

15

**SUPPORTING STATEMENT  
Internal Revenue Service (IRS)**

**Regulations governing the performance of actuarial services under the Employee Retirement Income Security Act of 1974; 20 CFR 901, Forms 5434 and 5434-A  
OMB Number 1545-0951**

1. **CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

The collections of information are required in order for the Joint Board to carry out its function under section 3042 of ERISA, which provides that the Joint Board shall, by regulations, establish reasonable standards and qualifications for persons performing actuarial services with respect to plans subject to ERISA and, upon application by any individual, shall enroll such individual if the Joint Board finds that such individual satisfies such standards and qualifications, and also provides that the Joint Board may, after notice and an opportunity for a hearing, suspend or terminate the enrollment of an individual who fails to discharge his duties under ERISA or who does not satisfy the requirements for enrollment.

2. **USE OF DATA**

The information will be used by the Joint Board to determine whether the enrolled actuary qualifies for enrollment to perform actuarial services and to evaluate the adequacy of continuing professional education courses for enrolled actuaries. Failure to collect such information would result in the Joint Board being unable to determine the eligibility of those individuals wishing to perform actuarial services and unable to evaluate the adequacy of continuing professional education courses for enrolled actuaries.

3. **USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

Forms 5434 and 5434-A may be filed electronically at [www.pay.gov](http://www.pay.gov), and all required recordkeeping may be in any format (including electronic) so long as a copy may be produced upon request.

4. **EFFORTS TO IDENTIFY DUPLICATION**

The information obtained through this collection is unique and is not already available or use or adaption from another source.

5. **METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES**

There are no small entities affected by this collection.

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

Enrolled actuaries and qualified sponsors of continuing professional education courses are required to renew their status only every three years. The collections associated with demonstrating compliance with the regulations are as frequent as the actions undertaken to comply. Reducing the frequency could jeopardize the ability of the Joint Board to maintain the

standards and qualifications of individuals performing actuarial services.

**1. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)**

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

**8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS**

In response to the Federal Register notice dated September 19, 2019 (84 FR 48217), we received no comments during the comment period regarding these regulations.

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

No payment or gift has been provided to any respondents.

**10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES**

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

**11. JUSTIFICATION OF SENSITIVE QUESTIONS**

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Individual Master File (IMF)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.030-CADE Individual Master File and IRS 34.037 IRS Audit Trail and Security Records System. The Internal Revenue Service PIAs can be found at <https://www.irs.gov/uac/Privacy-Impact-Assessments-PIA> .

Title 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems.

**12. ESTIMATED BURDEN OF INFORMATION COLLECTION**

Form 5434 is issued to applicants who are seeking actuary status under ERISA. The agency estimates that it takes 1 hour to comply, receives an estimated 400 responses annually, for an overall total of 400 burden hours.

The Joint Board for the Enrollment of Actuaries must provide Renewal Application for its Enrolled Actuaries to submit providing continuing education and enrollment status documentation. The agency expects that 5,000 individuals will do this during the renewal period which is every three years (5,000 /3 yrs=1,666). It is estimated to take 30 minutes to comply for an overall annual estimated burden of 500 hours.

The regulations (20 CFR 901) require that records be kept that verify satisfaction of requirements, and certificates of completion education requirements. It is estimated to take .25

hours and that there are 4,100 recordkeepers annually for a total of 1,000 burden hours.

Form	Description	# Respondents	# Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
5434	Joint Board for the Enrollment of Actuaries - Application for Enrollment	400	1	400	1	400
5434 A	Joint Board for the Enrollment of Actuaries - Application for Renewal of Enrollment	1,666	1	1,666	.50	833
20 CFR 901	Records to be kept that verify satisfaction of requirements, and certificates of completion education requirements.	4,100	1	4,100	.25	1,000
Totals		6,166		6,166		2,233

### 13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

### 14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The Federal government cost estimate is based on a model that considers the following three cost factors for each information product: aggregate labor costs for development, including annualized start up expenses, operating and maintenance expenses, and distribution of the product that collects the information.

The government computes cost using a multi-step process. First, the government creates a weighted factor for the level of effort to create each information collection product based on variables such as; complexity, number of pages, type of product and frequency of revision. Second, the total costs associated with developing the product such as labor cost, and operating expenses associated with the downstream impact such as support functions, are added together to obtain the aggregated total cost. Then, the aggregated total cost and factor are multiplied together to obtain the aggregated cost per product. Lastly, the aggregated cost per product is added to the cost of shipping and printing each product to IRS offices, National Distribution Center, libraries and other outlets. The result is the Government cost estimate per product.

The government cost estimate for this collection is summarized in the table below.

Product	Aggregate Cost per Product (factor applied)	Printing and Distribution	Government Cost Estimate per Product
Form 5434	\$ 5,000	0	\$ 5,000
Form 5434-A	\$ 5,000	0	\$ 5,000
<b>Grand Total</b>	<b>\$10,000</b>	<b>0</b>	<b>010,000</b>
Table costs are based on 2016 actuals obtained from IRS Chief Financial Office and Media and Publications			
* New product costs will be included in the next collection update.			

**1. REASONS FOR CHANGE IN BURDEN**

There are no changes to the forms or regulations at this time. However, the agency is updating the number of respondents based on its most recent filing data. Form 5434 response/respondents estimates have been decreased by 1,600 (from 2,000 to 400), for an overall annual burden reduction of 1,600 hours (2,000 hours to 400). Form 5434-A response/respondents estimates have been decreased by 2,334 hours (4,000 to 1,666) for an overall annual burden decrease of 700 hours (1,200 to 833). The regulation estimates remain the same 4,100 response/respondents and 1,000 hours. These changes result in an overall decrease in burden (4,200 hours to 1,900) and responses/respondents from 10,100 to 6,166).

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses for this IC	6,166	0	0	-3,934	0	10,000
Annual IC Time Burden (Hours)	2,233	0	0	-1,967	0	4,200

**16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION**

There are no plans for tabulation, statistical analysis, and publication.

**17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE**

The IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the form sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

**18. EXCEPTIONS TO THE CERTIFICATION STATEMENT**

There are no exceptions to the certification statement.

**Note:** The following paragraph applies to all of the 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 a 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.