

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

**AGENCY:** Pension Benefit Guaranty Corporation (PBGC)

**TITLE:** Annual Reporting (Form 5500 Series)

**STATUS:** OMB control number 1212-0057; expires February 28, 2023

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Annual reporting to the Internal Revenue Service (IRS), the Employee Benefits Security Administration (EBSA), and the Pension Benefit Guaranty Corporation (PBGC) is required by law for most employee benefit plans. Section 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) requires annual reporting to PBGC for pension plans covered by title IV of ERISA. To accommodate these filing requirements, IRS, EBSA, and PBGC have jointly promulgated the Form 5500 Series, which includes the Form 5500 Annual Return/Report of Employee Benefit Plan and the Form 5500-SF Short Form Annual Return/Report of Small Employee Benefit Plan. The filing instructions and the Form 5500 for plan year 2021 are nearly the same in substance as the currently approved 2020 instructions.

PBGC's changes to the 2021 Form 5500 and instructions, as compared to the already approved 2020 Form 5500 and instructions, are as follows (changes to the schedules and instructions are shown in the Appendix):

- Schedule MB: PBGC has added a new line 3(d) to the 2021 Schedule MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) and its instructions. Line 3(d) requires a multiemployer defined benefit plan to report the amount of withdrawal liability payments that it includes in its line 3(b) employer contributions. Since the 2020 Schedule MB already required this withdrawal liability to be included in the 2020 Schedule MB as an attachment, reporting the amount on line 3(d) does not create additional burden and these changes are not material.
- Schedule SB: PBGC has modified line 6, target normal cost, on the 2021 Schedule SB (Single-Employer Defined Benefit Plan Actuarial Information) and its instructions, by breaking the reporting down into lines 6(a), 6(b), and 6(c). The target normal cost is the sum of the present value of all benefits which have accrued or have been earned (or that are expected to accrue or be earned) under the plan during the plan year, increased by any plan-related expenses expected to be paid by plan assets during the plan year, and decreased by any mandatory employee contributions expected to be made during the plan year. For the 2020 Schedule SB, only the net result was reported. For the 2021 Schedule SB, the anticipated plan-related expenses will be reported separately. The target normal cost has been broken down as follows:
  - o Line 6(a) requires the plan to report the present value of current plan year accruals decreased by any mandatory employee contributions.
  - o Line 6(b) requires the plan to report anticipated plan-related expenses, and
  - o Line 6(c) requires the plan to report the sum of lines 6(a) and 6(b).

PBGC has also changed line 31(a) to make a conforming change to reflect that it is total target normal cost as reported on line 6(c). The 2020 Schedule SB referred to line 6. The changes to line 6 and line 31 do not require plans to make any new calculations. Accordingly, these changes do not create additional burden and are not material.

- Schedule SB: PBGC has modified the table in the instructions for Schedule SB, line 27, by adding a code (number nine) for community newspaper plans, as described in the SECURE Act, that use alternative funding rules during the plan year. Since plans using alternative funding rules are already required to read this instruction and select a code, this change is not material.

**Appendix - Changes to the Schedules MB, SB, and Instructions**

- **2021 Schedule MB line 3:**

**3** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	c) Amount paid employees	
			<b>Totals ▶</b>	<b>3(b)</b>		<b>3(c)</b>
<b>(d) Total withdrawal liability amounts included in line 3(b) total</b>						<b>3(d)</b>

- **Instructions to 2021 Schedule MB, line 3:**

**Line 3. Contributions Made to Plan.** Show all employer and employee contributions for the plan year. Include employer contributions made not later than 2½ months (or the later date allowed under Code section 431(c)(8) and ERISA section 304(c)(8)) after the end of the plan year. Show only contributions actually made to the plan by the date this Schedule MB is signed.

Add the amounts in both columns (b) and (c) and enter both results on the total line. All contributions must be credited toward a particular plan year.

If any of the contributions reported in line 3 include amounts owed for withdrawal liability, report in line 3(d) the total withdrawal liability amounts included in line 3(b). If a non-zero number is reported on line 3(d), attach a list of withdrawal liability payments and the dates such amounts were contributed. Label this attachment “**Schedule MB, Line 3 – Withdrawal Liability Amounts.**”

- **2021 Schedule SB, line 6:**

<b>6</b>	Target normal cost.....	
	<b>a Present value of current plan year accruals.....</b>	<b>6a</b>
	<b>b Anticipated plan-related expenses.....</b>	<b>6b</b>
	<b>c Total (line 6a plus line 6b) .....</b>	<b>6c</b>

- **Instructions to 2021 Schedule SB, line 6:**

**Line 6. Target Normal Cost.**

**Line 6a. Present Value of Current Year Accruals.** Report Enter the present value of all benefits which have been accrued or have been earned (or that are expected to accrue or to be earned) under the plan during the plan year, increased by any plan-related expenses expected to be paid from plan assets during the plan year, and decreased (but not below zero) by any mandatory employee contributions expected to be made during the plan year. Include any increase in benefits during the plan year that is a result of any actual or projected increase in compensation during the current plan year, even if that increase in benefits is with respect to benefits attributable to services performed in a preceding plan year. This amount must be calculated as of the valuation date and must generally be based on the same assumptions used to determine the funding target reported in line 3c, column (3), reflecting the

special assumptions and the loading factor for at-risk plans, if applicable. If the plan is in at-risk status for the current plan year and has been in at-risk status for fewer than five consecutive years, report the target normal cost after reflecting the transition rule provided in Code section 430(i)(5) and ERISA section 303(i)(5).

**Line 6b. Anticipated Plan-related Expenses.** Enter the aggregate amount of any plan-related expenses expected to be paid from plan assets during the plan year.

**Line 6c. Total.** Enter the sum of lines 6a and 6b.

- **Instructions to 2021 Schedule SB, line 27:**

**Line 27. Alternative Funding Rules.** If one of the alternative funding rules was used for this plan year, enter the appropriate code from the table below and follow the special instructions applicable to that code, including completion of any required attachments.

Code	Alternative Funding Rule
1	A CSEC plan that is described in Code section 414(y). This includes certain multiple-employer plans maintained by rural cooperatives and other specified cooperative organizations and certain plans maintained by more than 1 employer (determined after application of Code section 414(b) and (c)), all of which are described in Code section 501(c)(3). Do not use Code 1 for a plan that satisfies the definition of a CSEC plan that has made the election to not be treated as a CSEC plan.
2	This code, formerly used by certain plans maintained by PBGC settlements as described in section 105 of PPA, is no longer applicable and should not be used
3	Reserved
4	Plans with binding agreements with PBGC to maintain prefunding and/or funding standard carryover balances described in Code section 430(f)(4)(B)(ii) and ERISA section 303(f)(4)(B)(ii)
5	This code, formerly used by airlines using 10-year amortization period for initial post-PPA shortfall amortization base under section 402(a)(2) of PPA (as amended), is no longer applicable and should not be used.
6	Airlines with frozen plans using alternative 17-year funding schedule under section 402(a)(1) of PPA
7	Interstate transit company described in section 115 of PPA
8	This code, formerly used by a plan subject to section 104 of PPA (as amended) that is not a CSEC plan, is no longer applicable and should not be used.
9	The code is to be used for the Community Newspaper plan and plans within the controlled group, as described in SECURE Act section 115.

**Special Instructions for codes 1 through 89**

- **2021 Schedule SB, line 31:**

**31** Target normal cost and excess assets (see instructions):

<b>a</b> Target normal cost (line 6c).....	<b>31a</b>	
<b>b</b> Excess assets, if applicable, but not greater than line 31a .....	<b>31b</b>	

- **Instructions to 2021 Schedule SB, line 31:**

**Line 31a. Target Normal Cost (line 6c).** Enter the target normal cost as reported in line 6c.