supplemental Information

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

MEMORANDUM **November 4, 2021**

TO: Eveka Rodriguez
Engagement Partner
Ernst & Young LLP

THROUGH: Walter Luiza, Deputy Director
Financial Operations Department
(GTAS CFO Representative)

WALTE R LUIZA Digitally signed by WALTER LUIZA Date: 2021.11.04 16:30:25 -04'00'

FROM: Bruce Johnson, Controller
Controller Operations Division

BRUCE JOHNSON Digitally signed by BRUCE JOHNSON Date: 2021.11.04 15:37:33 -04'00'

SUBJECT: Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS)
Note 1 – Summary of Significant Accounting Policies

PBGC's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) that are based on Financial Accounting Standards Board (FASB) standards and are in compliance with the Treasury Financial Manual (TFM).

In the procedures/requirements in TFM, 4725-Reporting Entity (June 2021), and consistent with SFFAS No. 47, *Reporting Entity*, "consolidation entities (that is the consolidated governmentwide reporting or a consolidated reporting entity) may consolidate component or sub-component reporting entity financial statements prepared in accordance with Statements of Federal Financial Accounting Standards (SFFAS) No. 34 without conversion for any differences in accounting policies among the organizations." Accordingly, PBGC has elected to not convert the financial statements to the FASAB standards for any differences in 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). 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 August 2018, the FASB issued Accounting Standards Update (ASU) 2018-15, "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract" which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The guidance will be effective for fiscal years beginning after December 15, 2020 and for interim periods within annual periods beginning after December 15, 2021. PBGC has evaluated the impact of this guidance and has updated its capitalization policy in accordance with this ASU for adoption in FY 2022.

The American Rescue Plan Act (ARPA), signed into law by the President on March 11, 2021, created a program to provide special financial assistance (SFA) to financially troubled multiemployer plans. This new SFA Program is financed by an appropriation from the General Fund and the funds transferred to PBGC in the SFA appropriation are deemed a contribution from the US Government to PBGC. In June 2018, the FASB issued ASU 2018-08, "*Not-for-Profit Entities"* (Topic 958) which clarifies the guidance for contributions received and made. The amendments in this ASU apply to all entities that receive or make contributions of cash and other assets. Although PBGC is not intending to adopt ASC 958 in its entirety, PBGC will apply specific contribution guidance in ASC 958, *Not-for-Profit Entities* to recognize revenue and expenses related to the SFA Program.

In March 2020 and January 2021, the FASB issued ASUs 2020-04 and ASU 2021-01, respectively, "Reference Rate Reform" (Topic 848). Topic 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. Topic 848 was effective for PBGC beginning on March 12, 2020, and PBGC will apply the amendments prospectively through December 31, 2022. PBGC is currently assessing the impact of these ASUs. Adoption of these amendments are not expected to have a 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 Section 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 Section 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 Accounting Standards Codification Section 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. Section 820 applies to accounting pronouncements that require or permit 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 or 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 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.

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 Accounting Standards Codification 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.

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.

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 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 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.

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: In accordance with the FASB Accounting Standards Codification 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. Under a specific identification process, PBGC evaluates each controlled group having $50 million or more of underfunding and 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.

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).

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). Otherwise, high risk plan sponsors are classified as reasonably possible.

In accordance with the FASB Accounting Standards Codification Section 450, *Contingencies*, PBGC's exposure to losses from plans of companies that are classified as reasonably possible is disclosed in the footnotes. In order for a plan sponsor to be specifically classified as reasonably possible, it must first have $50 million or more of underfunding, as well as meet additional criteria. 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 below investment-grade for Standard & Poor's (BB+) or Moody's (Ba1); or the sponsor has no bond rating but the Dun & Bradstreet Failure Score (formerly Financial Stress Score) is below the threshold considered to be investment grade (see Note 9).

PRESENT VALUE OF NONRECOVERABLE FUTURE FINANCIAL ASSISTANCE

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 present value of nonrecoverable future financial 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 present value of nonrecoverable future financial assistance 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 Standards Codification Section 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, 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, based on the use of seven years of the present value of nonrecoverable future financial assistance for plan termination history to project the current probable liability. The small plan probables are calculated using a seven-year ratio of new plan terminations or insolvencies to the total unfunded liability in a given year. This ratio is applied to the current unfunded liability for small plans to calculate the probable liability.

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 applicable portion of the existing multiemployer liability related to the PVNFFA will be reversed at fiscal year-end for the plans expected to be eligible for Special Financial Assistance (SFA). (Refer to the "Special Financial Assistance" paragraph below for more information).

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. Effective September 30, 2021, the Administrative Expense Reimbursement Ratio is determined to be the most representative formula to allocate actual indirect administrative expenses, as well as to record the actual direct expenses attributable to the Single-Employer and Multiemployer Programs. The Multiemployer Administrative Expense Reimbursement Ratio calculates the ratio of direct administrative expenses for the Multiemployer Program over the total administrative expenses less the direct Single-Employer administrative expenses. This is PBGC's change in estimate based on the updated methodology for allocating administrative expenses. Prior to September 30, 2021, the Single-Employer and Multiemployer Ongoing Plans Expense Ratio was calculated to allocate administrative expenses between the Single-Employer Program and the Multiemployer Program.

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., nonseriatim (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 a new SFA Program and provides that certain multiemployer plans may apply to PBGC to receive SFA. PBGC, in consultation with Treasury, may impose reasonable conditions on eligible plans receiving SFA, such as allocations of plan assets, withdrawal liability, and reductions in employer contribution rates. PBGC, however, is prohibited from imposing conditions related to prospective reductions in plan benefits, plan governance relating to the terms of contracts with trustees or plan vendors, and any funding rules related to plans receiving SFA. 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 in the form of a lump sum payment (which is intended to allow the plan to continue paying full benefits through 2051). Unlike the traditional financial assistance loans PBGC provides to multiemployer plans, SFA will be in the form of a transfer (pass-through) of funds with no obligation to repay. No SFA transfers may be made after September 30, 2030.

PBGC will apply specific contribution guidance in ASC 958, *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, the contribution is recognized as unconditional and classified as Contributed Transfer Appropriation Income.

The SFA program results in a new source of financing outside of PBGC's revolving fund. PBGC will receive appropriated SFA funds to disburse to multiemployer plans that meet certain criteria. 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 (pass-through) 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.

Given the significance of PBGC receiving appropriations from the U.S. Treasury General Fund for the first time, a revision to PBGC's financial statement presentation format was necessary. This includes the addition of new line items for financial statement purposes and renaming the "Statements of Operations and Changes to Net Position" to "Statements of Operations." Listed below by financial statement are the newly added financial line items:

Statements of Financial Position:

- **Restricted cash** – Appropriation (as authorized by ARP) from the U.S. Treasury General Fund for SFA to fund eligible multiemployer plans (these funds cannot be invested).
- **Special financial assistance** – A liability account representing SFA to be provided to approved multiemployer plans.
- **Contributed transfer appropriation** – An equity account representing unused SFA appropriations.
- **Cumulative results of operations** – Represents PBGC's financial position that excludes the unused appropriations from the U.S. Treasury General Fund for SFA.

Statements of Operations:

- **Contributed transfer appropriation income** – Revenue is recognized from the SFA appropriations when all conditions and restrictions placed on the appropriated SFA funds are met.

- **Administrative Special Financial Assistance** – Administrative costs associated with administering ARP special financial assistance expenses (e.g., payroll, contractors).

- **Special Financial Assistance Expense** – SFA approved (pass-through) payments made to multiemployer plans (not subject to repayment).

- **Cumulative results of operations, beginning of year** – Represents PBGC's financial operations activity that excludes the unused appropriations from the U.S. Treasury General Fund for SFA at the beginning of the fiscal year. This replaces "Net position, beginning of year."

- **Cumulative results of operations, end of period** – Represents PBGC's financial operations activity that excludes the unused appropriations from the U.S. Treasury General Fund for SFA at the end of the period. This replaces "Net position, end of year."

Statements of Cash Flows:

- **Special Financial Assistance (restricted cash)** – Appropriation from the U.S. Treasury General Fund for SFA to fund eligible multiemployer plans.

Cc:

Angel Estrada	Patricia Kelly
Nick Novak	Theodore J. Winter, Jr.
John Seger	Anthony Castoro
Anna Oglesby	Stephen Leslie
Morgan Hammer	Carlyle Schrouter

INTRODUCTION OF SUPPLEMENTAL INFORMATION

To prepare the Financial Report of the U.S. Government (FR), Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appears in the financial statements. Treasury uses the trial balance information reported in Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows the PBGC financial statements and the reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items.

Agency Financial Report to Reclassified Balance Sheet Supplemental Crosswalk
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EXHIBIT C
(AMR To Reclassified Balance Sheet (Crosswalk)

GTAS Submission | Agency's Audited Financial Statements

Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
	Assets (Note 2)						
	Intra-governmental						
				Cash and cash equivalents	38,601,496.53		($11,105,300.02) SGL 101000G - FBWT - 016X4204 (Revolving) ($27,496,196.51) SGL 101000G - FBWT - 016 2017/2021 4204 (Revolving) - RELOCATION TAS
				Restricted cash	3,616,087.89		($3,616,087.89) SGL 101000G - FBWT -016 21/30 4204 (Revolving) - ARP SFA TAS
1	Fund Balance with Treasury (Note 3)		$ 42,217,584.42	Total	$ 42,217,584.42		
				Total Must Tie to Adjusted Balance	OK	0.00	
2	Investments (Note 5)	CALC	$ 69,047,582,432.83	Total Investments (Note 5)	$ 69,047,582,432.83		
	This line is calculated. Equals sum of line 2.1 through 2.2.						
				Cash and cash equivalents	$ 2,156,108,128.89		($2,156,108,128.89) SGL 161000F - US Govt One Day Certs 016X4204 (Revolving)
				Investments, at market-Fixed maturity securities	$ 48,166,916,730.18		($48,166,916,730.18) SGL 161000F - Inv in US Treasury Securities Issued by BPD 016X4204 (Revolving)
				Investments, at market-Fixed maturity securities	$ 14,974,836,195.08		($14,974,836,195.08) SGL 161000F - Inv in US Treasury Securities Issued by BPD 016X6110 (Trust)
				Investments, at market-Fixed maturity securities	$ (1,141,971,623.94)		(-$1,141,971,623.94) SGL 161100F - US Government Sec - Unreal Discount 016X4204 (Revolving)
				Investments, at market-Fixed maturity securities	$ (945,175,240.28)		(-$945,175,240.28) SGL 161100F - US Government Sec - Unreal Discount 016X6110 (Trust)
				Investments, at market-Fixed maturity securities	$ 4,440,413,595.62		($4,440,413,595.62) SGL 161200F - US Government Securities - Premium 016X4204 (Revolving)
				Investments, at market-Fixed maturity securities	$ 571,597,743.65		($655,810,133.09) SGL 161200F - US Government Securities - Premium 016X6110 (Trust)
				Investments, at market-Fixed maturity securities	$ (479,671,746.17)		(-$479,671,746.17) SGL 161300F - Amort of Discount/Premium on US Govt Secs 016X4204 (Revolving)
				Investments, at market-Fixed maturity securities	300,881,807.50		($300,881,807.50) SGL 161800F - US Gov Sec - Market Adjustments 016X6110 (Trust)
				Investments, at market-Fixed maturity securities	692,833,575.28		($692,833,575.28) SGL 161800F - US Gov Sec - Market Adjustments 016X4204 (Revolving)
				Investments, at market-Fixed maturity securities	$ -		($0.00) SGL 163100F - US Govt Sec - Zero Coupon Bonds - Unreal Discount 016X4204 (Revolving)
				Investments, at market-Fixed maturity securities	$ -		($0.00) SGL 163000F - US Government Sec - Zero Coupon Bonds 016X4204 (Revolving)
				Investments, at market-Fixed maturity securities	$ -		($0.00) SGL 163300F - Amort of Discount - Zero Coupon Bonds 016X4204 (Revolving)
2.1	Federal investments (Note 5)		$ 68,736,769,165.81	Total	$ 68,736,769,165.81		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Receivables, net: Investment income	255,675,715.71		($255,675,715.71) SGL 134200F - Accrued Investment Income - US Government Securities 016X4204 (Revolving)
				Receivables, net: Investment income	55,137,551.31		($55,137,551.31) SGL 134200F - Accrued Investment Income - US Government Securities 016X6110 (Trust)
2.2	Interest receivable-investments (Note 5)		$ 310,813,267.02	Total	$ 310,813,267.02		
				Total Must Tie to Adjusted Balance	OK	0.00	
3	Accounts receivable, net (Note 6)	CALC	$ -	Total Accounts receivable, net (Note 6)	$ -		
	This line is calculated. Equals sum of line 3.1 through 3.5.						
				N/A			

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(AMR To Reclassified Balance Sheet (Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	**Line Title**	**Line Type**	**Adjusted Balance (Calculated Amount) ***	**Line Description (Please Fill out)****	**Amount (Please enter)**	**Difference (Calculated Amount)**	**Agency Comments**
3.1	Asset for agency's custodial and non-entity liabilities-other than the General Fund of the U.S. Government		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3.2	Accounts receivable, capital transfers		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3.3	Benefit program contributions receivable		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Receivables, net: Other	$ -		($0.00) SGL 131000F - Other - VENDOR OVERPAYMENTS RECEIVABLE 016X4204 (Revolving)
3.4	Accounts Receivable, net		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3.5	Transfers receivable		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
4	Loans Receivable	CALC	$ -	Loans Receivable	$ -		
	This line is calculated. Equals sum of line 4.1 through 4.2.						
				N/A			
4.1	Interest receivable-loans and not otherwise classified		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
4.2	Loans receivable		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
5	Other Assets (Note 12)	CALC	$ 890,717.54	Other Assets (Note 12)	$ 890,717.54		
	This line is calculated. Equals sum of line 5.1 through 5.3.						
				Receivables, net: Other	890,717.54		($890,717.54) SGL 141000F - Advances to Others 016X4204 (Revolving)

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GTAS Submission | Agency's Audited Financial Statements

Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
5.1	Advances to others and prepayments (RC 23)		$ 890,717.54	Total	$ 890,717.54		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
5.2	Other assets		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
5.3	Asset for agency's custodial and non-entity liabilities		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
6	Total Intra-governmental	CALC	$ 69,090,690,734.79	Total Intra-governmental	$ 69,090,690,734.79		
	This line is calculated. Equals sum of line 1 through 5.						
	With the public						
				Cash and cash equivalents	6,682,075,919.40		($5,000.00) SGL 112000N - Legal Defense Fund/Imprest Funds-016X4204 (Revolving) ($6,697,110,906.59) SGL 119000N - Trust Fund Cash - 016X6110 (Trust) (-$15,039,987.19) SGL 119000N - Outstanding Benefit Payment Checks - 016X6110 (Trust)
8	Cash and other monetary assets (Note 4)		$ 6,682,075,919.40	Total	$ 6,682,075,919.40		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Receivables, net: Sponsors of terminated plans	43,622,812.47		($74,957,414.78) SGL 131000N - Total Sponsors of terminated plans 016X6110 (Trust) (-$31,651,847.16) SGL 131900N - Allowance for Loss on Accts Rec 016X6110 (Trust) ($317,244.85) SGL 134000N - Interest Receivable 016X6110 (Trust)
				Receivables, net: Premiums	3,185,495,228.85		($3,453,500,432.56) SGL 131000N - Premium Receivable 016X4204 (Revolving) (-$269,864,876.15) SGL 131900N - Allowance Uncollectible SOA Premium 016X4204 (Revolving) ($332,255.24) SGL 134000N - Interest Receivable 016X4204 (Revolving) (-$186,069.66) SGL 134700N - Allowance Uncollectible SOA Interest 016X4204 (Revolving) ($2,187,999.86) SGL 136000N - Penalties, Fines & Admin Fees Rec 016X4204 (Revolving) (-$474,513.00) SGL 136700N - Allowance - Uncollectible Prem Pen Rec 016X4204 (Revolving)
				Receivables, net: Other	11,100.00		($11,100.00) SGL 136000N - ERISA SECTION 4071 PENALTIES RECEIV 016X4204 (Revolving)
				Receivables, net: Other	1,003,016.79		($1,003,016.79) SGL 134000N - Interest Receivable 016X6110 (Trust)

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GTAS Submission				Agency's Audited Financial Statements			
Line No	**Line Title**	**Line Type**	**Adjusted Balance (Calculated Amount) ***	**Line Description (Please Fill out)****	**Amount (Please enter)**	**Difference (Calculated Amount)**	**Agency Comments**
				Receivables, net: Other	14,545,615.76		($11,544,119.76) SGL 131000N - Accounts Receivable 016X6110 (Trust) ($3,001,496.00) SGL 131000N - Accounts Receivable 016X4204 (Revolving)
				Receivables, net: Other	(9,470,212.88)		(-$6,468,716.88) SGL 131900N - Allowance for Loss on Acct Rec 016X6110 (Trust) SGL 131900N - Allowance for Loss on Acct Rec 016X4204 (-$3,001,496.00) (Revolving)
9	**Accounts receivable, net (Note 6 and 7)**		**$ 3,235,207,561.11**	**Total**	**$ 3,235,207,560.99**		
				Total Must Tie to Adjusted Balance	Error	0.12	
				Receivables, net: Other	1,885,854,812.89		($724,706.00) SGL 135000N - Notes Rec Sponsor/NonSponsor 016X6110 (Trust) ($1,885,130,106.89) SGL 135000N - Notes Rec Sponsor/NonSponsor 016X4204 (Revolving)
				Receivables, net: Other	(1,590,879,242.20)		(-$659,705.00) SGL 135900N - Allowance for Loss on Notes Rec 016X6110 (Trust) (-$1,590,219,537.20) SGL 135900N - Allowance for Loss on Notes Rec 016X4204 (Revolving)
				Receivables, net: Other	749,167,245.52		($749,167,245.52) SGL 134100N - Int Rec-Loans/Accrued Int on Notes Rec-Financial Assistance 016X4204 (Revolving)
				Receivables, net: Other	(711,799,699.67)		(-$711,799,699.67) SGL 134500N - Allow For Uncoll Accrued Interest on NR-Financial Assistance 016X4204 (Revolving)
10	**Direct loan and loan guarantees receivable, net (Note 8)**		**$ 332,343,116.54**	**Total**	**$ 332,343,116.54**		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
11	**Inventory and related property, net (Note 9)**		**$ -**	**Total**	**$ -**		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Capitalized assets, net	9,687,789.95		($9,687,789.95) SGL 175000N - Capitalized Assets-Equipment 016X4204 (Revolving)
				Capitalized assets, net	(7,362,220.67)		(-$7,362,220.67) SGL 175900N - Accumulated Depreciation on Equipment 016X4204 (Revolving)
				Capitalized assets, net	160,664,641.63		($160,664,641.63) SGL 183000N - Internal Use Software 016X4204 (Revolving)
				Capitalized assets, net	11,030,950.76		($11,030,950.76) SGL 183200N - Internal Use Software in Development 016X4204 (Revolving)
				Capitalized assets, net	(136,803,552.55)		(-$136,803,552.55) SGL 183900N - Accumulated Amortization - Internal Use Software 016X4204 (Revolving)
12	**General property, plant, and equipment, net (Note 10)**		**$ 37,217,609.12**	**Total**	**$ 37,217,609.12**		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Securities lending collateral	6,145,422,319.00		($6,145,422,319.00) SGL 169000N - Securities Lending Collateral 016X6110 (Trust)
				Investments, at market-Fixed maturity securities	45,821,603,255.87		($22,573,265,760.58) SGL 162000N - Fixed Maturity Sec-Corp Bonds 016X6110 (Trust) ($23,248,337,495.29) SGL 169000N - Fixed Maturity Securities 016X6110 (Trust)
				Investments, at market-Equity securities	8,151,191,979.05		($8,151,191,979.05) SGL 169000N - Equity Securities 016X6110 (Trust)
				Investments, at market-Private equity	1,165,897,211.08		($1,165,897,211.08) SGL 169000N - Private Equity Securities 016X6110 (Trust)

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GTAS Submission				Agency's Audited Financial Statements			
Line No	**Line Title**	**Line Type**	**Adjusted Balance (Calculated Amount) ***	**Line Description (Please Fill out)****	**Amount (Please enter)**	**Difference (Calculated Amount)**	**Agency Comments**
				Investments, at market-Real estate and real estate	1,966,555,448.40		($1,966,555,448.40) SGL 169000N - Pooled Funds Real Estate 016X6110 (Trust)
				Investments, at market-Other	107,668,060.18		($107,668,060.18) SGL 169000N - Other Investments 016X6110 (Trust)
				Investments, at market-Fixed maturity securities	1,415,055,721.70		($1,415,055,721.70) SGL 161800F - Fixed Maturity Sec-Market Adjs 016X6110 (Trust)
				Investments, at market-Fixed maturity securities	37,642,576.59		($37,642,576.59) SGL 161800F - Fixed Maturity Securities (Derivative Assets)-Market Adjs 016X6110 (Trust)
				Investments, at market-Equity securities	7,590,145,653.38		($7,590,145,653.38) SGL 161800F - Equity Securities-Market Adjs 016X6110 (Trust)
				Investments, at market-Private equity	(846,256,507.12)		(-$846,256,507.12) SGL 161800F - Private Equity Market Adjs 016X6110 (Trust)
				Investments, at market-Real estate and real estate	186,181,815.38		($186,181,815.38) SGL 161800F - Pooled Funds Real Estate Market Adjs 016X6110 (Trust)
				Investments, at market-Other	92,234,604.82		($92,234,604.82) SGL 161800F - Other Investments Market Adj 016X6110 (Trust)
				Receivables, net: Derivative contracts	38,118,061.94		($38,118,061.18) SGL 169000N - Derivative Assets-Non-Federal 016X6110 (Trust)
				Receivables, net: Sale of securities	2,008,889,068.42		($2,008,889,068.42) SGL 169000N - Due From Sale of Securities 016X6110 (Trust)
				Receivables, net: Investment income	11,057,056.36		($11,057,056.36) SGL 169000N - Accrued Investment Income 016X6110 (Trust)
				Receivables, net: Investment income	326,413,337.59		($326,413,337.59) SGL 134200N - Accrued Investment Income - Other Fixed Interest 016X6110 (Trust)
14	**Investments, [net] (Note 5)**		**$ 74,217,819,662.64**	**Total**	**$ 74,217,819,662.64**		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
15	**Investments in government-sponsored enterprises (for use by Treasury only)**		**$ -**	**Total**	**$ -**		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Receivables, net: Other	0.00		($0.00) SGL 141000N - Advances to Others 016X4204 (Revolving)
							($417,212,784.51) SGL 199000N - Due From Derivative Contracts 016X6110 (Trust)
				Receivables, net: Derivative contracts	608,497,465.75		($191,284,681.24) SGL 199000N - Accounts Rec-Collateral Deposits-Derivatives 016X6110 (Trust)
				Receivables, net: Sale of securities	0.00		($0.00) SGL 199000N - COLLATERAL DEPOSITS - NON DERIVATIVES 016X6110 (Trust)
				Receivables, net: Other	0.00		($0.00) SGL 169000N - Total Lease Receivable 016X6110 (Trust)
17	**Other assets (Note 12)**		**$ 608,497,465.75**		**$ 608,497,465.75**		
				Total Must Tie to Adjusted Balance	OK	0.00	
18	**Total with the public**	CALC	**$ 85,113,161,334.56**	**Total with the public**	**$ 85,113,161,334.44**		
	This line is calculated. Equals sum of line 7 through 14.						
19	**Total assets**	CALC	**$ 154,203,852,069.35**	**Total assets**	**$ 154,203,852,069.23**		
	This line is calculated. Equals sum of line 6 and 15.						
20	**Stewardship PP&E (Note 11)**						
	Liabilities (Note 13)						
	Intra-governmental						
				N/A			

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21	Liability for Fund Balance with Treasury		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
22	Accounts payable (Note 17)	CALC	$ 3,539,869.28	Accounts payble	$ 3,539,869.28		
	This line is calculated. Equals sum of lines 22.1 through 22.4.						
				N/A			
22.1	Accounts payable, capital transfers		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Payables, net: Accounts payable and accrued expe	1,515,566.33		($1,515,566.33) SGL 221300F - Employer Contributions and Payroll Taxes Payable 016X4204 (Revolving)
				Payables, net: Accounts payable and accrued expe	92,128.53		($78,636.17) SGL 221500F - Other Post Employee Benefits Due and payable 016X4204 (Revolving) ($13,492.36) SGL 221500F - Other Post Employee Benefits Due and payable 016X4204 (Revolving)
22.2	Benefit program contributions payable (Note 15) (RC 21)		$ 1,607,694.86	Total	$ 1,607,694.86		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Payables, net: Accounts payable and accrued expe	1,757,661.63		($1,757,661.63) SGL 211000F - Accounts Payable 016X4204 (Revolving)
				Payables, net: Accounts payable and accrued expe	174,512.79		($174,512.79) SGL 211000F - Accounts Payable 016 21/30 4204 (Revolving) - ARP SFA
22.3	Accounts payble (RC 22)		$ 1,932,174.42	Total	$ 1,932,174.42		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
22.4	Transfers payable		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
23	Federal debt and interest payable (Note 14)	CALC	$ -	Federal debt and interest payable (Note 14)	$ -		
	This line is calculated. Equals sum of lines 23.1 through 23.2.						
				N/A			
23.1	Federal debt		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
23.2	Interest payble-debt		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	

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Line No	**Line Title**	**Line Type**	**Adjusted Balance (Calculated Amount) ***	**Line Description (Please Fill out)****	**Amount (Please enter)**	**Difference (Calculated Amount)**	**Agency Comments**
24	**Debt associated with loans (Note 14)**	CALC	$ -	**Debt associated with loans (Note 14)**	$ -		
	This line is calculated. Equals sum of lines 24.1 through 24.2.						
				N/A			
24.1	**Interest payable-loans and not otherwise classified**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
24.2	**Loans payable**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
25	**Other liabilities (Notes 15 and 17)**	CALC	$ -	**Other liabilities (Notes 15 and 17)**	$ -		
	This line is calculated. Equals sum of lines 25.1 through 25.5.						
				N/A			
25.1	**Advances from others and deferred credits (Note 17)**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
25.2	**Other liabilities (without reciprocals) (Note 15)**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
25.3	**Other liabilities (Note 17)**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
25.4	**Liability to the General Fund of the U.S. Government for custodial and other non-entity assets (Note 17)**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			

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Line No	**Line Title**	**Line Type**	**Adjusted Balance (Calculated Amount) ***	**Line Description (Please Fill out)****	**Amount (Please enter)**	**Difference (Calculated Amount)**	**Agency Comments**
25.5	**Liability to agency other than the General Fund of the U.S. Government for custodial and other non-entity assets**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
27	**Total Intra-governmental**	CALC	$ 3,539,869.28	**Total Intra-governmental**	$ 3,539,869.28		
	This line is calculated. Equals sum of lines 21 through 27.						
	With the public						
				Payables, net: Accounts payable and accrued expenses	63,342,822.60		($60,722,088.95) SGL 211000N - Accounts Payable 016X4204 (Revolving) ($2,316,624.30) SGL 211000N - 016 2017/2021 4204 (Revolving) - RELOCATION TAS ($304,109.35) SGL 21100N -016 21/30 4204 (Revolving) - ARP SFA TAS
				Payables, net: Accounts payable and accrued expenses	3,028,591.22		($3,028,591.22) SGL 211000N - Accounts Payable 016X6110 (Trust)
28	**Accounts Payable**		$ 66,371,413.82	**Total**	$ 66,371,413.82		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
29	**Federal debt and interest payable (Note 14)**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Payables, net: Accounts payable and accrued expenses	13,657,450.13		($13,657,450.13) SGL 222000N - Accrued Unfunded Annual Leave 016X4204 (Revolving)
30	**Federal employee and veteran benefits payable (Note 15)**		$ 13,657,450.13	**Total**	$ 13,657,450.13		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
31	**Environmental and disposal liabilities (Note 16)**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
32	**Benefits due and payable**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
33	**Loan guarantee liability (Note 8)**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	

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EXHIBIT C
(AMR To Reclassified Balance Sheet (Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	**Line Title**	**Line Type**	**Adjusted Balance (Calculated Amount) ***	**Line Description (Please Fill out)****	**Amount (Please enter)**	**Difference (Calculated Amount)**	**Agency Comments**
				N/A			
34	**Liabilities to Government-sponsored enterprises (for use by Treasury only)**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Present value of future benefits, net: Trusteed plans	108,644,902,691.33		($108,644,902,691.33) SGL 266000N - Total PVFB Trusteed Plans 016X6110 (Trust)
				Present value of future benefits, net: Plans pending termination and trusteeship	12,994,884.85		($12,994,884.85) SGL 266000N - Total PVFB Plans Pending Termination & Trusteeship 016X6110 (Trust)
				Present value of future benefits, net: Settlements and judgments	17,169,156.00		($17,169,156.00) SGL 266000N - Settlements & Judgments 016X6110 (Trust)
				Present value of future benefits, net: Claims for probable terminations	254,174,675.00		($254,174,675.00) SGL 266000N - Net Claims for Probable Terminations 016X6110 (Trust)
				Present value of nonrecoverable future financial assistance: Insolvent plans	1,545,248,351.77		($1,545,248,351.77) SGL 266000N - Present Value of Future Financial Assistance Insolvent Plans 016X4204 (Revolving)
				Present value of nonrecoverable future financial assistance: Probable insolvent plans	1,471,353,895.00		($1,471,353,895.00) SGL 266000N - Present Value of Future Financial Assistance - Probable Insolvent Plans 016X4204 (Revolving)
35	**Insurance and guarantee program liabilities**		$ 111,945,843,653.79	**Total**	$ 111,945,843,653.95		
				Total Must Tie to Adjusted Balance	Error	(0.16)	
				N/A			
				Payables, net: Unearned premiums	145,546,814.83		($145,546,814.83) SGL 232000N - Unearned Premiums Flat/Variable Rate 016X4204 (Revolving)
36	**Advances from others and deferred revenue**		$ 145,546,814.83	**Total**	$ 145,546,814.83		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Payables, net: Accounts payable and accrued expenses	8,161,292.92		($8,161,292.92) SGL 221000N - Accrued Funded Payroll and Leave 016X4204 (Revolving)
				Payables, net: Accounts payable and accrued expenses	204.54		($204.54) SGL 240000N - TFS Status Payables 016X4204 (Revolving)
				Payables, net: Unearned premiums	105,166,938.15		($105,166,938.15) SGL 240000N - Unearned Premiums - Unallocated Recepts - LockBox 016X4204 (Revolving)
				Payables, net: Derivative contracts	557,946,641.26		($557,946,641.26) SGL 299000N - Due To Derivative Contracts 016X6110 (Trust)
				Payables, net: Due for purchases of securities	3,794,010,292.12		($3,794,010,292.12) SGL 299000N - Due for Purchase of Securities 016X6110 (Trust)
				Payables, net: Payable upon securities loaned	6,145,422,319.00		($6,145,422,319.00) SGL 299000N - Total Payable Upon Return of Securities Loaned 016X6110 (Trust)
37	**Other liabilities (Notes 17, 18, and 19)**		$ 10,610,707,687.99	**Total**	$ 10,610,707,687.99		
					OK	0.00	
38	**Total other than intra-governmental/with the public**	**CALC**	$ 122,782,127,020.56	**Total with the public**	$ 122,782,127,020.72		
	This line is calculated. Equals sum of lines 28 through 38.						
39	**Total liabilities**	**CALC**	$ 122,785,666,889.84	**Total liabilities**	$ 122,785,666,890.00		
	This line is calculated. Equals sum of lines 27 and 38.						
40	**Commitments and Contingencies (Note 19)**						
	Net position						

Agency Financial Report to Reclassified Balance Sheet Supplemental Crosswalk
as of September 30, 2021

EXHIBIT C
(AMR To Reclassified Balance Sheet (Crosswalk)

GTAS Submission | Agency's Audited Financial Statements

Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
41	**Total Unexpended Appropriation (Combined or Consolidated)**	CALC	$ 3,145,300.74	**Total Unexpended Appropriation (Combined or Consolidated)**	$ 3,145,300.74		
	This line is calculated. Equals sum of lines 41.1 through 41.2.						
				N/A			
41.1	**Unexpended appropriations-Funds from Dedicated Collections**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Net Position - ARP SFA	3,145,300.74		($3,145,300.74) SGL 310000 NET Unexpended appropriations - TAS 016 21/30 4204 (Revolving) - ARP SFA
41.2	**Unexpended appropriations-Funds from other than Dedicated Collections**		$ 3,145,300.74	**Total**	$ 3,145,300.74		
				Total Must Tie to Adjusted Balance	OK	0.00	
42	**Total Cumulative Results of Operations (Combined or Consolidated)**	CALC	$ 31,415,039,878.77	**Total net position-Funds other than those from Dedicated Collections (Combined or Consolidated)**	$ 31,415,039,878.77		
	This line is calculated. Equals sum of lines 42.1 through 42.2.						
				N/A			
42.1	**Unexpended appropriations-Funds other than those from Dedicated Collections**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Beginning Net Position	(48,270,735,653.94)		($48,305,475,288.71) SGL 331000N - Beginning Net Position 016X4204 (Revolving) (-$34,739,634.77) SGL 331000N - Beginning Net Position - 016 2017/2021 4204 (Revolving) - RELOCATION TAS
				FY 2021 Net Income	79,685,775,532.71		FY 2021 COMBINED Net Income
42.2	**Cumulative results of operations - Funds from other than Dedicated Collections**		$ 31,415,039,878.77	**Total**	$ 31,415,039,878.77		
				Total Must Tie to Adjusted Balance	OK	0.00	
43	**Total net position**	CALC	$ 31,418,185,179.51	**Total net position**	$ 31,418,185,179.51		
	This line is calculated. Equals sum of lines 41 and 42.						
44	**Total liabilities and net position**	CALC	$ 154,203,852,069.35	**Total liabilities and net position**	$ 154,203,852,069.51		
	This line is calculated. Equals sum of lines 39 and 43.						

* Adjusted Balance consists of Certified GTAS ATB data plus any applicable Agency entered manual adjustments.

The Numbers that should be entered for the Adjusted Balance can be found by running the Reclassified Financial Statement Report out of GTAS.

** Line Description - Please enter the exact Line Description from your Audited Financial Report.

Agency Financial Report to Reclassified Statement of Net Cost Supplemental Crosswalk
as of September 30, 2021

EXHIBIT D
(AMR To Reclassified SNC Crosswalk)

GTAS Submission | Agency's Audited Financial Statements

Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
1	Gross Costs	TITLE					
				Other underwriting activity: Losses (credits) from completed and probable terminations	1,021,742,285.95		($1,021,742,285.95) SGL 760000N - LOSSES (GAINS) ON TERMINATED AND PRAOBABLE PLANS 016X4204 (Revolving)
				Other underwriting activity: Losses from insolvent and probable plans-financial assistance	(63,735,983,724.69)		(-$63,735,983,724.69) SGL 760000N - LOSS (GAINS) FROM INSOLVENT AND PROBABLE PLANS-FINANCIAL ASSISTANCE 016X4204 (Revolving)
				Other underwriting activity: Actuarial adjustments	(14,899,740,198.03)		(-$14,899,740,198.03) SGL 760000N - ACTUARIAL (GAINS) & LOSSES 016X6110 (Trust)
				Other underwriting activity: Actuarial adjustments	138,909,642.69		($138,909,642.69) SGL 760000N - BENEFIT PAYMENTS FR PL ASSETS OTHER THAN INS -PRE DOTR 016X6110 (Trust)
				Other underwriting activity: Actuarial adjustments	162,306,530.66		($162,306,530.66) SGL 760000N - BENEFIT PAYMENTS FR PL ASSETS OTHER THAN INS -POST DOTR 016X6110 (Trust)
				Other underwriting activity: Actuarial adjustments	0.00		($0.00) SGL 760000N - BENEFIT PAYMENTS, PBGC FUNDED - PRE-DOTR 016X6110 (Trust)
				Other underwriting activity: Actuarial adjustments	6,138,468,115.21		($6,138,468,115.21) SGL 760000N - BENEFIT PAYMENTS, PBGC FUNDED - TRUSTEED 016X6110 (Trust)
				Other underwriting activity: Actuarial adjustments	8,460,050,307.00		($8,460,050,307.00) SGL 760000N - ACTUARIAL CHARGE - CONTRA 016X6110 (Trust)
				Other underwriting activity: Actuarial adjustments	(3,939,503,104.00)		(-$3,939,503,104.00) SGL 760000N - ACTUARIAL ADJUSTMENTS 016X6110 (Trust)
				Other underwriting activity: Actuarial adjustments	(142,879,225.00)		(-$142,879,225.00) SGL 760000N - ACTUARIAL ADJUSTMENTS 016X4204 (Revolving)
				Financial: Expenses: Investment	140,062,548.33		($140,062,548.33) SGL 610000N - ASSET MANAGEMENT EXPENSE: INVESTMENT 016X6110 (Trust)
				Expenses: Actuarial charges: Due to expected interest	762,100,307.00		($762,100,307.00) SGL 760000N - DUE TO EXPECTED INTEREST 016X6110 (Trust)
				Expenses: Actuarial charges: Due to expected interest	10,947,256.00		($10,947,256.00) SGL 760000N - DUE TO EXPECTED INTEREST 016X4204 (Revolving)
				Expenses: Actuarial charges: Due to change in interest factors	(5,282,647,510.00)		(-$5,282,647,510.00) SGL 760000N - DUE TO CHANGE IN INTEREST FACTORS 016X6110 (Trust)
				Expenses: Actuarial charges: Due to change in interest factors	(45,778,068.00)		(-$45,778,068.00) SGL 760000N - DUE TO CHANGE IN INTEREST FACTORS 016X4204 (Revolving)
				Underwriting: Expenses: Administrative	7,509,369.77		($7,509,369.77) SGL 610000N - AMORTIZATION AND DEPRECIATION EXPENSE 016X4204 (Revolving)
				Underwriting: Expenses: Administrative	6,664,768,576.59		($6,654,133,086.54) SGL 610000N - OPERATING EXPENSES/PROGRAM COSTS 016X4204 (Revolving) ($9,560,062.56) SGL 610000N - OPERATING EXPENSES/PROGRAM COSTS 016 20172021 4204 (Revolving) - RELOCATION TAS ($1,075,427.49) SGL 610000N - OPERATING EXPENSES/PROGRAM COSTS 016 21/30 4204 (Revolving) - ARP SFA
				Underwriting: Expenses: Administrative	418,384,318.73		($418,384,318.73) SGL 610000N - ASSET MANAGEMENT EXPENSE: ADMINISTRATIVE 016X6110 (Trust)
				Underwriting: Expenses: Administrative	0.00		($0.00) SGL 633000N - ADMIN EXPENSE (OTHER INTEREST EXP-LATE PAY) 016X6110 (Trust)
				Underwriting: Expenses: Administrative	312.11		($312.11) SGL 633000N - ADMIN EXPENSE (OTHER INTEREST EXP-LATE PAY) 016X4204 (Revolving)
				Underwriting: Expenses: Administrative	445,312.68		($445,312.68) SGL 640000N - BENEFIT PROGRAM EXP - NON GOVERNMENT 016X4204 (Revolving)
				Underwriting: Expenses: Administrative	726,745.67		($726,745.67) SGL 610000N - Operating Expenses/Program Costs 016X4204 (Revolving)
				Underwriting: Income: Premium, net	(22,394,206.60)		(-$22,394,206.60) SGL 672000N - BAD DEBT FOR INTEREST, PENALTIES, AND PREMIUMS 016X4204 (Revolving)
				Underwriting: Expenses: Other	8,513,574.81		($8,513,574.81) SGL 672000N - BAD DEBT FOR INTEREST, PENALTIES, AND PREMIUMS 016X6110 (Trust)
				Financial: Investment Income: Total	1,291,112,850.02		($1,291,112,850.02) SGL 721100N - LOSSES ON DISPOSITION OF INVESTMENTS 016X6110 (Trust)

Agency Financial Report to Reclassified Statement of Net Cost Supplemental Crosswalk
as of September 30, 2021

EXHIBIT D
(AMR To Reclassified SNC Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
1	Gross Costs	TITLE					
				Financial: Investment Income: Total	2,349,178,669.13		($2,349,178,669.13) SGL 728000N - UNREALIZED LOSSES NON-GOVERNMENT 016X6110 (Trust)
				Financial: Investment Income: Total	0.00		($0.00) SGL 729000N - REALIZED LOSSES FROM WRITE-OFF FIXED 016X6110 (Trust)
2	Non-Federal Gross Cost		$ (60,493,699,313.97)	Total	$ (60,493,699,313.97)		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3	Interest on Debt Held by the Public		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
4	Gains/Losses from Changes in Actuarial Assumptions		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
5	General PP&E Partial Impairment Loss		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
6	Total Non-Federal Gross Cost This line is the sum of lines 2 through 5.	Calc	$ (60,493,699,313.97)	Total Non-Federal Gross Cost	$ (60,493,699,313.97)		
7	Federal Gross Cost	Title					
				Underwriting: Expenses: Administrative	28,355,218.97		($28,355,218.97) SGL 640000F - Benefit Program Expense 016X4204 (Revolving)
7.1	Benefit program costs (RC 26)/2		$ 28,355,218.97	Total	$ 28,355,218.97		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Underwriting: Expenses: Administrative	7,832,745.70		($7,832,745.70) SGL 673000F - IMPUTED COSTS 016X4204 (Revolving)
7.2	Imputed Costs (RC25)/2		$ 7,832,745.70	Total	$ 7,832,745.70		
				Total Must Tie to Adjusted Balance	OK	0.00	

Agency Financial Report to Reclassified Statement of Net Cost Supplemental Crosswalk
as of September 30, 2021

EXHIBIT D
(AMR To Reclassified SNC Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
1	Gross Costs	TITLE					
				Underwriting: Expenses: Administrative	11,396,776.55		($11,396,776.55) SGL 610000F - Operating Expenses/Program Costs 016X4204 (Revolving)
				Underwriting: Expenses: Administrative	174,512.79		($174,512.79) SGL 610000F - Operating Expenses/Program Costs 016X 21/30 4204 (Revolving) - ARP
7.3	Buy/Sell Cost (RC24)/2		$ 11,571,289.34	Total	$ 11,571,289.34		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.4	Purchase of assets (RC 24)/2		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.5	Federal securities interest expense (RC 03)/2		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.6	Borrowing and other interest expense (RC05)/2		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.7	Borrowing losses (RC 06)/2		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Underwriting: Expenses: Administrative	8,367,573.39		($8,367,573.39) SGL 640000Z - Benefit Program Expense 016X4204 (Revolving)
7.8	Other expenses (without reciprocals) (RC 29)		$ 8,367,573.39	Total	$ 8,367,573.39		
				Total Must Tie to Adjusted Balance	OK	0.00	
8	Total Federal Gross Cost	Calc	$ 56,126,827.40	Total Federal Gross Cost	$ 56,126,827.40		
	This line is the sum of lines 7.1 through 7.8.						
9	Department Total Gross Cost	Calc	$ (60,437,572,486.57)	Department Total Gross Cost	$ (60,437,572,486.57)		

Agency Financial Report to Reclassified Statement of Net Cost Supplemental Crosswalk
as of September 30, 2021

EXHIBIT D
(AMR To Reclassified SNC Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	**Line Title**	**Line Type**	**Adjusted Balance (Calculated Amount) ***	**Line Description (Please Fill out)****	**Amount (Please enter)**	**Difference (Calculated Amount)**	**Agency Comments**
1	Gross Costs	TITLE					
	This line is the sum of lines 6 and 8.						
10	Earned Revenue	Title					
				Underwriting: Income: Premium, net	37,826,649.45		($37,826,649.45) SGL 531000N PREMIUM INTEREST INCOME FLAT/VARIABLE 016X4204 (Revolving)
				Underwriting: Income: Premium, net	2,163,821,253.66		($2,163,821,253.66) SGL 550000N - PREMIUM INCOME - FLAT RATE 016X4204 (Revolving)
				Underwriting: Income: Premium, net	2,627,720,756.34		($2,627,720,756.34) SGL 550000N - PREMIUM INCOME - VARIABLE RATE 016X4204 (Revolving)
				Underwriting: Income: Premium, net	26,073,685.76		($26,073,685.76) SGL 550000N - TERMINATION PREMIUM INCOME 016X4204 (Revolving)
				Underwriting: Income: Other	18,606,635.28		($18,606,635.28) SGL 531000N INTEREST REVENUE OTHER 016X6110 (Trust)
				Underwriting: Income: Other	306,809.98		($306,809.98) SGL 532500N - ADMINISTRATIVE FEES REVENUE - MISSING PARTICIPANTS 016X4204 (Revolving)
				Underwriting: Expenses: Administrative	977,797.66		($977,797.66) SGL 590000N - OTHER REVENUE - Revolving Fund Reimbursements 016X4204 (Revolving)
				Underwriting: Expenses: Administrative	6,711,738,175.42		($6,711,738,175.42) SGL 590000N - OTHER REVENUE - Revolving Fund Reimbursements 016X4204 (Revolving)
				Financial: Investment Income: Total	0.00		($0.00) SGL 531100N - INTEREST REVENUE - INVESTMENTS 016X4204 (Revolving)
				Financial: Investment Income: Total	1,393,236,429.92		($1,393,236,429.92) SGL 531100N - INTEREST REVENUE - INVESTMENTS 016X6110 (Trust)
				Financial: Investment Income: Total	157,525,700.79		($157,525,700.79) SGL 590000N - OTHER REVENUE - EQUITY DIVIDENDS 016X6110 (Trust)
				Financial: Investment Income: Total	8,353,758,905.83		($8,353,758,905.83) SGL 711100N - GAINS ON DISPOSITION OF INVESTMENTS 016X6110 (Trust)
				Financial: Investment Income: Total	4,311,724.09		($4,311,724.09) SGL 711100N - GAINS ON DISPOSITION OF INVESTMENTS 016X6110 (Trust)
				Financial: Investment Income: Total	1,089,480,349.59		($1,089,480,349.59) SGL 718000N - UNREALIZED GAINS NON-GOVERNMENT 016X6110 (Trust)
11	Non-federal earned revenue		$ 22,585,384,873.76	Total	$ 22,585,384,873.77		
				Total Must Tie to Adjusted Balance	Error	(0.01)	
12	Federal Earned Revenue	Title					
				N/A			
12.1	Benefit Program Revenue (exchange) (RC26)/2		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Financial: Investment Income: Total	229,225.19		($229,225.19) SGL 590000F - OTHER REVENUE - Revolving Fund Reimbursements 016X4204 (Revolving)
				Underwriting: Income: Other	575,106.17		($575,106.17) SGL 520000F - OTHER REVENUE - INCOME FROM SERVICES PROVIDED - FEDERAL 016X4204 (Revolving)
12.2	Buy/Sell Revenue (exchange) (RC24)/2		$ 804,331.36	Total	$ 804,331.36		
				Total Must Tie to Adjusted Balance	OK	0.00	

Agency Financial Report to Reclassified Statement of Net Cost Supplemental Crosswalk
as of September 30, 2021

EXHIBIT D
(AMR To Reclassified SNC Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
1	Gross Costs	TITLE					
				N/A			
12.3	Purchase of assets offset (RC 24)/2		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Financial: Investment Income: Total	801,882,893.29		($801,882,893.29) SGL 531100F - INTEREST REVENUE - INVESTMENTS 016X4204 (Revolving)
				Financial: Investment Income: Total	400,543,396.42		($400,543,396.42) SGL 711100F - FEDERAL GAINS ON DISPOSITION OF INVESTMENTS 016X4204 (Revolving)
				Financial: Investment Income: Total	0.00		($0.00) SGL 711100F - FEDERAL GAINS ON DISPOSITION OF INVESTMENTS - ZCB 016X4204 (Revolving)
				Financial: Investment Income: Total	(812,879,480.24)		(-$812,879,480.24) SGL 721100F - FEDERAL LOSSES ON DISPOSITION OF INVESTMENTS 016X4204 (Revolving)
				Financial: Investment Income: Total	0.00		($0.00) SGL 721100F - FEDERAL LOSSES ON DISPOSITION OF INVESTMENTS 016X6110 (Trust)
				Financial: Investment Income: Total	246,831,134.30		($246,831,134.30) SGL 531100F - INTEREST REVENUE - INVESTMENTS 016X6110 (Trust)
				Financial: Investment Income: Total	0.00		($0.00) SGL 718000F - UNREALIZED GAINS ON FEDERAL INVESTMENTS 016X6110 (Trust)
				Financial: Investment Income: Total	0.00		($0.00) SGL 718000F - UNREALIZED GAINS ON FEDERAL INVESTMENTS 016X4204 (Revolving)
				Financial: Investment Income: Total	(29,769,829.44)		(-$29,769,829.44) SGL 728000F - UNREALIZED LOSSES - US GOVT SECURITIES 016X6110 (Trust)
				Financial: Investment Income: Total	(3,955,261,195.24)		(-$3,955,261,195.24) SGL 728000F - UNREALIZED LOSSES - US GOVT SECURITIES 016X4204 (Revolving)
12.4	Federal securities interest revenue including associated gains and losses (exchange) (RC 03)/2		$ (3,348,653,080.90)	Total	$ (3,348,653,080.91)		
				Total Must Tie to Adjusted Balance	Error	0.01	
				N/A			
12.5	Borrowing and other interest revenue (exchange) (RC 05)/2		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
12.6	Borrowing gains (RC 06)/2		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			

Agency Financial Report to Reclassified Statement of Net Cost Supplemental Crosswalk
as of September 30, 2021

EXHIBIT D
(AMR To Reclassified SNC Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
1	Gross Costs	TITLE					
12.7	Custodial Collections Transferred to a TAS Other Than the General Fund of the U.S. Government - Exchange (RC 13)				$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
12.8	Collections Transferred in to a TAS Other Than the General Fund of the U.S. Government - Exchange (RC 13)				$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
12.9	Accrual of Custodial Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government - Exchange (RC 14)				$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
12.10	Accrual for Agency Amounts to be collected in TAS Other Than the General Fund of the U.S. Government - Exchange (RC 14)				$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
13	Total Federal Earned Revenue	Calc	$ (3,347,848,749.54)	Total Federal Earned Revenue	$ (3,347,848,749.55)		
	This line is the sum of 12.1 through 12.10.						
14	Department Total Earned Revenue	Calc	$ 19,237,536,124.22	Department Total Earned Revenue	$ 19,237,536,124.22		
	This line is the sum of lines 11 and 13.						
15	Net Cost of Operations	Calc	$ (79,675,108,610.79)	Net Cost of Operations	$ (79,675,108,610.79)		
	This line is the result of subtracting line 14 from line 9.						

* Adjusted Balance consists of Certified GTAS ATB data plus any applicable Agency entered manual adjustments.

Agency Financial Report to Reclassified Statement of Net Cost Supplemental Crosswalk
as of September 30, 2021

EXHIBIT D
(AMR To Reclassified SNC Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
1	Gross Costs	TITLE					

The Numbers that should be entered for the Adjusted Balance can be found by running the Reclassified Financial Statement Report out of GTAS.

** Line Description - Please enter the exact Line Description from your Audited Financial Report.

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
as of September 30, 2021

EXHIBIT E
(AMR To SCNP Crosswalk)

GTAS Submission | Agency's Audited Financial Statements

Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
				Beginning Net Position	(48,305,475,288.71)		(-$48,305,475,288.71) SGL 331000N - Beginning Net Position 016X4204 (Revolving)
				Beginning Net Position	34,739,634.77		($34,739,634.77) SGL 331000N - Beginning Net Position - 016 2017/2021 4204 (Revolving) - RELOCATION TAS
1	Net position, beginning of period		$ (48,270,735,653.94)	Total	$ (48,270,735,653.94)		
				Total Must Tie to Adjusted Balance	OK	0.00	
2	Non-federal prior-period adjustments	TITLE					
				N/A			
2.1	Changes in accounting principles		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
2.2	Corrections of errors - non-federal		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
2.3	Corrections of errors -years preceding the prior year - non-federal		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
3	Federal prior period adjustments	TITLE					
				N/A			
3.1	Changes in accounting principles-federal (RC 29)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3.2	Corrections of errors - federal (RC 29)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
as of September 30, 2021

EXHIBIT E
(AMR To SCNP Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	**Line Title**	**Line Type**	**Adjusted Balance (Calculated Amount) ***	**Line Description (Please Fill out)****	**Amount (Please enter)**	**Difference (Calculated Amount)**	**Agency Comments**
3.3	Corrections of errors - years preceding the prior year - federal (RC 29)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3.4	Prior period adjustment to unexpended appropriations- federal (RC 31)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3.5	Prior period adjustment to expended appropriations- federal (RC 32)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3.6	Prior period adjustments to appropriations outstanding- federal (RC 31)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3.7	Prior period adjustment to appropriations expended- federal (RC 32)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
4	Net position, beginning of period - adjusted	CALC	$ (48,270,735,653.94)	Net position, beginning of period - adjusted	$ (48,270,735,653.94)		
	This line is calculated.						
	For current year, equals sum of lines, 1, 2.1, 2.2, 3.1, 3.2, 3.4, 3.5, 3.6 and 3.7.						
	For prior year, equals sum of lines, 1, 2.1, 2.2, 2.3, and 3.1 through 3.7.						
5	Non-federal non-exchange revenue:	TITLE					
				N/A			

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
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EXHIBIT E
(AMR To SCNP Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
5.1	Individual income tax and tax withholdings (for use by Treasury only)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
5.2	Corporation income taxes (for use by Treasury only)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
5.3	Excise taxes		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
5.4	Unemployment taxes		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
5.5	Customs duties		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
5.6	Estate and gift taxes		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Underwriting Income: Premium, net	1,693,790.72		($1,693,790.72) SGL 532000N - Premium Penalty Income Flat/Variable Rate 016X4204 (Revolving)
				Underwriting Income: Other	31,164.30		($31,164.30) SGL 532000N - FORM 501 LATE FILING PENALTY REVENUE 016X4204 (Revolving)
5.7	Other taxes and receipts		$ 1,724,955.02	Total	$ 1,724,955.02		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
5.8	Miscellaneous earned revenues/2		$ -	Total	$ -		

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
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EXHIBIT E
(AMR To SCNP Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	**Line Title**	**Line Type**	**Adjusted Balance (Calculated Amount) ***	**Line Description (Please Fill out)****	**Amount (Please enter)**	**Difference (Calculated Amount)**	**Agency Comments**
				Total Must Tie to Adjusted Balance	OK	0.00	
5.9	**Total non-federal non-exchange revenue**	CALC	$ 1,724,955.02	**Total Non-Federal Nonexchange Revenue**	$ 1,724,955.02		
	This line is calculated. Equals sum of lines 5.1 through 5.8.						
6	**Federal non-exchange revenue:**	TITLE					
				N/A			
6.1	**Federal securities interest revenue including associated gains and losses (non-exchange) (RC 03)/1**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
6.2	**Borrowings and other interest revenue (non-exchange) (RC 05)/1**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
6.3	**Borrowings Gains (RC 06)/1**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
6.4	**Borrowings Losses (RC 06)/1**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
6.5	**Benefit program revenue (non-exchange) (RC 26)/1**		$ -		$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
6.6	**Other taxes and receipts (RC 45)/1**		$ -		$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
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EXHIBIT E
(AMR To SCNP Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
6.7	Collections Transferred to a TAS Other Than the General Fund of the U.S. Government (RC 15)		$ -		$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
6.8	Collections Transferred into a TAS Other Than the General Fund of the U.S. Government - Nonexchange (RC 15)		$ -		$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
6.9	Accrual of Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government-Nonexchange (RC 16)		$ -		$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
6.10	Accruals for Entity amounts to be collected in a TAS Other Than the General Fund of the U.S. Government-Nonexchange (RC 16)		$ -		$ -		
6.11	Total federal non-exchange revenue	CALC	$ -	Total Federal Non-exchange Revenue	$ -		
	This line is calculated. Equals sum of lines 6.1 through 6.10.						
7	Financing sources:	TITLE					
				Net Position - ARP SFA	12,051,950.00		($12,051,950.00) SGL 310100 UNEXPENDED APPROPRIATION - APPROPRIATIONS RECEIVED - SFA ADMIN EXP 016X 21/30 4204 (Revolving) - ARP SFA (-$7,797,428.06) SGL 310600 UNEXPENDED APPROPRIATIONS - AJE - SFA ADMIN EXP 016X 21/30 4204 (Revolving) - ARP SFA
				Net Position - ARP SFA	(7,797,428.06)		

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
as of September 30, 2021

EXHIBIT E
(AMR To SCNP Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	**Line Title**	**Line Type**	**Adjusted Balance (Calculated Amount) ***	**Line Description (Please Fill out)****	**Amount (Please enter)**	**Difference (Calculated Amount)**	**Agency Comments**
7.1	Appropriations received as adjusted (rescissions and other adjustments) (RC 41)/1		$ 4,254,521.94	Total	$ 4,254,521.94		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Net Position - ARP SFA	470,787.15		($470,787.15) SGL 310700 NET POSITION - ARP SFA 016X 21/30 4204 (Revolving) - ARP SFA
				Net Position - ARP SFA	638,434.05		($638,434.05) SGL 310710 NET POSITION - ARP SFA 016X 21/30 4204 (Revolving) - ARP SFA
7.2	Appropriations used (RC 39)		$ 1,109,221.20	Total	$ 1,109,221.20		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Underwriting: Income: Contr. Trans Appr Inc-ARP	470,787.15		($470,787.15) SGL 570000 EXPENDED APPROPRIATION USED - ACCRUED - SFA ADMIN EXP 016X 21/30 4204 (Revolving) - ARP SFA
				Underwriting: Income: Contr. Trans Appr Inc-ARP	638,434.05		($638,434.05) SGL 570010 EXPENDED APPROPRIATION USED - DISBURSED - SFA ADMIN EXP 016X 21/30 4204 (Revolving) - ARP SFA
7.3	Appropriations expended (RC 38)/1		$ 1,109,221.20	Total	$ 1,109,221.20		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.4	Appropriation of unavailable special or trust fund receipts transfers-in (RC 07)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.5	Appropriation of unavailable special or trust fund receipts transfers-out (RC 07)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.6	Non-expenditure transfers-In of unexpended appropriations and financing sources (RC 08)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			

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EXHIBIT E
(AMR To SCNP Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	**Line Title**	**Line Type**	**Adjusted Balance (Calculated Amount) ***	**Line Description (Please Fill out)****	**Amount (Please enter)**	**Difference (Calculated Amount)**	**Agency Comments**
7.7	Non-expenditure transfers-out of unexpended appropriations and financing sources (RC 08)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.8	Expenditure transfers-in of financing sources (RC 09)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.9	Expenditure transfers-out of financing sources (RC 09)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.10	Non-expenditure transfer-in of financing sources - capital transfers (RC 11)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.11	Non-expenditure transfers-out of financing sources - capital transfers (RC 11)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.12	Revenue and Other Financing Sources - Cancellations (RC 36)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.13	Collections for others transferred to the General Fund of the U.S. Government (RC 44)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
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EXHIBIT E
(AMR To SCNP Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	**Line Title**	**Line Type**	**Adjusted Balance (Calculated Amount) ***	**Line Description (Please Fill out)****	**Amount (Please enter)**	**Difference (Calculated Amount)**	**Agency Comments**
				N/A			
7.14	Other financing sources with budgetary impact (RC 29)/1, 8		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.15	Warrants issued (RC 41)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.16	Appropriations outstanding - used (RC 39)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.17	General Fund of the U.S. Government financed appropriations - expended (RC 38)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.18	Trust fund warrants issued net of adjustments (RC 45)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.19	Cancellations of Revenue and Other Financing Sources - General Fund (RC 36)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.20	Transfers-in without reimbursement (RC 18)/1		$ -	Total	$ -		

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
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EXHIBIT E
(AMR To SCNP Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.21	Transfers-out without reimbursement (RC 18)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Expenses: Administrative	7,832,745.70		($7,832,745.70) SGL 578000F - IMPUTED PENSION EXPENSE - FINANCING SOURCE 016X4204 (Revolving)
7.22	Imputed financing sources (RC 25)/1		$ 7,832,745.70	Total	$ 7,832,745.70		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.23	Non-entity collections transferred to the General Fund of the U.S. Government (RC 44)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.24	Accrual for non-entity amounts to be collected and transferred to the General Fund of the U.S.Government (RC 48)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.25	Other non-budgetary financing sources for debt accruals/amortization (RC 37)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.26	Other non-budgetary financing sources (RC 29)/1, 9		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
as of September 30, 2021

EXHIBIT E
(AMR To SCNP Crosswalk)

Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
GTAS Submission				Agency's Audited Financial Statements			
				N/A			
7.27	Other financing sources for the General Fund of the U.S. Government (RC 37)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.28	Transfer-in of entity's unavailable custodial and non-entity collections (RC 44)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.29	Accrual of entity's amounts to be collected (RC 48)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
7.30	**Total financing sources**	CALC	$ 12,087,267.64	**Total budgetary financing sources**	$ 12,087,267.64		
	This line is calculated. Equals sum of lines 7.1 through 7.29.						
8	**Net Cost of Operations (+/-)**		$ (79,675,108,610.79)	**Net Cost of Operations (+/-)**	$ (79,675,108,610.79)		
	Enter in the amount from Statement of Net Cost, Net Cost of Operation						
9	**Net Position, end of period**	CALC	$ 31,418,185,179.51	**Net Position, end of period**	$ 31,418,185,179.51		
	This line is calculated. Equals sum of lines 4, 5.9, 6.11, 7.30, and 8.						

* Adjusted Balance consists of Certified GTAS ATB data plus any applicable Agency entered manual
The Numbers that should be entered for the Adjusted Balance can be found by running the

** Line Description - Please enter the exact Line Description from your Audited Financial Report.

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Audit of the Pension Benefit Guaranty Corporation's

Fiscal Year 2021 and 2020 Limited Purpose Financial Statements

Audit Report AUD-2022-03/FA-21-155-2

Section IV

Other Information

Analysis of Entity's Systems, Controls and Legal Compliance

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ANALYSIS OF SYSTEMS, CONTROLS AND LEGAL COMPLIANCE

PBGC maintains an Internal Controls Program designed to support compliance with the requirements of the Federal Managers' Financial Integrity Act (FMFIA) of 1982, the Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government* (Green Book), the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, *and its appendices,* as applicable, and other relevant laws and regulations. PBGC has continued implementing the requirements specified in the GAO Green Book and OMB Circular A-123 and, as noted below, performs a number of corporate-wide activities that serve to support the FMFIA Statement of Assurance. For FY 2021, PBGC provided an unmodified FMFIA Statement of Assurance. Please refer to annual statement of assurance, as described below.

INTERNAL CONTROL COMMITTEE

The PBGC Internal Control Committee (ICC) provides corporate oversight and accountability regarding internal controls over PBGC's operations, reporting, and compliance with laws and regulations consistent with the GAO Green Book, OMB Circular A-123 and FMFIA requirements. Chaired by the agency's Chief Financial Officer, the ICC includes senior-level executives and management representatives from each executive office within the agency and a representative from the OIG, who is a non-voting member. The ICC oversees the process by which internal controls are documented, implemented and assessed within the agency; reviews and approves significant revisions to key business level and entity-wide controls; monitors the status of internal control deficiencies and related corrective actions; and considers other matters, including controls designed to prevent or detect fraud. The ICC also interacts with the agency's Risk Management Council (RMC) regarding its oversight of the risk assessment processes.

DOCUMENTATION AND EVALUATION OF INTERNAL CONTROLS

As part of the agency's Internal Controls Program, key business level and entity-wide controls are evaluated, on an annual basis, to assess the adequacy of the control design and the extent to which they are operating effectively in accordance with GAO Green Book standards. The evaluation is performed using a risk-based approach as required by OMB Circular A-123. Reports regarding results of the evaluation are provided to stakeholders within the agency, and corrective actions are recommended, where appropriate. The following provides additional information regarding management's documentation and evaluation of internal controls and areas of focus include:

Standards for Internal Control in the Federal Government (Green Book): These standards, published by the GAO, provide criteria to be used by federal agencies for designing, implementing and operating an effective internal control system. In FY 2021, under ICC direction, agency management continued its comprehensive evaluation of the PBGC's internal control system with regard to the design, implementation and operating effectiveness of the five components and 17 principles of internal controls, as outlined in the Green Book. As part of this evaluation, agency management performed its annual assessment of internal controls using the Green Book, as required by OMB Circular A-123. Based on management's evaluation and the results of the annual assessment, it was determined that PBGC continues to have an effective internal controls system and remains in compliance with the Green Book.

Business Level Controls: Business level controls are controls that are built directly into operational processes to support an organization in achieving its objectives and addressing related risks. The agency has developed, implemented and maintained business level controls within its 12 major business processes cycles, which include: *Benefit Payments, Benefit Determinations, Budget and Finance, Financial Reporting, Human Resources and Payroll, Investments, Losses on Completed and Probable Terminations, Multiemployer Financial Assistance, Procurement Accounts Payable and Other Expenses, Premiums, Single Employer Contingent Liability,* and *Present Value of Future Benefits*. The ICC has designated certain business level controls as "key" with regard to the agency's operations, reporting and compliance requirements, and employees designated as "key control owners" and their supervisors required to provide quarterly representations certifying the performance of those controls and to maintain evidence documenting control execution. These controls are also documented in business cycle memoranda which is updated on an annual basis by control owners and other stakeholders.

Entity-Wide Controls: Entity-wide controls are controls that have a pervasive effect on an entity's internal control system. These controls are overarching and support the overall effectiveness of PBGC's internal control environment. The ICC has designated certain entity-wide controls as key to meeting the agency's control objectives over operations, reporting and compliance with laws and regulations within the following six categories: control environment, risk assessment, control activities, information and communication, monitoring, and anti-fraud. Many of these controls also address the five components and 17 underlying control principles of internal controls, as required by the GAO Green Book, and the related categories of objectives.

Fraud Prevention: PBGC created a fraud risk profile and response plan as part of a continuing effort to fully implement GAO's Framework for Managing Fraud Risks in Federal Programs. This work is focused on identifying and responding to fraud risks and developing control activities to prevent and detect fraud. The use of this framework is required by OMB Circular A-123 and the Payment Integrity Information Act of 2019. As part of the framework, potential fraud areas are identified, and key controls are evaluated and implemented as proactive measures to prevent fraud. Monitoring activities include supervisory approvals, management reports, and exception reporting. PBGC management performs due diligence in areas of suspected or alleged fraud.

Further, as required by Executive Order 13587, PBGC maintains an insider threat detection and prevention program to prevent, detect, deter, and remediate internal threats to the agency's assets. As part of the expansion of this program, an Insider Threat, Privacy and Security Reportal was developed which allows all PBGC staff and contractors to report an insider threat, privacy, or security incident in an effective and efficient manner. Additionally, the agency implemented technology to block the intentional or unintentional release of Personally Identifiable Information (PII) and to detect and alert on anomalous user behavior on PBGC's network. PBGC also instituted other controls relating to fraud prevention such as the maintenance of hotlines for PBGC employees, contractors and the public to confidentially report suspected wrongdoing or allegations of possible fraud, waste or abuse occurring in a PBGC program or operation. In addition, the agency regularly issues communications to employees and contractors and provides training to promote fraud awareness.

Information Technology Controls: In order to protect the confidentiality, integrity, and availability of the PBGC information systems and the information processed and stored by those systems, PBGC implements the controls included in the National Institute of Standards and Technology's (NIST) Special Publication No.

800-53, Security and Privacy Controls for Federal Information Systems and Organizations. These controls are documented as part of System Security Plans which are maintained within the Cyber Security Assessment and Management (CSAM) tool managed by the Office of Information Technology's (OIT) Enterprise Cybersecurity Division.

Digital Accountability and Transparency Act (DATA Act): The DATA Act of 2014 was designed to increase the standardization and transparency of federal spending. It requires the disclosure of direct federal agency expenditures and linking federal contract, loan and grant spending information of federal agencies to enable taxpayers and policymakers to track federal spending more effectively. The law required the establishment of government-wide data standards established by the OMB and the Department of the Treasury to provide consistent, reliable, researchable, and usable spending data on USASpending.gov. The agency continues to maintain, perform and assess the design and operating effectiveness of key controls over data quality to support the achievement of DATA Act reporting objectives. Further, as required by Appendix A to OMB Circular A-123, *Management of Reporting and Data Integrity Risk (Memorandum M-18-16),* the agency developed and maintained a Data Quality Plan that considers incremental risks and internal controls over the input and validation of data submitted to USAspending.gov in accordance with OMB requirements. Consideration of the plan was included in the agency's annual assurance statement for FY 2021, as described below.

ASSESSMENT OF IMPROPER PAYMENT RISK

Based on the requirements of Appendix C to OMB Circular A-123, *Requirements for Payment Integrity Improvement*, and related improper payment legislation, PBGC performed a risk assessment in FY 2021 over the agency's Benefit Payments and Premium Refunds programs. Please refer to the Payment Integrity Information Act Reporting section of this report for additional information.

AUDIT COORDINATION AND FOLLOW-UP PROGRAM

In implementing OMB Circular A-50, PBGC has established its Audit Coordination and Follow-up Directive. It is PBGC's policy to fully cooperate with audits of PBGC operations and ensure the efficient tracking, resolution, and implementation of agreed-upon audit recommendations contained in audit reports issued by the OIG and GAO. PBGC has dedicated staff to coordinate with OIG and GAO audit representatives in providing access to records and information needed to complete audits and ensure that management responses to draft reports are provided in a timely manner. To facilitate timely completion and closure of audit recommendations, staff regularly monitors implementation efforts, including regular distribution of audit follow-up status reports to executive management and formal submission of documentation evidencing completion of required corrective actions. Status reports are used to document planned corrective actions and estimated completion dates; they also indicate those recommendations for which work has been completed and reported as such to the OIG and to GAO. In addition, PBGC prepares a management report to the Semiannual Report to Congress (SARC) issued by the OIG, which addresses the status of agreed-upon OIG recommendations and provides other information required under the Inspector General Act of 1978, as amended.

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT STATEMENT OF ASSURANCE

The PBGC's management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. The PBGC conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control.

In our prior statement of assurance, we noted that we were made aware of fraudulent activities in procurement practices that took place in 2015 and 2016. Based on the results of PBGC's Office of Inspector General procurement integrity audit, requested by management and completed in December 2020, PBGC management enhanced internal controls, including strengthening the legal review process.

The American Rescue Plan Act of 2021 enacted on March 11, 2021, allows certain financially troubled multiemployer plans to apply for "Special Financial Assistance" (SFA). Upon approval of an application, the PBGC will make a single, lump-sum payment to eligible multiemployer plans. PBGC has developed initial internal controls to meet the specific requirements and mitigate risks with the SFA program. Management will continue to review the related internal control processes and consider additional controls as necessary. Additionally, PBGC is developing processes and procedures for auditing multiemployer plans that have received SFA.

Based on the results of the assessment, the PBGC can provide reasonable assurance that internal control over operations, reporting, and compliance was operating effectively as of September 30, 2021.

Audit of the Pension Benefit Guaranty Corporation’s

Fiscal Year 2021 and 2020 Limited Purpose Financial Statements

Audit Report AUD-2022-03/FA-21-155-2

Section V

Other Information

2021 Actuarial Valuation

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2021 ACTUARIAL VALUATION

PBGC calculated and validated the present value of future PBGC-payable benefits (PVFB) for both the Single-Employer and Multiemployer Programs and of nonrecoverable future financial assistance (NRFFA) under the Multiemployer Program. Generally, we used the same methods and procedures as in 2020 for the Single-Employer and Multiemployer Programs.

PRESENT VALUE OF FUTURE BENEFITS AND NONRECOVERABLE FINANCIAL ASSISTANCE – 2021

	Number of Plans	Number of Participants (in thousands)	Liability (in millions)
I. SINGLE-EMPLOYER PROGRAM			
A. Terminated Plans			
1. Seriatim at fiscal year-end (FYE)	4,684	1,034	$75,669
2. Seriatim at DOPT, adjusted to FYE	156	183	17,399
3. Nonserieatim[1]	228	248	19,085
4. Missing Participants Program (seriatim)[2]	-	37	316
Subtotal	5,068	1,502	$112,469
B. Probable terminations (nonseriatim)[3]	1	3	$347
Total[4]	5,069	1,505	$112,816
II. MULTIEMPLOYER PROGRAM			
A. Pre-MPPAA terminations (seriatim)	10	0*	$0
B. Pre-MPPAA liability (net of plan assets)			
1. Currently Receiving Assistance[5]	77	72	1,545
2. Probable for Assistance[6]	57	65	1,472
Total	144	137	$3,017

* Fewer than 500 participants

Notes:

1) The liability for terminated plans has been increased by $17 million for settlements.

2) The Missing Participants Program refers to a liability that PBGC assumed for unlocated participants in standard plan terminations.

3) The net claims for the probable plans reported in the financial statements include $119 million for not yet identified probable terminations. The assets for probable plans, including the expected value of recoveries on employer liability and due and unpaid employer contributions claims, are $93 million. Thus, the net claims for probables as reported in the financial statements are $347 less $93 million, or $254 million.

4) The PVFB in the financial statements ($108,929 million) is net of estimated plan assets and recoveries on probables ($93 million), estimated recoveries on terminated plans ($151 million), and estimated assets of plans pending trusteeship ($3,643 million), or $112,816 million less $93 million less $151 million less $3,643 million equals $108,929 million.

5) In year 2020 PBGC approved a MPRA facilitated merger committing to provide to the Laborers Local 235 Pension Fund $26.7 million in financial assistance over three equal annual installments of $8.9 million. The first two payments were made in January 2020 and January 2021, the third payment will be made in January 2022. This plan is not counted as Currently Receiving Financial Assistance.

6) The American Rescue Plan Act (ARP) of 2021 established Section 4262 of ERISA under which Special Financial Assistance (SFA) is provided to eligible multiemployer plans. Since the SFA funding to eligible plans will likely enable the plans to pay benefits for the next 30 years, most of the traditional financial assistance liability recognized in previous years, for ongoing probable plans, has been reversed (i.e., unbooked). See Note 7 to the financial statements, Multiemployer Financial Assistance, for more information.

Single-Employer Program

PBGC calculated the Single-Employer Program's liability for benefits in the terminated plans and probable terminations, as defined in Note 2 to the financial statements, using a combination of two methods: seriatim and nonseriatim. For 4,684 plans, representing about 92 percent of the total number of single-employer terminated plans (69 percent of the total estimated number of participants in single-employer terminated plans), PBGC had sufficiently accurate data to calculate the liability separately for each participant's benefit (seriatim method). This was an increase of 135 plans over the 4,549 plans valued seriatim last year. For 156 plans whose data were not yet fully automated, PBGC calculated the benefits and liability seriatim as of the date of plan termination (DOPT) and brought the total amounts forward to the end of fiscal year 2021 on a nonseriatim basis.

For 228 other terminated plans, PBGC did not have sufficiently accurate or complete data to value individual benefits. Instead, the Corporation used a "nonseriatim" method that brought the plan liabilities from the plan's most recent actuarial valuation forward to the end of fiscal year 2021 using certain assumptions and adjustment factors.

For September 30, 2021, the spot rate yield curve starts with an interest factor of 0.44% in year 1 and changes as the future period for discounting gets longer until year 31 when the factor becomes 2.30% and is assumed to remain level thereafter. For September 30, 2020, the spot rate yield curve started with an interest factor of 0.62% in year 1 and the interest factor for year 31 and beyond was 1.49%. The mortality tables used for valuing healthy lives were the adjusted RP-2014 Healthy Male and Female Tables, with blended healthy annuitant and employee tables before age 50 each projected generationally using Scale MP-2020. In fiscal year 2020, we used the same mortality tables, except with each table projected generationally using Scale MP-2019.

For non-pay-status participants, PBGC used expected retirement ages, as explained in subpart B of the Allocation of Assets in Single-Employer Plans regulation. PBGC assumed that participants who had attained their expected retirement age were in pay status. In seriatim plans, for participants who were older than age 65, were not in pay status, and were unlocated at the valuation date, PBGC reduced the value of their future benefits to zero over the three years succeeding age 65 to reflect the lower likelihood of payment. Similarly, for located participants over age 70 and not in pay status, PBGC reduced the value of their future benefits to zero. For deferred participants who were older than age 70 in the Missing Participant Program, PBGC reduced the value of their future benefits to zero over the ten years succeeding age 70 to reflect the lower likelihood of payment.

Multiemployer Program

PBGC calculated the liability for the 10 pre-Multiemployer Pension Plan Amendments Act (MPPAA) terminations using the same assumptions and methods applied to the Single-Employer Program.

PBGC based its valuation of the post-MPPAA liability for nonrecoverable future financial assistance on the most recent available actuarial reports, Form 5500 Schedule B or Schedule MB, as applicable, and information provided by representatives of the affected plans. There are 134 individually identified multiemployer plans that are either already insolvent or are terminated and not eligible for SFA. Therefore, PBGC expects those plans to need financial assistance because of inadequate contribution bases and insufficient assets.

Statement of Actuarial Opinion

This valuation has been prepared in accordance with generally accepted actuarial principles and practices and, to the best of my knowledge, fairly reflects the actuarial present value of the Corporation's liabilities for the single-employer and multiemployer plan insurance programs as of September 30, 2021.

In preparing this valuation, I have relied upon information provided to me regarding plan provisions, plan participants, plan assets, and other matters, some of which are detailed in Note 6 of this Annual Report as well as a complete Actuarial Report available from PBGC.

In my opinion, (1) the techniques and methodology used for valuing these liabilities are generally acceptable within the actuarial profession; (2) the assumptions used are appropriate for the purposes of this statement and are individually my best estimate of expected future experience, discounted using current settlement rates from insurance companies as determined by PBGC's Policy Research and Analysis Department; and (3) the resulting total liability represents my best estimate of anticipated experience under these programs.

I, Scott Young, am the Chief Valuation Actuary of the PBGC. I am a Member of the American Academy of Actuaries, a Fellow of the Society of Actuaries and an Enrolled Actuary. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Scott G. Young, FSA, EA, MAAA
Fellow of the Society of Actuaries
Enrolled Actuary
Member of the American Academy of Actuaries
Chief Valuation Actuary
Director, Actuarial Services and Technology Department
Pension Benefit Guaranty Corporation