

**SUPPORTING STATEMENT**  
**Internal Revenue Service**  
Longevity Annuity Contracts  
OMB Control Number **1545-2234**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

This collection covers final regulations relating to the use of longevity annuity contracts in tax qualified defined contribution plans. Internal Revenue Code (IRC) Section 401(a) denote the requirements and qualifications to establish a qualified pension, profit-sharing, and stock bonus plan. IRC section 403(b) of the Internal Revenue Code addresses the taxability of beneficiary under annuities purchased by section 501(c)(3) entities. IRC section 408 provides guidance on the impact to individual retirement accounts and section 457(b) covers deferred compensation plans of State and local governments and tax-exempt organizations.

Treasury Decision (TD) 9673 (79 FR 37633), published July 2, 2014, provide the public with guidance necessary to comply with the required minimum distribution rules under section 401(a)(9) applicable to an IRA or a plan that holds a longevity annuity contract. The regulations affect individuals for whom a longevity annuity contract is purchased under these plans and IRAs (and their beneficiaries), sponsors and administrators of these plans, trustees and custodians of these plans and IRAs, and insurance companies that issue longevity annuity contracts under these plans and IRAs.

Form 1098-Q is used to comply with the reporting requirements under TD 9673. Any person who issues a contract intended to be a QLAC that is purchased or held under any plan, annuity, or account described in section 401(a), 403(a), 403(b), 408 (other than a Roth IRA) or eligible governmental plan under section 457(b), must file Form 1098-Q.

**2. USE OF DATA**

The collection of information in these final regulations is in A-17(a)(6) of section 1.401(a)(9)-6 (disclosure that a contract is intended to be a qualifying longevity annuity contract (QLAC), defined in A-17 of that section) and section 1.6047-2 (an annual statement must be provided to QLAC owners and their surviving spouses containing information required to be furnished to the IRS).

The information in A-17(a)(6) of section 1.401(a)(9)-6 is required in order to notify employees and beneficiaries, plan sponsors, and the IRS that the regulations apply to a contract. The information in the annual statement in section 1.6047-2(c) is required in order to apply the dollar and percentage limitations in A-17(b) of section 1.401(a)(9)-6 and A-12(b) of section 1.408-8 and to comply with other requirements of the required minimum distribution rules.

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

The collection of information does involve the use of automated, electronic, or other technological collection techniques. The statement required to be furnished pursuant to section 1.6047-2 is done through Form 1098-Q. This form is provided electronically must meet the consumer consent requirements in §1.401(a)-21(b).

**4. EFFORTS TO IDENTIFY DUPLICATION**

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

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

The collection of information in these regulations will not have a significant economic impact on a substantial number of small entities. This certification is based upon the fact that the collection of information in these final regulations is in A-17(a)(6) of section 1.401(a)(9)-6 (disclosure that a contract is intended to be a QLAC) and section 1.6047-2 (an annual report must be filed with the IRS and a statement must be provided to QLAC owners and their surviving spouses).

An insubstantial number of entities of any size will be impacted by the regulations, and the entities that will be impacted will be insurance companies, very few of which are small entities. In addition, IRS and Treasury expect that any burden on small entities will be minimal. Based on these facts, a regulatory flexibility analysis under the Regulatory Flexibility Act (5 U.S.C. chapter 6) is not required.

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

A less frequent collection of the information will prevent the IRS from being able to determine the taxpayer's compliance and/or reporting with the requirements outlined in section 401(a)(9), applicable to an IRA or a plan that holds a longevity annuity contract, thereby engendering the inability of the IRS to meet its mission.

**7. 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**

IRS received no comments during the comment period in response to the **Federal Register** Notice dated September 30, 2020 (85 FR 61797).

**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 “Business Master file (BMF)” and a Privacy Act System of Records notice (SORN) has been issued for these systems under IRS 22.062 – Electronic Filing Records; IRS 24.030 – Customer Account Data Engine (CADE) Individual Master File; IRS 24.046 - CADE Business Master File (BMF); IRS 34.037 - IRS Audit Trail and Security Records System. The Internal Revenue Service PIA’s can be found at <http://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**

The collection of information is in A–17(a)(6) of section 1.401(a)(9)–6 (disclosure that a contract is intended to be a qualifying longevity annuity contract (QLAC), defined in A–17 of that section) and section 1.6047–2 (an annual statement must be provided to QLAC owners and their surviving spouses containing information

required to be furnished to the IRS).

The regulations require respondents to disclose that an annuity contract is intended to be a qualifying longevity annuity contract and to furnish statements about these contracts. Form 1098-Q and its instructions implement the reporting requirements. It is estimated to take an average of 8 minutes per response. Therefore, the total annual recordkeeping burden to provide 213,966 responses is 28,529 hours

Section	# Respondents	# Responses Per Respondent	# Annual Responses	Hours Per Response	Total Annual Burden
26 CFR 1.401(a)(9)-6 and 1.6047-2	150	1426.44	213,966	.13	28,529
<b>TOTALS</b>	<b>150</b>		<b>213,966</b>		<b>28,529</b>

Please continue to assign OMB number 1545-2234 to these regulations:

1.401(a)(9)-6                      1.6047-2

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

<u>Product</u>	<u>Labor &amp; Downstream Impact Costs</u>	<u>Print &amp; Shipping Costs</u>	<u>Government Cost Estimate per Product</u>
1098-Q	\$49,757		

			\$ 0		\$49,757
Inst for 1098-Q	\$12,303		\$ 0		\$12,303
<b>Grand Total</b>	<b>\$62,060</b>		<b>\$ 0</b>		<b>\$ 62,060</b>

**15. REASONS FOR CHANGE IN BURDEN**

There are no changes to the burden previously approved by OMB.

This submission is for renewal purposes.

**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**

IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the regulation 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.