



In Support of Pension Benefit Guaranty Corporation (PBGC) Reform

The Glass Packaging Institute (GPI), its member companies, and over 18,000 individuals (the vast majority of a long established, organized workforce), support eliminating constant and unnecessary hikes to PBGC premiums that manufacturers have shouldered in recent years.

Putting a stop to constant PBGC premium increases by ensuring premiums can no longer be used as a budget offset would help stabilize single-employer pension plans and provide more certainty for companies paying into the PBGC.

Congress has directed massive PBGC increases over the past several years as a “pay-for.” Most recently, the Bipartisan Budget Act (BBA) of 2015 approved increasing premiums through 2025 by \$7.65 billion. The BBA of 2015 includes significant increases in the flat and variable rate premiums charged by the PBGC for single-employer defined benefit plans, going well beyond the increases enacted in prior law. The BBA 2015 increases are effective for plan years beginning in 2017.

The PBGC was established in 1974 to ensure adequate funds would be available for pension plans, in the event an employer sponsoring a plan enters bankruptcy. In 1980, Section 406 of The Multiemployer Pension Plan Amendments Act allowed PBGC premiums to be calculated as general fund revenue for budget scoring, even though the premiums themselves are not used to pay for unrelated programs. The flat-rate per participant PBGC coverage premium for 2017 is \$64, up from \$31 in 2006.

GPI supports separating PBGC premiums from the federal budget. This important change will ensure PBGC premiums are no longer counted towards general fund revenue, eliminating the incentive for legislators to raise premium costs to pay for unrelated initiatives and programs. It is neither appropriate, or fair, to the glass container industry companies and its workforce, to use this money as a budget offset in the federal revenue stream.