

Justification for No Material or Nonsubstantive Change to Currently-Approved Collection

AGENCY: Pension Benefit Guaranty Corporation (PBGC)
TITLE: Termination of Single-Employer Plans (29 CFR part 4041)
STATUS: OMB control number 1212-0036; expires 03/31/2023
CONTACT: Stephanie Cibinic (202-229-6352)

The Pension Benefit Guaranty Corporation (PBGC) is making changes that are not material to the Standard Termination Filing Instructions, which are used by single-employer plans that are terminating voluntarily in a standard termination. The specific rules for terminating a single-employer plan in a standard termination and for distributing benefits are under section 4041 of the Employee Retirement Income Security Act of 1974 (ERISA) and subparts A and B of 29 CFR part 4041 of PBGC's regulations. A plan administrator wishing to terminate a plan is required to submit specified information to PBGC in support of the proposed termination.

PBGC is correcting an error in the Standard Termination Filing Instructions by removing a note currently on page 28 of the instructions regarding the "annuity starting date." The note reads:

***Note:** For example, if the lump sum election form given to a participant does not specify the annuity starting date of a qualified joint-and-survivor annuity commencing immediately and there is no other evidence establishing an annuity starting date, the distribution date is the "annuity starting date" for the purposes described above.*

Lump sum payments are valued under the Internal Revenue Code (the Code) and PBGC's regulations as of the date of distribution, which is the annuity starting date. PBGC's regulations allow for a different annuity starting date only where there is evidence that supports a different date allowable under the Code. The Code only permits a different annuity starting date for lump sums in cases of reasonable administrative delay.

However, the example implies that if a participant's election form provides for an immediate annuity starting date or evidence that a different date might apply – with no qualifier that such date must be allowed under the Code – that would be the date used to value lump sums. This implication is contrary to the requirements under PBGC's regulations and the Code and contradicts the description of the annuity starting date provided directly above the example.

The "note" on page 28 has been deleted in the copy of the instructions submitted with this request.