Sptg.Stmt. VRP final rule (to OMB)

Supporting Statement for Paperwork Reduction Act Submission

AGENCY: Pension Benefit Guaranty Corporation

TITLE: Payment of Premiums (29 CFR Part 4007) and PBGC premium data requirements and premium filing instructions (including PBGC paper Comprehensive Premium Filing form (Form 1-C) and Estimated Premium Payment form (Form 1-ES)), and corresponding electronic premium filing screens.

STATUS: Request for approval of revision of currently approved collection (OMB control number 1212-0009; expires April 30, 2008)

CONTACT: James J. Bloch (202-326-4223, ext. 3530)

1. Need for collection. Section 4007 of Title IV of the Employee Retirement Income Security Act of 1974 ("ERISA") requires the Pension Benefit Guaranty Corporation ("PBGC") to collect premiums from pension plans covered under Title IV pension insurance programs. Pursuant to section 4007, PBGC has issued its regulation on Payment of Premiums (29 CFR Part 4007). Under § 4007.3 of the premium payment regulation, plan administrators are required to file premium payments and information prescribed by PBGC. The plan administrator of each pension plan covered by Title IV of ERISA is required to submit one or more premium filings for each premium payment year. Under § 4007.10 of the premium payment regulation, plan administrators are required to retain records about premiums and information submitted in premium filings.

PBGC needs information from premium filings to identify the plans for which premiums are paid; to verify whether the amounts paid are correct; and to help the PBGC determine the magnitude of its exposure in the event of plan termination. That information and the retained records are needed for audit purposes. PBGC also needs the information to help track the movement of participants and plan assets when there are transfers to and from other plans, as well as give PBGC the ability to know to what extent new plans are being created; and to keep PBGC's insured-plan inventory up-to-date.

All plans covered by Title IV of ERISA pay a flat-rate per-participant premium. For the 2008 premium payment year, the flat-rate per-participant premium is $33 for single-employer plans and $9 for multiemployer plans. Because flat-rate premiums are adjusted for inflation pursuant to the Deficit Reduction Act of 2005 (DRA 2005), these premium amounts may change for the 2009 and subsequent premium payment years.

An underfunded single-employer plan also pays a variable-rate premium based on the value of the plan's unfunded vested benefits. On August 17, 2006, the President signed into law the Pension Protection Act of 2006, Pub.L. 109-280 (PPA 2006), which makes changes to the funding rules in Title I of ERISA and in the Internal Revenue Code of 1986 (Code) on which the variable-rate premium is based. Section 401(a) of PPA 2006 amends the variable-rate premium provisions of ERISA section 4006 to conform to those changes in the funding rules.

PBGC has published two proposed rules to amend PBGC's regulations on Premium Rates (29 CFR Part 4006) and Payment of Premiums (29 CFR Part 4007) to implement changes made by DRA 2005 and PPA 2006 – the first on February 20, 2007 (72 FR 7755), and the second on May 31, 2007 (72 FR 30308). PBGC published a final rule based on the first proposed rule on December 17, 2007 (72 FR 71222). A final rule based on the second proposed rule is now under Executive Order 12866 review. The statutory and regulatory changes to the premium rules are reflected in the information collection that is the subject of this request for OMB approval, which is made in connection with the final rule now under OMB review.

Calculation of Variable Rate Premium

For purposes of determining a plan's variable-rate premium (VRP) for a premium payment year beginning after 2007, the final rule would require unfunded vested benefits (UVBs) to be measured as of the funding valuation date for the premium payment year. The asset measure underlying the UVB calculation would be determined for premium purposes the same way it is determined for funding purposes, except that any averaging method adopted for funding purposes would be disregarded. The liability measure underlying the UVB calculation would be determined for premium purposes the same way it is determined for funding purposes, except that only vested benefits would be included and a special premium discount rate structure would be used. The final rule uses the term "standard premium funding target" to describe this method of measuring liabilities. Filers also would be able to make an election (irrevocable for five years) to use funding discount rates for premium purposes instead of the special premium discount rates. The final rule uses the term "alternative premium funding target" to describe this method of measuring liabilities.

Filing Due Dates

PBGC expects that most plans that are required (or choose) to do funding valuations as of the beginning of the plan year (and whose UVB valuation date is thus the first day of the premium payment year) will be able to determine their UVBs by the VRP due date currently provided for in PBGC's premium payment regulation (generally, ten-and-a-half months after the beginning of the plan year). But there are some circumstances that can make timely determination of the VRP difficult or impossible, for example, use of a valuation date after the beginning of the plan year (applicable to small plans only) or difficulty in collecting data (*e.g.*, because of the occurrence of unusual events during the preceding year). To deal with such circumstances, PBGC proposes to revise its due date and penalty structure to give smaller plans more time to file and larger plans the ability to make estimated VRP filings and then correct them without penalty.

PBGC's current due date structure for flat- and variable-rate premiums is based on two categories of plans: those that owed premiums for 500 or more participants for the plan year preceding the premium payment year ("large" plans) and those that did not. The new structure is based on three categories. The large-plan category remains the same. A new "mid-size" category will consist of plans that owed premiums for 100 or more, but fewer than 500, participants for the plan year preceding the premium payment year. A category of "small" plans will include all other plans.

Small plans

For plans in the "small" category, PBGC proposes to make all premiums due on the last day of the sixteenth month that begins on or after the first day of the premium payment year (for calendar-year plans, April 30 of the year following the premium payment year). This will give any small plan at least four months to determine UVBs following the latest possible small-plan UVB valuation date (the last day of the premium payment year).

Mid-size plans

For mid-size plans, PBGC proposes to retain the current premium due date — the 15th day of the tenth month that begins on or after the first day of the premium payment year (October 15th for calendar-year plans) — for both flat- and variable-rate premiums. With rare exceptions, these plans will perform valuations as of the first day of the premium payment year, and in most cases should be able to calculate UVBs by the current due date. However, in recognition of the possibility that circumstances might make a final UVB determination by the due date difficult or impossible, PBGC proposes to permit estimated VRP filings and to provide a penalty-free "true-up" period to correct an erroneous VRP estimate. To obtain penalty relief, an enrolled actuary would be required to certify that an estimated VRP was reasonable and based on the most current data available.

Large plans

The due date and penalty structure for "large" plans would be the same as for "mid-size" plans, except that the early due date for the flat-rate premium under the existing regulation would be retained, along with the related "safe harbor" penalty rules.

Filings and Recordkeeping

Section 4007.3 of the premium payment regulation requires plan administrators to file premium payments and information prescribed by PBGC in accordance with the premium instructions on PBGC's Web site (www.pbgc.gov). The final rule would provide explicitly that (in the absence of an exemption) a premium filing made on paper or in any other manner other than the prescribed electronic filing method (applicable to all plans for plan years beginning after 2006) does not satisfy the requirement to file.

Section 4007.10 of the premium payment regulation requires plans to retain and make available to PBGC upon request records that support or validate the computation of premiums paid, including the number of plan participants and the calculation of UVBs.

PBGC prescribes the filing methods to be used to report the computation, determine the amount, and record the payment of PBGC premiums. The submission of premium information and retention and submission of supporting records are needed to enable PBGC to perform premium audits. The plan administrator of each pension plan covered by Title IV of ERISA is required to submit one or more premium filings for each premium payment year.

Although electronic filing is mandatory, graphical forms (which can be printed) continue to have utility. The forms can (1) be used by filers that are granted exemptions from electronic filing, (2) be provided as certification templates by private-sector software designers for use by filers that upload electronic filings prepared with the software to certify their uploads, and (3) serve as an organizational reference in PBGC's premium filing instructions for the descriptions of the items of information that must be submitted in a premium filing.

PBGC is eliminating the three forms previously used for final premium filings (Form 1-EZ, Form 1, and Schedule A), and introducing a new unified "Comprehensive Premium Filing form" (Form 1-C) to fulfill the functions described above for all final premium filings (including filings based on VRP estimates and amendments to reconcile estimated VRP filings). Form 1-ES is being retained for estimated flat-rate premium filings by large plans.

PBGC provides for premium filing through an electronic facility, "My Plan Administration Account" ("My PAA"), on its website at www.pbgc.gov. The electronic forms are not in the same format as the paper premium forms, but they solicit the same premium information (required data elements).

Changes from Proposed to Final Rule

The final rule now being reviewed by OMB differs only slightly in substance from the proposed rule on which it is based. The most significant changes are as follows:

Election/Revocation Deadline to Use the Alternative Premium Funding Target

The proposed rule required that an election (or revocation of an election) to use the alternative premium funding target be made by the end of the first plan year to which it would apply or, if later, the VRP due date. The final rule would change the election/revocation deadline to the VRP due date for the first plan year to which the election or revocation would apply.

Applicability of Transition Rule to the Calculation of the Premium Funding Target

The proposed rule did not explicitly address the inapplicability of the transition rule in ERISA section 303(h)(2)(G) to the calculation of the premium funding target. The final rule would make the point explicitly that the transition rule in ERISA section 303(h)(2)(G) does not apply to the calculation of the premium funding target.

Benefits Being Vested for Premium Purposes

The proposed rule specified two circumstances that would not prevent a participant's benefit from being vested for premium purposes. One circumstance is that the benefit would not be protected under Code section 411(d)(6) and thus may be eliminated or reduced by the adoption of a plan amendment or by the occurrence of a condition or event (such as a change in marital status). The other circumstance — applicable to certain benefits payable upon a participant's death — would be that the participant is living. The final rule includes two illustrative examples.

In response to a public comment, PBGC is expanding § 4006.4(d) to provide that a pre-retirement lump sum death benefit (other than one that returns mandatory employee contributions) would not be considered vested for premium purposes where the participant is living and that a disability benefit would not be considered vested for premium purposes where the participant is not disabled.

New and Newly Covered Plans

The final rule would eliminate one of the alternative due date computation rules for new and newly covered plans. The proposed rule included an alternative under which the due date would be not earlier than 90 days after the plan's coverage date. PBGC realized that this alternative is not necessary given the way the options are structured for alternative due dates.

Changes to Information Collection – Proposed Rule

Estimated Flat-Rate Filings

PBGC is minimizing changes to estimated flat-rate premium filing requirements for 2008. These filings are due for calendar-year plans at the end of February 2008, leaving little time for implementation of substantive changes in PBGC's electronic filing application. Changes described in this submission will be phased in for estimated flat-rate premium filings for the 2009 plan year. (PBGC submitted the 2008 estimated filing form (Form 1-ES) and instructions to OMB on November 30, 2007, as a non-material change to the currently approved collection.)

Plan Funding Notice to Participants

Section 501(b) of PPA 2006 repealed ERISA section 4011, which required certain plan administrators to provide notice to plan participants and beneficiaries of plan funding status and the limits on PBGC's guarantee if a plan terminated while underfunded. The repeal was effective for plan years beginning after 2006. Through 2007, premium filers were required as part of their filings to certify that they were in compliance with section 4011. This requirement is being discontinued beginning with the 2008 filing year.

Address

Filers will be required to include in the addresses of the plan sponsor and plan administrator the countries where the addresses are located (if other than the United States). Filers will be required to provide an e-mail address for the plan contact.

Enrolled actuary certification

Enrolled actuaries will be required to provide their actuarial firm name in the certification section.

Premium Proration

Filers will be required to report if they qualify for premium proration (for a short plan year) and if so, to report the number of months in the proration period. Proration will be reported separately from credits.

Plan size

Filers will be required to report plan size (small, mid-size, or large) based on the prior year's participant count, or report that the plan is new or newly covered.

Premium funding target election

Filers will have an opportunity to make alternative premium funding target elections as part of the premium filing.

Participant count date

Filers will be required to report the participant count date.

VRP information

Most existing VRP information items will be eliminated in connection with the implementation of the new VRP rules. Items retained will be the identification of any applicable VRP exemption and the amount of UVBs.

New VRP data required will be qualification for the VRP cap for certain plans of small employers, the UVB valuation date, the premium funding target as of the UVB valuation date, the premium funding target method (standard or alternative), whether the reported premium funding target is an estimate, the segment rates used to compute the premium funding target (or indication that the full yield curve was used), the market value of assets as of the UVB valuation date, the (unprorated) VRP cap (for plans eligible for the cap), and the (unprorated) uncapped VRP (for plans not eligible for the cap).

Final filing data

For a plan's final filing, filers will be required to report the date and type of event that results in the cessation of the filing obligation. Hundreds of plans terminate or merge out of existence after their premium filing in a given year, but the information currently collected by PBGC about transfers from disappearing plans does not explain why many of the plans have ceased filing. PBGC's data bases consider these plans to be in existence until PBGC learns otherwise. PBGC has not been able to track all these plans down, even when using information from the Form 5500 (see *Final filing data* subsection in section 4, Duplicate or similar information). Requesting premium filers to report whether the filing obligation is ceasing and, if so, the reason why will enable PBGC to track final filings in a more efficient and timely manner than it can currently.

Transfers from and to other plans

The existing item on transfers from disappearing plans will be replaced by two new items: information about transfers from other plans (whether disappearing or not) and information about transfers to other plans. (See also *Plan transfer data* subsection in section 4, Duplicate or similar information.) Collecting information on all plan transfers will better enable PBGC to track movements between plans and cross-check plan transfers, and also give PBGC the ability to know to what extent new plans are being created. In addition, receiving this data sooner than PBGC receives Form 5500 data would help PBGC with plan audits because PBGC's audit group flags plans with significant increases or decreases in assets, liabilities, and/or participants. With timely in-house data to explain the discrepancies, PBGC will be able to exclude from the audit pool plans whose changes in reported data are adequately explained by the information reported about transfers.

Frozen plans

For frozen plans, filers will be required to identify the type of freeze (participation and/or accrual) and its effective date. The data collected on Form 5500 (see *Frozen plan data* subsection in section 4, Duplicate or similar information) are not sufficient for PBGC to adequately monitor the agency's potential exposure and to project future premium income. For example, if there is a participation freeze, plan size eventually will decline. Declining plan size will have an adverse impact on PBGC premium revenues, which are based largely on an annual per-participant charge. Without knowing how many plans have been closed to new entrants (and the sizes of such plans), PBGC cannot adequately project changes in its flat-rate premium income or estimate what the impact will be on its net financial position.

PBGC is including two new items in its new comprehensive filing requirements requesting information on plan freezes. The data provided by PBGC's participation freeze and accrual freeze questions will allow PBGC to better understand developments in the universe of plans the agency insures and to better prepare to address problems that extensive freezing of plans might cause.

Amended filings

For amended filings, filers will be required to report any change in the beginning and ending dates of the plan year being reported and any change in the plan identifying numbers being reported from those in the original filing.

If a comprehensive filing is amended for a reason other than reconciling an estimated VRP, and the amended filing shows a lower premium than the amount originally reported, an explanation of the specific circumstances or events that caused the reduction must be provided. This requirement previously has been subject to a $500 threshold, i.e., no explanation has been required if the premium dropped by less than $500. This threshold is being eliminated to better monitor refund information.

Changes in the draft VRP-rule information collection since last OMB submission

The comprehensive filing form (Form 1-C) and instructions herewith submitted differ from those submitted to OMB in connection with publication of the proposed rule as follows:

- In item 3b(2), which relates to a change in a plan's plan-year-commencement date since the filer's last filing, PBGC changed the wording to clarify that a change in a plan year should be reported only if it was a result of a plan amendment.

- In item 3c(3), PBGC added space for an explanation if the EIN and PN are not both the same as on the 2007 Form 5500.
- In item 6b(1) of the "Flat-rate premium" section, the single-employer and multiemployer premium rates were changed from $31 to $33, and $8 to $9, respectively, to reflect the increase in premium rates for 2008 premium filers.
- In item 19 of the "Amended Filing" section, PBGC added space (item 19c) for an explanation if this is an amended filing for a reason other than reconciling an estimated variable-rate premium and the amended filing shows a lower premium than the amount that was originally reported.
- The plan administrator and enrolled actuary certifications in items 21 and 22, respectively, were reworded for uniformity with certification language used on the electronic filing screens.

Changes have been made to the instructions to conform to changes in the final rule and in the comprehensive filing form. PBGC also has made minor editorial changes to the instructions.

2. Use of information. PBGC uses information from premium filings to identify the plans for which premiums are paid; to verify whether the amounts paid are correct; and to help the PBGC determine the magnitude of its exposure in the event of plan termination. That information and the retained records are used for audit purposes. PBGC also uses the information to help track the movement of participants and plan assets when there are transfers to and from other plans; and to keep PBGC's insured-plan inventory up-to-date.

3. Information technology. PBGC provides for premium filing through the "My PAA" electronic facility on PBGC's Web site. In addition, PBGC has two programs under which filers

can use private-sector premium-filing-preparation software compatible with My PAA: (1) a filer can draft a premium filing and then import it into My PAA's data entry and editing screens for review, certification, and submission to PBGC; and (2) a filer can create a premium filing and then upload it directly to PBGC via the My PAA application. Filers can pay premiums and receive premium refunds by electronic funds transfer.

Although electronic filing is required under PBGC's regulations, PBGC may grant exemptions from the electronic filing requirement for good cause in appropriate circumstances. PBGC therefore receives some paper premium forms. PBGC uses intelligent character recognition ("ICR") technology to process paper filings.

4. Duplicate or similar information.

General

In general, the information required in premium filings is not routinely filed with, and available from, any other Federal Government agency, and there is no similar information that can be used "as is" instead of the information reported in premium filings.

VRP Data

Plans may or may not base VRP calculations on asset and/or liability figures that are also reported on Schedule SB to Form 5500, the annual report form filed with the Internal Revenue Service, Department of Labor, and PBGC. Since the premium numbers may not be the same as the Schedule SB numbers, PBGC needs to know what the premium numbers are, even if they happen to coincide with the Schedule SB numbers.

Frozen plan data

In recent years, many defined benefit plan sponsors have implemented some sort of plan freeze, which results in cessation or partial cessation of future benefit accruals. There are many ways in which a plan can be frozen. For example, in some cases existing participants continue to accrue benefits, but new employees are excluded from the plan (a “participation freeze”). In other cases, all benefit accruals cease, or accruals based on salary increases continue but future service is disregarded when determining benefits. In addition, there are many situations where a plan freeze applies to some, but not all, participants. To be able to predict and address the impact of plan freezes on PBGC’s future premium revenues and net financial position, PBGC needs to know which of the plans that PBGC covers have been frozen and the exact nature of the freeze.

PBGC currently collects plan freeze information on ERISA section 4010 filings, but 4010 filers are a small percentage of covered plans. PBGC needs the information sooner for the small group of 4010 filers. PBGC considered exempting 4010 filers from reporting this information again in the premium filing, but concluded that it would be a control problem if the agency’s premium database was not internally consistent.

Form 5500 collects general information on whether a plan has been frozen, but it does not collect specific information as to the nature of the freeze (Form 5500, Item 8.a. – Plan Characteristic code – 1I: Frozen plan). Furthermore, the Form 5500 “plan freeze” question pertains only to the most severe type of freeze (when all accruals cease for all participants). The Form 5500 data are not sufficient for PBGC to adequately monitor the agency’s potential exposure and to project future premium income.

Plan transfer data

PBGC's current plan transfer question relates only to disappearing plans, but most plans that spin off assets and/or liabilities to a "new" plan continue to exist. The Form 5500 (item 5b of Schedule H) asks for information concerning assets and/or liabilities transferred *from* a plan to another plan (or plans) during the plan year, but PBGC does not receive this information in a timely manner. PBGC proposes to obtain additional information on this topic by asking about transfers *to* and *from* other plans, as well as transfer types, e.g., merger, consolidation, or spin-off. Plans are required to submit similar information to the Internal Revenue Service on Form 5310-A *Notice of Plan Merger or Consolidation, Spinoff, or Transfer of Plan Assets or Liabilities*, but the Form 5310-A exempts filers from filing this notice if the transaction is *de minimis,* and PBGC needs this information regardless of transaction size. In addition, PBGC would not be able to receive Form 5310-A information in a timely manner.

Final filing data

Form 5500 collects general information on whether a plan was terminated in a standard or distress termination, or whether PBGC became trustee of a plan (Form 5500, Item 8.a. – Plan Characteristic code - 1H: plan covered by PBGC that was closed out and terminated for PBGC purposes). Form 5500 also collects data on whether a plan is covered by PBGC (Plan Characteristic code - 1G: plan covered by PBGC). However, the data collected on Form 5500 often are not sufficient for PBGC to adequately know why filings have ceased in cases where plans merge out of existence. For example, a plan may file its final premium filing under an EIN-PN different from that on the Form 5500. In addition, terminated or merged plans often do not submit a final Form 5500, especially when the final plan year is short.

5. Reducing the burden on small entities. The final rule would shift from prior-year to current-year data on UVBs and defer the due date for small plans (those with fewer than 100 participants), which should not affect the burden of compliance. Under existing rules, UVBs are determined as of the end of the prior year (or in some cases the beginning of the current year) and the VRP is due 9½ months later. Under the new rules, UVBs would be determined as of the UVB valuation date, which for most small plans may be any day in the current year. For plans that choose a valuation date at the beginning of the year, the VRP would now be due 16 months later, rather than the current 9½ months later. For plans that choose an end-of-year valuation date, the VRP would be due 4 months after the valuation date.

Section 405 of PPA 2006 caps the VRP for certain plans of small employers (those with 25 or fewer employees), which is a provision that is the subject of another PBGC rulemaking proceeding. PBGC has decided that plans that qualify for the VRP cap and pay the full amount of the cap do not need to determine or report UVBs for premium payment years starting in 2008. PBGC expects that approximately 2,600 plans of small entities will take advantage of this reporting relief.

6. Consequence of reduced collection. Since the information collected is essential to proper administration of PBGC's insurance programs, including auditing of premium filings, failure to collect it would seriously impair PBGC's program operations. Further, the premium payable to PBGC is an annual premium. Therefore, premium filings cannot be made less often than annually, and for most plans, filings are made just once per year. To ensure that PBGC receives a substantial portion of its premium revenue early in the year for which insurance coverage is provided, large plans (those with 500 or more participants, about 21 percent of all

filers) are required to pay their flat-rate premiums much earlier in the year than small plans (those with fewer than 100 participants) and mid-size plans (those with 100 or more but fewer than 500 participants) (see the 1983 recommendations of the Grace Commission (the *President's Private Sector Survey on Cost Control*)). While large plans are not required to file twice a year, as a practical matter most of them make a flat-rate "reconciliation" filing, after more accurate data become available, later in the year (by the same filing deadline that applies to mid-size plans). Elimination of a "double flat-rate filing" for large plans would require that the PBGC either extend large plans' early filing date beyond that called for by the Grace Commission or force those plans to make final premium filings before most of them had all the necessary data.

As discussed above in the "Filing Due Dates" subsection under Need for Collection, PBGC's final rule would allow, but not require, mid-size and large plans to make estimated VRP filings and then reconcile the estimated premium at a later date without a late premium payment penalty. PBGC is making this accommodation because unusual circumstances could make an accurate VRP filing by the due date difficult or impossible, which, under PBGC's current regulatory scheme, would mean that the plan would be subject to a late payment penalty. In some cases, large plans may end up making three filings a year, rather than two, as in the past (e.g., a large plan could make an estimated flat-rate filing, a final flat-rate and estimated VRP filing, and a VRP reconciliation filing); and mid-size plans may make two filings, rather than one, as in the past. If PBGC does not allow these VRP reconciliation filings, some plans would not be able to make an accurate VRP filing by the due date and would be subject to late payment penalty charges. Giving these plans the option to make a VRP reconciliation filing would enable them to avoid being subject to the late payment penalty charge.

7. Special circumstances. The regulation requires plan administrators to retain information necessary to support premium filings for six years. This is necessary to ensure that records are available during the period within which the PBGC may bring an action to collect premiums (ERISA section 4003(e)(6)). The six-year period also corresponds to the record retention requirement of Title I of ERISA (ERISA section 107).

In unusual circumstances, 29 CFR § 4007.10 may require submission of information in less than 30 days. This provision would accommodate a situation where PBGC determined that PBGC's interests may be prejudiced by a delay in the receipt of the information, e.g., where collection of unpaid premiums (or any associated interest or penalties) would otherwise be jeopardized.

In other respects, this collection of information is not conducted in a manner inconsistent with 5 CFR § 1320.5(d)(2).

8. Outside input. PBGC's proposed rule (72 FR 30308, May 31, 2007), which amends its regulations to implement provisions of PPA 2006 that change the VRP for plan years beginning on or after January 1, 2008 (and makes other changes to the regulations), informed the public of the submission of this collection of information to OMB for review and solicited public comment. PBGC received comments on the proposed rule from two commenters – an actuary and an organization representing plan sponsors and service providers. Their comments are discussed in the preamble to the final rule.

9. Payment to respondents. The PBGC provides no payments or gifts to respondents in connection with this collection of information.

10. Confidentiality. Confidentiality of information is that afforded by the Freedom of Information Act and the Privacy Act. The PBGC's rules that provide and restrict access to its records are set forth in 29 CFR Part 4901.

11. Personal questions. The collection of information does not call for submission of information of a sensitive or private nature.

12. Hour burden on the public. PBGC expects to receive an average of approximately 34,300 premium filings each year from approximately 28,400 respondents. Most respondents need only file annually. However, plan administrators of plans with 500 or more participants (of which there are approximately 5,900) also typically make an estimated flat-rate filing. (Note that PBGC projects that about 1,100 plan administrators of mid-size and large plans will make both a comprehensive filing and an amended comprehensive filing to reconcile an estimated variable-rate premium filing, which is included in the 34,300 premium filings, above.)

Of these 34,300 premium filings, approximately 5 percent will be prepared in-house. (Preparation of the other 95 percent will be contracted out.) PBGC estimates that the hour burden of this collection of information associated with the 5 percent of premium filings that are prepared in-house is about 9,000 hours. The annualized cost to respondents for these burden hours is $2,474,780 (based on an average hourly rate of $275). These estimates were determined as follows ("VRP" means "variable-rate premium"):

	Number of Responses	Average Time	Total Hours	Total Cost
Estimated flat-rate filing	293	1.5	440	$120,863
Comprehensive filing (single-employer plans)				
Plans exempt from VRP	27	3.1	84	23,018
Plans paying maximum (capped) VRP	132	5.0	660	181,500
Plans reporting unfunded vested benefits				
Estimated VRP filing and VRP reconciliation filing (Mid-size and Large Plans only)				
Standard premium funding target	28	10.0	280	77,000
Alternative premium funding target	28	7.0	196	53,900
Final VRP filing (no VRP reconciliation needed)				
Standard premium funding target	487	8.0	3,896	1,071,400
Alternative premium funding target	645	5.0	3,225	886,875
Multiemployer Plans	73	3.0	219	60,225
Totals	**1,713**		**8,999**	**$2,474,780**

The recordkeeping requirement in 29 CFR § 4007.10 is not expected to impose any significant burden on plan administrators, since most of the records covered by this requirement must already be retained under ERISA section 107. Since this recordkeeping burden is nominal, it is included in the estimated reporting burden, and no separate estimate of burden is made for recordkeeping under the regulation.

13. Cost burden on the public. PBGC estimates the cost burden on the public for operation, maintenance, and purchase of services associated with the 95 percent of premium filings that are contracted out to be $47,036,605. The costs are based on an hourly rate of $275 and are determined as follows:

	Number of Responses	Average Time	Total Hours	Total Cost
Estimated flat-rate filing	5,568	1.5	8,352	$ 2,296,800
Comprehensive filing (single-employer plans)				
Plans exempt from VRP	512	3.1	1,587	436,480
Plans paying maximum (capped) VRP	2,506	5.0	12,530	3,445,750
Plans reporting unfunded vested benefits				
Estimated VRP filing and VRP reconciliation filing (Mid-size and Large Plans only)				
Standard premium funding target	538	10.0	5,380	1,479,500
Alternative premium funding target	538	7.0	3,766	1,035,650
Final VRP filing (no VRP reconciliation needed)				
Standard premium funding target	9,244	8.0	73,952	20,336,800
Alternative premium funding target	12,264	5.0	61,320	16,863,000
Multiemployer Plans	1,385	3.0	4,155	1,142,625
Totals	**32,555**		**171,042**	**$47,036,605**

14. Costs to the Federal government. Based on its operational costs, personnel salaries, and overhead, PBGC estimates that the annual cost to the Federal Government of processing this collection of information is about $6.5 million.

15. Change in burden. The change in the estimated annual burden of this collection of information (from 3,478 hours and $18,173,000 (in the current OMB inventory) to about 9,000 hours and $47,036,605 (requested)) is attributable primarily to an increase in the burden per respondent because of changes in the governing statute and in PBGC's estimation of the time needed to make premium filings under the new rules (offset somewhat by a downward revision in PBGC's estimate of the number of respondents) and secondarily to PBGC's introduction of new premium information filing requirements.

PBGC estimates that about 55 percent of the increase in burden results from the passage of PPA 2006, which included changes on how PBGC's variable-rate premium was to be calculated, and PBGC's final regulatory changes on premium rates and payment of premiums that are necessary to implement the variable-rate premium change. For example, PPA 2006 repealed the full funding limit exemption from the variable-rate premium, meaning that more filers will have to compute and pay the variable-rate premium.

PBGC estimates that about 40 percent of the increase in burden results from changes in PBGC's estimation of the amount of time required to provide the information required in premium filings, offset by PBGC's projection of the decline in the number of filers. In general, the number of respondents for this collection of information (plan administrators of defined benefit plans covered by Title IV of ERISA) has been decreasing year by year. To generate burden estimates, PBGC has made projections of the number of future respondents based on analysis of recent data, which shows that the number of plans continues to decrease.

PBGC estimates that about 5 percent of the increase in burden results from the addition of new information submission requirements to this collection of information.

16. Publication plans. PBGC does not plan to publish the results of this collection of information.

17. Display of expiration date. OMB has previously granted approval to omit the expiration date from the premium forms and instructions.

18. Exceptions to certification statement. There are no exceptions to the certification statement for this submission.