

Supporting Statement for Schedule SSA of Form 5500 Series

OMB No. 0960-0606

A. Justification

1. *Section 6057 of the Internal Revenue Code* requires administrators of deferred compensation plans to file annual reports. Those reports must show the following information for any plan participants who left plan coverage during the year with future benefits: plan name and address; the participants' name and social security number; and the type, amount and form of payment for each participant's future pension benefit. Plan administrators record this information on Schedule SSA of their annual IRS Form 5500 report. *Section 1131 of the Social Security Act* requires SSA to “transmit . . . any information, as reported by the employer, regarding any deferred vested benefit transmitted to the Commissioner pursuant to such section 6057 . . .” This section was added to the Act to ensure that individuals reaching retirement age would be made aware of their private pension eligibility timely and not lose pension benefits they had earned.
2. Schedule SSA is a form filed annually as part of a series of pension plan documents required by section 6057 of the IRS Code. Administrators of pension benefit plans are required to report specific information on future plan benefits for those participants who left plan coverage during the year. SSA compares its records of individuals whose claim for Social Security benefits have been adjudicated during the month to the Schedule SSA data file. At that time, SSA notifies the beneficiary of his/her potential eligibility for payments from the private pension plan. SSA maintains the information until a claim for Social Security benefits has been approved.
3. The Department of Labor (DOL), the Internal Revenue Service (IRS) and the Pension Benefit Guarantee Corporation (PBGC) selected National Computer Systems, Inc. of Iowa City, Iowa to develop the Employee Retirement Income Security Act (ERISA) Filing Acceptance System, known as EFAST.

The EFAST system utilizes optical scanning technology to computerize the forms. In July 2000, a contractor, instead of IRS, began receiving the Schedule SSA and transmitting the data directly to SSA each month. Under this system, all forms are reformatted to be computer scannable. EFAST was developed in a way that encourages plans to file their Form 5500 and schedules electronically, which is viewed as an even more efficient alternative to scannable forms. This information collection is compliant with the Government Paperwork Elimination Act (GPEA) and is designed to further the objective of the Act. Approximately 50% of responses are received electronically.

On August 30, 2005, the Department of Labor issued a proposed regulation that mandated electronic filing of Form 5500 for plan years beginning after 2006. The proposal acknowledged that certain portions of the current filing, including Schedule SSA , Annual registration Statement Identifying Participants with Deferred Vested Benefits, would not be part of the mandate, instead IRS as the agency responsible for collecting data for SSA would determine other processes for plan administrators to submit the required information. The mandate is effective for plan years beginning on or after Jan 1. 2008. To facilitate data collection, the IRS would develop methods for Schedule SSA to be mandated to be filed electronically with IRS considering incentives to encourage such filing, perhaps with a delayed due date for those filing electronically.

- 4.No similar information is available from any other source.
5. This requirement does affect small businesses; however, the information collected is only that required by law.
6. This is required to be collected annually by law and therefore cannot be collected less frequently.
7. There are no special circumstances that would cause this information collection to be conducted in a manner inconsistent with 5 CFR 1320.5
8. SSA published the first Federal Register Notice on April 23, 2007 at 72 FR 20154, and SSA has received no public comments. The second Notice was published on August 20, 2007, at 72 FR 46529. There have been no outside consultation with members of the public
9. SSA provides no payment or gifts to the respondents.
10. The information provided on this form is protected and held confidential in accordance with Section 6103 of the Internal Revenue Code, Section 1106 of the Social Security Act, 42 U.S.C. 1306, 20 CFR 401 and 402, 5 U.S.C. 552 (Freedom of Information Act), 5 U.S.C. 552a (Privacy Act of 1974) and OMB Circular No. A-130.
11. The information collection does not contain any questions of a sensitive nature.
12. Because of the significant differences in burden estimation methodologies between DOL and IRS, these agencies published a detailed description of their methodologies in the September 3, 1997 notice, and requested public comment on these methods. As part of this notice, comments were also solicited on Schedule SSA. Written comments were received on Form 5500 and its schedules which indicated that estimates understated the total burden, but which did not offer an alternate basis for burden estimates.

The Department of Labor sponsored a study on the burden imposed on entities to provide information required by the Form 5500 and its schedules. The study was conducted by Mathematica Policy Research, Inc. The burden and cost estimates for Schedule SSA shown on the attached chart were developed by Mathematica as a result of this study. For the purposes of this clearance package, a portion of the 382,666 burden hours has been converted to dollars to reflect the cost to plans of employing service providers to prepare the Schedule SSA. In addition, the 2.5 hours per respondent is an unweighted average of the time it takes for different types and size plans to complete the Schedule SSA. Please note, in accordance with instructions from OMB, that the burden table in the instructions for Form 5500 and the schedules does not break out the burden into hours and dollars, but illustrates only burden hours for large and small plans.

Number of Respondents: 88,000

Frequency of Response: Annually

Average Burden Per Respondent: 2.5 hours

Estimated Annual Burden: 220,000 hours

Estimated Annual Cost Burden for All Respondents: \$12,194,400

The burden is for private sector businesses only with 50% of respondents reporting electronically.

13. The estimated annual cost burden for all respondents is \$12,194,400, as stated above.
14. The annual cost to SSA is approximately \$7,752. This cost will increase as SSA is negotiating a reimbursable agreement with IRS for its portion of the contractor costs for the receipt and processing Schedule SSA.
15. There are no changes in the public reporting burden.
16. The results of the information collected will not be published.
17. OMB has granted approval for SSA, IRS, DOL and PBGC to omit the expiration date from the Form 5500 Series. The year of a given filing is printed on the form, and it is appropriate for filers to use a form for the year to which it applies. Because the forms in the 5500 series are generally required to be filed one year and seven months after the beginning of the year to which filing applies, display of the expiration date of OMB approval may be confusing to filers in those instances when a printed expiration date has passed, but the forms for a year are still in use. Since the Schedule SSA is part of the Form 5500 series, we also request an exemption to display an expiration date.
18. SSA is not requesting an exception to the certification requirements. Statistical survey methodology is not used for this information collection.

B. Collections of Information Employing Statistical Methods

Statistical methods are not used for this information collection.