

**PBGC Questionnaire for Newly Insured Plans
RIN 1212-0053 (Generic IC)
PBGC Responses to OMB Questions
November 6, 2008**

1. Scope. The first four bullets listed in the abbreviated supporting statement (SS) seem to cover more than just customer service. Can PBGC explain why it needs this information and how it will use it?

Before addressing the four bullets specifically, it may be useful to provide some context. The motivation for this survey is PBGC's desire to be more proactive in fulfilling its mandate under ERISA section 4002(a)(1) to "encourage the continuation and maintenance of private pension plans for the benefit of their participants." Over the past 20 years the number of plans insured by PBGC has declined by almost 75 percent from more than 112,000 plans to under 29,000. However, during this period of time, some employers have continued to adopt new defined benefit plans covered by PBGC's insurance program.

This survey is designed to provide data on what factors prompted some employers to adopt new plans, what they perceived as potential areas of concern when considering adopting this type of plan, and what factors turned out to be concerns after the plans were adopted. PBGC wants to find out if there are actions that PBGC could take that would make administering this type of plan simpler. PBGC also wants to learn whether sponsors of defined benefit plans covered by PBGC's pension insurance would decide to establish a defined benefit plan again if confronted with that choice, and why.

Review of premium and Form 5500 reports suggests that a number of recent new premium payers are not covered by PBGC (e.g., plans reacted by small professional service companies). PBGC wants information on the scope of this problem so that it can take action to address the problem if necessary.

Not all of the plans associated with the new premium filers are new to the defined benefit population or to the population of defined benefit plans insured by PBGC. PBGC wants to learn whether the issues plans faced might vary by type of plan – new defined benefit plan covering previously uncovered workers; new defined benefit plan covering workers previously covered under another defined benefit plan; or defined benefit plans that had been in existence for some time before they became covered by PBGC's pension insurance (such as an existing professional service plan that recently began covering 26 or more active participants).

PBGC believes that fulfilling the statutory mandate to encourage the continuation and maintenance of plans can be achieved through education and outreach activities and also through improving customer service. The survey responses can

provide insights as to the factors of greatest concern to the sponsors of PBGC-covered plans, especially newly-insured plans.

Below are responses to your questions about the first four bullets listed in the abbreviated supporting statement:

- **The reason(s) why these plans first began paying premiums at that time.** If PBGC finds that filers have misconceptions as to when they are required to begin paying premiums, PBGC will take steps to improve its communication and outreach to the pension benefits community.
- **The persons covered by the plan (e.g., hourly employees, salaried employees, managers, owners).** Responses to this question will help PBGC learn the extent to which new premium filers may be paying premiums for plans that are not covered by PBGC's insurance program. In addition, information on what groups of workers are covered by the new plan will help PBGC learn if new plans are covering essentially all of an employer's work force or if employers are trying to provide benefits to certain groups of their employees, while excluding others.
- **Whether the plan made an informed decision to begin paying premiums.** If PBGC finds that plans are not making informed decisions to pay premiums (either paying premiums in error or not beginning to pay in a timely manner), it will consider how to improve customer service in this area through communication and outreach to the pension benefits community.
- **The issues that the sponsor considered in establishing the plan and the issues of concern in maintaining the plan.** Understanding the issues sponsors consider when establishing defined benefit plans, and the issues of concern in maintaining the plan, will help PBGC target its customer service to those factors of most concern to employers.

2. Survey Instrument

a. Regarding question 1 of the survey, what is the script if the respondent says no?

If the respondent indicates he or she did not receive the letter, the interviewer will summarize its content as follows:

The letter requested your participation in a voluntary survey of plans that first paid premiums to PBGC in 2006. The results of the survey will be used to improve PBGC's customer service to plans like yours. PBGC's efforts to encourage employers to maintain plans rely greatly on feedback from plan sponsors.

The letter also stated that the Office of Management and Budget has approved this survey under OMB Control No. 1212-0053 (expires 12/31/2009) and that an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

PBGC has revised the survey script to incorporate the above summary.

b. Regarding question 2, how will PBGC use this information?

If the interviewer is speaking with someone other than the contact person on the plan's premium filing, that person's title and function can provide information as to how informed the person is about the plan and how reliable the answers might be. That information also provides PBGC with a record of the respondent's pertinent information for follow up, if necessary.

c. Regarding questions 3 and 4, what is the purpose of these questions? How will PBGC use this information?

PBGC is sampling new premium filers to better understand what (1) prompts employers to establish new defined benefit plans that are covered by PBGC's insurance program, and (2) actions PBGC can take to support its mandate to encourage the continuation and maintenance of private pension plans. As discussed above, the plans for these new premium filers may fall into one of three categories. Responses to questions 3 and 4 will be used to determine which of the three categories describes a new filer. This information, when analyzed with other responses, will allow PBGC to better tailor its customer service to the specific needs of the plan. For example, plans in some categories may require more detailed guidance on PBGC's premium system and filing requirements.

d. Responses to question 5 and 6 could presumably be used to enforcement purposes. How does PBGC plan to use this information?

The information will not be used for enforcement purposes. PBGC has revised the survey to include an assurance to that effect. PBGC plans to use the information to learn whether there are misconceptions as to premium requirements and, if so, address them through communication and outreach.

e. Regarding questions 7-8, they do not appear linked to customer service. What is the purpose of these questions and how will PBGC use the information?

Responses to these questions will help PBGC learn the extent to which non-covered plans may be paying premiums, so that it can take steps to improve its communication and outreach. In addition, as explained above, information on what groups of workers are covered by the new plan will allow PBGC to determine if new plans are covering essentially all of an employer's work force or

if employers are trying to provide benefits to certain groups of their employees, while excluding others.

f. For questions 9-11, what happens if the respondent provides another contact person? Does the interview terminate or proceed? How does PBGC plan to contact the recommended person, and what is the script for that call (i.e., does the interviewer run through the entire survey instrument or just some subset of it)?

If the respondent provides the name and phone number of another person, the interviewer will contact that other person and ask them to answer questions 9-11, as appropriate. (If no phone number is provided, the interviewer will try to contact that person using the sponsor's phone number.) The interviewer will ask the remainder of the survey questions of the initial respondent.

g. Question 9 seems to get at why businesses set up DB plans; this doesn't appear to be a customer service question. Please explain the purpose of the question and how PBGC plans to use the responses.

Knowing why sponsors establish new defined benefit plans protected by PBGC's insurance program can help PBGC encourage the continuation and maintenance of such plans. To the extent that PBGC finds that premium filers are unaware of the many benefits of defined benefit plans and of PBGC's insurance program, PBGC can focus its informational efforts on the advantages of defined benefit plans that filers may not be aware of. PBGC believes that promoting the advantages of defined benefit plans can be characterized as customer service. Some employers may not know the benefits of defined benefit plans, to the detriment of the employers as well as their employees. In addition, if new filers are not aware of all the advantages of defined benefit plans, they may be more likely to consider termination when confronted with problems relating to their plans.

h. Does question 12 refer to PBGC's guidance or all guidance received?

This question refers to guidance generally. Three different agencies (Treasury/IRS, Department of Labor, and PBGC) administer the pension program for the Federal government. Guidance or lack of guidance from any of those agencies can impact customer service.

i. Please explain the purpose of question 15 and how PBGC plans to use the responses.

The purpose of question 15 is to determine if sponsors are satisfied with their newly-insured plans or if they are having second thoughts about their decision to establish such a plan for their employees. PBGC also wants to know what employers perceive as the advantages and disadvantages of offering a defined benefit plan insured by PBGC. This question goes to PBGC's ability to promote

the advantages of defined benefit plans and to take actions to address problems plans may be experiencing. To the extent PBGC takes action to address concerns identified by plan sponsors, plans that might have been terminated may be continued.

j. Conclusion – will the interviewer have answers to any additional questions asked by respondents? Is the interviewer supposed to refer respondents to PBGC’s website?

The interviewer is free to refer respondents to PBGC’s website, but any questions will be forwarded to PBGC’s Policy, Research, and Analysis Department (PRAD) to handle. In addition, PBGC’s customer service call center will be advised that it might receive questions and will be instructed to forward them to PRAD staff.

3. Confidentiality. Please change the letter and the survey script to something along the lines of: “PBGC will protect the confidentiality of survey responses to the extent provided by law.” The Privacy Act probably does not apply to this collection and FOIA is not a privacy statute.

PBGC has revised the letter and survey script along the lines suggested.

4. Sample. Please provide some additional information in the supporting statement about the sampling methodology. For example, what was the key estimate? Is there a particular type of stratification that PBGC is hoping to achieve?

The key estimate was what proportion of employers would decide to establish a defined benefit plan if they had the chance to make that decision again.

With respect to stratification, there were 1,950 plans that first paid premiums in 2006. This population of plans was stratified by plan size – large meaning 100 or more participants and small meaning less than 100 participants – and by whether a decision to terminate had been made (based on 5500 data). Because PBGC was especially interested in information about large plans and in plans where a decision to terminate had been made, the 113 plans in these two groups were combined and 85 plans were selected from the combined group. Three hundred fifteen plans were selected from the remaining 1,637 small plans. In order to minimize burden, no more than one plan from each employer was selected.