

Supporting Statement Part A for Paperwork Reduction Act Submission

AGENCY: Pension Benefit Guaranty Corporation

TITLE: Survey of Nonparticipating Single Premium Group Annuity Rates

STATUS: Request for regular review and extension of currently approved collection (OMB control number 1212-0030; expires March 31, 2009)

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1. Need for collection. The Pension Benefit Guaranty Corporation's regulations prescribe actuarial valuation methods and assumptions (including interest rate assumptions) to be used in determining the actuarial present value of benefits under single-employer plans that terminate (29 CFR Part 4044) and under multiemployer plans that undergo a mass withdrawal of contributing employers (29 CFR Part 4281). Each month PBGC publishes the interest rates to be used under those regulations for plans terminating or undergoing mass withdrawal during the next month.

The interest rates are intended to reflect current conditions in the annuity markets. To determine these interest rates, pricing data is obtained from insurance companies that provide single premium annuities through a quarterly "Survey of Nonparticipating Single Premium Group Annuity Rates." (The survey is supplemented periodically with questions to determine the mortality and loading assumptions on which the annuity rates are based. The response time for these supplemental questions is considered negligible in relation to the response time for the basic rate survey questions.) The survey is sent out by the American Council of Life Insurers (ACLI), and survey forms are returned to the ACLI. The ACLI then forwards the survey forms to PBGC.

2. Use of information. PBGC uses the survey information in determining the interest rate assumptions that it prescribes under its regulations on the valuation of benefits under pension plans that are terminating or that have undergone a mass withdrawal of contributing employers (29 CFR Parts 4044 and 4281). PBGC also uses the information in determining the interest rates it uses to value benefits payable to participants and beneficiaries in PBGC-trusted plans for purposes of PBGC's financial statements. If the survey was not conducted, PBGC would have to set these valuation rates without appropriate data on current conditions in the annuity market.

3. Information technology. No consideration has been given to the use of improved information technology to reduce burden. The number of respondents surveyed is too low to warrant the use of high technology.

4. Duplicate or similar information. The information gathered by the ACLI also goes to the Internal Revenue Service. One copy of the form goes to PBGC, and a second copy, with certain additional information, goes to the IRS. The procedure is the result of conferences between respondents and representatives of PBGC and the IRS; it reflects respondents' preference to submit data separately to the two agencies.

5. Reducing the burden on small entities. Inapplicable.

6. Consequence of reduced collection. If the survey was conducted less frequently, PBGC's rates could not be as responsive as they now are to changes in conditions in the annuity market and thus would not as closely reflect current conditions in that market.

7. Consistency with guidelines. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR § 1320.5(d)(2).

8. Outside input. The ACLI distributes the survey forms to insurance companies most, or all, of which are members of the ACLI. Participation in the quarterly surveys is voluntary. The ACLI, in consultation with PBGC, prepared the survey forms and instructions; they reflect input from PBGC, the ACLI, and insurance company respondents.

On November 28, 2008 (at 73 FR 72529), PBGC published a Federal Register notice informing the public of its intent to seek extension of OMB approval of this collection of information and soliciting public comment on the collection of information. PBGC received no comments.

9. Payment to respondents. PBGC provides no payments or gifts to the ACLI or respondents in connection with this collection of information.

10. Confidentiality. Respondents are assured of the anonymity of their responses, and the survey instructions state that the information provided will be used only for the purpose of setting actuarial assumptions for valuing pension plan benefits. In addition, ACLI conducts the survey in such a manner that neither the ACLI nor PBGC knows which insurance companies have provided which responses. PBGC regards the information gathered through the survey as confidential under 5 USC § 552(b)(4) and 29 CFR § 4901.21(b)(2), and believes that public disclosure of the information would make it difficult or impossible for PBGC to continue collecting the information and would thus impair the effectiveness of its program for setting actuarial assumptions for valuing pension plans.

11. Personal questions. The collection of information does not call for submission of information of a sensitive or private nature.

12. Hour burden on the public. Based on experience, PBGC projects that the ACLI will send the survey to about 22 insurance companies each quarter and that about six insurance companies will complete and return the survey each quarter. PBGC estimates that a) an ACLI employee takes 2 hours to process each quarterly batch of surveys, or 8 hours per year (2 hours x 4 quarters), and b) the six insurance company respondent employees take 45 minutes to respond to each quarterly survey, or 18 hours per year (6 surveys x .75 hour x 4 quarters).

Accordingly, PBGC estimates that the annual hourly burden of this collection of information is 26 hours (8 + 18). Assuming that the hourly cost of the ACLI and insurance company employees is \$50 per hour, the estimated cost of this hour burden is \$1,300 ($\50×26).

13. Cost burden on the public. PBGC estimates that the ACLI spends \$1.57 for materials, reproduction and postage for each of the 22 survey forms, and the 6 responses forwarded to the PBGC, or \$43.96 per quarter ($\$1.57 \times (22 + 6) \times 4$). The estimated annual cost burden of the collection of information is therefore \$175.84 ($\43.96 per quarter).

14. Cost to the government. The Federal government incurs no expense in performing the survey because the ACLI prepares the forms and distributes them to respondents. Some expense is incurred in analyzing the survey responses, but it cannot be accounted for separately from the cost of determining PBGC interest rates, which would have to be done whether the survey were conducted or not.

15. Explanation of burden changes. The cost burden figures in this submission reflects a decrease in the number of respondents, an increase in the cost of materials and postage for mailing the survey, and revised estimates in the hourly labor costs of the employees who process the survey. The number of respondents is 6 and the number of responses is 22. In 2005, the number of respondents was 11 and the number of responses was 22. The change from 11 respondents to 6 respondents, is intended to identify the number of responses actually received (6) rather than the number of surveys sent to potential respondents each quarter (22). The total annual responses is 24 (6 responses x 4 quarters).

16. Publication plans. PBGC does not intend to publish the results of this collection of information.

17. Display of expiration date. PBGC is not seeking approval to not display the expiration date for OMB approval of this information collection.

18. Exceptions to certification statement. There are no exceptions to the certification statement.