



## Office of Inspector General

May 25, 2022

**TO:** Karen Morris  
Chief of Negotiations and Restructuring

**JOHN SEGER** Digitally signed by JOHN SEGER  
Date: 2022.05.25 15:28:53 -0400

**FROM:** John Seger  
Assistant Inspector General for Audits, Inspections and Evaluations

**SUBJECT:** Limited Scope Evaluation of Terminated Vested Populations in Special Financial Assistance Applications (Project EV-22-167)

The Office of the Inspector General is initiating a limited scope engagement on PBGC's review of terminated vested participants when approving Special Financial Assistance applications. Please see the enclosure for more specific details on the engagement and for topics we plan to discuss at the entrance conference. We will begin work on this engagement immediately, so we would appreciate you notifying the appropriate staff.

The next step will be to conduct an entrance conference which we will coordinate with the Corporate Controls and Reviews Department. At the entrance conference, we request PBGC provide any feedback on the planned engagement.

Thank you in advance for your time and consideration.

**cc:** Russ Dempsey, General Counsel  
Frank Pace, Director, CCRD  
Latrece Wade, Risk Management Officer  
Kristin Chapman, Chief of Staff

Overview of Terminated Vested Participants in the Review and Approval of Special  
Financial Assistance Applications

Source for the Work: Self-generated

Issue(s) Under Review/Objective(s)/Key Question(s):

1. Does PBGC ensure the best estimate related to the terminated vested population in approving Special Financial Assistance applications?

Entrance Conference Discussion Topics:

1. Provide the requirements in the Final rule related to the determination of the Terminated Vested population, including when and if a death match is required.
2. Provide an overview of MEPD's process for performing a death match on the initial plan census data when a plan is about to become insolvent and projected to begin receiving **regular** financial assistance.
3. For Special Financial Assistance applications: Provide an overview of NRAD's SFA process of the analysis of census data when a plan changes the assumption from previously excluding terminated vested participants over a certain age to including all terminated vested participants.
  - a. Also, describe the census data collected from plans, death match actions requested and other information collected from the plan related to this assumption change.
4. For Special Financial Assistance, when no assumption changes, describe the current review process of the terminated vested population.
5. Given that in the **regular** financial assistance process the terminated vested population does not affect the amount of **regular** financial assistance paid, it is often not "cleaned" on a routine basis. How is PBGC ensuring the terminated vested population is the best available when estimating special financial assistance, where the terminated vested population does affect the amount approved and paid?

Documentation Requested for the Entrance Conference:

1. Provide a list of plans that submitted an SFA application as part of PG1 or PG2 and who also included a changed assumption from previously excluding terminated vested participants over a certain age to including all terminated vested participants in their SFA application
2. Provide the instructions NRAD issued to plans that made the assumption change described above.

Enclosure

Limited Scope Evaluation of Terminated Vested Populations in Special Financial Assistance Applications (Project EV-22-167) Page 3

3. For the following plans, 1) Trucking Employees of North Jersey and 2) Management-Labor Pension Fund Local 1730; please provide all documentation related to the assumption change to include previously excluded terminated vested participants, including but not limited to:
  - a. Full census report submitted by the plan,
  - b. Death match reports prepared by PBGC related to terminated vested participants,
  - c. Death match reports prepared by the plan and submitted to PBGC, and
  - d. Minutes of calls with plan representatives that included discussions of terminated vested participants.

Points of Contact Requested:

1. MEPD main and back-up points of contact for regular financial assistance
2. NRAD main and back-up points of contact related to SFA

OIG Contacts:

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