

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.

The Commission recently adopted final amendments to extend the registration, filing, and disclosure approach for RILAs to annuity contracts that offer fixed investment options and apply market-value adjustments (“MVAs”) to amounts withdrawn from a fixed option before the end of the fixed option’s term, where the offering is required to be

registered with the Commission because of the MVA (“registered MVA annuities” and, collectively with RILAs, “non-variable annuities” or “non-variable annuity contracts”).¹

Under the final amendments, non-variable annuities would register offerings on Form N-4, as amended to address the features and risks of non-variable annuities. 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 (“KIT”) 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 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

¹ Registration for Index-Linked Annuities and Registered Market Value Adjustment Annuities; Amendments to Form N-4 for Index-Linked Annuities, Registered Market Value Adjustment Annuities, and Variable Annuities; Other Technical Amendments, Investment Company Act Release No. 35273 (July 1, 2024), available at <https://www.sec.gov/rules-regulations/2024/07/rila#33-11294final> (“Adopting Release”). The final amendments did not alter the requirement that issuers of variable annuity contracts must register their offerings on Form N-4. Updated Disclosure Requirements and Summary Prospectus for Variable Annuity and Variable Life Insurance Contracts, Investment Company Act Release No. 33814 (Mar. 11, 2020) [85 FR 25964 (May 1, 2020)] (“VASP Adopting Release”).

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.² 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. The final amendments to Form N-4 require insurers to disclose, for each index-linked option, current limits on index losses and gains (along with a statement that the current limit will not change during an index-linked option's crediting period) by posting the information to a website that is publicly accessible, free of charge, and specifically incorporating this information by reference into the prospectus.³

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,⁴ to identify methods to minimize recordkeeping or reporting requirements affecting small businesses. The proposed disclosure requirements for

² 17 CFR 232.101(a)(1)(i) and (iv).

³ See Adopting Release at Section II.C.4.a.

⁴ 5 U.S.C. 601 et seq.

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 non-variable annuity issuers, the Commission does not expect any non-variable annuity issuers to be treated as small entities. Additionally, non-variable annuity issuers are not investment companies. For these reasons, we believe that the final amendments, as adopted, would not 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.

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. The Commission adopted the final amendments governing the registration of non-variable annuities pursuant to a statutory mandate.⁵

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

Before adopting the final amendments to Form N-4, the Commission solicited and evaluated public comments on the proposal and its collection of information requirements. Specifically, the public was given the opportunity to comment on the Commission's estimates for the burden of Form N-4 as proposed and as compared to the existing approved burden inventory in the proposing release for the amendments.⁶ The Commission did not receive any comments regarding the PRA estimates for Form N-4. In addition, 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. 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).

⁵ In 2022, Congress enacted Division AA, Title I of the Consolidated Appropriations Act, 2023 ("RILA Act"), directing the Commission to adopt a new registration form for RILAs within 18 months of enactment. *See* Pub. L. 117-328; 136 Stat. 4459 (Dec. 29, 2022).

⁶ *See* Registration for Index-Linked Annuities; Amendments to Form N-4 for Index-Linked and Variable Annuities, Investment Company Act Release No. 35028 (Sept. 29, 2023) ("Proposing Release"), available at <https://www.sec.gov/files/rules/proposed/2023/33-11250.pdf>.

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. Estimate of Hour and Cost Burden of Information Collection

The following estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act of 1995⁷ 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 previous 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

⁷ 44 U.S.C. 3501 *et seq.*

total aggregate annual external cost burden of \$33,348,866.⁸ Compliance with the disclosure requirements of Form N-4 is mandatory, and the responses to the disclosure requirements will not be kept confidential.

As mentioned above, we adopted amendments that require not only issuers of variable annuities and RILAs to register these annuity products on Form N-4, but also require issuers of registered MVA annuities to register offerings of these annuities on Form N-4. Accordingly, our final information collection estimates reflect these additional registrants as well as updated data since the proposal. Specifically, our final information collection estimates reflect that the number of entities and responses have been modified from the estimates made in connection with the proposal to include issuers of registered MVA annuities, and also to reflect that the estimated number of post-effective amendments filed by issuers of variable annuities have declined from January 1, 2021 to December 31, 2023. The respondents to these collections of information would be non-variable annuity issuers and registered variable annuity separate accounts. We estimate that there will be 1,235 annual responses that will be subject to collection of information requirements under the final amendments to Form N-4, which is a decrease of 131 annual responses from the previous estimate of 1,366. The table below summarizes our PRA initial and ongoing annual burden estimates associated with the proposed amendments to Form N-4.

⁸ 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 INITIAL FILINGS – PRA ESTIMATES

FINAL ESTIMATED BURDENS					
	Internal initial burden hours	Internal annual burden hours ¹	Wage rate ²	Internal time cost	Annual external cost burden
Final Amendments to Form N-4³	300	380 ³	\$420 (blended rate for compliance attorney and senior programmer) ⁵	\$159,600	\$40,000 ⁶
Estimated number of annual responses⁶		x 101		x 101	x 101
Total estimated annual new burden		38,380		\$16,119,600	\$4,040,000

Final Total Burdens				
	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 additional annual burden estimate^{7,8}	+71	+29,953	+\$13,624,884	+\$3,285,260
Revised aggregate annual burden estimates	=101	=38,380	=\$16,119,600	=\$4,040,000

Notes:

1. This estimate includes the initial burden estimates annualized over a three-year period, plus the estimate 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. This estimated burden applies to an issuer of any annuity registered on Form N-4.
4. The final estimate includes the initial burden estimates annualized over a three-year period (300 hours / 3 = 100 hours), plus 280 hours of ongoing annual burden hours (the estimate of ongoing internal hours associated with post-effective amendments (which will be filed in the year following an initial registration statement), as referenced in Table 13 *infra*). The final amendments will permit issuers of RILA contracts to incorporate information about current contract limits on gains by reference into their prospectuses from a website. See Item final Form N-4, Item 6. Because this incorporation by reference approach is permitted but not required, burdens associated with this permissible website disclosure are reflected in the burden estimate for the final amendments to Form N-4. For purposes of this information collection, we estimate that 100% of issuers of RILAs would incur burdens associated with website disclosure.
5. The \$420 wage rate reflects current estimates of the blended hourly rate for an in-house compliance attorney (\$440) and a senior programmer (\$399). \$420 is based on the following calculation: $(\$440 + \$399)/2 = \$420$ rounded to the nearest whole dollar.
6. We estimate that the external cost to prepare and file an initial registration statement on Form N-4 is \$40,000 per filing. This estimate is based on the currently approved external cost estimate for Form N-4 filings, adjusted to reflect staff experience of the costs associated with drafting and filing a registration statement on Form N-4, such as the cost of outside legal services.
7. The estimate of the annual number of registration statements filed on Form N-4 is based on the average annual number of annuity filings (variable annuity, RILA, and registered MVA annuities) received by the Commission over the past three years (Jan. 1, 2021 to Dec. 31, 2023) on Forms N-4, S-1, and S-3. In its most recently approved PRA submission, the Commission estimated that insurance companies that issue variable annuities will make approximately 30 initial registration statement filings per year. For the estimated burden of the amendments to Form N-4, we have taken into account updated data regarding the number of initial annuity filings on Forms N-4, S-1 and S-3.
8. The estimated number of new responses, 71 responses, is based on the total of the number of responses under the final amendments, 101 responses, less 30 responses which represents the number of responses for registered separate accounts under the current aggregate annual burden estimate. Similarly, the estimated additional internal hours figure reflects the total estimated annual new burden (38,380 hours) and subtracts the current internal hour estimate (8,427 hours) to avoid double counting the current burden that is applicable to registered separate accounts; the estimated additional internal hour cost figure reflects the total estimated annual new internal hour cost estimate (\$16,119,600) and subtracts the current internal hour cost estimate (\$2,494,716) to avoid double counting current internal hour cost applicable to registered separate accounts; and the estimated additional external cost figure reflects the total estimated annual new external cost (\$4,040,000) and subtracts the current external cost estimate (\$754,740) to avoid double counting current external costs applicable to registered separate accounts.

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

FINAL ESTIMATED BURDENS					
	Internal initial burden hours	Internal annual burden hours	Wage rate ¹	Internal time costs	Annual external cost burden
Final Amendments to Form N-4²	210	280 ²³	\$420 (blended rate for compliance attorney and senior programmer) ⁴	\$117,600	\$24,000 ⁵
Estimated number of annual responses⁵		x 1,164		x 1,164	x 1,164
Total new annual burden		325,920		\$136,886,400	\$27,936,000
FINAL TOTAL BURDENS					
	Responses	Internal Hour Estimate		Internal Hour Estimate	External Cost Estimate
Current aggregate annual burden estimates	1,366	284,060		\$84,100,454	\$32,594,126
Aggregate additional annual burden estimates⁶	-202	+41,860		+\$52,785,946	-\$4,658,126
Revised aggregate annual burden estimates	=1,164	=325,920		=\$136,886,400	=\$27,936,000

Notes:

1. 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.

2. This estimated burden applies to an issuer of any annuity registered on Form N-4.

3. The final estimate includes the initial burden estimates annualized over a three-year period, plus 208 hours of ongoing annual burden hours ((210 hours /3 = 70 hours) + 208 hours = 278 hours (rounded up to 280 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 final amendments will permit issuers of RILA contracts to incorporate information about current contract limits on gains by reference into their prospectuses from their website. See final Form N-4, Item 6. Because this incorporation by reference approach is permitted but not required, burdens associated with this permissible website disclosure requirement are reflected in the burden estimate for the final amendments to Form N-4. For purposes of this information collection, we estimate that 100% of issuers of RILAs would incur burdens associated with website disclosure.

4. The \$420 wage rate reflects current estimates of the blended hourly rate for an in-house compliance attorney (\$440) and a senior programmer (\$399). \$420 is based on the following calculation: $(\$440 + \$399)/2 = \$420$ rounded to the nearest whole dollar.

5. 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.

6. The estimate of the average annual number of post-effective amendments to annuity filings (variable annuity, RILA, and registered MVA annuities) received by the Commission over the past three years (Jan. 1, 2021 to Dec. 31, 2023) on Forms N-4, S-1, and S-3. In its most recently approved PRA submission, the Commission estimated that insurance companies that issue variable annuities will make approximately 1,336 post-effective amendments per year. For the estimated burden of the amendments to Form N-4, we have taken into account updated data regarding the number of post-effective amendments for annuities on Forms N-4, S-1 and S-3. The estimate of annual the annual number of post-effective amendments to annuity filings reflects that the average number of post-effective amendments filed by separate account registrants with the Commission has declined over the past three years. See *infra* note 6.

7. The aggregate final additional annual burden estimate reflects that the average number of post-effective amendments over the past three years (Jan. 1, 2021 to Dec. 31, 2023) by separate account registrants (1,088) has declined from the current aggregate annual burden estimate (1,366). The aggregate additional burden estimate takes 1,088 (the average number of post-effective amendments over the past three years by separate account registrant) and deducts 1,366 (the current aggregate burden estimate) which equals -278 and then adds 75 (the average number of post-effective amendments filed by insurance companies that issue RILA and registered MVA contracts over the past three years) which equals -202, as adjusted for rounding. Similarly, the estimated additional internal hours figure reflects the total estimated annual new burden (325,920) and subtracts the current internal hour estimate (284,060) to avoid double counting the current burden that is applicable to registered separate accounts; the estimated additional internal hour cost figure reflects the total estimated annual new internal hour cost estimate (\$137,061,000) and subtracts the current internal hour cost estimate (\$84,100,454) to avoid double counting current internal hour cost applicable to registered separate accounts; and the estimated additional external cost figure reflects the total estimated annual new external cost (\$27,936,000) and subtracts the current external cost estimate (\$32,594,126) to avoid double counting current external costs applicable to registered separate accounts.

TABLE 3: FORM N-4 TOTAL BURDEN – PRA ESTIMATES

	Responses	Internal annual burden hours ¹	Internal time costs ²	Annual external cost burden
Final Estimates				
Current aggregate annual burden estimates	1,366	292,487	\$86,595,170	\$33,348,866
Aggregate final additional annual burden estimates	-131 ³	71,813 ⁴	\$66,410,830 ⁵	\$-1,372,886 ⁶
Revised aggregate annual burden hours	1,235	364,300	\$153,006,000	\$31,975,980
Notes:				
<p>1. This estimate includes the initial burden estimates annualized over a three-year period.</p> <p>2. This estimate is based on the Commission's estimates of relevant wage rates 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 particular wage rates that were considered are discussed in Table 12 and Table 13 above.</p> <p>3. The aggregate final additional annual burden estimates reflect that the average number of post-effective amendments over the past three years (Jan. 1, 2021 to Dec. 31, 2023) by separate account registrants (1,088) has declined from the current aggregate annual burden estimate (1,366). The aggregate final additional annual burden estimate for responses adds 71 (the aggregate annual additional burden estimate for initial registration statements) and -202 (the aggregate annual additional burden estimate for post-effective amendments) = -131.</p> <p>4. The aggregate final additional annual burden estimate for the internal annual burden hours adds 29,953 (the aggregate annual additional burden estimate for initial registration statements) and 41,860 (the aggregate annual additional burden estimate for post-effective amendments) = 71,813.</p> <p>5. The aggregate final additional annual burden estimate for internal time costs adds \$13,624,884 (the aggregate annual additional burden estimate for initial registration statements) and \$52,785,946 (the aggregate annual additional burden estimate for post-effective amendments) = \$66,410,830.</p> <p>6. The aggregate final additional annual burden estimate for the annual external cost burden adds \$3,285,260 (the aggregate annual additional burden estimate for initial registration statements) and \$-4,658,126 (the aggregate annual additional burden estimate for post-effective amendments) = \$ -1,372,886.</p>				

We estimate that there are 38 insurance companies that issue RILAs, registered MVA annuities, or annuity contracts offering index-linked options and MVA options, and that there are 416 separate account registrants on current Form N-4 that would be impacted by the proposed amendments.⁹

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 annuity 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 amended Form N-4 will be 364,300 hours per year, at a cost of about \$153 million.

⁹ For non-variable annuity registrants, this estimate is based on a review of non-variable annuity registration statements filed with the Commission as of May 2024. For separate account registrants, this amount is based on Form N-CEN reports through Dec. 31, 2023.

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 \$31.9 million.

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 \$33 million in fiscal year 2023, based on the Commission's computation of the value of staff time devoted to this activity and related overhead.

15. Changes in Burden

The estimated hourly burden associated with Form N-4 has increased from 292,487 hours to 364,300 hours (an increase of 71,813 hours). In addition, the cost burden associated with Form N-4 has decreased from \$33,348,866 to \$31,975,980 (a decrease of \$1,372,886). These estimates are based on an analysis of the number of filings over the past three years, resulting in the expectation that the number of filings

will decrease (due to fewer expected post-effective amendments) but that the hourly burden will increase (due to more anticipated initial filings) along with an increase in internal time costs (which are expected to increase due higher wage rates resulting from inflation). 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 impact of inflation on wages, the additional requirements for issuers that use Form N-4 currently and to add non-variable annuities 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.