

Office of the Inspector General

Pension Benefit Guaranty Corporation

COVID-19 Oversight Framework

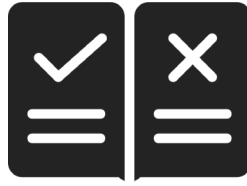
The [American Rescue Plan \(ARP\) Act of 2021](#), enacted on March 11, 2021, allows certain financially troubled [multiemployer plans](#) to apply for special financial assistance. The Pension Benefit Guaranty Corporation (PBGC) created a [Special Financial Assistance \(SFA\) Program](#). This program addresses the immediate financial crisis threatening the retirement security of over three million American workers, retirees, and their families. The program will provide an estimated \$74 to \$91 billion in assistance to enable eligible multiemployer plans to pay retirement benefits without reduction for many years into the future.

PBGC OIG has developed a framework of three key oversight phases to guide our work. We will align our audits, evaluations, and investigative initiatives within these areas to ensure timely and effective assistance to qualified plans, and that special financial assistance efforts are not undermined by fraud, waste, and abuse.





**Implementation of
the SFA Program**



SFA Applications



**Post-Payment
Monitoring**

SFA Allows Multiemployer Plans to Remain Solvent until 2051

To provide oversight of this program, we are operating a three-phased approach. With this approach, we aim to provide oversight throughout the lifecycle of the SFA program.



PBGC OIG SFA PROGRAM OVERSIGHT PLAN

Implementation of the SFA Program



Phase 1: Focus in this phase is examining PBGC's navigation of implementing the SFA program. This includes initial implementation of the program and also implementation across the life-cycle of the program.

Examples of Ongoing or Completed Work in this Phase

- ✓ Review of PBGC's Policies and Procedures for SFA program.
- ✓ Review of PBGC's Use of Enterprise Risk Management with the SFA program.

Examples of Planned or Future Work in this Phase:

- ✓ Review of PBGC's development of the Final Rule.
- ✓ Review of PBGC's communications related to the SFA program.
- ✓ Review of PBGC's continued development of guidance for internal and external use related to the SFA program.
- ✓ Review of PBGC's Use of Contractors within the SFA program.

PBGC provides partial protection of the benefits of approximately 10.9 million workers and retirees in approximately 1,400 private-sector multiemployer, union-connected plans.



PBGC's Multiemployer Pension Insurance Program, which before enactment of ARP, was projected to become insolvent in 2026.



PBGC OIG SFA PROGRAM OVERSIGHT PLAN



SFA Applications

Phase 2: For the application phase of SFA, PBGC OIG has established some oversight methods that include multiemployer plan risk modeling desk reviews, and communications with PBGC management through *Action Memos*.



Our risk model monitors the multiemployer universe and examines potential risks in applications. We use this to identify potential plans to examine more closely. This model is also used in Phase 3.

Performance of Desk Reviews can identify anomalies, unexpected data points or unexpected plans.

These two activities drive our issuance of Action Memos to PBGC. These are used when we identify information in an SFA application that we alert PBGC management of, ahead of approval. The action memo generally requests additional information from PBGC on the issue, after the application is withdrawn, approved, or denied. Action memos may influence oversight work in Phase 3.

Cost of SFA

Estimated \$74 to \$91 billion in assistance.

The overall cost of the SFA Program is uncertain at this time because the amount of SFA each plan will receive is calculated at the time the plan applies to PBGC, based on plan projections and economic conditions at the time of application.



PBGC OIG SFA PROGRAM OVERSIGHT PLAN

Post-Payment Monitoring



Phase 3: After PBGC has approved and paid the multiemployer plans, we plan to perform application reviews, post-payment monitoring reviews, and issue-specific reviews.

Examples of Ongoing or Completed Work in this Phase

- ✓ Limited Scope Evaluation of Terminated Vested Participants in SFA Applications
- ✓ Review of PBGC's Initial SFA Application Approvals.

Examples of Planned or Future Work in this Phase:

- ✓ Plan-specific reviews related to the SFA application-including Central States the largest multiemployer plan expected to apply for SFA.
- ✓ Post-payment review of PBGC's monitoring.
- ✓ Plans where SFA benefit payment materially exceeded their prior 10-year average of benefit payments.

Largely as a result of the SFA Program, the new projections (September 2022) show a boost to PBGC's Multiemployer Program's solvency – it is likely to remain solvent for **more than 40 years**, with a median projected insolvency **after 2061**, the end of the projection period.



Investigative Activities

Coordination

Office of Investigations (OI) coordinates with Office of Audits when potential waste, fraud, or abuse is identified. Then, OI reviews information and determines if a potential investigation is warranted.

Responsive

OI monitors the OIG Hotline for evidence of wrongdoing and takes action when needed.



Forward Thinking

Prior to and during implementation, OI has briefed potential partners on the SFA program, brainstormed potential schemes, and made key contacts for potential investigative needs in the future.

Partnership

Work with PBGC to confirm receipt of funds and applicant eligibility for the program and make any necessary referrals to the Department of Justice.



PBGC OIG SFA PROGRAM OVERSIGHT PLAN

Experienced PBGC Former Professionals

PBGC OIG has added temporary employees who have vast experience in the multiemployer area—from actuarial knowledge to legal knowledge.

Contractors Experienced in the Multiemployer Program

PBGC OIG has added contract staff with actuarial skills to support our overall mission to provide oversight of the SFA program.

Experienced Audit Staff

PBGC has added audit staff GS-13 and higher to augment our OIG auditors in oversight of the SFA program.

