OFFICE OF INSPECTOR GENERAL

EVALUATION REPORT

PBGC Should Exclude Deceased Terminated Vested Participants from Special Financial Assistance Calculations

Report No. EVAL-2023-05

March 22, 2023

PBGC Should Exclude Deceased Terminated Vested Participants from Special Financial Assistance Calculations

Evaluation Report Number: EVAL-2023-05
Date: March 22, 2023

Brief Sheet

Background and Key Question

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (ARP) which authorizes PBGC to provide special financial assistance (SFA) to help save severely underfunded multiemployer plans and to potentially enable over three million participants and beneficiaries to receive their pension benefits. For this reason, PBGC launched the SFA Program under an Interim Final Rule published in July 2021, which allows eligible plans to receive an amount sufficient to pay all benefits" for the next 30 years with no obligation of repayment. SFA will not only protect the pension benefits of workers and retirees, it will also prevent, as previously projected, the PBGC s multiemployer insurance program from becoming insolvent in 2026.

Our objective was to determine whether PBGC has taken reasonable steps to ensure that deceased terminated vested participants were not included in the determination of the SFA amount.

Evaluation Results

PBGC approved SFA applications that may have included deceased participants in the terminated vested populations (TVs), resulting in an overpayment of SFA funds. PBGC did not consider available information, such as results of a death audit performed by the Multiemployer Program Division (MEPD), in its review of applications. In addition, for plans with changed exclusion assumptions, additional requirements were not sufficient to identify deceased TVs in the applications and reduce the associated SFA amounts. As a result, we estimate approximately $6 million in possible improper payments for four of the five plans reviewed. Although PBGC has recently made progress to reduce the risk of improper payments by requiring a death match report (under the Final Rule), it did not add affirmative requirements that would ensure deceased participants are excluded from SFA applications. As a result, PBGC could continue making overpayments for SFA to multiemployer plans.

Recommendations/Management Response

We made six recommendations to improve the quality of SFA estimates and approvals related to potential deceased participants in the terminated vested populations.

PBGC management agreed with all six recommendations. We concur with PBGC's proposed corrective actions for 5 of the 6 recommendations. For recommendation 2, we will work with PBGC to reach a management decision on the recommendation through the audit resolution process.

We commend PBGC on agreeing with our recommendations and working to protect taxpayer dollars. We do encourage PBGC management to complete the recommendations as soon as possible, given the short lifetime of the application and payment process for the program. Since PBGC is dependent on OMB review and approval, we suggest PBGC leverage OMB expedited review as detailed in OMB memorandum M-21-24, *Promoting Public Trust in the Federal Government and Effective Policy Implementation through Interagency Review and Coordination of the American Rescue Plan Act*, dated April 26, 2021.

For more information, visit www.oig.pbgc.gov.

March 22, 2023

MEMORANDUM

TO: John Hanley
Chief of Negotiations and Restructuring

Patricia Kelly
Chief Financial Officer

FROM: Brooke Holmes
Deputy Inspector General

B Holmes Digitally signed by BROOKE HOLMES Date: 2023.03.21 12:56:17 -04'00'

SUBJECT: PBGC Should Exclude Deceased Terminated Vested Participants from Special Financial Assistance Calculations (Report No. EVAL-2023-05)

We are pleased to provide you with the above-referenced final report. We appreciate the cooperation you and your staff extended to the OIG during this project. We thank you for your receptiveness to our recommendations and your commitment to reducing risk and improving the effectiveness and efficiency of PBGC programs and operations.

This report contains public information and will be posted in its entirety on our website and provided to the Board and Congress in accordance with the Inspector General Act.

cc: Frank Pace, Director, Corporate Controls and Reviews Department
Kristin Chapman, Chief of Staff
Karen Morris, General Counsel, Office of General Counsel
David Foley, Chief, Office of Benefits Administration
Latreece Wade, Risk Management Officer
Department of Labor Board staff
Department of Treasury Board staff
Department of Commerce Board staff
House committee staff (Education and Workforce, Ways and Means, HOAC)
Senate committee staff (HELP, Finance, HSGAC)

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Background

Established by the Employee Retirement Income Security Act of 1974 (ERISA), the Pension Benefit Guaranty Corporation (PBGC or Corporation) insures the pension benefits of workers and retirees in private sector defined benefit pension plans. PBGC's mission is to enhance retirement security by preserving plans and protecting pensioners' benefits. The Corporation guarantees payment, up to the legal limits, of the pension benefits earned by over 33 million American workers, retirees, and beneficiaries in single-employer and multiemployer plans. PBGC pays guaranteed benefits directly to retirees and beneficiaries in failed single-employer plans and provides financial assistance to insolvent multiemployer plans to allow them to pay guaranteed benefits to retirees and beneficiaries.

PBGC's Special Financial Assistance Program

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (ARP). ARP authorizes PBGC to provide special financial assistance (SFA) to help save severely underfunded multiemployer plans and to potentially enable over three million participants and beneficiaries to receive their pension benefits, ultimately providing an estimated $82.3 billion in SFA to eligible plans.[1] For this reason, PBGC launched the SFA Program under the Interim Final Rule published in July 2021. This rule added to the PBGC's regulations a new part, which implements ARP's new section 4262, added to ERISA. SFA will not only protect the pension benefits of workers and retirees, it will also prevent, as previously projected, the PBGC's multiemployer insurance program from becoming insolvent in 2026.

Under ARP, PBGC will receive appropriated funds to disburse SFA to multiemployer plans that meet certain criteria. Unlike traditional financial assistance, under section 4261 of ERISA, wherein PBGC provides financial assistance to multiemployer plans in the form of a loan, SFA will be provided via a transfer (passthrough of funds) from Treasury with no obligation of repayment. SFA is not intended to fully fund eligible plans. Rather, under ARP, eligible plans are entitled to receive an amount "sufficient to pay all benefits" for the next 30 plan years.

In addition to the instructions issued in the Interim Final Rule, PBGC provided guidance to multiemployer plans through templates and SFA assumption guidance on how to prepare and file the required SFA application. PBGC has begun providing SFA to multiemployer plans it approved as eligible under the provisions of ARP and PBGC's

[1] As of July 2022, PBGC estimates the SFA program to be valued at $82.3 billion.

Interim Final Rule. As of July 6, 2022, under the Interim Final Rule, PBGC has approved over $6.7 billion in SFA to plans that cover over 127,000 workers and retirees.

The Final Rule was signed on July 6, 2022, and became effective August 8, 2022. The Final Rule contains significant changes in the determination of the SFA amount, permissible investments for SFA assets and has updated the conditions and requirements of SFA applications. PBGC also updated the instructions, templates and guidance for the Final Rule.

Types of Plan Participants

Multiemployer pension plans are made up of several types of participants. (*See* Figure 1). A plan participant is an employee of an employer who is (or was) obligated to make contributions to a multiemployer pension plan and receives benefit payments from the plan. Generally, a plan participant is classified as a working or retired person receiving distributions from a plan, or a beneficiary of a deceased participant. Plan level benefits can be broken down by participant type, e.g., active, terminated vested, and retired participants and beneficiaries. Our report focuses primarily on the population of terminated vested participants (TVs) in five multiemployer pension plans.

Figure 1. Multiemployer Plan Participant Types

Active Participants. In a defined benefit plan, an individual is an active participant if an employer is contributing or is required to contribute to the plan an amount based on that individual's service.

Retirees and Beneficiaries. Pension plan participants who have begun collecting benefits or persons designated by pension plan participants to receive some or all of the participant's pension benefits upon the participant's death.

Terminated Vested Participants. Generally, a former employee who worked long enough to earn vested benefits in a pension plan, but who left the company participating in the plan and is not yet receiving a retirement benefit.

Source: Glossary | Pension Benefit Guaranty Corporation (pbgc.gov)

Overview of the Development of the SFA Request Amount

For a multiemployer plan requesting SFA, the plan administrator provides the plan's participant records to the actuary who develops the plan's projection of future benefit payments as a portion of the SFA calculation. The actuary uses a series of assumptions and the plan's census data to develop the SFA amount. The Interim Final Rule requires:

> *Participant census data must be as of the first day of the plan year in which the plan's initial application is filed, or, if the date on which the plan's initial application is filed is less than 270 days after the beginning of the current plan year and the actuarial valuation for the current plan year is not complete, the projections may instead be based on the participant census data as of the first day of the plan year preceding the year in which the plan's initial application is filed.*

Actuaries include a certification with each SFA application related to the quality of the data used. For example, in the applications we reviewed one actuary noted they do "not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. To the extent we can, however, … [we] review the data for reasonableness and consistency."

If during the development of the SFA application, a plan does not change the associated assumptions for the terminated vested population, PBGC will consider the assumptions reasonable, and a limited review of the assumptions is performed. The Interim Final Rule states:

> *Accordingly, PBGC expects to give far less intensive scrutiny to "original" assumptions than to changed assumptions.*
>
> *PBGC is to accept actuarial assumptions incorporated in a plan's certification of plan status completed before 2021 for purposes of eligibility under § 4262.3(d)(1) unless PBGC determines that such assumptions are "clearly erroneous." For all other purposes, PBGC will*

> *accept the assumptions used unless PBGC determines that they are unreasonable.*

However, if the plan changes its assumptions to include participants previously excluded from the measurement of plan liabilities (exclusion assumption), PBGC requires the plan to provide the following items:

(a) a listing of the participants whose benefits were excluded from the measurement of liabilities and would be included in the determination of the amount of SFA,
(b) a description of the efforts to locate such participants,
(c) the plan policies and procedures regarding identifying and locating missing participants, and
(d) details of a recent death audit indicating that there is no readily available information to the effect that any such participants had passed away as of the SFA measurement date.

For plans that changed the exclusion assumption to include previously excluded participants in the SFA calculations, PBGC also requires participants who are older than age 85 to be excluded from the SFA calculation unless the plan can provide an experience study that demonstrates it is reasonable to assume that these participants will eventually apply for benefits.

Objective

Our objective was to determine whether PBGC has taken reasonable steps to ensure that deceased terminated vested participants were not included in the determination of the SFA amount.

Evaluation Results

Summary

PBGC approved SFA applications that may have included deceased participants in the terminated vested (TVs) populations, resulting in an overpayment of SFA funds. PBGC did not consider available information, such as results of a death audit performed by the Multiemployer Program Division (MEPD), in its review of applications. In addition, for plans with changed exclusion assumptions, additional requirements were not sufficient to identify deceased TVs in the applications and reduce the associated SFA amounts. As a result, we estimate approximately $6 million in possible improper payments (IPs) for four of the five plans reviewed (*See* Figure 2). Although PBGC has recently made progress to reduce the risk of improper payments by requiring a death match report (under the Final Rule), it did not add affirmative requirements that would ensure deceased participants are excluded from SFA applications. As a result, PBGC could continue making overpayments for SFA to multiemployer plans.

Finding 1: Multiemployer Plans Submitted SFA Applications That Included Deceased Participants

An improper payment is defined by statute as any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements.[2] Since the beginning of the pandemic, the Government Accountability Office (GAO) has made several recommendations to Congress related to improper payments and payment integrity, in part due to the speed with which these funds were disbursed, which increases the risk of fraud and improper payments. (*See* Excerpt 1 below.)

[2] 31 U.S.C. § 3351(4).

Excerpt 1: GAO Report, COVID-19: Current and Future Federal Preparedness Requires Fixes to Improve Health Data and Address Improper Payments, published April 2022

Highlights of GAO-22-105397 (Continued)

Payment Integrity: COVID-19 Spending

The Payment Integrity Information Act of 2019 defines improper payments as any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. Improper payments are a pervasive and growing problem in regular programs across the federal government. They also have been a significant concern in pandemic spending, especially among the largest programs such as unemployment insurance.

Under guidance from the Office of Management and Budget (OMB), agencies are to complete a risk assessment to determine a new program's susceptibility to significant improper payments after the first 12 months of program operations and, if susceptible, develop corrective actions and report on improper payments the following fiscal year. This means that improper payment information for new COVID-19 programs may not be reported until November 2022. By that time, agencies may have disbursed most or even all COVID-19 funds before assessing risk or developing corrective actions to address potential improper payment issues.

GAO therefore suggested in its November 2020 report that Congress consider in any future legislation appropriating COVID-19 relief funds designating all executive agency programs and activities making more than $100 million in payments from COVID-19 relief funds as "susceptible to significant improper payment."

GAO continues to believe that expeditiously estimating and reporting improper payments and developing corrective actions to reduce such payments is critical to agency accountability, particularly for new programs that receive large outlays in a given year. **GAO reiterates the November 2020 matter, as well as a matter GAO made in a March 2022 testimony suggesting that Congress consider amending the Payment Integrity Information Act of 2019 to designate all new executive agency programs—such as those created specifically to respond to the COVID-19 pandemic—making more than $100 million annually in payments as "susceptible to significant improper payments" for their initial years of operation.**

GAO also recommends that OMB require agencies to certify the reliability of submitted improper payment data. OMB neither agreed nor disagreed with this recommendation.

Source: *https://www.gao.gov/assets/gao-22-105397.pdf*

The Standards for Internal Control in the Federal Government requires management to consider the potential for fraud when identifying, analyzing, and responding to risks, and to consider other forms of misconduct such as waste and abuse.[3] [4] [5]

Terminated Vested Populations Included Deceased Participants

We judgmentally selected five plans that applied for SFA for our review. Each of the five plans became insolvent prior to submitting their SFA application and were receiving traditional financial assistance from PBGC. As part of their traditional financial assistance application, the plans submitted census data to PBGC and all five plans

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[3] *The Standards for Internal Control in the Federal Government* 8.01 and 8.03.

[4] Waste is the act of using or expending resources carelessly, extravagantly, or to no purpose[.] … [W]aste relates primarily to mismanagement, inappropriate actions, and inadequate oversight. (Government Auditing Standards 6.21).

[5] Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary operational practice given the facts and circumstances. (*The Standards for Internal Control in the Federal Government* 8.03).

included deceased participants in their data. With the close proximities between the date of the census data provided to PBGC and the census data used to determine the amount of SFA, we suspected deceased participants were included in the SFA calculations for all five plans.[6]

Death Match in PBGC's Traditional Financial Assistance

When a plan becomes insolvent and can no longer cover plan benefits and administration costs, PBGC will provide financial assistance in the form of a loan. When a plan requires a loan, they submit a request for traditional financial assistance with all the necessary supporting documents, including the full census data, to PBGC's MEPD.

Plans are required to ensure that deceased retirees and beneficiaries are excluded from benefit payments. During the financial assistance request process, PBGC routinely performs a death match to ensure deceased participants do not receive benefits payments.

For a multiemployer plan's financial reporting, when projecting their plan liabilities, the quality of the data relies solely on the established practice of the plan administrator. For traditional financial assistance, the Terminated Vested Participants are not yet in pay status, so the accuracy of the terminated vested census data is not always as up to date as data for participants in pay.

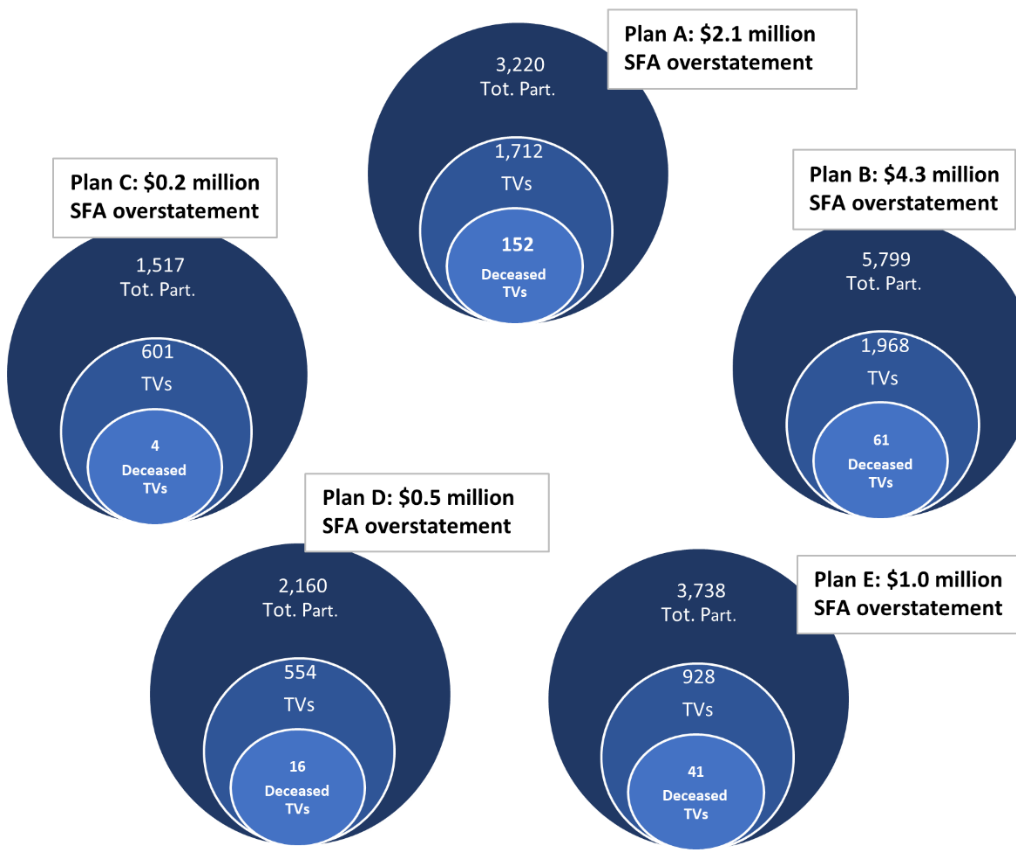
We compared the participant census data found in PBGC's records for all five plans to the Social Security Administration's Death Master file. As of the draft report date, four (plans B, C, D and E in Figure 2) of the five applications have been approved and one (plan A in Figure 2) was withdrawn, revised, re-submitted and withdrawn again. If we excluded this withdrawn application, we found 122 deceased TVs, or an average of around 2.6 percent of the TV population by plan, were possibly included in the SFA calculations.[7] (Figure 2 below depicts the total plan participants, total number of TVs, and deceased

[6] PBGC does not require the plans that have fewer than 350,000 participants to provide census data used for their SFA applications. In order to perform meaningful analysis, we selected plans that submitted census data that are reasonably close to the census data used for their SFA applications. See the methodology section for additional details.

[7] When we selected our sample, we did not know when the applications would be approved. In the end, as of our draft report issuance, one of the five plans in our sample has withdrawn its application. We include this withdrawn application in our discussion because during the application review process, we alerted PBGC of our observations about the deceased participants in this plan. If this withdrawn application was included, we would have found 274 deceased TVs, or an average of 4 percent of the TV population by plan were possibly included in the SFA calculations, resulting in an estimate of some $8.1 million in possible SFA overpayments.

TVs.) Based on our review, we estimate approximately $6 million in possible SFA overpayments to these plans.[8]

Figure 2: OIG Sampled Plans' Population Breakdowns



Source: OIG Analysis of PBGC's TeamConnect Files for Plans A-E

For the five plans in our sample:

- ✓ Each plan became insolvent and began receiving regular financial assistance under Section 4261 of ERISA to pay guaranteed benefits and reasonable administrative expenses.
- ✓ Each plan submitted a census report to MEPD prior to receiving any Section 4261 financial assistance. This census report included information such as

[8] In addition to the terminated vested counts, the SFA overstatements are estimated based on the terminated vested liabilities provided in the SFA applications and rely on several other assumptions, including the probability of marriage, the benefit conversion factor and an age adjustment factor.

names, social security numbers (SSNs), dates of birth (DOBs), and participant status such as retiree or deferred vested.
- ✓ Each plan, subsequent to receiving Section 4261 financial assistance, applied for SFA under ARP.

> **Summary of Sample Plan A**
>
> The plan's total population had about 3,000 participants with approximately 1,700 terminated vested participants. We reviewed MEPD's death audit and identified 152 deceased TVs with date of death prior to 1/1/2021 (the census data used for SFA application).
>
> This plan had not been excluding any participants from its actuarial valuation and PBGC had no procedure in place to ask the plan to run a death match under the Interim Final Rule. Our analysis leads us to suspect that all 152 deceased participants were included in the SFA application, resulted in overstating the SFA amount by approximately $2.1 million. Our office alerted PBGC of our observations about the deceased participants in this plan.
>
> If a plan administrator has not recently validated participant records, the administrator may inadvertently provide to the plan actuary records of terminated vested participants who are deceased. Consequently, in computing the SFA amount to request, the plan actuary will be valuing future benefit payments for up to 30 years of individuals who will never apply because they are deceased. If this happens, a portion of the taxpayer funds that PBGC pays to the plan will exceed the amount to which the plan has a right to receive under the law.

For two of the five plans (A and B) reviewed, as part of MEPD's practices on insolvent plans, PBGC had already performed a death match on the full census data and identified deceased participants. This information was not noted or used during the SFA application review, and the OIG did not identify material changes to the TV participant data used for the SFA estimate. As such, the OIG relied on the death match work documented in PBGC's files for these two plans.

For the remaining three plans, the OIG performed our own death match of the census data.

Populations Served by PBGC and Increased Risks Due to Pandemic

As programs which often serve an older population, PBGC's single-employer and multiemployer programs routinely check for deceased participants. (For additional information on Death Match in Traditional Financial Assistance, see p. 8.) However, when PBGC developed the Interim Final Rule for SFA, the handling of deceased participants did not rise to inclusion. Although PBGC required additional steps if a plan changed the exclusion assumption, the mitigating steps were limited. The Final Rule attempted to address this deficiency by requiring a death match report, but the Final Rule lacks affirmative assurance that all deceased participants are excluded from the SFA applications.

The development of the SFA amount is a complicated projection; however, PBGC has a responsibility to be a good steward of taxpayer funds. As such, when verifiable and corroborating evidence is available, PBGC should incorporate it into the SFA review process. The Standards for Internal Control require:

> *Management should use quality information to achieve the entity's objectives.*
>
> *Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Relevant data have a logical connection with, or bearing upon, the identified information requirements. Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent. Management evaluates both internal and external sources of data for reliability. Sources of data can be operational, financial, or compliance related. Management obtains data on a timely basis so that they can be used for effective monitoring.*[9]

For the five plans we reviewed, we found deceased participants within the data sets provided by the plans within their request for traditional financial assistance due to insolvency. PBGC reviewed and approved the SFA applications without corroborating available information, which resulted in deceased participants possibly being included in the data used for the SFA application.

The timing of the SFA program, in the midst of a pandemic − when death rates accelerated for many population groups, but in particular for the elderly population often served by pension benefits − increased the risk of deceased participants being included in projections. We found deceased participants in the TV populations for all five plans we judgmentally selected. To limit waste, reduce improper payments, and to ensure the best use of taxpayer funds, PBGC should take steps to minimize the risk of deceased participants inclusion in the projections that develop the SFA amount.

[9] *The Standards for Internal Control in the Federal Government* 13.01 and 13.04.

PBGC has not yet performed an improper payment risk assessment of the SFA program because PBGC considers the SFA program a part of the multiemployer program. With the use of taxpayer funds in the SFA program and potential for fraud or waste, PBGC's reputational risk has increased. In M-21-19, Office of Management and Budget (OMB) establishes the following related to off-cycle improper payments (IP) risk assessments:

> *If a program that is on a three-year IP risk assessment cycle experiences a significant change in legislation and/or a significant increase in its funding level, agencies may need to reassess the program's risk susceptibility during the next annual cycle, even if it is less than three years from the last IP risk assessment. Examples of events that may trigger an off-cycle risk assessment include but are not limited to, national disasters, national emergencies, or a change to program structure that increases payment integrity risk. The agency will determine whether the factor is significant enough to cause the program to become likely to make IPs and UPs [unknown payments] that would collectively be above the statutory threshold.*

Based on the SFA program impact on the multiemployer program, the OMB guidance encourages agencies to perform an off-cycle risk assessment to determine the susceptibility of the program to improper payments.

By identifying the high likelihood of deceased participants in plans' SFA estimations approved and paid by PBGC, PBGC is at risk with their current procedures to continue to include deceased participants in SFA payments. Given PBGC's handling of deceased participants in other programs, SFA should have additional procedures to ensure plans are using the most reliable information in their 30-year projections. For insolvent plans, where PBGC already houses a large amount of plan historical knowledge, PBGC should rely on some of this data to verify the reasonableness of the SFA calculations to reduce the risk of improper payments and waste of government funds.

Recommendations

We recommend the Office of Negotiations and Restructuring:

1. Update the review procedures for insolvent plans who apply for SFA and determine where corroborating information could be used to determine if deceased participants are included in the SFA calculations.

2. For SFA applications that were approved under the Interim Final Rule, PBGC should implement procedures to verify SFA payments did not include questioned cost for deceased individuals and recover overpayments (Appendix IV). [10]

We also recommend the Office of the Chief Financial Officer:

3. Review OMB guidance for Improper Payments and take steps that may be necessary to ensure proper reporting and monitoring of SFA payments, including an off-cycle risk assessment.

Finding 2: Final Rule Increases Controls but Requires More Guidance

PBGC established key controls for the SFA program as part of its internal control framework. The key control SFA/NRAD-1 states:

> *For all SFA applications that are accepted by MEPD's Triage Team, Negotiations & Restructuring Actuarial Department (NRAD) Actuary will review each application (in accordance with NRAD procedures) for completeness, confirm SFA eligibility, assess the reasonableness of assumptions used, and assess the accuracy of the amount of SFA requested.*

According to the key control, a business risk arises from a lack of review of SFA applications in accordance with procedures that could lead to an inaccurate SFA payment or an arbitrary and inconsistent review determination process.

Although the PBGC, as required, expeditiously developed the Interim Final Rule along with implementing guidance for the SFA program, additional vigilance must be taken with the issuance of the Final Rule and internal guidance (i.e., procedures).

After the OIG had substantially completed its field work for this evaluation, PBGC issued a Final Rule that changed the guidance established under the Interim Final Rule. These changes included: new investment restrictions, changes to withdrawal liability computations and modification of SFA calculations to allow for two interest rate assumptions (one for SFA assets and one for non-SFA assets).

Relating to our review of terminated vested populations, the Final Rule now requires that an SFA application include documentation that a death audit be completed no earlier than one year before the plan's SFA measurement date to identify deceased participants. The measurement date is the last day of the calendar quarter immediately

[10] While preparing the report for publication, we changed "funds put to better use" to "questioned cost" to more accurately reflect the nature of the monetary benefit.

preceding the date the plan’s application was filed. PBGC indicated that this documentation is to include the name of the service provider conducting the audit, and a copy of the results of the audit that the service provider gave to the plan administrator.

Still, PBGC has not provided to the plans guidance on how the death audit may impact plans’ SFA estimate and how the plans should handle the deceased participants identified in the death audit. For example, during our review of the newly published instructions and templates, we noticed that the death match report requirement is not included in the Supplemented Checklist, which is a PBGC-developed Excel template designed for SFA applicants use to identify information submitted in their Supplemented Application. Further, PBGC has not updated – and has no timetable to update – MEPD’s and NRAD’s procedures that document how its staff is to incorporate the death audit information into the review process.

Although the additional requirements improve PBGC’s controls for the SFA estimate and payment amount, more guidance is needed to ensure plans and PBGC staff incorporate this information to ensure an accurate amount of SFA is paid and deceased participants are not included in the SFA amount. Without additional guidance, the Final Rule requirements do not enhance the controls in place and PBGC remains at risk of including deceased participants in the SFA payments. Because the SFA is paid through Treasury funds, PBGC has an obligation to be good stewards of taxpayer dollars to decrease the risk of overpayments in SFA.

Recommendations

We recommend the Office of Negotiations and Restructuring:

4. Update application instructions to include detailed guidance on how deceased participants should be handled by plans and supporting information to be submitted.

5. Update MEPD & NRAD procedures to include steps to ensure deceased participants are excluded from SFA calculations.

6. For the changes in requirements from the Interim Rule to the Final Rule, determine the impact on plan application guidance or PBGC analysis of SFA applications and update or develop the associated guidance.

Analysis of PBGC's Response

PBGC management responded to our draft report with two sets of formal comments (Appendix II). In December 2022, PBGC management fully agreed with recommendations 3, 4, and 6 and disagreed with recommendations 1, 2, and 5. In March 2023, PBGC management provided additional comments, in which it changed its position and agreed with recommendations 1, 2, and 5. Given the revised response from PBGC, we have redacted the December 2022 responses to recommendations 1, 2, and 5 from this final report.

We commend PBGC on agreeing with our recommendations and working to protect taxpayer dollars. We do encourage PBGC management to complete the recommendations as soon as possible, given the short lifetime of the application and payment process for the program. Since PBGC is dependent on OMB review and approval, we suggest PBGC leverage OMB expedited review as detailed in OMB memorandum M-21-24, *Promoting Public Trust in the Federal Government and Effective Policy Implementation through Interagency Review and Coordination of the American Rescue Plan Act*, dated April 26, 2021.

Summary of Actions Needed to Close Recommendations

The following section summarizes the status of our recommendations and the actions necessary to close them:

Recommendation 1 for the Office of Negotiations and Restructuring:

Update the review procedures for insolvent plans who apply for SFA and determine where corroborating information could be used to determine if deceased participants are included in the SFA calculations.

Resolved. PBGC management concurred with the recommendation. The Office of Negotiations and Restructuring (ONR) will review and update the procedures for insolvent plans that apply for SFA and determine what corroborating information is available and could be used to determine if deceased participants are included in the SFA calculations. ONR's goal is to complete the planned actions by September 30, 2023.

Closure of this recommendation will occur when PBGC updates and publishes the relevant procedures.

Recommendation 2 for the Office of Negotiations and Restructuring:

For SFA applications that were approved under the Interim Final Rule, PBGC should implement procedures to verify SFA payments did not include questioned cost for deceased individuals and recover overpayments (Appendix IV).[11]

Unresolved. PBGC management concurred with the recommendation. However, we consider recommendation 2 unresolved and open.

PBGC stated it would request additional information from plans approved under the Interim Final Rule (IFR) to verify SFA payments did not include amounts that could be attributed to deceased individuals. However, prior to collecting such information, PBGC stated that it would work through OMB and in collaboration with the Departments of Labor and Treasury to determine that collecting the additional information does not violate the Paperwork Reduction Act. PBGC did not provide additional information of its course of action if OMB determines that collecting this information violates the Paperwork Reduction Act, and PBGC did not specifically discuss how to recoup overpayments if it found SFA payments included amounts that could be attributed to deceased individuals. PBGC's statement only addresses the first half of our recommendation. Furthermore, PBGC did not state whether it agreed with the questioned cost identified in this report.

In accordance with our audit follow-up policy, we will attempt to reach an agreement with PBGC management on the unresolved recommendations within 60 days after the final date of this report. If we do not reach agreement, OIG will notify the audit follow-up official of the disputed issues.

Resolution of this recommendation will occur when PBGC reviews SFA payments made under the IFR to determine if deceased participants were included in the application amounts. Additionally, the OIG and PBGC must agree on the value of questioned cost related to the SFA applications approved under the IFR. After the review of SFA applications, if deceased participants were included, PBGC must determine a recovery process for overpayments and recover payments, where required.

Recommendation 3 for the Chief Financial Officer:

Review OMB guidance for Improper Payments and take steps that may be necessary to ensure proper reporting and monitoring of SFA payments, including an off-cycle risk assessment.

[11] While preparing the report for publication, we changed "funds put to better use" to "questioned cost" to more accurately reflect the nature of the monetary benefit.

Resolved. PBGC management concurred with the recommendation. The Corporate Controls and Reviews Department (CCRD) performs improper payment (IP) risk assessments in accordance with a rotational schedule wherein each program/activity is reviewed at least once every 3 years in compliance with Office of Management and Budget guidance (M-21-19). CCRD added the SFA program to its rotational schedule last year. Initial SFA payments began in FY 2022. In accordance with M-21-19 guidance for newly established programs, an IP risk assessment should be completed after the first 12 months of the program. Accordingly, an IP risk assessment will be conducted in FY 2023 for this payment stream. CCRD will continue to follow OMB guidance with respect to performing off-cycle assessments. CCRD's goal is to complete the planned actions by December 29, 2023.

Closure of this recommendation will occur when PBGC completes the risk assessment for the SFA program.

Recommendation 4 for the Office of Negotiations and Restructuring:

Update application instructions to include detailed guidance on how deceased participants should be handled by plans and supporting information to be submitted.

Resolved. Management concurred with this recommendation. ONR agreed that the current application instructions were vague about guidance on what to do with the death audit. Therefore, ONR is in the process of updating the SFA application instructions to include detailed guidance on how deceased participants should be handled by plans. ONR's goal is to complete the planned actions by January 31, 2023, and will inform the OIG if the date changes since it is dependent on the date by which PBGC is expected to receive OMB's approval.

Closure of this recommendation will occur when PBGC updates and publishes the application instructions.

Recommendation 5 for the Office of Negotiations and Restructuring:

Update MEPD & NRAD procedures to include steps to ensure deceased participants are excluded from SFA calculations.

Resolved. PBGC concurred with the recommendation. PBGC will propose to require that applicants provide the census data that was used to complete the death audit. Once the census data is obtained, PBGC will perform an independent death search on the census file. If any additional deceased participants are identified, PBGC will quantify the impact on the amount of SFA requested and take action as needed. ONR's goal is to complete the planned actions by July 31, 2023.

Closure of this recommendation will occur when PBGC updates and publishes the procedures.

Recommendation 6 for the Office of Negotiations and Restructuring:

For the changes in requirements from the Interim to the Final Rule, determine the impact on plan application guidance or PBGC analysis of SFA applications and update or develop the associated guidance.

Resolved. Management concurred with this recommendation.

NRAD acknowledges that the Final Rule made numerous changes that impact its SFA evaluation process. NRAD has already updated its tools and procedures to account for the changes of the Final Rule. In addition, ONR has developed procedures for Supplemented Applications and can forward them to the OIG. Last, NRAD's Template Checkers, where the details of the actuarial reviews are stored, has been updated for the Final Rule. ONR completed this action on September 23, 2022.

Closure of this recommendation will occur once PBGC provides the OIG with the procedures they developed for Supplemented Applications.

Appendix I: Objective, Scope, and Methodology

Objective

Our objective was to determine whether PBGC has taken reasonable steps to ensure that deceased terminated vested participants were not included in the determination of the SFA amount.

Scope

Our scope was a limited scope evaluation of the terminated vested populations in census data submitted by plans in our sample when they applied for financial assistance (before their SFA applications). We also reviewed two of MEPD's death audits with respect to the plans' applications for financial assistance. Due to the COVID-19 pandemic and related telework guidance, we performed fieldwork via remote access to our facilities at PBGC headquarters in Washington, D.C. from May 2022 through July 2022.

Methodology

We reviewed Federal laws, regulations, and policies related to multiemployer pension plans, as well as PBGC policies and procedures for the multiemployer program. Our review included tests of controls and compliance with laws and regulations to the extent necessary to satisfy the evaluation objective. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our evaluation.

We met with Office of Negotiations & Restructuring (ONR) officials to discuss their procedures for handling the terminated vested population in the SFA application process. We also interviewed MEPD auditors to learn about their death audit. In addition, we interviewed the Director of Participant Services Department (PSD), whose office conducted the death search for the MEPD auditors, to understand the PSD approach to death search and to learn about the Social Security Death Master File used in the search.

We selected a judgmental sample of five plans and obtained their census data directly from ONR's TeamConnect, the case management system where applications are uploaded and maintained. We assessed the reliability of the datasets by comparing the total number of participants and the number of TVs to data used for the SFA application and made sure: (1) the datasets included participants' SSN, last name, and DOB − the three factors that constitute a match when we conduct a death search, and (2) duplicate SSNs and out of range ages were not present. Under an interagency agreement with Social Security Administration (SSA), PBGC received a file every week from SSA with deaths reported that week, and the file was appended to the Death Master File in a PBGC database. We assessed the completeness of this file by ensuring the number of distinct records the file contained was consistent with the number of records published in a Social Security Advisory Board report. To achieve our objective, we also compared the SSN, last name and DOB of each terminated vested participant in the five plans under review to the SSNs, last names and DOBs in the SSA Death Master File to identify deceased participants and estimated the overstated SFA amount.

PBGC does not require the plans to provide census data used for their SFA applications. In order to perform meaningful analysis, we judgmentally selected plans that had submitted their census data that was reasonably close to the date of the census data they used for their SFA applications. In general, the two sets of census data are within 12 months of each other except for Plan B, where the census data is different by about 17 months. Below is a summary of the two data sets:

Table 1: Participant Details for Plans A-E

Plan	Date of Data Submitted to PBGC	Total Number of Participants per Census	Total Number of TVs per Census	Date of Data Used for SFA Application	Total Number of Participants per Application	Total Number of TVs per Application	Percent Change of TV Population
A	8/12/21	3,220	1,712	1/01/21	3,330	1,789	+4.50%
B	6/10/21	5,799	1,968	1/01/20	6,182	1,835	-6.76%
C	5/21/21	1,517	601	7/01/20	1,529	598	-0.50%
D	2/26/21	2,160	554	4/01/20	2,126	554	0.00%
E	11/13/20	3,738	928	1/01/20	3,642	926	-0.22%

Source: OIG analysis of Census Data stored in MEPD's TeamConnect database.

Although the census data files are not the data used for the SFA applications, in our opinion, the census can be used for our analysis because: (1) the "as of" dates between the two data sets are relatively close, (2) the total number of participants are very similar and (3) the census data used for the SFA applications are all prior to the data files submitted to PBGC. If a death match was performed for SFA application purposes, the deceased participants would not have been included in the submission to PBGC or would have had an indication of deceased status.

We conducted this evaluation in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. Those standards require that we plan and perform the engagement to obtain sufficient and appropriate evidence to provide a reasonable basis for our conclusions and observations based on our objective. We believe that the evidence obtained here provided a reasonable basis for our conclusions and observations based on our evaluation objective.

Appendix II: Agency Response (December 2022)

PBGC Pension Benefit Guaranty Corporation

445 12th Street SW
Washington, DC 20024-2101
202-229-4000
PBGC.gov

December 9, 2022

To: Nick Novak
Inspector General

From: John Hanley
Acting Chief of
Negotiations and Restructuring
JOHN HANLEY Digitally signed by JOHN HANLEY Date: 2022.12.09 17:15:04 -05'00'

Karen L. Morris
General Counsel
KAREN MORRIS Digitally signed by KAREN MORRIS Date: 2022.12.09 17:25:22 -05'00'

Subject: Response to OIG's Draft Report Evaluation of Terminated Vested Populations in Special Financial Assistance

Thank you for the opportunity to comment on the Office of Inspector General's (OIG) draft report, received October 26, 2022, relating to the evaluation of terminated vested populations in Special Financial Assistance (SFA) (Project No. EV-22-167). Your office's work on this is appreciated.

PBGC officials met with the representatives from the OIG on October 12, 2022, to discuss the findings and recommendations. The dialogue was both informative and insightful and PBGC appreciates the opportunity to respond to the recommendations suggested by the OIG.

Management concurs with the report's findings that PBGC should ensure proper reporting and monitoring of SFA payments (Finding 1, Recommendation 3). In addition, Management concurs that the application instructions need more detailed guidance (Finding 2, Recommendation 4) and that PBGC guidance needs to be updated to reflect the terms of the Final Rule (Finding 2, Recommendation 6). However, Management does not concur with the remainder of the report's findings and recommendations. In the attachment to this memorandum, you will find our specific responses to each recommendation included in the report, as well as our planned corrective actions and scheduled completion dates where applicable. Addressing these recommendations in a timely manner is an important priority for PBGC. Consistent with the fact that Management does not concur with Finding 1 Recommendation 2, we believe that no overpayment was made to any of the plans that OIG reviewed. Indeed, while we note here the $6 million figure cited in Appendix IV of the report, Management does not believe that any of the funds paid to plans approved to receive SFA could have been put to better use.

cc: Patricia Kelly, Chief Financial Officer
Rossi Marcelin, Director, Plan Compliance Department
Jim Donofrio, Chief Negotiating Actuary
Frank Pace, Director, Corporate Controls and Reviews Department
Latreece Wade, Risk Management Officer

Our comments on the specific recommendations in the draft report are as follows:

1. **Update the review procedures for insolvent plans who apply for SFA and determine where corroborating information could be used to determine if deceased participants are included in the SFA calculations. (OIG Control Number 2023-05-01)**

PBGC Response: Management does not concur with this recommendation.

[redacted]

[redacted]

[redacted]

[redacted]

Scheduled Completion Date: N/A

2

2. **For SFA applications that were approved under the Interim Final Rule, PBGC should implement procedures to verify SFA payments did not include amounts for deceased individuals and recover overpayments so the funds may be put to better use. (OIG Control Number 2023-05-02)**

PBGC Response: Management does not concur with this recommendation.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

3

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Scheduled Completion Date: N/A

3. **Review OMB guidance for Improper Payments and takes steps that may be necessary to ensure proper reporting and monitoring of SFA payments, including an off-cycle risk assessment. (OIG Control Number 2023-05-03)**

PBGC Response: Management concurs with this recommendation.

The Corporate Controls and Reviews Department (CCRD) performs improper payment (IP) risk assessments in accordance with a rotational schedule wherein each program/ activity is reviewed at least once every 3 years in compliance with Office of Management and Budget guidance (M-21-19). CCRD added the SFA program to its rotational schedule last year. Initial SFA payments began in FY 2022. In accordance with M-21-19 guidance for newly established programs, an IP risk assessment should be completed after the first 12 months of the program. Accordingly, an IP risk assessment will be conducted in FY 2023 for this payment stream. CCRD will continue to follow OMB guidance with respect to performing off-cycle assessments.

Scheduled Completion Date: December 29, 2023

4. **Update application instructions to include detailed guidance on how deceased participants should be handled by plans and supporting information to be submitted. (OIG Control Number 2023-05-04)**

PBGC Response: Management concurs with this recommendation.

While the Final Rule requires that plans filing SFA applications must include a death match report, ONR agrees that the current application instructions are vague about guidance on what to do with that death audit. ONR is in the process of updating the SFA application instructions to include detailed guidance on how deceased participants should be handled by plans. The drafted language is as follows but is subject to change before becoming published:

> *Death Audit. Documentation of a death audit to identify deceased participants that was completed on the census data used for SFA purposes, including identification of the service provider conducting the audit and a copy of the results of the audit provided to the plan administrator by the service provider. If any known deaths occurred before the date of the census data used for SFA purposes, provide a statement certifying these deaths were reflected for SFA calculation purposes. Deaths that occur after the census date should not be reflected. Please see PBGC's SFA assumptions guidance for further details. If personally identifiable information is included in this report, the filer must redact it before submission to PBGC.*

Please note that PBGC has guidance in place addressing conditions that will apply in the event that a plan decides to change its assumption for excluding certain participants from the pre-2021 zone certification to the SFA application that include an important variation from the general death audit requirement specified above. As discussed in detail below, PBGC's guidance (the

FAQ posted on https://www.pbgc.gov/arp-faqs on June 16, 2022) require applicants who change the assumption regarding the exclusion of certain terminated vested participants to verify that there is no readily available information indicating that any of the participants added to the SFA calculations as a result of the assumption change are deceased.

Specifically, under the FAQ, if a plan that excluded all or a portion of benefits for certain terminated vested participants in its pre-2021 zone certification proposes a change in assumptions that has the effect of including benefits for some or all of the previously excluded participants, PBGC will accept such a change provided that benefits for participants previously excluded who are older than age 85 on the SFA measurement date are excluded for purposes of determining eligibility for SFA (where applicable) and the amount of SFA.

If a plan proposes a change in such assumptions other than the acceptable assumption change described above, Negotiations and Restructuring Actuarial Department (NRAD) will assess the reasonableness of the proposed change regarding the inclusion of certain previously excluded terminated vested participants by assessing the information and supporting rationale and analysis provided by the plan. The plan should provide experience data that supports that it is reasonable to assume that the participants now included for determining the amount of SFA (or determining SFA eligibility) will eventually apply for benefits.

Regardless of whether the applicant follows the acceptable assumption change or makes a change that requires submission of experience data regarding the incidence of participants previously excluded actually applying for benefits, the SFA application should include the following information:

- A listing of the participants whose benefits were excluded from the measurement of liabilities in the most recent actuarial valuation who would be included in the determination of the amount of SFA (or for purposes of determining eligibility for SFA), including relevant data items,
- A description of the plan's policies and procedures for locating missing participants as well as the specific efforts that the plan has made to locate such participants, and
- <u>Details of a recent death audit (performed not earlier than one year prior to the SFA measurement date) demonstrating that there is no readily available information indicating that any such participants are deceased as of the SFA measurement date.</u>

<u>Scheduled Completion Date:</u> January 31, 2023 (*Date by which OMB approval expected; PBGC will inform OIG if approval occurs sooner.*)

5. **Update MEPD & NRAD procedures to include steps to ensure deceased participants are excluded from SFA calculations (OIG Control Number 2023-05-05)**

PBGC Response: Management does not concur with this recommendation.

[redacted]

[redacted]

Scheduled Completion Date: N/A

6. **For the changes in requirements from the Interim Rule to the Final Rule, determine the impact on plan application guidance or PBGC analysis of SFA applications and update or develop the associated guidance. (OIG Control Number 2023-05-06)**

PBGC Response: Management concurs with this recommendation.

NRAD acknowledges that the Final Rule made numerous changes that impact its SFA evaluation process. NRAD has already updated its tools and procedures to account for the changes of the Final Rule.

The Procedures Guide for Non-Supplemented Applications Filed Under the Final Rule was provided to OIG on 9/15/2022 (*NRAD SFA Review Procedures FR v20220902_clean.pdf*). ONR has-developed procedures for Supplemented Applications and can forward those to OIG as well.

NRAD procedures manuals are written to describe high-level process steps. The details of the actuarial reviews always have been and will continue to be stored within NRAD's Template Checkers. The Template Checkers have been updated for the Final Rule. Versions of the Template Checkers reflecting the Final Rule were provided to OIG on 9/20/2022. Likewise, the remaining NRAD templates (report, assumptions review, and completeness check) have also been updated for the Final Rule and were provided to OIG on 9/23/2022.

In addition to these templates, NRAD actuaries prepare a Scratch Pad with additional actuarial analysis that falls outside the structure of the templates, if necessary. For applications on which analysis is done around terminated vested participants, that analysis is contained with the plan's Scratch Pad file.

Scheduled Completion Date: September 23, 2022

Appendix III: Agency Response (March 2023)

PBGC Pension Benefit Guaranty Corporation

445 12th Street SW
Washington, DC 20024-2101
202-229-4000
PBGC.gov

March 14, 2023

To: Nick Novak
Inspector General

From: John Hanley
Chief of
Negotiations and Restructuring

JOHN HANLEY Digitally signed by JOHN HANLEY
Date: 2023.03.14 19:29:58 -04'00'

Karen L. Morris
General Counsel

KAREN MORRIS Digitally signed by KAREN MORRIS
Date: 2023.03.14 19:30:08 -04'00'

Subject: Follow-up Response to OIG's Draft Report Evaluation of Terminated Vested Populations in Special Financial Assistance

Thank you for the opportunity to provide additional comments on the Office of Inspector General's (OIG) draft report, received October 26, 2022, relating to the evaluation of terminated vested populations in Special Financial Assistance (SFA) (Project No. EV-22-167). Your office's willingness to engage in discussions in anticipation of the audit resolution process is appreciated. After several internal discussions and those with your office, we concur with recommendations 1, 2, and 5. We have outlined our planned corrective actions for each specific recommendation on the following pages.

Thank you for the continued dialogue and considering this additional response. Addressing these recommendations in a timely manner is an important priority for PBGC.

cc: Patricia Kelly, Chief Financial Officer
Rossi Marcelin, Director, Plan Compliance Department
Jim Donofrio, Chief Negotiating Actuary
Frank Pace, Director, Corporate Controls and Reviews Department
Latreece Wade, Risk Management Officer

Our comments on the specific recommendations in the draft report are as follows:

1. **Update the review procedures for insolvent plans who apply for SFA and determine where corroborating information could be used to determine if deceased participants are included in the SFA calculations. (OIG Control Number 2023-05-01)**

PBGC Response: Management concurs with this recommendation.

The Office of Negotiations and Restructuring (ONR) will review and update the procedures for insolvent plans that apply for SFA and determine what corroborating information is available and could be used to determine if deceased participants are included in the SFA calculations. For those insolvent plans that received SFA under the Interim Final Rule, please see recommendation number 2 below. For the remaining insolvent plans that have yet to apply, they would be subjected to the same review standards discussed in detail for recommendation 5 below.

Scheduled Completion Date: September 30, 2023

2. **For SFA applications that were approved under the Interim Final Rule, PBGC should implement procedures to verify SFA payments did not include amounts for deceased individuals and recover overpayments so the funds may be put to better use. (OIG Control Number 2023-05-02)**

PBGC Response: Management concurs with this recommendation.

PBGC will request additional information from plans approved under the Interim Final Rule to verify SFA payments did not include amounts that could be attributed to deceased individuals. We will seek to confirm that the census data that the plan used in its Interim Final Rule application had been subjected to a death audit.

Before any information collection, PBGC will work through the appropriate channels, including the Office of Management and Budget (OMB) and in consultation with the Departments of Labor and Treasury to determine that such an information collection would not violate the Paperwork Reduction Act or any other act.

If the additional information can be collected, we will establish procedures to review the data received and take appropriate action.

Scheduled Completion Date: September 30, 2023

5. **Update MEPD & NRAD procedures to include steps to ensure deceased participants are excluded from SFA calculations (OIG Control Number 2023-05-05)**

<u>PBGC Response:</u> Management concurs with this recommendation.

PBGC will work with the appropriate agencies, including OMB to update the SFA filing instructions to require this detailed census data for new applications filed as of the effective date.

While we have made extensive adjustments to our application procedures, instructions, and guidance to reflect the Final Rule, we agree that further refinement is warranted.

Based both on discussions with OIG and our experience to date with Final Rule applications, we propose to require that applicants provide documentation of the specific participant census data file used to conduct the death audit.

PBGC previously held the position that analysis of participant census data would meet the "minimum required" standard under the American Rescue Plan Act of 2021 (ARP) only in extraordinary circumstances. Specifically, ARP holds that PBGC shall "limit the materials required for a special financial assistance application to the minimum necessary to make a determination on the application" at ERISA Sec. 4262(c)(1). PBGC's regulation does not require the agency to collect (unless the applying plan has 350,000 or more participants) or perform an audit of an applicant's census data.

PBGC added language in the SFA Final Rule requiring that plans filing SFA applications must include a death match report. Section 4262.8 of the Final Rule adds language not included in the Interim Final Rule, specifically requesting "documentation of a death audit to identify deceased participants that was completed no earlier than 1 year before the plan's SFA measurement date." ONR agreed that the application instructions were vague about guidance on what to do with that death audit and added clarity to the application instructions.

We propose to further require, subject to information collection approval from OMB, that applicants provide the census data that was used to complete the death audit. Once the census data is obtained PBGC will perform an independent death search on the census file. If any additional deceased participants are identified, PBGC will quantify the impact on the amount of SFA requested and take action as needed.

<u>**Scheduled Completion Date:**</u> July 31, 2023 (Date by which OMB approval expected)

Appendix IV: Acronyms

Acronym	Meaning
ARP	American Rescue Plan
CCRD	Corporate Controls and Reviews Department
DOB	Date of Birth
ERISA	Employee Retirement Income Security Act
GAO	Government Accountability Office
IFR	Interim Final Rule
IPs	Improper Payments
MEPD	Multiemployer Program Division
NRAD	Negotiations & Restructuring Actuarial Department
OIG	Office of Inspector General
OMB	Office of Management and Budget
ONR	Office of Negotiations & Restructuring
PBGC	Pension Benefit Guaranty Corporation
PSD	Participant Services Department
SFA	Special Financial Assistance
SSN	Social Security Number
TVs	Terminated Vested Participants
UPs	Unknown Payments

Appendix V: Summary of Monetary Benefits

Questioned Cost[12]	Amount	Associated Recommendation
Finding 1 – Overpayments to Multiemployer Plans due to the Inclusion of Deceased Participants in SFA Applications	**$6 million**[13]	**2**
Total monetary impact	**$6 million**	

[12] While preparing the report for publication, we changed “funds put to better use” to “questioned cost” to more accurately reflect the nature of the monetary benefit.
[13] This estimate only includes four of the five applications that have been approved. One application was withdrawn, revised, re-submitted, and withdrawn again.

Appendix VI: Staff Acknowledgement

Staff Acknowledgement	Charles Yao, Audit Manager; Tiara Grotte, Auditor-In-Charge; and Jensen Chan, Actuary, made key contributions to this report.

Appendix VII: Feedback

Please send your comments, suggestions, and feedback to OIGFeedback@pbgc.gov and include your name, contact information, and the report number. You may also mail comments to us:

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

If you want to discuss this report or your comments with a member of the Office of Inspector General staff, please contact our office at (202) 326-4030.