

**SUPPORTING STATEMENT
REQUEST FOR APPROVAL OF PROPOSED COLLECTION**

AGENCY: Pension Benefit Guaranty Corporation

TITLE: Missing Participants; 29 CFR Part 4050; PBGC Forms MP100, MP200, MP300 and MP400, and schedules

STATUS: Request for approval of new information collection under a new control number.

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1. Need for collection. The Pension Benefit Guaranty Corporation (PBGC) administers the pension insurance program under title IV of the Employee Retirement Income Security Act of 1974 (ERISA). The title IV insurance program applies to most defined benefit (DB) pension plans. (Among the DB plans not covered by title IV are small plans of professional service employers.) If a covered plan terminates underfunded, PBGC steps in to guarantee benefits up to specified limits. PBGC also oversees the termination of well-funded plans.

The process of closing out a terminated retirement plan involves the disposition of plan assets to satisfy the benefits of plan participants and beneficiaries. One difficulty faced by plan administrators in closing out terminated plans is how to provide for the benefits of missing persons. Title IV includes a provision (section 4050 of ERISA) under which PBGC holds retirement benefits for missing participants and beneficiaries in terminated pension plans and seeks to reunite those participants and beneficiaries with the benefits being held for them.

Alternatively, if a plan buys an annuity contract to provide a missing person's benefit, PBGC keeps information about the annuity contract that can be provided to the person when located.

This missing participants program is currently limited to single-employer DB plans covered by title IV of ERISA.

The Pension Protection Act of 2006 provides for expansion of the missing participants program, and PBGC is proposing to extend the program to —

- defined contribution (DC) plans (not covered by title IV¹),
- small professional service DB plans (not covered by title IV), and
- multiemployer DB plans (covered by title IV).

PBGC's proposal would also redesign its existing missing participants program (for single-employer DB plans covered by title IV). The citation and publication date of PBGC's proposed rule are set forth in the ROCIS submission for this collection of information.

All four programs would follow the same basic design. The most prominent difference among them would lie in the mandatory or voluntary nature of the programs. For plans covered by the title IV insurance program, participation in the program is mandatory. However, DB plans covered by the title IV insurance program have the choice — for each missing participant — of transferring the benefit to PBGC or purchasing an annuity contract and providing PBGC with information on the annuity (information needed by the missing participant to access to the benefit). For plans not covered by title IV, PBGC's proposal permits, but does not require, such plans to participate in PBGC's missing participants program.

If a plan not covered by title IV decides to participate, it must then elect to be a transferring plan or a notifying plan. Under the proposal, a transferring plan must transfer benefits for *all* missing participants to PBGC. A notifying plan does not transfer benefits to PBGC; instead, it makes other dispositions of the missing participants' benefits (for example, by

¹ Eligibility for the missing participants program under ERISA section 4050 is not by itself considered coverage by title IV or ERISA.

transfer to an account with a financial institution) and notifies PBGC of the disposition for some or all of the missing individuals.

PBGC needs information from plans that participate in the missing participants program to identify the plans and the missing participants and beneficiaries, to verify that persons reported missing are actually missing, to determine the persons entitled to benefits that the plans transfer to PBGC and the form and amount of benefits payable, and to refer claimants of benefits being held elsewhere to the institutions holding the benefits.

Because PBGC's current missing participants program applies only to single-employer plans covered by title IV, the information collection requirements for the program are integrated with information collection requirements related to the title IV insurance program and approved by OMB under control number 1212-0036 (expires November 30, 2017). Under PBGC's proposed rule, PBGC anticipates that most plans using the missing participants program will be DC plans not covered by title IV. Therefore, PBGC is seeking a new control number for the collection of information under the proposed rule.

2. Use of information. PBGC uses the information collected under the current program to identify reporting plans, verify missing status, search for missing participants and beneficiaries, identify persons entitled to benefits and the amount and form of benefits payable, and refer claimants to institutions other than PBGC that hold benefits for missing participants and beneficiaries. PBGC will use the information collected under the proposed program for the same purposes.

3. Information technology. The proposed rule would allow filers to calculate benefits to be transferred to PBGC by use of spreadsheets accessible on PBGC's website. Payments to PBGC for missing participants may be made by wire transfers.

4. Identifying duplication. In general, the information required in the missing participant filings is not routinely filed with, and available from, any other Federal Government agency, and there is no similar information that is available instead of the information reported in these filings.

5. Reducing the burden on small entities. The proposal would reduce burden on all terminating plans, including small plans, by providing a solution to the problem of distributing the benefits of missing participants and beneficiaries upon close-out.

6. Consequences of less frequent reporting. This collection of information occurs only once in the life of a pension plan covered by section 4050 of ERISA — upon close-out in connection with plan termination. Therefore, the collection could be conducted less frequently only if it were not conducted at all. If this information were not collected at all, PBGC would not be able to fulfill its duties under the missing participants program provided for in section 4050 of ERISA.

7. Disfavored requirements. This collection of information does not involve any requirement listed in 5 CFR § 1320.5(d)(2).

8. Outside input. PBGC's proposed rule solicits public comment on this collection of information. The citation and publication date of the proposed rule are set forth in the ROCIS submission.

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.

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

12. Hour burden on the public. About 200 single-employer plans covered by title IV use the current missing participants program each year; PBGC assumes that figure will remain more or less steady. The number of covered multiemployer plans and non-covered DB plans using the new programs is expected to be negligible and assumed to be zero. There is a dearth of data on which to base an estimate of the number of DC plans that will participate; PBGC assumes there will be 3,100 per year. Thus the total number of respondents is estimated at 3,300 per year.

Reporting is less onerous for plans that simply report information about the disposition of missing persons' benefits (DB plans that annuitize benefits and DC plans that are notifying plans) than for those that send benefits to PBGC. And for those that send benefits to PBGC, reporting is easier for DC than DB plans. DC plans (unlike covered DB plans) may choose to be transferring or notifying plans, and PBGC assumes that a greater proportion of DC plans will be notifying plans than the proportion of DB plans that annuitize benefits under the current program. PBGC estimates that about one-third (1,100) of all plans that use the missing participants program will simply report benefit information, and two-thirds (2,200) will transfer benefits. Using current missing participants burden estimates (which are for DB plans only and

thus likely higher than for the projected mix of DB and DC plans), PBGC estimates the per-plan filing burden as two hours (one-third at 1 hour and two-thirds at 2.5 hours).

The total time required for these filings would thus be 6,600 hours. Using the same percentage as for the current program, PBGC estimates that 20 percent of this work will be done in-house, and thus the estimated hour burden is about 1,320 hours. The monetary equivalent of this time is estimated at \$31,680, using an average hourly rate of \$24, based on the following assumptions:

- Wage rates account for approximately 70% of total labor costs, with the remaining 30% attributable to benefits costs.²
- The in-house hours are primarily performed by office and administrative support staff (occupational code 43-0000),³ at a mean hourly wage rate of \$17.08 per hour, approximately \$24 per hour including benefits).

13. Dollar burden on the public. PBGC estimates that 5,280 hours (80 percent of 6,600 hours) of the time required for missing participants filings will be contracted out. This translates into an estimated dollar burden of about \$829,000, using an average hourly rate of \$157, based on the following assumptions:

- Wage rates account for approximately 70 percent of total labor costs, with the remaining 30 percent attributable to benefits costs.⁴
- Consulting is performed by compensation and benefits managers (occupational code 11-3111) at a mean hourly cost of \$81.50 (an hourly wage rate of \$57.05 plus \$24.45 in benefits) and actuaries (occupational code 15-2011) at a mean hourly cost of \$75.61 (an hourly wage rate of \$52.93 plus \$15.88 in benefits). Weighting these two rates equally results in a blended rate for professional consulting services of approximately \$78.50.⁵

² <http://www.bls.gov/news.release/ecec.nr0.htm> (see first paragraph).

³ http://www.bls.gov/oes/current/oes_nat.htm (see “Office and Administrative Support Occupations”).

⁴ <http://www.bls.gov/news.release/ecec.nr0.htm>.

⁵ Occupational Employment and Wages, May 2014, 11-3111 Compensation and Benefits Managers <http://www.bls.gov/oes/current/oes113111.htm>, and Occupational Employment and Wages, May 2014, 15-2011 Actuaries, <http://www.bls.gov/oes/current/oes152011.htm>.

- The hourly rate is doubled to provide for overhead and other costs, for a total hourly cost of approximately \$157.

14. Cost to federal government. PBGC proposes to operate the new missing participants program through the use of contractors (except for inherently governmental functions such as approving payments to payees) and to charge fees calculated to cover the cost of contractors' services. Since contractors would be expected to do all processing of filings, the cost to the federal government would be nil.

15. Change in burden. This is a new collection.

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 certifications described in 5 CFR § 1320.9.