**SUPPORTING STATEMENT**

**REQUEST FOR APPROVAL OF A COLLECTION OF INFORMATION**

**AGENCY:** Pension Benefit Guaranty Corporation

**TITLE:** Survey of Nonparticipating Single Premium Group Annuity Rates

**STATUS:** Request for regular review and extension with modification of currently approved collection (OMB control number 1212-0030; expires August 31, 2021)

**CONTACT:** Gregory Katz (202-229-3829)

1. Need for collection. PBGC’s regulations prescribe actuarial valuation methods and assumptions (including interest rate assumptions) to be used to determine the actuarial present value of benefits under single-employer plans in involuntary or distress terminations (29 CFR part 4044) and to determine the value of benefits and certain assets under multiemployer plans that undergo a mass withdrawal of contributing employers (29 CFR part 4281). In each month immediately preceding the start of a new calendar quarter, PBGC publishes the interest rates to be used under those regulations for plans terminating or undergoing mass withdrawal during the next quarter.

The interest rates are intended to reflect current conditions in the annuity markets. To determine the interest rates to be used, premium rate data is obtained from insurance companies that provide single premium group annuities through a quarterly survey. (The survey may be supplemented periodically with questions to determine the mortality and loading assumptions on which the annuity rates are based. The response time for these supplemental questions is considered *de minimis* compared to the response time for the basic interest rate questions.) The American Council of Life Insurers (ACLI) distributes the survey forms to insurance companies and the forms are returned to ACLI. ACLI then forwards the survey forms to PBGC.

The substantive changes PBGC is making to this information collection are described below. In addition, PBGC is making updating, clarifying, and editorial changes to the survey forms and instructions.

PBGC is proposing several changes to the survey distributed by ACLI:

● Addition of a question asking for specific information about the interest assumptions underlying the annuity premium rates reported in parts I and II of the survey. This information is needed to allow PBGC to better analyze annuity price data provided in the survey.

● Increases to the dollar ranges in the questions on respondents’ group annuity business in part III to allow the survey to continue to capture the variability and range of business accepted by respondents as the prices of plan termination annuity contracts increase with inflation.

● Changes to the instructions to clarify that respondents should provide pricing information only for full plan terminations (and transactions priced consistently with full plan terminations), that the annuity premium rates provided should include reductions for investment expenses but exclude administrative expenses, and that respondents should assume that plan provisions are straightforward and do not contain significant levels of anti-selection, expensive options, or subsidies.

● Addition of a confirmation that administrative expenses are excluded from pricing information and an option to comment on any exceptions. This is needed for PBGC to compare pricing information amongst survey responses when respondents are unable to completely exclude administrative expenses from pricing information.

● Consolidation and simplification of former parts III and IV into a new part III and elimination of questions asking for information PBGC no longer uses. These changes streamline and simplify the response process.

● Modification of a question asking for the volume of respondents’ plan termination annuity business so that it requests annual data instead of quarterly data to reduce volatility in survey responses.

● Addition of a question soliciting feedback on how PBGC could improve the survey process.

● Addition of flexibility to conduct the survey electronically.

2. Use of information. PBGC uses the survey information in determining the interest rate assumptions used for the valuation of benefits of single-employer pension plans in distress or involuntary terminations and for the valuation of benefits and certain assets of multiemployer pension plans that have undergone a mass withdrawal of contributing employers (29 CFR parts 4044 and 4281). PBGC also uses the information in determining the interest rates it uses to value benefits payable to participants and beneficiaries in PBGC‑trusteed plans for purposes of PBGC’s financial statements. If the surveys were not conducted, PBGC would have to set these valuation rates without appropriate data on current conditions in the annuity market.

3. Information technology. Due to increased remote work in 2020, a temporary change was made to conduct the surveys electronically. The electronic survey process substitutes email and electronically fillable forms for physical mail and paper forms. ACLI will continue to conduct the survey electronically as feasible.

4. Duplicate or similar information. The information gathered by the ACLI also goes to the Internal Revenue Service. One copy of the form goes to PBGC, and a second copy, with certain additional information, goes to the IRS. The procedure is the result of conferences between respondents and representatives of PBGC and the IRS; it reflects respondents' preference to submit data separately to the two agencies.

5. Reducing the burden on small entities. Inapplicable.

6. Consequence of reduced collection. If the survey was conducted less frequently, PBGC’s rates could not be as responsive as they now are to changes in conditions in the annuity market and thus would not as closely reflect current conditions in that market.

7. Consistency with guidelines. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR § 1320.5(d)(2).

8. Outside input. The ACLI distributes the survey forms to insurance companies most, or all, of which are members of the ACLI. Participation in the quarterly surveys is voluntary. PBGC, in consultation with the ACLI, prepared the survey forms and instructions; they reflect input from PBGC, the ACLI, and insurance company respondents.

On April 1, 2021 (at 86 FR 17217), PBGC published a Federal Register notice informing the public of its intent to seek extension of OMB approval of this collection of information and soliciting public comment on the collection of information. No comments were received.

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

10. Confidentiality. Respondents are assured of the anonymity of their responses, and the survey instructions state that the information provided will be used only for the purpose of setting actuarial assumptions for valuing pension plan benefits. In addition, ACLI conducts the survey in both the paper and electronic processes in such a manner that neither the ACLI nor PBGC knows which insurance companies have provided which responses. PBGC regards the information gathered through the survey as confidential under 5 U.S.C. section 552(b)(4) and 29 CFR § 4901.21(b)(2) and believes that public disclosure of the information would make it difficult or impossible for PBGC to continue collecting the information and would thus impair the effectiveness of its program for setting actuarial assumptions for valuing pension plans.

11. Personal questions. The collection of information does not call for submission of information of a sensitive or private nature.

12. Hour burden on the public. Based on experience, PBGC expects that over the next three years, the ACLI will send a request to about 20 insurance companies to participate in the survey each quarter and that about six insurance companies will complete and return the survey each quarter. PBGC estimates that it will take 30 minutes for each of the respondents to respond to each quarterly survey, or 12 hours per year (30 minutes per survey x four surveys per year x six respondents per quarter).

Accordingly, PBGC estimates that the annual hourly burden of this collection of information will be 12 hours, with substantially all the work being performed by interns or actuarial students. The dollar equivalent of this hour burden may be estimated using the following data from the Bureau of Labor Statistics:

* Actuaries (occupational code 15-2011) at the 10th percentile are paid an hourly wage of approximately $31 (10th percentile is assumed to be that for interns or actuarial students).[[1]](#footnote-1)
* Wage rates are approximately 70 percent of total labor costs (with the remaining 30 percent attributable to benefits costs).[[2]](#footnote-2)  Thus total labor costs would approximately equal the hourly wage rate divided by 70 percent (0.70).

For an hourly wage rate of $31, the total labor cost would be approximately $44 per hour, and the dollar equivalent of 12 hours would be approximately $528.

13. Cost burden on the public. PBGC assumes that virtually all the work on the survey will be completed by in-house staff of the insurance companies with none of it contracted out.

14. Cost to the government. No cost.

15. Explanation of burden changes. The change in the dollar equivalent hourly burden reflects revised estimates of the total labor costs for the staff who will complete the surveys for the insurance company respondents.

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.

1. <http://www.bls.gov/oes/current/oes152011.htm> [↑](#footnote-ref-1)
2. <http://www.bls.gov/news.release/ecec.nr0.htm> (see second paragraph). [↑](#footnote-ref-2)