

SUPPORTING STATEMENT
1545-2095

26 U.S. CODE § 430 - MINIMUM FUNDING STANDARDS FOR SINGLE-EMPLOYER
DEFINED BENEFIT PENSION PLANS

AND

26 U.S. CODE § 436 - FUNDING-BASED LIMITS ON BENEFITS AND BENEFIT
ACCRUALS UNDER SINGLE-EMPLOYER PLANS

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

United States Code sections 430(d), 430(f), 430(g), 430(h)(2), and 430(i), and 436 provide guidance on the determination of benefit liabilities and the valuation of plan assets for purposes of the funding requirements that apply to single employer defined benefit plans pursuant to changes made by the Pension Protection Act of 2006. In order to implement the statutory provisions under section 430(h)(2), the proposed regulations provide for the sponsor of a defined benefit plan to make any of several elections related to the interest rate used for minimum funding purposes and require written notification of any such election to be provided to the plan's enrolled actuary.

Section 1.430(f)-1(f) requires that plan sponsors make elections regarding a plan's credit balances upon occasion. An election required by §1.430(h)(2)-1(e) is made to use an alternative interest rate for purposes of determining a plan's funding obligations. The following information is required under §§1.430(f)-1(f), §1.436-1(f), and 1.436-1(h):

- Election to reduce funding balance
- Elections to add contribution to pre funding balance
- Designation of 436 contributions

The regulations require the plan sponsor to provide written notification of the election to the plan's enrolled actuary and plan administrator.

This information is required in order for a qualified defined benefit plan's enrolled actuary to provide a timely certification of the plan's adjusted funding target attainment percentage (AFTAP) for each plan year to avoid certain benefit restrictions.

The Highway and Transportation Funding Act of 2014 (HATFA), Pub. L. No.113-159, was enacted on August 8, 2014, and was effective retroactively for single employer defined benefit pension plans, optional for plan years beginning in 2013 and mandatory for plan years beginning in 2014. Notice 2014-XX provides guidance on these changes to the funding stabilization rules for single-employer pension plans.

2. USE OF DATA

The election data under section 430(f) and (h)(2) will be used in determining a defined benefit plan's funding status, and the certifications under section 436 will be used by a plan sponsor to determine whether and as of what date any benefit restrictions under section 436 apply to a plan. The regulations require the plan sponsor to provide written notification of the election to the plan's enrolled actuary.

The election data under Notice 2014-XX will be used in determining a defined benefit plan's funding obligations and applying funding based restrictions outlined in section 436 of the Code. The regulations require the plan sponsor to provide written notification of the election to the plan's enrolled actuary, plan administrator, and the Pension Benefit Guaranty Corporation.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS Publications, regulations, published guidance, e.g., revenue rulings and revenue procedures, notices, letters, and letter rulings 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

Not applicable.

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

Not applicable.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH THE 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

This is a request for emergency clearance. A notice will be published in the *Federal Register* soliciting public comment within six months, once approved.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

In general, tax returns and tax return information are confidential as required by 26 U.S.C. § 6103, and certain matters relating to taxability and deductibility are disclosable under 26 U.S.C. § 6110.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

This collection does not request PII.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The estimated burden for this collection is as follows:

The collections of information are codified in §§ 1.430(f)–1(f), 1.430(h)(2)–1(e), 1.436–1(f), and 1.436–1(h).

Estimated total annual reporting burden: 120,000 hours.

Estimated average annual burden hours per respondent: 1.5 hours

Estimated number of respondents: 80,000.

Estimated annual frequency of responses: occasional.

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Estimated total annual reporting burden: 38,000 hours.

Estimated average annual burden hours per respondent: .50 hours

Estimated number of respondents: 76,600.

Estimated annual frequency of responses: one time

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 December 19, 2013, 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 and 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 the cost burdens are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

This request for emergency clearance will increase the burden by 76,600 responses and 38,000 burden hours due to new statutory requirements of the Highway and Transportation Funding Act of 2014 (HATFA).

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 leading taxpayers to believe that the revenue procedure will sunset as of the expiration date. Taxpayers are not likely to be aware that the Service may request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

Not applicable.

Note: The following paragraph applies to all 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 the collection of information displays a valid OMB control number. Books or records relating to the 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.