

**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 1212-0055, expires December 31, 2015

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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, 711, 716, 716A, 720 (PBGC expects to incorporate modifications to these forms on MyPBA in Fall 2016). 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 proposing to add a new form to the information collection: Form 717, Benefit Inquiry Questionnaire. PBGC will send this form to individuals who contact PBGC to inquire whether PBGC is holding any benefits to which they are entitled. The questionnaire will request information that PBGC needs to determine whether the individual is owed benefits and, if so, the benefit amount.

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

The existing collection of information under the regulation was approved under OMB control number 1212-0055 (expires December 31, 2015). 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 708 (Designation of Beneficiary – Not Currently Receiving Pension Benefits); 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 October 25, 2015, PBGC published a 60-day notice (80 FR 64454) of intent to request an extension of this collection of information, as modified, and requested public comment by December 22, 2015. No public comments were received in response to the notice. PBGC has published a 30-day notice informing the public of this submission and requesting public comment.

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 years 2016-2018, PBGC estimates that 53,290 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 45,790 hours.

Of the 53,290 applications or information forms expected to be filed annually, PBGC estimates that 16,320 forms or applications will be filed by participants or beneficiaries in newly PBGC-trusted plans, broken down as follows:

- 15,000 payee information forms, at a total hourly burden of 7,500 hours (30 minutes per respondent).
- 1,320 benefit applications, at a total hourly burden of 1,320 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 approximately 36,960 applications will be filed, broken down as follows:

- 36,670 benefit applications by participants or beneficiaries from plans that were trusted in prior years, at a total hourly burden of 36,670 hours (one hour per respondent).
- 270 benefit applications by missing participants in PBGC's existing Missing Participant program, at a total hourly burden of 270 hours (one hour per respondent).
- 35 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 35 hours (1 hours per respondent).

PBGC further estimates that annually 466,410 individuals will contact PBGC with inquiries or be contacted by PBGC to respond to inquiries, with an associated burden of 78,620 hours broken out as follows:

- Inquiries from participants in trusted plans, 462,200 inquiries (10 minutes per inquiry), aggregate hourly burden of approximately 77,040 hours;
- Inquiries from missing participants, 690 inquiries (10 minutes per inquiry), aggregate hourly burden of approximately 120 hours;
- Inquiries from woodwork participants, 3,500 inquiries (25 minutes per inquiry), aggregate hourly burden of approximately 1,460 hours.

Thus, PBGC estimates that the total annual burden associated with this collection of information to be 124,410 hours – 45,790 hours for the submission of forms and applications and 78,620 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.

PBGC anticipates that the expanded Missing Participants program will be operational in FY2018 and estimates that for FY2018, an additional 3,050 benefit application or information forms will be filed and that the associated burden will be 3,050 hours (approximately one hour per application or form). PBGC further estimates that for FY2018 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 2,000 hours (10 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 5,050 hours greater in FY2018 than in FY2016 and FY2017 (129,460 as compared to 124,410 hours), and that 3,050 more forms and application will be filed in FY2018 than in FY2016 and FY2017 (56,340 as compared to 53,290).

Thus, PBGC estimates that over the next three years (FY2016-FY2018), the average estimated number of forms and applications expected to be filed will be 54,310 (53,290 for FY2016 and FY2017 and 56,340 for FY2018), and the average estimated annual burden associated with this collection of information will be approximately 126,090 hours (124,410 hours for FY2016 and FY2017 and 129,460 hours for FY2018).

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, fewer than five percent of all other participants and beneficiaries who submit benefit applications and information forms do so by mail for which they pay their own postage; the rest return applications and forms in self-addressed stamped envelopes provided by PBGC. As a result, of the 53,290 forms or applications expected to be filed by participants or beneficiaries in FY2016 and FY2017, PBGC estimates approximately 2,660 participants or beneficiaries will incur postage costs in those years (5% of 53,290 \simeq 2,660). For FY2018, PBGC estimates that approximately 2,820 participants or beneficiaries will incur postage costs (5% of 56,340 \simeq 2,820).

At an estimated cost of \$.49 for each such individual in FY2016, the annual cost is estimated to be approximately \$1,300 (2,660 * \$.49 \simeq \$1,300). For FY2017 and FY2018, PBGC assumes that the price of a stamp will increase one cent each year, so that the estimated cost would be approximately \$1,330 (2,660 * \$.50 = \$1,330) in FY2017 and approximately \$1,440 in FY2018 (2,820 * \$.51 \simeq \$1,440), for an estimated average cost of approximately \$1,360 over the three years

14. Costs to the Federal government. PBGC estimates that over the next three years (FY2016-FY2018), the average estimated annual cost of processing this information will be \$5,005,600, consisting of \$1,820,990 for processing the benefit application and information forms, \$3,084,610 for handling inquiries, and \$100,000 for postage.

15. Change in burden and costs. The change in annual hourly burden (from 87,500 hours and \$2,270 in the current inventory to 126,090 hours and \$1,360 requested) is due to the following factors:

- PBGC revised its estimates of the number of number of forms and applications expected to be filed from 102,050 to 54,310, resulting in a decrease in the hourly aggregate burden on participants, and a decrease in the aggregate cost burden since fewer forms and applications are expected to be filed.
- PBGC included in its hourly burden estimate an estimate of the amount of time that participants in trustee plans will spend having their inquiries handled by PBGC. This added to the aggregate hourly burden estimate for participants.
- 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.