

## SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT 1995 SUBMISSIONS

### A. Justification

1. *Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.*

Employee Retirement Income Security Act of 1974, as amended, (ERISA) section 104 requires administrators of pension and welfare plans (collectively, employee benefit plans) and employers sponsoring certain fringe benefit plans and other plans of deferred compensation file returns/reports annually with the Secretary of Labor (the Secretary) concerning the financial condition and operation of the plans. Reporting requirements are satisfied by filing the Form 5500 in accordance with its instructions and the related regulations. Form 5500 filings are processed under the ERISA Filing Acceptance System 2 (EFAST-2), which is designed to simplify and expedite the receipt and processing of the Form 5500 by relying on Internet-based forms and electronic filing technologies. In order to file electronically, employee benefit plan Filing authors, Schedule authors, Filing signers, Form 5500 transmitters, and entities developing software to complete and/or transmit the Form 5500 are required to register for EFAST-2 credentials through the EFAST2 website. Requested information includes: applicant type (Filing Author, Filing Signer, Schedule Author, Transmitter, or software developer); mailing address; fax number (optional); e-mail address; company name, contact person; and daytime telephone number. Registrants must also provide an answer to a challenge question (“What is your date of birth?” or “Where is your place of birth?”), which enables users to retrieve forgotten credentials. In addition, registrants must accept a Privacy Agreement; PIN Agreement; and, under penalty of perjury, a Signature Agreement.

2. *Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.*

Registration for EFAST2 credentials through the EFAST2 website is the vehicle by which administrators’ and transmitters’ acceptance of Agreements (Privacy, PIN, and Signature) and declarations are transmitted to the Department so they can be provided with secure codes for the signing, filing, and transmission of the Form 5500.

The electronic credentials also provide future verification of a filer’s standing as a qualified participant in the electronic filing program and a means of contact for information exchange and publication distribution between the filer, transmitter, or

software developer and the Department. Information from EFAST2 credentials registration may also be used to contact company officials if additional information about the form is needed.

3. *Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration for using information technology to reduce burden.*

The purpose of the EFAST2 program is to electronically collect the Form 5500 from plan administrators and service providers of employee benefit plans. The collection of information included in the registration process is wholly electronic, in keeping with the all-electronic method of filing the Form 5500.

The Department continues to take numerous steps to promote the use of the registration for EFAST2 credentials, the subject of this ICR, and to support electronic filing of the Form 5500 Series by plans and service providers:

- The EBSA website links to a dedicated EFAST2 website (<https://www.efast.dol.gov/welcome.html>) to provide filers with up-to-date information about filing electronically, including software availability, frequently asked questions and answers, user publications, and information about upcoming seminars and other outreach activities and events. In addition, information copies of the Form 5500 and the instructions are contained on this site.
- EBSA has made available a toll-free telephone number to provide assistance to plan filers.
- EBSA also provides on the EFAST2 Website, a list of vendors that have successfully completed software certification and can therefore generate machine print paper forms with Bar Codes.
- The most recent revision of the Form 5500 distributed by EBSA and the IRS displays information on the first page of the form about the EFAST2 program and how to file electronically.
- EBSA hosts or participates in numerous speaking engagements each year related to updates or changes in filing the Form 5500. Trade association members, accounting firms, and professional societies that attend these meetings are provided with information about electronic filing.

4. *Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.*

This application includes only basic identifying information and a signature confirming agreement with the provisions of the electronic filing program. While there is some duplication of identifying information in the registration for EFAST2 credentials and the identifying information ultimately submitted on the Form 5500, which is filed electronically, this duplication is considered necessary in order to establish a secure method of electronic transmission. The Department has limited duplication by designing both the credential registration and the processing system to allow an applicant to apply only once for the required codes, regardless of the number of filings transmitted. The electronic signature and/or codes may be used in subsequent years without re-application.

5. *If the collection of information impacts small businesses or other small entities describe any methods used to minimize burden.*

Not applicable. Because only basic identifying information is required, burden is not expected to differ on the basis of the size of the filer, transmitter, or software developer.

6. *Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.*

All Form 5500 must be filed electronically.<sup>1</sup> If the information were not conducted or were conducted less frequently, filers would have no way to receive credentials that would allow them to satisfy their statutory obligations to submit the form.

7. *Explain any special circumstances that would cause an information collection to be conducted in a manner:*

- *requiring respondents to report information to the agency more often than quarterly;*
- *requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;*
- *requiring respondents to submit more than an original and two copies of any document;*

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<sup>1</sup> See 29 CFR Part 2520.104a-2.

- *requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;*
- *in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;*
- *requiring the use of a statistical data classification that has not been reviewed and approved by OMB;*
- *that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or*
- *requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.*

Not applicable.

8. *If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.*

*Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.*

*Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years -- even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.*

The Department's Federal Register notice, as required by 5 CFR 1320.8(d), soliciting comments on the information collection was published in the Federal Register on October

15, 2015,(79 FR 61903), providing the public 60 days to comment on the submission. No comments were received.

9. *Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.*

No payments or gifts are provided to respondents.

10. *Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.*

No assurance of confidentiality is made in connection with this information collection.

11. *Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.*

None.

12. *Provide estimates of the hour burden of the collection of information. The statement should:*

- *Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.*
- *Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.*

Based on the most recent data, the Department estimates that approximately 305,000 applications for electronic signatures will be processed on an annual basis. At 20 minutes per respondent for completion of an application, the annual hour burden is 101,667 hours.<sup>2</sup>

The forms are expected to be completed by financial service professions with a wage rate of \$71.38 per hour.<sup>3,4</sup> The equivalent cost of 101,667 hours at this rate is \$7.26 million.<sup>5</sup>

13. *Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 or 14).*

While it is possible that some service providers may pass on their costs to comply with this information collection, it is assumed for purposes of these estimates, that all respondents will satisfy this requirement using in-house resources. Therefore, there are no operating costs associated with registration for EFAST2 credentials.

14. *Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.*

The cost to the Federal government for processing applications for electronic signatures is an extremely small component of the overall contract to maintain the EFAST-2 System. The costs are accounted for in the overall costs to the Government for maintaining the EFAST-2 System, which is reflected in the OMB submission for Control Number 1210-0110.

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<sup>2</sup> 305,000 applications \* 20/60 minutes = 101,667 hours.

<sup>3</sup> The Department's estimated 2015 hourly labor rates include wages, other benefits, and overhead are calculated as follows: mean wage from the 2013 National Occupational Employment Survey (April 2014, Bureau of Labor Statistics <http://www.bls.gov/news.release/pdf/ocwage.pdf>); wages as a percent of total compensation from the Employer Cost for Employee Compensation (June 2014, Bureau of Labor Statistics <http://www.bls.gov/news.release/ecec.t02.htm>); overhead as a multiple of compensation is assumed to be 25 percent of total compensation for paraprofessionals, 20 percent of compensation for clerical, and 35 percent of compensation for professional; annual inflation assumed to be 2.3 percent annual growth of total labor cost since 2013 (Employment Costs Index data for private industry, September 2014 <http://www.bls.gov/news.release/eci.nr0.htm>).

<sup>4</sup> Accountants and Auditors (13-2011): \$34.86(2013 BLS Wage rate) /0.69(ECEC ratio) \*1.35(Overhead Load Factor) \*1.023(Inflation rate) ^2(Inflated 2 years from base year) = \$71.38

<sup>5</sup> 101,667 hours \* \$71.38 = \$7.26 million.

15. *Explain the reasons for any program changes or adjustments*

The burden estimates declined due to a decrease in the number of applications for electronic signatures. Applicants must only register for an electronic signature the first year that they submit a Form 5500 through EFAST-2. In subsequent Form 5500 submissions they can reuse the signature they previously obtained. Therefore, the Department expects applications to continue to decline over time.

16. *For collections of information whose results will be published, outline plans for tabulation, and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.*

This is not a collection of information for statistical use and there are no plans to publish the results of this collection.

17. *If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.*

Not applicable.

18. *Explain each exception to the certification statement*

Not applicable; no exceptions to the certification statement.

**B. Collections of Information Employing Statistical Methods**

Not applicable. The use of statistical methods is not relevant to this collection of information.