OFFICE OF INSPECTOR GENERAL

AUDIT REPORT

Audit of the Pension Benefit Guaranty Corporation's

Limited Purpose Financial Statements Report

Fiscal Year 2022 and 2021

Report No. AUD-2023-03

November 15, 2022

This page intentionally left blank.

Office of Inspector General

November 15, 2022

To the Board of Directors
Pension Benefit Guaranty Corporation

The Office of Inspector General contracted with Ernst & Young LLP (EY), an independent certified public accounting firm, to audit the limited purpose financial statements of the Single-Employer and Multiemployer Program Funds administered by the Pension Benefit Guaranty Corporation as of and for the years ended September 30, 2022 and 2021. EY conducted the audit for the purpose of forming opinions on the financial statements that collectively comprise PBGC's financial statements. The Supplemental Information is presented in the report for purposes of additional analysis and is not a required part of the financial statements. EY conducted the audit in accordance with the auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (*Government Auditing Standards*), and in accordance with the provisions of OMB Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*.

In their audit, EY found:

- The financial statements present fairly, in all material respects, the financial position of the Single-Employer and Multiemployer Program Funds administered by the PBGC as of September 30, 2022 and 2021, and the results of their operations and cash flows for the years then ended, in accordance with accounting principles generally accepted in the U.S. This is the 30th consecutive unmodified financial statement audit opinion.

- PBGC maintained, in all material respects, effective internal control over financial reporting as of September 30, 2022, based on criteria established under 31 U.S.C. § 3512 (c), (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA) as implemented by OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government* issued by the United States Government Accountability Office (the Green Book).

- No instances of noncompliance or other matters with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

EY is responsible for the accompanying auditor's report dated November 15, 2022 and the conclusions expressed in the report. We do not express opinions on PBGC's financial statements or internal control over financial reporting, nor do we draw conclusions on compliance with laws and regulations. The limited purpose financial statement audit report (AUD-2023-03) is also available on our website at oig.pbgc.gov.

Restriction on Use

This report is intended solely for the information and use of the Inspector General and Management of PBGC, the Office of Management and Budget, the Department of Treasury, and the Government Accountability Office and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Nicholas J. Novak

Nicholas J. Novak
Inspector General

cc: Gordon Hartogensis
Patricia Kelly
Alice Maroni
Kristin Chapman
David Foley
Karen Morris
Ann Orr
Robert Scherer
Theodore Winter
Frank Pace
John Hanley

Audit of the Pension Benefit Guaranty Corporation's

Fiscal Year 2022 and 2021 Limited Purpose Financial Statements

Audit Report AUD-2023-03

Section I

Independent Auditors' Report

This page intentionally left blank.

Ernst & Young LLP
1775 Tysons Blvd
Tysons, VA 22102
Tel: +1 703 747 1000
Fax: +1 703 747 0100
ey.com

Report of Independent Auditors

To the Board of Directors, Management, and the Inspector General
of the Pension Benefit Guaranty Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Pension Benefit Guaranty Corporation (the Corporation), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of operations and cash flows of the Single-Employer and Multiemployer Program Funds administered by the Corporation for the years then ended, and the related notes (collectively referred to as the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Single-Employer and Multiemployer Program Funds administered by Corporation at September 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*, the Corporation's internal control over financial reporting as of September 30, 2022, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act (FMFIA) as implemented by Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government,* issued by the United States Government Accountability Office (the Green Book), and our report dated November 15, 2022, expressed an unmodified opinion thereon.

Basis for Opinion

We conducted our audits in accordance with GAAS, in accordance with *Government Auditing Standards*, and in accordance with the provisions of OMB Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and the provisions of OMB Bulletin No. 22-01 are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the potential losses from Single-Employer plans for which termination is reasonably possible as a result of unfunded vested benefits are estimated to be approximately $52 billion. Management calculated the potential losses from Single-Employer plans for which termination is reasonably possible based on the most recent data available from filings and submissions for plan years ended on or after December 31, 2020, and adjusted the value reported for liabilities to the estimated balance as of December 31, 2021, using actuarial assumptions. The Corporation did not adjust the estimate for economic conditions that occurred between December 31, 2021 and September 30, 2022, and, as a result, the underfunding for the Single-Employer Program as of September 30, 2022, could be substantially different. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* and the provisions of OMB Bulletin No. 22-01 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* and the provisions of OMB Bulletin No. 22-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplemental Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise PBGC's financial statements. The accompanying Supplemental Information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Analysis of Entity's Systems, Controls and Legal Compliance, 2022 Actuarial Valuation, Independent Audit Management's Response, and OIG Transmittal Memo/Letter but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated November 15, 2022, on our audit of the Corporation's internal control over financial reporting. The purpose of that report is to provide an opinion on internal control over financial reporting. In accordance with *Government Auditing Standards*, we also have issued our report dated November 15, 2022, on our tests of the Corporation's compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of the Inspector General and Management of PBGC, the Office of Management and Budget, the Department of Treasury, and the Government Accountability Office and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

November 15, 2022

Ernst & Young LLP
1775 Tysons Blvd
Tysons, VA 22102

Tel: +1 703 747 1000
Fax: +1 703 747 0100
ey.com

Report of Independent Auditors on Internal Control Over Financial Reporting

To the Board of Directors, Management, and the Inspector General
of the Pension Benefit Guaranty Corporation

Opinion on Internal Control Over Financial Reporting

We have audited the Pension Benefit Guaranty Corporation's (the Corporation) internal control over financial reporting as of September 30, 2022, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act (FMFIA) as implemented by Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government*, issued by the United States Government Accountability Office (the Green Book). In our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting at September 30, 2022, based on the FMFIA criteria.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and in accordance with the provisions of OMB Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*, the statements of financial position as of September 30, 2022 and 2021, and the related statements of operations and cash flows of the Single-Employer and Multiemployer Program Funds administered by the Corporation for the years then ended, and the related notes (collectively referred to as the "financial statements"), and our report dated November 15, 2022, expressed an unmodified opinion thereon.

Basis for Opinion

We conducted our audit in accordance with GAAS and in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for Internal Control Over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Analysis of Entity's Systems, Controls and Legal Compliance section of the Annual Report.

Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material weakness when it exists. In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies.

In performing an audit of internal control over financial reporting in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk. We did not evaluate all internal controls relevant to operating objectives as broadly established under FMFIA, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements; and (4) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Reporting Significant Deficiencies in Internal Control Over Financial Reporting as Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies. A *deficiency in internal control* over financial reporting (internal control) exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated November 15, 2022, on our tests of the Corporation's compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's compliance.

Ernst + Young LLP

November 15, 2022

Ernst & Young LLP
1775 Tysons Blvd
Tysons, VA 22102

Tel: +1 703 747 1000
Fax: +1 703 747 0100
ey.com

Report of Independent Auditors on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors, Management, and the Inspector General
of the Pension Benefit Guaranty Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*) and the provisions of Office of Management and Budget (OMB) Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*, the financial statements of the Pension Benefit Guaranty Corporation (the Corporation), which comprise the statement of financial position as of September 30, 2022 and 2021, and the related statements of operations and cash flows of the Single-Employer and Multiemployer Program Funds administered by the Corporation for the years then ended, and the related notes (collectively referred to as the "financial statements"), and have issued our report thereon dated November 15, 2022, which expressed an unmodified opinion thereon. We also have audited, in accordance with GAAS, the Corporation's internal control over financial reporting as of September 30, 2022, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act (FMFIA) as implemented by OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government* issued by the United States Government Accountability Office (the Green Book), and our report dated November 15, 2022, expressed an unmodified opinion thereon.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the provisions of OMB Bulletin No. 22-01.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the Corporation's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's compliance. Accordingly, this communication is not suitable for any other purpose.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022, on our audit of the Corporation's internal control over financial reporting. The purpose of that report is to provide an opinion on internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting.

Ernst + Young LLP

November 15, 2022

PBGC
Protecting America's Pensions
Pension Benefit Guaranty Corporation
445 12th Street SW, Washington, DC 20024-2101
Office of the Director

November 15, 2022

MEMORANDUM

To:	Nick Novak Inspector General
From:	Gordon Hartogensis Director
Subject:	Response to the Independent Auditor's Combined Audit Report for the FY 2022 Financial Statement Audit

Thank you, once again this year for the opportunity to comment on the Office of Inspector General's FY 2022 audit results regarding the agency's financial statements, internal controls, and compliance with laws and regulations. Given that PBGC protects the pensions of millions of America's, workers, retirees, and their families, it is especially noteworthy that our financial statements have once again received an unmodified opinion, as have our internal controls over financial reporting.

Your attention to this report is especially appreciated.

cc:
Kristin Chapman
Patricia Kelly
Ann Orr
David Foley
Alice Maroni
Karen Morris
Robert Scherer
John Hanley
Frank Pace
Theodore J. Winter

Audit of the Pension Benefit Guaranty Corporation's

Fiscal Year 2022 and 2021 Limited Purpose Financial Statements

Audit Report AUD-2023-03

Section II

Pension Benefit Guaranty Corporation's

Limited Purpose Financial Statements

This limited purpose financial statement report is prepared to meet applicable legal requirements and is in accordance with and pursuant to the provisions of: the Government Corporation Control Act, 31 U.S.C. Section 9106; Circular No. A-11, Revised, "Preparation, Submission and Execution of the Budget," Office of Management and Budget, August 15, 2022; and Circular No. A-136 Revised, Financial Reporting Requirements (i.e., Government Corporations are only required to adhere to Section I.5 and Section V, and PBGC voluntary complies with Section II.2.4) Office of Management and Budget, June 3, 2022. Section 4008 of the Employee Retirement Income Security Act of 1974 (ERISA), 29 U.S.C. Section 1308, also requires an actuarial report evaluating expected operations and claims that will be issued as soon as practicable.

This page intentionally left blank.

PENSION BENEFIT GUARANTY CORPORATION

STATEMENTS OF FINANCIAL POSITION

	Single-Employer Program		Multiemployer Program		Memorandum Total	
	September 30,		September 30,		September 30,	
(Dollars in Millions)	**2022**	2021	**2022**	2021	**2022**	2021
ASSETS						
Cash and cash equivalents	**$8,070**	$8,598	**$608**	$279	**$8,678**	$8,877
Restricted Cash	**-**	-	**36**	3	**36**	3
Total cash, cash equivalents, and restricted cash	**$8,070**	$8,598	**$644**	$282	**$8,714**	$8,880
Securities lending collateral (Notes 3 and 5)	**4,581**	6,145	**-**	-	**4,581**	6,145
Investments, at market (Notes 3 and 5):						
Fixed maturity securities	**90,969**	111,205	**2,439**	2,688	**93,408**	113,893
Equity securities	**12,509**	15,741	**-**	-	**12,509**	15,741
Private equity	**242**	320	**-**	-	**242**	320
Real estate and real estate investment trusts	**1,502**	2,153	**-**	-	**1,502**	2,153
Other	**282**	200	**-**	-	**282**	200
Total investments	**105,504**	129,619	**2,439**	2,688	**107,943**	132,307
Receivables, net:						
Sponsors of terminated plans	**21**	44	**-**	-	**21**	44
Premiums (Note 11)	**3,156**	2,988	**200**	198	**3,356**	3,186
Sale of securities	**1,707**	2,009	**-**	-	**1,707**	2,009
Derivative contracts (Note 4)	**655**	609	**-**	-	**655**	609
Investment income	**649**	637	**11**	11	**660**	648
Other	**8**	7	**198**	332	**206**	339
Total receivables	**6,196**	6,294	**409**	541	**6,605**	6,835
Capitalized assets, net (Note 16)	**43**	36	**1**	1	**44**	37
Total assets	**$124,394**	$150,692	**$3,493**	$3,512	**$127,887**	$154,204

The accompanying notes are an integral part of these financial statements.

The Single-Employer Program and Multiemployer Program (which includes the SFA Program) are separate by law.

The "Memorandum Total" data columns presented above are solely an entity-wide informational view of the PBGC's two independent insurance programs.

PENSION BENEFIT GUARANTY CORPORATION

STATEMENTS OF FINANCIAL POSITION

	Single-Employer Program		Multiemployer Program		Memorandum Total	
	September 30,		September 30,		September 30,	
(Dollars in Millions)	**2022**	2021	**2022**	2021	**2022**	2021
LIABILITIES						
Present value of future benefits, net (Note 6):						
Trusteed plans	**$78,422**	$108,645	**-**	-	**$78,422**	$108,645
Plans pending termination and trusteeship	**(328)**	13	**-**	-	**(328)**	13
Settlements and judgments	**17**	17	**-**	-	**17**	17
Claims for probable terminations	**221**	254	**-**	-	**221**	254
Total present value of future benefits, net	**78,332**	108,929	**-**	-	**78,332**	108,929
Present value of nonrecoverable future financial assistance (Note 7)						
Insolvent plans	**-**	-	**1,551**	1,545	**1,551**	1,545
Probable insolvent plans	**-**	-	**839**	1,472	**839**	1,472
Total present value of nonrecoverable future financial assistance	**-**	-	**2,390**	3,017	**2,390**	3,017
Special financial assistance	**-**	-	**28**	-	**28**	-
Payables, net:						
Derivative contracts (Note 4)	**641**	558	**-**	-	**641**	558
Due for purchases of securities	**3,934**	3,794	**-**	-	**3,934**	3,794
Payable upon return of securities loaned	**4,581**	6,145	**-**	-	**4,581**	6,145
Unearned premiums	**254**	239	**8**	12	**262**	251
Accounts payable and accrued expenses (Note 8)	**78**	90	**6**	2	**84**	92
Total payables	**9,488**	10,826	**14**	14	**9,502**	10,840
Total liabilities	**87,820**	119,755	**2,432**	3,031	**90,252**	122,786
Contributed transfer appropriation	**-**	-	**6**	3	**6**	3
Cumulative results of operations	**36,574**	30,937	**1,055**	478	**37,629**	31,415
Net position	**36,574**	30,937	**1,061**	481	**37,635**	31,418
Total liabilities and net position	**$124,394**	$150,692	**$3,493**	$3,512	**$127,887**	$154,204

The accompanying notes are an integral part of these financial statements.
The Single-Employer Program and Multiemployer Program (which includes the SFA Program) are separate by law.
"Contributed Transfer Appropriation" represents the total unused budget authority from General Fund appropriation(s) at fiscal year end, which is returned to the U.S. Treasury if unused by fiscal year end.
The "Memorandum Total" data columns presented above are solely an entity-wide informational view of the PBGC's two independent insurance programs.

PENSION BENEFIT GUARANTY CORPORATION

STATEMENTS OF OPERATIONS

	Single-Employer Program		Multiemployer Program		Memorandum Total	
	For the Years Ended September 30,		For the Years Ended September 30,		For the Years Ended September 30,	
(Dollars in Millions)	**2022**	2021	**2022**	2021	**2022**	2021
UNDERWRITING:						
Income:						
Premium, net (Note 11)	**$4,586**	$4,511	**$339**	$331	**$4,925**	$4,842
Contributed transfer appropriation income	-	-	**7,566**	1	**7,566**	1
Other	**21**	20	**10**	37	**31**	57
Total	**4,607**	$4,531	**7,915**	$369	**12,522**	4,900
Expenses:						
Administrative	**463**	419	**9**	8	**472**	427
Administrative special financial assistance	**-**	-	**11**	1	**11**	1
Other	**20**	9	**-**	-	**20**	9
Total	**483**	428	**20**	9	**503**	437
Other underwriting activity:						
Losses (credits) from completed and probable terminations (Note 12)	**249**	1,022	**-**	-	**249**	1,022
Losses (credits) from insolvent and probable plans-financial assistance (Note 7)	**-**	-	**(72)**	(63,736)	**(72)**	(63,736)
Actuarial adjustments (credits) (Note 6)	**(1,337)**	(3,940)	**(15)**	(143)	**(1,352)**	(4,083)
Special Financial Assistance Expense	**-**	-	**7,555**	-	**7,555**	-
Total	**(1,088)**	(2,918)	**7,468**	(63,879)	**6,380**	(66,797)
Underwriting gain (loss)	**5,212**	7,021	**427**	64,239	**5,639**	71,260
FINANCIAL:						
Investment income (loss) (Note 13):						
Fixed	**(19,305)**	(3,890)	**(248)**	(47)	**(19,553)**	(3,937)
Equity	**(3,655)**	6,829	**-**	-	**(3,655)**	6,829
Private equity	**6**	148	**-**	-	**6**	148
Real estate	**(229)**	873	**-**	-	**(229)**	873
Other	**151**	98	**-**	-	**151**	98
Total	**(23,032)**	4,058	**(248)**	(47)	**(23,280)**	4,011
Expenses:						
Investment	**122**	140	**-**	-	**122**	140
Actuarial charges (Note 6):						
Due to expected interest	**482**	762	**10**	11	**492**	773
Due to change in interest factors	**(24,061)**	(5,282)	**(408)**	(46)	**(24,469)**	(5,328)
Total	**(23,457)**	(4,380)	**(398)**	(35)	**(23,855)**	(4,415)
Financial gain (loss)	**425**	8,438	**150**	(12)	**575**	8,426
Net income (loss)	**5,637**	15,459	**577**	64,227	**6,214**	79,686
Cumulative results of operations, beginning of year	**30,937**	15,478	**478**	(63,749)	**31,415**	(48,271)
Cumulative results of operations, end of year	**$36,574**	$30,937	**$1,055**	$478	**$37,629**	$31,415

The accompanying notes are an integral part of these financial statements.
The Single-Employer Program and Multiemployer Program are separate by law.
The "Memorandum Total" data columns presented above are solely an entity-wide informational view of the PBGC's two independent insurance programs.

PENSION BENEFIT GUARANTY CORPORATION

STATEMENTS OF CASH FLOWS

(Dollars in millions)	Single-Employer Program For the Years Ended September 30, 2022	2021	Multiemployer Program For the Years Ended September 30, 2022	2021	Memorandum Total For the Years Ended September 30, 2022	2021
OPERATING ACTIVITIES:						
Premium receipts	**$ 4,434**	$ 5,186	**$ 331**	$ 334	**$ 4,765**	$ 5,520
Interest and dividends received	**3,188**	3,106	**10**	8	**3,198**	3,114
Plan Reimbursements from SFA	**-**	-	**230**	-	**230**	-
Cash received from plans upon trusteeship	**36**	65	**-**	-	**36**	65
Receipts from sponsors/non-sponsors	**83**	35	**-**	-	**83**	35
Receipts from the missing participant program	**62**	198	**-**	-	**62**	198
Other receipts	**32**	2	**-**	-	**32**	2
Benefit payments – trusteed plans	**(6,884)**	(6,301)	**-**	-	**(6,884)**	(6,301)
Traditional financial assistance payments	**-**	-	**(226)**	(230)	**(226)**	(230)
Settlements and judgments	**-**	-	**-**	-	**-**	-
Payments for administrative and other expenses	**(576)**	(532)	**(9)**	(8)	**(585)**	(540)
Accrued interest paid on securities purchased	**(205)**	(242)	**(1)**	(1)	**(206)**	(243)
Net cash provided (used) by operating activities (Note 15)	**170**	1,517	**335**	103	**505**	1,620
INVESTING ACTIVITIES:						
Proceeds from sales of investments	**147,157**	196,876	**306**	637	**147,463**	197,513
Payments for purchases of investments	**(147,855)**	(196,060)	**(312)**	(666)	**(148,167)**	(196,726)
Net change in investment of securities lending collateral	**(1,564)**	2,197	**-**	-	**(1,564)**	2,197
Net change in securities lending payable	**1,564**	(2,197)	**-**	-	**1,564**	(2,197)
Net cash provided (used) by investing activities	**(698)**	816	**(6)**	(29)	**(704)**	787
Net increase (decrease) in cash and cash equivalents	**(528)**	2,333	**329**	74	**(199)**	2,407
Cash and cash equivalents, beginning of year	**8,598**	6,265	**279**	205	**8,877**	6,470
Cash and cash equivalents, end of year	**$ 8,070**	$8,598	**$ 608**	$ 279	**$ 8,678**	$ 8,877
SPECIAL FINANCIAL ASSISTANCE:						
Appropriation warrant received for SFA	**-**	-	**48,417**	3	**48,417**	3
Return of unobligated appropriated funds	**-**	-	**(40,848)**	**-**	**(40,848)**	-
Total SFA administrative and payroll expense payments	**-**	-	**(10)**	**-**	**(10)**	-
Special financial assistance payments	**-**	-	**(7,526)**	**-**	**(7,526)**	-
Net increase (decrease) in restricted cash	**-**	-	**33**	3	**33**	3
Special financial assistance restricted cash, beginning of year			**3**	-	**3**	-
Special financial assistance restricted cash, end of year	**-**		**36**	3	**36**	3
Cash, cash equivalents, and restricted cash, end of year	**$ 8,070**	$ 8,598	**$ 644**	$ 282	**$ 8,714**	$ 8,880

The above cash flows are for trusteed plans and do not include non-trusteed plans.
The accompanying notes are an integral part of these financial statements.
The Single-Employer Program and Multiemployer Program (which includes the SFA Program) are separate by law.
The "Memorandum Total" data columns presented above are solely an entity-wide informational view of the PBGC's two independent insurance programs.
Special Financial Assistance is provided under the American Rescue Plan Act of 2021, which provides for appropriated funds to eligible SFA multiemployer plans that are transferred from the U.S. Treasury's General Fund to PBGC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

NOTE 1: ORGANIZATION AND PURPOSE

The Pension Benefit Guaranty Corporation (PBGC or the Corporation) is a federal corporation created by Title IV of the Employee Retirement Income Security Act of 1974 (ERISA) and is subject to the provisions of the Government Corporation Control Act. Its activities are defined by ERISA, as that Act has been amended over the years. The Corporation insures the pension benefits, within statutory limits, of participants in covered single-employer and multiemployer defined benefit pension plans.

ERISA requires that PBGC programs be self-financing. ERISA provides that the U.S. Government is not liable for any obligation or liability incurred by PBGC.

On March 11, 2021, the President signed into law the American Rescue Plan (ARP) Act of 2021. ARP amended ERISA and added section 4262, Special Financial Assistance (SFA) by the Corporation, which provides funding from the U.S. Treasury's General Fund for payments to eligible multiemployer plans covering their full plan benefits through 2051 (see MD&A discussion on page 33). An ERISA eighth fund has been established for SFA, which is the first time PBGC has an appropriated fund. PBGC received a new appropriation to cover SFA administration costs, and going forward, PBGC will receive annual pass-through transfers to cover both SFA administration costs and SFA. This is mandatory funding with an indefinite appropriation for a period of availability of 10 years.

For financial statement purposes, PBGC divides its business activity into two broad areas — "Underwriting Activity" and "Financial Activity" — covering both Single-Employer and Multiemployer Program segments. PBGC's underwriting activity provides financial guaranty insurance in return for insurance premiums (whether actually paid or not). Actual and expected probable losses that result from the termination of underfunded pension plans are included in this category, as are actuarial adjustments based on changes in actuarial assumptions, such as mortality. PBGC's financial activity consists of the performance of PBGC's assets and liabilities. PBGC's assets consist of premiums collected from defined benefit plan sponsors, assets from distress or PBGC-initiated terminated plans that PBGC has insured, and recoveries from the former sponsors of those terminated plans. PBGC's future benefit liabilities consist of those future benefits, under statutory limits, that PBGC has assumed following distress or PBGC-initiated terminations (also referred to as an involuntary termination). Gains and losses on PBGC's investments and changes in the value of PBGC's future benefit liabilities (e.g., actuarial charges such as changes in interest factors and expected interest) are included in "Financial Activity".

As of September 30, 2022, the Single-Employer and Multiemployer Programs reported Cumulative results of operations of $36,574 million and $1,055 million, respectively. The Single-Employer Program had assets of $124,394 million, offset by total liabilities of $87,820 million, which include total present value of future benefits (PVFB) of $78,332 million. As of September 30, 2022, the Multiemployer Program had assets of $3,493 million, offset by $2,390 million in present value of nonrecoverable future financial assistance. The Corporation has sufficient liquidity to meet its obligations to both programs for a number of years. The FY 2021 Projections Report shows that under most projection scenarios for the Multiemployer Program, the SFA provided to eligible plans under ARP delays the insolvency of PBGC's Multiemployer Program to at least 40 years out. The SFA program created by ARP is expected to enable PBGC to satisfy long-term multiemployer obligations by shoring up ongoing plans that are currently insolvent or probable to become insolvent. The result of which is a significant reduction in PBGC's liability for the total present value of nonrecoverable future financial assistance.

PBGC's $117,281 million of total investments (including cash and cash equivalents and investment income) represents the largest component of PBGC's Statements of Financial Position Memorandum Total assets of $127,887 million at September 30, 2022. This amount of $117,281 million (as compared to investments under management of $114,111 million, as reported in section VIII Investment Activities) reflects the fact that PBGC experiences a recurring inflow of trusteed plan assets that have not yet been incorporated into the PBGC investment program. For total investments (i.e., not the investment program), cash and fixed-income securities ($103,231 million) represent 88 percent of the total investments, while equity securities ($12,526 million) represent 10 percent of total investments. Private market assets, real estate, and other investments ($2,025 million), represent 2 percent of the total investments.

SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAM EXPOSURE

PBGC's estimate of the total underfunding in single-employer plans was $52,032 million for those sponsored by companies that have credit ratings below investment grade and that PBGC classified as reasonably possible of termination, as of September 30, 2022. This is a decrease of $53,349 million from the reasonably possible exposure of $105,381 million in FY 2021. This decrease is primarily due to very positive investment results on plan assets during calendar 2021 and the increase in the interest factors used for valuing liabilities as of the measurement date. These estimates are determined using a measurement date of December 31 of the previous year (see Note 9). For FY 2022, this exposure is concentrated in the following sectors: manufacturing, transportation/communications/utilities, and services.

PBGC estimates that as of September 30, 2022, it is reasonably possible that multiemployer plans may require future financial assistance in the amount of $2,218 million (see Note 9). This is an increase of $1,889 million from the reasonably possible exposure of $329 million in FY 2021. The primary reason for the increase in exposure was due to the 12 plans classified as reasonably possible at September 30, 2022, while only three plans were classified as reasonably possible at September 30, 2021. The majority of the plans newly classified as reasonably possible are due to plan asset losses. Additionally, the reasonably possible aggregate reserve for small plans increased due to an increase in the number of small plans projected to become insolvent within 20 years primarily due to plan asset losses.

There is significant volatility in plan underfunding and sponsor credit quality over time, which makes long-term estimation of PBGC's expected claims difficult. This volatility, along with the concentration of claims in a relatively small number of terminated plans, has characterized PBGC's experience to date and will likely continue. Among the factors that will influence PBGC's claims going forward are economic conditions affecting interest rates, financial markets, and the rate of business failures.

PBGC's sources of information on plan underfunding are the most recent Section 4010 and PBGC premium filings and other submissions to the Corporation. PBGC publishes Table S-49, "Various Measures of Underfunding in PBGC-Insured Plans," in its Pension Insurance Data Tables where the limitations of the estimates are appropriately described.

Under the Single-Employer Program, PBGC is liable for the payment of guaranteed benefits with respect to underfunded terminated plans. An underfunded plan may terminate only if PBGC or a bankruptcy court finds that one of the four conditions for a distress termination, as defined in ERISA, is met or if PBGC initiates terminating a plan under one of five specified statutory tests. The net liability assumed by PBGC is generally equal to the present value of the future benefits payable by PBGC less amounts provided by the plan's assets and amounts recoverable by PBGC from the plan sponsor and members of the plan sponsor's controlled group, as defined by ERISA.

Under the Multiemployer Program, if a plan becomes insolvent, it receives financial assistance from PBGC to allow the plan to continue to pay participants their guaranteed benefits. PBGC recognizes assistance as a loss to the extent that the plan is not expected to be able to repay these amounts from future plan contributions, employer withdrawal liability or investment earnings. Since multiemployer plans do not receive PBGC assistance until fully insolvent, traditional financial assistance is almost never repaid (i.e., for plans that are not eligible for SFA). For this reason, such assistance is fully reserved.

The ARP created a new Special Financial Assistance (SFA) Program for multiemployer plans that meet certain criteria (see Note 7), for which PBGC will receive appropriated funds. Unlike the traditional financial assistance PBGC provides to multiemployer plans in the form of a loan, the SFA will be provided via a transfer (pass-through of funds) with no obligation of repayment.

PBGC will report appropriated funds as Restricted Cash on the Statements of Financial Position and report income, expenses, and liabilities related to special financial assistance as separate line items on its Statements of Operations and Statements of Financial Position.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of the financial statements, in conformity with U.S. GAAP, requires PBGC to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions may change over time as new information is obtained or subsequent developments occur. Actual results could differ from those estimates.

RECENT ACCOUNTING DEVELOPMENTS

In August 2018, the FASB issued Accounting Standards Update (ASU) 2018-15, "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract" which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The guidance will be effective for fiscal years beginning after December 15, 2020 and for interim periods within annual periods beginning after December 15, 2021. PBGC has evaluated the impact of this guidance and has updated its capitalization policy in accordance with this ASU for adoption in FY 2022.

The American Rescue Plan (ARP) Act of 2021, signed into law by the President on March 11, 2021, created a program to provide special financial assistance (SFA) to financially troubled multiemployer plans. This new SFA Program is financed by an appropriation from the General Fund and the funds transferred to PBGC in the SFA appropriation are deemed a contribution from the US Government to PBGC. In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, "*Not-for-Profit Entities"* (Topic 958) which clarifies the guidance for contributions received and made. The amendments in this ASU, applicable to all entities, clarify and improve the scope and the accounting guidance for contributions received and contributions made. PBGC applies the guidance in this ASU to account for the SFA contributions as a nonreciprocal transaction to recognize revenue with donor restrictions. The funds transferred to PBGC in the SFA appropriations are deemed a contribution from the US Government to PBGC. PBGC will apply specific contribution guidance in Accounting Standards Codification 958, *Not-for-Profit Entities - Revenue Recognition-Contributions,* to recognize revenue and expenses related to the SFA Program.

In March 2020 and January 2021, the FASB issued ASUs 2020-04 and ASU 2021-01, respectively, "Reference Rate Reform" (Topic 848). Topic 848 provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. Topic 848 provides optional expedients and exceptions for applying

U.S. GAAP to transactions affected by reference rate reform if certain criteria are met. Topic 848 was effective for PBGC beginning on March 12, 2020, and PBGC will apply the amendments prospectively through December 31, 2022. PBGC assessed the impact of adopting these ASUs and concluded there was no material impact on PBGC's financial statements.

In February 2016, the FASB issued ASU 2016-02, "Lease (Topic 842)." Under the new standard, PBGC will be required to recognize in its Statements of Financial Position (balance sheet), a right-of-use asset, representing the right to use the underlying asset for the lease term, and a lease liability, representing the liability to make lease payments, adjusted for lease payments made at or before lease commencement, lease incentives, and any initial direct costs, for leases longer than one year. In addition, this ASU requires expanded disclosures about the nature and terms of lease agreements. This standard will be effective for fiscal year beginning after December 15, 2021, and to interim periods beginning after December 15, 2022. PBGC is evaluating the impact of this guidance and will update its policy in accordance with this ASU upon adoption in FY 2023.

VALUATION METHOD

A key objective of PBGC's financial statements is to provide information that is useful in assessing PBGC's present and future ability to ensure that its plan beneficiaries receive benefits when due. Accordingly, PBGC values its financial assets at estimated fair value, consistent with the standards for pension plans contained in the FASB Accounting Standards Codification Section 960, *Defined Benefit Pension Plans*. PBGC values its liabilities at the present value of future benefits and present value of nonrecoverable future financial assistance using assumptions derived from market-based (fair value) annuity prices from insurance companies, as described in the Statement of Actuarial Opinion. As described in Section 960, the assumptions are "those assumptions that are inherent in the estimated cost at the (valuation) date to obtain a contract with an insurance company to provide participants with their accumulated plan benefit." Also, in accordance with Section 960, PBGC selects assumptions for expected retirement ages and the cost of administrative expenses in accordance with its best estimate of anticipated experience.

The FASB Accounting Standards Codification Section 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in U.S. GAAP, and expands disclosures about fair value measurements. Section 820 applies to accounting pronouncements that require or permit fair value measurements.

Furthermore, PBGC previously implemented FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures guidance related to financial statement note disclosures for certain non-Level 1 Net Asset Value (NAV) investments that use a "practical expedient" (i.e., priced without any adjustments – see FASB Updates 2015-07 and 2018-13). Level 1 NAV investments are not affected by the FASB guidance since these investments are fair value priced using quoted prices in active markets (market exchanges); however, Level 2 and Level 3 NAV investments use valuation pricing (observable for Level 2, and not observable for Level 3) for which the FASB now requires additional disclosure if the practical expedient is used. Non-Level 1 NAV investments that use the practical expedient are displayed in a NAV only category and are removed from their Level 2 or Level 3 category and added to the new exclusive NAV only category. The fair value table affected by this guidance is found in PBGC Financial Statements Note 5, Fair Value Measurements.

REVOLVING AND TRUST FUNDS

PBGC accounts for its Single-Employer and Multiemployer Programs' revolving and trust funds on an accrual basis. Each fund is charged its portion of the benefits paid each year. PBGC includes totals for the revolving and trust funds for presentation purposes in the financial statements; however, the Single-Employer and Multiemployer Programs are separate programs by law and, therefore, PBGC also reports them separately.

ERISA provides for the establishment of the revolving fund where premiums are collected and held. The assets in the revolving fund are used to cover deficits incurred by trusteed plans and to provide funds for traditional financial assistance. The Pension Protection Act of 1987 created a single-employer revolving fund (Fund 7) that is credited with all premiums in excess of $8.50 per participant, including all penalties and interest charged on these amounts, and its share of earnings from investments. This fund may not be used to pay PBGC's administrative costs or the benefits of any plan terminated prior to October 1, 1988, unless no other amounts are available.

The trust fund includes assets (e.g., pension plan investments) PBGC assumes (or expects to assume) once a terminated plan has been trusteed, and related investment income. These assets generally are held by custodian banks. The trust fund supports the operational functions of PBGC.

The trust fund reflects accounting activity associated with:

1) Trusteed plans (plans for which PBGC has legal responsibility). The assets and liabilities are reflected separately on PBGC's Statements of Financial Position, the income and expenses are included in the Statements of Operations, and the cash flows from these plans are included in the Statements of Cash Flows.

2) Plans pending termination and trusteeship (plans for which PBGC has begun the process for termination and trusteeship by fiscal year-end). The assets and liabilities for these plans are reported as a net amount on the Liabilities section of the Statements of Financial Position under "Present value of future benefits, net." For these plans, the income and expenses are included in the Statements of Operations, but the cash flows are not included in the Statements of Cash Flows.

3) Probable terminations (plans that PBGC determines are likely to terminate and be trusteed by PBGC). The assets and liabilities for these plans are reported as a net amount on the Liabilities section of the Statements of Financial Position under "Present value of future benefits, net." The accrued loss from these plans is included in the Statements of Operations as part of "Losses (credits) from completed and probable terminations." The cash flows from these plans are not included in the Statements of Cash Flows. PBGC cannot exercise legal control over a plan's assets until it becomes the trustee.

ALLOCATION OF REVOLVING AND TRUST FUNDS

PBGC allocates assets, liabilities, income, and expenses to the Single-Employer and Multiemployer Programs' revolving and trust funds to the extent that such amounts are not directly attributable to a specific fund. Revolving fund investment income is allocated on the basis of each program's average cash and investments available during the year. For the administrative expenses, see the Administrative Expense section further below in Note 2. Revolving fund assets and liabilities are allocated according to the year-end equity of each program's revolving fund. Plan assets acquired by PBGC and commingled at PBGC's custodian bank are credited directly to the appropriate fund, while the earnings and expenses on the commingled assets are allocated to each program's trust fund on the basis of each trust fund's value, relative to the total value of the commingled fund.

CASH AND CASH EQUIVALENTS

"Cash" includes cash on hand and demand deposits. "Cash equivalents" are investments with original maturities of one business day or highly liquid investments that are readily convertible into cash within one business day.

SECURITIES LENDING COLLATERAL

PBGC participates in a securities lending program administered by its custodian bank. The custodian bank requires collateral that equals 102 to 105 percent of the securities lent. The collateral is held by the custodian bank. The custodian bank either receives cash or non-cash as collateral or returns collateral to cover mark-to-market changes. Any cash collateral received is invested by PBGC's investment agent. In addition to the lending program managed by the custodian bank, some of PBGC's investment managers are authorized to invest in securities purchased under resale agreements (an agreement with a commitment by the seller to buy a security back from the purchaser at a specified price at a designated future date), and securities sold under repurchase agreements.

INVESTMENT VALUATION AND INCOME

PBGC bases market values on the last sale of a listed security, on the mean of the "bid-and-ask" for non-listed securities, or on a valuation model in the case of fixed income securities that are not actively traded. These valuations are determined as of the end of each fiscal year. Purchases and sales of securities are recorded on the trade date. In addition, PBGC invests in and discloses its derivative investments in accordance with the guidance contained in the FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*. Investment income is accrued as earned. Dividend income is recorded on the ex-dividend date. Realized gains and losses on sales of investments are calculated using first-in, first-out for the revolving fund and weighted average cost for the trust fund. PBGC marks the plan's assets to market, and any increase or decrease in the market value of a plan's assets occurring after the date on which the plan is terminated must, by law, be credited to or suffered by PBGC.

SECURITIES PURCHASED UNDER REPURCHASE AGREEMENTS

PBGC's investment managers purchase securities under repurchase agreements, whereby the seller will buy the security back at a pre-agreed price and date. Those that mature in more than one day are reported under "Fixed maturity securities" as "Securities purchased under repurchase agreements" in the Note 3 table entitled "Investments of Single-Employer Revolving Funds and Single-Employer Trusteed Plans." Repurchase agreements that mature in one day are included in "Cash and cash equivalents," which are reported on the Statements of Financial Position. Refer to Note 3 for further information regarding repurchase agreements.

SPONSORS OF TERMINATED PLANS

The amounts due from sponsors of terminated plans or members of their controlled group represent the settled, but uncollected, claims for sponsors' employer liability (underfunding as of date of plan termination) and for contributions due their plan less an allowance for estimated uncollectible amounts. PBGC discounts any amounts expected to be received beyond one year for time and risk factors. Some agreements between PBGC and plan sponsors provide for contingent payments based on future profits of the sponsors. The Corporation reports any such future amounts in the period they are realizable. Income and expenses related to amounts due from sponsors are reported in the Underwriting section of the Statements of Operations. Interest earned on settled claims for sponsors' employer liability (EL) and due and unpaid employer contributions (DUEC) is reported as "Income: Other." The change in the allowances for uncollectible EL and DUEC is reported as "Expenses: Other."

PREMIUMS

Premiums receivable represents (1) the plan reported premiums owed, (2) PBGC estimated amounts on filings not yet due and (3) submitted and past due premiums deemed collectible, including penalties and interest. The liability for unearned premiums represents annual premium fees that have been received in advance of the period in which they will be earned by PBGC. They remain as liabilities until they are ratably earned over the period of time to which the premium applies. "Premium income, net" represents actual and estimated revenue generated from defined benefit pension plan premium filings as required by Title IV of ERISA less bad debt expense for premiums, interest, and penalties. For insolvent multiemployer plans, bad debt expense also includes a reserve for premium payments waived by PBGC and treated as financial assistance in accordance with ERISA Section 4007 (see Note 11).

CAPITALIZED ASSETS

Capitalized assets include furniture and fixtures, electronic processing equipment, and internal-use software. This includes costs for internally developed software incurred during the application development stage (system design including software configuration and software interface, coding, and testing). These costs are shown net of accumulated depreciation and amortization. See Note 16, Other Assets, for further details.

PRESENT VALUE OF FUTURE BENEFITS (PVFB)

The PVFB is the estimated liability for future pension benefits that PBGC is or will be obligated to pay the participants of trusteed plans and the net liability for plans pending termination and trusteeship. The PVFB liability (including trusteed plans and plans pending termination and trusteeship) is stated as the actuarial present value of estimated future benefits less the present value of estimated recoveries from sponsors and members of their controlled group and the assets of plans pending termination and trusteeship as of the date of the financial statements. PBGC also includes the estimated liabilities attributable to plans classified as probable terminations as a separate line item in the PVFB (net of estimated recoveries and plan assets). PBGC uses assumptions to adjust the value of those future payments to reflect the time value of money (by discounting) and the probability of payment (by means of decrements, such as for death or retirement). PBGC also includes anticipated expenses to settle the benefit obligation in the determination of the PVFB. PBGC's benefit payments to participants reduce the PVFB liability.

The values of the PVFB are particularly sensitive to changes in underlying estimates and assumptions. These estimates and assumptions could change and the impact of these changes may be material to PBGC's financial statements (see Note 6).

PVFB is reported as follows:

(1) Trusteed Plans: Represents the present value of future benefit payments less the present value of expected recoveries (for which a settlement agreement has not been reached with sponsors and members of their controlled group) for plans that have terminated and been trusteed by PBGC prior to fiscal year-end. Assets are shown separately from liabilities for trusteed plans. PBGC's liability under the expanded Missing Participants Program is included in this category. Under this program that began in FY 2018, most terminated defined contribution plans, small professional service pension plans, and multiemployer plans can now transfer the benefits of missing participants to PBGC. Previously, the program covered only insured single-employer defined benefit plans terminating in a standard termination.

(2) Pending Termination and Trusteeship: Represents the present value of future benefit payments less the plans' net assets (at fair value) anticipated to be received and the present value of expected recoveries (for which a settlement agreement has not been reached with sponsors and members of their controlled group)

for plans for which termination action has been initiated and/or completed prior to fiscal year-end. Unlike trusteed plans, the liability for plans pending termination and trusteeship is shown net of plan assets.

(3) Settlements and Judgments: Represents estimated liabilities related to settled litigation (see Note 6).

(4) Net Claims for Probable Terminations: In accordance with the FASB Accounting Standards Codification Section 450, *Contingencies*, PBGC recognizes net claims for probable terminations which represent PBGC's best estimate of the losses, net of plan assets, and the present value of expected recoveries (from sponsors and members of their controlled group) for plans that are likely to terminate in the future. Under a specific identification process, PBGC evaluates each controlled group having $50 million or more of underfunding and recognizes a contingent loss for the estimated net claim of those plans meeting the probable termination criteria. These estimated losses are based on conditions that existed as of PBGC's fiscal year-end. PBGC believes it is likely that one or more events subsequent to the fiscal year-end will occur, confirming the loss.

Criteria used for classifying a specific single-employer plan as a probable termination include, but are not limited to, one or more of the following conditions: the plan sponsor is in liquidation or comparable state insolvency proceeding with no known solvent controlled group member; the sponsor has filed or intends to file for distress plan termination and the criteria will likely be met; or PBGC is considering initiating plan termination. In addition, PBGC takes into account other economic events and factors in making judgments regarding the classification of a plan as a probable termination. These events and factors may include, but are not limited to, the following: the plan sponsor is in bankruptcy or has indicated that a bankruptcy filing is imminent; the plan sponsor has stated that plan termination is likely; the plan sponsor has received a going concern opinion from its independent auditors; or the plan sponsor is in default under existing credit agreement(s).

In addition, a reserve for small unidentified probable losses is recorded for the estimated future contingent losses stemming from insured single-employer plans with an aggregate underfunding of less than $50 million. The reserve is based on the historical three-year rolling average of losses related to actual plan terminations (with an aggregate underfunding of less than $50 million) and indexed to the S&P 500 to reflect changes in economic conditions. See Note 6 for further information on Net Claims for Probable Terminations.

PBGC identifies certain plan sponsors as high risk if the plan sponsor is in Chapter 11 proceedings or the sponsor's senior unsecured debt is rated CCC+/Caa1 or lower by S&P or Moody's, respectively. PBGC specifically reviews each plan sponsor identified as high risk and classifies pension plans as probable if, based on available evidence, PBGC concludes that plan termination is likely (based on criteria described in (4) above). Otherwise, high risk plan sponsors are classified as reasonably possible.

In accordance with the FASB Accounting Standards Codification Section 450, *Contingencies*, PBGC's exposure to losses from plans of companies that are classified as reasonably possible is disclosed in the footnotes. In order for a plan sponsor to be specifically classified as reasonably possible, it must first have $50 million or more of underfunding, as well as meet additional criteria. Criteria used for classifying a company as reasonably possible include, but are not limited to, one or more of the following conditions: the plan sponsor is in Chapter 11 reorganization; a funding waiver is pending or outstanding with the Internal Revenue Service (IRS); the sponsor missed a minimum funding contribution; the sponsor's bond rating is below investment-grade for Standard & Poor's (BB+) or Moody's (Ba1); or the sponsor has no bond rating but the Dun & Bradstreet Failure Score (formerly Financial Stress Score) is below the threshold considered to be investment grade (see Note 9).

PRESENT VALUE OF NONRECOVERABLE FUTURE FINANCIAL ASSISTANCE (PVNFFA)

In accordance with Title IV of ERISA, PBGC provides traditional financial assistance to multiemployer plans, in the form of loans, to enable the plans to pay guaranteed benefits to participants and reasonable administrative expenses of the plan. These loans, issued in exchange for interest-bearing promissory notes, constitute an obligation of each plan.

The present value of nonrecoverable future financial assistance represents the estimated nonrecoverable payments to be provided by PBGC in the future to multiemployer plans that will not be able to meet their benefit obligations. The present value of nonrecoverable future financial assistance is based on the difference between the present value of future guaranteed benefits and expenses and the market value of plan assets, including the present value of future amounts expected to be paid by employers, for those plans that are expected to require future assistance. The amount reflects the rates at which, in the opinion of PBGC, these liabilities (net of expenses) could be settled in the market for single-premium nonparticipating group annuities issued by private insurers (see Note 7).

A liability for a particular plan is included in the "Present Value of Nonrecoverable Future Financial Assistance" when it is determined that the plan is currently, or will likely become in the future, insolvent and will require assistance to pay the participants their guaranteed benefits. In accordance with the FASB Accounting Standards Codification Section 450, *Contingencies*, PBGC recognizes net claims for probable insolvencies for plans that are likely to become insolvent and may require future financial assistance. Projecting a future insolvency requires considering several complex factors, such as an estimate of future cash flows, future mortality rates, and age of participants not in pay status.

Each year, PBGC analyzes insured multiemployer plans to identify plans that are at risk of becoming probable and reasonably possible claims on the insurance program. Regulatory filings with PBGC, IRS, and DOL are important to this analysis and determination of risk, especially the designation of critical and declining status, which means the plan is projecting insolvency within 15-20 years. In general, if a terminated plan's assets are less than the present value of its liabilities, PBGC considers the plan a probable risk of requiring financial assistance in the future.

PBGC uses specific criteria for classifying multiemployer plans as insolvent (PBGC's insurable event for multiemployer plans), probable, and reasonably possible. The criteria are as follows:

- Any multiemployer plans currently receiving traditional financial assistance are classified as insolvent.
- Terminated, underfunded multiemployer plans (i.e., "wasting trusts") are classified as probable.
- Ongoing multiemployer plans projected to become insolvent:
    - Within 10 years are classified as probable.
    - From 10 to 20 years are classified as reasonably possible.

In general, the date of insolvency is estimated by projecting plan cash flows using actuarial assumptions. PBGC uses information provided by the plan actuary for assumptions such as termination of employment rates, retirement rates, average ages, the plan's schedule of future withdrawal liability payments owed, and contributions. PBGC uses assumptions set by PBGC for purposes of projecting returns on plan assets, future contributions, future withdrawal liability payments, expenses, mortality rates, and guaranteed benefits.

In addition, a bulk reserve method is employed to estimate future contingent losses for small multiemployer plans with fewer than 2,500 participants. Probable losses for plans are accrued, and reasonably possible losses are disclosed. This small plan bulk reserve uses an aggregate method to estimate liability and exposure, rather than reviewing each plan individually, based on the use of seven years of the present value of nonrecoverable future financial assistance for plan termination history to project the current probable liability. The small plan probables are calculated using a seven-year ratio of new plan terminations or insolvencies to the total unfunded liability in a given year. This ratio is applied to the current unfunded liability for small plans to calculate the probable liability.

MPRA provides that certain plans may apply to the U.S. Treasury to suspend benefits, and provides for a participant vote on the benefit suspension. These plans also may apply to PBGC for financial assistance, either for a facilitated merger or for a partition. Plans applying for a partition are also required to apply to U.S. Treasury for a suspension of benefits. These actions do not affect the determination of the nonrecoverable future financial assistance liability until U.S. Treasury has issued the final authorization to suspend benefits in the case of a benefit suspension application, or until PBGC has approved the application for financial assistance, in the case of a facilitated merger or a partition request.

The present value of nonrecoverable future financial assistance is presented in the Liability section of the Statements of Financial Position (see Note 7).

ADMINISTRATIVE EXPENSES

These operating expenses (for either the Single-Employer or Multiemployer Programs) are amounts paid and accrued for services rendered or while carrying out other activities that constitute PBGC's ongoing operations (e.g., payroll, contractual services, office space, materials, and supplies). An expense allocation methodology is used to fully capture the administrative expenses attributable to either the Single-Employer or Multiemployer Programs.

For the year-ending September 30, 2022, the Administrative Expense Reimbursement Ratio is determined to be the most representative methodology to allocate actual indirect administrative expenses, as well as to record the actual direct expenses attributable to the Single-Employer and Multiemployer Programs. The Administrative Expense Reimbursement Ratio calculates the ratios of direct administrative expenses for both the Single-Employer and Multiemployer Programs over the total direct administrative expenses. These ratios are then used to allocate the indirect administrative expenses for both the Single-Employer and Multiemployer Programs. This is PBGC's change in estimate based on the updated methodology for allocating administrative expenses. Prior to September 30, 2021, the Single-Employer and Multiemployer Ongoing Plans Expense Ratio was calculated to allocate administrative expenses between the Single-Employer Program and the Multiemployer Program.

OTHER EXPENSES

These expenses represent an estimate of the net amount of receivables deemed uncollectible during the period. The estimate is based on the most recent status of the debtor (e.g., sponsor), the age of the receivables and other factors that indicate to what degree the receivables outstanding may be uncollectible.

LOSSES FROM COMPLETED AND PROBABLE TERMINATIONS

Amounts reported as losses from completed and probable terminations represent the difference as of the actual or expected date of plan termination (DOPT) between the present value of future benefits (including amounts owed under Section 4022(c) of ERISA) assumed, or expected to be assumed, by PBGC, less related plan assets, and the present value of expected recoveries from sponsors and members of their controlled group (see Note 12). When a plan terminates, the previously recorded probable net claim is reversed and newly estimated DOPT plan assets, recoveries, and PVFB are netted and reported on the line "PVFB - Plans pending termination and trusteeship" (this value is usually different from the amount previously reported), with any change in the estimate recorded in the Statements of Operations. In addition, the plan's net income from DOPT to the beginning of PBGC's fiscal year is included as a component of losses from completed and probable terminations for plans with termination dates prior to the year in which they were added to PBGC's inventory of terminated plans.

ACTUARIAL ADJUSTMENTS AND CHARGES (CREDITS)

PBGC classifies actuarial adjustments related to insurance-based changes in method and the effect of experience as underwriting activity; actuarial adjustments are the result of the movement of plans from one valuation methodology to another, e.g., non-seriatim (calculating the liability for the group) to seriatim (calculating a separate liability for each person), and of new updated data (e.g., deaths, revised participant data). Actuarial charges (credits) are related to changes in interest factors, and expected interest is classified as financial activity. These adjustments and charges (credits) represent the change in the PVFB that results from applying actuarial assumptions in the calculation of future benefit liabilities (see Note 6).

DEPRECIATION AND AMORTIZATION

PBGC calculates depreciation on the straight-line basis over estimated useful lives of five years for equipment and ten years for furniture and fixtures. PBGC calculates amortization for capitalized software, which includes certain costs incurred for purchasing and developing software for internal use, on the straight-line basis over estimated useful lives not to exceed five years, commencing on the date that the Corporation determines that the internal-use software is implemented. Routine maintenance and leasehold improvements (the amounts of which are not material) are charged to operations as incurred. Capitalization of software cost occurs during the development stage, and costs incurred during the preliminary project and post-implementation stages are expensed as incurred. See Note 16, Other Assets, for further details.

SPECIAL FINANCIAL ASSISTANCE

ARP established a new SFA Program that provides that certain multiemployer plans may apply to PBGC to receive SFA funding. PBGC, in consultation with Treasury, may impose reasonable conditions on eligible plans receiving SFA, such as allocations of plan assets, withdrawal liability, and reductions in employer contribution rates. PBGC, however, is prohibited from imposing conditions related to prospective reductions in plan benefits, plan governance relating to the terms of contracts with trustees or plan vendors, and any funding rules related to plans receiving SFA. The SFA liability will be recorded when the following conditions are met: (1) the initial application for SFA has been received by PBGC, (2) the multiemployer plan applicant has been determined to be eligible, (3) the application has been deemed to be complete, and (4) the application has been approved. Upon approval of the application, SFA will be paid in a timely manner by PBGC. Unlike the traditional financial assistance loans PBGC provides to multiemployer plans, SFA will be in the form of a transfer (pass-through) of funds with no obligation to repay. No SFA transfers may be made after September 30, 2030.

PBGC applies specific contribution guidance in ASC 958-605, *Not-for-Profit Entities*, to recognize revenue from the U.S. Treasury General Fund appropriations related to the SFA Program. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. Conditional contributions received are classified as Contributed Transfer Appropriation. Once the barriers to entitlement are overcome, the contribution is recognized as unconditional and classified as Contributed Transfer Appropriation Income.

The SFA Program results in a new source of financing outside of PBGC's revolving fund. PBGC will receive appropriated SFA funds to disburse to multiemployer plans that meet certain criteria. Unlike traditional financial assistance which PBGC provides to multiemployer plans in the form of a loan, SFA will be provided via a transfer of funds (pass-through) with no obligation of repayment. At the end of each fiscal year, any unused (i.e., unobligated) appropriated SFA funds must be returned to the U.S. Treasury General Fund.

Since the SFA funding to eligible plans will likely enable the plans to pay benefits for the next 30 years, the vast majority of the traditional financial assistance liability recognized prior to FY 2021, for ongoing probable plans, has been reversed. This results in a change in the estimate to the allowance for the traditional financial assistance. PBGC reversed the allowance for insolvent multiemployer plans expected to be eligible to receive Special Financial Assistance (which reflects the expected plans' repayment of traditional financial assistance). See the MD&A Section IV, Multiemployer Program Results of Activities and Trends for the criteria to be eligible for SFA and Note 7, Multiemployer Financial Assistance for further details.

Given the significance of PBGC receiving appropriations from the U.S. Treasury General Fund for the first time, a revision to PBGC's financial statement presentation format was necessary. This includes the addition of new line items for the three financial statements, and renaming the "Statements of Operations and Changes to Net Position" to "Statements of Operations." Listed below by financial statement are the newly added financial line items:

Statements of Financial Position:

- **Restricted cash** – Appropriation (as authorized by ARP) from the U.S. Treasury General Fund for SFA to fund eligible multiemployer plans and PBGC's SFA administrative expenses (these funds cannot be invested nor used in any other aspects of PBGC's insurance programs).
- **Special financial assistance** – A liability account representing SFA to be provided to approved multiemployer plans.
- **Contributed transfer appropriation** – An equity account representing unused SFA appropriations.
- **Cumulative results of operations** – Represents PBGC's financial position that excludes the unused appropriations from the U.S. Treasury General Fund for SFA.

Statements of Operations:

- **Contributed transfer appropriation income** – Revenue is recognized from the SFA appropriations when all conditions and restrictions placed on the appropriated SFA funds are met.
- **Administrative Special Financial Assistance** – Administrative costs associated with administering ARP special financial assistance expenses (e.g., payroll, contractors).
- **Special Financial Assistance Expense** – SFA approved (pass-through) payments made to multiemployer plans (not subject to repayment).
- **Cumulative results of operations, beginning of year** – Represents PBGC's financial operations activity that excludes the unused appropriations from the U.S. Treasury General Fund for SFA at the beginning of the fiscal year. This replaces "Net position, beginning of year".
- **Cumulative results of operations, end of period** – Represents PBGC's financial operations activity that excludes the unused appropriations from the U.S. Treasury General Fund for SFA at the end of the period. This replaces "Net position, end of year".

Statements of Cash Flows:

- **Special Financial Assistance (restricted cash)** – Appropriation from the U.S. Treasury General Fund for SFA to fund eligible multiemployer plans and PBGC's SFA administrative expenses (these funds cannot be invested nor used in any other aspects of PBGC's insurance programs). The Statements of Cash Flows includes a Special Financial Assistance section.

NOTE 3: INVESTMENTS

Premium receipts are invested through the revolving fund in U.S. Treasury securities. The trust funds include assets that PBGC assumes or expects to assume with respect to terminated plans (e.g., recoveries from sponsors) and investment income thereon. These assets generally are held by custodian banks. The basis and market value of the investments by type are detailed below, as well as related investment profile data. The basis indicated is the cost of the asset if assumed after the date of plan termination or the market value at date of plan termination if the asset was assumed as a result of a plan's termination. PBGC marks the plan's assets to market, and any increase or decrease in the market value of a plan's assets occurring after the date on which the plan is terminated must, by law, be credited to or suffered by PBGC. Investment securities denominated in foreign currency are translated into U.S. dollars at the prevailing exchange rates at period ending September 30, 2022. Purchases and sales of investment securities, income, and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions. The portfolio does not isolate that portion of the results of operations resulting from changes in foreign exchange rates of investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments. For PBGC's securities, unrealized holding gains and losses are both recognized by including them in earnings. Unrealized holding gains and losses measure the total change in fair value — consisting of unpaid interest income earned or unpaid accrued dividend and the remaining change in fair value from holding the security.

To Be Announced (TBA) and Bond Forward transactions are recorded as regular buys and sells of investments and not as derivatives. TBA is a contract for the purchase or sale of mortgage-backed securities to be delivered on a future date. The term TBA is derived from the fact that the actual mortgage-backed security that will be delivered to fulfill a TBA trade is not designated at the time the trade is made. The securities are to be announced 48 hours prior to the established trade settlement date. TBAs are issued by the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and Government National Mortgage Association (GNMA). In accordance with FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*, TBA and Bond Forward contracts are deemed regular way trades as they are completed within the time frame generally established by regulations and conventions in the marketplace or by the exchange on which they are executed. Thus, recording of TBA and Bond Forward contracts recognizes the acquisition or disposition of the securities at the full contract amounts on day one of the trade.

Bond Forwards are reported to "Receivables, net – Sale of securities", and "Due for purchases of securities"; TBAs are reported to "Receivables, net – Sale of securities", "Due for purchases of securities", and "Fixed maturity securities" from derivative contracts receivables and payables. As of September 30, 2022, TBA receivables were $1,474 million and no Bond Forward receivables were reported. In addition, as of September 30, 2022, TBA payables were $3,495 million and no Bond Forward payables were reported.

INVESTMENTS OF SINGLE-EMPLOYER REVOLVING FUNDS AND SINGLE-EMPLOYER TRUSTEED PLANS

(Dollars in millions)	September 30, 2022 Basis	September 30, 2022 Market Value	September 30, 2021 Basis	September 30, 2021 Market Value
Fixed maturity securities:				
U.S. Government securities	**$64,326**	**$54,831**	$63,397	$64,080
Commercial paper/securities purchased under repurchase agreements	**-**	**-**	0 *	0 *
Asset backed securities	**10,715**	**9,684**	8,697	8,746
Pooled funds				
Domestic	**3,000**	**2,246**	6,280	5,991
International	**-**	**-**	-	-
Global/other	**2**	**2**	0 *	0 *
Corporate bonds and other	**22,110**	**18,295**	22,921	24,446
International securities	**7,281**	**5,911**	7,774	7,942
Subtotal	**107,434**	**90,969**	109,069	111,205
Equity securities:				
Domestic	**91**	**105**	203	241
International	**3,056**	**2,632**	1,829	2,240
Pooled funds				
Domestic	**3,612**	**6,701**	3,268	7,768
International	**2,106**	**3,049**	2,844	5,485
Global/other	**22**	**22**	7	7
Subtotal	**8,887**	**12,509**	8,151	15,741
Private equity	**1,115**	**242**	1,166	320
Real estate and real estate investment trusts	**1,712**	**1,502**	1,967	2,153
Insurance contracts and other investments	**67**	**282**	108	200
Total[1]	**$119,215**	**$105,504** [2]	$120,461	$129,619

* Less than $500,000

[1] Total includes securities on loan at September 30, 2022, and September 30, 2021, with a market value of $5,195 million and $7,013 million, respectively.

[2] This total of $105,504 million of investments at market value represents the single-employer assets only.

INVESTMENTS OF MULTIEMPLOYER REVOLVING FUNDS AND MULTIEMPLOYER TRUSTEED PLANS

(Dollars in millions)	September 30, 2022 Basis	September 30, 2022 Market Value	September 30, 2021 Basis	September 30, 2021 Market Value
Investment securities:				
Fixed U.S. Government securities	**$2,696**	**$2,439**	$2,666	$2,688
Equity securities	**-**	**-**	-	-
Total	**$2,696**	**$2,439**	$2,666	$2,688

INVESTMENT PROFILE

	September 30, 2022	2021
Fixed Income Assets		
Average Quality	**AA**	AA
Average Maturity (years)	**10.7**	14.8
Duration (years)	**7.2**	9.3
Yield to Maturity (%)	**4.8**	2.1
Equity Assets		
Average Price/Earnings Ratio	**18.3**	22.2
Dividend Yield (%)	**2.8**	2.2
Beta	**1.0**	1.0

DERIVATIVE INSTRUMENTS

PBGC assigns investment discretion and grants specific authority to all of its investment managers to invest according to specific portfolio investment guidelines the Corporation has established. PBGC further limits the use of derivatives by investment managers through tailored provisions in the investment guidelines with investment managers consistent with PBGC's investment policy statement and overall risk tolerance. These investment managers, who act as fiduciaries to PBGC, determine when it may or may not be appropriate to utilize derivatives in the portfolio(s) for which they are responsible. Investments in derivatives carry many of the same risks of the underlying instruments and carry additional risks that are not associated with direct investments in the securities underlying the derivatives.

Risks may arise from the potential inability to terminate or sell derivative positions, although derivative instruments are generally more liquid than physical market instruments. A liquid secondary market may not always exist for certain derivative positions. Over-the-counter derivative instruments also involve counterparty risk that the other party to the derivative instrument will not meet its obligations.

The use of derivatives in the PBGC investment portfolio is also further restricted insofar as they may not be used to create leverage in the portfolio. Thus, derivatives are not permitted to be utilized to leverage the portfolio beyond the maximum risk level associated with a fully invested portfolio of physical securities.

Derivative instruments are used to mitigate risk (e.g., adjust duration or currency exposures), enhance investment returns, and/or as liquid and cost-efficient substitutes for positions in physical securities. These derivative instruments are not designated as accounting hedges consistent with FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*, which requires an active designation as a prerequisite for any hedge accounting. PBGC uses a no-hedging designation, which results in the gain or loss on a derivative instrument to be recognized currently in earnings. Derivatives are accounted for at fair value in accordance with the FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*. Derivatives are marked to market with changes in value reported as a component of financial income on the Statements of Operations. PBGC presents all derivatives at fair value on the Statements of Financial Position.

PBGC's investment managers invested in investment products that used various U.S. and non-U.S. derivative instruments. Those products included, but are not limited to: index futures; options; money market futures; government bond futures; interest rate, credit default, and total return swaps and swaption (an option on a swap) contracts; stock warrants and rights; debt option contracts; and foreign currency futures, forward, and option contracts. Some of these derivatives are traded on organized exchanges and thus bear minimal counterparty risk. The counterparties to PBGC's non-exchange-traded derivative contracts are major financial institutions subject to ISDA (International Swaps and Derivatives Association, Inc.) master agreements or

IFEMAs (International Foreign Exchange Master Agreements) and minimum credit ratings required by investment guidelines. PBGC monitors PBGC's counterparty risk and exchanges collateral under most contracts to further support performance by counterparties. Required margin (collateral) for exchange traded and non-exchange traded centrally cleared derivatives is maintained by a clearinghouse to support the performance by counterparties, which are members of the clearinghouse, and collateral is exchanged directly with counterparties for non-exchange traded non-centrally cleared derivatives. A clearinghouse reduces the settlement risks by netting offsetting transactions between multiple counterparties by requiring higher levels of collateral deposits or margin requirements compared to bilateral arrangements. Settlement risks are also reduced by the clearinghouse providing independent valuation of trades and margin, monitoring the credit worthiness of the clearing firms, and providing a guarantee fund, which could be used to cover losses that exceed a defaulting clearing firm's margin on deposit.

A futures contract is an agreement between a buyer or seller and an established futures exchange clearinghouse in which the buyer or seller agrees to take or make a delivery of a specific amount of a financial instrument at a specified price on a specific date (settlement date) in the future. The futures exchanges and clearinghouses clear, settle, and guarantee transactions occurring through their facilities. Upon entering into a futures contract, an "initial margin" amount (in cash or liquid securities) of generally 1 to 6 percent of the face value indicated in the futures contract is required to be deposited with the broker. Open futures positions are marked to market daily. Subsequent payments known as "variation margin" are made or received by the portfolio dependent upon the daily fluctuations in value of the underlying contract. PBGC maintains adequate liquidity in its portfolio to meet these margin calls.

PBGC also invests in forward contracts. A forward foreign currency contract is a commitment to purchase or sell a foreign currency at the settlement date (in the future) at a negotiated rate or to make settlement based on comparable economics, but without actually delivering the foreign currency. Foreign currency forward, futures, and option contracts may be used as a substitute for cash currency holdings. This is in order to minimize currency risk exposure to changes in foreign currency exchange rates and to adjust overall currency exposure to reflect the investment views of the fixed income and equity portfolio managers regarding relationships between currencies.

A swap is an agreement between two parties to exchange different financial returns on a notional investment amount. The major forms of swaps traded are interest rate swaps, credit default swaps, and total return swaps. These swaps are netted for reporting purposes. PBGC uses swap and swaption contracts to adjust exposure to interest rates, fixed income securities exposure, credit exposure, and equity exposure, and to generate income based on the investment views of the portfolio managers regarding interest rates, indices, and individual securities.

Interest rate swaps involve exchanges of fixed-rate and floating-rate interest. Interest rate swaps are often used to alter exposure to interest rate fluctuations by swapping fixed-rate obligations for floating-rate obligations, or vice versa. The counterparties to the swap agree to exchange interest payments on specific dates, according to a predetermined formula. The payment flows are usually netted against each other, with one party paying the difference to the other.

A credit default swap is a contract between a buyer and seller of protection against pre-defined credit events. PBGC may buy or sell credit default swap contracts to seek to increase the portfolio's income or to mitigate the risk of default on portfolio securities.

A total return swap is a contract between a buyer and seller of exposures to certain asset classes, such as equities. PBGC may buy or sell total return contracts to seek to increase or reduce the portfolio's exposure to certain asset classes.

An option contract is a contract in which the writer of the option grants the buyer of the option the right to purchase from (call option) or sell to (put option) the writer a designated instrument at a specified price within a specified period of time.

Stock warrants and rights allow PBGC to purchase securities at a stipulated price within a specified time limit.

For the fiscal years ended September 30, 2022 and 2021, gains and losses from settled margin calls are reported in "Investment income" on the Statements of Operations. Securities and cash are pledged as collateral for derivative contracts (e.g., futures and swaps) and are recorded as a receivable or payable.

FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*, requires the disclosure of fair values of derivative instruments and their gains and losses in its financial statements of both the derivative positions existing at period ending September 30, 2021 and the effect of using derivatives during the reporting period.

The following three key tables present PBGC's use of derivative instruments and its impact on PBGC's financial statements:

- Fair Values of Derivative Instruments – Identifies the location of derivative fair values on the Statements of Financial Position, as well as the notional amounts.
- Offsetting of Derivative Assets – Presents the impact of legally enforceable master netting agreements on derivative assets.
- Offsetting of Derivative Liabilities – Presents the impact of legally enforceable master netting agreements on derivative liabilities.

FAIR VALUES OF DERIVATIVE INSTRUMENTS

	Asset Derivative					
	September 30, 2022			September 30, 2021		
(Dollars in millions)	Statements of Financial Position Location	**Notional**	**FMV**	Statements of Financial Position Location	Notional	FMV
Futures	Derivative Contracts	**$6,976**	**$172**	Derivative Contracts	$19,164	$309
Swap contracts						
Interest rate swaps	Investments-Fixed	**2,005**	**115**	Investments-Fixed	1,860	14
Other derivative swaps	Investments-Fixed	**1,279**	**(1)**	Investments-Fixed	1,173	42
Option contracts	Investments-Fixed	**117**	**2**	Investments-Fixed	131	1
Forwards - foreign exchange	Investments-Fixed	**12,899**	**70**	Investments-Fixed	13,503	19
	Investments-Equity	**-**	**-**	Investments-Equity	-	-

	Liability Derivative					
	September 30, 2022			September 30, 2020		
(Dollars in millions)	Statements of Financial Position Location	**Notional**	**FMV**	Statements of Financial Position Location	Notional	FMV
Futures	Derivative Contracts	**$7,193**	**($210)**	Derivative Contracts	$18,351	($101)
Option contracts	Derivative Contracts	**9**	**(1)**	Derivative Contracts	95	(1)

Additional information specific to derivative instruments is disclosed in Note 4 – Derivative Contracts, and Note 5 – Fair Value Measurements.

PBGC uses a net presentation on the Statements of Financial Position for those derivative financial instruments entered into with counterparties under legally enforceable master netting agreements. Derivative receivables and derivative payables are netted on the Statements of Financial Position with the same counterparty and the related cash collateral receivables and payables when a legally enforceable master netting agreement exists (i.e., for over-the-counter derivatives). Master netting agreements are used to mitigate counterparty credit risk in certain transactions, including derivatives transactions, repurchase agreements and reverse repurchase agreements. The master netting agreement also may require the exchange of cash or marketable securities to collateralize either party's net position. Any cash collateral exchanged with counterparties under these master netting agreements is also netted against the applicable derivative fair values on the Statements of Financial Position.

OFFSETTING OF DERIVATIVE ASSETS FAIR VALUE

	September 30, 2022			September 30, 2021		
(Dollars in millions)	**Gross Amount of Recognized Assets**	**Gross Amounts Offset in Statements of Financial Position**	**Net Amounts of Assets Presented in Statements of Financial Position**	Gross Amount of Recognized Assets	Gross Amounts Offset in Statements of Financial Position	Net Amounts of Assets Presented in Statements of Financial Position
Derivatives						
Interest-rate contracts	**$ 7**	**($7)**	**$ -**	$ 1	($1)	$ 0*
Foreign exchange contracts	**484**	**(380)**	**104**	136	(103)	33
Other derivative contracts[1]	**2**	**0***	**2**	3	(1)	2
Cash collateral nettings	**-**	**-**	**-**	-	12	12
Total Derivatives	**$493**	**($387)**	**$106**	$140	($93)	$47
Other financial instruments[2]						
Repurchase agreements	**660**	**-**	**660**	-	-	-
Securities lending collateral	**4,581**	**-**	**4,581**	6,145	-	6,145
Total derivatives and other financial instruments	**$5,734**	**($387)**	**$5,347**	$6,285	($93)	$6,192

	September 30, 2022			September 30, 2021		
(Dollars in millions)	**Gross Amounts Not Offset in Statements of Financial Position**			Gross Amounts Not Offset in Statements of Financial Position		
	Net Amount of Assets Presented in Statements of Financial Position	**Collateral Received**	**Net Amount**	Net Amount of Assets Presented in Statements of Financial Position	Collateral Received	Net Amount
Repurchase agreements	**$ 660**	**$ -**	**$ 660**	$ -	$ -	$ -
Security lending collateral	**4,581**	**(4,581)**	**-**	6,145	(6,145)	-
Total	**$5,241**	**($4,581)**	**$ 660**	$6,145	($6,145)	$ -

* Less than $500,000
[1] Other derivative contracts include total return swaps, currency swaps, and credit default swaps.
[2] Under subheading "Other financial instruments", repurchase agreements and securities lending collateral are presented on a gross basis within the table and on the Statements of Financial Position.

OFFSETTING OF DERIVATIVE LIABILITIES FAIR VALUE

	September 30, 2022			September 30, 2021		
(Dollars in millions)	**Gross Amount of Recognized Liabilities**	**Gross Amounts Offset in Statements of Financial Position**	**Net Amounts of Assets Presented in Statements of Financial Position**	Gross Amount of Recognized Liabilities	Gross Amounts Offset in Statements of Financial Position	Net Amounts of Assets Presented in Statements of Financial Position
Derivatives						
Interest-rate contracts	**$ 20**	**($7)**	**$ 13**	$ 1	($1)	$ 0*
Foreign exchange contracts	**415**	**(380)**	**35**	117	(103)	14
Other derivative contracts[1]	**1**	**0***	**1**	1	(1)	0*
Cash collateral nettings	**-**	**26**	**26**	-	-	-
Total Derivatives	**$436**	**($361)**	**$ 75**	$119	($105)	$14
Other financial instruments[2]						
Resale agreements	**$ -**	**$ -**	**$ -**	$ -	$ -	$ -
Securities lending collateral	**4,581**	**-**	**4,581**	6,145	-	6,145
Total derivatives and other financial instruments	**$5,017**	**($361)**	**$4,656**	$6,264	($105)	$6,159

	September 30, 2022			September 30, 2021		
(Dollars in millions)	**Gross Amounts Not Offset in Statements of Financial Position**			Gross Amounts Not Offset in Statements of Financial Position		
	Net Amount of Liabilities Presented in Statements of Financial Position	**Collateral Received**	**Net Amount**	Net Amount of Liabilities Presented in Statements of Financial Position	Collateral Received	Net Amount
Resale agreements	**$ -**	**$ -**	**$ -**	$ -	$ -	$ -
Security lending collateral	**4,581**	**(4,581)**	**-**	6,145	(6,145)	-
Total	**$4,581**	**($4,581)**	**$ -**	$6,145	($6,145)	$ -

* Less than $500,000

1 Other derivative contracts include total return swaps, currency swaps, and credit default swaps.

2 Under subheading "Other financial instruments", repurchase agreements and securities lending collateral are presented on a gross basis within the table and on the Statements of Financial Position.

The following table identifies the location of derivative gains and losses on the Statements of Operations as of September 30, 2022, and September 30, 2021.

EFFECT OF DERIVATIVE CONTRACTS ON THE STATEMENTS OF OPERATIONS

(Dollars in millions)	Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Recognized in Income on Derivatives **Sept. 30, 2022**	 Sept. 30, 2021
Futures			
Contracts in a receivable position	Investment Income-Fixed	**$2,047**	($24)
Contracts in a receivable position	Investment Income-Equity	**-**	-
Contracts in a payable position	Investment Income-Fixed	**(1,761)**	(1,051)
Contracts in a payable position	Investment Income-Equity	**-**	-
Swap agreements			
Interest rate swaps	Investment Income-Fixed	**115**	22
Other derivative swaps	Investment Income-Fixed	**(45)**	(1)
Option contracts			
Options purchased (long)	Investment Income-Fixed	**(12)**	2
Options purchased (long)	Investment Income-Equity	**-**	-
Options written (sold short)	Investment Income-Fixed	**16**	(1)
Options written (sold short)	Investment Income-Equity	**0** *	-
Forward contracts			
Forwards - foreign exchange	Investment Income-Fixed	**122**	42
	Investment Income-Equity	**0** *	0 *

* Less than $500,000

Additional information specific to derivative instruments is disclosed in Note 4 - Derivative Contracts, and Note 5 - Fair Value Measurements.

SECURITIES LENDING

PBGC participates in a securities lending program administered by its custodian bank. The custodian bank requires initial collateral that equals 102 to 105 percent of the securities lent. The collateral is held by the custodian bank or its agent. The custodian bank either receives cash or non-cash as collateral or returns collateral to cover mark-to-market changes. Any cash collateral received is invested by PBGC's investment agent. In addition to the lending program managed by the custodian bank, some of PBGC's investment managers are authorized to invest in securities purchased under resale agreements (an agreement with a commitment by the seller to buy a security back from the purchaser at a specified price at a designated future date).

The average value of securities on loan through September 30, 2022, and through September 30, 2021, was $6,296 million and $6,952 million, respectively. The average value of lendable securities was $44,590 million through September 30, 2022, and $45,605 million through September 30, 2021. The ratio of the average value of securities on loan and the average value of lendable securities is the average utilization rate. This average utilization rate was 14 percent through September 30, 2022, and 15 percent through September 30, 2021.

The average value of U.S. Corporate Bonds and Equity securities on loan through September 30, 2022, was $2,373 million, as compared to $3,672 million through September 30, 2021. The average value of U.S. Corporate Bonds and Equity securities on loan is 38 percent of the $6,296 million average value of securities on loan through September 30, 2022, as compared to 53 percent of the $6,952 million average value of securities on loan through September 30, 2021. The average value of lendable U.S. Corporate Bonds and Equity securities was $26,168 million through September 30, 2022, or 59 percent of PBGC's overall average value of lendable securities; while the average value of lendable U.S. Corporate Bonds and Equity securities was $26,764 million through September 30, 2021, or 59 percent of PBGC's overall average value of lendable securities. The average utilization of U.S. Corporate Bonds and Equity securities was 9 percent through September 30, 2022, and 14 percent through September 30, 2021. U.S. Corporate Bonds and Equity securities utilization decreased due to a change in strategy to increase securities lending fees. The increased fees more than compensated for the slightly lower levels of utilization for U.S. Corporate Bonds and Equity securities that resulted and led to increased lending earnings.

The average value of U.S. Government securities on loan through September 30, 2022, was $3,855 million, as compared to $3,218 million through September 30, 2021. The average value of U.S. Government securities on loan was 61 percent of the $6,296 million average value of securities on loan through September 30, 2022, as compared to 46 percent of the $6,952 million average value of securities on loan through September 30, 2021. The average value of lendable U.S. Government securities through September 30, 2022, was $14,765 million, or 33 percent of PBGC's overall average value of lendable securities; whereas the average value of lendable U.S. Government securities through September 30, 2021, was $14,271 million, or 31 percent of PBGC's overall average value of lendable securities. The average utilization of U.S. Government securities was 26 percent through September 30, 2022, and 23 percent through September 30, 2021. Utilization of U.S. Government securities increased year over year because of a higher level of demand for U.S. Government Securities from borrowers. The following table presents utilization rates of investment securities in the custodian administered securities lending program.

UTILIZATION RATES IN THE SECURITIES LENDING PROGRAM

	Daily Utilization Rates at Sept. 30, 2022	Sept. 30, 2022 Average Utilization Rates	Sept. 30, 2021 Average Utilization Rates
U.S. Corporate Bond & Equity	7%	9%	14%
U.S. Government Securities	27%	26%	23%
Non-U.S. Corporate Bond & Equity	2%	3%	2%
Non-U.S. Fixed Income	0%*	0%*	0%*
Total PBGC Program	14%	14%	15%

*Less than 1%.

The amount of cash collateral received for securities on loan at September 30, 2022, and September 30, 2021, was $4,581 million and $6,145 million, respectively. These amounts are recorded as assets and are offset with a corresponding liability. For lending agreements collateralized by securities, no accompanying asset or liability is recorded, as PBGC does not sell or re-pledge the associated collateral. For those securities lending activities that PBGC directs through its custodian manager, the Corporation chooses to invest proceeds from securities lending in the PBGC Collateral Fund.

In addition to its custodian agent lending program, PBGC invests in commingled index funds that participate in securities lending. PBGC does not own the securities in a commingled fund but owns units in the fund. The index fund provider utilizes an affiliated lending agent that lends the securities in the fund and receives collateral in return. The lending agent monitors and manages the collateral levels as well as monitors the credit quality and operations of their lending counterparties. The lending agent performs this service on behalf of the many clients that are invested in the commingled funds that participate in securities lending. This collateral is not valued or recorded on PBGC's financial statements as PBGC only owns units in the commingled funds.

PBGC's earnings from its agency securities lending programs as of September 30, 2022, and September 30, 2021, was $14 million and $12 million, respectively. Also contributing to PBGC's securities lending income is its participation in the commingled index funds mentioned above. Net income from securities lending is included in "Investment income – Fixed" on the Statements of Operations.

PBGC does not have the right by contract or custom to sell or re-pledge non-cash collateral, and therefore it is not reported on the Statements of Financial Position. Non-cash collateral, which consists of highly rated debt instruments, has been unchanged year over year.

REPURCHASE AGREEMENTS

PBGC's repurchase agreements entitle and obligate the Corporation to repurchase or redeem the same or substantially the same securities that were previously transferred as collateralized securities. In addition, repurchase agreements require the Corporation to redeem the collateralized securities, before maturity at a fixed determinable price.

As of September 30, 2022, PBGC had $660 million of repurchase agreements. Repurchase agreements include maturities of one day which is reported as an asset and included in the "Cash and cash equivalents" balance. Those that mature in more than one day are reported under "Fixed maturity securities." There was no associated liability for these secured borrowings reported as "Securities sold under repurchase agreements." PBGC has no restrictions placed on the cash received for all its outstanding repurchase agreements as of September 30, 2022.

NOTE 4: DERIVATIVE CONTRACTS

PBGC's derivative financial instruments are recorded at fair value and are included on the Statements of Financial Position as investments and derivative contracts. Foreign exchange forwards are included in "Fixed maturity securities." Swaps are netted for the individual contracts and are also included in "Fixed maturity securities." Swaps listed in the tables below represent the receivables and payables in an open trade position. Contracts for Futures in the tables below represent margin variation receivables and payables. The amounts subject to credit risk related to derivative instruments are generally limited to the amounts, if any, by which the counterparty's obligations exceed PBGC's obligations with that counterparty. PBGC considers this risk remote and does not expect the settlement of these transactions to have a material effect in the Statements of Operations and Statements of Financial Position.

Amounts in the table below represent the derivative contracts in a receivable position at September 30, 2022. Collateral deposits of $362 million, which represent cash paid as collateral on certain derivative contracts, are shown below.

DERIVATIVE CONTRACTS

(Dollars in millions)	**September 30, 2022**	September 30, 2021
Receivables on derivatives:		
Collateral deposits	**$362** [1]	$191 [2]
Futures contracts	**172**	309
Interest rate swaps (open trade receivable)	**121**	25
Other derivative swaps (open trade receivable)	**0** *	84
Total	**$655**	$609

*Less than $500,000

[1] For FY 2022, where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits receivable are $362 million ($409 million gross collateral deposits receivable less $47 million due to a netting of collateral deposits receivable and payable).

[2] For FY 2021, where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits receivable are $191 million ($200 million gross collateral deposits receivable less $9 million due to a netting of collateral deposits receivable and payable).

Amounts in the Derivative Contracts table below represent derivative contracts in a payable position at September 30, 2022, which PBGC reflects as a liability. Collateral deposits of $312 million, which represent cash received as collateral on certain derivative contracts, are included.

DERIVATIVE CONTRACTS

(Dollars in millions)	**September 30, 2022**	September 30, 2021
Payables on derivatives:		
Collateral deposits	**$312** [1]	$347 [2]
Futures contracts	**210**	101
Interest rate swaps (open trade payable)	**118**	25
Other derivative swaps (open trade payable)	**0** *	84
Options fixed/equity – income	**1**	1
Total	**$641**	$558

*Less than $500,000

[1] For FY 2022, where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits payable are $312 million ($359 million gross collateral deposits payable less $47 million due to a netting of collateral deposits receivable and payable).

[2] For FY 2021, where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits payable are $347 million ($356 million gross collateral deposits payable less $9 million due to a netting of collateral deposits receivable and payable).

NOTE 5: FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification Section 820, *Fair Value Measurements and Disclosures*, provides a consistent definition of fair value and establishes a framework for measuring fair value in accordance with U.S. GAAP. It does not require the measurement of financial assets and liabilities at fair value. The standard is intended to increase consistency and comparability in, and disclosures about, fair value measurements by giving users better information about how extensively PBGC uses fair value to measure financial assets and liabilities, the inputs PBGC used to develop those measurements and the effect of the measurements, if any, on the financial condition, results of operations, liquidity, and capital.

Section 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an "exit price") in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants on the measurement date. When PBGC measures fair value for its financial assets and liabilities, PBGC considers the principal or most advantageous market in which the Corporation would transact. PBGC also considers assumptions that market participants would use when pricing the asset or liability. When possible, PBGC looks to active and observable markets to measure the fair value of identical, or similar, financial assets or liabilities. When identical financial assets and liabilities are not traded in active markets, PBGC looks to market observable data for similar assets and liabilities. In some instances, certain assets and liabilities are not actively traded in observable markets, and as a result PBGC uses alternative valuation techniques to measure their fair value.

In addition, Section 820 establishes a hierarchy for measuring fair value. That hierarchy is based on the observability of inputs to the valuation of a financial asset or liability as of the measurement date. The standard also requires the recognition of trading gains or losses related to certain derivative transactions whose fair value has been determined using unobservable market inputs.

PBGC believes that its valuation techniques and underlying assumptions used to measure fair value conform to the provisions of Section 820. PBGC has categorized the financial assets and liabilities that PBGC carries at fair value in the Statements of Financial Position based upon the standard's valuation hierarchy. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to pricing methods with significant observable market inputs (Level 2), and the lowest priority to significant unobservable valuation inputs (Level 3). In addition, PBGC, for certain non-Level 1 Net Asset Value (NAV) investments, uses a "practical expedient" (i.e., priced without any adjustments). Non-Level 1 NAV investments that use the practical expedient are displayed in a NAV only category and are removed from their Level 2 or Level 3 category and added to the new exclusive NAV only category. The fair value table affected by this guidance is found in PBGC Financial Statements Note 5, Fair Value Measurements.

If the inputs used to measure a financial asset or liability cross different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. PBGC's assessment of the significance of a particular input to the overall fair value measurement of a financial asset or liability requires judgment, and considers factors specific to that asset or liability, as follows:

Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market. PBGC's Level 1 investments primarily include exchange-traded equity securities and certain U.S. Government securities.

Level 2 - Financial assets and liabilities whose values are based on quoted prices for similar assets and liabilities in active markets. PBGC also considers inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets. This includes cash equivalents, securities lending collateral, U.S. Government securities, asset backed securities, fixed foreign investments, corporate bonds, repurchase agreements, bond forwards, and swaps.
- Quoted prices for identical or similar assets or liabilities in non-active markets. This includes corporate stock, pooled funds fixed income, pooled funds equity, and foreign investments equity.
- Pricing models whose inputs are observable for substantially the full term of the asset or liability — included are insurance contracts and bank loans.
- Pricing models whose inputs are derived principally from or are corroborated by observable market information through correlation or other means for substantially the full term of the asset or liability.

Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable in the market and significant to the overall fair value measurement. These inputs reflect PBGC's judgment about the assumptions that a market participant would use in pricing the asset or liability and based on the best available information. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. PBGC includes instruments whose values are based on a single source such as a broker, pricing service, or dealer, which cannot be corroborated by recent market transactions. These include fixed maturity securities such as corporate bonds that are comprised of securities that are no longer traded on the active market and/or not managed by any asset manager. Equity securities such as corporate stocks are also included, comprised of securities that are no longer traded on the active market and/or not managed by any asset manager. Real estate funds that invest primarily in U.S. commercial real estate are valued based on each underlying investment within the fund/account; they incorporate valuations that consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information, including comparable transactions, and performance multiples, among other factors. The assets and liabilities that PBGC carries at fair value are summarized by the three levels required by Section 820 in the following table. The fair value of the asset or liability represents the "exit price" – the price that would be received to sell the asset or paid to transfer the liability.

FAIR VALUE MEASUREMENTS ON A RECURRING BASIS AS OF SEPTEMBER 30, 2022

(Dollars in millions)	Investment Measured at Net Asset Value (NAV)	Quoted Market Prices in Active Markets (Level 1)	Pricing Methods with Significant Observable Market Inputs (Level 2)	Pricing Methods with Significant Unobservable Market Inputs (Level 3)	Total Net Carrying Value in Statements of Financial Position
Assets					
Cash and cash equivalents	$ -	$ 125	$ 8,553	$ -	$ 8,678
Securities lending collateral[1]	-	-	4,581	-	4,581
Investments:					
Fixed maturity securities					
U.S. Government securities	-	-	57,270	-	
Commercial paper/securities purchased under repurchase agreements	-	-	-	-	
Asset backed/Mortgage backed securities	-	-	9,684	-	
Pooled funds[2]	-	14	-	0*	
Pooled funds fixed maturity at NAV[2,3]	2,234	-	-	-	
Corporate bonds and other	-	27	18,268	0*	
International securities	-	70	5,820	21	
Total Fixed Maturity Securities	2,234	111	91,042	21	93,408
Equity securities:					
Domestic	-	86	14	5	
International	-	2,632	0*	0*	
Pooled funds[2]	-	59	-	-	
Pooled funds equity securities NAV[2,3]	9,713	-	-	-	
Total Equity Securities	9,713	2,777	14	5	12,509
Private equity at NAV[3]	242	-	-	-	242
Real estate and real estate investment trusts	-	1,065	-	10	
Real estate and real estate investment trusts at NAV[3]	427	-	-	-	
Total Real Estate	427	1,065	-	10	1,502
Insurance contracts and other Investments	0*	-	-	282	282
Receivables: [4]					
Derivative contracts[5]	-	172	483	-	655
Liabilities					
Payables: [4]					
Derivative contracts[6]	-	211	430	-	641

* Less than $500,000.

1 For securities lending details, please refer to the Securities lending section in Note 3 – Investments.
2 Pooled funds fixed and Pooled funds equity consists of domestic, international and global/other.
3 Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have been excluded from fair value hierarchy. See Significant Accounting Policies – Note 2.
4 Where a legally enforceable master netting agreement exists, amounts for "Receivables, net – Derivative Contracts" and "Payables, net – Derivative Contracts" will include net of cash collateral deposited for non-exchange traded derivatives which are subject to master netting agreements. Collateral deposits receivable are $362 million ($409 million gross collateral deposits receivable less $47 million due to a netting of collateral deposits receivable and payable). Collateral deposits payable are $312 million ($359 million gross collateral deposits payable less $47 million due to a netting of collateral deposits receivable and payable).
5 Derivative contracts receivables are comprised of open receivable trades on futures, swaps, and collateral deposits. See the Derivative Contracts table under Note 4.
6 Derivative contracts payables are comprised of open payable trades on futures, swaps, options, and collateral deposits. See the Derivative Contracts table under Note 4.

CHANGES IN LEVEL 3 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS FOR THE YEAR ENDED SEPTEMBER 30, 2022

(Dollars in millions)	Fair Value at September 30, 2021	Total Realized and Unrealized Gains (Losses) included in Income	Purchases	Sales	Transfers Into Level 3	Transfers Out of Level 3	Fair Value at September 30, 2022	Change in Unrealized Gains (Losses) Related to Financial Instruments held at September 30, 2022[1]
Assets:								
Fixed	$ 0*	34	-	(19)	$ 6	-	$21	$77
Pooled funds (fixed)	$ -	-	-	-	0*	-	$ 0*	$ -
Domestic/Int'l equity	$ 5	1	0*	(1)	0*	-	$ 5	$ 1
Private equity	$ -	-	-	-	-	-	$ -	$ -
Real estate & real estate investment trusts	$ 25	0*	0*	(15)	-	-	$10	($2)
Other	$200	123	0*	(41)	-	0*	$282	$123

* Less than $500,000.
1 Amounts included in this column solely represents changes in unrealized gains and losses and cannot be derived from other columns from this table.

Pursuant to FASB Accounting Standards Codification Section 820, *Fair Value Measurement, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*; additional disclosures for Investments priced at Net Asset Value are discussed below.

FAIR VALUE MEASUREMENTS OF INVESTMENTS THAT ARE MEASURED AT NET ASSET VALUE PER SHARE (OR ITS EQUIVALENT) AS A PRACTICAL EXPEDIENT FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Net Asset Value (in millions)	Unfunded Commitments [1,2]	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real estate (a)	$ 427	$ 19	n/a	n/a
Private equity (b)	242	64	n/a	n/a
Pooled funds (c)	11,947	-	n/a	n/a
Total	$12,616	$83		

[1] Unfunded amounts include recallable distributions. A substantial portion of the unfunded commitments is unlikely to be called.
[2] These amounts include unfunded commitments that are measured at Net Asset Value.

a. This class includes public and private real estate investments that invest primarily in U.S. commercial real estate and U.S. residential real estate. For the private real estate investments, the fair value of each individual investment in this class has been estimated using the net asset value of PBGC's ownership interest in partners' capital. Generally, these investments do not have redemption provisions. Distributions from each asset include periodic income payments and the proceeds from the sale of the underlying real estate assets. The underlying real estate assets can generally be held indefinitely from the inception date of the investment. There are no plans to sell PBGC's interest in private real estate fund investments in this class in the secondary market. The public real estate investment is an investment in a unit trust that is intended to match the return of a REIT index. Units reflect a pro-rata share of the fund's investments. The per unit net asset value is determined each business day based on the fair value of the fund's investments. Issuances and redemptions are possible at least monthly when a per unit value is determined and are based upon the closing per unit net asset value.

b. This class includes private market investments that invest primarily in U.S. buyout and U.S. venture capital funds. These investments do not generally have redemption provisions. Instead, investments in this class typically make distributions which result from liquidation of the underlying assets of the funds. These distributions can extend 10 years or more from the inception of each individual fund. The fair value of each individual investment has been estimated using the net asset value of PBGC's ownership interest in partners' capital.

c. This class includes investments in unit trusts that are intended to match or outperform the returns of domestic and international indices. Units reflect a pro-rata share of the fund's investments. The per unit net asset value is determined each business day based on the fair value of the fund's investments. Issuances and redemptions are possible at least monthly when a per unit value is determined and are based upon the closing per unit net asset value.

PBGC uses recent prices of group annuities to derive the interest factors used to calculate the present value of future benefit-payment obligations. PBGC determines the interest-factor set that, when combined with a specified mortality table, produces present values that approximate the prices private insurers would charge to annuitize the same benefit-payment obligations.

Based on this valuation and in accordance with the provisions of the FASB Accounting Standards Codification Section 820, *Fair Value Measurements and Disclosures*, the significant unobservable inputs for the liability is the interest factor risk for Level 3 fair value measurements. A change in interest factors has an impact to the calculation of PBGC's PVFB, and the impact will be reflected in the "Due to change in interest factors." The table below summarizes the hypothetical results of using a 100 basis point difference causing the PVFB liability to increase (decrease) with a corresponding decrease (increase) in the interest factors. Furthermore, any such hypothetical change in the PVFB liability would have a corresponding effect on "Due to change in interest factors" expense.

HYPOTHETICAL AND ACTUAL INTEREST FACTOR SENSITIVITY CALCULATIONS OF PVFB SINGLE-EMPLOYER TRUSTEED PLANS AND MULTIEMPLOYER PROGRAM[1]

September 30, 2022 *(Dollars in millions)*	**Sensitivity Factors Curve of One-Year Spot Rates (Interest Factors) - Varies Annually from 4.12% in year 1 for 30 years, 3.76% thereafter**	**Official Factors[2] Curve of One-Year Spot Rates (Interest Factors) - Varies Annually from 5.12% in year 1 for 30 years, 4.76% thereafter**	**Sensitivity Factors Curve of One-Year Spot Rates (Interest Factors) - Varies Annually from 6.12% in year 1 for 30 years, 5.76% thereafter**
Single-Employer Program[3]	$85,007	**$78,550**	$73,038
Multiemployer Program	2,630	**2,390**	2,188
Total	$87,637	**$80,940**	$75,226

[1] Level 3 Fair Value Measurements.
[2] Actual Spot Curve factors and PVFB amounts calculated for September 30, 2022, fiscal year-end financial statements.
[3] Gross PVFB liability for trusteed plans prior to the netting of recoveries.

NOTE 6: PRESENT VALUE OF FUTURE BENEFITS

The present value of future benefits (PVFB) is the estimated liability for future pension benefits that PBGC is or will be obligated to pay for trusteed plans and plans pending termination and trusteeship. For financial statement purposes, the net assets of plans pending termination and trusteeship (including estimated recoveries, assets, and miscellaneous liabilities) are included in the line item "Plans Pending Termination and Trusteeship." The estimated losses on probable future plan terminations are also included in the total PVFB liability. The PVFB liability is stated as the actuarial present value of estimated future benefit payments.

PBGC uses a curve of interest factors to determine the estimated actuarial present value of future benefit payments (as well as projected multiemployer nonrecoverable future financial assistance as discussed in Note 7). PBGC surveys insurance industry group annuity prices through the American Council of Life Insurers (ACLI) to obtain input needed to determine interest factors and then derives a 30-year curve of interest factors that together with the latest Society of Actuaries' (SOA) mortality table best matches the private sector average group annuity prices from the ACLI surveys.

The yield curve of interest factors is adjusted to best fit the average survey group annuity prices which include unobserved factors such as: actual insurer mortality tables and mortality improvement expectations, regulatory capital requirements, risk perspective, profit expectations, etc. Many factors including Federal Reserve policy, changing expectations about longevity risk, and competitive market conditions may affect these rates.

The rates determined as the best fit for the price information from the two most recent ACLI surveys, as of June 30, 2022 and March 31, 2022, have been adjusted to the date of the financial statements using market interest rates. For this purpose, underlying market interest rates are based on a weighted average of corporate and treasury bond rates using rate information obtained from the Intercontinental Exchange (ICE) index data platform. Corporate bond rates are from the ICE AAA-A3 market-weighted corporate bond spot curve which is based primarily on single A bond rates. Treasury rates are from the ICE U.S. Government spot curve. In PBGC's opinion, the liability for future benefit payments, net of administrative expenses, could be settled in the market for single-premium nonparticipating group annuities issued by private insurers at September 30, 2022 using these developed rates.

To derive the curve of interest factors, PBGC used the latest Society of Actuaries' (SOA) mortality table (Pri-2012 blended table based on the Employee and Retiree mortality tables) and the MP-2021 mortality improvement scales. Effective December 31, 2021, the mortality improvement scales were changed from the MP-2020 scales to the MP-2021 scales. The latest SOA mortality table is PBGC's best estimate of the mortality assumption being used by insurance companies to determine group annuity premiums.

The table below shows a comparison of the September 30, 2022 and September 30, 2021 spot rate yield curves. Future payments are discounted by the single spot rate applicable for the future year in which the payment is made. For September 30, 2022, the spot rate yield curve starts with an interest factor of 5.12% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 4.76% and is assumed to remain level thereafter. For September 30, 2021, the spot rate yield curve started with an interest factor of 0.44% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 2.30% and is assumed to remain level thereafter.

CURVE OF SPOT RATES FOR SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021

Period (in Years)	09/30/2022	09/30/2021	Change	Period (in Years)	09/30/2022	09/30/2021	Change
1	5.12%	0.44%	4.68%	16	5.43%	2.42%	3.01%
2	5.28%	0.71%	4.57%	17	5.48%	2.44%	3.04%
3	5.44%	1.07%	4.37%	18	5.52%	2.46%	3.06%
4	5.48%	1.39%	4.09%	19	5.56%	2.47%	3.09%
5	5.47%	1.65%	3.82%	20	5.58%	2.49%	3.09%
6	5.43%	1.86%	3.57%	21	5.59%	2.49%	3.10%
7	5.37%	2.01%	3.36%	22	5.57%	2.50%	3.07%
8	5.32%	2.12%	3.20%	23	5.54%	2.49%	3.05%
8	5.28%	2.20%	3.08%	24	5.48%	2.48%	3.00%
10	5.26%	2.25%	3.01%	25	5.41%	2.46%	2.95%
11	5.26%	2.30%	2.96%	26	5.31%	2.44%	2.87%
12	5.27%	2.33%	2.94%	27	5.19%	2.41%	2.78%
13	5.30%	2.35%	2.95%	28	5.06%	2.38%	2.68%
14	5.33%	2.38%	2.95%	29	4.91%	2.34%	2.57%
15	5.38%	2.40%	2.98%	30	4.76%	2.30%	2.46%
				Longer Periods	4.76%	2.30%	2.46%

PBGC uses a fully generational mortality assumption, in combination with the spot rates above, to measure the PVFB. Based on the results of a 2022 study of PBGC's single-employer mortality experience, an updated mortality assumption was adopted for the September 30, 2022 and subsequent Financial Statements. The study used PBGC's single-employer experience from fiscal years ending 2017 through 2021. The Study recommended the use of Pri-2012 Total Dataset Mortality tables with adjustments. The resulting tables are projected generationally using the most currently available projection scale, which is Scale MP-2021 for the fiscal year 2022 valuations. There are no changes to this projection methodology because of this study. The mortality tables PBGC used to determine liabilities as of September 30, 2022 consisted of the Pri-2012 Total Dataset Combined Mortality Tables Healthy Male and Female with adjustments and projected generationally with the MP-2021 improvement scales. Effective December 31, 2021, the mortality improvement scales were changed from the MP-2020 scales to the MP-2021 scales.

Based on the results of a 2018 study of PBGC's case administration expenses, an updated expense assumption was adopted for the December 31, 2018 and subsequent Financial Statements. The expense reserve is 0.68% of the PVFB plus additional reserves for plans in which plan asset valuations, participant database audits, and actuarial valuations were not yet complete. In addition to the completion of these milestones, PBGC continues to base the reserve on plan size, number of participants, and time since trusteeship. The expense loading factor of 0.68% for ongoing benefit payments represents the estimate of expenses incurred from the ongoing payment of administrative expenses for participants receiving benefits. The expense factors are applied to current data to calculate expense liabilities for each financial statement close. For September 30, 2022 year-end, PBGC used the same expense reserve factors for administrative expenses.

PBGC has in place a policy that allows the Corporation to not decrease a final benefit determination that is overstated by $5 or less. The effect of this policy is carried through to the calculation of the PVFB liability.

The PVFB for trusteed plans for FY 2022 and FY 2021 reflect the payment of benefits and the changes in interest and mortality assumptions, expected interest, and the effect of experience. The resulting liability represents PBGC's best estimate of the measure of anticipated experience under these programs.

The table below summarizes the actuarial adjustments, charges, and credits that explain how the Corporation's Single-Employer Program liability for the PVFB changed for the fiscal year ended September 30, 2022, and for the fiscal year ended September 30, 2021.

RECONCILIATION OF THE PRESENT VALUE OF FUTURE BENEFITS FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	September 30,			
(Dollars in millions)	**2022**		2021	
Present value of future benefits, at beginning of year -- Single-Employer, net		**$108,929**		$120,430
Estimated recoveries, prior year		**150**		135
Assets of terminated plans pending trusteeship, net, prior year		**3,643**		1,237
Present value of future benefits at beginning of year, gross		**112,722**		121,802
Settlements and judgments, prior year		**(17)**		(17)
Net claims for probable terminations, prior year		**(254)**		(202)
Actuarial adjustments -- underwriting:				
Changes in method and assumptions	**(1,636)**		(3,859)	
Effect of experience	**299**		(80)	
Total actuarial adjustments -- underwriting	**(1,337)**		(3,939)	
Actuarial charges -- financial:				
Expected interest	**483**		762	
Change in interest factors	**(24,061)**		(5,282)	
Total actuarial charges -- financial	**(23,578)**		(4,520)	
Total actuarial charges, current year		**(24,915)**		(8,459)
Terminations:				
Current year	**600**		5,761	
Changes in prior year	**13**		6	
Total terminations		**613**		5,767
Benefit payments, current year[1]		**(7,042)**		(6,440)
Estimated recoveries, current year		**(128)**		(150)
Assets of terminated plans pending trusteeship, net, current year		**(2,885)**		(3,643)
Settlements and judgments, current year [2]		**17**		17
Net claims for probable terminations:				
Future benefits	**523**		347	
Estimated plan assets and recoveries from sponsors	**(302)**		(93)	
Total net claims, current year[3]		**221**		254
Present value of future benefits, at end of year -- Single-Employer, net		**78,332**		108,929
Present value of future benefits, at end of year -- Multiemployer		**0***		0*
Total present value of future benefits, at end of year, net		**$78,332**		$108,929

* Less than $500,000 (actual amount is $31,481 and $44,766 for the 10 Pre-MPPAA (Multiemployer Pension Plan Amendments Act) trusteed multiemployer plans at September 30, 2022, and September 30, 2021, respectively).

[1] The benefit payments of $7,042 million at September 30, 2022, and $6,440 million at September 30, 2021, include $158 million in FY 2022 and $139 million in FY 2021, respectively, for benefits paid from plan assets prior to trusteeship.

[2] PBGC determined it is highly unlikely that more than half of the total potential future Page/Collins settlement liability will be paid. Accordingly, PBGC estimates that PBGC's future Page/Collins settlement liability amount was $17 million at both September 30, 2022 and September 30, 2021.

[3] Net claims of future benefits for probable terminations of $221 million and $254 million at September 30, 2022, and September 30, 2021, include $3 million and $135 million, respectively, for specifically identified probable terminations, and $218 million and $119 million, respectively, for not specifically identified probables.

The following table details the assets that make up single-employer terminated plans pending termination and trusteeship:

ASSETS OF SINGLE-EMPLOYER PLANS PENDING TERMINATION AND TRUSTEESHIP, NET

	September 30, 2022		September 30, 2021	
(Dollars in millions)	**Basis**	**Market Value**	Basis	Market Value
U.S. Government securities	**$ -**	**$ -**	$ -	$ -
Corporate and other bonds	**1,839**	**1,833**	2,201	2,201
Equity securities	**1,311**	**1,307**	1,566	1,566
Private equity	**5**	**7**	-	-
Insurance contracts	**2**	**2**	3	3
Other	**(264)**	**(264)**	(127)	(127)
Total, net	**$2,893**	**$2,885**	$3,643	$3,643

NET CLAIMS FOR PROBABLE TERMINATIONS

Factors that at present are not fully determinable may be responsible for why these claim estimates differ from actual experience. Included in net claims for probable terminations is a provision for future benefit liabilities for plans not specifically identified. This reserve for small unidentified probable losses is recorded for the estimated future contingent losses stemming from insured single-employer plans with an aggregate underfunding of less than $50 million. The reserve is based on the historic three-year rolling average of actual plan terminations (with an aggregate underfunding of less than $50 million) and indexed to the S&P 500 to reflect changes in economic conditions. The September 30, 2022, Net Claims for Probable Terminations is $221 million, of which $3 million is from a specific identification process and $218 million is from the reserve for small unidentified probable losses.

The values recorded in the following reconciliation table have been adjusted to the expected dates of termination.

RECONCILIATION OF NET CLAIMS FOR PROBABLE TERMINATIONS

	September 30,			
(Dollars in millions)	**2022**		2021	
Net claims for probable terminations, at beginning of year		**$254**		$202
New claims	**3**		135	
Actual terminations	**(135)**		(103)	
Deleted probables	**-**		-	
Change in benefit liabilities	**99**		20	
Change in plan assets	**-**		-	
Loss (credit) on probables		**(33)**		52
Net claims for probable terminations, at end of year		**$221**		$254

The following table itemizes specifically identified single-employer probable exposure by industry:

PROBABLES EXPOSURE BY INDUSTRY (PRINCIPAL CATEGORIES)

(Dollars in millions)	**FY 2022**	FY 2021
Retail	**$ -**	$ -
Manufacturing	**3**	135
Forest Product	**-**	-
Total[1]	**$3**	$135

[1] Total excludes a small unidentified bulk reserve of $218 million and $119 million for September 30, 2022 and September 30, 2021, respectively.

For further detail regarding single-employer probables, see Note 2 under Present Value of Future Benefits (PVFB) subpoint (4) on pages 73-74.

The following table shows what has happened to plans classified as probable. This table does not include those plans that were classified as probable and then subsequently terminated within the same fiscal year.

ACTUAL PROBABLES EXPERIENCE

As Initially Recorded Beginning in 1987

(Dollars in millions)	Status of Probables from 1987-2021 at September 30, 2022			
Beginning in 1987, number of plans reported as Probable:	Number of Plans	Percent of Plans	Net Claim	Percent of Net Claim
Probables terminated	391	79%	$35,941	75%
Probables not yet terminated or deleted	-	0%	-	0%
Probables deleted	103	21%	12,032	25%
Total	494	100%	$47,973	100%

NOTE 7: MULTIEMPLOYER FINANCIAL ASSISTANCE

PBGC provides traditional financial assistance to multiemployer defined benefit pension plans in the form of loans (generally unsecured). Since these loans for non-SFA eligible plans are not generally repaid, an allowance is set up to the extent that repayment of these loans is not expected. Given the enactment of ARP, plans eligible to receive SFA funding, once approved, are required to repay the traditional financial assistance received (a plan obligation) and thus are reflected in PBGC's notes receivable net balance below.

NOTES RECEIVABLE MULTIEMPLOYER TRADITIONAL FINANCIAL ASSISTANCE

(Dollars in millions)	**September 30, 2022**	September 30, 2021
Gross balance at beginning of year	**$2,634**	$2,344
Financial assistance payments	**218**	221
Financial assistance - premiums waived	**3**	3
Write-offs related to settlement agreements	**0** *	(2)
SFA Repayments	**(213)**	-
Change in accrued interest on notes receivable	**84**	68
Subtotal	**2,726**	2,634
Allowance for uncollectible amounts	**(2,528)**	(2,302)
Net balance at end of year	**$198** [1]	$332

* Less than $500,000

[1] This receivable balance of $198 million (financial assistance plus interest that is expected to be returned to PBGC) represents the reduction to the allowance for uncollectible amounts relating to the insolvent plans that became eligible for Special Financial Assistance (SFA).

The Underwriting losses from financial assistance (insolvent plans) and probable financial assistance reflected in the Statements of Operations include period changes in the estimated present value of nonrecoverable future financial assistance. The financial expenses related to financial assistance are presented as actuarial charges, credits, and adjustments for plans that are known to be insolvent as of the valuation date and/or have begun or are about to begin receiving financial assistance. In addition, a change in the valuation of the liability due to new data received (e.g., new plan expenses, more recent valuation liabilities, and new withdrawal payment schedules) is included as financial assistance from insolvent and probable plans on the Statements of Operations. This valuation data change is a separate line item from actuarial adjustments and actuarial charges.

To determine the probable liability, ongoing plans are divided into segments based on the number of plan participants with different processes by plan size. The reserve for small ongoing plans (fewer than 2,500 participants) with probable losses not individually identified uses an aggregate method to estimate liability and exposure. Rather than reviewing each plan individually to identify probable losses, the reserve for small ongoing plans (fewer than 2,500 participants) uses an aggregate method to estimate liability and exposure based on the use of seven years of plan termination history to project the current probable liability. As of September 30, 2022, the reserve has been adjusted to reflect the Special Financial Assistance (SFA) Program enacted with ARP in March 2021.

For medium-sized plans (2,500 to 35,000 participants), risk-based rules are applied using a cash-flow model. For large plans (more than 35,000 participants), PBGC identifies ongoing high-risk plans and then calculates projected dates of insolvency for these plans to measure the probable liability.

On March 11, 2021, the American Rescue Plan (ARP) Act of 2021 was enacted into law. ARP established the Special Financial Assistance (SFA) Program for distressed multiemployer plans that meet specific criteria. The

SFA Program is to be administered by PBGC and is funded by general U.S. Treasury monies, not by PBGC's multiemployer insurance fund.

The amount of SFA funding to which an eligible plan is entitled is the amount the plan requires to pay all benefits and expenses, net of plan resources (including plan assets, projected future contributions, and withdrawal liability collections), through the plan year ending in 2051. The SFA payment also includes reinstatement of benefits previously suspended due to implementation of benefit suspensions under the Multiemployer Pension Reform Act of 2014 (MPRA) or benefits reduced to PBGC guaranteed benefit levels for insolvent plans.

PBGC must process all SFA applications within 120 days of receipt. Upon PBGC's approval of the plan's application, PBGC will pay the SFA funds to the plan with no requirement for repayment. To accurately reflect the impact of SFA eligibility on PBGC's accrued and contingent liability, multiemployer plans expected to be eligible and eventually approved for SFA are not considered high risk and will be classified as remote.

In FY 2021, the financial impact of the SFA Program was to reduce the category of ongoing plans to approximately a zero liability for individually identified high risk plans (the only exception being a small plan bulk reserve) on the Statements of Financial Position. This significantly reduced the liability for the multiemployer program, and as a result, 68 plans were removed in FY 2021 from the Multiemployer insolvent and probable inventory. In FY 2022, there was no traditional financial assistance liability removed from the Multiemployer insolvent and probable category due to the SFA Program.

Since the SFA funding to eligible plans will likely enable the plans to pay benefits for the next 30 years, the vast majority of the traditional financial assistance liability recognized in previous years, for ongoing probable plans, was reversed in FY 2021 (i.e., unbooked). The previous amount disclosed for reasonably possible plans has also been significantly decreased. These SFA eligible plans are no longer considered to be in the high-risk category as defined by either (1) projected insolvency over the next 20 years, (2) currently classified as critical and declining status, or (3) meeting the projected insolvency thresholds as defined in PBGC's procedures. Therefore, the end result is that these SFA eligible plans are classified as remote and not presented within PBGC's financial statements.

MPRA provides that certain plans may apply to the U.S. Department of the Treasury (Treasury) to suspend benefits, and provides for a participant vote on the benefit suspension. These plans also may apply to PBGC for financial assistance: either for a facilitated merger or a partition. Plans applying for a partition are also required to apply to Treasury for a suspension of benefits. These actions do not affect the determination of the nonrecoverable future financial assistance liability until approval has been granted and Treasury has issued the final authorization to suspend benefits. In the case of a benefit suspension application, the plan is no longer classified as probable once Treasury has issued the final authorization to suspend benefits. In the case of a partition application, the original plan is no longer classified as probable once PBGC has approved the application and Treasury has issued the final authorization to suspend benefits.

PBGC approved the merger of the Laborers International Union of North America 1000 Pension Fund (Local 1000 Plan) with the Laborers Local 235 Pension Fund (Local 235 Plan), PBGC's first facilitated merger under MPRA. In FY 2022, the last of three annual installments of $9 million was provided to the merged plan. The Local 1000 Plan, which was in critical and declining status, had been projected to become insolvent in 2026. The merger enabled Local 1000 Plan participants to postpone or avoid certain benefit reductions, while not harming the Local 235 Plan. The financial assistance is expected to reduce PBGC's long-term loss with respect to these plans.

As of September 30, 2022, the Corporation expects that 136 individually identified multiemployer plans have exhausted or will exhaust plan assets and need financial assistance from PBGC to pay guaranteed benefits and plan administrative expenses. The present value of nonrecoverable future financial assistance for these 136 plans is $2,390 million (inclusive of the reserve for small ongoing plan losses not individually identified). The 136 plans fall into three categories: (1) plans currently receiving financial assistance (whether terminated or not); (2) plans that have terminated but have not yet started receiving financial assistance from PBGC; and (3) ongoing plans (not terminated) that the Corporation expects will require financial assistance in the future. The latter two categories are comprised of multiemployer probables as defined by the following classification criteria:

- Probable insolvent plan-terminated future probables: Plans that have terminated but have not yet started receiving financial assistance may still have assets, but the combination of plan assets and collectible payments of withdrawal liability are projected to be insufficient to cover plan benefits plus expenses.
- Probable insolvent plan-ongoing future probables: Ongoing plans with a projected date of insolvency within 10 years. Small plans with fewer than 2,500 participants are excluded from the plan count for this category. The liability for small plans is based on an aggregate method to determine a small plan bulk reserve.

MULTIEMPLOYER TRADITIONAL FINANCIAL ASSISTANCE

	September 30, 2022		September 30, 2021	
(Dollars in millions)	**Number of Plans**	**Net Liability**	Number of Plans	Net Liability
Plans currently receiving financial assistance	**86** [1]	**$1,551**	77	$1,545
Plans that have terminated but have not yet started receiving financial assistance (classified as probable)	**48** [2]	**662**	57	1,301
Ongoing plans (not terminated) that the Corporation expects will require financial assistance in the future (classified as probable)	**2** [3]	**177** [4]	0	171 [4]
Total	**136**	**$2,390**	134	$3,017

[1] A total of nine plans were transferred from "Plans that have terminated but have not yet started receiving financial assistance (classified as probable)".
[2] A total of nine plans were transferred to "Plans currently receiving financial assistance".
[3] A total of two plans were added to "Ongoing plans".
[4] "Ongoing plans" include a small unidentified probable bulk reserve of $92 million and $171 million for September 30, 2022, and September 30, 2021, respectively.

Of the 136 plans:

a) 86 have exhausted plan assets and are currently receiving financial assistance payments from PBGC. The present value of future financial assistance payments for these insolvent 86 plans is $1,551 million.

b) 48 plans have terminated but have not yet started receiving financial assistance payments from PBGC. Terminated multiemployer plans no longer have employers making regular contributions for covered work, though some plans continue to receive withdrawal liability payments from withdrawn employers. In general, PBGC records a loss for future financial assistance for any underfunded multiemployer plan that has terminated. The present value of future financial assistance payments for these 48 terminated plans is $662 million.

c) Two plans are ongoing that the Corporation expects will require financial assistance in the future (classified as probable). The present value of future financial assistance payments for these two ongoing plans and the small unidentified probable bulk reserve is $177 million.

PRESENT VALUE OF NONRECOVERABLE FUTURE FINANCIAL ASSISTANCE AND LOSSES FROM TRADITIONAL FINANCIAL ASSISTANCE

(Dollars in millions)	**September 30, 2022**	September 30, 2021
Balance at beginning of year	**$3,017**	$66,865
Changes in allowance:		
Losses (credits) from insolvent and probable plans - financial assistance[1]	**(72)**	(63,736)
Actuarial adjustments	**(15)**	(143)
Actuarial charges (credits) - Insolvent plans:		
Due to expected interest	**10**	11
Due to change in interest factors	**(408)**	(46)
Financial assistance granted (previously accrued)	**(7)**	(220)
Change in allowance for plans that became eligible for SFA[2]	**(126)**	295
Financial assistance granted through MPRA merger[3]	**(9)**	(9)
Balance at end of period	**$2,390**	$3,017

[1]This $72 million credit consists of $268 million in credits due to change in interest factors which resulted from increases in market interest rates, $79 million decrease in the multiemployer small plan bulk reserve, and $42 million in credits due to change due to expected rates of return. This was offset by $151 million in charges from change due to actual investment rates of return, an increase of $103 million from the addition of two new multiemployer probable plans, and net charges of $63 million in recurring actuarial adjustments.

[2]This amount represents the traditional financial assistance that will be returned to PBGC due to the reduction to the allowance for uncollectible amounts relating to insolvent plans that became eligible for Special Financial Assistance (SFA).

[3]PBGC approved its first facilitated merger of two multiemployer plans under MPRA that resulted in an additional $9 million in financial assistance in FY 2022.

In the table above, actuarial charges are reported separately from “Losses (credits) from insolvent and probable plans-financial assistance.” As a result, the table includes the following lines: Actuarial adjustments, Due to expected interest, and Due to change in interest factors. Insolvent plans are presented within these three actuarial charges (credits) lines. “Losses (credits) from insolvent and probable plans-financial assistance” include plans that terminated but have not yet received financial assistance, ongoing plans that PBGC expects will require financial assistance in the future, and those insolvent plans that have a change in liability due to new plan data included in the valuation. PBGC uses a curve of interest factors to determine the actuarial Multiemployer Nonrecoverable Future Financial Assistance. See Note 6 for the table of yield curves shown in spot rate format.

Pursuant to ARP, PBGC will provide SFA , which is intended to help an eligible plan to pay full benefits through 2051. Unlike the traditional financial assistance loans PBGC provides to multiemployer plans, SFA is in the form of a transfer of funds with no obligation of repayment. The SFA liability is recorded when the following conditions are met: (1) the initial application for SFA has been received by PBGC, (2) the multiemployer plan applicant has been determined to be eligible, (3) the application has been deemed to be complete, and (4) the application has been approved. The SFA liability will be presented as a separate line item on the Statements of Financial Position. The applicable portion of the existing multiemployer liability related to the PVNFFA has been reversed as of September 30, 2021, for the plans expected to be eligible for SFA.

Although the traditional financial assistance loans are not typically repaid, in order to receive the new Special Financial Assistance provided through ARP, eligible plans must repay their preexisting traditional financial assistance loans. Once collected into the PBGC revolving fund, these funds will not be available for obligation until subsequently apportioned.

NOTE 8: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following table itemizes accounts payable and accrued expenses reported in the Statements of Financial Position:

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	Single-Employer Program		Multiemployer Program		Memorandom Total	
(Dollars in millions)	**Sept. 30, 2022**	Sept. 30, 2021	**Sept. 30, 2022**	Sept. 30, 2021	**Sept. 30, 2022**	Sept. 30, 2021
Payroll and annual leave	**$17**	$23	**$0 ***	$0 *	**$17**	$23
Accounts payable and accrued expenses	**61**	67	**5**	1	**66**	68
SFA – Payroll and annual leave	**n/a**	n/a	**0 ***	0 *	**0 ***	0 *
SFA – Accounts payable and accrued expenses	**n/a**	n/a	**1**	1	**1**	1
Total Accounts payable and accrued expenses	**$78**	$90	**$6**	$2	**$84**	$92

* Less than $500,000

NOTE 9: REASONABLY POSSIBLE CONTINGENCIES

SINGLE-EMPLOYER PLANS

Single-employer plans sponsored by companies whose credit quality is below investment grade pose a greater risk of being terminated than plans sponsored by companies with investment grade ratings. The estimated unfunded vested benefits exposure amounts disclosed represent PBGC's estimates of the reasonably possible exposure to loss given the inherent uncertainties about these plans.

In accordance with the FASB Accounting Standards Codification Section 450, *Contingencies*, PBGC classified a number of these companies that sponsor plans with total unfunded vested benefits of $50 million or more as reasonably possible rather than probable terminations, reflecting the sponsors' financial condition and other factors that did not indicate termination of their plans was likely. This classification was based upon information available about the companies as of September 30, 2022. PBGC's criteria for a single-employer plan sponsor to be classified as reasonably possible include one or more of the following:

a. The sponsor(s) or significant member(s) of its controlled group (e.g., a parent or major subsidiary) is in reorganization under Title 11 of the United States Code.

b. An application for a funding waiver is pending or outstanding with the IRS.

c. A minimum funding contribution has been missed.

d. The sponsor(s) or parent company has an S&P senior unsecured credit rating or an issuer credit rating of BB+ or below, or a Moody's senior unsecured credit rating, issuer credit rating, or corporate family rating of Ba1 or below. If the sponsor(s) or parent company does not have one of the ratings above, PBGC may use an industry specific rating such as an insurance financial strength rating, general obligation bond rating, or revenue bond rating.

e. The sponsor(s) or parent company has no credit rating, but has a Dun & Bradstreet Failure Score of below 1477.

f. The sponsor(s) or parent company has no credit rating, but analysis indicates that its unsecured debt would be below investment grade.

g. Other (detailed explanation must be provided and be approved by PBGC's Contingency Working Group).

A reserve for the small unidentified reasonably possible exposure (companies that sponsor plans with less than $50 million in unfunded vested benefits) is calculated using an aggregate method to estimate exposure, rather than reviewing each company individually.

The estimate of the reasonably possible exposure to loss for the single-employer plans of these companies was determined using a measurement date of December 31, 2021. The reasonably possible exposure to loss was $52,032 million for FY 2022. This is a decrease of $53,349 million from the reasonably possible exposure of $105,381 million in FY 2021. This decrease is primarily due to positive investment results on plan assets during calendar 2021 and the significant increase in the interest factors used for valuing liabilities as of the measurement date.

PBGC calculates the estimated unfunded vested benefit exposure to loss using the most recent data available from filings and submissions to the Corporation for plan years ended on or after December 31, 2020. The data used does not generally allow for PBGC-guaranteed benefit levels to be taken into account.

The table below shows a comparison of the December 31, 2021, and December 31, 2020, spot rate yield curves. Future payments are discounted by the single rate applicable for the future year in which the payment is expected to be made. For the December 31, 2021, measurement of reasonably possible exposure, the spot rate yield curve starts with an interest factor of 0.93% in year 1 and changes as the future period for discounting gets longer until year 30 and beyond when the factor becomes 2.35% and is assumed to remain level thereafter. For the December 31, 2020, measurement of RP exposure, the spot rate yield curve started with an interest factor of 0.91% in year 1 and the interest factor for year 30 and beyond was 2.08%.

CURVE OF SPOT RATES FOR DECEMBER 31, 2021 AND DECEMBER 31, 2020 MEASUREMENT OF SINGLE-EMPLOYER REASONABLY POSSIBLE EXPOSURE

Period (in Years)	12/31/2021	12/31/2020	Change		Period (in Years)	12/31/2021	12/31/2020	Change
1	0.93%	0.91%	0.02%		16	2.55%	2.14%	0.41%
2	1.30%	0.93%	0.37%		17	2.58%	2.14%	0.44%
3	1.66%	1.10%	0.56%		18	2.60%	2.15%	0.45%
4	1.92%	1.30%	0.62%		19	2.61%	2.15%	0.46%
5	2.09%	1.48%	0.61%		20	2.62%	2.15%	0.47%
6	2.20%	1.64%	0.56%		21	2.63%	2.15%	0.48%
7	2.27%	1.77%	0.50%		22	2.62%	2.14%	0.48%
8	2.32%	1.87%	0.45%		23	2.61%	2.14%	0.47%
9	2.35%	1.94%	0.41%		24	2.59%	2.13%	0.46%
10	2.38%	2.00%	0.38%		25	2.56%	2.12%	0.44%
11	2.41%	2.04%	0.37%		26	2.53%	2.11%	0.42%
12	2.44%	2.07%	0.37%		27	2.49%	2.10%	0.39%
13	2.46%	2.10%	0.36%		28	2.44%	2.09%	0.35%
14	2.49%	2.11%	0.38%		29	2.40%	2.08%	0.32%
15	2.52%	2.13%	0.39%		30	2.35%	2.08%	0.27%
					Longer Periods	2.35%	2.08%	0.27%

For the December 31, 2021 measurement of reasonably possible exposure, PBGC used the Pri-2012 Employee and Non-Disabled Annuitant mortality tables blended in accordance with 26 CFR § IRC 1.430(h)(3)-1(b)(2) and projected generationally with improvement scale MP-2021. In FY 2021, PBGC estimated the reasonably possible exposure as of December 31, 2020 using the same mortality tables and methodology projected generationally with improvement scale MP-2020.

The expense load defined in 29 CFR Part 4044, Appendix C was estimated and applied to the present value of vested benefits.

The interest factors used for the reasonably possible exposure are derived at a different point in time than the interest factors used for PBGC's Present Value of Future Benefits for trusteed plans recorded on the balance sheet and detailed in Note 6. Due to the amount of time required to develop the reasonably possible exposure, it is determined using a measurement date as of the prior December 31, rather than as of the fiscal year-end.

The underfunding associated with these plans could be substantially different at September 30, 2022, because of changes in economic conditions between December 31, 2021, and September 30, 2022. PBGC did not adjust the estimate for events that occurred between December 31, 2021, and September 30, 2022.

The following table itemizes the single-employer reasonably possible exposure by industry to loss:

REASONABLY POSSIBLE EXPOSURE TO LOSS BY INDUSTRY (PRINCIPAL CATEGORIES)

(Dollars in millions)	**FY 2022**	FY 2021
Manufacturing	**$11,448**	$26,300
Transportation, Communication and Utilities	**21,962**	37,248
Services	**10,845**	24,976
Wholesale and Retail Trade	**1,428**	4,222
Health Care	**3,123**	6,337
Finance, Insurance, and Real Estate	**807**	1,792
Agriculture, Mining, and Construction	**2,419**	4,506
Total	**$52,032**	$105,381

MULTIEMPLOYER PLANS

Multiemployer plans that have become insolvent will require financial assistance. PBGC included amounts in the liability for the present value of nonrecoverable future financial assistance (see Note 7) for multiemployer plans that have become insolvent and for plans that PBGC estimated may require future financial assistance.

In FY 2022, PBGC estimated that it is reasonably possible that other multiemployer plans may require future financial assistance in the amount of $2,218 million, a $1,889 million increase from the $329 million in FY 2021. The primary reason for the increase in exposure was due to the 12 plans classified as reasonably possible at September 30, 2022, while only three plans were classified as reasonably possible at September 30, 2021. The majority of the plans newly classified as reasonably possible are due to plan asset losses. Additionally, the reasonably possible aggregate reserve for small plans increased due to an increase in small plans from 23 to 55 projected to become insolvent within 20 years primarily due to plan asset losses. Reasonably possible multiemployer classification is defined as an ongoing plan with a projected insolvency date between 10 and 20 years from the valuation date.

PBGC calculated the future financial assistance liability for each multiemployer plan identified as probable (see Note 7), or reasonably possible. PBGC used a formula to calculate the present value of guaranteed future benefits and expense payments, net of any future contributions or withdrawal liability payments. These amounts were as of the later of September 30, 2022, or the projected (or actual, if known) date of plan insolvency, discounted back to September 30, 2022, utilizing the curve of spot rates presented in Note 6. PBGC's identification of plans that are likely to require such assistance and estimation of related amounts required consideration of many complex factors, including estimating future cash flows, future investment returns, future mortality rates, and retirement age of participants not in pay status. These factors are affected by future events, including actions by plans and their sponsors, most of which are beyond PBGC's control.

Both the probable liability and reasonably possible exposure are determined differently for different plan sizes (see Note 7).

The reasonably possible exposure for small plans is derived by subtracting the probable liability for small plans from the total exposure for high-risk small plans. For medium-sized plans (2,500 to 35,000 participants), risk-based rules are applied using a cash-flow model. For large plans (more than 35,000 participants), PBGC identifies ongoing high-risk plans and then calculates projected dates of insolvency for these plans to measure the reasonably possible exposure.

NOTE 10: COMMITMENTS

PBGC's lease commitments for its office and field benefit administrators' facilities total $161.5 million in future years. These leases provide for periodic rate increases based on increases in operating costs and real estate taxes over the base amount. On October 7, 2022, PBGC received its occupancy certificate for its new headquarters under a new 15-year leasing agreement (includes rent-free period for the first nine months). PBGC continues to work with GSA on preparing the building to be ready for PBGC staff to return to the office beginning sometime in the 2nd quarter of FY 2023. The minimum future lease payments for PBGC facilities having non-cancellable terms in excess of one year as of September 30, 2022, are as follows:

COMMITMENTS: FUTURE LEASE PAYMENTS

(Dollars in millions)	
Years Ending September 30,	Operating Leases
2023	$ 11.0
2024	11.3
2025	11.3
2026	11.3
2027	11.3
Thereafter	105.3
Minimum lease payments[1]	$ 161.5

[1] The minimum lease payments are comprised of the payments that the PBGC is obligated to make or can be required to make in connection with the leased property excluding executory costs such as operating expenses, insurance, and real estate.

In addition to the committed minimum operating lease payments of $161.5 million as noted in the table above, PBGC has estimated future uncommitted operating leases of $0.4 million.

Lease expenses were $12.9 million in FY 2022 and $15.7 million in FY 2021.

NOTE 11: PREMIUMS

For both the Single-Employer and Multiemployer Programs, ERISA provides that PBGC continues to guarantee basic benefits despite the failure of a plan administrator to pay premiums when due. PBGC assesses interest and penalties on the late or unpaid portion of premiums. Interest continues to accrue until the premium and the interest due are paid (see Note 2). Premiums for PBGC's premium revenue accounting policy. For plan years beginning in 2022, the per-participant flat rate premium was $88 for single-employer pension plans and $32 for multiemployer plans. For plan years 2021 and 2020, the per-participant flat rate premiums for single-employer pension plans were $86 and $83, respectively, and for multiemployer plans, $31 and $30, respectively.

Single-employer plans also owe a variable rate premium (VRP) tied to the amount of underfunding, if any. For plan years beginning in 2022, the VRP rate was $48 per $1,000 of unfunded vested benefits (UVB) subject to an overall cap of $598 per participant. For plan years 2021 and 2020, the VRP rates were $46 and $45, respectively. Applicable caps for those plan years are shown in the table below.

The termination premium applies to certain plan terminations occurring after 2005. If a single-employer pension plan terminates in a distress termination pursuant to ERISA section 4041(c)(2)(B)(ii) or (iii), or in a PBGC-initiated termination under ERISA section 4042, the plan sponsor and its controlled group are liable to PBGC for a termination premium at the rate of $1,250 per plan participant per year for three years.

The $4,925 million in net premium income for FY 2022 consisted of $2,762 million in variable rate premiums, $2,163 million in flat rate premiums, $22 million in termination premiums, and $1 million in interest and penalty income; offset by $23 million to bad debt expense. Bad debt expenses include a reserve for uncollectible premium receivables (including flat, variable, termination premiums, and insolvent multiemployer plans), interest, and penalties.

Net premium income for FY 2022 was $4,925 million, a year over year increase of $83 million due primarily to 1) increases due to higher rates for both flat and variable rate premiums; and 2) improved conditions of the plans' underfunding (i.e., lower Unfunded Vested Benefits), which was offset by the impact of amended filings pursuant to PBGC Technical Update 20-2 per the CARES Act, to revise the originally reported FY 2021 asset value resulting in lower variable rate premiums specifically for that fiscal year.

Net premium income for FY 2021 was $4,842 million and consisted of $2,628 million in variable rate premiums, $2,164 million in flat rate premiums, $26 million in termination premiums, a credit of $22 million to bad debt expense, and $2 million in interest and penalty income. Bad debt expenses include a reserve for uncollectible premium receivables (including flat, variable, termination premiums, and insolvent multiemployer plans), interest, and penalties.

The following table shows the premium rates for 2020 through 2022:

PREMIUM RATES FOR SINGLE-EMPLOYER AND MULTIEMPLOYER PLANS

	Single-Employer Plans			Multiemployer Plans
	Flat Rate Premium	Variable Rate Premium		
Plan Years Beginning in	Rate Per Participant	Rate per $1,000 Unfunded Vested Benefits	Per Participant Cap	Flat Rate Premium Rate Per Participant
2022	$88	$48	$598	$32
2021	$86	$46	$582	$31
2020	$83	$45	$561	$30

Premium income is accrued for months in which a plan year overlaps the fiscal year. Because of this rule, premiums for 2020, 2021, and 2022 plan years are accrued in FY 2022, and premium rates change each calendar year, so three sets of premium rates were used to calculate FY 2022 premium revenue.

For example, consider a plan with a September 1, 2021 to August 31, 2022 plan year. Only the first month of that plan year occurs during FY 2021, so 1/12 of the plan's premium was accrued in FY 2021 and 11/12 accrued in FY 2022. Similarly, for a plan with a December 1, 2020 to November 30, 2021 plan year, the last two months of that plan year occur during FY 2022, so 2/12 of the plan's premium income was accrued in FY 2022 and 10/12 was accrued in FY 2021.

The following table presents a year-to-year comparison of key premium receivable information.

Net Premiums Receivable

(Dollars in millions)	Single-Employer Program **Sept. 30, 2022**	Single-Employer Program Sept. 30, 2021	Multiemployer Program **Sept. 30, 2022**	Multiemployer Program Sept. 30, 2021	Memorandum Total **Sept. 30, 2022**	Memorandum Total Sept. 30, 2021
Premiums Not Yet Due:						
Estimated Flat-Rate Premiums	**$974**	$1,048	**$193**	$170	**$1,167**	$1,218
Estimated Variable-Rate Premiums	**1,614**	1,608	**-**	-	**1,614**	1,608
Total Net Premiums Not Yet Due	**2,588**	2,656	**193**	170	**2,781**	2,826
Premiums Past Due:						
Flat-Rate Premiums	**203**	140	**7**	27	**210**	167
Allowance for Bad Debt-Flat-Rate	**(2)**	(1)	**0 ***	0 *	**(2)**	(1)
Variable-Rate Premiums	**302**	131	**-**	-	**302**	131
Allowance for Bad Debt-Variable-Rate	**(3)**	(1)	**-**	-	**(3)**	(1)
Total Net Premiums Past Due	**500**	269	**7**	27	**507**	296
Termination Premiums:[1]						
Termination Premiums	**350**	329	**-**	-	**350**	329
Allowance for Bad Debt-Termination	**(283)**	(267)	**-**	-	**(283)**	(267)
	67	62	**-**	-	**67**	62
Interest and Penalty:						
Interest and Penalty Due	**2**	2	**0 ***	1	**2**	3
Allowance for Bad Debt-Int/Penalty	**(1)**	(1)	**0 ***	0 *	**(1)**	(1)
Total Net Interest and Penalty Due	**1**	1	**0 ***	1	**1**	2
Grand Total Net Premiums Receivable	**$3,156**	$2,988	**$200**	$198	**$3,356**	$3,186

* Less than $500,000

[1] All termination premiums are due from plan sponsors that are either in distress or under Chapter 11 reorganization. In these cases, PBGC files claims in accordance with bankruptcy law along with all other creditors and is entitled only to a pro-rata share of any remaining assets. Depending on the circumstances of the bankruptcy proceedings, it can be years before PBGC receives its pro-rata distribution from the bankruptcy estate. In most cases, PBGC ultimately receive either nothing or only a very small fraction of its total claims filed.

The following tables present a year-to-year comparison of key premium income information.

PREMIUM INCOME BY PREMIUM TYPE

(Dollars in millions)	**September 30, 2022**	September 30, 2021
Flat-Rate Premium:		
Single-Employer	**$1,821**	$1,829
Multiemployer	**342**	335
Total Flat-Rate Premium	**2,163**	2,164
Variable-Rate Premiums	**2,762**	2,628
Interest and Penalty Income	**1**	2
Termination Premium	**22**	26
Less Bad Debts for Premiums, Interest, and Penalties	**(23)**	22
Total Net Premiums	**$4,925**	$4,842

PREMIUM INCOME BY PROGRAM

(Dollars in millions)	**September 30, 2022**	September 30, 2021
Single-Employer:		
Flat-Rate and Variable-Rate Premiums	**$4,583**	$4,457
Interest and Penalty Income	**1**	2
Termination Premiums	**22**	26
Less Bad Debts for Premiums, Interest, and Penalties	**(20)**	26
Total Single-Employer	**4,586**	4,511
Multiemployer:		
Flat-Rate Premiums	**342**	335
Interest and Penalty Income	**0 ***	0 *
Less Bad Debts for Premiums, Interest, and Penalties	**(3)**	(4)
Total Multiemployer	**339**	331
Total Net Premiums	**$4,925**	$4,842

* Less than $500,000

NOTE 12: LOSSES (CREDITS) FROM COMPLETED AND PROBABLE TERMINATIONS

Amounts reported as losses are the present value of future benefits less related plan assets and the present value of expected recoveries from sponsors. The following table details the components that make up the losses:

LOSSES (CREDITS) FROM COMPLETED AND PROBABLE TERMINATIONS – SINGLE-EMPLOYER PROGRAM

	For the Years Ended September 30,					
	2022			2021		
(Dollars in millions)	**New Terminations**	**Changes in Prior Years' Terminations**[5]	**Total**	New Terminations	Changes in Prior Years' Terminations[5]	Total
Present value of future benefits	**$600**	**$13**	**$613**	$5,752	$41	$5,793
Less plan assets	**318**	**37**	**355**	4,513	297	4,810
Plan asset insufficiency	**282**[1]	**(24)**	**258**	1,239	(256)	983
Less estimated recoveries	**-**	**(24)**	**(24)**	-	13	13
Subtotal	**282**[2]	**0**	**282**	1,239[2]	(269)	970
Settlements and judgments		**0*** [6]	**0*** [6]		0* [6]	0* [6]
Loss (credit) on probables	**(132)**[3]	**99**[4]	**(33)**	32[3]	20[4]	52
Total	**$150**	**$99**	**$249**	$1,271	($249)	$1,022

* Less than $500,000

[1] Includes Missing Participant activity; if excluded the Present value of future benefits for New Terminations would be $540 million, Plan assets $258 million and Plan asset insufficiency $282 million.

[2] Net claim for plans terminated during the fiscal year (32 plans at September 30, 2022 and 42 plans at September 30, 2021), including plans previously recorded as probables which have since terminated.

[3] Includes net claims for plans that are currently classified as probable, plans that were previously recorded as probable that have since terminated and plans that were deleted.

[4] Changes to the single-employer small plan unidentified probables bulk reserve.

[5] Changes in prior years' terminations result from revaluations of DOPT assets (e.g., as identified in the plan asset reconciliation process), changes in plan recoveries at DOPT (e.g., from an estimated recovery amount to an expected recovery amount), and changes in DOPT PVFB (e.g., new liability data) for plans with termination dates prior to the current fiscal year in which they were added to PBGC's inventory of terminated plans.

[6] PBGC determined that it is highly unlikely more than half of the total potential future Page/Collins settlement liability will be paid. Accordingly, PBGC estimates that PBGC's future Page/Collins settlement liability is $17 million for both September 30, 2022 and September 30, 2021, respectively.

NOTE 13: FINANCIAL INCOME

The following table details the Memorandum Total financial income by type of investment for both the Single-Employer and Multiemployer Programs:

INVESTMENT INCOME SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS

(Dollars in millions)	**Single-Employer Program Sept. 30, 2022**	**Multiemployer Program Sept. 30, 2022**	**Memorandum Total Sept. 30, 2022**	Single-Employer Program Sept. 30, 2021	Multiemployer Program Sept. 30, 2021	Memorandum Total Sept. 30, 2021
Fixed maturity securities:						
Interest earned	**$2,629**	**$30**	**$2,659**	$2,413	$30	$2,443
Realized gain (loss)	**(2,460)**	**-**	**(2,460)**	(863)	12	(851)
Unrealized gain (loss)	**(19,474)**	**(278)**	**(19,752)**	(5,440)	(89)	(5,529)
Total fixed maturity securities	**(19,305)**	**(248)**	**(19,553)**	(3,890)	(47)	(3,937)
Equity securities:						
Dividends earned	**104**	**-**	**104**	102	-	102
Realized gain (loss)	**449**	**-**	**449**	6,788	-	6,788
Unrealized gain (loss)	**(4,208)**	**-**	**(4,208)**	(61)	-	(61)
Total equity securities	**(3,655)**	**-**	**(3,655)**	6,829	-	6,829
Private equity:						
Distributions earned	**1**	**-**	**1**	2	-	2
Realized gain (loss)	**30**	**-**	**30**	120	-	120
Unrealized gain (loss)	**(25)**	**-**	**(25)**	26	-	26
Total private equity	**6**	**-**	**6**	148	-	148
Real estate:						
Distributions earned	**49**	**-**	**49**	53	-	53
Realized gain (loss)	**119**	**-**	**119**	592	-	592
Unrealized gain (loss)	**(397)**	**-**	**(397)**	228	-	228
Total real estate	**(229)**	**-**	**(229)**	873	-	873
Other income:						
Distributions earned	**25**	**-**	**25**	0 *	-	0 *
Realized gain (loss)	**3**	**-**	**3**	7	-	7
Unrealized gain (loss)	**123**	**-**	**123**	91	-	91
Total other income	**151**	**-**	**151**	98	-	98
Total investment income	**($23,032)**	**($248)**	**($23,280)**	$4,058	($47)	$4,011

*Less than $500,000

NOTE 14: EMPLOYEE BENEFIT PLANS

All of PBGC's permanent full-time and part-time employees are covered by the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Full-time and part-time employees with less than five years of service under CSRS and hired after December 31, 1983, are automatically covered by both Social Security and FERS. Employees hired before January 1, 1984, participate in CSRS unless they elected and qualified to transfer to FERS. Employees hired during the 2013 calendar year or rehired with less than five years of civilian service that is potentially creditable under FERS participate in FERS-Revised Annuity Employees (FERS-RAE). These employees are still generally considered part of the same pension system but are uniquely identified in human resources and payroll systems to annotate their higher contribution rate. Additionally, under the Bipartisan Budget Act of 2013, a new category of FERS employees was created: FERS-Further Revised Annuity Employees or FERS-FRAE. This pension system is again generally the same, only the contribution rate is changed. As with FERS-RAE employees, human resources and payroll systems use unique identifiers to annotate this higher contribution rate.

Total retirement plan expenses amounted to $34 million in FY 2022 and $32 million in FY 2021. These financial statements do not reflect CSRS or FERS assets or accumulated plan benefits applicable to PBGC's employees. These amounts are reported by the U.S. Office of Personnel Management (OPM) and are not allocated to the individual employers. OPM accounts for federal health and life insurance programs for those eligible retired PBGC employees who had selected federal government-sponsored plans. PBGC does not offer other supplemental health and life insurance benefits to its employees.

NOTE 15: CASH FLOWS

The following table consists of detailed cash flows from the sales and purchases of investments. Sales and purchases of investments are driven by the magnitude and investment composition of newly trusteed plans, the unique investment strategies implemented by PBGC's investment managers, and the varying capital market conditions in which they invest during the year. These cash flow numbers can vary significantly from year to year based on the fluctuation in these three variables.

INVESTING ACTIVITIES (SINGLE-EMPLOYER AND MULTIEMPLOYER PROGRAMS MEMORANDUM TOTAL)

	September 30,	
(Dollars in millions)	**2022**	2021
Proceeds from sales of investments:		
Fixed maturity securities	**$130,494**	$167,434
Equity securities	**4,320**	19,592
Other/uncategorized	**12,649**	10,487
Memorandum total	**$147,463**	$197,513
Payments for purchases of investments:		
Fixed maturity securities	**($132,627)**	($173,958)
Equity securities	**(3,669)**	(14,349)
Other/uncategorized	**(11,871)**	(8,419)
Memorandum total	**($148,167)**	($196,726)

The following is a reconciliation between the net income as reported in the Statements of Operations and net cash provided by operating activities as reported in the Statements of Cash Flows.

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Single-Employer Program		Multiemployer Program		Memorandum Total	
	September 30,		September 30,		September 30,	
(Dollars in millions)	**2022**	2021	**2022**	2021	**2022**	2021
Net income (loss)	**$5,637**	$15,459	**$577**	$64,227	**$6,214**	$79,686
Adjustments to reconcile net income to net cash provided by operating activities:						
Net (appreciation) decline in fair value of investments	**25,265**	(1,177)	**251**	73	**25,516**	(1,104)
Net (gain) loss of plans pending termination and trusteeship	**576**	(285)	**-**	-	**576**	(285)
Losses (credits) on completed and probable terminations	**249**	1,022	**-**	-	**249**	1,022
Actuarial charges (credits)	**(24,916)**	(8,460)	**-**	-	**(24,916)**	(8,460)
Benefit payments - trusteed plans	**(6,884)**	(6,301)	**-**	-	**(6,884)**	(6,301)
Settlements and judgments	**-**	-	**-**	-	**-**	-
Cash received from plans upon trusteeship	**36**	65	**-**	-	**36**	65
Receipts from sponsors/non-sponsors	**83**	35	**-**	-	**83**	35
Receipts for missing participants and other	**94**	200	**-**	-	**94**	200
EL/DUEC Trusteeship interest (non-cash)	**(20)**	(18)	**-**	-	**(20)**	(18)
Cash receipts timing from Trust to Revolving	**-**	-	**-**	-	**-**	-
Amortization of discounts/premiums	**197**	286	**2**	2	**199**	288
Amortization and Depreciation expense	**11**	7	**-**	-	**11**	7
Bad debt expense/Write-offs (net)	**20**	8	**-**	-	**20**	8
Changes in assets and liabilities, net of effects of trusteed and pending plans:						
(Increase) decrease in receivables	**(181)**	595	**132**	(337)	**(49)**	258
Increase in present value of nonrecoverable future financial assistance	**-**	-	**(627)**	(63,848)	**(627)**	(63,848)
Increase (decrease) in unearned premiums	**15**	58	**(4)**	7	**11**	65
Increase (decrease) in accounts payable	**(12)**	23	**4**	(21)	**(8)**	2
Net cash provided (used) by operating activities	**$170**	$1,517	**$335**	$103	**$505**	$1,620

NOTE 16: OTHER ASSETS

Capitalized Assets

The following tables display the details of Property and Equipment (Capitalized assets, net). The "Capitalized assets, net" line item on the Statements of Financial Position consists of the following components.

PROPERTY AND EQUIPMENT, NET

FY 2022	**September 30, 2022 Single-Employer**			**September 30, 2022 Multiemployer**			**September 30, 2022 Memorandum Total**		
(Dollars in millions)	**Cost**	**Accumulated Depreciation/ Amortization**	**Net**	**Cost**	**Accumulated Depreciation/ Amortization**	**Net**	**Cost**	**Accumulated Depreciation/ Amortization**	**Net**
Furniture and Equipment	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Mechanical Equipment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
ADP Equipment	**6**	**(4)**	**2**	**0 ***	**0 ***	**0 ***	**6**	**(4)**	**2**
Internal Use Software - In Development	**13**	**n/a**	**13**	**0 ***	**n/a**	**0 ***	**13**	**n/a**	**13**
Internal Use Software	**172**	**(144)**	**28**	**3**	**(2)**	**1**	**175**	**(146)**	**29**
Total	**$191**	**($148)**	**$43**	**$3**	**($2)**	**$1**	**$194**	**($150)**	**$44**

FY 2021	September 30, 2021 Single-Employer			September 30, 2021 Multiemployer			September 30, 2021 Memorandum Total		
(Dollars in millions)	Cost	Accumulated Depreciation/ Amortization	Net	Cost	Accumulated Depreciation/ Amortization	Net	Cost	Accumulated Depreciation/ Amortization	Net
Furniture and Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Mechanical Equipment	-	-	-	-	-	-	-	-	-
ADP Equipment	9	(7)	2	0 *	0	0 *	9	(7)	2
Internal Use Software - In Development	11	n/a	11	0 *	n/a	0 *	11	n/a	11
Internal Use Software	158	(135)	23	3	(2)	1	161	(137)	24
Total	$178	($142)	$36	$3	($2)	$1	$181	($144)	$37

* Less than $500,000

Combined depreciation and amortization expense was $11 million for FY 2022, and $8 million for FY 2021. The Memorandum Total for "Capitalized assets, net" on the Statements of Financial Position consist of the components above.

COMBINED (MEMORANDUM TOTAL) PROPERTY AND EQUIPMENT, NET

(Dollars in millions)	**2022**		2021	
Combined property and equipment, net at beginning of year		**$37**		$20
Capitalized Acquisitions	**29**		28	
Dispositions	**(16)**		(5)	
Depreciation/Amortization	**(6)**		(6)	
Net change of property and equipment		**7**		17
Combined property and equipment, net at end of year		**$44**		$37

Receivables From Sponsors of Terminated Plans

The following table displays the detail of Receivables, net from sponsors of terminated plans that represents the amounts due from the plan sponsor and its controlled group for the statutory minimum funding contributions owed to the plan, Due and Unpaid Employer Contributions (DUEC), and unfunded benefit liabilities of the plan, Sponsors' Employer Liability (EL). These notes and other receivables for DUEC and EL result from the execution of an approved settlement agreement with the plan sponsors and controlled group, final court order resolving PBGC claims, a confirmed plan of reorganization that sets forth the treatment of PBGC claims, or other circumstances in which significant uncertainties regarding the value of PBGC claims have been removed.

The effective interest rate varies with each settlement agreement. The interest rate for discounting the future payments to the settlement date is a risk-adjusted rate.

RECEIVABLES FROM SPONSORS OF TERMINATED PLANS

(Dollars in millions)	Sept. 30 2022	Sept. 30 2021
Sponsors' Employer Liability	**$19**	**$40**
Due and Unpaid Employer Contributions	**2**	**4**
Total	**$21**	**$44**

Other Receivables

Other receivables of $206 million consists primarily of $167 million of previously paid financial assistance and $31 million of interest, which is expected to be repaid from SFA eligible plans.

NOTE 17: LITIGATION

Legal challenges to PBGC's policies and positions continued in FY 2022. At the end of the fiscal year, PBGC had seven active cases in state and federal courts and 135 bankruptcy and state receivership cases.

PBGC records as a liability on its financial statements an estimated cost for unresolved litigation to the extent that losses in such cases are probable and estimable in amount. PBGC cannot state with certainty the losses it could incur in the event it does not prevail in these matters.

NOTE 18: MULTIEMPLOYER SPECIAL FINANCIAL ASSISTANCE (SFA) CONTRIBUTED TRANSFER APPROPRIATION

On March 11, 2021, under the American Rescue Plan (ARP) Act of 2021, PBGC received an indefinite appropriation and receives annual transfers from the U.S. Treasury's General Fund to be applied for Special Financial Assistance (SFA) and SFA administration costs. The funds transferred to PBGC in the SFA appropriation are deemed a contribution from the U.S. Government to PBGC. As there are conditions that must be met before PBGC can utilize these funds, the funds are initially recorded as Contributed Transfer Appropriation (equity). Revenue is recognized from the SFA appropriations when all conditions and restrictions placed on the appropriated SFA funds are met. Once the SFA application is approved, the contribution is classified as Contributed Transfer Appropriation Income. The separate payment of SFA from PBGC to a multiemployer plan is not viewed as a PBGC contribution to the multiemployer plan, but as a SFA payment consistent with requirements of ARP and related PBGC regulations. PBGC's position is that nothing is being exchanged given that coverage under our insurance programs are not predicated upon the payment of insurance premiums. In addition, PBGC acts as a pass-through entity to pay SFA benefits to the plans.

The following table shows a summary of the appropriation's pass-through transfers received and the use of the funds as shown in the Contributed Transfer Appropriation account.

MULTIEMPLOYER CONTRIBUTED TRANSFER APPROPRIATION

(Dollars in millions)	**September 30, 2022**	September 30, 2021
Balance at beginning of year	**$3**	$ -
Special financial assistance (SFA) - transfers received	**48,389**	-
Special financial assistance approved	**(7,555)**	-
SFA administrative expense - transfers received	**28**	12
SFA administrative expense	**(11)**	(1)
SFA unused funds returned to U.S.Treasury	**(40,848)**	(8)
Balance at end of period	**$6**	$3

Unused SFA funds at fiscal year-end are to be returned to the U.S. Treasury's General Fund.

NOTE 19: SUBSEQUENT EVENTS

PBGC evaluated subsequent events through publication on November 15, 2022, the date the financial statements were available to be issued. Events or transactions for either the Single-Employer or Multiemployer Program, occurring after September 30, 2022, and before the financial statements were available to be issued, that provided additional evidence about conditions that existed at September 30, 2022, have been recognized in the financial statements.

Single-Employer Program

For the fiscal year ended September 30, 2022, there were no non-recognized subsequent events to report on the Single-Employer Program that provided evidence about conditions that did not exist on September 30, 2022, and which arose before the financial statements were available to be issued.

Multiemployer Program

For the fiscal year ended September 30, 2022, there were three non-recognized subsequent events or transactions for the Multiemployer Program related to the SFA Program that provided additional evidence about conditions that did not exist on September 30, 2022, and which arose before the financial statements were available to be issued. Relating to the SFA Program, there were three multiemployer plans that were approved to receive SFA funds subsequent to September 30, 2022, up through the time financial statements were available to be issued. At the same time SFA expenses/liabilities are recognized, there is an offsetting increase in SFA income and a decrease in equity from the appropriated funds from Treasury; (i.e., Contributed Transfer Appropriation). These three approved SFA applications totaled approximately $256 million. In summary, this would have no financial impact on the Multiemployer net position.

In addition, two of the three SFA approved applications referenced above were paid prior to the annual report issuance date. These payments totaled $222 million.

Audit of the Pension Benefit Guaranty Corporation's

Fiscal Year 2022 and 2021 Limited Purpose Financial Statements

Audit Report AUD-2023-03

Section III

Supplemental Information

This page intentionally left blank.

Pension Benefit Guaranty Corporation
445 12th Street SW Washington, DC 20024-2101

MEMORANDUM

TO: Eveka Rodriguez
Engagement Partner
Ernst & Young LLP

THROUGH: Walter Luiza, Deputy Director
Financial Operations Department
(GTAS CFO Representative)

WALTER LUIZA
Digitally signed by WALTER LUIZA
Date: 2022.11.14 15:41:17 -05'00'

FROM: Bruce Johnson, Controller
Controller Operations Division

BRUCE JOHNSON
Digitally signed by BRUCE JOHNSON
Date: 2022.11.14 14:55:23 -05'00'

SUBJECT: Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS)
Note 1 – Summary of Significant Accounting Policies

PBGC's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) that are based on Financial Accounting Standards Board (FASB) standards and are in compliance with the Treasury Financial Manual (TFM).

In the procedures/requirements in TFM, 4725-Reporting Entity (June 2021), and consistent with SFFAS No. 47, *Reporting Entity*, "consolidation entities (that is the consolidated governmentwide reporting or a consolidated reporting entity) may consolidate component or sub-component reporting entity financial statements prepared in accordance with Statements of Federal Financial Accounting Standards (SFFAS) No. 34 without conversion for any differences in accounting policies among the organizations." Accordingly, PBGC has elected to not convert the financial statements to the FASAB standards for any differences in accounting policies.

BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of the financial statements, in conformity with U.S. GAAP, requires PBGC to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions may change over time as new information is obtained or subsequent developments occur. Actual results could differ from those estimates.

RECENT ACCOUNTING DEVELOPMENTS

In August 2018, the FASB issued Accounting Standards Update (ASU) 2018-15, "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract" which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The guidance will be effective for fiscal years beginning after December 15, 2020 and for interim periods within annual periods beginning after December 15, 2021. PBGC has evaluated the impact of this guidance and has updated its capitalization policy in accordance with this ASU for adoption in FY 2022.

The American Rescue Plan (ARP) Act of 2021, signed into law by the President on March 11, 2021, created a program to provide special financial assistance (SFA) to financially troubled multiemployer plans. This new SFA Program is financed by an appropriation from the General Fund and the funds transferred to PBGC in the SFA appropriation are deemed a contribution from the US Government to PBGC. In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, "*Not-for-Profit Entities"* (Topic 958) which clarifies the guidance for contributions received and made. The amendments in this ASU, applicable to all entities, clarify and improve the scope and the accounting guidance for contributions received and contributions made. PBGC applies the guidance in this ASU to account for the SFA contributions as a nonreciprocal transaction to recognize revenue with donor restrictions. The funds transferred to PBGC in the SFA appropriations are deemed a contribution from the US Government to PBGC. PBGC will apply specific contribution guidance in Accounting Standards Codification 958, *Not-for-Profit Entities* - *Revenue Recognition-Contributions,* to recognize revenue and expenses related to the SFA Program.

In March 2020 and January 2021, the FASB issued ASUs 2020-04 and ASU 2021-01, respectively, "Reference Rate Reform" (Topic 848). Topic 848 provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. Topic 848 provides optional expedients and exceptions for applying U.S. GAAP to transactions affected by reference rate reform if certain criteria are met. Topic 848 was effective for PBGC beginning on March 12, 2020, and PBGC will apply the amendments prospectively through December 31, 2022. PBGC assessed the impact of adopting these ASUs and concluded there was no material impact on PBGC's financial statements.

In February 2016, the FASB issued ASU 2016-02, "Lease (Topic 842)." Under the new standard, PBGC will be required to recognize in its Statements of Financial Position (balance sheet), a right-of-use asset, representing the right to use the underlying asset for the lease term, and a lease liability, representing the liability to make lease payments, adjusted for lease payments made at or before lease commencement, lease incentives, and any initial direct costs, for leases longer than one year. In addition, this ASU requires expanded disclosures about the nature and terms of lease agreements. This standard will be effective for fiscal year beginning after December 15, 2021, and to interim periods beginning after December 15, 2022. PBGC is evaluating the impact of this guidance and will update its policy in accordance with this ASU upon adoption in FY 2023.

VALUATION METHOD

A key objective of PBGC's financial statements is to provide information that is useful in assessing PBGC's present and future ability to ensure that its plan beneficiaries receive benefits when due. Accordingly, PBGC values its financial assets at estimated fair value, consistent with the standards for pension plans contained in the FASB Accounting Standards Codification Section 960, *Defined Benefit Pension Plans*. PBGC values its liabilities at the present value of future benefits and present value of nonrecoverable future financial assistance using assumptions derived from market-based (fair value) annuity prices from insurance companies, as described in the Statement of Actuarial Opinion. As described in Section 960, the assumptions are "those assumptions that are inherent in the estimated cost at the (valuation) date to obtain a contract with an insurance company to provide participants with their accumulated plan benefit." Also, in accordance with Section 960, PBGC selects assumptions for expected retirement ages and the cost of administrative expenses in accordance with its best estimate of anticipated experience.

The FASB Accounting Standards Codification Section 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in U.S. GAAP, and expands disclosures about fair value measurements. Section 820 applies to accounting pronouncements that require or permit fair value measurements.

Furthermore, PBGC previously implemented FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures guidance related to financial statement note disclosures for certain non-Level 1 Net Asset Value (NAV) investments that use a "practical expedient" (i.e., priced without any adjustments – see FASB Updates 2015-07 and 2018-13). Level 1 NAV investments are not affected by the FASB guidance since these investments are fair value priced using quoted prices in active markets (market exchanges); however, Level 2 and Level 3 NAV investments use valuation pricing (observable for Level 2, and not observable for Level 3) for which the FASB now requires additional disclosure if the practical expedient is used. Non-Level 1 NAV investments that use the practical expedient are displayed in a NAV only category and are removed from their Level 2 or Level 3 category and added to the new exclusive NAV only category. The fair value table affected by this guidance is found in PBGC Financial Statements Note 5, Fair Value Measurements.

REVOLVING AND TRUST FUNDS

PBGC accounts for its Single-Employer and Multiemployer Programs' revolving and trust funds on an accrual basis. Each fund is charged its portion of the benefits paid each year. PBGC includes totals for the revolving and trust funds for presentation purposes in the financial statements; however, the Single-Employer and Multiemployer Programs are separate programs by law and, therefore, PBGC also reports them separately.

ERISA provides for the establishment of the revolving fund where premiums are collected and held. The assets in the revolving fund are used to cover deficits incurred by trusteed plans and to provide funds for traditional financial assistance. The Pension Protection Act of 1987 created a single-employer revolving fund (Fund 7) that is credited with all premiums in excess of $8.50 per participant, including all penalties and interest charged on these amounts, and its share of earnings from investments. This fund may not be used to pay PBGC's administrative costs or the benefits of any plan terminated prior to October 1, 1988, unless no other amounts are available.

The trust fund includes assets (e.g., pension plan investments) PBGC assumes (or expects to assume) once a terminated plan has been trusteed, and related investment income. These assets generally are held by custodian banks. The trust fund supports the operational functions of PBGC.

The trust fund reflects accounting activity associated with:

1) Trusteed plans (plans for which PBGC has legal responsibility). The assets and liabilities are reflected separately on PBGC's Statements of Financial Position, the income and expenses are included in the Statements of Operations, and the cash flows from these plans are included in the Statements of Cash Flows.

2) Plans pending termination and trusteeship (plans for which PBGC has begun the process for termination and trusteeship by fiscal year-end). The assets and liabilities for these plans are reported as a net amount on the Liabilities section of the Statements of Financial Position under "Present value of future benefits, net." For these plans, the income and expenses are

included in the Statements of Operations, but the cash flows are not included in the Statements of Cash Flows.

3) Probable terminations (plans that PBGC determines are likely to terminate and be trusteed by PBGC). The assets and liabilities for these plans are reported as a net amount on the Liabilities section of the Statements of Financial Position under “Present value of future benefits, net.” The accrued loss from these plans is included in the Statements of Operations as part of “Losses (credits) from completed and probable terminations.” The cash flows from these plans are not included in the Statements of Cash Flows. PBGC cannot exercise legal control over a plan’s assets until it becomes the trustee.

ALLOCATION OF REVOLVING AND TRUST FUNDS

PBGC allocates assets, liabilities, income, and expenses to the Single-Employer and Multiemployer Programs’ revolving and trust funds to the extent that such amounts are not directly attributable to a specific fund. Revolving fund investment income is allocated on the basis of each program’s average cash and investments available during the year. For the administrative expenses, see the Administrative Expense section further below in Note 2. Revolving fund assets and liabilities are allocated according to the year-end equity of each program’s revolving fund. Plan assets acquired by PBGC and commingled at PBGC’s custodian bank are credited directly to the appropriate fund, while the earnings and expenses on the commingled assets are allocated to each program’s trust fund on the basis of each trust fund’s value, relative to the total value of the commingled fund.

CASH AND CASH EQUIVALENTS

“Cash” includes cash on hand and demand deposits. “Cash equivalents” are investments with original maturities of one business day or highly liquid investments that are readily convertible into cash within one business day.

SECURITIES LENDING COLLATERAL

PBGC participates in a securities lending program administered by its custodian bank. The custodian bank requires collateral that equals 102 to 105 percent of the securities lent. The collateral is held by the custodian bank. The custodian bank either receives cash or non-cash as collateral or returns collateral to cover mark-to-market changes. Any cash collateral received is invested by PBGC’s investment agent. In addition to the lending program managed by the custodian bank, some of PBGC’s investment managers are authorized to invest in securities purchased under resale agreements (an agreement with a commitment by the seller to buy a security back from the purchaser at a specified price at a designated future date), and securities sold under repurchase agreements.

INVESTMENT VALUATION AND INCOME

PBGC bases market values on the last sale of a listed security, on the mean of the “bid-and-ask” for non-listed securities, or on a valuation model in the case of fixed income securities that are not actively traded. These valuations are determined as of the end of each fiscal year. Purchases and sales of securities are recorded on the trade date. In addition, PBGC invests in and discloses its derivative investments in accordance with the guidance contained in the FASB Accounting Standards Codification Section 815, *Derivatives and Hedging*. Investment income is accrued as earned. Dividend income is recorded on the ex-dividend date. Realized gains and losses on sales of investments are calculated using first-in, first-out for the revolving fund and weighted average cost for the trust fund. PBGC marks the plan’s assets to market, and any increase or decrease in the market value of a plan’s assets occurring after the date on which the plan is terminated must, by law, be credited to or suffered by PBGC.

SECURITIES PURCHASED UNDER REPURCHASE AGREEMENTS

PBGC's investment managers purchase securities under repurchase agreements, whereby the seller will buy the security back at a pre-agreed price and date. Those that mature in more than one day are reported under "Fixed maturity securities" as "Securities purchased under repurchase agreements" in the Note 3 table entitled "Investments of Single-Employer Revolving Funds and Single-Employer Trusteed Plans." Repurchase agreements that mature in one day are included in "Cash and cash equivalents," which are reported on the Statements of Financial Position. Refer to Note 3 for further information regarding repurchase agreements.

SPONSORS OF TERMINATED PLANS

The amounts due from sponsors of terminated plans or members of their controlled group represent the settled, but uncollected, claims for sponsors' employer liability (underfunding as of date of plan termination) and for contributions due their plan less an allowance for estimated uncollectible amounts. PBGC discounts any amounts expected to be received beyond one year for time and risk factors. Some agreements between PBGC and plan sponsors provide for contingent payments based on future profits of the sponsors. The Corporation reports any such future amounts in the period they are realizable. Income and expenses related to amounts due from sponsors are reported in the Underwriting section of the Statements of Operations. Interest earned on settled claims for sponsors' employer liability (EL) and due and unpaid employer contributions (DUEC) is reported as "Income: Other." The change in the allowances for uncollectible EL and DUEC is reported as "Expenses: Other."

PREMIUMS

Premiums receivable represents (1) the plan reported premiums owed, (2) PBGC estimated amounts on filings not yet due and (3) submitted and past due premiums deemed collectible, including penalties and interest. The liability for unearned premiums represents annual premium fees that have been received in advance of the period in which they will be earned by PBGC. They remain as liabilities until they are ratably earned over the period of time to which the premium applies. "Premium income, net" represents actual and estimated revenue generated from defined benefit pension plan premium filings as required by Title IV of ERISA less bad debt expense for premiums, interest, and penalties. For insolvent multiemployer plans, bad debt expense also includes a reserve for premium payments waived by PBGC and treated as financial assistance in accordance with ERISA Section 4007 (see Note 11).

CAPITALIZED ASSETS

Capitalized assets include furniture and fixtures, electronic processing equipment, and internal-use software. This includes costs for internally developed software incurred during the application development stage (system design including software configuration and software interface, coding, and testing). These costs are shown net of accumulated depreciation and amortization. See Note 16, Other Assets, for further details.

PRESENT VALUE OF FUTURE BENEFITS (PVFB)

The PVFB is the estimated liability for future pension benefits that PBGC is or will be obligated to pay the participants of trusteed plans and the net liability for plans pending termination and trusteeship. The PVFB liability (including trusteed plans and plans pending termination and trusteeship) is stated as the actuarial present value of estimated future benefits less the present value of estimated recoveries from sponsors and members of their controlled group and the assets of plans pending termination and trusteeship as of the date of the financial statements. PBGC also includes the estimated liabilities attributable to plans classified as probable terminations as a separate line item in the PVFB (net of estimated recoveries and plan assets). PBGC uses assumptions to adjust the value of those future payments to reflect the time value of money (by discounting) and the probability of payment (by means of decrements, such as for death or retirement). PBGC also includes anticipated expenses to settle the benefit obligation in the determination of the PVFB. PBGC's benefit payments to participants reduce the PVFB liability.

The values of the PVFB are particularly sensitive to changes in underlying estimates and assumptions. These estimates and assumptions could change and the impact of these changes may be material to PBGC's financial statements (see Note 6).

PVFB is reported as follows:

(1) Trusteed Plans: Represents the present value of future benefit payments less the present value of expected recoveries (for which a settlement agreement has not been reached with sponsors and members of their controlled group) for plans that have terminated and been trusteed by PBGC prior to fiscal year-end. Assets are shown separately from liabilities for trusteed plans. PBGC's liability under the expanded Missing Participants Program is included in this category. Under this program that began in FY 2018, most terminated defined contribution plans, small professional service pension plans, and multiemployer plans can now transfer the benefits of missing participants to PBGC. Previously, the program covered only insured single-employer defined benefit plans terminating in a standard termination.

(2) Pending Termination and Trusteeship: Represents the present value of future benefit payments less the plans' net assets (at fair value) anticipated to be received and the present value of expected recoveries (for which a settlement agreement has not been reached with sponsors and members of their controlled group) for plans for which termination action has been initiated and/or completed prior to fiscal year-end. Unlike trusteed plans, the liability for plans pending termination and trusteeship is shown net of plan assets.

(3) Settlements and Judgments: Represents estimated liabilities related to settled litigation (see Note 6).

(4) Net Claims for Probable Terminations: In accordance with the FASB Accounting Standards Codification Section 450, *Contingencies*, PBGC recognizes net claims for probable terminations which represent PBGC's best estimate of the losses, net of plan assets, and the present value of expected recoveries (from sponsors and members of their controlled group) for plans that are likely to terminate in the future. Under a specific identification process, PBGC evaluates each controlled group having $50 million or more of underfunding and recognizes a contingent loss for the estimated net claim of those plans meeting the probable termination criteria. These estimated losses are based on conditions that existed as of PBGC's fiscal year-end. PBGC believes it is likely that one or more events subsequent to the fiscal year-end will occur, confirming the loss.

Criteria used for classifying a specific single-employer plan as a probable termination include, but are not limited to, one or more of the following conditions: the plan sponsor is in liquidation or comparable state insolvency proceeding with no known solvent controlled group member; the sponsor has filed or intends to file for distress plan termination and the criteria will likely be met; or PBGC is considering initiating plan termination. In addition, PBGC takes into account other economic events and factors in making judgments regarding the classification of a plan as a probable termination. These events and factors may include, but are not limited to, the following: the plan sponsor is in bankruptcy or has indicated that a bankruptcy filing is imminent; the plan sponsor has stated that plan termination is likely; the plan sponsor has received a going concern opinion from its independent auditors; or the plan sponsor is in default under existing credit agreement(s).

In addition, a reserve for small unidentified probable losses is recorded for the estimated future contingent losses stemming from insured single-employer plans with an aggregate underfunding of less than $50 million. The reserve is based on the historical three-year rolling average of losses related to actual plan terminations (with an aggregate underfunding of less than $50 million) and indexed to the S&P 500 to reflect changes in economic conditions. See Note 6 for further information on Net Claims for Probable Terminations.

PBGC identifies certain plan sponsors as high risk if the plan sponsor is in Chapter 11 proceedings or the sponsor's senior unsecured debt is rated CCC+/Caa1 or lower by S&P or Moody's, respectively. PBGC specifically reviews each plan sponsor identified as high risk and classifies pension plans as probable if, based on available evidence, PBGC concludes that plan termination is likely (based on criteria described in (4) above). Otherwise, high risk plan sponsors are classified as reasonably possible.

In accordance with the FASB Accounting Standards Codification Section 450, *Contingencies*, PBGC's exposure to losses from plans of companies that are classified as reasonably possible is disclosed in the footnotes. In order for a plan sponsor to be specifically classified as reasonably possible, it must first have $50 million or more of underfunding, as well as meet additional criteria. Criteria used for classifying a company as reasonably possible include, but are not limited to, one or more of the following conditions: the plan sponsor is in Chapter 11 reorganization; a funding waiver is pending or outstanding with the Internal Revenue Service (IRS); the sponsor missed a minimum funding contribution; the sponsor's bond rating is below investment-grade for Standard & Poor's (BB+) or Moody's (Ba1); or the sponsor has no bond rating but the Dun & Bradstreet Failure Score (formerly Financial Stress Score) is below the threshold considered to be investment grade (see Note 9).

PRESENT VALUE OF NONRECOVERABLE FUTURE FINANCIAL ASSISTANCE (PVNFFA)

In accordance with Title IV of ERISA, PBGC provides traditional financial assistance to multiemployer plans, in the form of loans, to enable the plans to pay guaranteed benefits to participants and reasonable administrative expenses of the plan. These loans, issued in exchange for interest-bearing promissory notes, constitute an obligation of each plan.

The present value of nonrecoverable future financial assistance represents the estimated nonrecoverable payments to be provided by PBGC in the future to multiemployer plans that will not be able to meet their benefit obligations. The present value of nonrecoverable future financial assistance is based on the difference between the present value of future guaranteed benefits and expenses and the market value of plan assets, including the present value of future amounts expected to be paid by employers, for those plans that are expected to require future assistance. The amount reflects the rates at which, in the opinion of PBGC, these liabilities (net of expenses) could be settled in the market for single-premium nonparticipating group annuities issued by private insurers (see Note 7).

A liability for a particular plan is included in the "Present Value of Nonrecoverable Future Financial Assistance" when it is determined that the plan is currently, or will likely become in the future, insolvent and will require assistance to pay the participants their guaranteed benefits. In accordance with the FASB Accounting Standards Codification Section 450, *Contingencies*, PBGC recognizes net claims for probable insolvencies for plans that are likely to become insolvent and may require future financial assistance. Projecting a future insolvency requires considering several complex factors, such as an estimate of future cash flows, future mortality rates, and age of participants not in pay status.

Each year, PBGC analyzes insured multiemployer plans to identify plans that are at risk of becoming probable and reasonably possible claims on the insurance program. Regulatory filings with PBGC, IRS, and DOL are important to this analysis and determination of risk, especially the designation of critical and declining status, which means the plan is projecting insolvency within

15-20 years. In general, if a terminated plan's assets are less than the present value of its liabilities, PBGC considers the plan a probable risk of requiring financial assistance in the future.

PBGC uses specific criteria for classifying multiemployer plans as insolvent (PBGC's insurable event for multiemployer plans), probable, and reasonably possible. The criteria are as follows:

- Any multiemployer plans currently receiving traditional financial assistance are classified as insolvent.
- Terminated, underfunded multiemployer plans (i.e., "wasting trusts") are classified as probable.
- Ongoing multiemployer plans projected to become insolvent:
    - Within 10 years are classified as probable.
    - From 10 to 20 years are classified as reasonably possible.

In general, the date of insolvency is estimated by projecting plan cash flows using actuarial assumptions. PBGC uses information provided by the plan actuary for assumptions such as termination of employment rates, retirement rates, average ages, the plan's schedule of future withdrawal liability payments owed, and contributions. PBGC uses assumptions set by PBGC for purposes of projecting returns on plan assets, future contributions, future withdrawal liability payments, expenses, mortality rates, and guaranteed benefits.

In addition, a bulk reserve method is employed to estimate future contingent losses for small multiemployer plans with fewer than 2,500 participants. Probable losses for plans are accrued, and reasonably possible losses are disclosed. This small plan bulk reserve uses an aggregate method to estimate liability and exposure, rather than reviewing each plan individually, based on the use of seven years of the present value of nonrecoverable future financial assistance for plan termination history to project the current probable liability. The small plan probables are calculated using a seven-year ratio of new plan terminations or insolvencies to the total unfunded liability in a given year. This ratio is applied to the current unfunded liability for small plans to calculate the probable liability.

MPRA provides that certain plans may apply to the U.S. Treasury to suspend benefits, and provides for a participant vote on the benefit suspension. These plans also may apply to PBGC for financial assistance, either for a facilitated merger or for a partition. Plans applying for a partition are also required to apply to U.S. Treasury for a suspension of benefits. These actions do not affect the determination of the nonrecoverable future financial assistance liability until U.S. Treasury has issued the final authorization to suspend benefits in the case of a benefit suspension application, or until PBGC has approved the application for financial assistance, in the case of a facilitated merger or a partition request.

The present value of nonrecoverable future financial assistance is presented in the Liability section of the Statements of Financial Position (see Note 7).

ADMINISTRATIVE EXPENSES

These operating expenses (for either the Single-Employer or Multiemployer Programs) are amounts paid and accrued for services rendered or while carrying out other activities that constitute PBGC's ongoing operations (e.g., payroll, contractual services, office space, materials, and supplies). An expense allocation methodology is used to fully capture the administrative expenses attributable to either the Single-Employer or Multiemployer Programs. For the year-ending September 30, 2022, the Administrative Expense Reimbursement Ratio is determined to be the most representative methodology to allocate actual indirect administrative expenses, as well as to record the actual direct expenses attributable to the Single-Employer and Multiemployer Programs. The Administrative Expense Reimbursement Ratio calculates the ratios of direct administrative expenses for both the Single-Employer and Multiemployer Programs over the total direct administrative expenses. These ratios are then used to allocate the indirect administrative expenses for both the Single-Employer and Multiemployer Programs. This is PBGC's change in estimate based on the updated methodology for allocating administrative expenses. Prior to September 30, 2021, the Single-Employer and Multiemployer Ongoing Plans Expense Ratio was calculated to allocate administrative expenses between the Single-Employer Program and the Multiemployer Program.

OTHER EXPENSES

These expenses represent an estimate of the net amount of receivables deemed uncollectible during the period. The estimate is based on the most recent status of the debtor (e.g., sponsor), the age of the receivables and other factors that indicate to what degree the receivables outstanding may be uncollectible.

LOSSES FROM COMPLETED AND PROBABLE TERMINATIONS

Amounts reported as losses from completed and probable terminations represent the difference as of the actual or expected date of plan termination (DOPT) between the present value of future benefits (including amounts owed under Section 4022(c) of ERISA) assumed, or expected to be assumed, by PBGC, less related plan assets, and the present value of expected recoveries from sponsors and members of their controlled group (see Note 12). When a plan terminates, the previously recorded probable net claim is reversed and newly estimated DOPT plan assets, recoveries, and PVFB are netted and reported on the line "PVFB - Plans pending termination and trusteeship" (this value is usually different from the amount previously reported), with any change in the estimate recorded in the Statements of Operations. In addition, the plan's net income from DOPT to the beginning of PBGC's fiscal year is included as a component of losses from completed and probable terminations for plans with termination dates prior to the year in which they were added to PBGC's inventory of terminated plans.

ACTUARIAL ADJUSTMENTS AND CHARGES (CREDITS)

PBGC classifies actuarial adjustments related to insurance-based changes in method and the effect of experience as underwriting activity; actuarial adjustments are the result of the movement of plans from one valuation methodology to another, e.g., non-seriatim (calculating the liability for the group) to seriatim (calculating a separate liability for each person), and of new updated data (e.g., deaths, revised participant data). Actuarial charges (credits) are related to changes in interest factors, and expected interest is classified as financial activity. These adjustments and charges (credits) represent the change in the PVFB that results from applying actuarial assumptions in the calculation of future benefit liabilities (see Note 6).

DEPRECIATION AND AMORTIZATION

PBGC calculates depreciation on the straight-line basis over estimated useful lives of five years for equipment and ten years for furniture and fixtures. PBGC calculates amortization for capitalized software, which includes certain costs incurred for purchasing and developing software for internal use, on the straight-line basis over estimated useful lives not to exceed five years, commencing on the date that the Corporation determines that the internal-use software is implemented. Routine maintenance and leasehold improvements (the amounts of which are not material) are charged to operations as incurred. Capitalization of software cost occurs during the development stage, and costs incurred during the preliminary project and post-implementation stages are expensed as incurred. See Note 16, Other Assets, for further details.

SPECIAL FINANCIAL ASSISTANCE

ARP established a new SFA Program that provides that certain multiemployer plans may apply to PBGC to receive SFA funding. PBGC, in consultation with Treasury, may impose reasonable conditions on eligible plans receiving SFA, such as allocations of plan assets, withdrawal liability, and reductions in employer contribution rates. PBGC, however, is prohibited from imposing conditions related to prospective reductions in plan benefits, plan governance relating to the terms of contracts with trustees or plan vendors, and any funding rules related to plans receiving SFA. The SFA liability will be recorded when the following conditions are met: (1) the initial application for SFA has been received by PBGC, (2) the multiemployer plan applicant has been determined to be eligible, (3) the application has been deemed to be complete, and (4) the application has been approved. Upon approval of the application, SFA will be paid in a timely manner by PBGC. Unlike the traditional financial assistance loans PBGC provides to multiemployer plans, SFA will be in the form of a transfer (pass-through) of funds with no obligation to repay. No SFA transfers may be made after September 30, 2030.

PBGC applies specific contribution guidance in ASC 958-605, *Not-for-Profit Entities*, to recognize revenue from the U.S. Treasury General Fund appropriations related to the SFA Program. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. Conditional contributions received are classified as Contributed Transfer Appropriation. Once the barriers to entitlement are overcome, the contribution is recognized as unconditional and classified as Contributed Transfer Appropriation Income.

The SFA Program results in a new source of financing outside of PBGC's revolving fund. PBGC will receive appropriated SFA funds to disburse to multiemployer plans that meet certain criteria. Unlike traditional financial assistance which PBGC provides to multiemployer plans in the form of a loan, SFA will be provided via a transfer of funds (pass-through) with no obligation of repayment. At the end of each fiscal year, any unused (i.e., unobligated) appropriated SFA funds must be returned to the U.S. Treasury General Fund.

Since the SFA funding to eligible plans will likely enable the plans to pay benefits for the next 30 years, the vast majority of the traditional financial assistance liability recognized prior to FY 2021, for ongoing probable plans, has been reversed. This results in a change in the estimate to the allowance for the traditional financial assistance. PBGC reversed the allowance for insolvent multiemployer plans expected to be eligible to receive Special Financial Assistance (which reflects the expected plans' repayment of traditional financial assistance). See the MD&A Section IV, Multiemployer Program Results of Activities and Trends for the criteria to be eligible for SFA and Note 7, Multiemployer Financial Assistance for further details.

Given the significance of PBGC receiving appropriations from the U.S. Treasury General Fund for the first time, a revision to PBGC's financial statement presentation format was necessary. This includes the addition of new line items for the three financial statements, and renaming the "Statements of Operations and Changes to Net Position" to "Statements of Operations." Listed below by financial statement are the newly added financial line items:

Statements of Financial Position:

- **Restricted cash** – Appropriation (as authorized by ARP) from the U.S. Treasury General Fund for SFA to fund eligible multiemployer plans and PBGC's SFA administrative expenses (these funds cannot be invested nor used in any other aspects of PBGC's insurance programs).
- **Special financial assistance** – A liability account representing SFA to be provided to approved multiemployer plans.

- **Contributed transfer appropriation** – An equity account representing unused SFA appropriations.
- **Cumulative results of operations –** Represents PBGC's financial position that excludes the unused appropriations from the U.S. Treasury General Fund for SFA.

Statements of Operations:

- **Contributed transfer appropriation income** – Revenue is recognized from the SFA appropriations when all conditions and restrictions placed on the appropriated SFA funds are met.

- **Administrative Special Financial Assistance** – Administrative costs associated with administering ARP special financial assistance expenses (e.g., payroll, contractors).

- **Special Financial Assistance Expense** – SFA approved (pass-through) payments made to multiemployer plans (not subject to repayment).

- **Cumulative results of operations, beginning of year** – Represents PBGC's financial operations activity that excludes the unused appropriations from the U.S. Treasury General Fund for SFA at the beginning of the fiscal year. This replaces "Net position, beginning of year".

- **Cumulative results of operations, end of period** – Represents PBGC's financial operations activity that excludes the unused appropriations from the U.S. Treasury General Fund for SFA at the end of the period. This replaces "Net position, end of year".

Statements of Cash Flows:

- **Special Financial Assistance (restricted cash)** – Appropriation from the U.S. Treasury General Fund for SFA to fund eligible multiemployer plans and PBGC's SFA administrative expenses (these funds cannot be invested nor used in any other aspects of PBGC's insurance programs). The Statements of Cash Flows includes a Special Financial Assistance section.

Cc:

Angel Estrada	Patricia Kelly	Aston Harris
Nick Novak	Theodore J. Winter, Jr.	Michael Farber
Brooke Holmes	Anthony Castoro	
John Seger	Stephen Leslie	
Anna Oglesby	Carlyle Schrouter	
Michael Dwyer	Tyson Lee	

INTRODUCTION OF SUPPLEMENTAL INFORMATION

To prepare the Financial Report of the U.S. Government (FR), Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appears in the financial statements. Treasury uses the trial balance information reported in Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows the PBGC financial statements and the reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items.

Agency Financial Report to Reclassified Balance Sheet Supplemental Crosswalk
as of September 30, 2022

(AFR To Reclassified Balance Sheet (Crosswalk)

Line No	Line Title (GTAS Submission)	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)** (Agency's Audited Financial Statements)	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
	Assets (Note 2)						
	Intra-governmental						
							($22,267,630.00) SGL 101000G - FBWT - 016X4204 (Revolving)
				Cash and cash equivalents	34,200,279.48		($11,932,649.48) SGL 101000G - FBWT - 016 2017/2021 4204 (Revolving) - RELOCATION TAS
				Restricted cash	35,483,770.34		($35,483,770.34) SGL 101000G - FBWT -016 21/30 4204 (Revolving) - SFA TAS
1	**Fund Balance with Treasury (Note 3) (RC 40)**		**$ 69,684,049.82**	**Total**	**$ 69,684,049.82**		
				Total Must Tie to Adjusted Balance	OK	0.00	
2	**Investments (Note 5)**	CALC	**$ 60,385,856,849.11**	**Total Investments (Note 5)**	**$ 60,385,856,849.11**		
	This line is calculated. Equals sum of line 2.1 through 2.2.						
				Cash and cash equivalents	$ 3,014,256,274.50		($3,014,256,274.50) SGL 161000F - US Govt One Day Certs 016X4204 (Revolving)
				Investments, at market-Fixed maturity securities	$ 52,611,765,645.96		($52,611,765,645.96) SGL 161000F - Inv in US Treasury Securities Issued by BPD 016X4204 (Revolving)
				Investments, at market-Fixed maturity securities	$ 13,750,075,160.64		($13,750,075,160.64) SGL 161000F - Inv in US Treasury Securities Issued by BPD 016X6110 (Trust)
				Investments, at market-Fixed maturity securities	$ (1,382,267,470.93)		(-$1,382,267,470.93) SGL 161100F - US Government Sec - Unreal Discount 016X4204 (Revolving)
				Investments, at market-Fixed maturity securities	$ (998,522,563.45)		(-$998,522,563.45) SGL 161100F - US Government Sec - Unreal Discount 016X6110 (Trust)
				Investments, at market-Fixed maturity securities	$ 3,142,107,982.41		($3,142,107,982.41) SGL 161200F - US Government Securities - Premium 016X4204 (Revolving)
				Investments, at market-Fixed maturity securities	$ 328,382,417.46		($328,382,417.46) SGL 161200F - US Government Securities - Premium 016X6110 (Trust)
				Investments, at market-Fixed maturity securities	$ (612,737,232.90)		(-$612,737,232.90) SGL 161300F - Amort of Discount/Premium on US Govt Secs 016X4204 (Revolving)
				Investments, at market-Fixed maturity securities	(1,598,615,504.07)		(-$1,598,615,504.07) SGL 161800F - US Gov Sec - Market Adjustments 016X6110 (Trust)
				Investments, at market-Fixed maturity securities	(8,152,987,375.90)		(-$8,152,987,375.90) SGL 161800F - US Gov Sec - Market Adjustments 016X4204 (Revolving)
				Investments, at market-Fixed maturity securities	$ -		($0.00) SGL 163100F - US Govt Sec - Zero Coupon Bonds - Unreal Discount 016X4204 (Revolving)
				Investments, at market-Fixed maturity securities	$ -		($0.00) SGL 163000F - US Government Sec - Zero Coupon Bonds 016X4204 (Revolving)
				Investments, at market-Fixed maturity securities	$ -		($0.00) SGL 163300F - Amort of Discount - Zero Coupon Bonds 016X4204 (Revolving)
2.1	**Federal investments (Note 5) (RC 01)**		**$ 60,101,457,333.72**	**Total**	**$ 60,101,457,333.72**		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Receivables, net: Investment income	218,564,357.73		($218,564,357.73) SGL 134200F - Accrued Investment Income - US Government Securities 016X4204 (Revolving)
				Receivables, net: Investment income	65,835,157.66		($65,835,157.66) SGL 134200F - Accrued Investment Income - US Government Securities 016X6110 (Trust)
2.2	**Interest receivable-investments (Note 5) (RC 02)**		**$ 284,399,515.39**	**Total**	**$ 284,399,515.39**		
				Total Must Tie to Adjusted Balance	OK	0.00	
3	**Accounts receivable, net (Note 6)**	CALC	**$ -**	**Total Accounts receivable, net (Note 6)**	**$ -**		

Agency Financial Report to Reclassified Balance Sheet Supplemental Crosswalk
as of September 30, 2022

GTAS Submission				Agency's Audited Financial Statements			
Line No	**Line Title**	**Line Type**	**Adjusted Balance (Calculated Amount) ***	**Line Description (Please Fill out)****	**Amount (Please enter)**	**Difference (Calculated Amount)**	**Agency Comments**
	This line is calculated. Equals sum of line 3.1 through 3.5.						
				N/A			
3.1	**Asset for agency's custodial and non-entity liabilities-other than the General Fund of the U.S. Government**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3.2	**Accounts receivable, capital transfers**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3.3	**Benefit program contributions receivable**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Receivables, net: Other	$ -		($0.00) SGL 131000F - Other - VENDOR OVERPAYMENTS RECEIVABLE 016X4204 (Revolving)
3.4	**Accounts Receivable, net**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3.5	**Transfers receivable**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
4	**Loans Receivable**	CALC	$ -	**Loans Receivable**	$ -		
	This line is calculated. Equals sum of line 4.1 through 4.2.						
				N/A			
4.1	**Interest receivable-loans and not otherwise classified**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
4.2	**Loans receivable**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	

Agency Financial Report to Reclassified Balance Sheet Supplemental Crosswalk
as of September 30, 2022

GTAS Submission | Agency's Audited Financial Statements

Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
5	Advances to others and prepayments (RC 23)	CALC	$ 363,187.99	Other Assets (Note 12)	$ 363,187.99		
	This line is calculated. Equals sum of line 5.1 through 5.3.						
				Receivables, net: Other	363,187.99		($363,187.99) SGL 141000F - Advances to Others 016X4204 (Revolving)
5.1	Advances to others and prepayments (RC 23)		$ 363,187.99	Total	$ 363,187.99		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
5.2	Other assets		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
5.3	Asset for agency's custodial and non-entity liabilities		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
7	Total Intra-governmental	CALC	$ 60,455,904,086.92	Total Intra-governmental	$ 60,455,904,086.92		
	This line is calculated. Equals sum of line 1 through 5.						
	With the public						
				Cash and cash equivalents	5,629,171,637.57		($5,000.00) SGL 112000N - Legal Defense Fund/Imprest Funds-016X4204 (Revolving) ($5,634,804,723.40) SGL 119000N - Trust Fund Cash - 016X6110 (Trust) (-$5,638,085.83) SGL 119000N - Outstanding Benefit Payment Checks - 016X6110 (Trust)
8	Cash and other monetary assets (Note 4)		$ 5,629,171,637.57	Total	$ 5,629,171,637.57		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Receivables, net: Sponsors of terminated plans	21,083,468.23		($61,247,444.67) SGL 131000N - Total Sponsors of terminated plans 016X6110 (Trust) (-$40,163,976.44) SGL 131900N - Allowance for Loss on Accts Rec 016X6110 (Trust) ($0.00) SGL 134000N - Interest Receivable 016X6110 (Trust)
				Receivables, net: Premiums	3,355,870,385.34		($3,643,387,408.90) SGL 131000N - Premium Receivable 016X4204 (Revolving) (-$289,058,750.68) SGL 131900N - Allowance Uncollectible SOA Premium 016X4204 (Revolving) ($403,326.21) SGL 134000N - Interest Receivable 016X4204 (Revolving) (-$210,485.15) SGL 134700N - Allowance Uncollectible SOA Interest 016X4204 (Revolving) ($1,877,078.24) SGL 136000N - Penalties, Fines & Admin Fees Rec 016X4204 (Revolving) (-$528,192.18) SGL 136700N - Allowance - Uncollectible Prem Pen Rec 016X4204 (Revolving)

Agency Financial Report to Reclassified Balance Sheet Supplemental Crosswalk
as of September 30, 2022

GTAS Submission | Agency's Audited Financial Statements

Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
				Receivables, net: Other	11,100.00		($11,100.00) SGL 136000N - ERISA SECTION 4071 PENALTIES RECEIV 016X4204 (Revolving)
				Receivables, net: Other	933,637.21		($933,637.21) SGL 134000N - Interest Receivable 016X6110 (Trust)
				Receivables, net: Other	15,719,902.45		($12,866,892.45) SGL 131000N - Accounts Receivable 016X6110 (Trust) ($2,853,010.00) SGL 131000N - Accounts Receivable 016X4204 (Revolving)
				Receivables, net: Other	(9,086,604.01)		(-$6,233,594.01) SGL 131900N - Allowance for Loss on Acct Rec 016X6110 (Trust) (-$2,853,010.00) SGL 131900N - Allowance for Loss on Acct Rec 016X4204 (Revolving)
9	Accounts receivable, net (Note 6 and 7)		$ 3,384,531,889.35	Total	$ 3,384,531,889.22		
				Total Must Tie to Adjusted Balance	Error	0.13	
				Receivables, net: Other	1,893,181,269.20		($724,706.00) SGL 135000N - Notes Rec Sponsor/NonSponsor 016X6110 (Trust) ($1,892,456,563.20) SGL 135000N - Notes Rec Sponsor/NonSponsor 016X4204 (Revolving)
				Receivables, net: Other	(1,726,307,701.20)		(-$659,705.00) SGL 135900N - Allowance for Loss on Notes Rec 016X6110 (Trust) (-$1,725,647,996.20) SGL 135900N - Allowance for Loss on Notes Rec 016X4204 (Revolving)
				Receivables, net: Other	833,376,294.24		($833,376,294.24) SGL 134100N - Int Rec-Loans/Accrued Int on Notes Rec-Financial Assistance 016X4204 (Revolving)
				Receivables, net: Other	(802,073,094.56)		(-$802,073,094.56) SGL 134500N - Allow For Uncoll Accrued Interest on NR-Financial Assistance 016X4204 (Revolving)
10	Loans receivable, net (Note 8)		$ 198,176,767.68	Total	$ 198,176,767.68		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
11	Inventory and related property, net (Note 9)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Capitalized assets, net	5,629,740.59		($5,629,740.59) SGL 175000N - Capitalized Assets-Equipment 016X4204 (Revolving)
				Capitalized assets, net	(3,703,726.35)		(-$3,703,726.35) SGL 175900N - Accumulated Depreciation on Equipment 016X4204 (Revolving)
				Capitalized assets, net	174,771,418.07		($174,771,418.07) SGL 183000N - Internal Use Software 016X4204 (Revolving)
				Capitalized assets, net	13,235,935.77		($13,235,935.77) SGL 183200N - Internal Use Software in Development 016X4204 (Revolving)
				Capitalized assets, net	(146,222,568.10)		(-$146,222,568.10) SGL 183900N - Accumulated Amortization - Internal Use Software 016X4204 (Revolving)
12	General property, plant, and equipment, net (Note 10)		$ 43,710,799.98	Total	$ 43,710,799.98		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Receivables, net: Other	1,349.20		($1.349.20) SGL 141000N - Advances to Others 016X4204 (Revolving)

Agency Financial Report to Reclassified Balance Sheet Supplemental Crosswalk
as of September 30, 2022

(AFR To Reclassified Balance Sheet (Crosswalk))

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
13	Advances and prepayments		$ 1,349.20	Total	$ 1,349.20		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Securities lending collateral	4,581,208,107.80		($4,581,208,107.80) SGL 169000N - Securities Lending Collateral 016X6110 (Trust)
				Investments, at market-Fixed maturity securities	43,253,155,011.13		($22,046,190,362.00) SGL 162000N - Fixed Maturity Sec-Corp Bonds 016X6110 (Trust) ($21,206,964,649.13) SGL 169000N - Fixed Maturity Securities 016X6110 (Trust)
				Investments, at market-Fixed maturity securities	(7,118,270,060.76)		(-$7,118,270,060.76) SGL 161800F - Fixed Maturity Sec-Market Adjs 016X6110 (Trust)
				Investments, at market-Fixed maturity securities	148,928,123.58		($148,928,123.58) SGL 161800F - Fixed Maturity Securities (Derivative Assets)-Market Adjs 016X6110 (Trust)
				Investments, at market-Equity securities	3,622,270,055.76		($3,622,270,055.76) SGL 161800F - Equity Securities-Market Adjs 016X6110 (Trust)
				Investments, at market-Equity securities	8,887,351,256.44		($8,887,351,256.44) SGL 169000N - Equity Securities 016X6110 (Trust)
				Investments, at market-Private equity	1,115,162,599.37		($1,115,162,299.37) SGL 169000N - Private Equity Securities 016X6110 (Trust)
				Investments, at market-Private equity	(873,448,828.85)		(-$873,448,828.85) SGL 161800F - Private Equity Market Adjs 016X6110 (Trust)
				Investments, at market-Other	67,367,608.59		($67,367,608.59) SGL 169000N - Other Investments 016X6110 (Trust)
				Investments, at market-Other	214,750,285.24		($214,750,285.24) SGL 161800F - Other Investments Market Adj 016X6110 (Trust)
				Investments, at market-Real estate and real estate	1,712,494,057.65		($1,712,494,057.65) SGL 169000N - Pooled Funds Real Estate 016X6110 (Trust)
				Investments, at market-Real estate and real estate	(210,775,636.98)		(-$210,775,636.98) SGL 161800F - Pooled Funds Real Estate Market Adjs 016X6110 (Trust)
				Receivables, net: Derivative contracts	37,048,738.49		($37,048,738.49) SGL 169000N - Derivative Assets-Non-Federal 016X6110 (Trust)
				Receivables, net: Sale of securities	1,648,433,740.94		($1,648,433,740.94) SGL 169000N - Due From Sale of Securities 016X6110 (Trust)
				Receivables, net: Investment income	16,165,779.20		($16,165,779.20) SGL 169000N - Accrued Investment Income 016X6110 (Trust)
				Receivables, net: Investment income	359,229,917.05		($359,229,917.05) SGL 134200N - Accrued Investment Income - Other Fixed Interest 016X6110 (Trust)
14	Investments, [net] (Note 5)		$ 57,461,070,754.65	Total	$ 57,461,070,754.65		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
15	Investments in government-sponsored enterprises (for use by Treasury only)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Receivables, net: Derivative contracts	655,425,972.19		($293,154,026.99) SGL 199000N - Due From Derivative Contracts 016X6110 (Trust) ($362,271,945.20) SGL 199000N - Accounts Rec-Collateral Deposits-Derivatives 016X6110 (Trust)
				Receivables, net: Sale of securities	58,672,996.00		($58,672,996.00) SGL 199000N - COLLATERAL DEPOSITS - NON DERIVATIVES 016X6110 (Trust)
				Receivables, net: Other	0.00		($0.00) SGL 169000N - Total Lease Receivable 016X6110 (Trust)
17	Other assets (Note 12)		$ 714,098,968.19		$ 714,098,968.19		

Agency Financial Report to Reclassified Balance Sheet Supplemental Crosswalk
as of September 30, 2022

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
				Total Must Tie to Adjusted Balance	OK	0.00	
18	Total other than intra-governmental	CALC	$ 67,430,762,166.62	Total with the public	$ 67,430,762,166.49		
	This line is calculated. Equals sum of line 8 through 17.						
19	Total assets	CALC	$ 127,886,666,253.54	Total assets	$ 127,886,666,253.41		
	This line is calculated. Equals sum of line 6 and 18.						
20	Stewardship PP&E (Note 11)						
	Liabilities (Note 13)						
	Intra-governmental						
				N/A			
21	Liability for Fund Balance with Treasury		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
22	Accounts payable (Note 17)	CALC	$ 2,385,676.37	Accounts payble	$ 2,385,676.37		
	This line is calculated. Equals sum of lines 22.1 through 22.4.						
				N/A			
22.1	Accounts payable, capital transfers		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Payables, net: Accounts payable and accrued exp	2,051,264.89		($2,051,264.89) SGL 211000F - Accounts Payable 016X4204 (Revolving)
				Payables, net: Accounts payable and accrued exp	334,411.48		($334,411.48) SGL 211000F - Accounts Payable 016 21/30 4204 (Revolving) - SFA
22.2	Accounts payble (RC 22)		$ 2,385,676.37	Total	$ 2,385,676.37		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
22.4	Transfers payable		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
23	Federal debt and interest payable (Note 14)	CALC	$ -	Federal debt and interest payable (Note 14)	$ -		
	This line is calculated. Equals sum of lines 23.1 through 23.2.						
				N/A			
23.1	Federal debt		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			

Agency Financial Report to Reclassified Balance Sheet Supplemental Crosswalk
as of September 30, 2022

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
23.2	Interest payble-debt		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
24	Debt associated with loans (Note 14)	CALC	$ -	Debt associated with loans (Note 14)	$ -		
	This line is calculated. Equals sum of lines 24.1 through 24.2.						
				N/A			
24.1	Interest payable-loans and not otherwise classified		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
24.2	Loans payable		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
25	Other liabilities (Notes 15 and 17)	CALC	$ -	Other liabilities (Notes 15 and 17)	$ -		
	This line is calculated. Equals sum of lines 25.1 through 25.5.						
				N/A			
25.1	Advances from others and deferred credits (Note 17)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
25.2	Other liabilities (without reciprocals) (Note 15)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
25.3	Other liabilities (Note 17)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
25.4	Liability to the General Fund of the U.S. Government for custodial and other non-entity assets (Note 17)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			

Agency Financial Report to Reclassified Balance Sheet Supplemental Crosswalk
as of September 30, 2022

GTAS Submission | Agency's Audited Financial Statements

Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
25.5	Liability to agency other than the General Fund of the U.S. Government for custodial and other non-entity assets		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
26	Other Liabilities (Note 17)	CALC	$ 673,586.76	Other Liabilities (Note 17)	$ 673,586.76		
	This line is calculated. Equals sum of lines 26.5 through 26.6.						
				Payables, net: Accounts payable and accrued expe	596,814.61		($596,814.61) SGL 221300F - Employer Contributions and Payroll Taxes Payable 016X4204 (Revolving)
				Payables, net: Accounts payable and accrued expe	76,772.15		($76,772.15) SGL 221500F - Other Post Employee Benefits Due and payable 016X4204 (Revolving)
26.5	Other Current Liabilities - Benefit program contributions payable (Note 15) (RC 21)		$ 673,586.76	Total	$ 673,586.76		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
26.6	Other liabilities (RC 22)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
27	Total Intra-governmental	CALC	$ 3,059,263.13	Total Intra-governmental	$ 3,059,263.13		
	This line is calculated. Equals sum of lines 21 through 27.						
	With the public						
				Payables, net: Accounts payable and accrued expenses	57,790,760.27		($53,947,685.66) SGL 211000N - Accounts Payable 016X4204 (Revolving) ($3,424,759.38) SGL 211000N - 016 2017/2021 4204 (Revolving) - RELOCATION TAS ($418,315.23) SGL 21100N -016 21/30 4204 (Revolving) - SFA TAS
				Payables, net: Accounts payable and accrued expenses	5,926,658.87		($5,926,658.87) SGL 211000N - Accounts Payable 016X6110 (Trust)
28	Accounts Payable		$ 63,717,419.14	Total	$ 63,717,419.14		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
29	Federal debt and interest payable (Note 14)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Payables, net: Accounts payable and accrued expenses	14,031,647.97		($14,031,647.97) SGL 222000N - Accrued Unfunded Annual Leave 016X4204 (Revolving)
30	Federal employee and veteran benefits payable (Note 15)		$ 14,031,647.97	Total	$ 14,031,647.97		

Agency Financial Report to Reclassified Balance Sheet Supplemental Crosswalk
as of September 30, 2022

(AFR To Reclassified Balance Sheet (Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
31	Environmental and disposal liabilities (Note 16)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
32	Benefits due and payable		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
33	Loan guarantee liability (Note 8)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
34	Liabilities to Government-sponsored enterprises (for use by Treasury only)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Present value of future benefits, net: Trusteed plans	78,421,041,914.95		($78,421,041,914.95) SGL 266000N - Total PVFB Trusteed Plans 016X6110 (Trust)
				Present value of future benefits, net: Plans pending termination and trusteeship	(328,341,880.59)		(-$328,341,880.59) SGL 266000N - Total PVFB Plans Pending Termination & Trusteeship 016X6110 (Trust)
				Present value of future benefits, net: Settlements and judgments	17,169,156.00		($17,169,156.00) SGL 266000N - Settlements & Judgments 016X6110 (Trust)
				Present value of future benefits, net: Claims for probable terminations	220,949,963.00		($220,949,963.00) SGL 266000N - Net Claims for Probable Terminations 016X6110 (Trust)
				Present value of nonrecoverable future financial assistance: Insolvent plans	1,550,754,521.77		($1,550,754,521.77) SGL 266000N - Present Value of Future Financial Assistance Insolvent Plans 016X4204 (Revolving)
				Present value of nonrecoverable future financial assistance: Probable insolvent plans	839,245,588.00		($839,245,588.00) SGL 266000N - Present Value of Future Financial Assistance - Probable Insolvent Plans 016X4204 (Revolving)
				Accounts Payable: Special financial assistance	28,297,171.63		($28,297,171.63) SGL 266000N - Accounts Payable - Special Financial Assistance 016 21/30 4204 - SFA (Revolving)
35	Insurance and guarantee program liabilities		$ 80,749,116,434.60	Total	$ 80,749,116,434.76		
				Total Must Tie to Adjusted Balance	Error	(0.16)	
				Payables, net: Unearned premiums	203,167,652.80		($203,167,652.80) SGL 232000N - Unearned Premiums Flat/Variable Rate 016X4204 (Revolving)
36	Advances from others and deferred revenue		$ 203,167,652.80	Total	$ 203,167,652.80		

Agency Financial Report to Reclassified Balance Sheet Supplemental Crosswalk
as of September 30, 2022

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
				Total Must Tie to Adjusted Balance	OK	0.00	
				Payables, net: Accounts payable and accrued expenses	2,908,128.06		($2,908,128.06) SGL 221000N - Accrued Funded Payroll and Leave 016X4204 (Revolving)
				Payables, net: Accounts payable and accrued expenses	71,553.84		($71,553.84) SGL 240000N - TFS Status Payables 016X4204 (Revolving)
				Payables, net: Unearned premiums	58,517,378.52		($58,517,378.52) SGL 240000N - Unearned Premiums - Unallocated Recepts - LockBox 016X4204 (Revolving)
				Payables, net: Derivative contracts	640,809,300.09		($640,809,300.09) SGL 299000N - Due To Derivative Contracts 016X6110 (Trust)
				Payables, net: Due for purchases of securities	3,934,629,612.48		($3,934,629,612.48) SGL 299000N - Due for Purchase of Securities 016X6110 (Trust)
				Payables, net: Payable upon securities loaned	4,581,208,107.80		($4,581,208,107.80) SGL 299000N - Total Payable Upon Return of Securities Loaned 016X6110 (Trust)
37	**Other liabilities (Notes 17, 18, and 19)**		**$ 9,218,144,080.79**	**Total**	**$ 9,218,144,080.79**		
					OK	0.00	
38	**Total other than intra-governmental/with the public**	**CALC**	**$ 90,248,177,235.30**	**Total with the public**	**$ 90,248,177,235.46**		
	This line is calculated. Equals sum of lines 28 through 38.						
39	**Total liabilities**	**CALC**	**$ 90,251,236,498.43**	**Total liabilities**	**$ 90,251,236,498.59**		
	This line is calculated. Equals sum of lines 27 and 38.						
40	**Commitments and Contingencies (Note 20)**						
	Net position						
41	**Total Unexpended Appropriation (Combined or Consolidated)**	**CALC**	**$ 5,987,509.88**	**Total Unexpended Appropriation (Combined or Consolidated)**	**$ 5,987,509.88**		
	This line is calculated. Equals sum of lines 41.1 through 41.2.						
				N/A			
41.1	**Unexpended appropriations-Funds from Dedicated Collections**		**$ -**	**Total**	**$ -**		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Net Position - SFA	5,987,509.88		($5,987,509.88) SGL 310000 NET Unexpended appropriations - TAS 016 21/30 4204 (Revolving) - SFA
41.2	**Unexpended appropriations-Funds from other than Dedicated Collections**		**$ 5,987,509.88**	**Total**	**$ 5,987,509.88**		
				Total Must Tie to Adjusted Balance	OK	0.00	
42	**Total Cumulative Results of Operations (Combined or Consolidated)**	**CALC**	**$ 37,629,442,245.23**	**Total Cumulative Results of Operations (Combined or Consolidated)**	**$ 37,629,442,245.23**		
	This line is calculated. Equals sum of lines 42.1 through 42.2.						
				N/A			
42.1	**Unexpended appropriations-Funds other than those from Dedicated Collections**		**$ -**	**Total**	**$ -**		
				Total Must Tie to Adjusted Balance	OK	0.00	

Agency Financial Report to Reclassified Balance Sheet Supplemental Crosswalk
as of September 30, 2022

(AFR To Reclassified Balance Sheet (Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
				Beginning Net Position	31,415,039,878.77		(-$31,390,065,678.68) SGL 331000N - Beginning Net Position TAS 016X4204 (Revolving) (-$25,179,572.21) SGL 331000N - Beginning Net Position - TAS 016 2017/2021 4204 (Revolving) - RELOCATION ($205,372.12) SGL 331000N - Beginning Net Position - TAS 016 21/30 4204 (Revolving) - SFA
				FY 2022 Net Income	6,214,402,366.46		FY 2022 COMBINED Net Income
42.2	**Cumulative results of operations - Funds from other than Dedicated Collections**		**$ 37,629,442,245.23**	**Total**	**$ 37,629,442,245.23**		
				Total Must Tie to Adjusted Balance	OK	0.00	
43	**Total net position**	**CALC**	**$ 37,635,429,755.11**	**Total net position**	**$ 37,635,429,755.11**		
	This line is calculated. Equals sum of lines 41 and 42.						
44	**Total liabilities and net position**	**CALC**	**$ 127,886,666,253.54**	**Total liabilities and net position**	**$ 127,886,666,253.70**		
	This line is calculated. Equals sum of lines 39 and 43.						

* Adjusted Balance consists of Certified GTAS ATB data plus any applicable Agency entered manual adjustments.

The Numbers that should be entered for the Adjusted Balance can be found by running the Reclassified Financial Statement Report out of GTAS.

** Line Description - Please enter the exact Line Description from your Audited Financial Report.

Agency Financial Report to Reclassified Statement of Net Cost Supplemental Crosswalk
as of September 30, 2022

(AFR To Reclassified SNC Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
1	Gross Costs	TITLE					
				Other underwriting activity: Losses (credits) from completed and probable terminations	249,599,025.48		($249,599,025.48) SGL 760000N - LOSSES (GAINS) ON TERMINATED AND PRAOBABLE PLANS 016X4204 (Revolving)
				Other underwriting activity: Losses from insolvent and probable plans-financial assistance	(71,532,040.00)		(-$71,532,040.00) SGL 760000N - LOSS (GAINS) FROM INSOLVENT AND PROBABLE PLANS-FINANCIAL ASSISTANCE 016X4204 (Revolving)
				Other underwriting activity: Actuarial adjustments	(31,958,186,969.65)		(-$31,958,186,969.65) SGL 760000N - ACTUARIAL (GAINS) & LOSSES 016X6110 (Trust)
				Other underwriting activity: Actuarial adjustments	157,933,796.60		($157,933,796.60) SGL 760000N - BENEFIT PAYMENTS FR PL ASSETS OTHER THAN INS -PRE DOTR 016X6110 (Trust)
				Other underwriting activity: Actuarial adjustments	13,560,005.77		($13,560,005.77) SGL 760000N - BENEFIT PAYMENTS FR PL ASSETS OTHER THAN INS -POST DOTR 016X6110 (Trust)
				Other underwriting activity: Actuarial adjustments	0.00		($0.00) SGL 760000N - BENEFIT PAYMENTS, PBGC FUNDED - PRE-DOTR 016X6110 (Trust)
				Other underwriting activity: Actuarial adjustments	6,871,034,037.34		($6,871,034,037.34) SGL 760000N - BENEFIT PAYMENTS, PBGC FUNDED - TRUSTEED 016X6110 (Trust)
				Other underwriting activity: Actuarial adjustments	24,915,654,822.00		($24,915,654,822.00) SGL 760000N - ACTUARIAL CHARGE - CONTRA 016X6110 (Trust)
				Other underwriting activity: Actuarial adjustments	(1,337,131,287.00)		(-$1,337,131,287.00) SGL 760000N - ACTUARIAL ADJUSTMENTS 016X6110 (Trust)
				Other underwriting activity: Actuarial adjustments	(15,017,826.00)		(-$15,017,826.00) SGL 760000N - ACTUARIAL ADJUSTMENTS 016X4204 (Revolving)
				Other underwriting activity: Special Financial Assistance Expense	7,554,541,455.14		($7,544,541,455.14) SGL 760000N - LOSSES FROM SPECIAL FINANCIAL ASSISTANCE 016X4204 (Revolving)
				Financial: Expenses: Investment	121,634,106.94		($121,634,106.94) SGL 610000N - ASSET MANAGEMENT EXPENSE: INVESTMENT 016X6110 (Trust)
				Expenses: Actuarial charges: Due to expected interest	482,588,762.00		($482,588,762.00) SGL 760000N - DUE TO EXPECTED INTEREST 016X6110 (Trust)
				Expenses: Actuarial charges: Due to expected interest	8,876,537.00		($8,876,537.00) SGL 760000N - DUE TO EXPECTED INTEREST 016X4204 (Revolving)
				Expenses: Actuarial charges: Due to change in interest factors	(24,061,112,297.00)		(-$24,061,112,297.00) SGL 760000N - DUE TO CHANGE IN INTEREST FACTORS 016X6110 (Trust)
				Expenses: Actuarial charges: Due to change in interest factors	(407,510,730.00)		(-$407,510,730.00) SGL 760000N - DUE TO CHANGE IN INTEREST FACTORS 016X4204 (Revolving)
				Underwriting: Expenses: Administrative	10,867,926.52		($10,867,926.52) SGL 610000N - AMORTIZATION AND DEPRECIATION EXPENSE 016X4204 (Revolving)
				Underwriting: Expenses: Administrative	6,843,375,237.73		($6,817,980,523.37) SGL 610000N - OPERATING EXPENSES/PROGRAM COSTS 016X4204 (Revolving) ($16,401,688.01) SGL 610000N - OPERATING EXPENSES/PROGRAM COSTS 016 20172021 4204 (Revolving) - RELOCATION TAS ($8,993,026.35) SGL 610000N - OPERATING EXPENSES/PROGRAM COSTS 016 21/30 4204 (Revolving) - SFA
				Underwriting: Expenses: Administrative	462,508,789.99		($462,508,789.99) SGL 610000N - ASSET MANAGEMENT EXPENSE: ADMINISTRATIVE 016X6110 (Trust)
				Underwriting: Expenses: Administrative	112.82		($112.82) SGL 633000N - ADMIN EXPENSE (OTHER INTEREST EXP-LATE PAY) 016X6110 (Trust)
				Underwriting: Expenses: Administrative	43.04		($43.04) SGL 633000N - ADMIN EXPENSE (OTHER INTEREST EXP-LATE PAY) 016X4204 (Revolving)
				Underwriting: Expenses: Administrative	(329,785.90)		(-$329,785.90) SGL 640000N - BENEFIT PROGRAM EXP - NON GOVERNMENT 016X4204 (Revolving)
				Underwriting: Expenses: Administrative	4,183,587.78		($4,183,587.78) SGL 610000N - Operating Expenses/Program Costs 016X4204 (Revolving)
				Underwriting: Income: Premium, net	23,391,586.85		($23,391,586.85) SGL 672000N - BAD DEBT FOR INTEREST, PENALTIES, AND PREMIUMS 016X4204 (Revolving)
				Underwriting: Expenses: Other	19,735,306.02		($19,735,306.02) SGL 672000N - BAD DEBT FOR INTEREST, PENALTIES, AND PREMIUMS 016X6110 (Trust)
				Financial: Investment Income: Total	4,255,137,549.09		($4,255,137,549.09) SGL 721100N - LOSSES ON DISPOSITION OF INVESTMENTS 016X6110 (Trust)
				Financial: Investment Income: Total	15,629,527,038.38		($15,629,527,038.38) SGL 728000N - UNREALIZED LOSSES NON-GOVERNMENT 016X6110 (Trust)

Agency Financial Report to Reclassified Statement of Net Cost Supplemental Crosswalk
as of September 30, 2022

(AFR To Reclassified SNC Crosswalk)

Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
	GTAS Submission			Agency's Audited Financial Statements			
1	Gross Costs	TITLE					
				Financial: Investment Income: Total	0.00		($0.00) SGL 729000N - REALIZED LOSSES FROM WRITE-OFF FIXED 016X6110 (Trust)
2	Non-Federal Gross Cost		$ 9,773,328,790.94	Total	$ 9,773,328,790.94		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3	Interest on Debt Held by the Public		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
4	Gains/Losses from Changes in Actuarial Assumptions		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
5	General PP&E Partial Impairment Loss		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
6	Total Non-Federal Gross Cost	Calc	$ 9,773,328,790.94	Total Non-Federal Gross Cost	$ 9,773,328,790.94		
	This line is the sum of lines 2 through 5.						
7	Federal Gross Cost	Title					
				Underwriting: Expenses: Administrative	30,736,486.61		($30,736,486.61) SGL 640000F - Benefit Program Expense 016X4204 (Revolving)
7.1	Benefit program costs (RC 26)/2		$ 30,736,486.61	Total	$ 30,736,486.61		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Underwriting: Expenses: Administrative	7,959,792.02		($7,959,792.02) SGL 673000F - IMPUTED COSTS 016X4204 (Revolving)
7.2	Imputed Costs (RC25)/2		$ 7,959,792.02	Total	$ 7,959,792.02		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Underwriting: Expenses: Administrative	57,222,849.29		($57,222,849.29) SGL 610000F - Operating Expenses/Program Costs 016X4204 (Revolving)

Agency Financial Report to Reclassified Statement of Net Cost Supplemental Crosswalk
as of September 30, 2022

(AFR To Reclassified SNC Crosswalk)

GTAS Submission | Agency's Audited Financial Statements

Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
1	Gross Costs	TITLE					
				Underwriting: Expenses: Administrative	715,766.72		($715,766.72) SGL 610000F - Operating Expenses/Program Costs 016X 21/30 4204 (Revolving) - SFA
				Underwriting: Expenses: Administrative	75,961.24		($75,961.24) SGL 610000F - Operating Expenses/Program Costs 016X 21/30 4204 (Revolving) - SFA
7.3	Buy/Sell Cost (RC24)/2		$ 58,014,577.25	Total	$ 58,014,577.25		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.4	Purchase of assets (RC 24)/2		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.5	Federal securities interest expense (RC 03)/2		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.6	Borrowing and other interest expense (RC05)/2		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.7	Borrowing losses (RC 06)/2		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Underwriting: Expenses: Administrative	9,426,209.62		($9,426,209.62) SGL 640000Z - Benefit Program Expense 016X4204 (Revolving)
7.8	Other expenses (without reciprocals) (RC 29)		$ 9,426,209.62	Total	$ 9,426,209.62		
				Total Must Tie to Adjusted Balance	OK	0.00	
8	Total Federal Gross Cost	Calc	$ 106,137,065.50	Total Federal Gross Cost	$ 106,137,065.50		
	This line is the sum of lines 7.1 through 7.8.						
9	Department Total Gross Cost	Calc	$ 9,879,465,856.44	Department Total Gross Cost	$ 9,879,465,856.44		

Agency Financial Report to Reclassified Statement of Net Cost Supplemental Crosswalk
as of September 30, 2022

(AFR To Reclassified SNC Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
1	Gross Costs	TITLE					
	This line is the sum of lines 6 and 8.						
10	Earned Revenue	Title					
				Underwriting: Income: Premium, net	10,997,109.53		($10,997,109.53) SGL 531000N PREMIUM INTEREST INCOME FLAT/VARIABLE 016X4204 (Revolving)
				Underwriting: Income: Premium, net	2,163,267,370.55		($2,163,267,370.55) SGL 550000N - PREMIUM INCOME - FLAT RATE 016X4204 (Revolving)
				Underwriting: Income: Premium, net	2,762,291,080.19		($2,762,291,080.19) SGL 550000N - PREMIUM INCOME - VARIABLE RATE 016X4204 (Revolving)
				Underwriting: Income: Premium, net	22,212,872.46		($22,212,872.46) SGL 550000N - TERMINATION PREMIUM INCOME 016X4204 (Revolving)
				Underwriting: Income: Other	20,398,716.35		($20,398,716.35) SGL 531000N INTEREST REVENUE OTHER 016X6110 (Trust)
				Underwriting: Income: Other	151,170.00		($151,170.00) SGL 532500N - ADMINISTRATIVE FEES REVENUE - MISSING PARTICIPANTS 016X4204 (Revolving)
				Underwriting: Expenses: Administrative	94,546.71		($94,546.71) SGL 590000N - OTHER REVENUE - Revolving Fund Reimbursements 016X4204 (Revolving)
				Underwriting: Expenses: Administrative	6,936,003,650.52		($6,936,003,650.52) SGL 590000N - OTHER REVENUE - Revolving Fund Reimbursements 016X4204 (Revolving)
				Financial: Investment Income: Total	0.00		($0.00) SGL 531100N - INTEREST REVENUE - INVESTMENTS 016X4204 (Revolving)
				Financial: Investment Income: Total	1,537,559,334.93		($1,537,559,334.93) SGL 531100N - INTEREST REVENUE - INVESTMENTS 016X6110 (Trust)
				Financial: Investment Income: Total	178,818,519.31		($178,818,519.31) SGL 590000N - OTHER REVENUE - EQUITY DIVIDENDS 016X6110 (Trust)
				Financial: Investment Income: Total	3,025,801,931.17		($3,025,801,931.17) SGL 711100N - GAINS ON DISPOSITION OF INVESTMENTS 016X6110 (Trust)
				Financial: Investment Income: Total	0.00		($0.00) SGL 711100N - GAINS ON DISPOSITION OF INVESTMENTS 016X6110 (Trust)
				Financial: Investment Income: Total	263,454,955.52		($263,454,955.52) SGL 718000N - UNREALIZED GAINS NON-GOVERNMENT 016X6110 (Trust)
				Financial: Investment Income: Total	45.00		($45.00) SGL 719000N - OTHER GAINS 016X6110 (Trust)
11	Non-federal earned revenue		$ 16,921,051,302.24	Total	$ 16,921,051,302.24		
				Total Must Tie to Adjusted Balance	OK	0.00	
12	Federal Earned Revenue	Title					
				N/A			
12.1	Benefit Program Revenue (exchange) (RC26)/2		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Financial: Investment Income: Total	59,854.45		($59,854.45) SGL 590000F - OTHER REVENUE - Revolving Fund Reimbursements 016X4204 (Revolving)
				Underwriting: Income: Other	0.00		($0.00) SGL 520000F - OTHER REVENUE - INCOME FROM SERVICES PROVIDED - FEDERAL 016X4204 (Revolving)
12.2	Buy/Sell Revenue (exchange) (RC24)/2		$ 59,854.45	Total	$ 59,854.45		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			

Agency Financial Report to Reclassified Statement of Net Cost Supplemental Crosswalk
as of September 30, 2022

(AFR To Reclassified SNC Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
1	Gross Costs	TITLE					
12.3	Purchase of assets offset (RC 24)/2		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Financial: Investment Income: Total	866,943,154.59		($866,943,154.59) SGL 531100F - INTEREST REVENUE - INVESTMENTS 016X4204 (Revolving)
				Financial: Investment Income: Total	172,717,706.94		($172,717,706.94) SGL 711100F - FEDERAL GAINS ON DISPOSITION OF INVESTMENTS 016X4204 (Revolving)
				Financial: Investment Income: Total	0.00		($0.00) SGL 711100F - FEDERAL GAINS ON DISPOSITION OF INVESTMENTS - ZCB 016X4204 (Revolving)
				Financial: Investment Income: Total	(798,898,920.02)		(-$798,898,920.02) SGL 721100F - FEDERAL LOSSES ON DISPOSITION OF INVESTMENTS 016X4204 (Revolving)
				Financial: Investment Income: Total	(3,579,170.15)		(-$3,579,170.15) SGL 721100F - FEDERAL LOSSES ON DISPOSITION OF INVESTMENTS 016X6110 (Trust)
				Financial: Investment Income: Total	(5,504.90)		(-$5.504.90) SGL 721100F - US GOVT ZERO COUPON BONDS - TRUST 016X6110 (Trust)
				Financial: Investment Income: Total	254,870,010.00		($254,870,010.00) SGL 531100F - INTEREST REVENUE - INVESTMENTS 016X6110 (Trust)
				Financial: Investment Income: Total	0.00		($0.00) SGL 718000F - UNREALIZED GAINS ON FEDERAL INVESTMENTS 016X6110 (Trust)
				Financial: Investment Income: Total	0.00		($0.00) SGL 718000F - UNREALIZED GAINS ON FEDERAL INVESTMENTS 016X4204 (Revolving)
				Financial: Investment Income: Total	(47,999,255.73)		(-$47,999,255.73) SGL 728000F - UNREALIZED LOSSES - US GOVT SECURITIES 016X6110 (Trust)
				Financial: Investment Income: Total	(8,845,820,951.18)		(-$8,845,820,951.18) SGL 728000F - UNREALIZED LOSSES - US GOVT SECURITIES 016X4204 (Revolving)
12.4	Federal securities interest revenue including associated gains and losses (exchange) (RC 03)/2		$ (8,401,772,930.45)	Total	$ (8,401,772,930.45)		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
12.5	Borrowing and other interest revenue (exchange) (RC 05)/2		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
12.6	Borrowing gains (RC 06)/2		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			

(AFR To Reclassified SNC Crosswalk)

Agency Financial Report to Reclassified Statement of Net Cost Supplemental Crosswalk
as of September 30, 2022

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
1	Gross Costs	TITLE					
12.7	Custodial Collections Transferred to a TAS Other Than the General Fund of the U.S. Government - Exchange (RC 13)				$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
12.8	Collections Transferred in to a TAS Other Than the General Fund of the U.S. Government - Exchange (RC 13)				$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
12.9	Accrual of Custodial Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government - Exchange (RC 14)				$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
12.10	Accrual for Agency Amounts to be collected in TAS Other Than the General Fund of the U.S. Government - Exchange (RC 14)				$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
13	Total Federal Earned Revenue	Calc	$ (8,401,713,076.00)	Total Federal Earned Revenue	$ (8,401,713,076.00)		
	This line is the sum of 12.1 through 12.10.						
14	Department Total Earned Revenue	Calc	$ 8,519,338,226.24	Department Total Earned Revenue	$ 8,519,338,226.24		
	This line is the sum of lines 11 and 13.						
15	Net Cost of Operations	Calc	$ 1,360,127,630.20	Net Cost of Operations	$ 1,360,127,630.20		
	This line is the result of subtracting line 14 from line 9.						

* Adjusted Balance consists of Certified GTAS ATB data plus any applicable Agency entered manual adjustments.

Agency Financial Report to Reclassified Statement of Net Cost Supplemental Crosswalk
as of September 30, 2022

(AFR To Reclassified SNC Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
1	Gross Costs	TITLE					

The Numbers that should be entered for the Adjusted Balance can be found by running the Reclassified Financial Statement Report out of GTAS.

** Line Description - Please enter the exact Line Description from your Audited Financial Report.

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
as of September 30, 2022

(AFR To SCNP Crosswalk)

GTAS Submission | Agency's Audited Financial Statements

Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
				Beginning Net Position	31,390,065,678.68		($31,390,065,678.68) SGL 331000N - Beginning Net Position 016X4204 (Revolving)
				Beginning Net Position	25,179,572.21		($25,179,572.21) SGL 331000N - Beginning Net Position - 016 2017/2021 4204 (Revolving) - RELOCATION TAS
				Beginning Net Position	(205,372.12)		(-$205,372.12) SGL 331000N - Beginning Net Position -016 21/30 4204 (Revolving) - SFA TAS
				Continued transfer appropriation - SFA	3,145,300.74		($3,145,300.74) SGL 310000G - Unexpended Appropriations - Cummulative - SFA Admin Exp -016 21/30 4204 (Revolving) - SFA TAS
1	Net position, beginning of period		$ 31,418,185,179.51	Total	$ 31,418,185,179.51		
				Total Must Tie to Adjusted Balance	OK	0.00	
2	Non-federal prior-period adjustments	TITLE					
				N/A			
2.1	Changes in accounting principles		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
2.2	Corrections of errors - non-federal		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
2.3	Corrections of errors -years preceding the prior year - non-federal		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
3	Federal prior period adjustments	TITLE					
				N/A			
3.1	Changes in accounting principles-federal (RC 29)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3.2	Corrections of errors - federal (RC 29)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	

(AFR To SCNP Crosswalk)

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
as of September 30, 2022

GTAS Submission				Agency's Audited Financial Statements			
Line No	**Line Title**	**Line Type**	**Adjusted Balance (Calculated Amount) ***	**Line Description (Please Fill out)****	**Amount (Please enter)**	**Difference (Calculated Amount)**	**Agency Comments**
				N/A			
3.3	**Corrections of errors - years preceding the prior year - federal (RC 29)**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3.4	**Prior period adjustment to unexpended appropriations- federal (RC 31)**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3.5	**Prior period adjustment to expended appropriations- federal (RC 32)**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3.6	**Prior period adjustments to appropriations outstanding- federal (RC 31)**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
3.7	**Prior period adjustment to appropriations expended- federal (RC 32)/1**		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
4	**Net position, beginning of period - adjusted**	CALC	$ 31,418,185,179.51	**Net position, beginning of period - adjusted**	$ 31,418,185,179.51		
	This line is calculated.						
	For current year, equals sum of lines, 1, 2.1, 2.2, 3.1, 3.2, 3.4, 3.5, 3.6 and 3.7.						
	For prior year, equals sum of lines, 1, 2.1, 2.2, 2.3, and 3.1 through 3.7.						
5	**Non-federal non-exchange revenue:**	TITLE					

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
as of September 30, 2022

GTAS Submission				Agency's Audited Financial Statements			
Line No	**Line Title**	**Line Type**	**Adjusted Balance (Calculated Amount) ***	**Line Description (Please Fill out)****	**Amount (Please enter)**	**Difference (Calculated Amount)**	**Agency Comments**
				N/A			
5.1	Individual income tax and tax withholdings (for use by Treasury only)		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
5.2	Corporation income taxes (for use by Treasury only)		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
5.3	Excise taxes		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
5.4	Unemployment taxes		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
5.5	Customs duties		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
5.6	Estate and gift taxes		$ -	**Total**	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Underwriting Income: Premium, net	696,315.26		($693,315.26) SGL 532000N - Premium Penalty Income Flat/Variable Rate 016X4204 (Revolving)
				Underwriting Income: Other	36,769.29		($33,769.29) SGL 532000N - FORM 501 LATE FILING PENALTY REVENUE 016X4204 (Revolving)
5.7	Other taxes and receipts		$ 733,084.55	**Total**	$ 733,084.55		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
as of September 30, 2022

Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
	GTAS Submission			*Agency's Audited Financial Statements*			
5.8	Miscellaneous earned revenues/2		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
5.9	Total non-federal non-exchange revenue	CALC	$ 733,084.55	Total Non-Federal Nonexchange Revenue	$ 733,084.55		
	This line is calculated. Equals sum of lines 5.1 through 5.8.						
6	Federal non-exchange revenue:	TITLE					
				N/A			
6.1	Federal securities interest revenue including associated gains and losses (non-exchange) (RC 03)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
6.2	Borrowings and other interest revenue (non-exchange) (RC 05)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
6.3	Borrowings Gains (RC 06)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
6.4	Borrowings Losses (RC 06)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
6.5	Benefit program revenue (non-exchange) (RC 26)/1		$ -		$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
as of September 30, 2022

(AFR To SCNP Crosswalk)

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
6.6	Other taxes and receipts (RC 45)/1		$ -		$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
6.7	Collections Transferred to a TAS Other Than the General Fund of the U.S. Government (RC 15)		$ -		$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
6.8	Collections Transferred into a TAS Other Than the General Fund of the U.S. Government - Nonexchange (RC 15)		$ -		$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
6.9	Accrual of Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government-Nonexchange (RC 16)		$ -		$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
6.10	Accruals for Entity amounts to be collected in a TAS Other Than the General Fund of the U.S. Government-Nonexchange (RC 16)		$ -		$ -		
6.11	Total federal non-exchange revenue	CALC	$ -	**Total Federal Non-exchange Revenue**	$ -		
	This line is calculated. Equals sum of lines 6.1 through 6.10.						
7	**Financing sources:**	TITLE					
				Net Position - Contributed Transfer Appropriation SFA	28,200,000.00		($28,200,000.00) SGL 310100 UNEXPENDED APPROPRIATION - APPROPRIATIONS RECEIVED - SFA ADMIN EXP 016X 21/30 4204 (Revolving) - ARP SFA
				Net Position - Contributed Transfer Appropriation SFA	48,389,000,000.00		($48,389,000,000.00) SGL 310100 UNEXPENDED APPROPRIATIONS - APPROPRIATIONS RECEIVED - SFA 016X 21/30 4204 (Revolving) - ARP SFA

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
as of September 30, 2022

(AFR To SCNP Crosswalk)

GTAS Submission | Agency's Audited Financial Statements

Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
				Net Position - Contributed Transfer Appropriation SFA	(40,834,458,544.86)		(-$40,834,458,544.86) SGL 310600 UNEXPENDED APPROPRIATIONS - AJE - SFA 016X 21/30 4204 (Revolving) - ARP SFA
				Net Position - Contributed Transfer Appropriation SFA	(14,062,110.92)		(-$14,062,110.92) SGL 310700 UNEXPENDED APPROPRIATIONS - AJE - SFA ADMIN EXP 016X 21/30 4204 (Revolving) - ARP SFA
7.1	Appropriations received as adjusted (rescissions and other adjustments) (RC 41)/1		$ 7,568,679,344.22	Total	$ 7,568,679,344.22		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Net Position - Contributed Transfer Appropriation SFA	847,518.79		($847,518.79) SGL 310700 UNEXPENDED APPROPRIATION - USED - ACCRUED - SFA ADMIN EXP 016X 21/30 4204 (Revolving) - ARP SFA
				Net Position - Contributed Transfer Appropriation SFA	10,448,161.15		($10,448,161.15) SGL 310710 UNEXPENDED APPROPRIATION - USED - DISBURSED - SFA ADMIN EXP 016X 21/30 4204 (Revolving) - ARP SFA
				Net Position - Contributed Transfer Appropriation SFA	28,297,171.63		($28,297,171.63) SGL 310700 UNEXPENDED APPROPRIATION - USED - ACCRUED - SFA 016X 21/30 4204 (Revolving) - ARP SFA
				Net Position - Contributed Transfer Appropriation SFA	7,526,244,283.51		($7,526,244,283.51) SGL 310710 UNEXPENDED APPROPRIATION - USED - DISBURSED - SFA 016X 21/30 4204 (Revolving) - ARP SFA
7.2	Appropriations used (RC 39)		$ 7,565,837,135.08	Total	$ 7,565,837,135.08		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Underwriting: Income: Contr. Trans Appr Inc-SFA	28,297,171.63		($28,297,171.63) SGL 570000 EXPENDED APPROPRIATION USED - ACCRUED - SFA 016X 21/30 4204 (Revolving) - ARP SFA
				Underwriting: Income: Contr. Trans Appr Inc-SFA	847,518.79		($847,518.79) SGL 570000 EXPENDED APPROPRIATION - USED ACCRUED - ADMIN EXP 016X 21/30 4204 (Revolving) - ARP SFA
				Underwriting: Income: Contr. Trans Appr Inc-SFA	7,526,244,283.51		($7,526,,244,283.51) SGL 570010 EXPENDED APPROPRIATION - DISBURSED - SFA 016X 21/30 4204 (Revolving) - ARP SFA
				Underwriting: Income: Contr. Trans Appr Inc-SFA	10,448,161.15		($10,448,161.15) SGL 570010 EXPENDED APPROPRIATION - DISBURSED - ADMIN EXP 016X 21/30 4204 (Revolving) - ARP SFA
7.3	Appropriations expended (RC 38)/1		$ 7,565,837,135.08	Total	$ 7,565,837,135.08		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.4	Appropriation of unavailable special or trust fund receipts transfers-in (RC 07)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.5	Appropriation of unavailable special or trust fund receipts transfers-out (RC 07)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
as of September 30, 2022

GTAS Submission				Agency's Audited Financial Statements			
Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
				N/A			
7.6	Non-expenditure transfers-In of unexpended appropriations and financing sources (RC 08)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.7	Non-expenditure transfers-out of unexpended appropriations and financing sources (RC 08)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.8	Expenditure transfers-in of financing sources (RC 09)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.9	Expenditure transfers-out of financing sources (RC 09)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.10	Non-expenditure transfer-in of financing sources - capital transfers (RC 11)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Underwriting: Income: Other	14.99		($14.99) SGL 576600 - NON-EXPENDITURE FINANCING SOURCES - TRANSFERS OUT 016X4204 (Revolving)
7.11	Non-expenditure transfers-out of financing sources - capital transfers (RC 11)		$ 14.99	Total	$ 14.99		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
as of September 30, 2022

GTAS Submission | Agency's Audited Financial Statements

Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
7.12	Revenue and Other Financing Sources - Cancellations (RC 36)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.13	Collections for others transferred to the General Fund of the U.S. Government (RC 44)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.14	Other financing sources with budgetary impact (RC 29)/1, 8		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.15	Warrants issued (RC 41)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.16	Appropriations outstanding - used (RC 39)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.17	General Fund of the U.S. Government financed appropriations - expended (RC 38)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.18	Trust fund warrants issued net of adjustments (RC 45)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
as of September 30, 2022

(AFR To SCNP Crosswalk)

GTAS Submission | Agency's Audited Financial Statements

Line No	Line Title	Line Type	Adjusted Balance (Calculated Amount) *	Line Description (Please Fill out)**	Amount (Please enter)	Difference (Calculated Amount)	Agency Comments
7.19	Cancellations of Revenue and Other Financing Sources - General Fund (RC 36)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.20	Transfers-in without reimbursement (RC 18)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.21	Transfers-out without reimbursement (RC 18)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				Expenses: Administrative	7,959,792.02		($7,959,792.02) SGL 578000F - IMPUTED PENSION EXPENSE - FINANCING SOURCE 016X4204 (Revolving)
7.22	Imputed financing sources (RC 25)/1		$ 7,959,792.02	Total	$ 7,959,792.02		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.23	Non-entity collections transferred to the General Fund of the U.S. Government (RC 44)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.24	Accrual for non-entity amounts to be collected and transferred to the General Fund of the U.S.Government (RC 48)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			

Agency Financial Report to Reclassified Statement of Operations and Changes in Net Position Supplemental Crosswalk
as of September 30, 2022

GTAS Submission				Agency's Audited Financial Statements			
Line No	**Line Title**	**Line Type**	**Adjusted Balance (Calculated Amount) ***	**Line Description (Please Fill out)****	**Amount (Please enter)**	**Difference (Calculated Amount)**	**Agency Comments**
7.25	Other non-budgetary financing sources for debt accruals/amortization (RC 37)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.26	Other non-budgetary financing sources (RC 29)/1, 9		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.27	Other financing sources for the General Fund of the U.S. Government (RC 37)/1		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.28	Transfer-in of entity's unavailable custodial and non-entity collections (RC 44)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
				N/A			
7.29	Accrual of entity's amounts to be collected (RC 48)		$ -	Total	$ -		
				Total Must Tie to Adjusted Balance	OK	0.00	
7.30	Total financing sources	CALC	$ 7,576,639,121.25	Total budgetary financing sources	$ 7,576,639,121.25		
	This line is calculated. Equals sum of lines 7.1 through 7.29.						
8	Net Cost of Operations (+/-)		$ 1,360,127,630.20	Net Cost of Operations (+/-)	$ 1,360,127,630.20		
	Enter in the amount from Statement of Net Cost, Net Cost of Operation						
9	Net Position, end of period	CALC	$ 37,635,429,755.11	Net Position, end of period	$ 37,635,429,755.11		
	This line is calculated. Equals sum of lines 4, 5.9, 6.11, 7.30, and 8.						

* Adjusted Balance consists of Certified GTAS ATB data plus any applicable Agency entered
The Numbers that should be entered for the Adjusted Balance can be found by running the

** Line Description - Please enter the exact Line Description from your Audited Financial Report.

This page intentionally left blank.

Audit of the Pension Benefit Guaranty Corporation's

Fiscal Year 2022 and 2021 Limited Purpose Financial Statements

Audit Report AUD-2023-03

Section IV

Other Information

2022 ACTUARIAL VALUATION

PBGC calculated and validated the present value of future PBGC-payable benefits (PVFB) for both the Single-Employer and Multiemployer Programs and of nonrecoverable future financial assistance (NRFFA) under the Multiemployer Program. Generally, we used the same methods and procedures as in 2021 for the Single-Employer and Multiemployer Programs.

PRESENT VALUE OF FUTURE BENEFITS AND NONRECOVERABLE FINANCIAL ASSISTANCE – 2022

	Number of Plans	Number of Participants (in thousands)	Liability (in millions)
I. SINGLE-EMPLOYER PROGRAM			
A. Terminated Plans			
1. Seriatim at fiscal year-end (FYE)	4,895	1,153	$66,571
2. Seriatim at DOPT, adjusted to FYE	45	46	1,425
3. Non seriatim[1]	160	232	12,833
4. Missing Participants Program (seriatim)[2]	-	40	295
Subtotal	5,100	1,471	$81,124
B. Probable terminations (non seriatim)[3]	1	1	$523
Total[4]	5,101	1,472	$81,647
II. MULTIEMPLOYER PROGRAM			
A. Pre-MPPAA terminations (seriatim)	10	0*	$0
B. Pre-MPPAA liability (net of plan assets)			
1. Currently Receiving Assistance	86	81	1,551
2. Probable for Assistance	50	63	839
Total[5]	146	144	$2,390

* Fewer than 500 participants

Notes:

1) The liability for terminated plans has been increased by $17 million for settlements.

2) The Missing Participants Program refers to a liability that PBGC assumed for unlocated participants in standard plan terminations.

3) The net claims for the probable plans reported in the financial statements include $218 million for not yet identified probable terminations. The assets for probable plans, including the expected value of recoveries on sponsors' employer liability and due and unpaid employer contributions claims, are $302 million. Thus, the net claims for probables as reported in the financial statements are $523 less $302 million, or $221 million.

4) The PVFB in the financial statements ($78,332 million) is net of estimated plan assets and recoveries on probables ($302 million), estimated recoveries on terminated plans ($128 million), and estimated assets of plans pending trusteeship ($2,885 million), or $81,647 million less $302 million less $128 million less $2,885 million equals $78,332 million.

5) The ARP of 2021 established Section 4262 of ERISA under which Special Financial Assistance (SFA) is provided to eligible multiemployer plans. Eligible plans can apply to PBGC for SFA sufficient to maintain solvency through the 2051 plan year and will not be required to repay the SFA. PBGC considered the impact of the ARP on the multiemployer inventory in decisions related to potential assumption updates resulting from the recent studies. PBGC results only reflect plans that were not eligible for SFA as of 9/30/2022.

Single-Employer Program

PBGC calculated the Single-Employer Program's liability for benefits in the terminated plans and probable terminations, as defined in Note 2 to the financial statements, using a combination of two methods: seriatim and non seriatim. For 4,895 plans, representing about 96 percent of the total number of single-employer terminated plans (78 percent of the total estimated number of participants in single-employer terminated plans), PBGC had sufficiently accurate data to calculate the liability separately for each participant's benefit (seriatim method). This was an increase of 211 plans over the 4,684 plans valued seriatim last year. For 45 plans whose data were not yet fully automated, PBGC calculated the benefits and liability seriatim as of the date of plan termination (DOPT) and brought the total amounts forward to the end of fiscal year 2022 on a non seriatim basis.

For 160 other terminated plans, PBGC did not have sufficiently accurate or complete data to value individual benefits. Instead, the Corporation used a "non seriatim" method that brought the plan liabilities from the plan's most recent actuarial valuation forward to the end of fiscal year 2022 using certain assumptions and adjustment factors.

For September 30, 2022, the spot rate yield curve starts with an interest factor of 5.12% in year 1 and changes as the future period for discounting gets longer until year 30 when the factor becomes 4.76% and is assumed to remain level thereafter. For September 30, 2021, the spot rate yield curve started with an interest factor of 0.44% in year 1 and the interest factor for year 30 and beyond was 2.30%. Based on the results of a 2022 study of PBGC's Single-Employer Program mortality experience, an updated mortality assumption was adopted for the 9/30/2022 and subsequent Financial Statements. The Single-Employer Program mortality tables used for valuing healthy lives were the Pri-2012 Male and Female Total Dataset Combined tables, with adjustment projected generationally with Male and Female Scales MP-2021. In fiscal year 2021, the mortality tables used for valuing healthy lives were the adjusted RP-2014 Healthy Male and Female Tables, with blended healthy annuitant and employee tables before age 50 each projected generationally using Scale MP-2020.

For non-pay-status participants, PBGC used expected retirement ages, as explained in subpart B of the Allocation of Assets in Single-Employer Plans regulation. PBGC assumed that participants who had attained their expected retirement age were in pay status. In seriatim plans, for participants who were older than age 65, were not in pay status, and were unlocated at the valuation date, PBGC reduced the value of their future benefits to zero over the three years succeeding age 65 to reflect the lower likelihood of payment. Similarly, for located participants over age 70 and not in pay status, PBGC reduced the value of their future benefits to zero. For deferred participants who were older than age 70 in the Missing Participant Program, PBGC reduced the value of their future benefits to zero over the ten years succeeding age 70 to reflect the lower likelihood of payment.

Multiemployer Program

PBGC calculated the liability for the 10 pre-MPPAA terminations using the same assumptions and methods applied to the Single-Employer Program.

PBGC based its valuation of the post-MPPAA liability for nonrecoverable future financial assistance on the most recent available actuarial reports, Form 5500 Schedule B or Schedule MB, as applicable, and information provided by representatives of the affected plans. The Corporation expected 136 individually identified multiemployer plans are either already insolvent or are terminated and not eligible for SFA. And therefore, we expect those plans to need financial assistance because of inadequate contribution bases and insufficient assets.

COVID-19 Note

There are certain assumptions that are or can potentially be impacted by the COVID-19 pandemic. Any impact to assumptions tied to current market conditions, such as interest rates and investment returns, is reflected in these assumptions. Any potential impact to other assumptions will be evaluated over time as events unfold and more data is analyzed.

Statement of Actuarial Opinion

This valuation has been prepared in accordance with generally accepted actuarial principles and practices and, to the best of my knowledge, fairly reflects the actuarial present value of the Corporation's liabilities for the single-employer and multiemployer plan insurance programs as of September 30, 2022.

In preparing this valuation, I have relied upon information provided to me regarding plan provisions, plan participants, plan assets, and other matters, some of which are detailed in Note 6 of this Annual Report as well as a complete Actuarial Report available from PBGC.

In my opinion, (1) the techniques and methodology used for valuing these liabilities are generally acceptable within the actuarial profession; (2) the assumptions used are appropriate for the purposes of this statement and are individually my best estimate of expected future experience, discounted using current settlement rates from insurance companies as determined by PBGC's Policy Research and Analysis Department; and (3) the resulting total liability represents my best estimate of anticipated experience under these programs.

I, Scott Young, am the Chief Valuation Actuary of the PBGC. I am a Member of the American Academy of Actuaries, a Fellow of the Society of Actuaries and an Enrolled Actuary. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Scott G. Young, FSA, EA, MAAA
Fellow of the Society of Actuaries
Enrolled Actuary
Member of the American Academy of Actuaries
Chief Valuation Actuary, Pension Benefit Guaranty Corporation
Director, Actuarial Services and Technology Department

ANALYSIS OF SYSTEMS, CONTROLS AND LEGAL COMPLIANCE

PBGC maintains an Internal Controls Program designed to support compliance with the requirements of the Federal Managers' Financial Integrity Act of 1982 (FMFIA), the Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government* (Green Book), the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, *and its appendices,* as applicable, and other relevant laws and regulations. PBGC has continued implementing the requirements specified in the GAO Green Book and OMB Circular A-123 and, as noted below, performs a number of corporate-wide activities that serve to support the FMFIA Statement of Assurance. For FY 2022, PBGC provided an unmodified FMFIA Statement of Assurance. Please refer to annual statement of assurance, as described below.

INTERNAL CONTROL COMMITTEE

The PBGC Internal Control Committee (ICC) provides corporate oversight and accountability regarding internal controls over PBGC's operations, reporting, and compliance with laws and regulations consistent with the GAO Green Book, OMB Circular A-123 and FMFIA requirements. Chaired by the agency's Chief Financial Officer, the ICC includes senior-level executives and management representatives from each executive office within the agency and a representative from the OIG, who is a non-voting member. The ICC oversees the process by which internal controls are documented, implemented and assessed within the agency; reviews and approves significant revisions to key business level and entity-wide controls; monitors the status of internal control deficiencies and related corrective actions; and considers other matters, including controls designed to prevent or detect fraud. The ICC also interacts with the agency's Risk Management Council (RMC) regarding its oversight of the risk assessment processes.

DOCUMENTATION AND EVALUATION OF INTERNAL CONTROLS

As part of the agency's Internal Controls Program, key business level and entity-wide controls are evaluated, on an annual basis, to assess the adequacy of the control design and the extent to which they are operating effectively in accordance with GAO Green Book standards. The evaluation is performed using a risk-based approach as required by OMB Circular A-123. Reports regarding results of the evaluation are provided to stakeholders within the agency, and corrective actions are recommended and remediated by management, as appropriate. The following provides additional information regarding management's documentation and evaluation of internal controls and areas of focus include:

Standards for Internal Control in the Federal Government (Green Book): These standards, published by the GAO, provide criteria to be used by federal agencies for designing, implementing and operating an effective internal control system. In FY 2022, under ICC direction, agency management continued its comprehensive evaluation of the PBGC's internal control system with regard to the design, implementation and operating effectiveness of the five components and 17 principles of internal controls, as outlined in the Green Book. As part of this evaluation, agency management performed its annual assessment of internal controls using the Green Book, as required by OMB Circular A-123. Based on management's evaluation and the results of the annual assessment, it was determined that PBGC continues to have an effective internal controls system and remains in compliance with the Green Book.

Business Level Controls: Business level controls are controls that are built directly into operational processes to support an organization in achieving its objectives and addressing related risks. The agency has developed, implemented and maintained business level controls within its 12 major business processes cycles, which include: *Benefit Payments, Benefit Determinations, Budget and Finance, Financial Reporting, Human Resources and Payroll, Investments, Losses from Completed and Probable Terminations, Multiemployer, Procurement Accounts Payable and Related Expenses, Premiums, Single-Employer Contingent Liability,* and *Present Value of Future Benefits*. The ICC has designated certain business level controls as "key" with regard to the agency's operations, reporting and compliance requirements, and employees designated as "key control owners" and their supervisors provide quarterly representations certifying the performance of those controls and to maintain evidence documenting control execution. These controls are also documented in business cycle memoranda which are updated on an annual basis by control owners and other stakeholders.

Entity-Wide Controls: Entity-wide controls are controls that have a pervasive effect on an entity's internal control system. These controls are overarching and support the overall effectiveness of PBGC's internal control environment. The ICC has designated certain entity-wide controls as key to meeting the agency's control objectives over operations, reporting and compliance with laws and regulations within the following six categories: control environment, risk assessment, control activities, information and communication, monitoring, and anti-fraud. Many of these controls also address the five components and 17 underlying control principles of internal controls, as required by the GAO Green Book, and the related categories of objectives.

Fraud Prevention: In FY 2022, PBGC continued efforts to fully implement GAO's *Framework for Managing Fraud Risks in Federal Programs*. This work is focused on identifying and responding to fraud risks and developing control activities to prevent and detect fraud. The use of this framework is required by OMB Circular A-123 and the Payment Integrity Information Act of 2019. As part of the framework, potential fraud areas are identified, and key controls are evaluated and implemented as proactive measures to prevent fraud. Monitoring activities include supervisory approvals, management reports, and exception reporting. PBGC management performs due diligence in areas of suspected or alleged fraud.

Further, as required by Executive Order 13587, PBGC maintains an insider threat detection and prevention program to prevent, detect, deter, and remediate internal threats to the agency's assets. As part of the expansion of this program, an Insider Threat, Privacy and Security Reportal was developed which allows all PBGC staff and contractors to report an insider threat, privacy, or security incident in an effective and efficient manner. Additionally, the agency implemented technology to block the intentional or unintentional release of Personally Identifiable Information (PII) and to detect and alert on anomalous user behavior on PBGC's network. In FY 2022, the ICC approved key entity-wide internal controls over these and other control activities performed regarding the agency's insider threat program.

PBGC also instituted other controls relating to fraud prevention such as the maintenance of hotlines for PBGC employees, contractors and the public to confidentially report suspected wrongdoing or allegations of possible fraud, waste or abuse occurring in a PBGC program or operation. In addition, the agency regularly issues communications to employees and contractors and provides training to promote fraud awareness.

Information Technology Controls: In order to protect the confidentiality, integrity, and availability of the PBGC information systems and the information processed and stored by those systems, PBGC implements the controls included in the National Institute of Standards and Technology's (NIST) Special Publication No.

800-53, Security and Privacy Controls for Federal Information Systems and Organizations. These controls are documented as part of System Security Plans which are maintained within the Cyber Security Assessment and Management (CSAM) tool managed by the Office of Information Technology's (OIT) Enterprise Cybersecurity Department.

Digital Accountability and Transparency Act (DATA Act): The DATA Act of 2014 was designed to increase the standardization and transparency of federal spending. It requires the disclosure of direct federal agency expenditures and linking federal contract, loan and grant spending information of federal agencies to enable taxpayers and policymakers to track federal spending more effectively. The law required the establishment of government-wide data standards established by the OMB and the Department of the Treasury to provide consistent, reliable, researchable, and usable spending data on USASpending.gov. The agency continues to maintain, perform and assess the design and operating effectiveness of key controls over data quality to support the achievement of DATA Act reporting objectives. Further, as required by Appendix A to OMB Circular A-123, *Management of Reporting and Data Integrity Risk (Memorandum M-18-16),* the agency developed and maintained a Data Quality Plan that considers incremental risks and internal controls over the input and validation of data submitted to USAspending.gov in accordance with OMB requirements. Consideration of the plan was included in the agency's annual assurance statement as described in the FMFIA process below.

ASSESSMENT OF PAYMENT INTEGRITY RISK

Based on the requirements of Appendix C to OMB Circular A-123, *Requirements for Payment Integrity Improvement*, and related improper payment legislation, PBGC performed a risk assessment in FY 2022 over the agency's *Payments to Contractors* and *Financial Assistance Payments* programs. Please refer to the *Payment Integrity Act Reporting* section of this annual report for additional information.

AUDIT COORDINATION AND FOLLOW-UP PROGRAM

In implementing OMB Circular A-50, PBGC has established its Audit Coordination and Follow-up Directive. It is PBGC's policy to fully cooperate with audits of PBGC operations and ensure the efficient tracking, resolution, and implementation of agreed-upon audit recommendations contained in audit reports issued by the OIG and GAO. PBGC has dedicated staff to coordinate with OIG and GAO audit representatives in providing access to records and information needed to complete audits and ensure that management responses to draft reports are provided in a timely manner. To facilitate timely completion and closure of audit recommendations, staff regularly monitors implementation efforts, including regular distribution of audit follow-up status reports to executive management and formal submission of documentation evidencing completion of required corrective actions. Status reports are used to document planned corrective actions and estimated completion dates; they also indicate those recommendations for which work has been completed and reported as such to the OIG and to GAO. In addition, PBGC prepares a management report to the Semiannual Report to Congress (SARC) issued by the OIG, which addresses the status of agreed-upon OIG recommendations and provides other information required under the Inspector General Act of 1978, as amended.

COMPLIANCE WITH LAWS, REGULATIONS, AND OTHER REQUIREMENTS

To foster an environment that promotes compliance with laws and regulations, PBGC maintains two legal compendia: the Compendium of Laws lists statutes that may have a significant impact on PBGC's financial statements or PBGC operations, the Compendium of Executive Orders and OMB Requirements lists Executive Branch requirements applicable to PBGC. These documents provide brief descriptions of each applicable requirement and identify the PBGC department or other component with primary compliance responsibility. PBGC updates and maintains these lists to help ensure compliance with applicable laws, regulations, and other requirements. In addition, the ICC enhanced PBGC's control environment by adding and augmenting other specific controls to ensure compliance with laws, regulations and other requirements.

ENTERPRISE RISK MANAGEMENT ACTIVITIES

As a part of PBGC's Enterprise Risk Management (ERM) activities, the RMC conducted an agency-wide risk assessment, which was used to prepare the FY 2022 Risk Profile. The RMC – chaired by the Risk Management Officer – also met with risk owners to discuss mitigation strategies for PBGC's top risks and related measures to assess strategy effectiveness. Agency-wide communication regarding ERM, the automated ERM-related dashboard and the recurring call for emerging risks continued to foster a risk management aware culture. In addition, ERM principles remained integrated into key decision-making processes, such as strategic planning, organizational performance, budgeting and the development and implementation of agency internal controls.

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT STATEMENT OF ASSURANCE (FMFIA) ASSURANCE STATEMENT PROCESS

Pursuant to Office of Management and Budget (OMB) Circular A-123, government corporations are required to provide a statement on control systems by the head of the management of the corporation consistent with the requirements of the FMFIA. To assist in this effort, the agency's department and office directors performed assessments of risk and internal controls over the effectiveness and efficiency of their operations, reliability of reporting and compliance with applicable laws and regulations. These assessments addressed several different considerations affecting internal control objectives, such as: the development and implementation of policies and procedures; extent of management oversight; results of internal and external reviews (e.g., Office of Inspector General (OIG), government Accountability Office (GAO), or other reviews); the safeguarding of assets; implementation of data quality plan (DATA Act Reporting); processes and controls over the special financial assistance program and other agency payment streams, government charge card management and practices; and the evaluation of known internal control deficiencies and applicable OMB requirements related to financial management systems. These directors also provided assurance statements for their reporting area which assisted with the determination of the type of assurance recommended to the Agency Director. In addition, the Internal Control Committee (ICC) assessed cross-cutting internal control issues for consideration by members of PBGC's executive management. Based on the results of the completed assessments, review of the departmental assurance statements and consideration of other relevant factors, PBGC's executive management recommended, and the Director approved, the FY 2022 FMFIA Statement of Assurance included below.

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT STATEMENT OF ASSURANCE

The PBGC's management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. The PBGC conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control.

In our prior statement of assurance, we noted that we were made aware of fraudulent activities in procurement practices that took place in 2015 and 2016. Based on the results of PBGC's Office of Inspector General procurement integrity audit, requested by management, PBGC management enhanced internal controls, including strengthening the legal review process, adding additional reviews for contract actions originating within the Procurement Department (PD), establishing an Interagency Agreement to handle such contract actions, and establishing periodic training for PD staff on procurement integrity to identify fraud indicators. In addition, PBGC awarded a contract on September 30, 2022, to support the new acquisition management system. The system will ensure the proper routing for legal review. Implementation is expected to be complete in 27-30 months.

The American Rescue Plan Act of 2021 enacted on March 11, 2021, allows certain financially troubled multiemployer plans to apply for Special Financial Assistance (SFA). Upon approval of an application, the PBGC will make a distribution of SFA assistance via the U.S. Treasury to an eligible multiemployer plan. PBGC has developed and implemented internal controls to meet the specific requirements and mitigate risks with the SFA program. Management will continue to review the related internal control processes and consider additional controls as necessary. Additionally, PBGC is developing processes and procedures for auditing multiemployer plans that have received SFA.

Based on the results of the assessment, the PBGC can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2022.