Termination of Abandoned Individual Account Plans
Automatic Rollover Safe Harbor Regulation
OMB Number 1210-0127
April 2012

SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT 1995 SUBMISSIONS

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

In response to specific recommendations of the Employee Retirement Income Security Act (ERISA) Advisory Council, which convened a Working Group on Orphan Plans and published a report in 2002, the Employee Benefits Security Administration (EBSA) has promulgated three regulations and a prohibited transaction class exemption that address the problem of abandoned individual account pension plans. The following summarizes the information collections covered by OMB Control No. 1210-0127 and describes the revisions in paperwork burden caused by the promulgation of final Abandoned Plan Regulations and Exemption, for which this submission seeks renewal.

Abandoned Plan Initiative.

The abandoned plan initiative includes the following actions, which impose the following information collections:

1. Qualified Termination Administrator (QTA) Regulation (29 CR 2578.1): The QTA regulation creates an orderly and efficient process by which a financial institution that holds the assets of a plan that is deemed to have been abandoned may undertake to terminate the plan and distribute its assets to participants and beneficiaries holding accounts under the plan, with protections and approval of the Department under the standards of the regulation. The regulation requires the QTA to provide certain notices to the Department, to participants and beneficiaries, and to the plan sponsor (or service providers to the plan, if necessary), and to keep certain records pertaining to the termination.

2. Abandoned Plan Terminal Report Regulation (29 CFR 2520.103-11): The terminal report regulation provides an alternative, simplified method for a QTA to satisfy the annual report requirement otherwise applicable to a terminating plan by filing a special simplified terminal report with the Department after terminating an abandoned plan and distributing its accounts to participants and beneficiaries.

3. Terminated Plan Distribution Regulation (29 CFR 2550.404a-3): The terminated plan distribution regulation establishes a safe harbor method by which fiduciaries who are terminating individual account pension plans (whether abandoned or not) may select an investment vehicle to

receive account balances distributed from the terminated plan when the participant has failed to provide investment instructions. The regulation requires the fiduciaries to provide advance notice to participants and beneficiaries of how such distributions will be invested, if no other investment instructions are provided.

4. Abandoned Plan Class Exemption (PTE 2006-06): The exemption permits a QTA that terminates an abandoned plan under the QTA regulation to receive payment for its services from the abandoned plan and to distribute the account balance of a participant who has failed to provide investment direction into an individual retirement account (IRA) maintained by the QTA or an affiliate. Without the exemption, financial institutions could be unable to receive payment for services rendered out of plan assets without violating ERISA's prohibited transaction provisions and would therefore be highly unlikely to undertake the termination of abandoned plans. One of the conditions of the exemption requires that the QTA keep records of the distributions for a period of six years and make such records available on request to interested persons (including the Department and participants and beneficiaries). If a QTA wishes to be paid out of plan assets for services provided prior to becoming a QTA, the exemption requires that the QTA enter into a written agreement with a plan fiduciary or the plan sponsor prior to receiving payment and that a copy of the agreement be provided to the Department.

The regulations and class exemption comprising the abandoned plan initiative encourage the orderly termination of abandoned plans and the timely distribution of their assets to participants and beneficiaries. Because the financial institutions holding assets of abandoned plans usually do not have the authority to take any of these steps, participants and beneficiaries would likely be denied access to the money in their individual account plans in the absence of these regulations and exemption.

Because all of these regulations and exemptions relate to terminating or abandoned plans and/or to distribution and rollover of distributed benefits for which no participant investment election has been made, the Department has combined the paperwork burden for all of these actions into one ICR. In the Department's view, this combination allows the public to have a better understanding of the aggregate burden imposed on the public for these related regulatory actions.

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.

The information collections in this ICR are used by the Department and by participants and beneficiaries in abandoned, terminated, or ongoing plans that make distributions into selected vehicles. These parties rely on the information collections to monitor activities undertaken by financial institutions holding plan assets or plan fiduciaries, when either terminating a plan or

making benefit distributions. This information enables such parties to protect the interests of participants and beneficiaries in their benefits and to ensure that abandoned plans are properly terminated.

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.

To the extent that the information collection is a third-party disclosure, respondents may use electronic methods of communication pursuant to the standards established in the Department's regulation at 29 C.F.R. § 2520.104b-1(b) concerning plans' use of electronic communication media to satisfy ERISA disclosure requirements. That regulation provides that plan sponsors and administrators may distribute notices to employees who have access to e-mail at the place of business. In addition, notices may be distributed electronically to employees or their family members who are beneficiaries if they have electronic access at their homes and give prior approval to this type of distribution. The Department generally encourages affected entities to distribute required notices electronically whenever possible, provided that these regulatory standards are met. For the purposes of paperwork burden analysis, EBSA has developed a set of assumptions concerning the use of electronic technology generally for distribution of information to participants and beneficiaries. Based on these assumptions, EBSA has assumed that 38 percent of such third-party disclosures will be made electronically.[1]

The Department also generally fosters and facilitates use of electronic communications media in its interactions with the public and will, to the extent feasible given available resources and systems, accept electronic notifications under the regulations.

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.

There is no duplication of any requirement to collect or disclose information or to report to the Federal government. Where possible, the Department has made every effort to allow parties required to collect/disseminate information to use existing records.

The QTA, under the abandoned plan regulation, is required to inform the Department and/or participants and beneficiaries about the need to terminate the plan, the applicable costs, and the balances in individual accounts that will be distributed to participants and beneficiaries. As a

1 This assumption is based on EBSA tabulations of the August 2001 Current Population Survey, computer use module.

general rule, abandoned plans are plans that have not communicated with participants and beneficiaries for some time and no effort has been made to terminate the plan or make distributions. Therefore, this requirement is not duplicative.

For terminating plans that are not abandoned plans, or are ongoing plans under which fiduciaries wish to make rollover distributions in reliance on PTE 2004-16, plan administrators are likewise required to inform participants and beneficiaries about the manner in which distributions will be handled. However, this notice is not required under any other statute or regulation and is therefore not duplicative.

The abandoned plan regulations provide model notices for the required reporting and disclosures that will substantially reduce the burden on respondents to comply with the information collection requirements.

The recordkeeping required under the abandoned plan exemption or PTE 2004-16 is limited and reflects usual and customary business practices. As such, plans and/or recordkeepers may rely on records already in existence without need to modify these existing records or create new records.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

With respect to abandoned plans, data provided by the Form 5500 Annual Report indicate that most abandoned plans are small plans. However, the financial entities that are eligible to become QTAs and undertake termination of the abandoned plans are not likely to be small entities. Because the abandoned plan regulations and exemption apply to the financial entities and not to the plan itself, there is less concern that these regulations and exemption may have a negative impact on small entities. Nonetheless, the Department has devoted considerable effort to shaping the termination process to minimize burden on the plan, especially to the extent that the abandoned plan's assets may be used to pay for the QTA's services. The Department has adopted the terminal report regulation, which permits simplified reporting to the government and also provides simplified recordkeeping and notice requirements for winding up the plan's affairs. For example, the Department has provided that QTAs need only make a good faith effort to update records and that a standard of reasonable care is sufficient for calculating participant benefits. Finally, the Department has provided the QTA with model notices for the Notice of Intent to Terminate Plan; Notification of Plan Abandonment; Notice of Plan Termination to Participants and Beneficiaries; and the Final Notice to the Department. The guidance and model notices in the regulations will make terminating abandoned plans easier and less costly, encouraging financial institutions to efficiently wind up the plans' affairs, thereby eliminating ongoing administrative costs that would otherwise reduce plan assets and the amount of benefits

accruing to participants and beneficiaries.

In addition, the abandoned plan regulations permit, but do not require, financial institutions to undertake the termination of abandoned plans whose assets are held by the financial institution. To the extent that the information collections involve the distribution of benefits into proprietary or affiliated investment vehicles, the requirements apply only when the plan fiduciary or QTA elects to do so. Therefore, these information collections will be undertaken only voluntarily, when the QTA or fiduciary believes that termination and/or distribution into a related investment vehicle is efficient and cost-effective.

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.

The information collection requirements of the abandoned plan regulations and the two exemptions are mandatory only when a financial institution holding plan assets chooses to act as a QTA to terminate and wind up the affairs of an abandoned plan, or a plan fiduciary decides to establish and make use of proprietary investment vehicles for mandatory distributions and/or distributions where the participant or beneficiary has failed to provide investment direction. The frequency of response therefore depends on a voluntary decision to terminate an abandoned plan or provide automatic distribution investments, rather than a pre-determined time period. If the collection were not conducted, the Department, and participants and beneficiaries in an affected pension plan, would likely remain uninformed about important matters affecting their benefits, such as the abandoned status of the plan and the need for termination; the costs and fees for winding up the affairs of the plan; the amount of benefits payable to participants and beneficiaries and where benefits will be invested upon distribution; and, under the abandoned plan exemption, whether the QTA has complied with the terms of the exemption. Participants in terminating plans that are not abandoned plans might similarly lack sufficient information about their rights and opportunities for directing the balances in their individual accounts into other investment products.

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 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.***

Under the abandoned plan exemption and PTE 2004-16, QTAs that hold assets of an abandoned plan and fiduciaries of ongoing or terminating plans that choose to distribute account balances into proprietary investment vehicles (or investment vehicles of an affiliate) when participants or beneficiaries fail to provide direction are required to maintain, for a period of 6 years, records that would support a determination of compliance with the exemption. The 6-year recordkeeping requirement is consistent with section 107 of ERISA, as well as general recordkeeping requirements for tax information under the Internal Revenue Code.

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's notice required by 5 CFR 1320.8(d) soliciting comments on the information collection was published in the Federal Register on April 5, 2012 (77 FR 20650) and provided the public 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.

Not applicable.

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

No assurance of confidentiality has been provided.

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.***

Not applicable.

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. Generally, 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 and aggregate the hour burdens in Item 13 of OMB Form 83-I.***

- ***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.***

Most of the paperwork burden arising from the abandoned plan regulations and class exemption is treated as cost burden and described in Item 13, below.

Hour burden was assumed to arise only from the burden associated with the notice to participants as required under "The Safe Harbor for Distributions from Terminated Individual Account Plans" (29 CFR 2550.404a-3). To meet the safe harbor, fiduciaries of terminating plans must furnish a notice to participants and beneficiaries informing them of the plan's termination and the options available for distribution of their account balances. Based on 2008 Form 5500 data, the Department estimates that 3.1 million participants and beneficiaries will receive notices from

approximately 39,000 plan sponsors. The Department estimates that clerical professionals will spend, on average, two minutes per notice preparing and distributing the notices. The benefits manager will spend approximately 10 minutes preparing the notice. This results in an annual hour burden of approximately 109,800 hours (approximately 103,300 hours in clerical time + 6,500 hours in benefit manager time),[2] and an equivalent cost burden of $3.52 million calculated as follows: $2.92 million (3.1 million participants x .033 hours per participant x $28.21 per hour) in clerical costs and $606,500 ($93.31 * 7,300 hours) in benefit manager costs.

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 or 14).

Department records show an increasing number of plans are being terminated through the abandoned plan class exemption. In 2008, there were fewer than 100 applications filed by QTAs to terminate a plan. By fiscal year 2010, this had grown to approximately 330 applications. The Department has assumed that most of the tasks that will be undertaken by QTAs in connection with abandoned plan terminations are the same as those required in normal plan administration, such as calculating or distributing benefits and annual reporting, and therefore are not accounted for as burden in this ICR because they are either part of the usual business practices of plans or have already been accounted for in ICRs for other statutory and regulatory provisions under Title I of ERISA.

The QTA Regulation requires a QTA to send five notices in the process of winding up an abandoned plan. The Department has provided model notices in the regulations for the first four of the notices. Before undertaking the termination of a plan the QTA is to send a notice to the last known address of the plan sponsor notifying the sponsor of the intent to terminate the plan and allowing the sponsor an opportunity to respond. The QTA then sends a notice to the Department expressing eligibility to serve as a QTA to terminate the abandoned plan and providing other specified plan information. The QTA then sends a notice to the participants and beneficiaries of the termination of the plan and their rights under the termination and how they with receive their distribution from the plan. Upon termination and distributing the assets of the plan the QTA then must send a final notice to the Department stating that the plans has been terminated. The QTA then files the Form 5500 terminal report. The Department has estimated the burden as a cost burden to the plan, because generally, QTAs are third-party service providers.

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[2] 3.1 million participants x .0333 hours per participant in clerical time + 39,000 plans x .167 hours per plan in benefit manager time.

Notice to Plan Sponsor

The Department estimates that for each of the estimated 330 terminating plans that a QTA may utilize 10 minutes of a clerical staff time at an hourly labor rate of $28.21 to fill-in the needed information on the Plan Sponsor notice, and 5 minutes of a financial professional's time at an hourly labor rate of $66.36 to review and sign the forms. This results in 55 hours (330 plans x (1/6) hours/plan) of clerical staff time with an associated cost burden of $1,600 (55 hours x $28.21) and 28 hours (330 plans x (1/12) hours/plan) of a financial professional's time with an associated cost burden of $1,800 ($66.36 x 330 plans x (1/12) hours/plan). Thus, in total this results in approximately $3,400 in labor cost burden. [3]

The rule requires plan sponsor notices to be sent by a method requiring acknowledgement of receipt. Therefore, mailing costs include $6.35 for postage and e-mail receipt of delivery. The mailing costs include paper and print cost of five cents per page for the one page notice. Therefore, the material and mailing costs are estimated to be $2,100 for the 330 notices (330 notices x ($6.35/mailing + 1 page x $.05/page). As indicated in the chart above, there are approximately $5,500 in total costs associated with this requirement ($1,600 clerical, $1,800 financial professional and $2,100 in mailing costs) imposed on plans filing under the abandoned plans QTA program.

Notice of plan abandonment to DOL

The Department estimates that for each of the estimated 330 terminating plans that a QTA may utilize 30 minutes of clerical staff time at an hourly rate of $28.21 to fill-in the needed information on the notice. It is also assumed that 30 minutes of a financial professional's time with an hourly labor rate of $66.36 will be required to prepare required plan information, and to review and sign the forms. This results in about 165 hours of clerical staff time with an associated cost burden of $4,700 (330 plans x .5 hours/plan x $28.21), and 165 hours of a financial professional's time with an associated cost burden of $10,900. Thus, the total labor costs attributable to this section of the rule are $15,600.

The Department assumes that approximately 80 percent of these initial notices to the Department will be sent by mail and the rest will be submitted electronically (330 plans x .8 fraction by mail=264 plans send notice by mail). Therefore, mailing costs include $6.35 for postage and e-mail receipt of delivery. The mailing costs include paper and print cost of five cents per page. The model notice is three pages. Therefore, the materials and mailing cost are estimated to be $1,700 (264 plans x ($6.35 + 3 pages x $0.05 per page (for the 264 notices that will be mailed. The total costs of this component are therefore $17,300 ($15,600 in labor cost and $1,700 in

3 The discrepancies in calculations in this section and the table above result from rounding. Estimates are rounded to the nearest $10, $100, $1,000 or $10,000. Hour estimates also are rounded in the text.

material costs).

Notice to Participants and Beneficiaries

The ERISA Advisory Council in the Report of the Working Group on Orphan Plans had indicated most abandoned plans are small plans with 25 or fewer participants and beneficiaries. Thus, initially the Department conservatively estimated that there were 20 participants per plan impacted by this regulation. However, after the inception of the program, updated filings by the Office of Enforcement show there were, on average, no more than six participants per filing plan in any year. The Department estimates using this updated information that approximately 330 plans will apply each year. This covers a maximum of 1,980 participants (330 plans x 6 participants per plan).

The Department estimates that for each of the 330 terminating plans, clerical staff will spend on average, 30 minutes preparing and mailing the notices (5 minutes per participant x 6 participants). A QTA may utilize 5 minutes of a financial professional's time to review the notices. This results in approximately 165 hours (330 plans x 6 participants per plan x .0825 hours per participant) of clerical time with an associated cost burden of $4,700 (165 hours x $28.21) with 28 hours (330 plans x .0825 hours per participant) of financial professional time with an associated cost burden of $1,800 (330 plans x .0825 hours/plans x $66.36/hour). This amounts to a total labor cost burden of $6,500.

The model notice to participants is two pages. Therefore, the mailing and material costs are estimated to be 55 cents per mailing (2*$0.05 + $0.45). Of the 1,980 participants (330 plans x 6 participants per plan), 38 percent are expected to receive their notices electronically. The Department estimates. The, the Department estimates that approximately 1230 participants will receive the notice by mail, creating a mailing cost burden of $700. In total, the cost burden from the notice to the participants and beneficiaries requirement is approximately $7,200.[4]

Final Notice

The Department estimates that for each of the estimated 330 terminating plans that a QTA may utilize 10 minutes of a financial professional's time to review the forms. This results in approximately 55 hours (330 plans x .167 hours) of financial professional time with an associated cost burden of $3,650 (330 plans x .167 hours x $66.36/hour). Clerical staff will spend on average 10 minutes per notice in preparing and mailing the notices. This results in about 55 hours (330 plans x .167 hours) of clerical staff time with an associated cost burden of $1,550 (330 plans x .167 hours x $28.21/hour). This amounts to $5,200 in associated labor costs.

4 $4,700 in clerical costs + $1,800 in financial professional costs + $700 in mailing costs.

The Department assumes that, as a usual and customary business practice, the final notice to the Department will be sent by a method requiring acknowledgement of receipt. The model final notice is two pages. Therefore, the material costs are estimated to be $0.10 per plan and postage $6.35 per plan. For the 70 percent of plans that are expected to submit their applications by mail, total mailing costs are estimated to be $1,500 (($6.35 per plan for mailing + $0.10 for materials) x 330 plans x .70 fraction of plans submitting by mail). Thus, there is approximately $6,700 in total costs associated with this requirement ($3,650 in financial professional costs + $1,550 in clerical costs + $1,500 in mailing costs)

Special Terminal Report for Abandoned Plans (29 CFR 2520.103-13)

The Department estimates that it will take small plans 3.25 hours to file the Special Terminal Report for Abandoned Plans (STRAP) in accordance with the instructions on the Department's website. It is assumed that financial accounting professional will spend approximately 1,070 hours (3.25 hours x 330 plans) performing this task for abandoned plans resulting in a cost burden of $71,170 (3.25 hours x $66.36 x 330 plans). For STRAPs submitted electronically, no burden is estimated for paper or mailing costs. For the assumed 70 percent of plans that submit their STRAPs by mail, the additional costs will be approximately (330 plans x 6 pages per terminal report x 0.05/page x.70 fraction of plans that submit final notices by mail. Thus, the total cost associated with the report is approximately $70. Thus, the total cost associated with the report is approximately $71,200 ($71,170 in labor costs + $70 in material costs).

Safe Harbor for Distributions from Terminated Individual Account Plans (29 CFR 2550.404a-3)

The PRA analysis also includes the burden associated with the notice to participants as required under "The Safe Harbor Distribution from Terminated Individual Account Plans." To meet the safe harbor, fiduciaries of terminating plans must furnish a notice to participants and beneficiaries informing them of the plan's termination and the options available for distribution of their account balance. The Department estimates that 3.1 million participants will receive notices.[5] The Department estimates that each participant will receive a one page notice by first class mail resulting in a cost burden of $961,000 (3.1 million notices x ($0.45 for postage + ($0.05 per page x 1 page) x 0.62).

Abandoned Plan Class Exemption, PTE 2006-16

PTE 2006-06 permits a qualified termination administrator of an individual account plan that has

5 These estimates for the number of participants and sponsors are based on 2008 Form 5500 Data filings.

been abandoned by its sponsoring employer to select itself or an affiliate to provide services to the plan in connection with the termination of the plan, and to pay itself or an affiliate fees for these services, provided that such fees are consistent with the conditions of the exemption. The exemption also permits a qualified termination administrator to: designate itself or an affiliate as a provider of an individual retirement plan or other account; select a proprietary investment product as the initial investment for the rollover distribution of benefits for a participant or beneficiary who fails to make an election regarding the disposition of such benefits; and pay itself or its affiliate in connection with the rollover.

PTE 2006-06 requires, among other things, that fees and expenses paid to the qualified termination administrator and an affiliate in connection with the termination of an abandoned plan are consistent with industry rates for such or similar services, and are not in excess of rates ordinarily charged by the qualified termination administrator (or affiliate) for the same or similar services provided to customers that are not plans terminated pursuant to the Abandoned Plan Regulations, if the qualified termination administrator (or affiliate) for the same or similar services to such other customers. The class exemption, in its current and proposed amendment form, also requires that qualified termination administrators ensure that the records necessary to determine whether the conditions of the exemption have been met are maintained for a period of six years, so that may be available for inspection by any account holder of an individual retirement plan or other account established pursuant to this exemption, or any duly authorized representative of such account holder, the Internal Revenue Service, and the Department. Banks, insurance companies, and other financial institutions that provide services to abandoned plans and their participants and beneficiaries are required to act in accordance with customary business practices, which would include maintaining the records required under the terms of the class exemption.

Accordingly, the recordkeeping burden attributable to the proposed amendment will be handled by the qualified termination administrator and is expected to be small. However, there is an additional cost to directing this process. The Department assumes that a supervisor must devote time to each case in order to study the details of the individual plan, determine whether there have been any violations, and ensure that these details are properly incorporated into the notices. Assuming that all qualified termination administrators will take advantage of the proposed exemption, the hour burden attributable to supervisory duties for qualified termination administrators of abandoned plans (including familiarization costs for new qualified termination administrators) is expected to be one half hour for each qualified termination administrator or 165 hours (330 plans x .5 hours). Assuming a financial manager's wage of $113.39 per hour, this supervisory cost is expected to total approximately $18,700 ($113.39 per hour x 165 hours).

Also, in certain limited circumstances, qualified termination administrators are required to provide the Department with a statement under penalties of perjury that services were performed

and a copy of the executed contract between the qualified administrator and a plan fiduciary or plan sponsor. The Department does not include burden for these requirements as the burden is small, and the statement and contract can be included with other notices sent to the Department.

Summary

The total annual cost burden for this ICR is estimated to be $127,000 for the Abandoned Plan Regulations and $961,000 for the material costs of the Safe Harbor exemption, resulting in a total cost burden of approximately $1.09 million annually.

Cost Burden of Rule

	Abandoned Plans	Terminating Plans	Total
Notice to Plan Sponsor	$5,500	$0	$5,500
Notice to DOL	$17,300	$0	$17,300
Notice to Participants	$7,200	$0	$7,200
Final Notice	$6,700	$0	$6,700
Form 5500 Terminal Report	$71,200	$0	$71,200
Safe Harbor	$0	$961,000	$961,000
Class Exemption Familiarization	$18,700	$0	$18,700
Total	***$127,000***	***$961,000***	***$1,088,000***

14. Provide estimates of annualized cost 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 12, 13, and 14 in a single table.

The Department estimates that for the estimated 330 plans terminated annually under the QTA regulation, data entry of the information derived from the Notice to the Department and the Final Notice will require 1/4 hour of an FTE's time, at $35.21 per hour, or $2,900 on an annual basis.[6]

6 Both professional time and clerical include locality pay differentials for the Washington, DC area, where salary is 70.3 percent of compensation and there is an overhead multiplier of 20 percent for clerical workers (GS 6 Step 5) and 35 percent for supervisory (GS 14 Step 5). Data for wages is from the Office of Personnel Management and for benefits costs is from the EBSA administrative office.

Supervisory costs, for 1/4 hour of an FTE's time, at $109.71 per hour will cost $9,100 annually. The total cost to the Federal government annually is $12,000.

15. Explain the reasons for any program changes or adjustments reporting in Items 13 or 14 of the OMB Form 83-I.

The Department has revised the ICR to account for increases in wage rates and made several changes in estimates based on updated Form 5500 numbers and filing statistics. The usage of the abandoned plans component of the program has increased significantly since the last update—based on application numbers, the Department now estimates that the number of plans taking advantage of the program has more than tripled (up to 330 plans/year). The Department has changed its methodology and included the burden associated with the "Safe Harbor for Distributions from Terminated Individual Account Plans" (29 CFR 2550.404a-3) as hour burden rather than cost burden, which was the primary driver of the hour burden increase and cost burden reduction.

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.

There are no plans to publish the results of this collection of information.

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

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submission," of OMB 83-I.

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.