

**SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT OF 1995:
ABANDONED PLANS PROGRAM**

This ICR seeks approval for an extension of an existing control number.

A. JUSTIFICATION

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

In response to specific recommendations of the Employee Retirement Income Security Act (ERISA) Advisory Council, which convened a Working Group on Orphan Plans and published a report in 2002, the Employee Benefits Security Administration (EBSA) has promulgated three regulations and a prohibited transaction class exemption that address the problem of abandoned individual account pension plans. The following summarizes the information collections covered by OMB Control No. 1210-0127.

Abandoned Plan Initiative.

The abandoned plan initiative includes the following actions, which impose the following information collections:

- 1. Qualified Termination Administrator (QTA) Regulation (29 CR 2578.1):* The QTA regulation creates an orderly and efficient process by which a financial institution that holds the assets of a plan that is deemed to have been abandoned may undertake to terminate the plan and distribute its assets to participants and beneficiaries holding accounts under the plan, with protections and approval of the Department under the standards of the regulation. The regulation requires the QTA to provide certain notices to the Department, to participants and beneficiaries, and to the plan sponsor (or service providers to the plan, if necessary), and to keep certain records pertaining to the termination.
- 2. Abandoned Plan Terminal Report Regulation (29 CFR 2520.103-11):* The terminal report regulation provides an alternative, simplified method for a QTA to satisfy the annual report requirement otherwise applicable to a terminating plan by filing a special simplified terminal report with the Department after terminating an abandoned plan and distributing its accounts to participants and beneficiaries.

3. *Terminated Plan Distribution Regulation (29 CFR 2550.404a-3)*: The terminated plan distribution regulation establishes a safe harbor method by which fiduciaries who are terminating individual account pension plans (whether abandoned or not) may select an investment vehicle to receive account balances distributed from the terminated plan when the participant has failed to provide investment instructions. The regulation requires the fiduciaries to provide advance notice to participants and beneficiaries of how such distributions will be invested, if no other investment instructions are provided.

4. *Abandoned Plan Class Exemption (PTE 2006-06)*: The exemption permits a QTA that terminates an abandoned plan under the QTA regulation to receive payment for its services from the abandoned plan and to distribute the account balance of a participant who has failed to provide investment direction into an individual retirement account (IRA) maintained by the QTA or an affiliate. Without the exemption, financial institutions could be unable to receive payment for services rendered out of plan assets without violating ERISA's prohibited transaction provisions and would therefore be highly unlikely to undertake the termination of abandoned plans. One of the conditions of the exemption requires that the QTA keep records of the distributions for a period of six years and make such records available on request to interested persons (including the Department and participants and beneficiaries). If a QTA wishes to be paid out of plan assets for services provided prior to becoming a QTA, the exemption requires the QTA to enter into a written agreement with a plan fiduciary or the plan sponsor prior to receiving payment and a copy of the agreement to be provided to the Department.

The regulations and class exemption comprising the abandoned plan initiative encourage the orderly termination of abandoned plans and the timely distribution of their assets to participants and beneficiaries. Because the financial institutions holding assets of abandoned plans usually do not have the authority to take any of these steps, participants and beneficiaries would likely be denied access to the money in their individual account plans in the absence of these regulations and exemption.

Because these regulations and exemption relate to terminating or abandoned plans and/or to distribution and rollover of distributed benefits for which no participant investment election has been made, the Department has combined the paperwork burden for all of these actions into one ICR. In the Department's view, this combination allows the public to have a better understanding of the aggregate burden imposed for these related regulatory actions.

- 2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

The information collections in this ICR are used by the Department and by participants and beneficiaries in abandoned, terminated, or ongoing plans that make distributions into selected vehicles. These parties rely on the information collections to monitor activities undertaken by financial institutions holding plan assets or plan fiduciaries, when either terminating a plan or making benefit distributions. This information enables such parties to protect the interests of participants and beneficiaries in their benefits and to ensure that abandoned plans are properly terminated.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration for using information technology to reduce burden.

To the extent that the information collection is a third-party disclosure, respondents may use electronic methods of communication pursuant to the standards established in the Department's regulation at 29 C.F.R. § 2520.104b-1(b) concerning plans' use of electronic communication media to satisfy ERISA disclosure requirements. That regulation provides that plan sponsors and administrators may distribute notices to employees who have access to e-mail at the place of business. In addition, notices may be distributed electronically to employees or their family members who are beneficiaries if they have electronic access at their homes and give prior approval to this type of distribution. The Department generally encourages affected entities to distribute required notices electronically whenever possible, provided that these regulatory standards are met. For the purposes of paperwork burden analysis, EBSA has developed a set of assumptions concerning the use of electronic technology generally for distribution of information to participants and beneficiaries. Based on these assumptions, EBSA has assumed that 94.2 percent of such third-party disclosures will be made electronically¹

¹ The Department estimates approximately 94.2% of participants receive disclosures electronically under the combined effects of the 2002 electronic disclosures safe harbor and the 2020 electronic safe harbor. The Department estimates that 58.2% of participants will receive electronic disclosures under the 2002 safe harbor. According to the National Telecommunications and Information Agency (NTIA), 40.0% of individuals age 25 and over have access to the Internet at work. According to a Greenwald & Associates survey, 84.0% of plan participants find it acceptable to make electronic delivery the default option, which is used as the proxy for the number of participants who will not opt-out of electronic disclosure that are automatically enrolled (for a total of 33.6% receiving electronic disclosure at work). Additionally, the NTIA reports that 40.4% of individuals age 25 and over have access to the internet outside of work. According to a Pew Research Center survey, 61.0% of internet users use online banking, which is used as the proxy for the number of internet users who will affirmatively consent to receiving electronic disclosures (for a total of 24.7% receiving electronic disclosure outside of work). Combining the 33.6% who receive electronic disclosure at work with the 24.7% who receive electronic disclosure outside of work produces a total of 58.2%. The remaining 41.8% of participants are subject to the 2020 safe harbor. According to the 2019 American Community Survey, 86.6% of the population has an internet subscription. The Department estimates that 0.5% of electronic disclosures will bounce back and will need to be sent a paper

The Department also generally fosters and facilitates use of electronic communications media in its interactions with the public and will, to the extent feasible given available resources and systems, accept electronic notifications under the regulations.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

There is no duplication of any requirement to collect or disclose information or to report to the Federal government. Where possible, the Department has made every effort to allow parties required to collect/disseminate information to use existing records.

The QTA, under the abandoned plan regulation, is required to inform the Department and/or participants and beneficiaries about the need to terminate the plan, the applicable costs, and the balances in individual accounts that will be distributed to participants and beneficiaries. As a general rule, abandoned plans are plans that have not communicated with participants and beneficiaries for some time and no effort has been made to terminate the plan or make distributions. Therefore, this requirement is not duplicative.

For terminating plans that are not abandoned plans, or are ongoing plans under which fiduciaries wish to make rollover distributions in reliance on PTE 2004-16², plan administrators are likewise required to inform participants and beneficiaries about the manner in which distributions will be handled. However, this notice is not duplicative, because it does not apply to abandoned plans.

The recordkeeping required under the abandoned plan exemption or PTE 2004-16 is limited and reflects usual and customary business practices. As such, plans and/or recordkeepers may rely on records already in existence without need to modify these existing records or create new records.

5. If the collection of information impacts small businesses or other small entities describe any methods used to minimize burden.

disclosure. Accordingly, for the 41.8% of participants not affected by the 2002 safe harbor, 86.1%, or an additional 36.0% (41.8% x 86.1%), are estimated to receive electronic disclosures under the 2020 safe harbor. In total, the Department estimates that 94.2% (58.2% + 36.0%) would receive electronic disclosures.

2PTE 2004-16 permits a bank or other regulated financial institution that is an employer, any of whose employees are covered by a plan or an affiliate, to (1) establish an individual retirement plan at a financial institution that is itself or an affiliate to receive automatic rollovers from its own plan; and (2) select its own funds or investment products for automatic rollovers from its own plan.

With respect to abandoned plans, data provided by the Form 5500 Annual Report indicate that most abandoned plans are small plans. However, the financial entities that are eligible to become QTAs and undertake termination of the abandoned plans are not likely to be small entities. Because the abandoned plan regulations and exemption apply to the financial entities and not to the plan itself, there is less concern that these regulations and exemption may have a negative impact on small entities. Nonetheless, the Department has devoted considerable effort to shaping the termination process to minimize burden on the plan, especially to the extent that the abandoned plan's assets may be used to pay for the QTA's services. The Department has adopted the terminal report regulation, which permits simplified reporting to the government and also provides simplified recordkeeping and notice requirements for winding up the plan's affairs. For example, the Department has provided that QTAs need only make a good faith effort to update records and that a standard of reasonable care is sufficient for calculating participant benefits. Finally, the Department has provided the QTA with model notices for the Notice of Intent to Terminate Plan; Notification of Plan Abandonment; Notice of Plan Termination to Participants and Beneficiaries; and the Final Notice to the Department. The guidance and model notices in the regulations will make terminating abandoned plans easier and less costly, encouraging financial institutions to efficiently wind up the plans' affairs, thereby eliminating ongoing administrative costs that would otherwise reduce plan assets and the amount of benefits accruing to participants and beneficiaries.

In addition, the abandoned plan regulations permit, but do not require, financial institutions to undertake the termination of abandoned plans whose assets are held by the financial institution. To the extent that the information collections involve the distribution of benefits into proprietary or affiliated investment vehicles, the requirements apply only when the plan fiduciary or QTA elects to do so. Therefore, these information collections will be undertaken only voluntarily, when the QTA or fiduciary believes that termination and/or distribution into a related investment vehicle is efficient and cost-effective.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

The information collection requirements of the abandoned plan regulations and the exemption are mandatory only when a financial institution holding plan assets chooses to act as a QTA to terminate and wind up the affairs of an abandoned plan, or a plan fiduciary decides to establish and make use of proprietary investment vehicles for mandatory distributions and/or distributions where the participant or beneficiary has failed to provide investment direction. The frequency of response therefore depends on a voluntary decision to terminate an abandoned plan or provide automatic distribution investments, rather than a pre-determined time period. If the collection were not

conducted, the Department, and participants and beneficiaries in an affected pension plan, would likely remain uninformed about important matters affecting their benefits, such as the abandoned status of the plan and the need for termination; the costs and fees for winding up the affairs of the plan; the amount of benefits payable to participants and beneficiaries and where benefits will be invested upon distribution; and, under the abandoned plan exemption, whether the QTA has complied with the terms of the exemption. Participants in terminating plans that are not abandoned plans might similarly lack sufficient information about their rights and opportunities for directing the balances in their individual accounts into other investment products.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- **requiring respondents to report information to the agency more often than quarterly;**
- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **requiring respondents to submit more than an original and two copies of any document;**
- **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**
- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**
- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

Under the abandoned plan exemption and PTE 2004-16, QTAs that hold assets of an abandoned plan and fiduciaries of ongoing or terminating plans that choose to distribute account balances into proprietary investment vehicles (or investment vehicles of an affiliate) when participants or beneficiaries fail to provide direction are required to maintain, for a period of 6 years, records that would support a determination of compliance with the exemption. The 6-year recordkeeping requirement is consistent with

section 107 of ERISA, as well as general recordkeeping requirements for tax information under the Internal Revenue Code.

- 8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.**

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years -- even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

The Department's notice required by 5 CFR 1320.8(d) soliciting comments on the information collection was published in the Federal Register on November 9, 2021 (86 FR 62208) and provided the public 60 days to comment on the submission. No comments were received.

- 9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

Not applicable.

- 10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

No assurance of confidentiality has been provided.

- 11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information,**

the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

Not applicable.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**
- **If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13.**
- **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here.**

The Department has assumed that most of the tasks that will be undertaken by QTAs in connection with abandoned plan terminations are the same as those required in normal plan administration, such as calculating or distributing benefits and annual reporting, and therefore are not accounted for as burden in this ICR because they are either part of the usual business practices of plans or have already been accounted for in ICRs for other statutory and regulatory provisions under Title I of ERISA.

The QTA Regulation requires a QTA to send five notices in the process of winding up an abandoned plan. The Department has provided model notices in the regulations for the first four of the notices. Before undertaking the termination of a plan the QTA is to send a notice to the last known address of the plan sponsor notifying the sponsor of the intent to terminate the plan and allowing the sponsor an opportunity to respond. The QTA then sends a notice to the Department expressing eligibility to serve as a QTA to terminate the abandoned plan and providing other specified plan information. The QTA then sends a notice to the participants and beneficiaries of the termination of the plan and their rights under the termination and how they will receive their distribution from the plan. Upon termination and distributing the assets of the plan the QTA then must send a final notice

to the Department stating that the plans has been terminated. The QTA then files the Form 5500 terminal report. The Department has estimated this burden as an hour burden to the plan. This burden is described below.

Notice to Plan Sponsor

Departmental records show that an average of 1,247 plans have been terminated annually through the Abandoned Plans Program over the last three years.

The Department estimates that for each of the estimated 1,247 terminating plans using the Abandoned Plans Program, a QTA may utilize 10 minutes of a clerical staff time at an hourly labor rate of \$55.23 to fill-in the needed information on the Plan Sponsor notice, and 5 minutes of a financial professional's time at an hourly labor rate of \$100.64 to review and sign the forms. This results in 208 hours (1,247 plans x 10 minutes per plan) of clerical staff time with an equivalent cost of \$11,479 (207.8 hours x \$55.23 per hour) and 104 hours (1,247 plans x 5 minutes per plan) of a financial professional's time with an equivalent cost of \$10,458 (103.9 hours x \$100.64 per hour³). In total, this results in an hour burden of 312 hours with an equivalent cost of \$21,937.

Notice of Plan Abandonment to DOL

The Department estimates that for each of the estimated 1,247 terminating plans, a QTA may utilize 30 minutes of clerical staff time at an hourly rate of \$55.23 to fill in the needed information on the notice. It is also assumed that 30 minutes of a financial professional's time with an hourly labor rate of \$100.64 will be required to prepare required plan information, and to review and sign the forms. This results in about 624 hours of clerical staff time with an equivalent cost of \$34,436 (1,247 plans x 30 minutes per plan x \$55.23), and 624 hours of a financial professional's time with an equivalent cost of \$62,749 (1,247 plans x 30 minutes per plan x \$100.64 per hour). In total, this results in an hour burden of 1,247 hours with an equivalent cost of \$97,185.

Notice to Participants and Beneficiaries

Updated filings by the Office of Enforcement show that there are, on average, approximately six participants per plan in the Abandoned Plans Program. This translates to approximately 7,482 participants each year in plans utilizing the Program.

³Internal DOL calculation based on 2020 labor cost data. For a description of the Department's methodology for calculating wage rates, see <https://www.dol.gov/sites/dolgov/files/EBSA/laws-and-regulations/rules-and-regulations/technical-appendices/labor-cost-inputs-used-in-ebbsa-opr-ria-and-pra-burden-calculations-june-2019.pdf>."

The Department estimates that for each of the 1,247 terminating plans, clerical staff will spend on average, 16 minutes preparing and mailing the notices (2 minutes per participant x 6 participants). This results in approximately 249 hours (1,247 plans x 6 participants per plan x 2 minutes per participant) of clerical time with an equivalent cost of \$13,774 (249 hours x \$55.23). A QTA may also utilize 5 minutes of a financial professional's time to review the notices. This results in approximately 104 hours (1,247 plans x 5 minutes per plan) of financial professional time with an equivalent cost of \$10,458 (53 hours x \$100.64 per hour). In total, this results in an hour burden of 353 hours with an equivalent cost of \$24,233.

Final Notice

The Department estimates that for each of the estimated 1,247 terminating plans, a QTA may utilize 10 minutes of a financial professional's time to review the forms. This results in approximately 208 hours (1,247 plans x 10 minutes) of financial professional time with an associated cost burden of \$20,916 (208 hours x \$100.64 per hour). Clerical staff will spend on average 10 minutes per notice in preparing and mailing the notices. This results in about 208 hours (1,247 plans x 10 minutes) of clerical staff time with an equivalent cost of \$11,479 (208 hours x \$55.23 per hour). In total, this results in an hour burden of 416 hours with an equivalent cost of \$32,395.

Special Terminal Report for Abandoned Plans (29 CFR 2520.103-13)

The Department estimates that it will take small plans 3.25 hours to file the Special Terminal Report for Abandoned Plans (STRAP) in accordance with the instructions on the Department's website. It is assumed that financial accounting professionals will spend approximately 4,053 hours (1,247 plans x 3.25 hours) performing this task for abandoned plans resulting in an equivalent cost of \$407,869 (4,053 hours x \$100.64 per hour).

Safe Harbor for Distributions from Terminated Individual Account Plans (29 CFR 2550.404a-3)

Additionally, an hour burden was assumed to arise from the burden associated with the notice to participants as required under "The Safe Harbor for Distributions from Terminated Individual Account Plans" (29 CFR 2550.404a-3). To meet the safe harbor, fiduciaries of terminating plans must furnish a notice to participants and beneficiaries informing them of the plan's termination and the options available for distribution of their account balances. Based on 2019 Form 5500 data, the Department estimates that 1,122,282 participants and beneficiaries will receive notices from approximately 24,673 plan sponsors. The Department estimates that clerical professionals will spend, on

average, two minutes per notice preparing and distributing the notices. The benefits manager will spend approximately 10 minutes preparing the notice. This results in an annual hour burden of approximately 37,848 hours (approximately 37,409 hours in clerical time + 4,112 hours in benefit manager time),⁴ and an equivalent cost burden of \$2.363 million calculated as follows: \$2.066 million (37,409 hours x \$55.23 per hour) in clerical costs and \$500,780 (4,112 hours x \$121.78 per hour) in benefit manager costs.⁵

Summary

The total annual hour burden for this ICR is estimated to be 47,902 hours with an equivalent cost of \$3,150,519.

Estimated Annualized Respondent Cost and Hour Burden

Activity	No. of Respondents	No. of Responses per Respondent	Total Responses	Average Burden (Hours)	Total Burden (Hours)	Hourly Wage Rate	Total Burden Cost
Clerical staff prepares and distributes notices to plan sponsors	1,247	1	1,247	10/60	208	\$55.23	\$11,479
Accountant staff prepares and distributes notices to plan sponsors	1,247	1	1,247	5/60	104	\$100.64	\$10,458
Clerical staff prepares and distributes notices of plan abandonment	1,247	1	1,247	30/60	624	\$55.23	\$34,436
Accountant Staff prepares and distributes notices of plan abandonment	1,247	1	1,247	30/60	624	\$100.64	\$62,749
Clerical staff prepares and distributes notices to participants and beneficiaries	1,247	6	7,482	2/60	249	\$55.23	\$13,774

41.122 million participants x 2 minutes per participant in clerical time + 24,673 plans x 10 minutes per plan in benefit manager time.

⁵Internal DOL calculation based on 2020 labor cost data. For a description of the Department’s methodology for calculating wage rates, see <https://www.dol.gov/sites/dolgov/files/EBSA/laws-and-regulations/rules-and-regulations/technical-appendices/labor-cost-inputs-used-in-ebbsa-opr-ria-and-pra-burden-calculations-june-2019.pdf>.”

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Accountant staff prepares and distributes notices to participants and beneficiaries	1,247	1	1,247	5/60	104	\$100.64	\$10,458
Clerical staff prepares and distributes final notices to the department	1,247	1	1,247	10/60	208	\$55.23	\$11,479
Accountant staff prepares and distributes final notices to the department	1,247	1	1,247	10/60	208	\$100.64	\$20,916
Accountant staff prepares and distributes Special Terminal Report for Abandoned Plans	1,247	1	1,247	3.25	4053	\$100.64	\$407,869
Clerical staff prepares and distributes Safe Harbor Notices	24,673	45.48624	1,122,282	2/60	37,409	\$55.23	\$2,066,121
Benefit Managers prepares and distributes Safe Harbor Notice	24,673	1	24,673	10/60	4,112	\$121.78	\$500,780
Total	25,920*	43.78	1,134,752	3/60	47,902	-	\$3,150,519

*The number of respondents is calculated in the following manner: 24,673 terminating plans + 1,247 terminating plans using the Abandoned Plans Program = 25,920.

**The number of responses is calculated in the following manner: 1,247 Notices to Plan Sponsor + 1,247 Notices of Plan Abandonment to the Department + 7,482 Notices to Participants and Beneficiaries + 1,247 Final Notices to the Department + 1,247 Special Terminal Reports for Abandoned Plans + Safe Harbor Notices to Participants and Beneficiaries = 1,134,752.

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 or 14).

- **The cost estimate should be split into two components: (a) a total capital and startup cost component (annualized over its expected useful life); and (b) a total operation and maintenance and purchase of service component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including**

system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and startup costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.

- **If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.**
- **Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.**

Departmental records show that an average of 1,247 plans have been terminated annually through the Abandoned Plans Program over the last three years.

Notice to Plan Sponsor

The rule requires plan sponsor notices to be sent by a method requiring acknowledgement of receipt. Therefore, mailing costs include \$9.75 for certified mail postage. The mailing costs also include paper and print cost of five cents per page for the one page notice. Therefore, the material and mailing costs are estimated to be \$12,221 for the 1,247 notices (1,247 notices x (\$9.75/ mailing + 1 page x \$.05/page).

Notice of Plan Abandonment to DOL

The Department assumes that approximately 5.8 percent⁶ of these initial notices to the Department will be sent by mail (approximately 72 notices) and the rest will be submitted electronically. The Department believes that notices submitted electronically will be transmitted at de minimis cost. For notices that are sent by mail, mailing costs include \$9.75 for certified mail. The mailing costs also include paper and print cost of five cents per page. The model notice is three pages. Therefore, the materials and mailing cost are estimated to be \$713 (72 plans x (\$9.75 + 3 pages x \$0.05 per page) = 72 plans x \$9.90).

Notice to Participants and Beneficiaries

Updated filings by the Office of Enforcement show that there are, on average, approximately six participants per plan in the Abandoned Plans Program. This translates to approximately 7,482 participants each year in plans utilizing the Program.

The model notice to participants is two pages at a materials cost of \$0.05 per page. Therefore, the mailing and material costs including certified mail are estimated to be \$9.85 per mailing (2*\$0.05 + \$9.75). Of the 7,482 participants (1,247 plans x 6 participants per plan), the Department estimates that 94.2 percent⁷ will receive their

⁶ The Department estimates approximately 94.2% of participants receive disclosures electronically under the combined effects of the 2002 electronic disclosures safe harbor and the 2020 electronic safe harbor. The Department estimates that 58.2% of participants will receive electronic disclosures under the 2002 safe harbor. According to the National Telecommunications and Information Agency (NTIA), 40.0% of individuals age 25 and over have access to the Internet at work. According to a Greenwald & Associates survey, 84.0% of plan participants find it acceptable to make electronic delivery the default option, which is used as the proxy for the number of participants who will not opt-out of electronic disclosure that are automatically enrolled (for a total of 33.6% receiving electronic disclosure at work). Additionally, the NTIA reports that 40.4% of individuals age 25 and over have access to the internet outside of work. According to a Pew Research Center survey, 61.0% of internet users use online banking, which is used as the proxy for the number of internet users who will affirmatively consent to receiving electronic disclosures (for a total of 24.7% receiving electronic disclosure outside of work). Combining the 33.6% who receive electronic disclosure at work with the 24.7% who receive electronic disclosure outside of work produces a total of 58.2%. The remaining 41.8% of participants are subject to the 2020 safe harbor. According to the 2019 American Community Survey, 86.6% of the population has an internet subscription. The Department estimates that 0.5% of electronic disclosures will bounce back and will need to be sent a paper disclosure. Accordingly, for the 41.8% of participants not affected by the 2002 safe harbor, 86.1%, or an additional 36.0% (41.8% x 86.1%), are estimated to receive electronic disclosures under the 2020 safe harbor. In total, the Department estimates that 94.2% (58.2% + 36.0%) would receive electronic disclosures. Thus, the Department estimates that 5.8% would receive paper disclosures (100% - 94.2%).

⁷ The Department estimates approximately 94.2% of participants receive disclosures electronically under the combined effects of the 2002 electronic disclosures safe harbor and the 2020 electronic safe harbor. The Department estimates that 58.2% of participants will receive electronic disclosures under the 2002 safe harbor. According to the National Telecommunications and Information Agency (NTIA), 40.0% of individuals age 25 and over have access to the Internet at work. According to a Greenwald & Associates survey, 84.0% of plan participants find it acceptable to make electronic delivery the default option, which is used as the proxy for the number of participants who will not opt-out of electronic disclosure that are automatically enrolled (for a total of 33.6% receiving electronic disclosure at work). Additionally, the NTIA reports that 40.4% of individuals age 25 and over

notices electronically at de minimis cost. The remaining 5.8 percent (approximately 434 participants) will receive the notice by mail, creating a mailing cost burden of \$4,275 (434 participants x \$9.85 per participant).

Final Notice

The Department assumes that, as a usual and customary business practice, the final notice to the Department will be sent by certified mail. The model final notice is two pages. Therefore, the material costs are estimated to be \$0.10 per plan (2 pages x \$0.05 per page) and postage \$9.75 per plan. For the 5.8 percent of plans that are expected to submit their applications by mail, total mailing costs are estimated to be \$709 ((\$9.75 per plan for postage + \$0.10 for materials) x 1,247 plans x 5.8 percent submitting by mail= 72 plans x \$9.85).

Special Terminal Report for Abandoned Plans (29 CFR 2520.103-13)

For STRAPs submitted electronically, no burden is estimated for paper or mailing costs. For the assumed 5.8 percent of plans that submit their STRAPs by mail, the additional costs will be \$0.30 for materials costs (6 pages x \$0.05 per page) and \$0.58 for postage resulting in a materials and postage cost of \$63 (1,247 plans x 5.8 percent submitted by mail x (\$0.30 materials + \$0.58 postage) = 72 plans x \$0.88).

Safe Harbor for Distributions from Terminated Individual Account Plans (29 CFR 2550.404a-3)

The PRA analysis also includes the burden associated with the notice to participants as required under “The Safe Harbor Distribution from Terminated Individual Account Plans.” To meet the safe harbor, fiduciaries of terminating plans must furnish a notice to participants and beneficiaries informing them of the plan’s termination and the options available for distribution of their account balance. Based on 2019 Form 5500 data, the Department estimates that 1,222,282 million participants will receive notices, with 5.8 percent receiving the notice by first class mail and 94.2 percent receiving the notice

have access to the internet outside of work. According to a Pew Research Center survey, 61.0% of internet users use online banking, which is used as the proxy for the number of internet users who will affirmatively consent to receiving electronic disclosures (for a total of 24.7% receiving electronic disclosure outside of work). Combining the 33.6% who receive electronic disclosure at work with the 24.7% who receive electronic disclosure outside of work produces a total of 58.2%. The remaining 41.8% of participants are subject to the 2020 safe harbor. According to the 2019 American Community Survey, 86.6% of the population has an internet subscription. The Department estimates that 0.5% of electronic disclosures will bounce back and will need to be sent a paper disclosure. Accordingly, for the 41.8% of participants not affected by the 2002 safe harbor, 86.1%, or an additional 36.0% (41.8% x 86.1%), are estimated to receive electronic disclosures under the 2020 safe harbor. In total, the Department estimates that 94.2% (58.2% + 36.0%) would receive electronic disclosures.

electronically at de minimis cost. The Department estimates that mailing the notices will produce a cost burden of \$41,008 (1,122,282 notices x (\$0.58 for postage + (\$0.05 per page x 1 page) x 5.8 percent = 65,092 plans x \$0.63).

Abandoned Plan Class Exemption, PTE 2006-16

PTE 2006-06 permits a qualified termination administrator of an individual account plan that has been abandoned by its sponsoring employer to select itself or an affiliate to provide services to the plan in connection with the termination of the plan, and to pay itself or an affiliate fees for these services, provided that such fees are consistent with the conditions of the exemption. The exemption also permits a qualified termination administrator to: designate itself or an affiliate as a provider of an individual retirement plan or other account; select a proprietary investment product as the initial investment for the rollover distribution of benefits for a participant or beneficiary who fails to make an election regarding the disposition of such benefits; and pay itself or its affiliate in connection with the rollover.

PTE 2006-06 requires, among other things, that fees and expenses paid to the qualified termination administrator and an affiliate in connection with the termination of an abandoned plan are consistent with industry rates for such or similar services, and are not in excess of rates ordinarily charged by the qualified termination administrator (or affiliate) for the same or similar services provided to customers that are not plans terminated pursuant to the Abandoned Plan Regulations, if the qualified termination administrator (or affiliate) for the same or similar services to such other customers. The class exemption also requires that qualified termination administrators ensure that the records necessary to determine whether the conditions of the exemption have been met are maintained for a period of six years, so that may be available for inspection by any account holder of an individual retirement plan or other account established pursuant to this exemption, or any duly authorized representative of such account holder, the Internal Revenue Service, and the Department. Banks, insurance companies, and other financial institutions that provide services to abandoned plans and their participants and beneficiaries are required to act in accordance with customary business practices, which would include maintaining the records required under the terms of the class exemption.

Summary

The total annual cost burden for this ICR is estimated to be \$17,981 for the Abandoned Plan Regulations and \$41,008 for the material costs of the Safe Harbor exemption, resulting in a total cost burden of approximately \$58,989 annually.

14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

The Department estimates that for the estimated 1,247 plans terminated annually under the QTA regulation, data entry of the information derived from the Notice to the Department and the Final Notice will require 1/4 hour of a clerical FTE's time, at \$42.25 per hour,⁸ or \$13,171 on an annual basis. Supervisory costs, for 1/4 hour of an FTE's time, at \$131.64 per hour⁹ will cost \$41,039 annually. The total cost to the Federal government annually is \$54,210.

15. Explain the reasons for any program changes or adjustments reporting in Items 13 or 14.

The Department has revised its cost estimates to account for increases in wage rates, increase in the usage of the Abandoned Plans Program, as well as an increase in the number of terminating plans.

Additionally, the burden of an outside QTA is now counted toward the hour burden. As a result, the total hour burden and the equivalent cost of the total hour burden has increased, whereas the total cost burden has decreased.

16. For collections of information whose results will be published, outline plans for tabulation, and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

There are no plans to publish the results of this collection of information.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

⁸ GS-6, Step 5: \$24.75([2022 Washington, DC Wage rate](#))/0.703(Salary to compensation ratio)*1.2(Overhead Load Factor)=\$42.25

⁹ GS-14, Step 5: \$68.55([2022 Washington, DC Wage rate](#)) /0.703(Salary to compensation ratio) *1.35(Overhead Load Factor)=\$131.64

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The OMB expiration date will be published in the Federal Register following OMB approval.

18. Explain each exception to the certification statement identified in the "Certification for Paperwork Reduction Act Submission."

Not applicable; no exceptions to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable. The use of statistical methods is not relevant to this collection of information.