

**Prohibited Transaction Class Exemption 92-6**  
**Sale of Individual Life Insurance or Annuity Contracts by a Plan**  
**OMB Number 1210-0063**  
**Expiration Date: 05/31/2026**

**SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT OF 1995:**  
**PROHIBITED TRANSACTION CLASS EXEMPTION 92-6**

**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.**

Section 408(a) of the Employee Retirement Income Security Act of 1974 (ERISA) and section 4975(c)(2) of the Internal Revenue Code of 1986 (the Code) authorize the Secretary of Labor and the Secretary of the Treasury to grant a conditional or unconditional exemption of any fiduciary, disqualified person or class of fiduciaries, or orders of disqualified persons or transactions, from all or part of the restrictions imposed by ERISA sections 406 and 407(a) and from the taxes imposed by Code sections 4975(a) and (b), by reason of Code section 4975(c)(1). Under section 102 of Reorganization Plan No. 4 of 1978 (Reorganization Plan No. 4), the Secretary of Labor was given the authority to grant such exemptions.

PTE 92-6 exempts from the prohibited transaction restrictions the sale of individual life insurance or annuity contracts held by an employee benefit plan to: (1) plan participants under such plan; (2) relatives of such participants under such plan, (3) employers, any of whose employees are covered by such plan; (4) other employee benefit plans that have a party in interest relationship; (5) owner-employees (as defined in Code section 401(c) (3)), (6) shareholder-employees (as defined in Code section 1379 of the Internal Revenue Code of 1954 as in effect on the day before the enactment of the Subchapter S Revision Act of 1982), or (7) trusts established by plan participants of such plan or relatives of such participants who are the beneficiaries under such plan, for at least an amount equal to the amount necessary to put the plan in the same cash position as it would have been had it retained the contract, surrendered it, and made any distributions owing to the participant on his or her vested interest under such plan, provided certain conditions set forth in the class exemption are met.

**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.**

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The Department has included in the class exemption a written disclosure requirement. Plans utilizing the exemption are required to inform the insured participant of a proposed sale of a life insurance or annuity policy to the employer, a relative, a trust, another plan, an owner-employee, or a shareholder-employee and be given an opportunity to purchase such contract. If the participant elects not to purchase the contract, the relative, the trust, the employer, another plan, the owner-employees, or the shareholder-employees may purchase the contract from the plan upon the receipt by the plan of written consent of the participant. The disclosure requirement of the class exemption does not apply if the contract is sold to the plan participant. The disclosure requirement incorporated within this class exemption is intended to protect the rights of plan participants and beneficiaries by putting them on notice of the plan's intention to sell insurance or annuity contracts under which they are insured, and by giving them the right of first refusal to purchase such contracts. Without this disclosure requirement, the Department, which may only grant an exemption if it can find that participants and beneficiaries are protected, would be unable to effectively enforce the terms of the class exemption and ensure user compliance.

**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 Government Paperwork Elimination Act (GPEA) requires agencies to allow customers the option to submit information or transact with the government electronically, when practicable. Where feasible, and subject to resource availability and resolution of legal issues, EBSA has implemented the electronic acceptance of information submitted by customers to the federal government.

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- 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 disclosure requirement is a one-time requirement prior to the sale of an insurance contract. Duplication is not an issue for such transactions.

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

Many pension and profit-sharing plans, particularly those of small employers, are funded in part by the purchase of individual life insurance or annuity contracts on the lives of the plan's participants. However, there are various situations under which the plan chooses not to continue the contracts in effect until a participant's retirement. Historically, many plans, in these situations, have permitted the insured participant (relative, employer, another plan, owner-employees or shareholder-employees) to purchase the contract instead of the plan's surrendering it to the insurance issuer. This class exemption allows plans to continue this practice without imposing any significant additional paperwork on the plans.

- 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.**

Without this disclosure requirement, the Department, which may only grant an exemption if it can find that participants and beneficiaries are protected, would be unable to effectively enforce the terms of the class exemption and ensure user compliance.

- 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**

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- 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.

The class exemption only applies to certain narrow circumstances, i.e., sales of insurance contracts to individuals other than the participant. Thus, the frequency of disclosure is dependent on the occurrence of such transactions, not on a predetermined time period.

- 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 recordkeeping, 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 published a Federal Register notice on July 11, 2025, (90 FR 30984), as required by 5 CFR 1320.8(d), soliciting comments on the information collection and providing the public with 60 days to comment on the submission. No comments were received.

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

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No payments or gifts are provided to respondents.

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

None. The class exemption requires that the information concerning the transactions be made available to interested parties.

**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.**

There are no questions of a sensitive nature pertaining to sexual behavior and attitudes, religious beliefs, or other matters that are commonly considered private. Therefore, this is not applicable to the requirements of this class exemption.

**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. General, 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.**
- **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 14.**

The Department assumes that approximately 30 percent of all plans,<sup>1</sup> an estimated

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<sup>1</sup> Estimate based upon a review of old Form 5500 data. This data field was eliminated from reporting requirements with the creation of the Form 5500-SF.

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292,843 plans,<sup>2</sup> provide some or all benefits through an insurance carrier. Many of these plans have group insurance contracts which are not affected by the class exemption. The Department estimates that no more than 50 percent of these plans (146,421) have some form of individual life or annuity contracts. The Department assumes that most of these plans will not discontinue the individual policies, and that the class exemption will be used primarily by plans changing from individual to group policies. Plans in this category tend to be relatively small plans which have grown enough to make group contracts possible. Therefore, the Department assumes that approximately 5 percent of plans with individual life or annuity policies (7,321)<sup>3</sup>, which are expected to be exclusively small plans with an average plan size of 20 participants, will change from individual to group contracts in any given year, affecting approximately 146,421 participants<sup>4</sup>, and that all of the 7,321 plans will offer to sell the individual contracts to plan participants, an employer, relatives, or another plan.

In addition to plans converting to group contracts, plans may sell individual contracts of terminating participants. The Department estimates that of those plans offering individual life insurance or annuity contracts that do not convert from individual to group policies, 20 percent (27,820 plans) will offer to sell the contracts to terminating participants. The Department estimates that there are approximately four terminating participants each year per plan or a total of approximately 111,280 participants.

The Department assumes that only 10 percent of participants decline the offer to purchase their own life insurance or annuity contract, resulting in plans offering to sell 25,770 individual contracts to relatives, another plan, an owner-employee, or a shareholder-employee annually.<sup>5</sup> It is further assumed that the disclosure is a standardized form prepared by the plan itself, instead of using a third-party service provider. The Department estimates that an accounting professional will require ten minutes at \$125.52 per hour to prepare the disclosure form and a clerical staff person will require an additional two minutes at \$72.82 per hour to mail the disclosure form to the insured participant.<sup>6</sup> Please see Table 1 for burden and calculations.

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2 Estimate based upon the number of plans (976,142) that filed a Form 5500 in 2023.

3 This estimate is calculated as: 146,421 plans × 5% plans with life or annuity policies = 7,321 plans.

4 This estimate is calculated as: 7,321 plans with life or annuity policies × 20 participants per plan = 146,421 participants in affected plans.

5 (146,241 participants in affected plans + 111,280 terminating participants) × 10% = 25,770 participants declining.

6 Internal DOL calculation of 2026 labor cost. For a description of the Department's methodology for calculating wage rates, 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>.

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**Table 1. Estimated Annualized Respondent Hour Burden and Hour Equivalent Cost**

<b>Activities</b>	<b>No. of Respondents</b>	<b>No. of Responses per Respondent</b>	<b>Total Responses</b>	<b>Average Burden (Hours)</b>	<b>Total Burden (Hours)</b>	<b>Wage Rates</b>	<b>Equivalent Cost</b>
Accounting Professional Prepares Disclosure	25,770	1	25,770	10/60	4,295	\$125.52	\$539,112
Clerical Personnel Mails Disclosure	25,770	1	25,770	2/60	859	\$72.82	\$62,553
<b>Total</b>	<b>25,770</b>	<b>1</b>	<b>25,770</b>	<b>-</b>	<b>5,154</b>	<b>-</b>	<b>\$601,664</b>

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 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,**

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**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.**

The Department estimates the total annual cost burden for plan administrators to distribute the disclosure forms will be approximately \$834. This figure is based on \$0.05 for materials costs and \$0.78 for postage expenses for each of the 25,770 forms, with approximately 96 percent assumed to be sent electronically.<sup>7</sup> Please see Table 2 for burden and calculations.

**Table 2. Estimated Annual Respondent Cost Burden**

<b>Activity</b>	<b>Responses</b>	<b>Mailing Rate</b>	<b>Cost per Response</b>	<b>Total Cost</b>
Disclosures Mailed	25,770	3.9%	\$0.78	\$834
<b>Total</b>	<b>25,770</b>	-	-	<b>\$834</b>

- 14. Provide estimates of annualized costs to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification 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**

<sup>7</sup> The Department estimates approximately 96.1% of participants receive disclosures electronically under the combined effects of the 2002 electronic disclosures safe harbor and the 2020 electronic safe harbor. The Department estimates that 58.3% of participants will receive electronic disclosures under the 2002 safe harbor. According to the National Telecommunications and Information Agency (NTIA), 37.4% of individuals age 25 and over have access to the Internet at work. According to a Greenwald & Associates survey, 84.0% of plan participants find it acceptable to make electronic delivery the default option, which is used as the proxy for the number of participants who will not opt-out of electronic disclosure that are automatically enrolled (for a total of 31.4% receiving electronic disclosure at work). Additionally, the NTIA reports that 44.1% of individuals age 25 and over have access to the internet outside of work. According to a Pew Research Center survey, 61.0% of internet users use online banking, which is used as the proxy for the number of internet users who will affirmatively consent to receiving electronic disclosures (for a total of 26.9% receiving electronic disclosure outside of work). Combining the 31.4% who receive electronic disclosure at work with the 26.9% who receive electronic disclosure outside of work produces a total of 58.3%. The remaining 41.7% of participants are subject to the 2020 safe harbor. According to the 2022 American Community Survey, 91.2% of the population has an internet subscription. The Department estimates that 0.5% of electronic disclosures will bounce back and will need to be sent a paper disclosure. Accordingly, for the 41.7% of participants not affected by the 2002 safe harbor, 90.7%, or an additional 37.8% (41.7% x 90.7%), are estimated to receive electronic disclosures under the 2020 safe harbor. In total, the Department estimates that 96.1% (58.3% + 37.8%) would receive electronic disclosures.

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**12, 13, and 14 in a single table.**

There is no disclosure to the Federal government and, consequently, no cost to the government as a result of this class exemption.

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

There have been no program changes for this submission. The number of respondents and responses has been updated to reflect information from the 2023 Form 5500, as reported on the Form 5500. The number of responses has increased by 14,369 responses and the hour burden has increased by 2,874 hours. Wages and the average number of participants in affected plans have also been updated.

Postage rates, used as an input for the cost burden, have been updated to reflect current prices. Additionally, many disclosures are now assumed to be sent electronically, resulting in a lower cost burden. The cost burden has decreased by \$6,919.

**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.**

This is not a collection of information for statistical use and there are no plans to publish the results of this collection.

**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.**

The expiration date will be published in the Federal Register following OMB approval.

**18. Explain each exception to the topics of the certification statement identified in “Certification for Paperwork Reduction Act Submissions.”**

Not applicable; no exceptions to the certification statement.

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

Not applicable. The use of statistical methods is not relevant to this collection of information.