

Supporting Statement for Paperwork Reduction Act Submission

AGENCY: Pension Benefit Guaranty Corporation

TITLE: Survey of Multiemployer Pension Plan Withdrawal Liability Information

STATUS: Request for renewal of a currently approved of a collection of information (OMB control number 1212-0071; expires November 30, 2021)

CONTACT: Hilary Duke (3264400 x3839)

1. Need for collection. Section 4219 of the Employee Retirement Income Security Act of 1974 (ERISA) requires a multiemployer plan sponsor to determine and collect withdrawal liability from employers withdrawing from the plan. Withdrawal liability represents the withdrawing employer's share of unfunded vested benefits. The plan sponsor assesses withdrawal liability by issuing a notice to an employer, including the amount of the employer's liability and a schedule of payments. PBGC's regulation on Notice, Collection, and Redetermination of Withdrawal Liability (29 CFR part 4219) requires the plan sponsor of a terminated or an insolvent plan to file with PBGC a certification that notices have been provided to employers.

Section 4008 of ERISA requires PBGC, as soon as practicable after the close of each fiscal year, to transmit a report to the President and the Congress, including financial statements setting forth the finances of the corporation at the end of the fiscal year and the result of its operations (including the source and application of its funds) for the fiscal year. Withdrawal liability payments and settlements affect PBGC's multiemployer plan liabilities reported on its financial statements.

PBGC collects information from terminated multiemployer plans and insolvent multiemployer plans about withdrawal liability that has not yet been assessed and withdrawal liability that contributing employers owe (or owed). Under section 4041A(f)(2) of ERISA, PBGC may prescribe reporting requirements for terminated multiemployer pension plans, which PBGC considers appropriate to protect the interests of plan participants and beneficiaries or to prevent unreasonable loss to the corporation. Under section 4261(b)(1) of ERISA, PBGC provides financial assistance to insolvent plans under such conditions as the corporation determines are equitable and are appropriate to prevent unreasonable loss to the corporation with respect to the plan.

To collect the information, PBGC distributes an annual survey that newly insolvent plans receiving financial assistance and newly terminated plans not yet receiving financial assistance are required to complete and return to PBGC. Plans with less than 500 participants are not required to complete the survey. PBGC excludes smaller plans because these plans represent a small portion of PBGC's multiemployer program liabilities.

PBGC needs the information from the survey about withdrawal liability payments and settlements, and whether employers have withdrawn from the plan but have not yet been assessed withdrawal liability, to estimate with more precision PBGC's multiemployer liabilities for purposes of its financial statements. PBGC also uses the information for its Multiemployer Pension Insurance Modelling System assumptions on collection of withdrawal liability.

2. Use of information.

a. Information required. The first two sections of the survey ask for contact information and general information about the plan and withdrawal liability not assessed. The questions ask:

(1) what industry the plan primarily covers; (2) for an explanation of any withdrawal liability that has not been assessed; (3) how many employers that have withdrawn from the plan in the last 10 years were not assessed withdrawal liability; (4) for an estimate of the total withdrawal liability not assessed for the employers that have withdrawn from the plan in the last 10 years that were not assessed withdrawal liability, if known; and (5) for any additional comments.

The third section of the survey requires a plan to provide a withdrawal liability schedule for employers that have withdrawn from the plan and owe or owed withdrawal liability. The information includes for each employer: the employer's name, the date of withdrawal, employer identification number, the amount of unfunded vested benefits allocated to the employer, the scheduled years of payments for the initial withdrawal liability (maximum of 20 years), the date of mass withdrawal (if any), the additional mass withdrawal liability, the years of payment after a mass withdrawal, the statutory annual withdrawal liability payment under section 4219(c)(1) of ERISA, and the actual annual withdrawal liability amount (if different). If there has been a settlement of withdrawal liability, the plan must report, for each employer, the amount settled and the settlement date. If an employer has a payment schedule, the plan must report, for each employer, whether the employer is current on payments. If the employer is not current on payments, the plan must report the date of last payment and the total payments received.

b. Need for information. When PBGC receives withdrawal liability information, it uses the information to determine its liabilities under the multiemployer program and to provide financial assistance to plans. PBGC uses the information from the survey about withdrawal liability not yet assessed and withdrawal liability that contributing employers owe or owed to update current assumptions and formulate new assumptions regarding withdrawal liability

payments. These assumptions are important for purposes of estimating with more precision PBGC's current and projected future financial assistance needs and the financial position of the multiemployer insurance program (including under its Multiemployer Pension Insurance Modelling System). PBGC needs information about the industries that individual plans cover because different industries may have characteristics that PBGC would need to model separately. PBGC uses the employer identification information to corroborate filed survey information to financial assistance request records, as well as other plan records PBGC already has access to. This allows for more utility of information received, especially in future years as it may be difficult to identify employers later on if plan personnel change. In addition, PBGC uses the information to perform financial analysis for a better understanding of the challenges contributing employers and plans face.

3. Information technology. Plans may file withdrawal liability survey information electronically with PBGC by email.

4. Duplicate or similar information. PBGC believes that there is no information similar to that required under the survey that could be used instead of the required information for the purposes of the survey.

5. Reducing the burden on small entities. Not applicable. This information collection does not have a significant economic impact on a substantial number of small entities. Plans with less than 500 participants would not be required to complete the survey.

6. Consequence of reduced collection. Withdrawal liability information required by this survey is prepared only by terminated and insolvent multiemployer plans. Plans with less than 500 participants are not required to complete the survey. If the information were not reported,

PBGC's ability to report its multiemployer liabilities accurately, to protect the interests of plan participants and beneficiaries, and to prevent unreasonable loss to PBGC with respect to terminated and insolvent multiemployer plans would be significantly impaired.

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. On June 23, 2021, PBGC published (at 86 FR 32982) a notice of its intent to request OMB approval of the survey of multiemployer pension plan withdrawal liability information described above. No comments were received.

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

10. Confidentiality. The survey gives no assurance of confidentiality, but information submitted to PBGC under the survey is accessible only in accordance with the Freedom of Information Act and the Privacy Act. PBGC's rules providing and restricting access to its records are set forth in 29 CFR part 4901.

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

12. Hour burden on the public. PBGC expects to send the survey to approximately 6 newly terminated and insolvent plans per year.

PBGC expects that the withdrawal liability information required by the survey will be available and accessible by plans. PBGC estimates that each survey requires approximately 20

hours to complete and return to PBGC by a combination of pension fund office staff (50%) and outside professionals (attorneys and actuaries) (50%). PBGC estimates an hour burden of 60 hours (10 hours of pension fund office time x 6 plans). The estimated dollar equivalent of this hour burden, based on an assumed hourly rate of \$75 for administrative, clerical, and supervisory time is \$4,500.

13. Cost burden on the public. As explained above, PBGC expects that plans would use a combination of pension fund office staff (50%) and outside professionals (attorneys and actuaries) (50%) to prepare and file the withdrawal liability survey information. The total cost burden for preparing and filing the withdrawal liability survey information would be approximately \$24,000 based on 60 contracted hours (10 hours x 6 plans) assuming an average hourly rate of \$400.

14. Cost to the government. The cost to the government for the withdrawal liability survey is \$0.

15. Explanation of burden changes. PBGC estimates a reduction in hour burden from 650 hours to 60 hours and a reduction in cost burden from \$260,000 to \$24,000. The reduction in hour burden and cost burden is due to a reduction in the number of responses from 65 plans (initial survey sent to all insolvent and terminated plans) to 6 plans per year (survey sent to newly insolvent and newly terminated plans).

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.