February 28, 2025

Representative Jodey Arrington
Chairman of the House Budget Committee
1111 Longworth House Office Building
Washington, DC 20515

Representative Brendan Boyle
Ranking Member of the House Budget Committee
1502 Longworth House Office Building
Washington, DC 20515

Re: PBGC Premium Due Date—Considerations for 2025

Dear Representatives Arrington and Boyle,

The Retirement Practice Council's Pension Committee of the American Academy of Actuaries[1] is asking the House Budget Committee (Committee) to consider modifying the due date of the 2025 Pension Benefit Guarantee Corporation (PBGC) premiums for single-employer pension plans. While the Bipartisan Budget Act of 2015 (BBA) had previously modified the due date, we believe that reversion to the original due date will alleviate significant administrative burdens to pension plan sponsors.

As you know, the BBA adjusted the due date for the 2025 plan year PBGC premiums by one month. Previously, the due date was the fifteenth day of the **tenth** calendar month that begins on or after the first day of the premium payment year. The BBA shifted that due date to the **ninth** calendar month[2].

The original due date coincides with the due date of Form 5500 filing for the plan, which is filed for the prior year. Shifting the due date forward in the calendar year by a month will cause significant administrative burden to both pension plan sponsors and the PBGC for the following reasons:

- The modified 2025 PBGC premium due date is the same day as the due date for final contributions for the prior plan year. This creates an administrative challenge for a plan sponsor to ensure that both processes are completed by the same day. That means that the plan sponsor must make a contribution, receive confirmation from the trustee, have their actuary calculate the value of plan assets to include the accrued contribution in assets, update the PBGC premium filing, sign and submit the filing, and pay the premium, potentially all on the same day. If a plan sponsor initially files their PBGC premium without reflecting all of the accrued contributions, due

[1] 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 60 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.

[2] SEC. 502. PENSION PAYMENT ACCELERATION. Notwithstanding section 4007(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1307(a)) and section 4007.11 of title 29, Code of Federal Regulations, for plan years commencing after December 31, 2024, and before January 1, 2026, the premium due date for such plan years shall be the fifteenth day of the ninth calendar month that begins on or after the first day of the premium payment year.

to timing concerns, it is likely that the PBGC will need to refund any excess premium paid once the amount is reconciled with the final premium filing submission.

- Plan audits are generally completed by the Form 5500 filing due date. Shifting the PBGC due date forward a month makes it likely that the audit will not be completed by the modified due date. If this is the case, asset values used in the PBGC premium calculation may change after the PBGC premium filing is completed, requiring revised filings, or introducing a disconnect between the asset values reported on the plan's Form 5500 and those used in the PBGC premium filing. This misalignment could lead to additional auditing efforts for both the PBGC and plan sponsors.

As noted in the PBGC's FY2025 Congressional Budget Justification, changing the due date for 2025 PBGC premium filings back to the tenth calendar month is budget-neutral and has the benefit of avoiding other negative impacts for plan sponsors and the PBGC. The Pension Committee recommends that the Committee move forward with this adjustment in time for the rapidly approaching filing deadlines. This change is a small, but impactful, step in supporting the continued maintenance of defined benefit plans.

We appreciate the Committee's attention and ongoing engagement. If you have any questions about this recommendation or would like to discuss the issue further, please contact William Applegate, the Academy's retirement policy project manager at applegate@actuary.org.

Respectfully,

Grace Lattyak, MAAA, FSA, FCA, EA
Chairperson, Pension Committee