

Justification for Non-Material or Non-substantive Change to Currently Approved Collection

AGENCY: Pension Benefit Guaranty Corporation (PBGC)
TITLE: Annual Return/Report of Employee Benefit Plan (Form 5500)
STATUS: OMB control number 1212-0057; expires 03/31/26
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The Pension Benefit Guaranty Corporation (PBGC) is making changes to the Form 5500, Annual Return/Report of Employee Benefit Plan, and instructions, as a non-material/non-substantive change request under OMB Control Number 1212-0057, which currently is scheduled to expire on March 31, 2026. In this submission, PBGC is requesting non-material/non-substantive changes to the Schedule SB instructions effective for plan year 2024. PBGC's changes to the Schedule SB, as shown below, are to the currently-approved filing instructions for the Form 5500 for plan year 2023. In addition, the forms and instructions have been updated to reflect the new form year (2024). This request parallels non-material/non-substantive change requests submitted by the Internal Revenue Service (OMB Control Number 1545-1610) and Department of Labor (DOL (1210-0110)).

After reviewing several recently filed Form 5500 Schedules SB for plan year 2022, PBGC has discovered that, in some cases, the information reported in an attachment for line 26b (i.e., projection of benefits) is not particularly useful because the reported benefits are different from those that were used to determine the funding target reported in line 3 of Schedule SB. This inconsistency occurs because the current instructions provide that the projection may reflect either the assumed payment form or the projected benefits used to determine the funding target, but for plans that assume lump sums will be paid, Treasury Regulations section 1.430(d)-1(f)(4) (known as the "annuity substitution rule") provides that the applicable annuity form be used to determine the funding target. PBGC is modifying the Schedule SB instructions to eliminate this inconsistency by changing the wording of the instructions for the attachment for line 26b in the second paragraph and deleting the language in the third paragraph. This will ensure that plans required to submit the attachment (i.e., plans with 1,000 or more participants) report the cash flows used to determine the funding target which will make the data much more useful to PBGC. These changes will not affect the overall time or cost burden associated with the annual Form 5500 filing.

The changes to the second and third paragraphs of the instructions for line 26b are highlighted in red below:

Line 26b. Schedule of Projection of Expected Benefit Payments. Check "Yes" only if this plan is covered by Title IV of ERISA and has 1,000 or more total participants as of the valuation date.

If line 26b is "Yes," in an attachment, provide a projection of benefits expected to be paid separately for active participants, terminated vested participants, and retired participants and beneficiaries receiving payments, and for the entire plan (not to include expected expenses) in each of the next fifty years starting with the plan year and based on the participant's status as of the valuation date. For purposes of this projection, assume (1) no additional accruals, (2) experience (e.g., termination, mortality, and retirement) is in line with valuation assumptions, (3)

no new entrants, and (4) benefits are paid in the form ~~assumed for valuation purposes used to~~ determine the funding target (i.e., if the plan is subject to the annuity substitution rule provided in Treasury Regulations section 1.430(d)-1(f)(4)(iii)(B), projected benefits should be in an annuity form).

Note. ~~If the plan is using the annuity substitution rule provided in Treasury Regulations section 1.430(d)-1(f)(4)(iii)(B) to determine the funding target, for purposes of this attachment, instead of assuming benefits are paid in the form assumed for valuation purposes, you may assume benefits are paid as an annuity (i.e., you may report the projected benefits that are used to determine the funding target).~~

The “Changes to Note” section on the first page of the instructions to the Form 5500 describe this change to the instructions for the Schedule SB, line 26b expected benefit payment projection attachment.

PBGC’s changes will not result in any changes to the number of filings (25,000) or to the hour and cost burden (hour burden of 15,089, cost burden of \$0), for the information collection.