JUSTIFICATION FOR NON-SUBSTANTIVE/NO MATERIAL CHANGE SUBMISSION

The Employee Retirement Income Security Act of 1974 (ERISA) contains three separate sets of provisions – in Title I (Labor provisions), Title II (Internal Revenue Code (Code) provisions), and Title IV (Pension Benefit Guaranty Corporation provisions) – requiring administrators of employee benefit pension and welfare plans (collectively referred to as employee benefit plans) to file returns or reports annually with the federal government.

The Pension Benefit Guaranty Corporation (PBGC), the Internal Revenue Service (IRS), and the Department of Labor (DOL) (collectively, the Agencies) work together to produce the Form 5500 Annual Return/Report for Employee Benefit Plan and Form 5500-SF Short Form Annual Return/Report for Small Employee Benefit Plan) (Form 5500 Series), through which the regulated public can satisfy the combined reporting/filing requirements applicable to employee benefit plans.

The collection of information has been approved by OMB under control number 1212-0057 through June 30, 2017. PBGC requests that OMB approve this non-substantive/no material change submission to PBGC's currently approved information collection through June 30, 2017.

PBGC proposes to make three changes to this information collection. All three changes would call for the reporting of information that, while not currently required, is readily available and will not be burdensome to report.

(1) PBGC proposes to require the reporting of the PBGC premium filing identification number on Form 5500-SF by defined benefit plans covered under the PBGC insurance program. This item was added last year to the regular Schedule H and Schedule I required to be filed as part of the Form 5500 and was approved as a non-substantive /no material change.

   This item is for audit purposes. PBGC has found discrepancies between the number of plans claiming to have paid PBGC premiums and the number of premium filings. Requiring the reporting of the PBGC premium filing confirmation number helps resolve such discrepancies by revealing incorrect confirmation numbers. It also helps improve data accuracy. The confirmation number is readily available to the plan administrator, and the burden of providing it is negligible.

(2) PBGC proposes to add three response codes to the instructions for line 6c of Schedule MB. Respondents that use a mortality table for which no specific response code is provided are required to use the response code for "other." Adding three new response codes means that some filers that would have been required to use the "other" code will now be required to use one of the three new codes.

The addition of the three response codes would reflect current actuarial practice and provide more accurate and up-to-date information on the mortality tables used by filers for plan valuation purposes. The burden of using a different response code is negligible.

(3) PBGC proposes to require a description of the mortality projection technique and scale in the instructions for line 6c of Schedule MB. The change would instruct filers that use a projection to provide the information as part of an attachment to line 6 (statement of actuarial assumptions / methods).

This information is in the annual actuarial valuation report (which is not filed with Form 5500, although it may be included in other filings with the government) and thus is readily available, making the burden of compliance negligible. Many plans already include a description of the mortality projection technique and scale in the line 6 attachment.

See APPENDIX for changes described above (changes indicated in red).

PBGC 2017 5500 changes

PBGC's proposed changes to 2017 Form 5500-SF, and to Instructions for 2017 Form 5500 and 5500-SF

Form 5500-SF

- **Change line 6c to add the following sentence at the end:**

  If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year_____. (See instructions.)

Line 6c should read in its entirety as follows:

If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021.)? ...... ☐ Yes   ☐ No   ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year_____. (See instructions.)

Instructions

Form 5500-SF Instructions

- **Revise the instructions for line 6c to add the following text before the last sentence:**

  If you checked the box "Yes," enter the My PAA generated confirmation number for the premium filing for this plan year (see filing receipt). If you amended your premium filing for this plan year, enter the confirmation number for that filing and not for the previous filing(s).

The entire instructions for line 6c should read as follows:

If you are uncertain whether the plan is covered under the PBGC termination insurance program, check the box "Not determined" and contact PBGC either by phone at 1-800-736-2444, by E-mail at **standard@pbgc.gov**, or in writing to Pension Benefit Guaranty Corporation, Standard Termination Compliance Division, Suite 930, Processing and Technical Assistance Branch, 1200 K Street, NW, Washington, DC 20005-4026. If you checked the box "Yes," enter the My PAA generated confirmation number for the premium filing for this plan year (see filing receipt). If you amended your premium filing for this plan year, enter the confirmation number for that filing and not for the previous filing(s). Defined contribution plans and welfare plans do not need to complete this item.

Schedule MB Instructions

- **Add to instructions for line 6c of Schedule MB, under the list of Mortality Tables and Codes, the following after "RP-2000 (with Blue Collar Adjustment)":**

  RP-2014……………..……………… 12

  RP-2014 (Blue Collar) 13

  RP-2014 (adjusted to 2006 Base Year).... 14

The entire list of mortality tables and codes in the instructions for line 6c should look as follows:

Mortality Table	Code
1951 Group Annuity	1
1971 Group Annuity Mortality (G.A.M.)	2
1971 Individual Annuity Mortality (I.A.M.)	3
UP-1984	4
1983 I.A.M.	5
1983 G.A.M.	6
1983 G.A.M. (solely per Rev. Rul. 95-28)	7
UP-1994	8
Mortality table applicable to current plan year under section 1.431(c)(6)-1 of the Income Tax Regulations	9
RP-2000	10
RP-2000 (with Blue Collar Adjustment)	11
RP-2014	12
RP-2014 (Blue Collar)	13
RP-2014 (adjusted to 2006 Base Year)	14
Other	A
None	0

- **Change the last paragraph of the instructions for line 6c by adding a period to the second sentence after the parenthetical and deleting the semicolon. Capitalize "t" in the following "the" to start a new sentence and add at the end of that sentence the following (in bold and italicized as indicated):**

  "from line 6c, but a description of projection techniques, including the projection scales used, should be included in the *Schedule MB, line 6 – Statement of Actuarial Assumptions/Methods*"

The entire last paragraph of the instructions for line 6c should read as follows:

Where an indicated table consists of separate tables for males and females, add F to the female table (e.g., 1F). When a projection is used with a table, follow the code with "P" and the year of projection (omit the year if the projection is unrelated to a single calendar year). The identity of

the projection scale should be omitted from line 6c, but a description of projection techniques, including the projection scales used, should be included in the *Schedule MB, line 6 – Statement of Actuarial Assumptions/Methods*. When an age setback or set forward is used, indicate with " – " or "+" and the number of years. For example, if for females the 1951 Group Annuity Table with Projection C to 1971 is used with a 5-year setback, enter "1P71-5." If the table is not one of those listed, enter "A" with no further notation. If the valuation assumes a maturity value to provide the post-retirement income without separately identifying the mortality, interest and expense elements, enter on line 6c, under "Post-retirement," the value of $1.00 of monthly pension beginning at the plan's weighted average retirement age, assuming the normal form of annuity for an unmarried person. In such a case, leave lines 6d and 6e blank.