

**SUPPORTING STATEMENT FOR REQUEST FOR OMB APPROVAL
UNDER THE PAPERWORK REDUCTION ACT AND 5 CFR PART 1320**

AGENCY: Pension Benefit Guaranty Corporation

TITLE: Locating and Paying Participants

STATUS: Request for approval of modifications to a collection of information under the Paperwork Reduction Act; OMB control number 1212-0054, expires December 31, 2013

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A. Justification.

1. Need for collection. The Pension Benefit Guaranty Corporation (“PBGC”) is requesting approval of modifications to a collection of information under the Paperwork Reduction Act. The purpose of the information collection is to enable PBGC to locate and pay benefits to participants and beneficiaries who are entitled to pension benefits under defined benefit plans that have terminated. The collection consists of: (1) benefit application and information forms (2) identifying information provided as part of an initial contact with PBGC when PBGC searches for participants and beneficiaries who are missing, and (3) information necessary to request a benefit estimate.

The benefit application and information forms are available in hard copy. Most of the information can also be submitted through My Pension Benefit Account (MyPBA), an application on PBGC's Web site, www.pbgc.gov. Plan participants and beneficiaries can use MyPBA to conduct electronic transactions with PBGC, including applying for pension benefits, designating a beneficiary, electing monthly payments, electing to withhold income tax from periodic payments, changing contact information, and applying for electronic direct deposit. The

following forms that are part of this information collection are available through MyPBA: Forms 700, 701, 704, 705, 706, 707, 708, 710, 711, 719, and 720 (PBGC expects to incorporate modifications to these forms on MyPBA in Fall 2012). The remaining forms in this information collection are available in hard copy only.

All requested information is needed to enable PBGC to determine benefit entitlements and to make appropriate payments. PBGC is adding one new form to the information collection and modifying several existing forms to conform to recent changes in PBGC and Treasury regulations.

PBGC is adding Form 721T to collect tax withholding information for one-time payments that are not eligible for rollover. Currently, Form 721 is used for that purpose, as well as for payments that are eligible for rollover. However, because of tax withholding changes for rollover-eligible payments for non-spouse beneficiaries, it is necessary to have a separate form to collect information on payments not eligible for rollover.

PBGC is modifying –

- Form 718 (installment payment agreement) to conform to changes in PBGC's regulation on debt collection, 29 CFR part 4903;
- Forms 700, 705, and 706 (benefit application forms for participants and beneficiaries) and Form 710 (application for electronic direct deposit) to conform to the Department of Treasury's regulation on electronic funds transfer, 31 CFR part 208;
- Form 721 (application for payment eligible for rollover – non-spouse beneficiary) to conform to IRS changes to withholding for payments eligible for rollover that are made directly to non-spouse beneficiaries;
- Forms containing sections on spousal consent to participants' waivers to explicitly state that spouses have the right not to consent;
- Forms referring to domestic relations orders or qualified domestic relations orders to clarify the information that must be provided with regard to each; and

- Forms referring to various retirement vehicles (e.g., traditional IRAs, Roth IRAs, qualified retirement plans) to conform to terms used in the Special Tax Notice, which is attached to several forms.

In addition, PBGC is making clarifying, simplifying, editorial, and other changes to all forms in the information collection.

The existing collection of information under the regulation was approved under OMB control number 1212–0055 (expires December 31, 2013). PBGC is requesting that OMB extend its approval (with modifications) for three years from its approval date. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

In connection with this request, PBGC is submitting the following documents:

- Benefit applications and other forms covered by the current approval, as well as the new form and the modified forms that are the subject of this request.
- Paperwork notice, required by 5 CFR §§ 1320.5(b) and 1320.8(b).
- Long form Privacy Act Notice, to be included with Form 701 (Payee Information Form) and Form 702 (General Information Form); short form Privacy Act Notice, to be included with the other requests for information except Form 722 (Financial Statement of Debtor); and special Privacy Act Notice for Form 722.
 - Representative screen shots in MyPBA.

2. Use of information. PBGC uses the information to determine whether an individual is (or may be) entitled to a pension benefit from a terminated defined benefit pension plan, to determine the form and amount of the individual's benefit, and to make appropriate payments.

3. Reducing the Burden. PBGC provides for filing most benefit application forms and for requesting a benefit estimate through MyPBA. Individuals who believe they may be entitled

to benefits may contact PBGC electronically by facsimile transmission, e-mail, or via MyPBA on PBGC's Web site, www.pbgc.gov.

4. Duplication and similar information. A limited amount of the information required to be submitted to PBGC in response to this collection of information (*e.g.*, date of birth, social security number) may already be in the possession of the government. However, there is no timely and reliable way to locate documents that may include the required information, particularly since the reporting person may have submitted to the government some, but not all, of the documents required. In most cases, it would take a respondent more time to assist in tracking down and verifying documents in agencies' files than simply to submit the information to PBGC.

PBGC uses certain earnings data maintained by the Social Security Administration in determining benefit entitlements; before PBGC may use this information, the individual must authorize the release of the information from the Social Security Administration to PBGC.

5. Reducing the burden on small entities. Not applicable.

6. Consequence of reduced collection. If this information were collected less frequently, or were not collected, PBGC would be unable effectively to: (1) locate participants and beneficiaries entitled to pension benefits, (2) determine benefits, (3) make appropriate payments, and (4) provide benefit estimates.

7. Consistency with guidelines. This collection of information is consistent with the guidelines in 5 CFR § 1320.6.

8. Outside input. On April 30, 2012, PBGC published a 60-day notice (77 FR 25505) of intent to request an extension of this collection of information, as modified, and requested public

comment by June 29, 2012. No public comments were received in response to the notice. On September 28, 2012, PBGC published a 30-day notice (77 FR 59682) informing the public of this submission to OMB, and requesting public comment by October 29, 2012.

9. Payment to respondents. PBGC provides no payments or gifts to respondents (other than required benefit payments) in connection with this collection of information.

10. Confidentiality. Confidentiality of information is that afforded by the Freedom of Information Act and the Privacy Act. PBGC's rules that provide and restrict access to its records are set forth in 29 CFR Part 4901.

11. Sensitive Questions. This collection of information does not call for submission of information of a sensitive or private nature.

12. Burden on the public. For 2013, PBGC estimates that 100,650 benefit application or information forms will be filed annually by individuals who may be entitled to benefits from PBGC, and that the associated burden will be 79,950 hours.

Of the 100,650 applications or information forms expected to be filed in 2013, PBGC estimates that 51,000 forms or applications will be filed by participants or beneficiaries in newly PBGC-trusted plans, broken down as follows:

- 40,000 payee information forms, at a total hourly burden of 20,000 hours (30 minutes per respondent).
- 5,000 general information forms, at a total hourly burden of 2,500 hours (30 minutes per respondent).
- 6,000 benefit applications, at a total hourly burden of 6,000 hours (one hour per respondent).

In addition to the above forms and applications expected to be filed by participants or beneficiaries in newly-trusted plans, PBGC estimates that 49,650 applications will be filed, broken down as follows:

- 45,600 benefit applications by participants or beneficiaries from plans that were trusted in prior years, at a total hourly burden of 45,600 hours (one hour per respondent).
- 450 benefit applications by missing participants in PBGC's existing Missing Participant program, at a total hourly burden of 450 hours (one hour per respondent).
- 3,600 benefit applications by participants or beneficiaries who are entitled to benefits from PBGC but who are not on PBGC's roster of those entitled to benefits (so-called "woodwork participants"), at a total hourly burden of 5,400 hours (1.5 hours per respondent).

PBGC further estimates that annually 8,800 individuals (600 missing participants and 8,200 woodwork participants) will contact PBGC with inquiries or be contacted by PBGC to respond to inquiries, with an associated burden of 4,150 hours (5 minutes per missing participant inquiry and 30 minutes per woodwork participant inquiry).

Thus, PBGC estimates that for 2013 the total annual burden associated with this collection of information to be 84,100 hours – 79,950 hours for the submission of forms and applications and 4,150 hours for making inquiries to or responding to inquiries from PBGC.

The Pension Protection Act of 2006 allows certain terminating plans not covered by PBGC's existing Missing Participants program to participate in the program. Once final regulations are issued, the program will cover multiemployer plans, small professional service employer plans (25 or fewer active participants), and individual account plans.

As a result of the expanded Missing Participants program, PBGC estimates that for each of 2014 and 2015 an additional 2,100 benefit application or information forms will be filed and

that the associated burden will be 2,100 hours (approximately one hour per application or form). PBGC further estimates that for each of those years an additional 12,000 individuals will contact PBGC with inquiries or be contacted by PBGC to respond to inquiries, with an associated burden of 3,000 hours (15 minutes per missing participant inquiry). Taking into account both the hourly burden to complete forms and applications and the time spent on inquiries, PBGC estimates that the hourly burden will be 5,100 hours greater in 2014 and in 2015 than in 2013 (89,200 as compared to 84,100 hours), and that 2,100 more forms and application will be filed in 2014 and in 2015 than in 2013 (102,750 as compared to than 100,650).

Thus, PBGC estimates that over the next three years (2013-2015), the average estimated number of forms and applications expected to be filed will be 102,050 (100,650 for 2013 and 102,750 for each of 2014 and 2015), and the average estimated annual burden associated with this collection of information will be 87,500 hours (84,100 hours for 2013 and 89,200 hours annually for each of 2014 and 2015).

PBGC developed these estimates based on its experience in administering its benefit payment program.

13. Costs. There is virtually no cost to the public for this collection of information. Since participants and beneficiaries rarely hire contractors to understand or provide this type of information, the only cost is postage. PBGC provides self-addressed stamped envelopes to virtually all missing and woodwork participants, so no postage cost is attributed to them. Few individuals who make inquiries to PBGC do so by mail, so no postage cost is attributed to inquiries.

In PBGC's experience, less than five percent of all other participants and beneficiaries who submit benefit applications and information forms do so by mail. Based on this, of the 51,000 forms or applications expected to be filed by participants or beneficiaries in newly PBGC-trusted plans and the 45,600 forms or applications expected to be filed by participants or beneficiaries in plans that were trusted in earlier years, PBGC estimates that only 4,830 participants or beneficiaries will incur postage costs (5% of 96,600 = 4,830).

At an estimated cost of \$.46 for each such individual in 2013, the annual cost is estimated to be \$2,220. For 2014 and 2015, PBGC assumes that the price of a stamp would increase one cent each year, so that the estimated cost would be \$2,270 in 2014 and \$2,320 in 2015, for an estimated average cost of \$2,270 over the three years,

14. Costs to the Federal government. PBGC estimates that over the next three years (2013-2015), the average estimated annual cost of processing this information will be \$3,269,900, consisting of \$2,944,600 for processing the benefit application and information forms, \$261,300 for handling inquiries, and \$64,000 for postage.

15. Change in burden and costs. The change in annual hourly burden (from 67,050 hours and 3,730 in the current inventory to 87,500 hours and \$2,270 requested) is due to the following factors:

- PBGC revised its estimates of the number of payee information forms expected to be filed and the time needed to complete those forms.
- PBGC revised its estimates of the number of applications expected to be filed by woodwork participants and the time need to complete those applications.
- PBGC is now including in its estimates additional burden expected to result from the expanded Missing Participants program.

- PBGC now provides virtually all missing and woodwork participants and beneficiaries with self-addressed stamped envelopes, resulting in a decrease in the cost burden.

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.

B. Collections of Information Employing Statistical Methods.

This collection of information is not intended for statistical analysis or publication.