

## Supporting Statement for Paperwork Reduction Act Submission

**AGENCY:** Pension Benefit Guaranty Corporation

**TITLE:** Allocating Unfunded Vested Benefits to Withdrawing Employers (29 CFR Part 4211)

**STATUS:** Request for regular review and extension of currently approved collection (OMB control number 1212-0035; expires August 31, 2020)

**CONTACT:** Hilary Duke (326-4400 x3839)

1. Need for collection. Section 4211(c)(5)(A) of the Employee Retirement Income Security Act of 1974 (“ERISA”) requires the Pension Benefit Guaranty Corporation (“PBGC”) to prescribe by regulation a procedure whereby multiemployer pension plans can change the way they allocate unfunded vested benefits to withdrawing employers, subject to PBGC approval. Approval of a change is to be based on a determination that the change will not significantly increase the risk of loss to plan participants or PBGC.

Pursuant to this statutory requirement, PBGC has issued a regulation on Allocating Unfunded Vested Benefits, 29 CFR Part 4211. Section 4211.22 of the regulation prescribes the information that must be submitted to PBGC by a plan seeking PBGC approval of an amendment to its allocation method. Information identifying the plan, the plan sponsor, and the plan sponsor’s representative (if any) must be provided so that PBGC knows who these parties are; information on the provisions of the old and new allocation methods must be provided so that PBGC can evaluate the new method; and information on when the new method was adopted and whether employers and employee organizations have been notified must be provided to assure

PBGC that the plan has complied with requirements regarding timing of the submission (in § 4211.22(a) of the regulation) and notification of other parties (in ERISA section 4214(b)).

2. Use of information. The information submitted to PBGC by a plan under this regulation is used by PBGC to determine how the plan amendment changes the way the plan allocates unfunded vested benefits and how the change will affect the risk of loss to plan participants and PBGC. It also assures PBGC that the plan has complied with ERISA section 4214(b) by informing contributing employers and employee representatives of participants about the amendment.

3. Information technology. No consideration has been given to the use of improved information technology to reduce burden. The reporting volume under the regulation is too low to warrant the use of high technology. However, PBGC expects that most, if not all, plan sponsors and their representatives will use email and electronic versions of documents to provide the information required to PBGC under the regulation.

4. Duplicate or similar information. The information required by the regulation is unique because it describes a unique event; the adoption at a specific time by a specific plan of a specific change in its allocation method. This is the only collection of information imposed by PBGC for that event. Duplication is therefore not considered to be an issue.

No information similar to that required by the regulation exists.

5. Reducing the burden on small entities. Inapplicable.

6. Consequence of reduced collection. Submission of information under the regulation is required only upon the occurrence of a specified event, which never occurs for most plans and is unlikely to occur more than once for any one plan. If the information were not reported, PBGC

would not have an adequate basis for making its statutorily required determinations as to whether changes in allocation methods would or would not significantly increase the risk of loss to participants or PBGC.

7. Consistency with guidelines. The information collection is not conducted in a manner inconsistent with 5 CFR § 1320.5(d)(2).

8. Outside input. PBGC published a Federal Register notice soliciting public comment on this and other collections of information pursuant to 5 CFR § 1320.8(d) (February 11, 2020, at 85 FR 7803). No public comments were received in response to the notice.

9. Payment to respondents. PBGC provides no payments or gifts to respondents in connection with this collection of information.

10. Confidentiality. The regulation gives no assurance of confidentiality, but information submitted to PBGC under the regulation is accessible only in accordance with applicable law and regulations. PBGC's rules providing and restricting access to its records are set forth in 29 CFR Part 4901.

11. Personal questions. The regulation does not call for submission of information of a sensitive nature.

12. Hour burden on the public. Based on its experience under the regulation, PBGC estimates that about 10 plans make submissions under the regulation each year. PBGC estimates that 10 hours of in-house time are required to compile information required for each submission. Accordingly, PBGC estimates that the annual hour burden of this collection of information is 100 hours (10 x 10 hours). The estimated dollar equivalent of this hour burden, based on an assumed blended hourly rate of \$75 for administrative, clerical, and supervisory time, is \$7,500.

13. Cost burden on the public. Plans use outside attorneys and actuaries to prepare the submission for PBGC approval under the regulation. The cost varies depending upon the complexity of the submission. Based on attorney experience, PBGC estimates that the cost burden for a submission is \$10,000. The total estimated annual cost burden of the collection of information is \$100,000.

14. Cost to the government. As discussed in item 12, PBGC staff processes about 10 submissions annually under the regulation. PBGC estimates that the total annual cost to the government is \$0.

15. Explanation of burden changes. There is no change in the estimated hour or 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 to the certification statement.