

Supporting Statement
Internal Revenue Service
Annual Return/Report of Employee Benefit Plan (Form 5500)
OMB # 1545-1610

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

This collection is a joint venture between the Department of Labor (DOL) and the Internal Revenue Service. The DOL's Employee Retirement Income Security Act of 1974 (ERISA) contains three separate sets of provisions—in Title I (Labor provisions, Title II (Internal Revenue 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.

Title I of ERISA, specifically sections 101(b)(1) and 104(a)(1)(A), requires the administrator of an employee benefit plan to file an annual report containing the information described in section 103 of ERISA with the Department of Labor (DOL). Section 104(a)(2) of ERISA, provides that the Secretary may by regulation prescribe simplified annual reporting for pension plans that cover fewer than 100 participants. Section 109(a) of ERISA, provides that, with certain exceptions, the Secretary may prescribe forms. Sections 104(a)(3) and 110 of ERISA authorize the Secretary to prescribe exemptions and simplified reporting for welfare plans and alternative methods of compliance for pension plans, respectively, if certain findings with respect to such plans can be made by the Secretary. Finally, section 505 of ERISA provides the Secretary with general authority to prescribe such regulations as are “necessary and appropriate” to carry out the provisions of Title I of ERISA.

Provisions in Title II of ERISA require an annual return to be filed on behalf of specified tax-qualified retirement plans with the Internal Revenue Service (IRS). Specifically, sections 6057(b) and 6058(a) of the Internal Revenue Code (Code) require the plan administrator or employer who maintain retirement plans to file annual information returns with respect to the qualification, financial conditions and operation of the plans; Section 6059 of the Code requires the plan administrator to file an actuary report; Section 6039D of the Code requires certain fringe benefit plans to file annual information returns; and section 6047(e) of the Code requires certain employee stock ownership plans (ESOP) to file annual information returns.

Provisions in Title IV require certain annual reports to be filed for employee benefit plans with the Pension Benefit Guaranty Corporation (PBGC).

Since enactment of ERISA, DOL has cooperated with the IRS and the PBGC to produce the Form 5500 Annual Return/Report, through which the regulated public can satisfy the combined reporting/filing requirements applicable to employee benefit plans. On November 16, 2007, the three agencies adopted revisions to the Form 5500 Annual Return/Report, including the establishment of a new Form 5500-SF (Short Form 5500) for certain small plans, in order to update and streamline the annual reporting process in conjunction with establishing a wholly electronic processing system for receipt of the Form 5500 Annual Return/Reports and to conform the forms to the Pension Protection Act of 2006, Pub.L. No. 109-280, Section 1 (PPA).¹ A final rule was published contemporaneously with the revisions including an amendment to the Electronic Filing Rule (72 FR 64710). Specifically, that final rule amends the DOL regulation at 29 CFR 2520.104a-2 to provide that the electronic filing requirement is applicable only for plan years beginning on or after January 1, 2009.

The Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 ((Pension Relief Act), Pub. L. No. 111-192, section 201), enacted June 25, 2010, amended the Code to allow sponsors of defined benefit pension plans to elect funding relief, including on a retroactive basis. The IRS issued funding relief guidance for multiemployer plans in Notice 2010-83 on November 26, 2010 and for single-employer plans in Notice 2011-03 on December 17, 2010. The IRS Notices include technical revisions to the Form 5500 to conform the actuarial information required to be reported on the Schedule MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) and Schedule SB (Single-Employer Defined Benefit Plan Actuarial Information) to reflect the funding relief alternatives retroactively available to defined benefit pension plans in connection with their 2008, 2009, and 2010 plan years. The retroactive availability of the funding relief under the Pension Relief Act for sponsors of defined benefit plans created an immediate need for changes to the Schedules MB and SB reporting requirements. Without these changes, filers would be unable to file accurate and complete Schedules MB and SB. In accordance with the IRS Notices, affected filers must provide the required information either as an attachment to the 2011 Annual Return/Report or by way of amendment of the 2008 or 2009 Annual Return/Report. Only a relatively small number of Form 5500 filers, comprised of only those defined benefit plan filers that elect the optional relief offered under the Pension Relief Act for 2008, 2009, or 2010 plan years, are affected by the Schedule MB and SB changes.

In 2013, 2014, and 2015, the Internal Revenue Service has submitted substantive and non-substantive change requests for the Form 5500 instructions for these years, which were approved by OMB. These requests reflect the changes made by the Pension Relief Act and the IRS guidance after receiving OMB approval.

2013 Revision

The IRS submitted this request to update the cost and hour burden estimates as a non-material/non-substantive change request for the 2013 Form 5500 and instructions.

2014 Revision

The IRS submitted this request to update the hour and cost burden associated with the ICR to reflect its most recent data on Form 5500 filings and wage rates.

2015 Revision

The 2015 changes, as outlined in the notice dated December 23, 2014, (79 FR 77088), generate an increase in burden by 21,000 hours and increase the estimated number of responses by 36,000 per year. Form 5500-SUP is a paper-only form filed with the IRS that is used by the sponsors and administrators of retirement plans to satisfy the reporting requirements of section 6058 of the Code. Form 5500-SUP should only be used if certain IRS compliance questions are not answered electronically on the Form 5500 or Form 5500-SF. The paper submission of this form increased the estimated number of responses by 500 and the estimated annual burden by 208 hours.

2016 Revision

The proposed form revisions are intended to streamline and simplify the questions that were proposed in the 2015 draft. The 2016 questions are almost identical to the ones proposed in 2015. Changes were made to retain only those that were deemed critical and to account for the public comments received in 2015. This resulted in the deletion of some questions and modification of a few others. Form 5500-SUP should only be used if certain IRS compliance questions are not answered electronically on the Form

5500 or Form 5500-SF, and only by plans not subject to the e-filing mandate (the Treasury Department and IRS issued the final regulations mandating electronic filing for certain employee benefit plans on September 29, 2014, thereby enabling IRS to collect IRS compliance questions electronically starting in 2015²).

2020 Revision

Form 5500-EZ is an annual return filed by a one-participant (owners/partners and their spouses) retirement plan or a foreign plan to satisfy certain annual reporting and filing requirements imposed by the Code. Unlike the 5500 and 5500-SF, which are forms shared by IRS, DOL, and PBGC, the 5500-EZ is an IRS-only form. Currently, if one-participant or foreign plans are required to – or choose to – satisfy their 5500-EZ filing requirements by filing electronically, they must answer a subset of questions of the 5500-SF and file it through the EFAST2 system. Beginning with filing for the 2020 plan year, 5500-EZs may now be filed directly through EFAST2, thereby eliminating any confusion that might have been caused by the use of the (partial) 5500-SF as the vehicle for electronic filing of the Form 5500-EZ information since the 2009 plan year. Ideally, it will increase the use of electronic filing. Giving “EZ filers” the ability to file electronically directly through EFAST2 means they will no longer use the “work-around” of filing the 5500-SF and, therefore, the “one-participant” and “foreign plan” checkboxes are being removed from the 5500-SF; and the 5500, 5500-SF, and 5500-EZ instructions are being updated to reflect this streamlined way of electronically filing the 5500-EZ.

The Form 5500 and Form 5500-SF are currently filed electronically through the web-based EFAST2 system. The Form 5500-EZ is currently filed on paper with the IRS or by answering a subset of questions on the Form 5500-SF, which is then filed electronically through EFAST2. The IRS plans to make the Form 5500-EZ available on the EFAST2 system for direct electronic filing instead of using Form 5500-SF. The Form 5500-EZ was covered separately under OMB Number 1545-0956, but is now being consolidated under this OMB Number (1545-1610) alongside the Form 5500 and Form 5500-SF. The Form 5500-EZ would still be available to be filed on paper with the IRS. The addition of the Form 5500-EZ to the EFAST2 system necessitates changes to the forms and instructions to eliminate “one-participant plan” and “foreign plan” check boxes from the Form 5500-SF and modifying instructions language so that it describes electronic filing of the Form 5500-EZ directly through the EFAST2 system rather than using the Form 5500-SF .

2021 Proposed Forms Revision

SECURE Act section 201 amends section 401(b) of the Internal Revenue Code to allow an employer who adopts a retirement plan after the close of a taxable year but before the due date of filing its return for the taxable year (including extensions) to treat the plan as having been adopted as of the last day of the taxable year.

Section 6058(a) of the Code requires every employer who maintains a retirement plan to file an annual return stating such information with respect to the qualification, financial condition, and operation of the plan as provided by the Secretary.

To implement the changes made by the SECURE Act, IRS proposes adding a new checkbox to Forms 5500, 5500-SF, and 5500-EZ and modify the instructions for a plan sponsor if the annual return is being filed for an initial plan retroactively adopted pursuant to SECURE Act section 201. However, IRS requires an initial annual return only for a plan that has participants and plan assets as of the end of the initial plan year.

Currently, electronic filing is mandatory if taxpayers have 250 or more tax returns to file. Section 2301 of the Taxpayer First Act of 2019 requires all Form 5500 series filers to submit their return electronically if they file more than 10 annual returns after calendar year 2021. Since the threshold has been significantly reduced, IRS believes most filers will be subject to this regulatory mandate and will no longer be able to submit paper forms after calendar 2021. Consequently, IRS has decided Form 5500-SUP, paper form, is no longer needed and will not be released.

A plan can get an extension of time to file a Form 5500 using the Form 5558, *Application for Extension of Time To File Certain Employee Plan Returns*, or using the employer's extension of time to file its federal income tax return if certain conditions are met; or using a special extension as the IRS may announce under certain circumstances, such as an extension for Presidentially declared disasters authorized in IRC 7805A. Accordingly, there are three checkboxes for extension of time on Form 5500 and Form 5500-SF. However, there is only one extension of time checkbox on the Form 5500-EZ. Therefore, we are proposing adding three checkboxes to the Form 5500-EZ to mirror Part I of the Form 5500 and Form 5500-SF because Form 5500-EZ filers can no longer use Form 5500-SF beginning in the 2020 plan year. The proposed change will streamline the plan sponsors' ability to identify the correct extension for which they are applying, and be consistent with Form 5500 and Form 5500-SF.

2. USE OF DATA

Form 5500 return/reports are the principal source of information and data available to the Department, the IRS, and the PBGC (the Agencies) concerning the operation of employee benefit plans. For this reason, the Form 5500 constitutes an integral part of the Agencies' enforcement, research, and policy formulation programs. The annual report also provides a means by which the Agencies can effectively and efficiently identify actual and potential violations of ERISA, thereby minimizing the Agencies' investigatory contacts with the vast majority of plans and enabling the Agencies to make the best use of their limited resources. The annual report also provides a fundamental tool for investigators in reviewing the operations and activities of employee benefit plans and identifying potential violations of the statute and regulations. Furthermore, public disclosure of the annual reports is intended to serve as a deterrent to non-compliance with the statutory duties imposed on plan fiduciaries.

With regard to research and policy formulation, the Form 5500 represents the primary source of data available to federal agencies, Congress, and the private sector for the development and implementation of national pension policy.

In addition to providing the Agencies with important enforcement, research, and policy information, the Form 5500 represents the only source of detailed financial information available to plan participants and beneficiaries who, upon written request, must be furnished a copy of the plan's latest annual report by the plan administrator (ERISA section 104(b)(1)(B)(4)). Moreover, the annual report serves as the basis for the summary annual report, which administrators are generally required to furnish to each participant and beneficiary annually, except those covered by defined benefit plans.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The Agencies currently use an automated processing system, the ERISA Filing Acceptance System 2 or EFAST2, to process the Form 5500 filings. The combined effect of the transition to electronic filing, the implementation of the EFAST2 processing system, and the revised Form 5500 return/reports has reduced the paperwork burden imposed by the reporting requirements that are the basis for this information collection. Adding the Form 5500-EZ to the EFAST2 system will allow for direct electronic filing of the form through the EFAST2 system rather than using Form 5500-SF, thereby streamlining electronic filing for one-participant and foreign plans.

4. EFFORTS TO IDENTIFY DUPLICATION

The Agencies have developed and use a consolidated annual report that allows filers to satisfy the information collection requirements of all three agencies through a single filing, without duplication of effort or information collection. This eliminates the duplicative reporting that would otherwise result from application of the statutory provisions as written. In addition, while certain information concerning assets (including employee benefit plan assets) held by banks, insurance companies and other investment entities may be separately reported to state and Federal regulatory authorities, those reports are not structured to provide meaningful information about those assets specifically attributable to any employee benefit plan, or to employee benefit plan investors as a group distinct from other types of investors. Therefore, there is no similar information gathered or maintained by any state or Federal agency or other source that the Agencies would consider adequate for effectively monitoring the activities of employee benefit plans.

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

For purposes of the Paperwork Reduction Act (PRA) and for other purposes, the Employee Benefit Security Administration (EBSA) defines “small entity” as an employee benefit plan that has fewer than 100 participants. Support for this definition can be found in section 104(a)(2) of ERISA permits the Secretary of Labor to prescribe simplified annual reports for pension plans which cover fewer than 100 participants. Under section 104(a)(3), the Secretary may also provide for simplified annual reporting and disclosure if the statutory requirements of part 1 of Title I of ERISA would otherwise be inappropriate for welfare plans. Some large employers may have small plans, but in general, most small plans are maintained by small employers.

Pursuant to the authority of section 104(a)(3), DOL has created simplified reporting provisions and limited exemptions from reporting and disclosure requirements for small plans, including unfunded or insured welfare plans that cover fewer than 100 participants and satisfy certain other requirements. For example, under these exemptions, and subject to certain other requirements, over 6 million small pension and welfare plans are relieved of the requirement to file an annual return/report and most small plans are not required to engage an independent qualified public accountant (IQPA) to audit their assets for their annual return/reports.

In the past, the Agencies have taken a number of other steps intended to ease small plans’ burdens and costs attributable to the annual return/report. For example, the Agencies currently allow plans with between 80 and 120 participants to continue filing the same category of annual report that was filed the previous year in order to provide administrative flexibility at the small/large plan threshold. In 2009, a simplified reporting option for small plans—the Form 5500-SF—was added to provide simplified reporting for certain small plans (e.g., plans with fewer than 100 participants with easy to value investment portfolios).

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

ERISA and the Code specifically require the annual filing of reports or returns by employee benefit plans. A less frequent information collection could contravene statutory requirements and would also impair and inhibit the administration and enforcement of the statute by the Agencies.

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

In response to the Federal Register notice dated September 3, 2020 (85 FR 55077), IRS received no comments during the comment period regarding this collection. The request is seeking OMB approval to add a new checkbox to Forms 5500, 5500-SF and 5500-EZ for initial retroactively adopted plans and revise Form 5500-EZ checkbox for extension of time to file.

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

No payments or gifts are provided to respondents.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 USC 6103. The Form 5500 Series filings are required by law to be made available for inspection at the Agencies and at the offices of the plan administrators. Accordingly, the Agencies provide no assurance of confidentiality to respondents.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

This information collection poses no questions of a sensitive nature.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Form 5500 Series combines the information collection requests of three federal agencies (DOL, the IRS, and the PBGC) into a single return/report, each of the Agencies submits its own ICR and maintains its own OMB approval for the portion of the paperwork burden arising out of the Form 5500 Series that pertains to its own information collections. However, since 1999, the Agencies have adopted a unified approach and methodology for estimating paperwork burden. This ICR requests approval of only the portion of the total paperwork burden of the Form 5500 Series that is attributed to the Internal Revenue Service, although it includes information on the other portions of the total paperwork burden. The IRS has been advised by the DOL and the PBGC that they intend to submit separate requests to OMB for a revision of the ICR. The discussion below, therefore, describes the unified methodology underlying the Agencies' estimates of the aggregate burden imposed by the forms revisions as a whole, but requests approval only of the IRS' portion of that burden.

DOL has adopted several assumptions in performing this burden estimation. First, the methodology used for this ICR excludes certain types of activities entirely from the calculation of "burden." If an activity is performed for any reason other than compliance with the applicable federal tax administration system or the Title I annual reporting requirements, it is not counted as part of the paperwork burden. For example, most businesses or financial entities maintain, in the ordinary course of business, detailed accounts of assets and liabilities and income and expenses for the purposes of operating the business or entity. DOL has not attributed any recordkeeping burden to the Form 5500 Annual Return/Report because it believes that plan administrators' practice of keeping financial records necessary to complete the Form 5500 Annual Return/Report arises from usual and customary management practices that would be used by any financial entity and is not the result of any ERISA or Code annual reporting and filing requirements.

This burden analysis includes only the time needed for gathering and processing information associated with compliance with the tax return/annual reporting requirements. In addition, an activity that must be performed for both IRS and Departmental purposes is counted once for burden analysis purposes.

The Agencies also have designed the instruction package for the Form 5500 Annual Return/Report so that filers generally will be able to complete the Form 5500 Annual Return/Report by reading the instructions without needing to refer to the statutes or regulations. The Agencies, therefore, have included in their PRA calculations a burden for reading the instructions and have assumed that there is no additional burden for research.

A new burden estimating model, initially based on the Form 5500 Burden Model that a contractor, Mathematica Policy Research, Inc. (MPR) had used for estimating burdens in October 2004, has been developed, for purposes of this burden analysis, by Actuarial Research Corporation (ARC). ARC assembled a simplified model by drawing on implied burdens associated with subsets of filer groups represented in the MPR model. The new model uses a level of detail consistent with reflecting burden differences associated with the various proposed Forms revisions, as described below.³

The types of plans that have similar reporting requirements were grouped together to estimate aggregate burdens for this submission. Thus, calculations were prepared for different subsets of types of plans, as appropriate based on the specific reporting requirements. The universe of filers was first divided into three basic plan types: defined benefit pension plans, defined contribution pension plans, and welfare plans. Each of these major plan types was further subdivided into multiemployer and single-employer plans. Since filing requirements differ substantially for small and large plans, the plan types were also divided by plan size. For large plans (100 participants or more), defined benefit plans were further divided into very large (1,000 participants or more) and other large (at least 100 but less than 1,000 participants). For each of these sets of respondents, burden hours per respondent were estimated for the Form 5500 Annual Return/Report itself and for each of up to seven schedules.

In addition to separating plans by type and size, costs were estimated separately for the form and for each schedule. The burden for the Form 5500-SF, as well as the simplified filing requirements for certain small plans was built from the estimated current burden associated with the various line items included in it. When items on a schedule are required by more than one Agency, the estimated burden associated with that schedule was allocated among the Agencies. This allocation was based on whether only a single item on a schedule is required by more than one Agency or whether several or all of the items are required by more than one Agency. Because filers must read not only the instructions for particular items but also instructions pertaining to the general filing requirements, the burden associated with reading the instructions was tallied and allocated accordingly.

The burden for a specific type of plan has been estimated in light of the specific items and schedules that type of plan must complete, as well as its size, funding method, and investment structures. For example, the annual report for a large fully insured welfare plan would consist of only the Form 5500 and the Schedule A (Insurance Information), and Schedules C and G, where applicable. By contrast, a large defined benefit pension plan that is intended to be tax-qualified and that uses a trust fund and invests in insurance contracts and direct filing entities would be required to submit an annual report completing the Form 5500, plus Schedule A (Insurance Information), Schedule SB, or MB (Actuarial Information), whichever one is applicable, Schedule C (Service Provider Information), Schedule D (DFE/Participating Plan Information), possibly the Schedule G (Financial Transaction Schedules), Schedule H (Financial Information), and Schedule R (Retirement Plan Information), and would be required to submit an

³ The new burden model developed by ARC has been used to calculate burdens for the paperwork reduction burdens of the Notice of Proposed Rulemaking, the Proposed Forms Revisions, and the Notice of Supplemental Proposed Forms Revisions. This burden model was further updated for the Final Forms Revisions and Final Rules.

IQPA's report and opinion. The methodology used to develop the aggregate burden estimates attempts to capture, through its categorization, these different reporting burdens, thereby providing meaningful estimates of significant differences in the burdens placed on different categories of filers.

The aggregate baseline burden for the Form 5500 is the sum of the burden estimates per form and schedule filed multiplied by the estimated aggregate number of forms and schedules. The simplified model developed by ARC draws on Form 5500 Annual Return/Report data representing each plan's filing for plan year 2007 (the most recent year for which complete data is available).

Estimated time needed to complete the forms listed below reflects the combined requirements of the IRS, the DOL, and the PBGC. The times will vary depending on individual circumstances. The estimated average times are:

Table 1 – Estimated Average Time per Response by Form and Respondent Type

	Pension Plans		Welfare Plans	
	Large	Small	Large	Small
Form 5500	1 hr., 54 min.	1 hr., 19 min.	1 hr., 45 min.	1 hr., 14 min.
Schedule A	2 hr., 52 min.	2 hr., 51 min.	3 hr., 39 min.	2 hr., 43 min.
Schedule C	3 hr., 4 min.		3 hr., 38 min.	
Schedule D	1 hr., 39 min.	20 min.	1 hr., 52 min.	20 min.
Schedule G	11 hr., 29 min.		11 hr.	
Schedule H	7 hr., 42 min.		8 hr., 35 min.	
Schedule I		2 hr., 5 min.		1 hr., 55 min.
Schedule MB	7 hr., 52 min.	4 hr., 14 min.		
Schedule R	1 hr., 43 min.	1 hr., 5 min.		
Schedule SB	6 hr., 38 min.	6 hr., 49 min.		
Simplified Filing Option for Certain Small Plans				
	Pension Plans		Welfare Plans	
Form 5500-SF	2 hr., 32 min.		2 hr., 32 min.	
Schedule MB	3 hr., 20 min.			
Schedule SB	6 hr., 49 min.			

There are two components of the Form 5500 Series burden that are attributable to IRS under this control number:

1. IRS share of Tri-agency burden for electronic Form 5500 filings

The IRS is accountable for a portion of the total burden for electronic filing of the Form 5500 and schedules, which is shared with DOL and PBGC. DOL uses models to calculate the total burden and then assigns a portion to each agency annually. The table below reflects the IRS share of the electronic filing burden.

IRS estimates that it will receive approximately 827,000 Form 5500 and Form 5500-SF filings per year under this collection of information for the Form 5500 Series with 669,000 from small filers. IRS further estimates that the total annual burden of this collection of information for the Form 5500 Series, attributable to the IRS, will be 338,130 hours.

2. Paper Form 5500-EZ Filings received by IRS

While the Form 5500, 5500-SF, and some 5500-EZ filings are filed electronically through EFAST2 (and are accounted for in the DOL-provided estimates), the IRS also directly receives paper Form 5500-EZ filings, which are not included in the DOL models. The DOL models do, however, capture the 5500-SFs that are partially completed by one-participant and foreign plans to satisfy their EZ filing requirement electronically.

Table 2: Labor Burden Summary

Description	Number of Responses	#Responses per Respondent	Annual Responses	Hours per Response (Average)	Total Burden	Time Value (Hourly Rate)	Total Monetized Labor Burden
Form 5500 and 5500 SF	827,000	1	827,000	0.41	338,130	\$93.86	\$31,736,881
Form 5500-EZ (Paper Only)	102,000	1	102,000	5.85	596,700	\$93.86	\$56,006,262
Total	929,000		929,000		934,830		\$87,743,143

Note: Totals may not sum due to rounding.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The methodology used to calculate the total annual non-labor cost burden for this ICR was developed by DOL and included, in item 12 above. Non-labor costs reflect an allocation of the overall burden by plans purchasing services from third-party providers that are expected to complete the Form 5500 return/report, rather than plans that use in-house resources for this work.

DOL estimates that the IRS share of the annualized cost to respondents for hiring third-party providers to complete Form 5500 and schedules is \$140,563,487.

As the Form 5500-EZ is a simpler form completed by smaller plans, IRS assumes that they will be completed in-house rather than through contracting with outside providers. As such, the cost this form is captured in Table 2, above, and there are no additional non-labor costs.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The total annual processing cost for all Form 5500 Series filings during the period covered by this ICR extension request is estimated to average \$14.4 million annually (including oversight), in accordance with the terms of the EFAST2 vendor contracts. These costs are allocated among the agencies (DOL, PBGC, and IRS) according to the EFAST2 Cost Allocation Model, which was approved by the agencies at the beginning of EFAST2 operations in 2010, and updated most recently in 2015, as the methodology that would be used for identifying agencies' shares of EFAST2 costs.

Under the model, the agencies pay for their relative share of the total filing volume. Based on the model, IRS's share of the total cost is approximately \$6 million, which includes EFAST2 Production System costs such as EFAST2 Operations (Steady-State, Modifications, and Change Maintenance) and Contract

Administration (Technical Oversight, System Transition, and Capital Planning).

15. REASONS FOR CHANGE IN BURDEN

The below table summarizes the burden changes. The Change Due to Agency Discretion is the result of the IRS decision to not release Form 5500SUP due to the phase out of paper filing in 2021. The Change Due to Agency Estimate is the result of the most currently filing figures received from DOL. The addition of the checkboxes to the form is not expected to change the burden estimates.

Table 3: Summary of Changes in Burden

	Requested	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Previously Approved
Annual Number of Responses for this IC	929,000	-500	13,000	916,500
Annual IC Time Burden (Hours)	934,830	-208	4,130	930,908
Annual IC Cost Burden (Dollars)	\$140,563,487	0	1,556,487	\$139,007,000

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

The Form 5500 is not a collection of information for statistical use. Once collected, however, the information is available to the Agencies and the public, and it is used for purposes other than enforcement and disclosure. The Form 5500 dataset on EBSA’s website is updated once a month to reflect the most recent filings that are received.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

OMB previously granted approval for the IRS to omit the expiration date from the Form 5500, because the Form 5500 is a multi-agency form and it is difficult to maintain the expiration dates for three separate agencies. The IRS requests continued approval to omit the expiration date.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

The IRS seeks no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods

Statistical methods are not used in these collections of information.