

Justification for No Material or Nonsubstantive Change to Currently-Approved Collection

AGENCY: Pension Benefit Guaranty Corporation (PBGC)

TITLE: Termination of Single Employer Plans (29 CFR part 4041)

STATUS: OMB control number 1212-0036; expires 03/31/2026

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The Pension Benefit Guaranty Corporation (PBGC) is making a change that is not substantive to the currently-approved information collection for terminations of single-employer plans required under section 4041 of the Employee Retirement Income Security Act of 1974 and part 4041 of PBGC's regulations.

PBGC has issued instructions to inform plan administrators how to complete and file the standard termination forms under subpart B of part 4041. Section 304 of the SECURE 2.0 Act of 2022, Division T of the Consolidated Appropriations Act, 2023, Pub. L. 117-328 (Dec. 29, 2022) modified section 411(a)(11) of the Internal Revenue Code (Code) to increase the limit for mandatory distributions from \$5,000 to \$7,000 for pension plan distributions made after December 31, 2023. Following this change, PBGC is updating a reference in these instructions to the value of the de minimis benefit amount that may be distributed by a plan in a form other than an annuity. This increased monetary limit is reflected on page 19 of the instructions. This change will not increase burden and simply reflects the statutory change.

The change to the instructions is seen below in red.

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Plan benefits may be distributed in a form other than an annuity (e.g., an immediate lump sum) only if the plan provides for such a distribution and (1) the participant elects the alternative form in writing, with the written consent of his or her spouse, or (2) for participants not already in pay status, the present value of the participant's benefit (valued in accordance with the rules described under "Valuation of Other Benefits" in the instructions to item 6 of Schedule EA-S), is at or below the plan's cash out limit for de minimis benefit amounts, which may not exceed the dollar limit under § 411(a)(11) of the Code (\$5,000 for distribution dates before January 1, 2024, and \$7,000 for later distribution dates).