



NEWS RELEASE

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Academy Calls Attention to Need for Improving PBGC Single-Employer Premium-Setting Process *Currently Premiums Are Set by Congress*

WASHINGTON—A new [public policy issue brief](#) from the American Academy of Actuaries calls attention to adverse consequences of the current premium structure of the Pension Benefit Guaranty Corporation’s (PBGC) single-employer insurance program and possible approaches to addressing them.

“The PBGC’s single-employer program plays a vital role in protecting pension benefits in private-sector defined benefit plans, and while premiums have improved program funding, there are other ways in which the current premium structure is not supporting the PBGC’s mission as effectively as it could,” said Grace Lattyak, vice chairperson of the Academy’s Pension Committee, which developed *Aligning the PBGC’s Single-Employer Premium Structure With Its Objectives*. “Changes to the premium structure could better encourage the continuation of voluntary private pension plans and maintain premiums at the lowest level necessary, which are other parts of the PBGC’s mission.”

The issue brief details how the current fixed and variable rate components together may:

- Contribute to employer decisions not to sponsor pension plans.
- Create strong incentives for employers to i) discontinue coverage of participants with small benefits, and ii) refrain from plan coverage expansion.
- Create incentives to freeze benefits or to exit the defined-benefit system entirely.
- And in some instances, reduce incentives to fund plans.

A change in the premium structure would require congressional action because premiums are set by Congress. Congress could also address aspects of the current congressional budget scoring process that drive higher premiums. The issue brief outlines potential approaches to changing both the premium structure and premium-setting authority and parameters.

Learn more about the Academy’s work on this and other retirement issues at actuary.org.

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The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.