Abstract

The Pension Benefit Guaranty Corporation (PBGC) was established in 1974 by the Employee Retirement Income Security Act (ERISA) to insure the benefits of American retirees. The PBGC currently faces the threat of insolvency within the next 25 years, jeopardizing the financial security of millions of Americans. The purpose of this report is to bring to light the history of pension funds and the PBGC as well as to examine the implications of legislation that pertains to the Corporation. I will explain the factors that led to the bleak financial forecast of the PBGC and explore the attempted solutions to these problems. I will also perform a Chow Breakpoint test to determine whether the Pension Protection Act (PPC) of 2006 was effective in changing the rate at which the net financial position changes from year to year in the single-employer program.

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