

Justification for Nonmaterial / Nonsubstantive Change

AGENCY: Pension Benefit Guaranty Corporation (PBGC)

TITLE: Payment of Premiums (29 CFR Part 4007) and PBGC forms and instructions thereunder (PBGC paper Form 1-ES, Form 1-EZ, Form 1 and Schedule A to Form 1, and related instructions; and electronic premium filing forms and instructions); Disclosure to Participants (29 CFR Part 4011)

STATUS: OMB control number 1212-0009; expires April 30, 2008

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The information collection documents PBGC is submitting show the paper version of changes PBGC is making to its premium forms and instructions for 2007. Changes to PBGC's electronic filing application, "My Pension Administration Account" ("My PAA") will track the paper changes. (In addition, My PAA will be enhanced for 2007 in a few ways that do not affect the information submitted; the enhancements are summarized below.) Note: Electronic premium filing becomes mandatory for 2007, but PBGC plans to make paper forms available for filers that are granted exemptions from e-filing.

The four significant changes from 2006 that PBGC is making in this collection are summarized on the front page of the final filing instruction booklet and described in detail in the "What's New" section of the booklet. They are:

- (1) Inflation adjustments to the flat premium rates
- (2) Changes to the assumptions and methods used to compute the variable-rate premium (VRP)
- (3) Mandatory electronic filing for all plans (not just large plans as in 2006)
- (4) The variable-rate premium cap

All of these changes are mandated by law.

- (1) The inflation adjustments are required by the Deficit Reduction Act of 2005 (Pub.L. 109-171).
- (2) The VRP computation changes are required under section 4006 of ERISA when the Internal Revenue Service issues a final rule establishing new mortality tables, which PBGC expects IRS to do shortly (IRS's proposed rule was published December 2, 2005, at 70 FR 72260).
- (3) The extension of mandatory e-filing to all plans is required under PBGC's final rule on Electronic Premium Filing (71 CFR 31077, June 1, 2006) (which OMB reviewed).
- (4) The VRP cap is required by the Pension Protection Act of 2006 (PPA) (Pub.L. 109-280).

The changes PBGC has made to accommodate these requirements are the minimum possible; PBGC's goal (in light of the fact that PPA requires very significant additional changes for 2008) has been to minimize all changes for 2007. In particular, PBGC has held implementation of the

VRP cap to a single information item -- whether the plan qualifies for the cap -- rather than (for example) collect data to substantiate qualification (such as the number of employees in the plan's sponsorship group). Since PBGC is required by PPA to provide this cap for qualifying plans, this item cannot be eliminated or made any less burdensome. Public comment on any of these changes would not be meaningful.

Most of the other changes to the forms and instructions are editorial changes to make dates current and to break the link between the instructions and the paper forms, which (as noted above) will no longer be the primary filing medium. Thus, the instructions have been reworded to eliminate references to paper forms and line numbers, so that they can be used by e-filers (as well as by the small number of paper filers) regardless of the way a particular e-filing application presents the data fields to the filer. My PAA elicits the same data as the paper forms (although more efficiently); private-sector software developers also provide e-filing applications that may differ from My PAA.

The additional My PAA enhancements for 2007 referred to above are as follows:

Changes to support future law changes:

If the flat premium rate changes after a filing has been created and saved in My PAA but before it is submitted, My PAA will notify the filer of the rate change.

If estimated filing screens (needed by February) are ready for a year before final filing screens (needed by October) because of last-minute law changes, My PAA will be able to allow estimated filings but not final filings until the final filing screens are ready (rather than having all screens for a year go live simultaneously).

Changes to improve usability for filers:

The "account sign-up" process and the "add a plan" process will be separated for simplicity, and My PAA will verify that an EIN/PN entered as "new" to the system is in fact new (and display an error message if it is not).

The display of information on the "home page" and the "plan page" will be improved, *e.g.*, by reformatting the plan administrator and sponsor addresses, updating the plan name from the most recent premium filing submitted, and displaying blank data fields where appropriate.

When a user creates an amended filing, My PAA will display filing data from the original filing (which will reduce data that must be newly entered) and provide editing capability.

The “suggested payment date” functionality and wording that users have found confusing will be eliminated (although filers will still be able to schedule filings for future submission).

For in-process filings, screen wording will be improved and the logout warning message will be modified to emphasize that the filing has not yet been submitted to PBGC.

Clarity of system messages to filers (*e.g.*, error messages for the batch upload and import filing methods) will be improved.