

**SUPPORTING STATEMENT  
REQUEST FOR EXTENSION OF A CURRENTLY APPROVED COLLECTION**

**AGENCY:** Pension Benefit Guaranty Corporation

**TITLE:** Termination of Single Employer Plans; Missing Participants; 29 CFR Parts 4041 and 4050; PBGC Forms 500-501, 600-602, Schedule MP and attachments

**STATUS:** Request for Extension of a Currently Approved Collection with Modifications (OMB control No. 1212-0036; expires February 28, 2017)

**CONTACT:** Catherine B. Klion (326-4400, ext. 3041) or Jo Amato Burns (326-4400, ext. 3072)

1. Need for collection. Under section 4041 of the Employee Retirement Income Security Act of 1974, as amended, a single-employer pension plan may terminate voluntarily only if it satisfies the requirements for either a standard or a distress termination. Pursuant to ERISA section 4041(b), for standard terminations, and section 4041(c), for distress terminations, and PBGC's termination regulation (29 CFR Part 4041), a plan administrator wishing to terminate a plan is required to submit specified information to PBGC in support of the proposed termination and to provide specified information regarding the proposed termination to third parties (participants, beneficiaries, alternate payees, and employee organizations). In the case of a plan with participants or beneficiaries who cannot be located when their benefits are to be distributed ("missing participants"), the plan administrator is subject to the requirements of section 4050 of ERISA and PBGC's missing participants regulation (29 CFR Part 4050).

OMB approval of the existing information requirements expires February 28, 2017. PBGC is requesting that OMB extend its approval of this information collection, with modifications, for three years.

PBGC is making changes to the post-distribution certification (PDC) required to be filed with PBGC. PBGC is requiring the plan administrator of a plan terminating in a standard termination (or a distress termination that closes out in the private sector) to submit the most recent plan document and proof of benefit distributions (lump sums paid and annuities purchased) with the PDC. For standard terminations, the documents will be required attachments to PBGC Form 501; for distress terminations closing out in the private sector, they will be required attachments to PBGC Form 602. PBGC is proposing these new information requirements to help address inquiries from individuals who claim they are owed benefits from terminated plans.

PBGC typically does not have the information to easily determine (or determine at all) whether the individual was owed a benefit from a terminated plan, if so, the benefit amount owed; and whether the benefit was already paid in connection with the plan termination. It is difficult to find this information because the plan's sponsor may no longer exist to assist PBGC at the time the inquiry is received by PBGC. The new information requirements will help PBGC address these inquiries and, where appropriate, pay benefits to individuals entitled to them or to connect them with insurers that are holding annuities for them.

PBGC expects the additional burden of the new information requirements to be small. Plans already submit plan documents and proof of benefit distributions to PBGC in the course of a standard termination audit. Thus for audited plans, the new information requirement would simply shift the requirement to provide the information to an earlier date. And, in all cases, plan administrators would simply be sending PBGC copies of documents that are already in their possession.

In addition, PBGC is making minor corrections to the existing forms and instructions.

2. Use of information.

a. Information required. Certain information must be provided to PBGC and to third parties (*e.g.*, participants and beneficiaries) for all types of terminations. For both standard and distress terminations, the plan administrator is required to submit to PBGC certain identifying information, confirmation that the required notices have been properly issued to plan participants and beneficiaries, and the level of funding of the plan. The plan administrator must also provide certain information to third parties, including a notice of intent to terminate.

***Standard terminations and sufficient distress terminations.*** In the case of a standard termination (*i.e.*, a plan that is sufficient for all benefits) or a “sufficient” distress termination (*i.e.*, a plan that is sufficient for at least all guaranteed benefits but not for all benefits and will close out in a private-sector), the plan administrator must provide PBGC and third parties with certain additional information relating to the distribution of plan assets. In particular, the plan administrator must provide PBGC summary information relating to the benefits distributed and, for a standard termination, certain information regarding residual assets. The new required attachments to the PDC would include the most recent plan document and proof of individual benefit distributions (summary information would continue to be reported on Forms 501 and 602). As noted above, these documents will enable PBGC to address inquiries from individuals who claim they are owed benefits from terminated plans and, where appropriate, pay benefits to individuals entitled to them or to connect them with insurers that are holding annuities for them.

The plan administrator is also required to provide certain additional information to third parties, including: (1) a notice of plan benefits (for standard terminations) or of benefit

distribution (for distress terminations); (2) annuity information, including information on identity of insurers and on state guaranty association coverage of annuities; and (3) if applicable, an annuity contract or certificate.

***Distress terminations.*** For distress terminations, the plan administrator must also provide PBGC with information demonstrating that each contributing sponsor, and each member of each contributing sponsor's controlled group, meets one of the statutory distress criteria (*see* § 4041(c)(2)(B) of ERISA and 29 CFR § 4041.41(c)).

***Missing participants.*** If an annuity is purchased for some or all missing participants, the plan administrator must file identifying information about the insurer, the total number of annuities purchased, the amount transferred to the insurer, and each missing participant's annuity certificate number and monthly benefit. The plan administrator must file Schedule MP and Attachment A as attachments to either Form 501 (if the termination is a standard termination) or Form 602 (if the termination is a sufficient distress termination).

If an annuity is not purchased for a missing participant, the plan administrator must transfer an amount (the "designated benefit") to PBGC for the participant. The plan administrator must file Schedule MP and, for each missing participant for whom a designated benefit is transferred, a separate Attachment B. Attachment B provides identifying information about the missing participant, describes the type and form of the missing participant's benefit, and reports the amounts being transferred to PBGC. As with the Attachment A, the Schedule MP and Attachments B are filed as attachments to either the Form 501 or Form 602.

In either case, the plan administrator must have conducted a diligent search (as defined in PBGC regulations) and been unable to locate the participant before the individual may be treated as a missing participant.

The plan administrator must also file a Schedule MP (with applicable attachments) to report payment to PBGC or the purchase of an annuity for a missing participant who is owed residual assets or voluntary employee contributions. In addition, the plan administrator may be required to file a Schedule MP (with applicable attachments) pursuant to a PBGC audit of a plan termination.

b. PBGC and third party need for information. PBGC needs, and has routinely used, the information required to be submitted to it to: (1) determine whether the statutory and regulatory requirements for a standard or distress termination have been met; (2) in a standard termination, determine whether the reversion of any plan assets to the employer meets the requirements of Title IV of ERISA; (3) in a distress termination, determine whether the plan should be trusted by PBGC or permitted to close out in a private-sector distribution; (4) in a distress termination, estimate the amount of employer liability to PBGC under section 4062 of ERISA and 29 CFR Part 4068; and (5) locate and pay missing participants or, where annuities were purchased for missing participants, refer them to the insurer who issued the annuities to be paid. PBGC refers to the Department of Labor the identity-of-insurer information submitted as part of the post-distribution certification, and may audit insurer selections for compliance with the fiduciary standards of Title I of ERISA.

Participants need the information required to be disclosed to them so that they will be informed about the status of the proposed termination of their plan and about their benefits upon termination.

The information on state guaranty association coverage helps participants and beneficiaries understand the importance of the plan administrator's selection of an insurer and enable them to make a better informed choice about whether to elect a lump sum or an annuity. In the case of a missing participant for whom an annuity is purchased from an insurance company, PBGC uses the retirement benefit information to respond to inquiries and to target its search efforts.

The new requirements that the plan provide plan documents and proof of individual benefit distributions with the post-distribution certification will help PBGC address inquiries from individuals who claim they are owed benefits from terminated plans. PBGC receives approximately 2,500 inquiries a year from individuals seeking pension benefits; 800-850 of these inquiries involve standard terminations. These inquiries often result from an individual receiving a notice from the Social Security Administration that he or she may be owed a benefit from a plan.

PBGC typically does not have the information to easily determine (or determine at all) whether the individual was owed a benefit from a terminated plan (and if so, the benefit amount) and whether the benefit was already paid in connection with the plan termination, either as a lump sum payment or as a purchased annuity. Moreover, the plan's sponsor may no longer exist to assist PBGC. These new information requirements will help PBGC address these inquiries

and, where appropriate, pay benefits to individuals entitled to them or to connect them with insurers that are holding annuities for them.

3. Reducing the burden and information technology. In certain circumstances, the regulations allow electronic filing with PBGC and electronic issuance of notices to third parties. The Missing Participants Filing Package provides instructions for those who want to use wire transfers for payments for missing participants.

In addition, PBGC is continuing its efforts to make all of the termination and missing participants forms available on its website as fillable and savable PDF documents. PBGC expects that fillable and savable PDF versions of the forms will reduce the amount of time required of respondents to correct and complete the forms. It also will enhance the forms' accuracy, thereby saving PBGC time as well.

4. Identifying duplication. A limited amount of the information required to be submitted to PBGC in response to this collection of information may already be in the possession of the government. However, there is no timely and reliable way to locate the required documents, particularly since the reporting entity may have changed its name or tax identifying number, or submitted to the government some, but not all, of the documents required under this regulation. In most cases, it would take a respondent more time to assist PBGC in tracking down and verifying documents in agencies' files than to simply submit the information to PBGC.

Participants and beneficiaries may find information similar to some of the information required to be disclosed under the termination regulation (*e.g.*, a description of PBGC's guarantee) in other documents provided at various times to them or to other Federal agencies. However, such information is scattered throughout a number of documents, and it is presented

and organized to accomplish other purposes. One purpose of the termination regulation is to ensure that affected parties receive meaningful, timely, and useful information. Requiring participants and beneficiaries to retrieve bits of information that have been provided to them or to the government at other times, for other purposes, would be inconsistent with this purpose.

5. Reducing the burden on small entities. Inapplicable.

6. Consequences of less frequent reporting. Since this collection of information occurs only with respect to a proposed plan termination and, therefore, normally occurs only once in the life of a pension plan, the collection cannot be conducted less frequently unless the information were not collected at all. If this information were not collected at all, PBGC would not be able to fulfill its statutory mandate to oversee the termination of plans covered by PBGC's insurance program, and participants and beneficiaries would not receive meaningful, timely, and useful information about the status of their plan's proposed termination or about their benefits upon termination.

7. Special circumstances. Upon review of a standard termination notice, PBGC may, but very rarely does, require the plan administrator to submit additional information relevant to the termination proceeding. The additional information normally is due within 30 days after PBGC makes a written request. PBGC may in its discretion shorten the time period for responding to a written request for additional information, but only where it determines that the interests of PBGC or participants may be prejudiced by a delay in the receipt of the information. To monitor and facilitate compliance, the time period runs from the date of the request rather than the date of receipt.

In a distress termination proceeding, information in addition to that required by Form 600 and Form 601 may be due in a short time period to permit PBGC to take prompt action (*e.g.*, institution of involuntary termination or trusteeship proceedings) to protect participants or premium payers.

Respondents are required to retain certain records for six years. PBGC notes that most or all of the records required to be retained under the termination regulation already must be retained for six years for other purposes under section 107 of Title I of ERISA. Retention of records for six years is necessary because PBGC has at least six years following a termination to bring a civil action to enforce the provisions of Title IV of ERISA with respect to that termination (*see* section 4003(e)(6) of ERISA).

8. Outside input. The PBGC published a 60-day notice on June 2, 2014, 79 Fed. Reg. 31351 and a 30-day notice on October 20, 2014, 79 Fed. Reg. 62682. PBGC received one comment, from the Pension Rights Center (PRC),<sup>1</sup> to the 60-day notice.

PRC commended PBGC for proposing that plans terminating in a standard or distress termination provide the most recent plan document and proof of benefit distributions with the post-distribution certification (Form 501 or Form 602). PRC urged PBGC to require the following additional information:

- (1) An accurate list of annuity providers, including the group contract numbers and contact information for each annuity provider, and a list of participants entitled to an annuity from each annuity provider.
- (2) A list of all other plans merged into the terminating plan, along with plan documents, including summary plan descriptions (SPDs), from those other plans.

PBGC is in fact proposing to require that terminating plans include the information

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<sup>1</sup> <http://www.pbgc.gov/documents/PRC-comments-on-PBGC-termination-of-single-employer-plans.pdf>.

described in the first item with the post-distribution certification.

After carefully considering PRC's second request, PBGC is not proposing that terminating plans be required to include the information described in the second item with the post-distribution certification. Requiring plans to provide a list of all other plans merged into the terminating plan – potentially over many years – and plan documents from those plans would be overly burdensome, particularly for small plans. Unlike proof of benefit distributions and the most recent plan document, this information is often not available at the time of termination and may be difficult and costly to obtain, if it can be obtained at all.

Further, requiring plans to provide a list of all other plans merged into the terminating plan and plan documents from those plans would have only limited benefit in connecting individuals to benefits in “lost plans.” Although this information potentially might help PBGC provide assistance to persons seeking benefits where a plan terminated in a distress or standard termination, PBGC has concluded that requiring plans to provide this information would be more appropriately part of a comprehensive program to address the problem of “lost plans,” that would also include ongoing plans.

9. Payments and gifts. There are no payments or gifts made 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 Parts 4901 and 4902, respectively.

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. PBGC based its estimates in Items 12 and 13 on its experience. For purposes of this submission, a termination constitutes a “response.” PBGC's burden estimates assume that much of the plan termination work will be done for Internal Revenue Service purposes (*e.g.*, Forms 5310 and 6088). In addition, much of the termination work will be done in the normal course of closing out a plan.

PBGC estimates the additional burden on plan administrators to be approximately 15 to 30 minutes for standard terminations (based on plan size) and 30 minutes for distress terminations. Many plans already submit plan documents and information on benefit distributions owed or made to participants as part of a standard termination audit.<sup>2</sup> For audited plans, the documents required to be provided to PBGC in response to PBGC's audit request is essentially the same information required to be provided by these new requirements. Thus for audited plans, the new information requirements would simply shift the requirements to provide the information to PBGC to an earlier date, and for plans with missing participants the new information requirements would require that the same information be provided on all participants.

Standard terminations.

PBGC estimates that it will process 1,409 standard terminations annually over the next three years. PBGC anticipates that 1,287 of the plans terminating in a standard termination will be small plans (100 or fewer participants) and 122 of the plans will be mid-sized or large plans (more than 100 participants). Very large plans rarely terminate as standard terminations.

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<sup>2</sup> PBGC audits all standard terminations of plans with more than 300 participants and a random sample of smaller plans (plans with fewer than 300 participants). In addition, PBGC also may audit a plan when there is reason to believe there may be a problem (for example, when PBGC receives a complaint by plan participants or a plan practitioner).

PBGC estimates that, for a standard termination, it will take an average of 3.75 hours for each small plan and 8.5 hours for each mid-sized or large plan to prepare and file the required information with PBGC and to prepare and distribute the third-party notices to affected parties. The total number of burden hours is 5,863 hours: (1,287 small plans x 3.75 hours per plan = 4,826 hours) + (122 medium and large plans x 8.5 hours per plan = 1,037 hours).

In addition, PBGC estimates that about 179 of the 1,409 plans terminating in a standard termination will have missing participants. The estimates are high enough to include the few, if any, distress terminations that are sufficient (*i.e.*, those that distribute in accordance with standard termination rules).

PBGC estimates that each year about 39 plans with missing participants will purchase annuities for these missing participants, 133 plans will transfer these missing participants' benefits to PBGC, and 8 will do both. PBGC estimates that the average time required for a plan to comply with the collection of information requirements relating to missing participants will be 1.5 hours for a plan that purchases annuities for its missing participants and 2 hours for a plan transferring benefits of missing participants to PBGC. The total annual burden hours associated with missing participants is 353 hours, rounded: (39 plans purchasing annuities x 1.5 hour = 58.5 hours) + (133 plans transferring benefits x 2 hours = 266 hours) + (8 plans doing both x 3.5 hours = 28 hours). The burden of associated recordkeeping requirements is too small to require independent estimation and is included in the foregoing figures.

The total annual burden for standard terminations will be 6,216 hours (5,863 hours for standard terminations + 353 hours for missing participants). PBGC assumes that 10 percent of the work will be performed by the respondent and that 90 percent will be contracted to third

parties. Thus, the total average annual hourly burden for respondents will be 622 hours (.10 x 6,216 hours). The average annual hourly burden per respondent will be 26 minutes (622 hours/1,409 plans).

PBGC estimates that the cost equivalent of the hourly burden is approximately \$14,928. This estimate assumes an average rate of \$24 per hour for in-house costs (at the office and administrative support staff level). This estimate is based on the following assumptions:

- Wage rates account for approximately 70% of total labor costs, with the remaining 30% attributable to benefits costs.<sup>3</sup>
- The in-house hours will be primarily performed by office and administrative support staff (occupational code 43-0000),<sup>4</sup> at a mean hourly wage rate of \$16.78 per hour, approximately \$24 per hour including benefits).
- The estimated aggregate number of hours is 622, or approximately 26 minutes per request, for an aggregate in-house cost of approximately \$14,928 (622 hours x \$24) or approximately \$10.40 per response ((26 minutes/60 minutes) x \$24).

Distress terminations. PBGC estimates 21 terminations will be concluded as distress terminations annually over the next three years. PBGC estimates that 4 of the plans terminating in a distress termination will terminate under Distress Criterion 1 (liquidation in bankruptcy or insolvency proceeding), and that 17 will terminate under Distress Criteria 2 – 4 (reorganization in bankruptcy or insolvency proceeding, termination required to enable payment of debts or to avoid unreasonable pension costs). Any burden associated with missing participants in sufficient distress terminations is accounted for in the burden estimates for missing participants in standard terminations.

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3 <http://www.bls.gov/news.release/ecec.nr0.htm> (see first paragraph).

4 [http://www.bls.gov/oes/current/oes\\_nat.htm](http://www.bls.gov/oes/current/oes_nat.htm) (see “Office and Administrative Support Occupations”).

PBGC estimates that it will take an average of 80.5 hours for a plan terminating in a distress termination under Distress Criterion 1 and 300.5 hours for a plan terminating in a distress termination under Distress Criteria 2 - 4 (previous submission, 80 hours and 300 hours) to prepare and file the required information with PBGC and to prepare and distribute the third-party notices to affected parties. The total annual burden for distress terminations is estimated to be approximately 5,431 hours: (80.5 hours x 4 = 322 hours) + (300.5 hours x 17 = 5,109 hours). PBGC estimates that the respondents will perform 20 percent of the work (1,086 hours), and contractors will perform 80 percent (4,344 hours). The hourly burden on respondents (performing 20 percent of the work) averages 52 hours per plan (1,086/21) and breaks down to an average burden per plan based on Distress Criteria –

Plans terminating under Criterion 1 (4)	16.1 hours
Plans terminating under Criteria 2 – 4 (17)	60.1 hours

PBGC estimates that the cost equivalent of the in-house hourly burden is approximately \$83,586 based on the following assumptions:

- Wage rates account for approximately 70% of total labor costs, with the remaining 30% attributable to benefits costs.<sup>5</sup>
- The in-house hours will be performed by compensation and benefits manager staff (occupational code 11-3111) at a mean hourly wage rate of \$53.87 per hour, \$76.96 per hour including benefits.<sup>6</sup>
- The estimated aggregate number of hours broken out by Distress Criteria:
  - Approximately 16.1 hours for each plan terminating under Criterion 1 (4 plans x 16.1 = 64.4 hours), for an aggregate cost of approximately \$4,956 (64.4 hours x \$76.96) and approximately \$1,239 per plan.
  - Approximately 60.1 hours for each plan terminating under Criteria 2-4 (17 plans x 60.1 = 1,022 hours), for an aggregate cost of approximately \$78,653 (1,020 hours x \$76.96) and approximately \$4,627 per plan.

<sup>5</sup> <http://www.bls.gov/news.release/ecec.nr0.htm> .

<sup>6</sup> [http://www.bls.gov/oes/current/oes\\_nat.htm](http://www.bls.gov/oes/current/oes_nat.htm). See “Compensation and Benefits Managers”.

Total hourly burden on respondents. The annual burden of complying with this collection of information for both standard and distress terminations over the next three years will average 1,708 hours for respondents: 622 hours for standard terminations (including missing participant time) + 1,086 hours for distress terminations).

### 13. Cost.

Standard terminations. As stated in Item 12, the total annual burden for standard terminations is estimated to be 6,216 hours. PBGC estimates that the respondents will perform 10 percent of the work and contractors will perform 90 percent (5,595 hours). PBGC estimates a cost of \$103 per hour, including overhead, based on the following assumptions:

- Wage rates account for 70% of total labor costs, with the remaining 30% attributable to benefits costs.<sup>7</sup>
- Consultant hours performed by a combination of lawyers (occupational code 23-1011 at a mean hourly wage rate of \$63.46, \$90.66 per hour including benefits) and actuaries (occupational code 15-2011 at a mean hourly wage rate of \$51.80, \$74.00 per hour including benefits).<sup>8</sup> Weighting these two rates equally results in a blended rate for professional consulting services of \$82.33.
- The above services are obtained through contractors. To the above hourly rate, PBGC assumes an overhead rate and other costs of 100% will apply, for a total hourly cost of \$164.66. PBGC estimates that the annual cost to plans for contracted services will be approximately \$690,831 (5,594 hours x \$164.66 per hour). The average cost per plan for contracted services will be \$654 (\$921,108/1,409 plans).

Distress terminations. As stated in Item 12, the total annual burden for distress terminations is estimated to be 5,431 hours. PBGC estimates that the respondents will perform 20 percent of the work, 1,086 hours, and contractors will perform 80 percent (4,344 hours).

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<sup>7</sup> <http://www.bls.gov/news.release/ecec.nr0.htm> .

<sup>8</sup> <http://www.bls.gov/oes/current/oes231011.htm> and <http://www.bls.gov/oes/current/oes152011.htm> .

PBGC estimates a cost of \$164.66 per hour, including overhead, based on the following assumptions:

- Wage rates account for 70% of total labor costs, with the remaining 30% attributable to benefits costs.<sup>9</sup>
- Consultant hours performed by a combination of lawyers (occupational code 23-1011 at a mean hourly wage rate of \$63.46, \$90.66 per hour including benefits) and actuaries (occupational code 15-2011 at a mean hourly wage rate of \$51.80, \$74.00 per hour including benefits).<sup>10</sup> Weighting these two rates equally results in a blended rate for professional consulting services of \$82.33.
- The above services are obtained through contractors. To the above hourly rate, PBGC assumes an overhead rate and other costs of 100% will apply, for a total hourly cost of \$164.66.

PBGC estimates that the annual cost to plans for contracted services will be \$715,349.

(4,344 hours x \$164.66). The estimated aggregate number of hours broken out by Distress

Criteria:

- Approximately 258 hours (322 hours x .80) for plans terminating under Criterion 1 for an aggregate cost of approximately \$42,416 (258 x \$164.66) and approximately \$10,604 per plan.
- Approximately 4,087 hours (5,109 hours x .80) for plans terminating under Criteria 2-4, for an aggregate cost of approximately \$672,932 (4,087 x \$164.66) and approximately \$39,584.26 per plan.

Total cost to plans. The above cost estimates do not include postage, which PBGC estimates as \$85,000 on an annual basis. PBGC estimates the annual combined cost to plans for standard and distress terminations will be \$1,721,391: \$921,108 (contracted costs for standard terminations and missing participants) + \$715,283 (contracted costs for distress terminations) + \$85,000 for postage).

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<sup>9</sup> <http://www.bls.gov/news.release/ecec.nr0.htm>.

<sup>10</sup> [http://www.bls.gov/oes/current/oes\\_nat.htm](http://www.bls.gov/oes/current/oes_nat.htm).

The above cost estimates include very small additions to the time and cost that are due to the new information requirements (attachment of plan document and individual benefit distribution information to post distribution certification). The change in hourly and cost burden is described below in Item 15: estimated increase in hours of 41 hours; decline in cost of approximately \$1,039,800.

14. Cost to federal government. Compared to PBGC's prior submission, PBGC estimates that there will be an increase of one hour per termination filing due to the new information requirements. This additional time will be needed for PBGC staff to check that the new documents required to be attached to the PDC are complete (*i.e.*, that distribution information has been attached for all participants), as well as consistent with the rest of the submission (*i.e.*, count of individual benefit distributions should match summary information for benefit distributions that appears on PDC (Item 9 of Form 501 and 602)).

PBGC staff costs were estimated as follows. PBGC used annual wage costs from OPM's chart on wages.<sup>11</sup> PBGC's benefit costs are approximately 27% of wage costs, and overhead is a fixed cost of \$14,700 added to wage costs and benefits. The hourly cost across PBGC employees is based on the average of the wage, benefits and overhead at step 5 for the relevant GS level.

PBGC employees of varying GS levels are responsible for processing submissions and handling questions for standard and distress terminations and for missing participants. PBGC estimated its cost by multiplying (a) number of hours per plan by (b) number of plans by (c) hourly cost (wages, benefits, and overhead). The hourly cost is a blended rate depending on the

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<sup>11</sup> <http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2014/DCB.pdf>.

GS levels and the proportion of hours performed by each GS level.

Standard terminations. PBGC estimates that PBGC staff time required to process standard termination filings and handle questions will average 3.2 hours annually per plan (before taking missing participants into account). With 1,409 plans and a blended rate of \$50.42 (for GS levels ranging from GS-7 to GS-13), the aggregate annual cost to PBGC is estimated to be \$227,353. In addition to these PBGC staff costs, PBGC estimates contractor costs of \$11,977 (705 hours x \$17/per hour), for an aggregate annual cost to PBGC of \$239,330.

Missing Participants. For plans with missing participants, it is estimated that an additional .5 to .75 hour will be required to process a plan depending upon whether the plan purchases annuities for missing participants or transfers missing participants' benefits to PBGC.

- For plans that purchase annuities, with .5 hours per plan, 47 plans and a blended rate of \$60.59 (for GS levels ranging from GS-11 to GS-15), the aggregate annual cost to PBGC is estimated to be \$1,424.
- For plans that purchase annuities, with .75 hour per plan, 141 plans and a blended rate of \$62.46 (for GS levels ranging from GS-11 to GS115), the aggregate annual cost to PBGC is estimated to be \$6,605.

For processing individual missing participant forms and responding to inquiries, it is estimated that 2.5 hours will be required per plan. With 2.5 hours per plan, 179 plans and a blended rate of \$73.26 (for GS levels ranging from GS 13 to GS 15), the aggregate annual cost to PBGC is estimated to be \$32,784.

In addition to the above costs, PBGC estimates that it will incur costs of approximately \$125 for each missing participant plan taken in each year for a total cost of \$22,375 (this includes the search and postage costs over the projected period that searches will continue for missing participant plans received each year). PBGC estimates that it will also incur contractor

costs for the missing participant program of approximately \$117,800: 47 hours at \$17 per hour = approximately \$800, and 4,387 hours at \$26.50 per hour = \$117,000.

Based on the above, PBGC estimates its annual costs for the missing participant program will be approximately \$180,987.

Distress terminations. PBGC estimates that PBGC staff time required to process distress terminations will be 120 hours for a filing under Criterion 1, and 400 hours for a filing under Criteria 2 – 4.

For distress filings under Criterion 1, the 120 hours per plan are performed by PBGC staff at a blended rate of \$83.13. With 120 hours per plan, 4 plans and a blended rate of \$83.13 (for GS levels ranging from GS-13 to GS-15), PBGC estimates the aggregate annual cost will be \$39,904.

For distress filings under Criteria 2-4, the 400 hours per plan are performed by PBGC staff at a blended rate of \$80.46. With 400 hours per plan, 17 plans and a blended rate of \$80.46 (for GS levels ranging from GS-13 to GS-15, but a different mix of hours than for Criterion 1), the aggregate annual cost to PBGC is estimated to be \$547,114. PBGC estimates its annual cost for distress terminations will be \$587,018 (Criterion 1, \$39,904; Criteria 2 – 4, \$547,114).

Total PBGC costs. PBGC estimates its annual combined cost for standard (including costs of plans with missing participants) and distress terminations will be \$1,007,335: \$239,330 (standard terminations) + \$180,987 (missing participants) + \$587,018 (distress terminations).

15. Change in burden. The annual burden of complying with this collection of information for both standard (including missing participant filings) and distress terminations over the next three years has increased by only 41 hours (from 1,667 hours in current OMB

inventory to the 1,708 hours requested). This is due to the slight increase in time required of respondents to assemble and copy the documents that must be attached to the PDC.

As to cost, the estimated annual cost burden of this collection, including postage has declined from \$2,761,201 in the current OMB inventory to the \$1,721,391 reported in this submission. This revision is unrelated to program changes; the revised estimates are the result of PBGC using BLS data to estimate contractor costs, rather than relying on opinions from PBGC professional staff as to what private sector costs would be.

16. Publication. There are no plans for tabulation or publication.

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

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