

SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT OF 1995: 408(B) (2) SERVICE PROVIDER DISCLOSURE REQUIREMENTS

This information collection request (ICR) seeks approval for an extension without change 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.**

The prohibited transaction described in section 406(a)(1)(C) of ERISA generally prohibits the furnishing of goods, services, or facilities between a plan and a party in interest to the plan. Because ERISA defines any person furnishing services to the plan as a “party in interest” to the plan, a service relationship between a plan and a service provider would constitute a prohibited transaction under section 406(a)(1)(C) in the absence of relief. Section 408(b)(2) of ERISA provides relief, however, for service contracts or arrangements if the contract or arrangement is “reasonable,” if the services are necessary for the establishment or operation of the plan, and if no more than “reasonable” compensation is paid for the services.

The Department’s final rule under ERISA section 408(b)(2) (29 CFR 2550.408b-2) requires reasonable contracts or arrangements between employee pension benefit plans and certain providers of services to such plans include specified information to assist plan fiduciaries in assessing the reasonableness of the compensation paid for services and the conflicts of interest that may affect a service provider’s performance of services. The Department believes that plan fiduciaries need this information when selecting and monitoring service providers to satisfy their fiduciary obligations under ERISA section 404(a)(1) to act prudently and solely in the interest of the plan’s participants and beneficiaries and for the exclusive purpose of providing benefits and defraying reasonable expenses of administering the plan.

The Department’s final regulation requires covered service providers to satisfy certain disclosure requirements in order to qualify for the statutory exemption for services under ERISA section 408(b)(2). Paragraph (c)(1)(iii) of the final rule provides that covered service providers who expect to receive \$1,000 or more in compensation (direct or indirect) in connection with providing one or more of the following services to the plan pursuant to the contract or arrangement:

- services provided directly to a plan as a fiduciary under ERISA or as a registered investment adviser under the securities laws;
- services as an ERISA fiduciary to a plan asset investment vehicle in which the covered plan invests;
- certain services (accounting, auditing, actuarial, appraisal, banking, consulting, custodial, insurance, investment advisory, legal, recordkeeping, securities or other investment brokerage, third party administration, or valuation services) and receive indirect compensation or fees, such as revenue sharing, for their services; or
- recordkeeping services or brokerage services to a cover plan that is a participant-directed 401(k)-type plan if one or more designated investment alternatives will be made available through a platform or similar mechanism in connection with such recordkeeping or brokerage services.¹

Covered service providers are required to satisfy certain disclosure requirements in order to qualify for the statutory exemption for services under ERISA section 408(b)(2). A detailed description of the required disclosures is set forth in item 12, below. Covered service providers must make the disclosures, and update the information disclosed, within the specified time frames. Failure to comply with the final rule would result in a prohibited transaction both under ERISA section 406(a)(1)(C) and under section 4975(c)(1)(C) of the Internal Revenue Code.

The Department believes that mandatory proactive disclosure will reduce plan sponsor information costs, discourage harmful conflicts, and enhance service value. Additional benefits will flow from the Department's enhanced ability to redress abuse. Moreover, such disclosures will enhance plan fiduciaries' understanding of the fees received by plan service providers, directly and indirectly. Greater knowledge of such fees among sponsors and fiduciaries will in turn increase efficiency and competition in the service provider market, thereby generating benefits to plans and thus to plan participants.

The Department also issued a class prohibited transaction exemption as part of the final rule. The class exemption grants plan fiduciaries relief from liability for a prohibited transaction resulting from the service provider's failure to comply with the regulation's disclosure requirements. The Department recognizes that a plan fiduciary may on occasion *unknowingly* enter into a contract or arrangement that does not meet the requirements of the regulation for relief under ERISA section 408(b)(2), in the reasonable belief that the service provider has divulged the requisite information. If the requirements of the rule are not satisfied, a prohibited transaction occurs for both the service provider

¹ The proposed rule included similar categories of service providers, but the final rule includes modifications to include service providers in the third category only if they receive indirect compensation for these services. The final rule also includes investment platform providers as a new category, because they will be required to provide the investment-related disclosures summarized below.

and the plan fiduciary, but for the availability of the class exemption. The Department believes that the exemption is essential to achieve the purposes underlying the regulation. The information collection activities associated with the exemption are discussed more fully in question 12, below.

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 purpose of the information collection is to help plan fiduciaries assemble sufficient information to evaluate the quality and competitiveness of their potential service providers. The information will be used by plan fiduciaries for this purpose. The Department will use the information to monitor transactions with service providers and in any enforcement proceedings. The purpose of the information collection is to help plan fiduciaries access information already being disclosed to them.

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.

Under 29 C.F.R. § 2520.104b-1(b) of ERISA, “where certain material, including reports, statements, and documents, is required under Part I of the Act and this part to be furnished either by direct operation of law or an individual request, the plan administrator shall use measures reasonably calculated to ensure actual receipt of the material by plan participants and beneficiaries.” Section 2520.104b-1(c) establishes the manner in which disclosures under Title I of ERISA made through electronic media will be deemed to satisfy the requirement of § 2520.104b-1(b). Section 2520-107-1 establishes standards concerning the use of electronic media for maintenance and retention of records. Under these rules, all pension and welfare plans covered under Title I of ERISA may use electronic media to satisfy disclosure and recordkeeping obligations, subject to specific safeguards.

The final regulation and accompanying class exemption does not limit the ability of covered service providers to furnish information required by the regulation to responsible plan fiduciaries via electronic media. However, unless the covered service provider's disclosure information is readily accessible to responsible plan fiduciaries on a website and fiduciaries have clear notification on how to gain such access, the information on the website may not be regarded as furnished within the meaning of the regulation.

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.

The Department compared two potential overlapping government requirements with the final rule: the Investment Advisers Act of 1940 and the Form 5500 Annual Report. Both of these requirements are substantially different from the final rule. The Investment Advisers Act guidelines for disclosure of conflicts of interest are generic in scope. The Schedule C of Form 5500 concern retrospective information provided as part of annual reporting, whereas the final rule requires the disclosure of information during the decision-making process.

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

Small plans will benefit from the increased information produced through disclosures at least as much as large plans. Small, covered service providers with relatively simple compensation arrangements can provide a relatively simple, short written disclosure with a related simple guide. The final regulation focused the scope of the regulation on contracts or arrangements with fiduciary service providers and service providers that received indirect compensation or provide access to plan investments. The Department believes that the focus on complex relationships of the final rule will avoid unnecessary burdens on small service providers that will not be subject to its written disclosure requirements.

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 purpose of the final regulation is to ensure that plan fiduciaries have sufficient information to evaluate the quality and competitiveness of the fees received by their potential service providers. The enhanced disclosure will increase efficiency and competition in the service provider market, thereby generating benefits to plans and plan participants. These benefits will not be realized if the information is not collected or is collected less frequently.

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.**

None.

- 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 record keeping, 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 Federal Register notice required by 5 CFR 1320.8(d) soliciting comments on the information collection was published on February 05, 2024 (89 FR 7732). No comments were received.

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

No payments or gifts will be provided to respondents.

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

Not applicable to this collection that offers no such assurances.

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.

None.

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. Instead, this cost should be included in Item 13.**

In order to estimate the hour burden associated with the disclosure provisions under the final rule, the Department estimated or made assumptions on the number of service providers, plans, and plan-service provider arrangements, as well as for wage rates,

postage, and other measures. These general assumptions are described in Table 1 below.

Table 1.-- General Assumptions

Assumption	Description	Source
46,388	Number of defined benefit (DB) plans	2021 Form 5500 Data
31,235,000	Participants in DB Plans	2021 Form 5500 Data
718,736	Number of defined contribution (DC) Plans	2021 Form 5500 Data
114,931,000	Participants in DC Plans	2021 Form 5500 Data
642,496	Number of Self-Directed DC Plans	2021 Form 5500 Data
82,702,000	Participants in Self-Directed DC Plans	2021 Form 5500 Data
16,868	Number of providers	2021 Form 5500 Data (Schedule C)
1,213	Number of complex ² providers	2021 Form 5500 Data (Schedule C)
205,634	Arrangements between providers and DB plans	2021 Form 5500 Data (Schedule C)
1,850,720	Arrangements between providers and DC plans	2021 Form 5500 Data (Schedule C)
\$165.71	Hourly cost for a legal professional	Departmental Calculation. ³
\$177.11	Hourly cost for a financial professional	Departmental Calculation.
\$65.99	Hourly cost for a clerical professional	Departmental Calculation.
96.1%	Electronic disclosure rate	Departmental Calculation. ⁴
14.93%	Proportion of providers that are new	2021 Form 5500 Data (Schedule C)
9.56%	Proportion of plans that are new	2021 Form 5500 Data
\$0.68	First Class Mail Cost	https://www.usps.com/business/prices.htm
\$16	Priority Mail Cost	https://www.usps.com/ship/priority-mail.htm#flatrate
\$0.05	Printing Cost Per Page	Departmental Assumption

Initial Service Provider Compliance Review: The Department has estimated the hour burden for the initial compliance review and implementation for service providers newly

² For the purposes of this analysis, the Department estimates the number of complex service providers using the number of unique service providers who are reported on the Schedule C as having received \$1 million or more in compensation.

³ For information on how the Department estimates labor cost see: <https://www.dol.gov/sites/dolgov/files/EBSA/laws-and-regulations/rules-and-regulations/technical-appendices/labor-cost-inputs-used-in-ebsa-opr-ria-and-pra-burden-calculations-june-2019.pdf>

⁴ Assumptions regarding the use of electronic transmission have been updated to be in accordance to 29 C.F.R. § 2520.104b-31 which provides a new additional safe harbor for plan administrators to use electronic media, as a default, to furnish disclosures to participants and beneficiaries of pension benefit plans subject to ERISA. This estimate is used as a proxy for the percent of disclosures sent to plan fiduciaries.

entering the market (“new service providers”). These calculations are presented in Table 2 below. The Department uses data from the 2020 and 2021 Form 5500 to estimate the number of complex and non-complex service providers that will be new each year. The number of service providers with more complex arrangements is estimated using the number of unique service providers who are reported on the Schedule C as having received \$1 million or more in compensation. It is likely that service providers with complex arrangements will require more time to comply.

Table 2.—Burden of Compliance Review and Implementation

Description	Entities	Hours per Entity	Wage	Hour Burden	Cost Equivalent
	(A)	(B)	(C)	(A x B)	(A x B x C)
New, Complex Service Providers (prepare compliance review and implementation)	1,213 complex providers x 14.93% of providers that are new = 181	24	\$165.7 1	4,346	\$720,246
New, Non-Complex ⁵ Service Providers (prepare compliance review and implementation)	15,655 non-complex providers x 14.93% of providers that are new = 2,337	3	\$165.7 1	7,012	\$1,161,938
New, Complex Service Providers (prepare compliance review and implementation)	1,213 complex providers x 14.93% of providers that are new = 181	80	\$177.1 1	14,488	\$2,565,982
New, Non-Complex Service Providers	15,655 non-complex providers x 14.93% of providers that are	13	\$177.1 1	30,385	\$5,381,450

⁵ The number of non-complex service providers is calculated by subtracting the complex service provider estimation from the total number of service providers.

(prepare compliance review and implementation)	new = 2,337				
Total	-	-	-	56,231	\$9,829,616

General Information Disclosures: Paragraph (c)(1)(iv) of the final rule requires service providers to disclose general information to a responsible plan fiduciary when a contract is entered into, renewed, or extended.

The Department assumes that experienced service providers have a general disclosure template that can be used for all plans and will customize this document by adding individualized information for each plan. This activity includes reviewing and revising formulae and algorithms to present or estimate direct and indirect compensation that will be applied in a pro forma projection for each plan with which the provider has an existing contract. The proportion of plans that are new is used as a proxy for the percentage of new arrangements. The estimated cost of the template creation and preparation is calculated in Table 3 below.

Table 3.—Burden of General Information Disclosures: Template Creation and Preparation

Descripti on	Entities (A)	Hours per Entity (B)	Wage (C)	Hour Burden (A x B)	Cost Equivalent (A x B x C)
New Arrangements ⁶ (prepare template)	2,056,355 arrangements x 9.56% of arrangements that are new = 196,620	30/60	\$165.7	98,310	\$16,290,963
New Arrangements (prepare template)	2,056,355 arrangements x 9.56% of arrangements that are new = 196,620	20/60	\$177.1	65,540	\$11,607,798
New Arrangements (send)	2,056,355 arrangements x 9.56% of arrangements that are new x 3.9% that	2/60	\$65.99	256	\$16,867

⁶This is calculated by adding together the estimated number of DB and DC arrangements.

Table 3.—Burden of General Information Disclosures: Template Creation and Preparation

Description	Entities	Hours per Entity	Wage	Hour Burden	Cost Equivalent
	(A)	(B)	(C)	(A x B)	(A x B x C)
mailed (are sent by mail = template) 7,668					
Total	-	-	-	164,106	\$27,915,628

Paragraph (c)(1)(vi) of the final rule requires service providers to provide any other information relating to compensation or fees received in connection with the contract or arrangement that is required for the covered plan to comply with the reporting and disclosure requirements of Title I of ERISA and the regulations, forms, and schedules issued thereunder upon the request of responsible plans fiduciaries or plan administrators of covered plans. The Department is not aware of a basis for determining the number of requests that responsible plan fiduciaries or plan administrators will make; therefore, it assumes that approximately ten percent of responsible plan fiduciaries will request additional information annually. The Department further assumes that service providers already will have this information available, because it is required to comply with other legal requirements. The Estimated cost of preparing information on request is calculated in Table 4 below.

Table 4.—Burden of General Information Disclosures: Preparation of Information on Request

Description	Entities	Hours per Entity	Wage	Hour Burden	Cost Equivalent
	(A)	(B)	(C)	(A x B)	(A x B x C)
Plans that Request Additional Information (prepare information)	2,056,355 arrangements x 10% of plans requesting information = 205,635	2/60	\$65.99	6,855	\$452,329
Plans that Request Additional Information (send mailed)	2,056,355 arrangements x 10% of plans requesting information x 3.9% that are sent by mail	2/60	\$65.99	267	\$17,641

Table 4.—Burden of General Information Disclosures: Preparation of Information on Request

Description	Entities	Hours per Entity	Wage	Hour Burden	Cost Equivalent
	(A)	(B)	(C)	(A x B)	(A x B x C)
information) = 8,020					
Total	-	-	-	7,122	\$469,970

Paragraph (c)(1)(v)(B) of the final rule generally requires service providers to disclose any changes to the general information as soon as reasonably practicable, but no later than 60 days from the date the covered service provider knows of such change. The Department assumes that changes in plan disclosures will occur at least once every three years, because plans normally conduct requests for proposal (RFPs) from service providers at least once every three to five years. If it is assumed that an equal number of plans conduct an RFP in any given year, then approximately 35 percent of arrangements will require an updated disclosure every year. The Estimated cost of disclosing changes to the general disclosures is calculated in Table 5, and the total cost of the general information disclosure is displayed in table 6.

Table 5.—Burden of General Information Disclosures: Disclose Changes

Description	Entities	Hours per Entity	Wage	Hour Burden	Cost Equivalent
	(A)	(B)	(C)	(A x B)	(A x B x C)
Arrangements that make changes to general disclosure (prepare changes to disclosure)	2,056,355 arrangements x 35% of arrangements making changes to general disclosure = 719,724	30/60	\$165.71	359,862	\$59,632,744
Arrangements that make changes to general disclosure	2,056,355 arrangements x 35% of arrangements making changes to	20/60	\$177.11	239,908	\$42,490,114

Table 5.—Burden of General Information Disclosures: Disclose Changes

Description	Entities (A)	Hours per Entity (B)	Wage (C)	Hour Burden (A x B)	Cost Equivalent (A x B x C)
disclosure (prepare changes disclosure)	general disclosure = 719,724				
Arrangement s that make changes to general disclosure by mail (send changes disclosure by mail)	2,056,355 arrangements x 35% of arrangements making changes to general disclosure x 3.9% percent sent by mail = 28,069	2/60	\$65.99	936	\$61,743
Total	-	-	-	600,706	\$102,184,601

Table 6.—Total Burden of General Information Disclosures

Description	Hour Burden	Cost Equivalent
General Information Disclosures: Template	\$164,106	\$27,915,628
General Information Disclosures: Information on Request	\$7,122	\$469,970
General Information Disclosures: Disclose Changes	\$600,706	\$102,184,601
Total	771,933	\$130,570,200

Investment Disclosure: Paragraphs (c)(1)(iv)(E) and (F) of the final rule require fiduciaries to investment vehicles holding plan assets (described in paragraph (c)(1)(iii)(A)(2)) and providers of recordkeeping and brokerage services to a participant-directed individual account plan if they provide access to one or more designated investment alternatives for the covered plan (described in paragraph (c)(1)(iii)(B) (“platform providers”) to disclose investment-related compensation and fee information. This information generally must be disclosed to the responsible plan fiduciary reasonably in advance of the date the contract or arrangement is entered into, extended or renewed, and as soon as practicable, but no later than 60 days after the covered service provider is

informed that the information has changed.⁷ Paragraph (c)(1)(iv)(F)(2) allows covered platform providers to satisfy this disclosure requirement by passing through to the responsible plan fiduciary copies of any state or federally regulated disclosure materials (e.g., prospectuses) provided by the issuer of the designated investment alternative, so long as such issuer is not affiliated with the platform provider, and the platform provider does not know that any of the information contained in such materials is incomplete or inaccurate.

The hour burden associated with disclosing investment-related compensation and fee information will be attributable primarily to the time spent gathering the required information. However, much of this cost will be reduced, because, as discussed above, the rule allows platform providers to satisfy this requirement by passing-through information to the responsible plan fiduciary.

In addition, under paragraph (c)(1)(v)(B)(2) of the final rule, service providers must disclose changes to investment information. The Department assumes that service providers will have to disclose changes to investment information to each responsible plan fiduciary at least once per year due to the regulation. Based on the foregoing, the Department has calculated the burden associated with the investment disclosure and displayed it in Table 7 below.

Table 7.— Burden of Investment Disclosure

Description	Entities (A)	Hours per Entity (B)	Wage (C)	Hour Burden (A x B)	Cost Equivalent (A x B x C)
Providers for new participant-directed plans (prepare investment disclosure)	642,496 participant-directed plans x 9.6% of plans that are new = 61,433	30/60	\$177.11	30,716	\$5,440,183
Providers for participant-directed plans (prepare investment disclosure)	642,496 participant-directed plans x 90.4% ⁸ of plans that are not new = 581,063	30/60	\$177.11	290,532	\$51,456,050
Providers for new participant-directed plans (send	642,496 participant-directed plans x 9.6% of	2/60 x 22.3 investments per plan =	\$65.99	1,781	\$117,524

⁷ Generally, the rule requires service providers to disclose any change to investment information as soon as practicable, but not later than 60 days from the date on which the covered service provider is informed of such change.

⁸ This is calculated as 1 minus the proportion of plans that are new.

Table 7.— Burden of Investment Disclosure

Description	Entities (A)	Hours per Entity (B)	Wage (C)	Hour Burden (A x B)	Cost Equivalent (A x B x C)
investment disclosure by mail)	plans that are new x 3.9% sent by mail = 2,396	44.6/60			
Providers for participant-directed plans (send investment disclosure by mail)	642,496 participant-directed plans x 90.4% of plans that are not new x 3.9% sent by mail = 22,661	2/60	65.99	755	\$49,848
Total	-	-	-	\$323,784	\$57,063,605

Hour Burden Imposed on Plans: The main hour burden that is imposed on plans is additional time spent by new plans ensuring that the plan has received all of the required disclosures. Responsible plan fiduciaries of new plans will have to review the written disclosures and evaluate whether service providers are compliant.

Exemption for Responsible Plan Fiduciary: The class exemption contained in paragraph (c)(1)(ix) of the final rule provides relief from ERISA’s prohibited transaction rules for plan fiduciaries that enter into a contract or arrangement with service providers upon a mistaken belief that they have received all of the disclosures required by the final rule. Upon discovering that a covered service provider failed to disclose all of the required information, the responsible plan fiduciary must take reasonable steps to obtain such information, including requesting in writing that the covered service provider furnish the information in order to rely on the exemption and notify the Department if the service provider fails to comply with the written request within 90 days.

While the Department has no basis for estimating the percentage of arrangements where a responsible plan fiduciary will not receive all of the required disclosures from a covered service provider, the Department assumes that 5 percent of arrangements may experience a failure that will require the responsible plan fiduciary to send a notice to the service provider annually.

The Department further assumes that service providers may not respond to 10 percent of the requests for undisclosed information within 90 days, which will result in the responsible plan fiduciary preparing and sending a notice to the Department. The calculations for all these costs imposed on plans are detailed in Table 8 below.

Table 8.— Burden on Plans

Description	Entities	Hours per Entity	Wage	Hour Burden	Cost Equivalent
	(A)	(B)	(C)	(A x B)	(A x B x C)
Reviewing disclosures and ensuring service provider compliance	73,158 plans	1	\$177.11	73,158	\$12,957,013
Notification to Service Provider to provide additional information	2,056,355 arrangements x 5% that need to send a notice for additional information = 102,818	30/60	\$177.11	51,409	\$9,105,024
Notification to Service Provider to provide additional information (sent by mail)	2,056,355 arrangements x 5% that need to send a notice for additional information x 3.9% sent by mail = 4,010	1/60	\$65.99	67	\$4,410
Notification to Department that service provider has not responded in 90 days	2,056,355 arrangements x 5% that need to send a notice for additional information x 10% that do not respond within 90 days = 10,282	30/60	177.11	5,141	\$910,502
Notification to Department that service provider has not responded in 90 days (sent by mail)	2,056,355 arrangements x 5% that need to send a notice for additional information x 10% that do not respond within 90 days x 3.9% sent by mail = 401	1/60	65.99	7	\$441
Total	-	-	-	\$129,781	\$22,977,392

Summary of the Hour Burden

The annual average hour burden for service providers, plans, and all affected entities are reported in Table 9 below.

Table 9.— Estimated Annualized Respondent Hour and Equivalent Burden

Activity	Respondent	Responses per Respondent	Total Responses	Average Hour Burden	Total Hour Burden	Hourly Wage Rate	Equivalent Cost of Hour Burden
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Table 9.— Estimated Annualized Respondent Hour and Equivalent Burden

Activity	Respondent	Responses per Respondent	Total Responses	Average Hour Burden	Total Hour Burden	Hourly Wage Rate	Equivalent Cost of Hour Burden
Hour and Equivalent Burden for Service Providers							
Legal professional prepares compliance review for new, complex providers	181	1	181	24	4,346	\$165.71	\$720,246
Financial Professionals prepares compliance review for new, complex providers	181	1	181	80	14,488	\$177.11	\$2,565,982
Legal Professionals prepares compliance review for new, non-complex providers	2,337	1	2,337	3	7,012	\$165.71	\$1,161,938
Financial Professionals prepares compliance review for new, non-complex providers	2,337	1	2,337	13	30,385	\$177.11	\$5,381,450
Legal Professionals prepares General Information Disclosures	196,620	1	196,620	30/60	98,310	\$165.71	\$16,290,963
Financial Professionals prepares General Information Disclosures	196,620	1	196,620	20/60	65,540	\$177.11	\$11,607,798
Clerical Staff distributes General Information Disclosures	7,668	1	7,668	2/60	256	\$65.99	\$16,867
Clerical Staff prepares Information upon request	205,635	1	205,635	2/60	6,855	\$65.99	\$452,329
Clerical Staff distributes Information upon request	8,020	1	8,020	2/60	267	\$65.99	\$17,641
Legal Professional prepares Changes Disclosure	719,724	1	719,724	30/60	359,862	\$165.71	\$59,632,744
Financial Professional prepares Changes Disclosure	719,724	1	719,724	20/60	239,908	\$177.11	\$42,490,114
Clerical Staff prepares Changes Disclosure	28,069	1	28,069	2/60	936	\$65.99	\$61,743
Financial Professional prepares Initial Investment Disclosure	61,433	1	61,433	30/60	30,716	\$177.11	\$5,440,183
Clerical Staff distributes Initial Investment Disclosure	2,396	1	2,396	45/60	1,781	\$65.99	\$117,524
Financial Professional prepares Changes in Investment Disclosure	581,063	1	581,063	30/60	290,532	\$177.11	\$51,456,050
Clerical Staff distributes Changes in Investment Disclosure	22,661	1	22,661	2/60	755	\$65.99	\$49,848
Subtotal: Service Providers	16,868	104.60	1,764,476	39/60	1,151,949	-	\$197,463,420
Hour and Equivalent Burden for Plans							

Table 9.— Estimated Annualized Respondent Hour and Equivalent Burden

Activity	Respondent	Responses per Respondent	Total Responses	Average Hour Burden	Total Hour Burden	Hourly Wage Rate	Equivalent Cost of Hour Burden
Financial Professional ensures Disclosure reception	73,158	1	73,158	1	73,158	\$177.11	\$12,957,013
Financial Professional prepares Request for Undisclosed Information	102,818	1	102,818	30/60	51,409	\$177.11	\$9,105,024
Clerical Staff distributes Request for Undisclosed Information	4,010	1	4,010	1/60	67	\$65.99	\$4,410
Financial Professional prepares Notice to DOL about Undisclosed Information	10,282	1	10,282	30/60	5,141	\$177.11	\$910,502
Financial Professional distributes Notice to DOL about Undisclosed Information	401	1	401	1/60	7	\$65.99	\$441
Subtotal: Service Plans	102,818	1.10	113,100	1.15	129,781	-	\$22,977,392
Total⁹	119,686	15.69	1,877,576	15.69	1,281,731		\$220,440,811

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 and 14).

- **The cost estimate should be split into two components: (a) a total capital and start up 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 start-up 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**

⁹The sum of the columns may not sum to the total value due to rounding.

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.**

Table 10 below reports the estimated printing and postage costs associated with each required notice and disclosure.

Table 10— Estimated Annualized Respondent Cost Burden

Description	Number of Disclosures	Percent not Sent Electronically	Pages per disclosure	Number of Disclosures Sent by Mail	Per Page Cost	Mailing Costs	Cost Burden
	(A)	(B)	(C)	(A x B)	(D)	(E)	(A x B x C x D) + (A x B x E)
Cost Burden for Service Providers							
Disclose General Information	196,620	3.9%	9	7,668	\$0.05	\$0.68	\$8,665
Information Upon Request	205,635	3.9%	10	8,020	\$0.05	\$0.68	\$9,463
Disclosure of Changes to General Information	719,724	3.9%	5	28,069	\$0.05	\$0.68	\$26,104
Disclose Investment Information	61,433	3.9%	669	2,396	\$0.05	\$16.00	\$118,476
Disclosure of Changes to Investment Information	581,063	3.9%	2	22,661	\$0.05	\$0.68	\$17,676
Subtotal: Service Providers	1,764,476			68,815			180,385
Cost Burden for Service Plans							
Request for Additional Information for Exemption	102,818	3.9%	2	4,010	\$0.05	\$0.68	\$3,127.72
Prepare Notice to DOL	10,282	3.9%	2	401	\$0.05	\$0.68	\$312.77
Subtotal: Plans	113,100			4,411			\$3,440
Total¹⁰	1,877,576			73,225			\$183,826

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

¹⁰ The sum of the columns may not sum to the total value due to rounding.

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.

Except for minimal costs for storage of the notices to the Department, there is no cost to the Federal Government associated with this information collection.

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

The hour and cost burden estimates have been updated to reflect the most current data available regarding the number of plans and service providers in the retirement universe, as well as updated labor cost rates, postage rates, and electronic disclosure rates. As a result, the number of responses increased by 233,585 and the hour burden increased by 147,676. The cost burden decreased by \$74,680.

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.

Not applicable since this information collection would not result in the publication of any results.

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.

Expiration date will be displayed.

18. Explain each exception to the certification statement.

There are no exceptions to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS.

This information collection does not employ statistical methods.