

**SUPPORTING STATEMENT**  
**For the Paperwork Reduction Act Information Collection Submission for**  
**FORM N-4**

**A. JUSTIFICATION**

**1. Necessity for the Information Collection**

Form N-4 (17 CFR 239.17b and 274.11c) is the form used by insurance company separate accounts organized as unit investment trusts that offer variable annuity contracts to register as investment companies under the Investment Company Act of 1940 (15 U.S.C. 80a-1 *et seq.*) (“Investment Company Act”) and/or to register their securities under the Securities Act of 1933 (15 U.S.C. 77a *et seq.*) (“Securities Act”). Section 5 of the Securities Act (15 U.S.C. 77e) requires the filing of a registration statement prior to the offer of securities to the public and that the registration statement be effective before any securities are sold, and Section 8 of the Investment Company Act (15 U.S.C. 80a-8) provides for the registration of investment companies. Pursuant to Form N-4, separate accounts organized as unit investment trusts that offer variable annuity contracts provide investors with a prospectus and a statement of additional information (“SAI”) covering essential information about a separate account. Section 5(b) of the Securities Act requires that investors be provided with a prospectus containing the information required in a registration statement prior to the sale, or at the time of confirmation or delivery, of the securities.

On September 29, 2023, the Commission issued a release proposing amendments to several rules and forms that would modify the registration, offering, and communications process for registered index-linked annuities (“RILAs”) under the Securities Act.<sup>1</sup> Under the proposed amendments, RILA issuers would register offerings on Form N-4, as amended to address the features and risks of RILAs. Further, the Commission is proposing other amendments to Form N-4 that would apply to all issuers that use that form. For example, the Commission is proposing to switch the order of the Key Information Table and Overview of the Contract items, require issuers to present information in the KIT in a Q&A format, and to require more specific principal risk disclosures.

**2. Purpose and Use of the Information Collection**

The purpose of Form N-4 is to meet the filing and disclosure requirements of the Securities Act and the Investment Company Act and to enable filers to provide investors with information necessary to evaluate an investment in a security. This information collection differs significantly from many other federal information collections, which are primarily for the use and benefit of the collecting agency. The information required to

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<sup>1</sup> Registration for Index-Linked Annuities; Amendments to Form N-4 for Index-Linked and Variable Annuities, Investment Company Act Release No. 35028 (Sep. 29, 2023), [88 FR 71088 (Oct. 13, 2023)], available at <https://www.sec.gov/files/rules/proposed/2023/33-11250.pdf>.

be filed with the Commission permits verification of compliance with securities law requirements and assures the public availability and dissemination of the information.

### **3. Consideration Given to Information Technology**

The Commission's Electronic Data Gathering, Analysis and Retrieval ("EDGAR") system automates the filing, processing, and dissemination of full disclosure filings. This automation has increased the speed, accuracy, and availability of information, generating benefits to investors and financial markets. Form N-4 is required to be filed with the Commission electronically on EDGAR.<sup>2</sup> The public may access filings on EDGAR through the Commission's website (<http://www.sec.gov>) or at EDGAR terminals located at the Commission's public reference rooms.

### **4. Duplication**

The Commission periodically evaluates rule-based reporting and recordkeeping requirements for duplication, and reevaluates them whenever it proposes a rule or a change in a rule. The requirements of Form N-4 generally are not duplicated elsewhere.

### **5. Effect on Small Entities**

The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act,<sup>3</sup> to identify methods to minimize recordkeeping or reporting requirements affecting small businesses. The proposed disclosure requirements for registration statements on Form N-4 do not distinguish between small entities and other registrants. The burden on smaller registrants of preparing and filing registration statements may be proportionately greater than for larger registrants. This burden includes the cost of producing, printing, filing, and disseminating prospectuses and SAIs. The Commission believes, however, that imposing different requirements on smaller entities would not be consistent with investor protection and the purposes of registration statements.

Furthermore, based on a review of EDGAR filings of existing RILA issuers, the Commission does not expect any RILA issuers to be treated as small entities. Additionally, RILA issuers are not investment companies. For these reasons, we believe that the proposed amendments would not, if adopted, have a significant economic impact on a substantial number of small entities.

The Commission staff reviews all rules periodically, as required by the Regulatory Flexibility Act, to identify methods to minimize reporting or recordkeeping requirements affecting small businesses.

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<sup>2</sup> 17 CFR 232.101(a)(1)(i) and (iv).

<sup>3</sup> 5 U.S.C. 601 et seq.

## **6. Consequences of Not Conducting Collection**

The purpose of Form N-4 is to meet the filing and disclosure requirements of the Securities Act and the Investment Company Act and to enable filers to provide investors with information necessary to evaluate an investment in a security. Less frequent filing would be inconsistent with the filing and disclosure requirements of the Securities Act and the Investment Company Act. In addition, if the form were to be filed less frequently, investors may not be provided with the information necessary to evaluate an investment in a security.

## **7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)**

This collection is not inconsistent with 5 CFR 1320.5(d)(2).

## **8. Consultation Outside the Agency**

The Commission and staff of the Division of Investment Management participate in an ongoing dialogue with representatives of the investment company and insurance industry through public conferences, meetings, and informal exchanges. These various forums provide the Commission and staff with a means of ascertaining and acting upon paperwork burdens confronting the industry. In addition, the Commission has requested public comment on the proposed amendments to Form N-4, including the collection of information requirements resulting from the proposed amendments. The Commission's solicitation of public comments included estimating and requesting public comments on the burden estimates for all information collections under this OMB control number (i.e., both changes associated with the rulemaking and other burden updates). All comments on the proposal are available at <https://www.sec.gov/comments/s7-16-23/s71623.htm>. Before adopting these amendments, the Commission will receive and evaluate public comments on the proposed amendments and their associated collection of information requirements as required by 5 CFR 1320.11(f).

## **9. Payment or Gift**

Not Applicable.

## **10. Confidentiality**

Not Applicable.

## **11. Sensitive Questions**

No information of a sensitive nature, including social security numbers, will be required under this collection of information. The information collection collects basic Personally Identifiable Information (PII) that may include names, job titles, and work addresses. However, the agency has determined that the information collection does not

constitute a system of record for purposes of the Privacy Act. Information is not retrieved by a personal identifier. In accordance with Section 208 of the E-Government Act of 2002, the agency has conducted a Privacy Impact Assessment (“PIA”) of the EDGAR system, in connection with this collection of information. The EDGAR PIA, published on March 22, 2023, is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

## **12. Burden of Information Collection**

The following estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act of 1995<sup>4</sup> and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms.

In our most recent Paperwork Reduction Act submission for Form N-4, we estimated for Form N-4 a total aggregate annual hour burden of 292,487 hours, and a total aggregate annual external cost burden of \$33,348,866.<sup>5</sup> Compliance with the disclosure requirements of Form N-4 is mandatory, and the responses to the disclosure requirements will not be kept confidential. The respondents to these collections of information would be RILA issuers and registered variable annuity separate accounts. The table below summarizes our PRA initial and ongoing annual burden estimates associated with the proposed amendments to Form N-4.

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<sup>4</sup> 44 U.S.C. 3501 *et seq.*

<sup>5</sup> On October 26, 2021, the Office of Management and Budget approved without change a revision of the currently approved information collection estimate for Form N-4.

**TABLE 1: FORM N-4 PRA ESTIMATES FOR INITIAL FILINGS**

	Internal initial burden hours	Internal annual burden hours	Wage rate <sup>2</sup>	Internal time costs	Annual external cost burden
<b>PROPOSED ESTIMATES<sup>3</sup></b>					
<b>Separate Account Registrants</b>					
Proposed amendments	12	14 <sup>1</sup>	\$406 (blended rate for compliance attorney and senior programmer) <sup>3</sup>	\$5,684	-
Estimated number of annual responses <sup>4</sup>		x 42		x 42	-
<b>Total new annual burden</b>		588		\$238,728	-
<b>RILA Issuers</b>					
Proposed amendments to Form N-4	300	390.89 <sup>5</sup>	\$406 (blended rate for compliance attorney and senior programmer) <sup>3</sup>	\$158,701.34	\$40,000 <sup>8</sup>
Website availability requirement <sup>6</sup>	-	0.5	\$286 (webmaster)	\$143	-
Estimated number of annual responses <sup>7</sup>		x 20		x 20	x 20
<b>Total new annual burden</b>		7,827.80		\$3,176,886.80	\$800,000
<b>Total Burdens</b>					
	Responses	Internal Hour Estimate		Internal Hour Cost Estimate	External Cost Estimate
Current aggregate annual burden estimates	30	8,427		\$2,494,716	\$754,740
Aggregate proposed additional annual burden estimates	+32 <sup>9</sup>	+8,416.80		+\$3,416,614.80	+\$800,000
Revised aggregate annual burden estimates	=62	=16,843.80		=\$5,911,330.80	=\$1,554,740

**Notes:**

1. This estimate includes the initial burden estimates annualized over a three-year period, plus 10 hours of ongoing annual burden hours.
2. The Commission's estimates of the relevant wage rates are based on the SIFMA Wage Report. The estimated wage figures are modified by Commission staff to account for an 1,800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits, overhead, and adjusted to account for the effects of inflation.
3. The \$406 wage rate reflects current estimates of the blended hourly rate for an in-house compliance attorney (\$425) and a senior programmer (\$386). \$406 is based on the following calculation:  $(\$425 + \$386)/2 = \$406$  rounded to the nearest whole dollar.
4. The estimate of the annual number of registration statements filed on Form N-4 is based on the average annual number of filings received by the Commission over the past three years (Jan. 1, 2020 to Dec. 31, 2022). In its most recently approved PRA submission, the Commission estimated that separate accounts will make approximately 30 initial registration statement filings per year. For the estimated burden of the proposed amendments to Form N-4, we have taken into account updated data regarding the number of initial filings on Form N-4.
5. The proposed estimate includes the initial burden estimates annualized over a three-year period, plus 290.89 hours of ongoing annual burden hours. The ongoing annual burden is estimated to be equal to the currently approved ongoing annual burden for initial filings on Form N-4 plus 10 hours of ongoing annual burden hours.
6. The proposed amendments would require RILA issuers to separately to include information about current contract limits on gains on their websites. See Item 17 of proposed Form N-4.
7. This estimate is based on a review of Morningstar data regarding the number of new RILA product launches that occurred over the prior three calendar years (2020 - 2022), rounded to the nearest ten. Current RILA registration statements would make their first filing on proposed Form N-4 as a post-effective amendment. See *supra* footnote **Error! Bookmark not defined.** and accompanying text.

8. We estimate that the external cost to prepare and file an initial registration statement on Form N-4 is \$40,000 per filing.

9. The estimated number of new responses is based on the total of the number of RILA responses under the proposed amendments (20 responses) and the difference between the number of responses for registered separate accounts under the current aggregate annual burden estimate (30 responses) and the proposed additional annual burden estimates (42 responses). (20 RILA responses plus 12 registered separate account responses).

**TABLE 2: FORM N-4 PRA ESTIMATES FOR POST-EFFECTIVE AMENDMENT FILINGS**

	Internal initial burden hours	Internal annual burden hours	Wage rate <sup>2</sup>	Internal time costs	Annual external cost burden
<b>PROPOSED ESTIMATES<sup>3</sup></b>					
<b>Separate Account Registrants</b>					
Proposed amendments	12	6 <sup>4</sup>	\$406 (blended rate for compliance attorney and senior programmer) <sup>3</sup>	\$2,436	-
Estimated number of annual responses <sup>4</sup>		x1,016		x1,016	-
<b>Total new annual burden</b>		6,096		\$2,474,976	-
<b>RILA Issuers</b>					
Proposed amendments to Form N-4	210	279.95 <sup>5</sup>	\$406 (blended rate for compliance attorney and senior programmer) <sup>3</sup>	\$113,659.70	\$24,000 <sup>8</sup>
Website availability requirement <sup>6</sup>	-	0.5	\$286 (webmaster)	\$143	-
Estimated number of annual responses <sup>7</sup>		x90		x90	x90
<b>Total new annual burden</b>		25,240.50		10,242,243	\$2,160,000
<b>Total Burdens</b>					
	Responses	Internal Hour Estimate		Internal Hour Cost Estimate	External Cost Estimate
Current aggregate annual burden estimates	1,366	+284,060		\$84,100,454	+\$32,594,126
Aggregate proposed additional annual burden estimates	-260 <sup>9</sup>	+31,336.50	+	+\$12,717,219	+\$2,160,000
Revised aggregate annual burden estimates	=1,106	=315,369.50		=96,817,673	=\$34,754,126

**Notes:**

- This estimate includes the initial burden estimates annualized over a three-year period, plus two hours of on-going annual burden hours.
- The Commission's estimates of the relevant wage rates are based on the SIFMA Wage Report. The estimated wage figures are modified by Commission staff to account for an 1,800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits, overhead, and adjusted to account for the effects of inflation.
- The \$406 wage rate reflects current estimates of the blended hourly rate for an in-house compliance attorney (\$425) and a senior programmer (\$386). \$406 is based on the following calculation:  $(\$425 + \$386) / 2 = \$406$  rounded to the nearest whole dollar.
- The estimate of the annual number of post-effective amendments to registration statements on Form N-4 is based on the average annual number of filings received by the Commission over the past three years (Jan. 1, 2020 to Dec. 31, 2022). In its most recently approved PRA submission, the Commission estimated that separate accounts will make approximately 1,366 post-effective amendment filings per year on Form N-4. For the estimated burden of the proposed amendments to Form N-4, we have taken into account updated data regarding the number of post-effective amendment filings on Form N-4..
- The proposed estimate includes the initial burden estimates annualized over a three-year period, plus 207.95 hours of ongoing annual burden hours. The ongoing annual burden is estimated to be equal to the currently approved ongoing annual burden for initial filings on Form N-4 plus an addition 2 hours of ongoing annual burden hours.
- The proposed amendments would require RILA issuers to separately to include information about current contract limits on gains on their websites. See Item 17 of proposed Form N-4.
- This estimate is based on a review of RILA registration statements filed with the Commission as of May 2023.
- We estimate that the external cost to prepare and file a post-effective registration statement on Form N-4 is approximately \$24,000 per filing.
- The estimated number of new responses is based on the total of the number of RILA responses under the proposed amendments (90 responses) and the difference between the number of responses for registered separate accounts under the current aggregate annual burden estimate (1,366 responses) and the proposed additional annual burden estimates (1,016 responses). (90 RILA responses subtracted by 350 registered separate account responses).

**TABLE 3: TOTAL BURDEN ESTIMATES FOR FORM N-4**

	Responses	Internal annual burden hours <sup>1</sup>	Internal time costs	Annual external cost burden
<b>TOTAL BURDEN ESTIMATES INCLUDING AMENDMENTS</b>				
Current aggregate annual burden estimates	1,366	292,487	\$86,595,170	\$33,348,866
<b>Aggregate proposed additional annual burden estimates</b>	-228	+39,753.30+	+\$16,133,833.80	+\$2,914,740
<b>Revised aggregate annual burden hours</b>	=1,168	=332,240.30	=\$102,729,004	=\$36,263,606

**Notes:**

1. This estimate includes the initial burden estimates annualized over a three-year period.



We estimate that 90 RILA respondents and 419 separate account registrants would be subject to collection of information requirements under the proposed amendments to Form N-4.<sup>6</sup>

As summarized in Table 1 and Table 2 above, the Commission has previously estimated that separate account registrants will make approximately 42 initial registration statement filings and 1,016 post-effective amendments annually, while RILA issuers will make approximately 20 initial registration filings and 90 post-effective amendments annually, based on filings with the Commission. The hour burden estimates for preparing and filing Form N-4 are based on the Commission's experience with the contents of the form. The number of burden hours may vary depending on, among other things, the complexity of the filing and whether preparation of the forms is performed by internal staff or outside counsel.

Form N-4 imposes two types of reporting burdens on separate accounts organized as unit investment trusts that offer variable life insurance contracts that are registered under the Investment Company Act: (1) the burden of preparing and filing the initial registration statement; and (2) the burden of preparing and filing post-effective amendments to a previously effective registration statement.

As summarized in Table 3 above, in our most recent Paperwork Reduction Act submission for Form N-4, Commission staff estimated that the annual compliance burden to comply with the collection of information requirements of Form N-4 is 292,487 hours, with an internal cost of about \$86.6 million. As summarized in Table 3 above, we estimate that the total internal burden associated with Form N-4 will be 332,240.30 hours per year, at a cost of about \$102.7 million.

### **13. Cost to Respondents**

Cost burden is the cost of goods and services purchased to prepare and update registration statements on Form N-4, such as for the services of independent auditors and outside counsel. The cost burden does not include the hour burden discussed in Item 12 above. Estimates are based on the Commission's experience with the filing of registration forms.

As summarized in Table 3 above, in our most recent Paperwork Reduction Act submission for Form N-4, Commission staff estimated about \$33.3 million in external cost burden per year. We estimate that the revised external burden will be about \$36.3 million.

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<sup>6</sup> For RILA registrants, this estimate is based on a review of RILA registration statements filed with the Commission as of May 2023. For separate account registrants, this amount is based on Form N-CEN reports through Apr. 15, 2023.

**14. Cost to the Federal Government**

The annual cost of reviewing and processing disclosure documents, including new registration statements, post-effective amendments, proxy statements, and shareholder reports of investment companies amounted to approximately \$29 million in fiscal year 2022, based on the Commission’s computation of the value of staff time devoted to this activity and related overhead.

**15. Changes in Burden**

As summarized in Table 4 above, the estimated hourly burden associated with Form N-4 has increased from 292,487 hours to 332,240.30 hours (an increase of 39,753.30 hours). In addition, the cost burden associated with Form N-4 has increased from \$33,348,866 to \$36,263,606 (an increase of \$2,914,740). The amendments proposed by the Commission would result in a change in our estimate of the burdens associated with the collection of information, specifically to account for the additional requirements for issuers that use Form N-4 currently and to add RILAs to the estimates.

These changes in burden also reflect the Commission’s revision and update of burden estimates for all information collections under this OMB control number (whether or not associated with rulemaking changes), and the Commission requested public comment on all information collection burden estimates for this OMB control number.

**16. Information Collection Planned for Statistical Purposes**

Not Applicable.

**17. Approval to Omit OMB Expiration Date**

The Commission is not seeking approval to omit the expiration date for OMB approval.

**18. Exceptions to Certification Statement for Paperwork Reduction Act Submission**

The Commission is not seeking an exception to the certification statement.

**B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS**

The collection of information will not employ statistical methods.