

# Multiemployer Administrative Expense Supplement

2020 Data Tables

*July 2024*



# 2020 Multiemployer Supplement

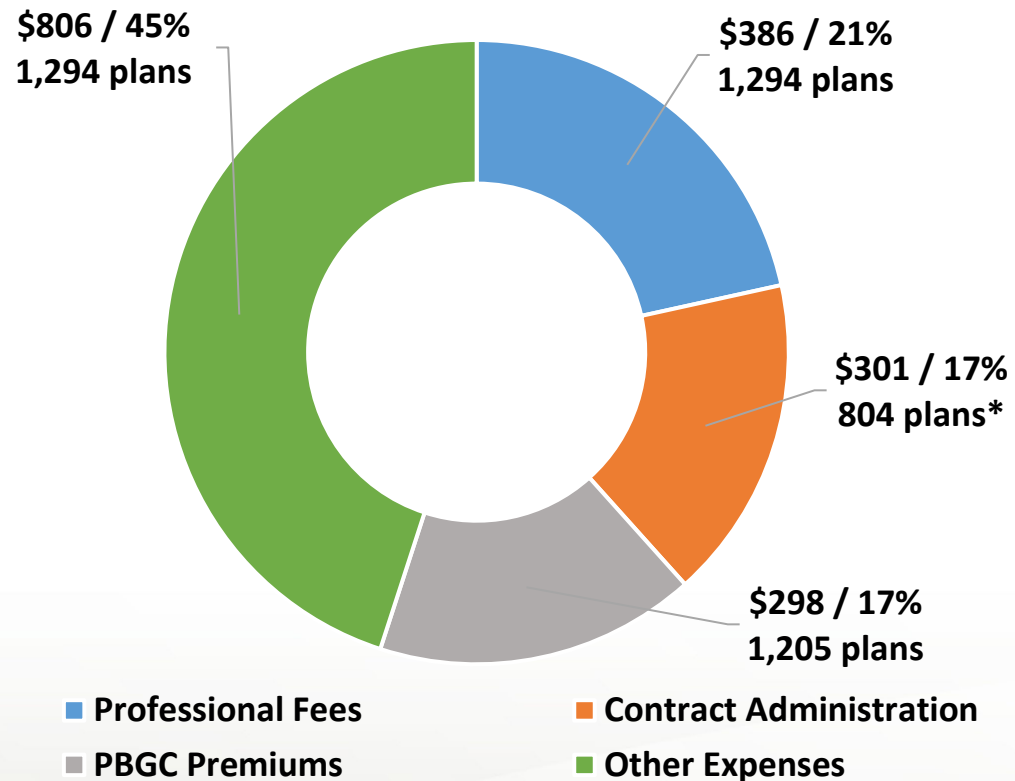
- This document supplements the PBGC 2020 Pension Insurance Data Tables by examining administrative expenses reported by PBGC-insured multiemployer defined benefit plans on Form 5500.
- This Supplement builds upon the prior 2015 and 2017 Data Tables Supplements and provides insight on how administrative expenses have evolved over time.
- Two measures of administrative expenses are presented in this report:
  - The ratio of administrative expenses to benefit payments made to participants
  - The per participant dollar amount of administrative expenses

# Components of Administrative Expenses

- Total administrative expenses reported by multiemployer defined benefit plans consist of multiple components which are shown on Schedules H and I of Form 5500.
- In general, these components include:
  - **Professional fees** paid for outside accounting, actuarial, legal, auditing, and valuation/appraisal services.
  - **Contract administration fees** paid to contract administrators for performing administrative services for plans.
  - **Investment advisory and management fees** (*for purposes of this study, these fees are excluded*)
  - **Other expenses** such as salaries and other compensation, expenses for supplies, equipment, rent, as well as PBGC premium payments.

# Annual Administrative Expense Distribution

2019 Plan Year Administrative Expenses  
(\$millions)



- Combined professional fees and contract administration fees make up about 38% of total annual administrative expenses.
- For the 2019 plan year, 1,205 plans paid \$298 million in PBGC premiums, about 17% of total administrative expenses.
- About 61% of plans paid contract administration fees.
- On average, contract administration fees are about 30.6% of total administrative expenses for plans reporting contract administration fees.

\* 505 plans out of the 1,309 plans in the dataset reported paying \$0 in contract expenses.

- The 2020 Pension Insurance Data Tables report information related to administrative expenses through the 2019 plan year.
- The data used to produce the statistics in this Supplement for the 2019 plan year are pulled from the Forms 5500 filed annually by PBGC-insured multiemployer defined benefit plans.
- Data for the 2014 and 2016 plan years are obtained from previously published Supplements available with the 2015 and 2017 PBGC Data Tables.<sup>1</sup>

<sup>1</sup> [2015 PBGC Data Tables Multiemployer Graphical Supplement](#);  
[2017 Multiemployer Administrative Expense Supplement](#)

# Factors Influencing Administrative Expenses

- A pension plan's administrative expenses can be influenced by numerous factors such as:
  - Number and status of participants
  - Plan provisions
  - Benefit complexity
  - How actively the plan is administered by the plan sponsor (e.g., benefit calculations performed in the Fund office vs. outsourced to a 3<sup>rd</sup> party administrator or plan actuary)

# Administrative Expenses by Industry

PBGC

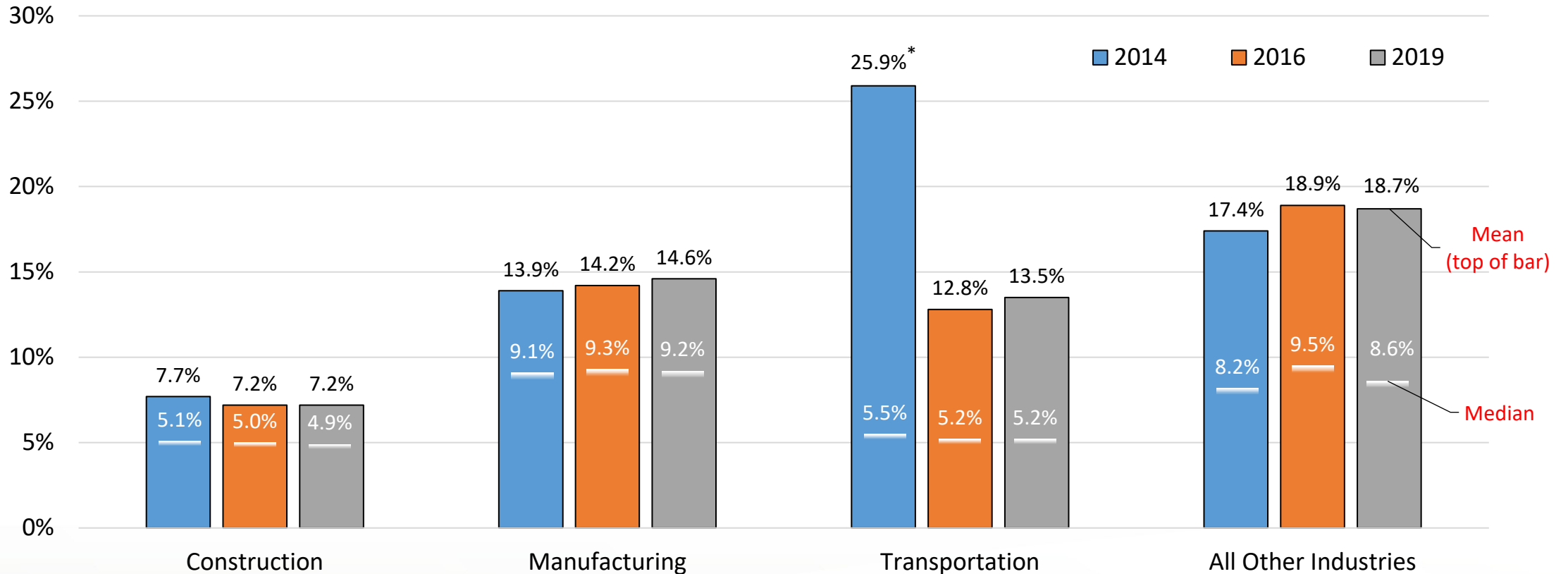
# Trends in Annual Administrative Expenses by Industry

## Administrative Expenses as a % of Benefits Paid

- Median values for the Construction and Transportation industries are comparable (4.9% and 5.2% in plan year 2019, respectively).
- The median values for Manufacturing and all Other industries are larger (9.2% and 8.6%, respectively).
- Median values have either remained constant between 2016 and 2019, as was the case for Transportation, or fell, as occurred with Construction, Manufacturing, and all Other industries.



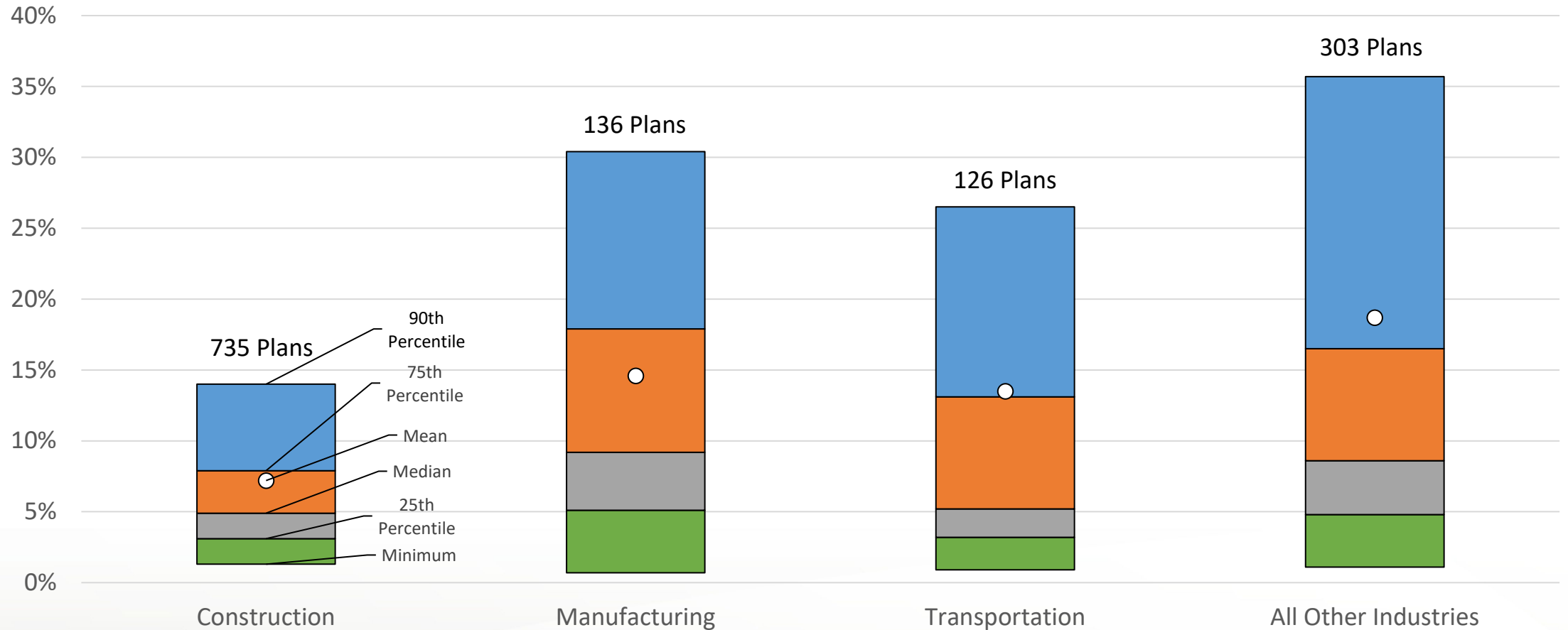
# Mean & Median Distribution of Administrative Expenses as a % of Benefits Paid by Industry



Note – Plans that did not report a value for either Administrative Expenses or Benefits Paid are excluded.

\* The relatively high mean value of administrative expense to benefits paid for the Transportation industry in 2014 can be explained by some outlier plans with abnormally high ratios of total administrative and other expenses relative to benefits paid. For example, one plan reported a ratio of 944.1%. Another plan reported a ratio of 1,218.6%. Excluding these two plans, the mean ratio for transportation in 2014 is 10.8%.

# Administrative Expenses as a % of Benefits by Industry (2019 Data)



## Notes

- Plans that did not report a value for either Administrative Expenses or Benefits Paid are excluded.
- Includes terminated, insolvent, and unclassifiable plans (plans that do not have an associated plan zone status).

# Key Statistics by Industry (2019 Data)

|   | Construction | Manufacturing | Transportation | Other Industries |
|---|--------------|---------------|----------------|------------------|
| <b>Plans Size</b>                         |              |               |                |                  |
| 1. Number of Plans                        | 736          | 138           | 128            | 307              |
| 2. Total Number of Participants           | 4,226,039    | 1,041,190     | 1,559,152      | 4,330,199        |
| 3. Avg. Plan Size: (2) ÷ (1)              | 5,742        | 7,545         | 12,181         | 14,105           |
| <b>Benefit Payments</b>                   |              |               |                |                  |
| 4. Total Benefit Payments                 | \$22.467B    | \$3.265B      | \$9.832B       | \$10.231B        |
| 5. Avg. Benefits Paid per Plan: (4) ÷ (1) | \$30.526M    | \$23.660M     | \$76,814M      | \$33,327M        |
| <b>Administrative Expenses</b>            |              |               |                |                  |
| 6. Avg. Admin Expense per Plan            | \$992,043    | \$1,046,895   | \$2,471,135    | \$1,978,225      |

# Administrative Expenses as a % of Benefits Paid Between Industries (2019 Data)

## Analysis of Variations in Results

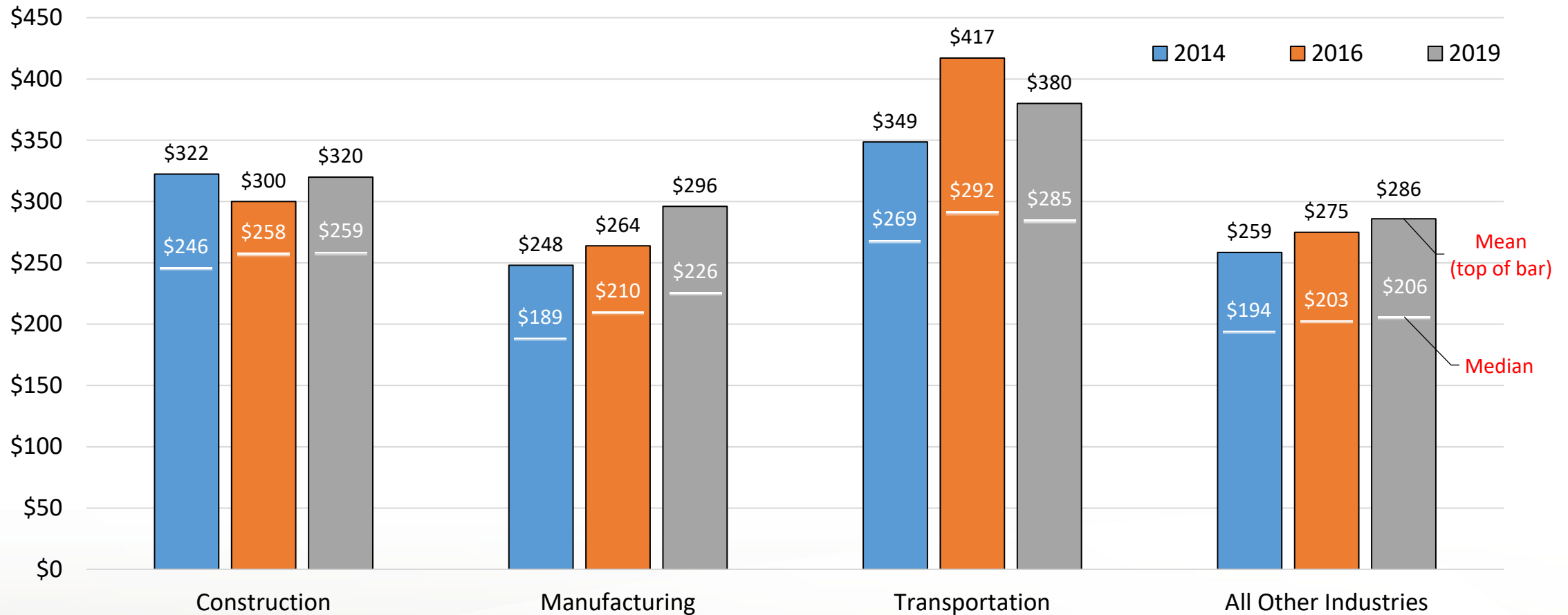
- On average, Construction plans have the lowest admin expenses as well as the highest benefits paid per retiree, resulting in the lowest ratio.
- Transportation plans have benefits paid per retiree similar to Construction plans, however, average admin expenses are significantly higher, therefore producing a much larger ratio.
- Other Industries has the 2<sup>nd</sup> largest average admin expense per plan, however, average benefits paid per retiree is much lower. This results in the highest ratio of all industries.

# Trends in Annual Administrative Expenses by Industry

## Administrative Expenses per Participant

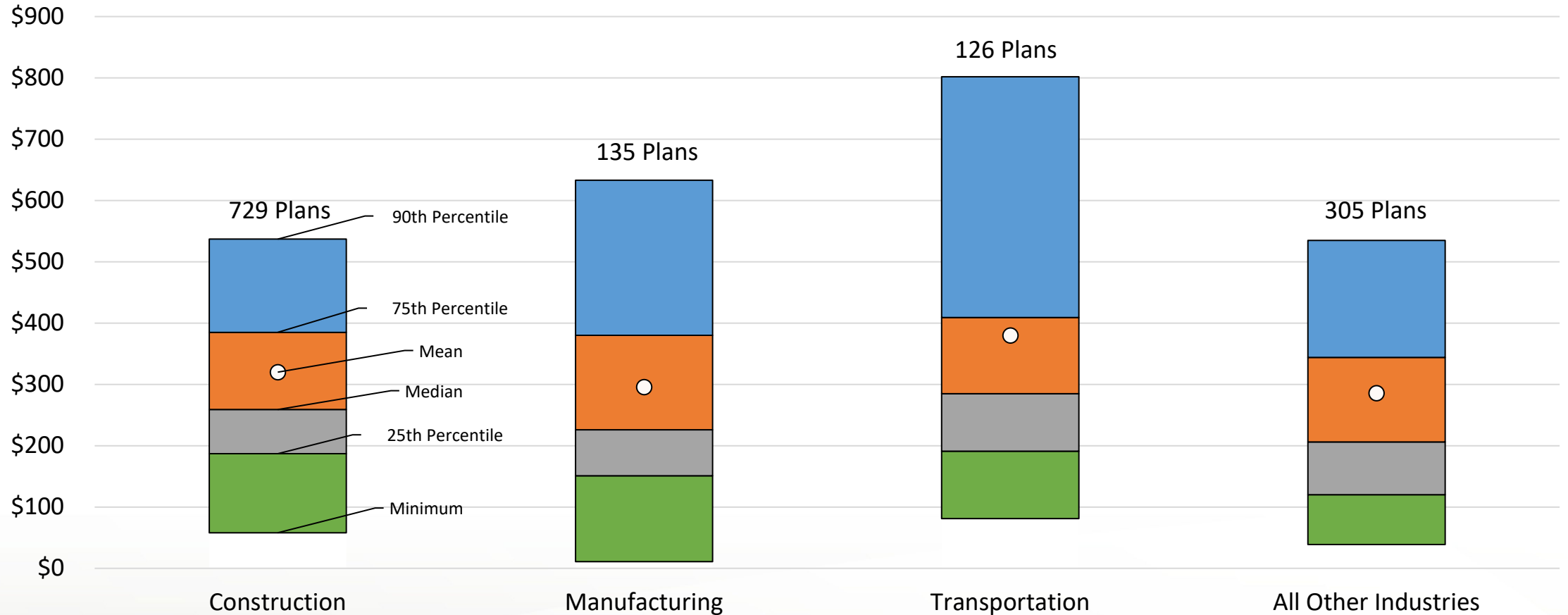
- The median value for Transportation in 2019 is the largest (\$285).
- In descending order, median values for Transportation are followed by Construction (\$259), Manufacturing (\$226), and all Other industries (\$206).
- Except for Transportation, the median values have increased steadily for all industry categories between 2014 and 2019.
- In contrast, the median value for Transportation increased from 2014 to 2016 but fell between 2016 and 2019.

# Mean & Median Distribution of Administrative Expenses per Participant by Industry



Note – Plans that did not report a value for either Administrative Expenses or Participants are excluded.

# Administrative Expenses per Participant by Industry (2019 Data)



## Notes

- Plans that did not report a value for either Administrative Expenses or Participants are excluded.
- Includes terminated, insolvent, and unclassifiable plans (plans that do not have an associated plan zone status).

# Administrative Expenses per Participant (2019 Data)

## Analysis of Variations in Results

- Transportation has the highest per plan admin expenses and hence the highest ratio of admin expenses per participant.
- While Other Industries' average admin expense per plan is about 89% higher than Manufacturing, its average plan size is about 87% higher. As a result, Other Industries and Manufacturing have similar admin expenses per participant and are both lower than Transportation.
- Construction has the lowest average admin expense per plan but also have the lowest average plan size. Therefore, Construction's admin expense per participant ends up somewhere in the middle of the different industries.



# Administrative Expenses by Plan Size

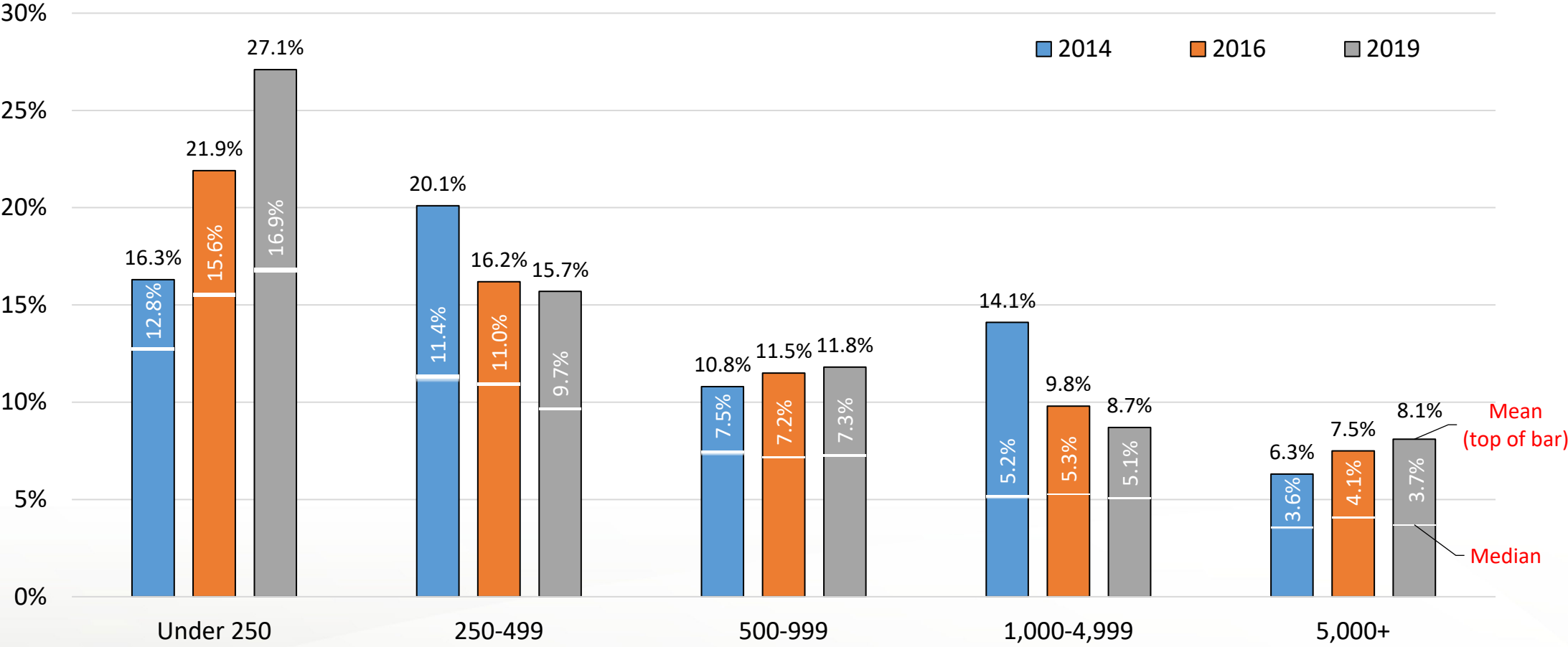
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# Trends in Annual Administrative Expenses by Plan Size

## Administrative Expenses as a % of Benefits Paid

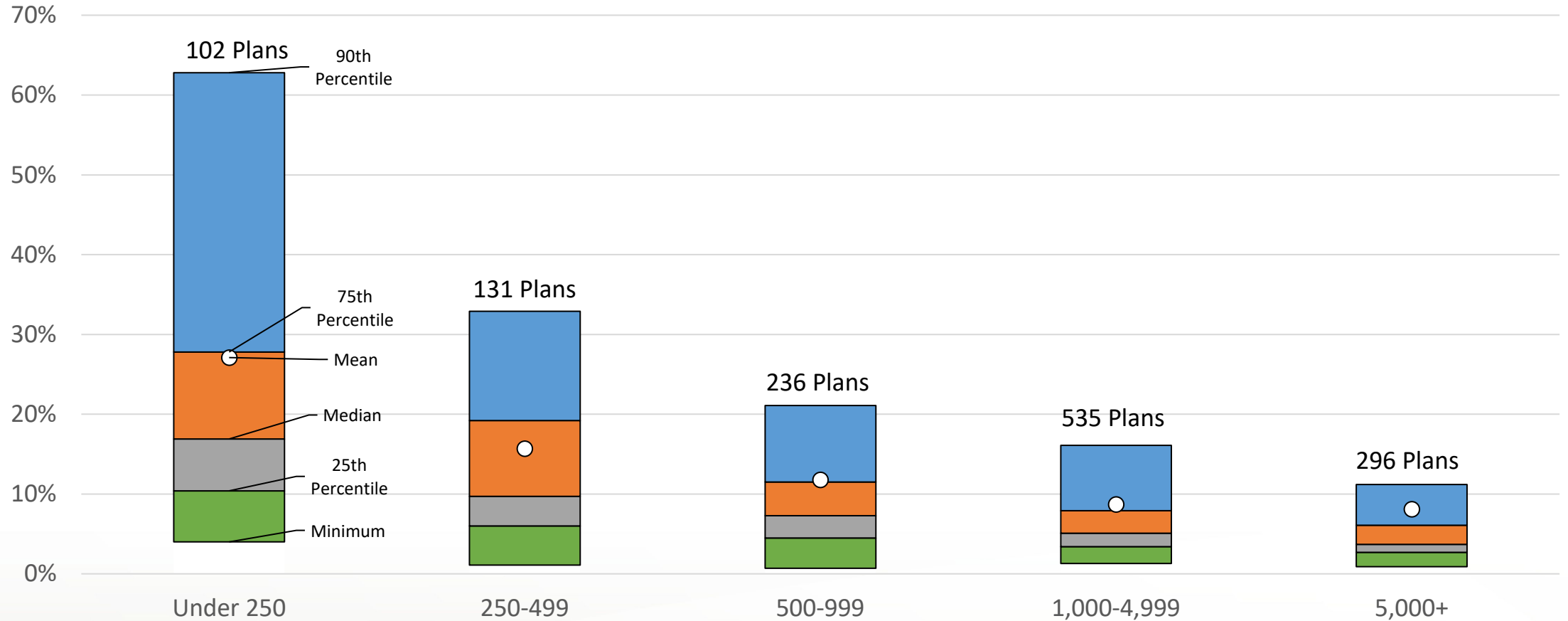
- 2019 mean and median values decrease as plan size increases (total number of participants).
- For the smallest plans (fewer than 250 participants), the 2019 median value is 74% larger than the next largest size group (plans with 250 to 499 participants).
- The 2019 median value for the smallest plans is more than 450% larger than for the largest plans (those with 5,000 or more participants).

# Mean & Median Distribution of Administrative Expenses as a % of Benefits Paid by Plan Size



Note – Plans that did not report a value for either Administrative Expenses or Benefits Paid are excluded.

# Administrative Expenses as a % of Benefits by Plan Size (2019 Data)



## Notes

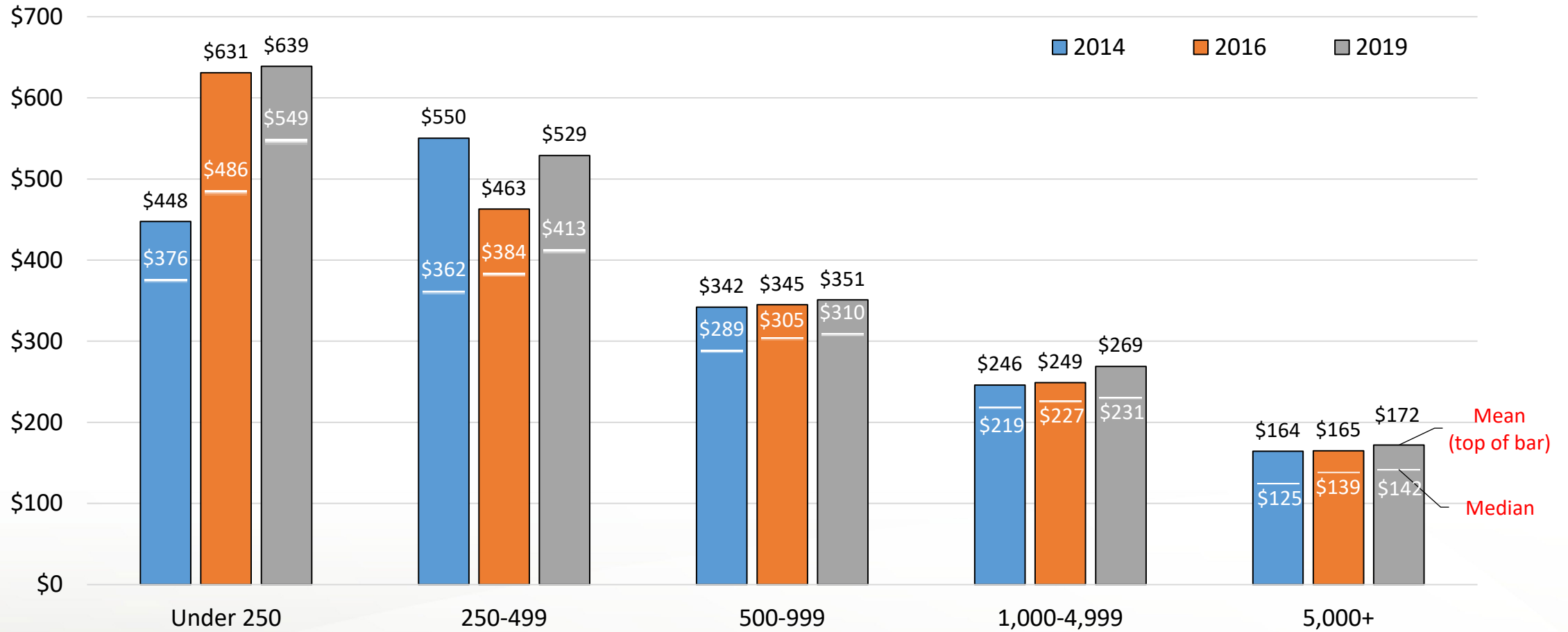
- Plans that did not report a value for either Administrative Expenses or Benefits Paid are excluded.
- Includes terminated, insolvent and unclassifiable plans (plans that do not have an associated plan zone status).

# Trends in Annual Administrative Expenses by Plan Size

## Administrative Expenses per Participant

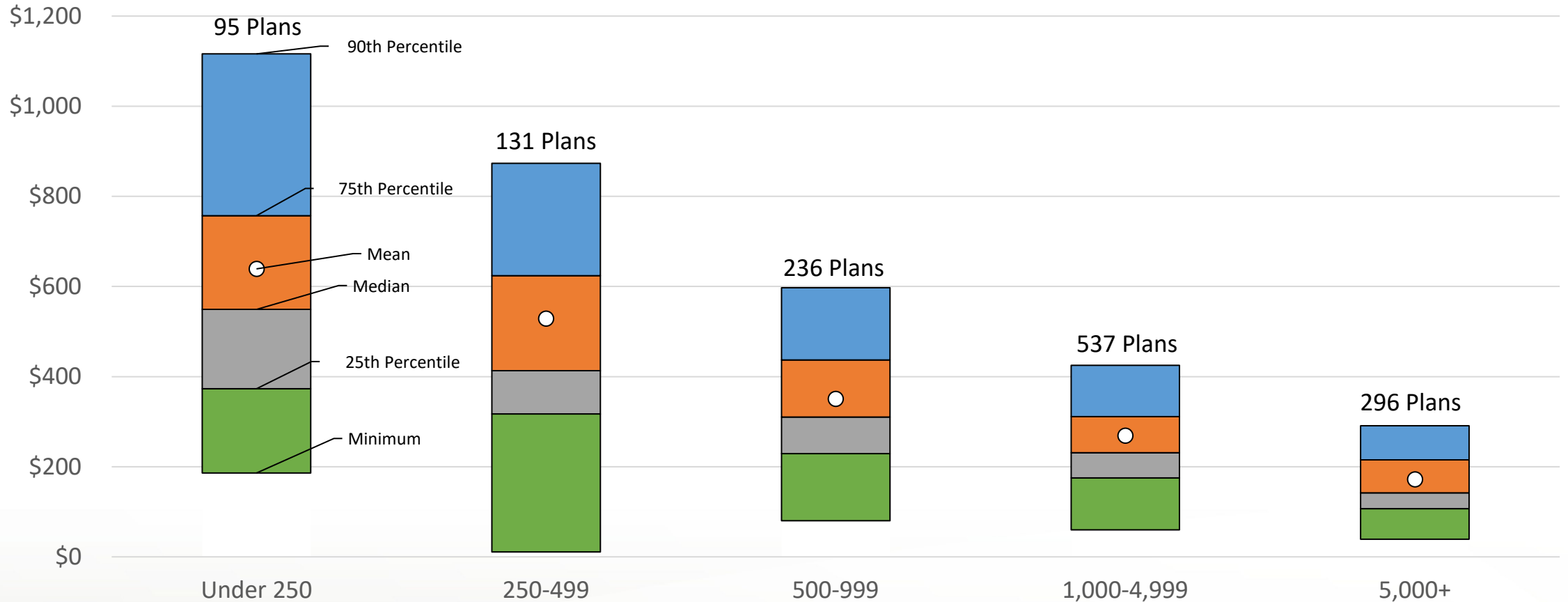
- The 2019 median value is largest for the smallest plans (\$549), and median values decrease with plan size.
- In comparison, the 2019 median value for the largest plans is \$142 per participant.

# Mean & Median Distribution of Administrative Expenses per Participant by Plan Size



Note – Plans that did not report a value for either Administrative Expenses or Participants are excluded.

# Administrative Expenses per Participant by Plan Size (2019 Data)



**Notes**

- Plans that did not report a value for either Administrative Expenses or Participants are excluded.
- Includes terminated, insolvent, and unclassifiable plans (plans that do not have an associated plan zone status).

# Administrative Expenses by Zone Status

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# Zone Status Definitions

- Multiemployer defined benefit plans filing Form 5500 Schedule MB report a plan zone status, which is a measure of a plan's financial health.
- Official zone status codes are provided in the [instructions](#) to Form 5500 Schedule MB (line 4b).
- If a non-terminated multiemployer defined benefit plan does not have one of the official zone statuses designated to it, then an informal zone status code is assigned by PBGC for bookkeeping purposes.
- Informal zone status codes incorporated into this analysis include:
  - Terminated plans – Plans that have terminated but are not yet insolvent
  - Insolvent plans – Plans receiving financial assistance from PBGC
  - Unclassifiable plans – Plans that are missing a zone status designation, whether an official designation or one of the above other informal designations

# Trends in Annual Administrative Expenses by Zone Status

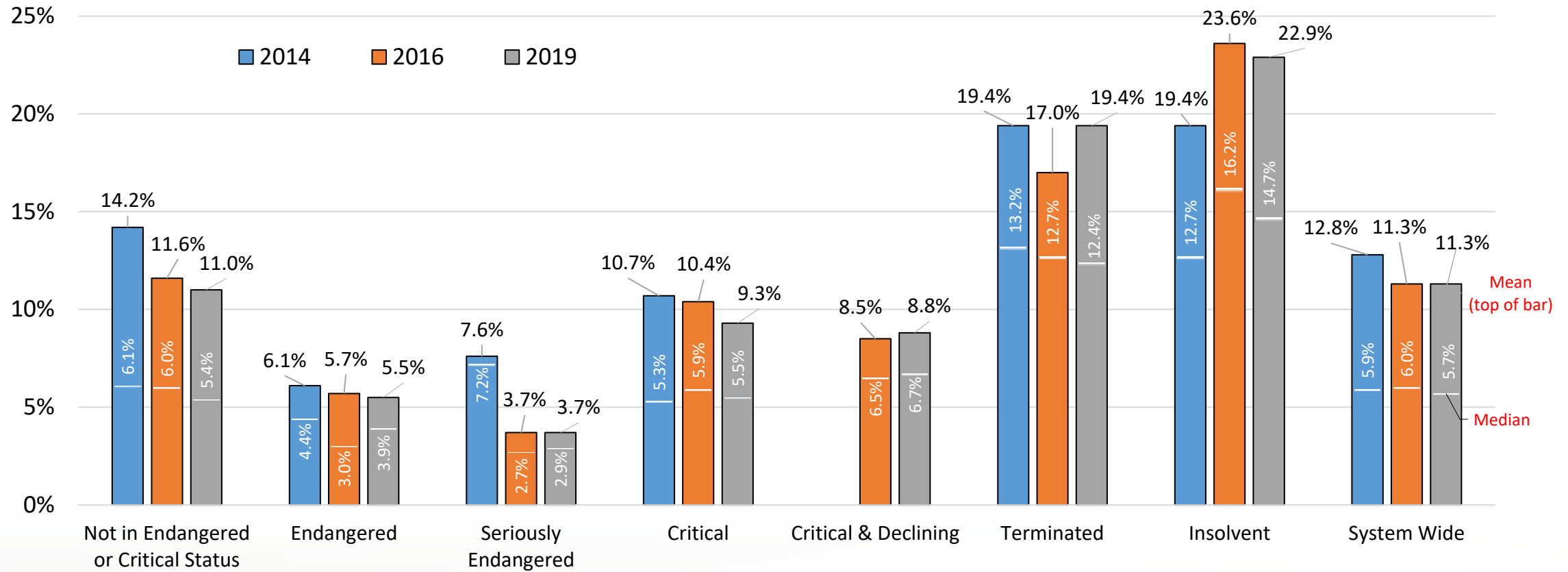
## Administrative Expenses as a % of Benefits Paid

- For 2019, median values for terminated or insolvent plans are more than double that of healthy plans (plans that are neither in endangered nor critical status) as a result of benefit reductions to the multiemployer guaranteed benefit level.
- The system-wide median value decreased from 6.0% in the 2016 plan year to 5.7% in the 2019 plan year.
- Except for plans in endangered, seriously endangered, or critical and declining status, median values for plans in all other risk categories also declined between the 2016 and 2019 plan years.

## Administrative Expenses per Participant

- The 2019 plan year system-wide median dollar amount of administrative expense per participant was \$248.

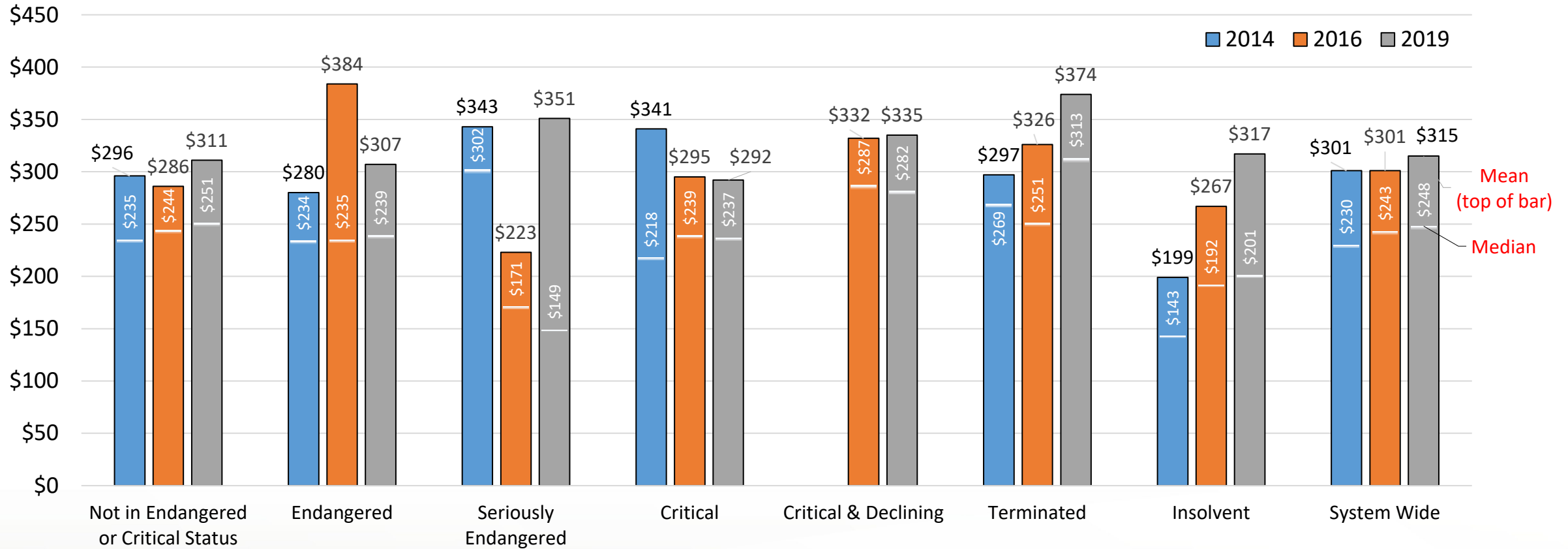
# Mean & Median Distribution of Administrative Expenses as a % of Benefits Paid by Plan Zone Status



## Notes

- The plan status category “critical and declining” first appeared on the Form 5500 for plan year 2015.
- Plans that did not report a value for either Administrative Expenses or Benefits Paid are excluded.
- Also excludes unclassifiable plans, which are plans that do not have an associated plan zone status.

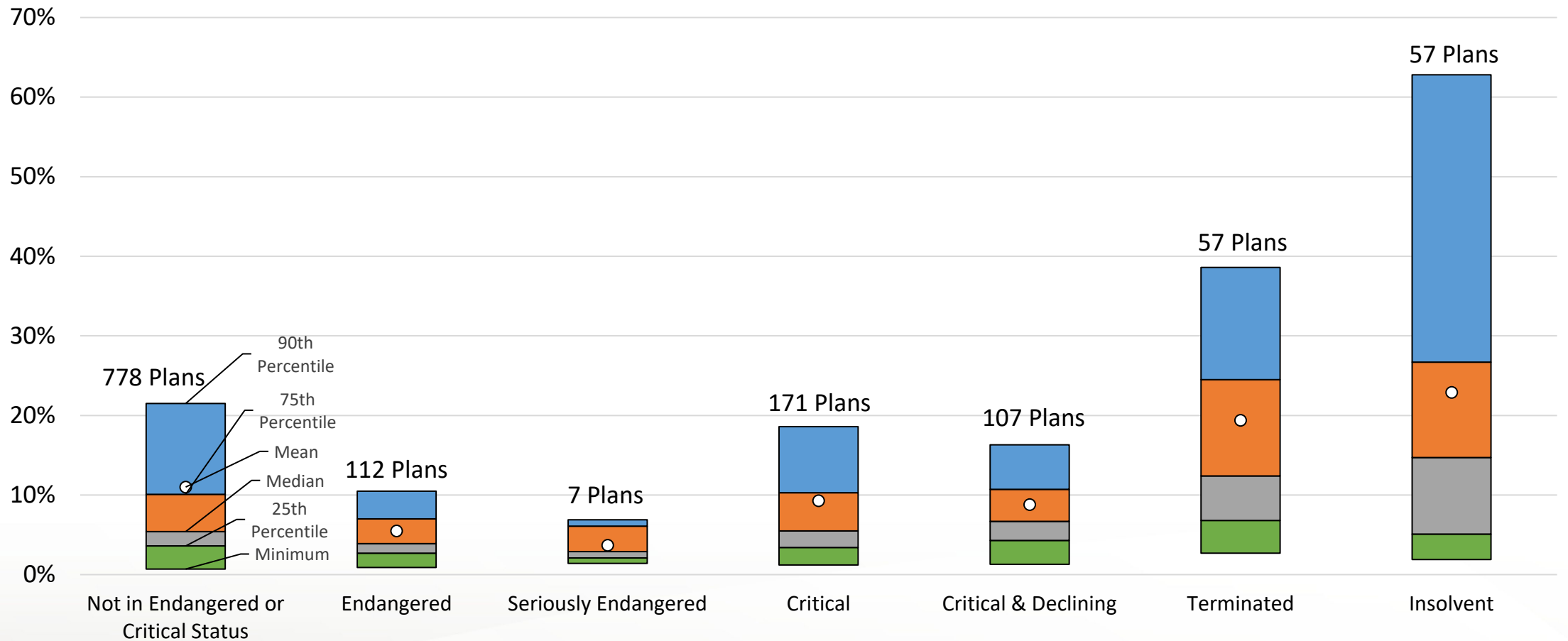
# Mean & Median Distribution of Administrative Expenses per Participant by Plan Zone Status



## Notes

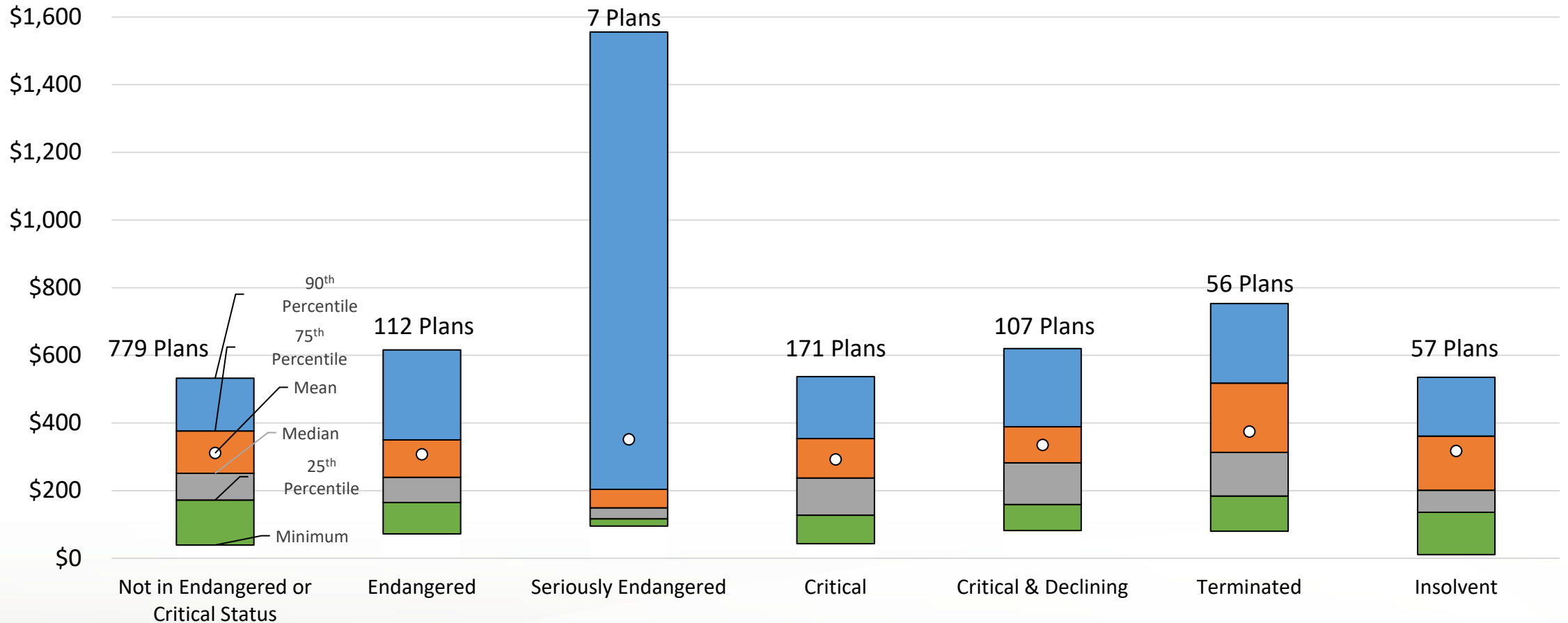
- The plan status category “critical and declining” first appeared on the Form 5500 for plan year 2015.
- Plans that did not report a value for either Administrative Expenses or Participants are excluded.
- Also excludes unclassifiable plans which are plans that do not have an associated plan zone status.

# Administrative Expenses as a % of Benefits by Zone Status (2019 Data)



Note – Plans that did not report a value for either Administrative Expenses or Benefits Paid are excluded.

# Administrative Expenses per Participant by Zone Status (2019 Data)



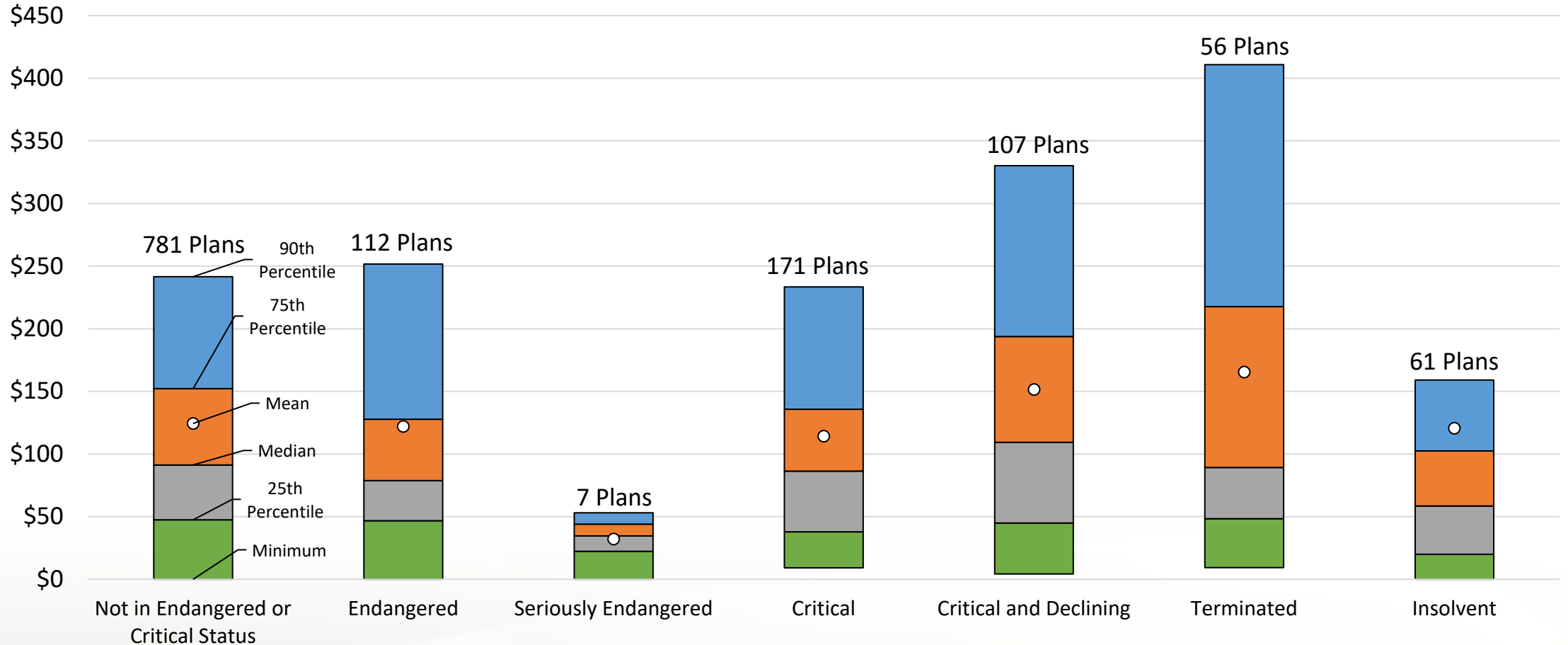
**Notes:**

- Plans that did not report a value for either Administrative Expenses or Participants are excluded.
- The results for the seriously endangered group are influenced by one plan with high administrative expenses per participant (\$1,556) as compared to the other plans.

# Sub-Components of Administrative Expenses

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# Professional Fees per Participant by Zone Status (2019 Data)

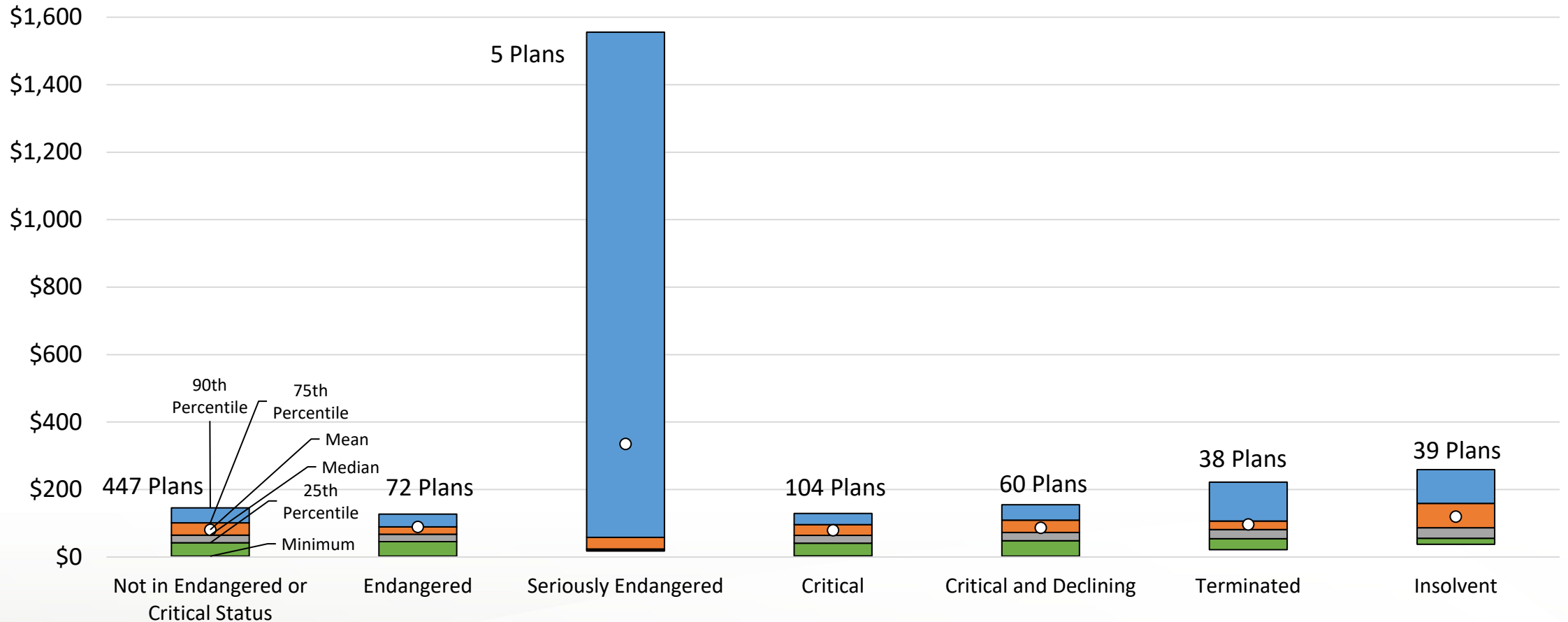


**Notes**

- Plans that did not report a value for either Administrative Expenses or Participants are excluded.
- Excludes unclassifiable plans, which are plans that do not have an associated plan zone status.
- Only includes plans that reported a value for professional fees.



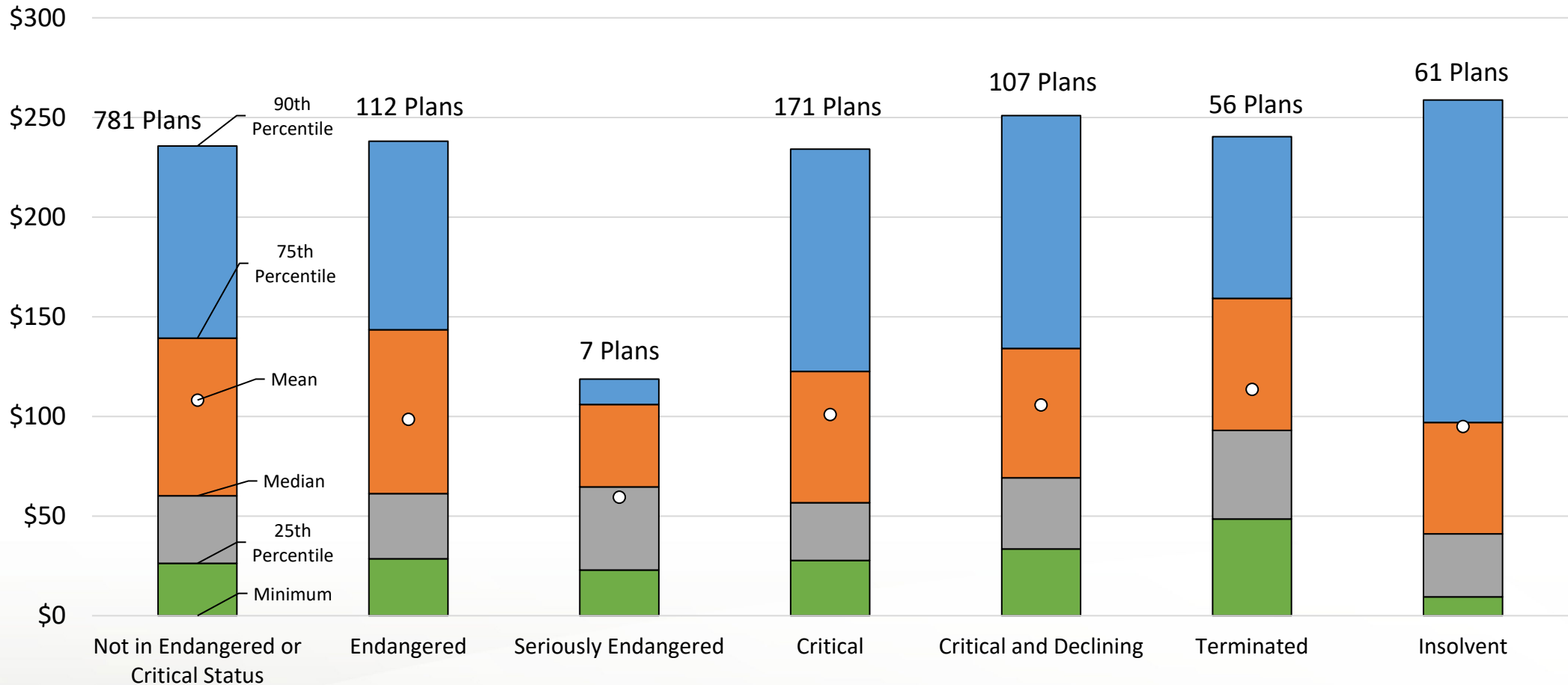
# Contract Administration Fees per Participant by Zone Status (2019 Data)



## Notes

- The results for the seriously endangered group are influenced by one plan with high administrative expenses per participant (\$1,556) as compared to the other plans.
- Plans that did not report a value for either Administrative Expenses or Participants are excluded.
- Excludes unclassifiable plans, which are plans that do not have an associated plan zone status.
- Only includes plans that reported a value for contract fees.

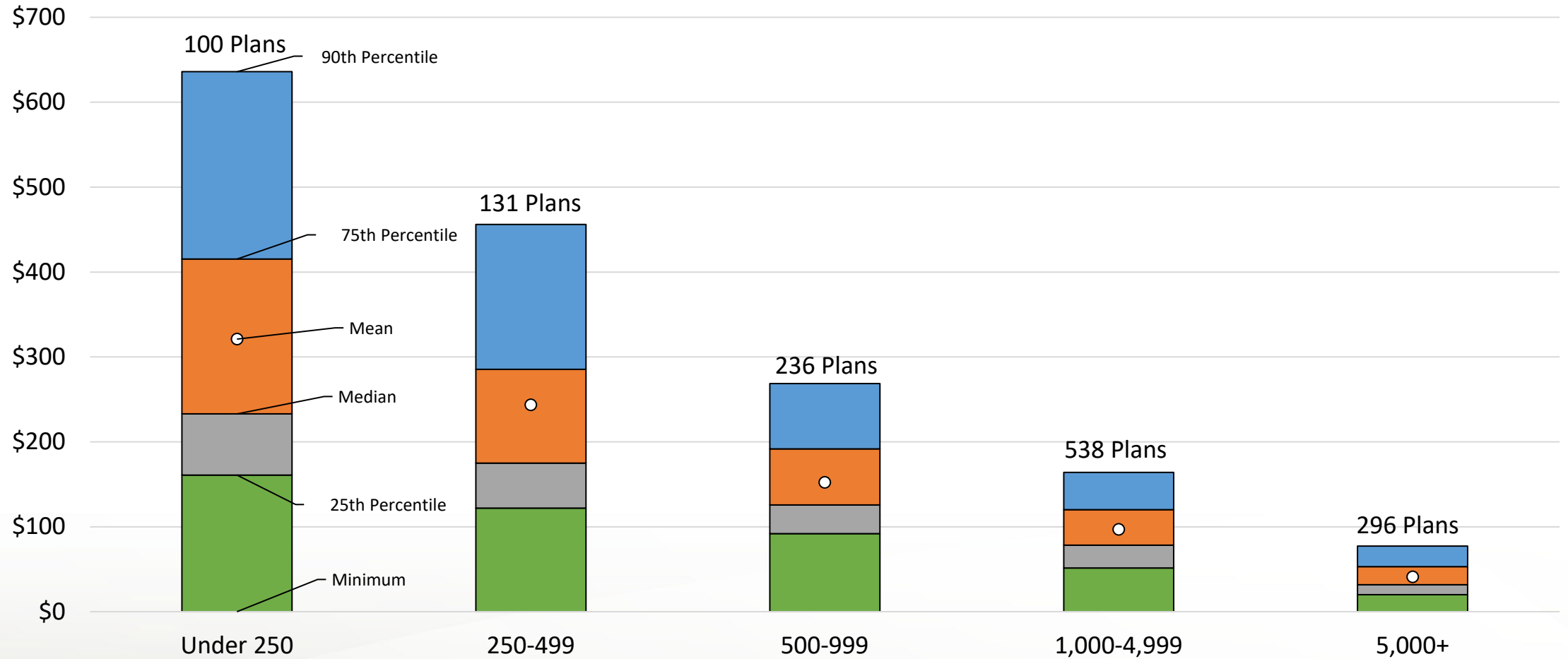
# Other Expenses per Participant by Zone Status (2019 Data)



## Notes

- Plans that did not report a value for either Administrative Expenses or Participants are excluded.
- Excludes unclassifiable plans, which are plans that do not have an associated plan zone status.
- Only includes plans that reported a value for Other Expenses.
- Other Expenses exclude PBGC premiums.

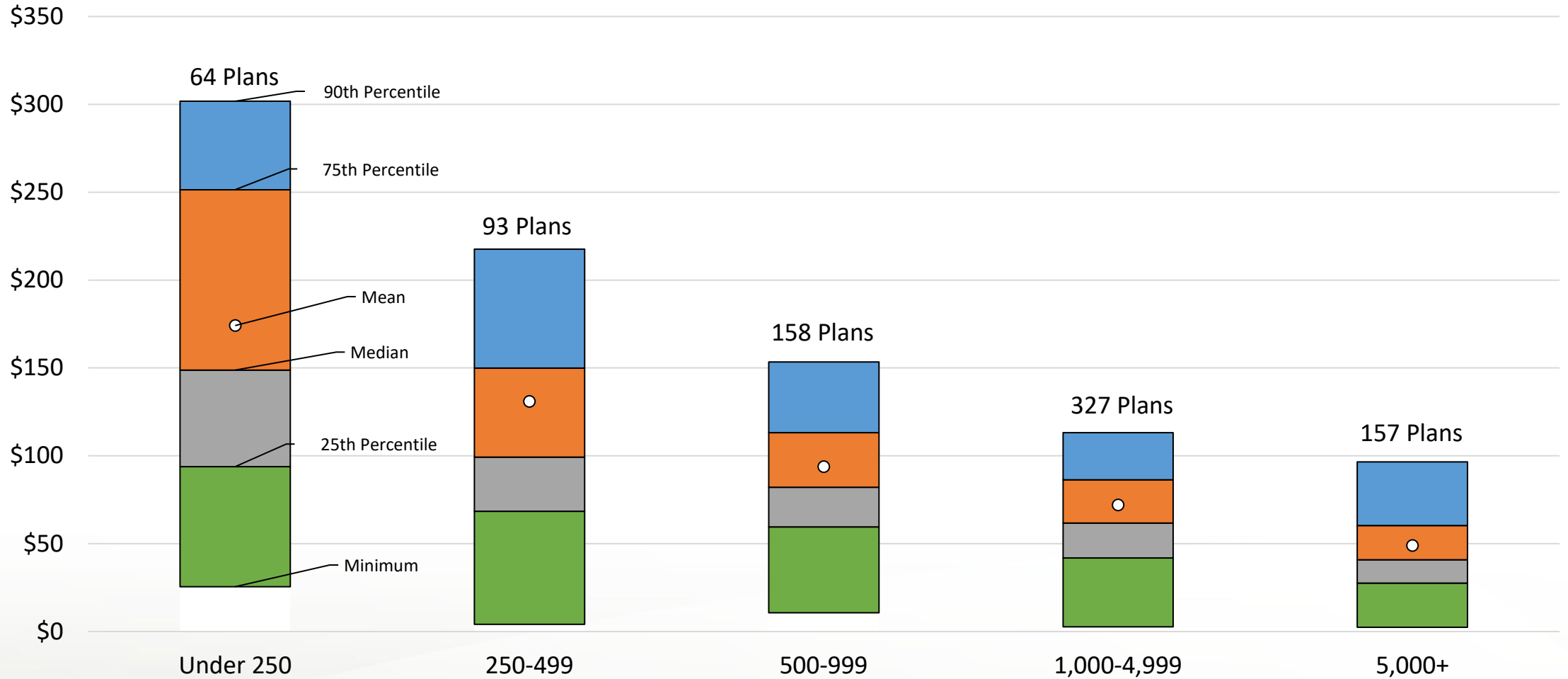
# Professional Fees per Participant by Plan Size (2019 Data)



## Notes

- Plans that did not report a value for either Administrative Expenses or Participants are excluded.
- Includes terminated, insolvent and unclassifiable plans.
- Only includes plans that reported a value for professional fees.

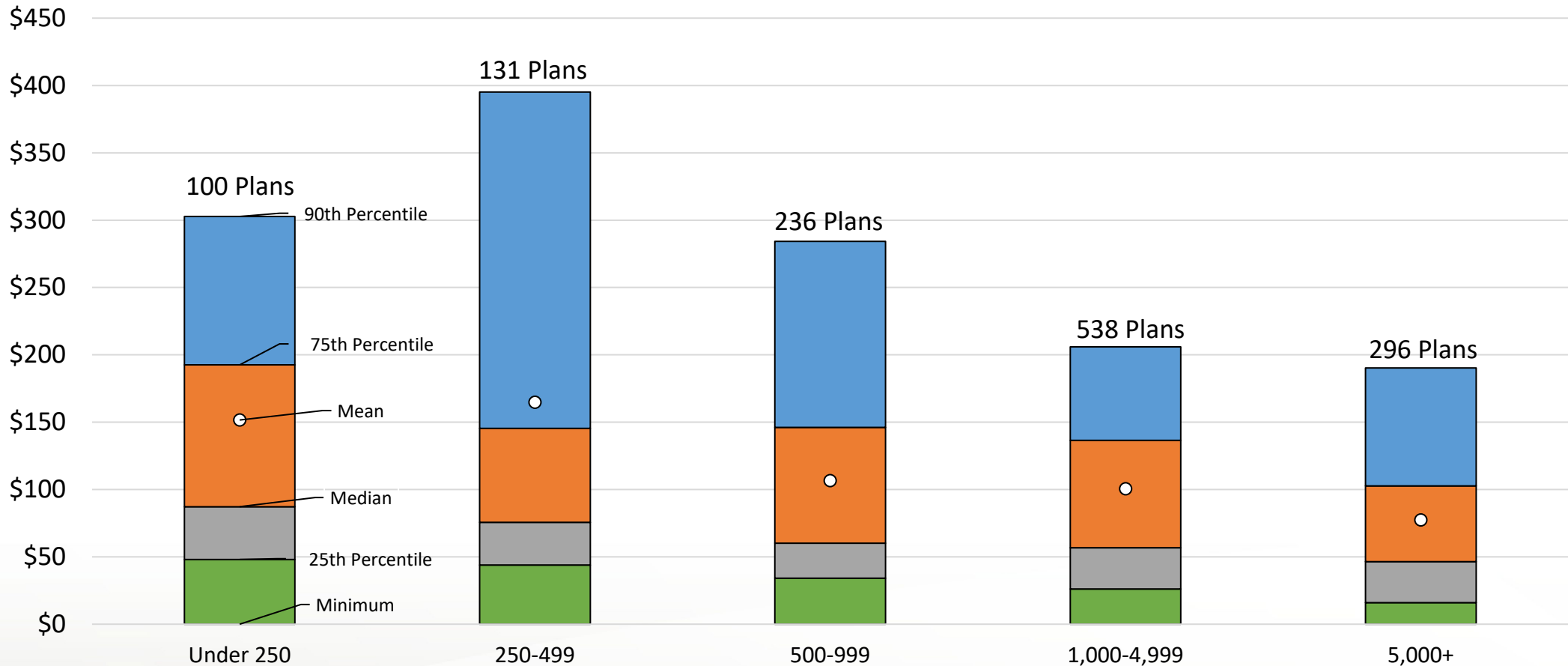
# Contract Administration Fees per Participant by Plan Size (2019 Data)



**Notes**

- Plans that did not report a value for either Administrative Expenses or Participants are excluded.
- Includes terminated, insolvent and unclassifiable plans.
- Only includes plans that reported a value for contract fees.

# Other Expenses per Participant by Plan Size (2019 Data)



## Notes

- Plans that did not report a value for either Administrative Expenses or Participants are excluded.
- Includes terminated, insolvent and unclassifiable plans.
- Only includes plans that reported a value for Other Expenses.
- Other Expenses exclude PBGC premiums.

# Appendix – Plan Counts Included in Analysis

PBGC

# Number of Plans Included in Analysis by Industry

## Administrative Expenses as a % of Benefits Paid

| Industry             | 2014 | 2016 | 2019 |
|----------------------|------|------|------|
| Construction         | 727  | 728  | 735  |
| Manufacturing        | 135  | 133  | 136  |
| Transportation       | 140  | 126  | 126  |
| All Other Industries | 361  | 309  | 303  |

## Administrative Expenses per Participant

| Industry             | 2014 | 2016 | 2019 |
|----------------------|------|------|------|
| Construction         | 721  | 728  | 729  |
| Manufacturing        | 134  | 133  | 135  |
| Transportation       | 139  | 126  | 126  |
| All Other Industries | 361  | 310  | 305  |

### Notes

- Includes terminated, insolvent, and unclassifiable plans.
- Plan counts do not match between tables because plans with unavailable information (e.g., Administrative Expenses, Benefits Paid, Participants, or Industry Code) were excluded from the analysis.

# Number of Plans Included in Analysis by Plan Size

## Administrative Expenses as a % of Benefits Paid

| Plan Size   | 2014 | 2016 | 2019 |
|-------------|------|------|------|
| Under 250   | 131  | 99   | 102  |
| 250-499     | 159  | 146  | 131  |
| 500-999     | 252  | 238  | 236  |
| 1,000-4,999 | 541  | 526  | 535  |
| 5,000+      | 281  | 287  | 296  |

## Administrative Expenses per Participant

| Plan Size   | 2014 | 2016 | 2019 |
|-------------|------|------|------|
| Under 250   | 121  | 99   | 95   |
| 250-499     | 159  | 146  | 131  |
| 500-999     | 252  | 238  | 236  |
| 1,000-4,999 | 543  | 527  | 537  |
| 5,000+      | 281  | 287  | 296  |

### Notes

- Includes terminated, insolvent, and unclassifiable plans.
- Plan counts do not match between tables because plans with unavailable information (e.g., Administrative Expenses, Benefits Paid, Participants, or Industry Code) were excluded from the analysis.



# Number of Plans Included in Analysis by Zone Status

## Administrative Expenses as a % of Benefits Paid

| Zone Status                          | 2014         | 2016         | 2019         |
|--------------------------------------|--------------|--------------|--------------|
| Not in Endangered or Critical Status | 775          | 742          | 778          |
| Endangered                           | 159          | 128          | 112          |
| Seriously Endangered                 | 5            | 5            | 7            |
| Critical                             | 317          | 209          | 171          |
| Critical & Declining                 | ----         | 101          | 107          |
| Terminated                           | 58           | 59           | 57           |
| Insolvent                            | 46           | 50           | 57           |
| Unclassifiable                       | ----         | 2            | 11           |
| <b>System Wide</b>                   | <b>1,364</b> | <b>1,296</b> | <b>1,300</b> |

## Administrative Expenses per Participant

| Zone Status                          | 2014         | 2016         | 2019         |
|--------------------------------------|--------------|--------------|--------------|
| Not in Endangered or Critical Status | 772          | 742          | 779          |
| Endangered                           | 156          | 156          | 112          |
| Seriously Endangered                 | 5            | 5            | 7            |
| Critical                             | 315          | 209          | 171          |
| Critical & Declining                 | ----         | 101          | 107          |
| Terminated                           | 58           | 59           | 56           |
| Insolvent                            | 45           | 50           | 57           |
| Unclassifiable                       | ----         | 2            | 6            |
| <b>System Wide</b>                   | <b>1,356</b> | <b>1,296</b> | <b>1,295</b> |

### Notes

- Unclassifiable plans are excluded from the zone status charts shown in earlier slides.
- Plan counts do not match between tables because plans with unavailable information (e.g., Administrative Expenses, Benefits Paid, Participants, or Industry Code) were excluded from the analysis.