




Office of Inspector General

February 8, 2023

TO: John Hanley
Acting Chief of Negotiations and Restructuring

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

SUBJECT: EV-23-172 Limited Scope Evaluation of Projected Benefit Payments in Selected SFA Applications

The Office of the Inspector General is initiating an engagement on PBGC's Special Financial Assistance program related to projected benefit payments. 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 your 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 that PBGC provide feedback on the planned engagement.

Thank you in advance for your time and consideration.

cc: Karen Morris, General Counsel
Frank Pace, Director, CCRD
Latrece Wade, Risk Management Officer
Kristin Chapman, Chief of Staff

Overview of the Engagement

Subject: Limited Scope Evaluation of Projected Benefit Payments in Selected SFA Applications

Source for the Work: Self-initiated

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

Identify whether SFA procedures are sufficient to ensure increases in projected benefit payments are consistently identified, evaluated against appropriate criteria, and documented.

Entrance Conference Discussion Topics:

1. NRAD SFA Procedures Step 33 includes review of the SFA Baseline deterministic projection of benefit payments – is the pattern reasonably consistent with recent benefits paid and any prior projections, reflecting any Acceptable Assumption Changes (e.g., mortality)? Provide a walk-through what this analysis typically looks like.
2. Has PBGC found any applications that show anomalies in the benefit projections? What are some of the issues identified and how were the issues resolved?
3. In evaluating unchanged assumptions, what is the guidance and what criteria is used? Is plan experience taken into account in the determination of reasonableness, and how was the experience validated?

Points of Contact Requested:

Please provide main and backup points of contact for the following offices:
Office of Negotiations and Restructuring (MEPD and NRAD),
Office of Policy, Research, and Analysis.

Estimated Report Issuance: Fall 2023

OIG Contacts:

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