

SUPPORTING STATEMENT
(REG-209626-93) (T.D. 8796)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The regulations contain a change to existing participant notice requirements. Section 417(a)(3) of the Internal Revenue Code requires that a qualified plan provide a written explanation of distribution options to each participant and is implemented under existing regulations §1.411(a)-11(c)(2) and §1.417(e)-1(b). Under those regulations, a distribution cannot be made until 30 days after the explanation is provided to the participant.

The regulations, in §1.411(a)-11(c)(2)(iii) and §1.417(e)-1(b)(3)(ii), give plans the flexibility to make a distribution within 30 days of the written explanation if the plan administrator provides to the participant the information that the participant has a right to at least 30 days to consider distribution options.

2. USE OF DATA

A plan administrator can provide information on a participant's right to at least 30 days to consider distribution options by adding it to the written explanation of distribution options already provided to participants under existing regulations. The IRS requires this information to be provided to participants to assure they have adequate time to evaluate their distribution options.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS Publications, Regulations, Notices and Letters are to be electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

We have been unable to reduce the burden on small businesses.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

Not applicable.

7. **SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5 (d) (2)**

Not applicable.

8. **CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS**

In response to the **Federal Register Notice** dated **October 4, 2010 (75 FR 61243)**, we received no comments during the comment period.

9. **EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIT TO RESPONDENTS**

Not applicable.

10. **ASSURANCE OF CONFIDENTIALITY OF RESPONSES**

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

11. **JUSTIFICATION OF SENSITIVE QUESTIONS**

Not applicable.

12. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

Sections 1.411(a)-11(c)(2)(iii) and 1.417(e)-1(b)(3)(ii) of the regulations require a plan administrator to provide to a participant the information that the participant has a right to at least 30 days to consider distribution options. This requirement can be satisfied by adding a statement to the explanation already provided by plan administrators to participants under existing regulations. Therefore, it results in a small increase in burden.

We estimate that 750,000 plan administrators will provide the information required under §§1.411(a)-11(c)(2)(iii) and 1.417(e)-1(b)(3)(ii) to 3,000,000 participants each year, requiring to 10 seconds to provide the information to each participant, with an estimated total burden of 8,333 hours.

No. Respondents	No. Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
750,000	4	3,000,000	0.0027775	8,333

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register Notice** dated **October 4, 2010 (75 FR 61243)**, requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any response from taxpayers on this subject. As a result, estimates of these cost burdens are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

The number of responses reflects an increase from 1 to 4 to account for an error in reporting the number of responses per respondent. Total burden remains the same at 8,333 hours.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS, AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the regulations sunset as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I

Not applicable.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.