

Following is backup information for use by TF&P for to supplement the above-referenced ICR currently pending with OMB. This relates to additional information collection under the 2011 Form 5500, Schedule MB (instructions to line 7 and line 9f of Sch. MB).

Authorizing Statute: Internal Revenue Code sections 6058 and 6059; The Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (PRA 2010), Pub. L. No. 111-192,

Annual Reporting and Recordkeeping burden hours:

- a. Number of respondents for multiemployer plans: 335
- b. Total annual responses for multiemployer plans: 335
- c. Total annual hours requested: De minimus - no more than 28 hours (i.e., at most 5 minutes each)

Verification of estimated filers:

Database of Form 5500 and PBGC database of insured multiemployer plans. There are total 1,500 multiemployer defined benefit plans, in which 335 plan sponsors are expected to use the PRA 2010 funding relief.

Background Information

The Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (PRA 2010), Pub. L. No. 111-192, provides two optional special funding rules that are available to plan sponsors of multiemployer defined benefit plans. Although PRA 2010 was enacted on June 25, 2010, it may affect a plan's funding computations for plan years for which a Form 5500 and Schedule MB have already been filed. The Service recently issued Notice 2010-83, 2010-51 I.R.B. 862, explaining, among other things, how to report the effects of the special funding rules for such years (as approved by OMB on 11/19/2010). The Service now requests approval for two minor changes to the 2011 Schedule MB instructions for PRA 2010.

PRA 2010 added section 431(b)(8) of the Internal Revenue Code (and parallel section 304(b)(8) of ERISA). Section 431(b)(8)(A) generally allows a multiemployer plan to establish a separate amortization base for the portion of the plan's experience gain or loss that is attributable to net investment losses incurred in either or both of the first two plan years ending after August 31, 2008. This portion may be amortized over an extended amortization period that may be as long as 29 years, rather than the 15-year amortization period for net experience gains and losses that is otherwise applicable. Section 431(b)(8)(B) provides a special asset valuation rule, which generally permits a multiemployer plan to change its asset valuation method in a manner that (1) spreads the difference between expected returns and actual returns for either or both of the first two plan years ending after August 31, 2008 over a period of not more than 10 years, (2) provides that, for either or both of the first two plan years beginning after August 31, 2008, the value of plan assets at any time is not permitted

to be less than 80 percent or greater than 130 percent of the fair market value of the assets at that time, or (3) provides for both (1) and (2). Sections 431(b)(8)(C), (D), and (E) contain requirements and conditions for using the rules in section 431(b)(8)(A) and/or 431(b)(8)(B).

Use of either or both of the special funding rules may affect a plan's funding computations for plan years for which Form 5500s and Schedule MBs have already been filed, that either did not reflect the use of the special funding rules, or that reflected the rules in a manner that turns out to be inconsistent with the Service's substantive guidance. In either case, Notice 2010-83 states that an amended Form 5500 with a revised Schedule MB showing corrected information for a previous plan year may be filed. Alternatively, a subsequent Schedule MB (that is filed for the plan year beginning no later than 2010) may include an attachment that explains the use of the funding rules. The appropriate attachment to use for this purpose is already described in the instructions to line 9f of the 2010 Schedule MB. The instructions state that the credit balance or funding deficiency at the end of one year should be equal to the credit balance or funding deficiency at the beginning of the immediately following year. If such credit balances or funding deficiencies are not equal, the Schedule MB must include an attachment labeled "Schedule MB, line 9f – Explanation of Prior Year Credit Balance/Funding Deficiency Discrepancy." The instructions provide one example of a situation in which this attachment may be used to explain this discrepancy.

Use of the special funding rules will also affect the funding computations that will be reported on a plan's future Form 5500s and Schedule MBs. Beginning in 2011, the instructions to Sch. MB are revised to clarify the instructions for line 9f by providing that use of the PRA special funding rules is another example of when the referenced attachment may be used ("As another example, if the difference is due to the application of funding relief under the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (PRA 2010), Pub. L. No. 111-192, the attachment should show how the information on the Schedule MB filed for any previous plan year would have differed if it had reflected application of the special funding relief in accordance with published guidance (to the extent that the plan sponsor has applied the special funding relief)."). In addition, the instructions to line 7 are revised to add a new code to the list of amortization bases—"8 - Net investment loss incurred in either of the first two plan years ending after August 31, 2008"—for plans that apply the special amortization rule under section 431(b)(8)(A)).