The Pension Benefit Guaranty Corporation (PBGC) has contended that it has serious financial troubles that can only be addressed by substantial premium increases. Yet, there is clear mathematical evidence that with respect to the single-employer system this is a myth.

The math is straightforward. Based on PBGC’s own report for the fiscal year ending September 30, 2013, assets held by PBGC for the single-employer program totaled $83.2 billion, while only $5.4 billion of benefits were paid. At the same time, PBGC had $2.9 billion of premium income and $2.7 billion of investment earnings (a 3.3% rate of return on assets held at the beginning of the year). Thus, PBGC was able to pay all claims while at the same time increasing total assets.

Based on current figures and assuming a mere 3% cumulative rate of return on assets, PBGC will be able to permanently pay claims out of income, without ever using any existing assets. Of course, it is possible that PBGC could have large losses in the future that could force PBGC to possibly have to temporarily dip into principal to pay benefits. But this much is clear: based on its current finances, PBGC’s single-employer program is one of the most financially stable entities in the government.

There has not been a full inquiry into the true financial condition of the PBGC. Yet premiums have been raised by more than $20 billion in recent years, more than doubling premiums without an understanding of that condition. In the absence of such an inquiry, imposing further unnecessary taxes on single-employer plan sponsors would be simply be wrong.