Watson Wyatt Worldwide

April 18, 2008

RIN 1212-AB01
Legislative and Regulatory Department,
Pension Benefit Guaranty Corporation
1200 K Street, NW.
Washington, DC 20005-4026

Dear Sir or Madam:

This letter is the response of Watson Wyatt Worldwide to Proposed amendments to PBGC's regulation on Annual Financial and Actuarial Information Reporting released in the Federal Register on February 20, 2008. Watson Wyatt Worldwide is a global human capital and financial management consulting firm specializing in employee benefits, human capital strategies, and technology solutions. Founded in 1878 as an actuarial consulting firm, Watson Wyatt combines human capital and financial expertise to deliver business solutions that drive shareholder value. Watson Wyatt employs approximately 7,000 associates on a worldwide basis; with about 350 being Enrolled Actuaries under ERISA. As the company's Resource Actuary in the United States, I have prepared our response with input from others in the firm.

We appreciate the opportunity to comment on the proposed regulations. The subject matter is very complicated, and we believe that most of the provisions are well considered. We do have a concern about the potential for one or more small plans within a controlled group triggering a filing for the entire controlled group. Our recommendation is expressed below.

1. We would like to propose one more circumstance where the PBGC should waive filing under ERISA §4010. The technical explanation of PPA 2006 prepared by the Staff of the Joint Committee on Taxation stated, "it is intended that the PBGC may waive the requirement [for reporting under ERISA section 4010 based upon the 80% Funded Gateway Test] in appropriate circumstances, such as in the case of small plans." Under the proposed amendments, PBGC will generally waive reporting for a controlled group if the aggregate plan underfunding does not exceed $15 million. Further, under the "Exempt Plan" rules, reporting of actuarial information will not be required for plans with fewer than 500 participants. Under the rules as proposed, it would therefore be possible for one or more small exempt plans to trigger filing for the entire controlled group under the 80% Funded Gateway Test even though all the other non-exempt plans in the controlled group pass the 80% Funded Gateway Test and the particular planes) that

Watson Wyatt & Company
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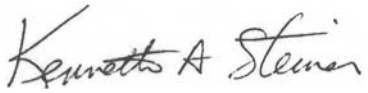
failed the test would not even be required to provide actuarial information. We believe that the PBGC should waive the filing requirements for the controlled group if the only plans failing the 80% Funded Gateway Test would otherwise be exempt from filing under the 500 participant rule.

Thank you for this opportunity to comment on the proposed revisions. If your staff has any questions concerning this comment, please contact me directly at (703) 258-7626.

Sincerely,



Kenneth A Steiner, F.S.A.
Resource Actuary

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April 21, 2008

Submitted electronically via the Federal eRulemaking Portal at www.regulations.gov

RIN: 1212-AB01
Legislative and Regulatory Department
Pension Benefit Guaranty Corporation
1200 K Street, NW
Washington, DC 20005-4026

Dear Sir or Madam:

Subject: Comment Letter Regarding Proposed Rule under ERISA Section 4010 (RIN 1212-AB01)

Hewitt Associates, LLC (Hewitt) appreciates the opportunity to submit comments on the proposed rule to amend the Pension Benefit Guaranty Corporation's (PBGC's) regulation on Annual Financial and Actuarial Information Reporting under ERISA Section 4010 to implement the provisions of the Pension Protection Act of 2006 (PPA).

Hewitt (www.hewitt.com) is a leading global provider of human resources outsourcing and consulting services. Hewitt consults with more than 3,000 large and mid-sized companies, providing actuarial, administrative, and other services. Hewitt is one of the largest providers of retirement plan services in the country.

The following are our comments on the proposed rule, organized according to the various sections of the proposed rule.

§4010.5(d) Special Rules for Certain Plan Years

The proposed rule requires that if a plan maintained by the members of the contributing sponsor's controlled group has two plan years that end in the information year or no plan years that end in the information year, the last plan year ending on or immediately before the end of the information year is deemed to be the plan year ending within the information year.

This section should be clarified to apply only to plans maintained as of the end of the information year and hence exclude plans no longer maintained by the contributing sponsor or controlled group.

In addition, this section should be expanded to provide guidance in certain spin-off situations. For example, suppose a controlled group has a calendar year information year and calendar year plans. Plan A spins off a new plan, Plan B, effective as of December 1, 2008, but Plan B remains in the controlled group. Plan B has a short year from December 1,2008 to December 31,2008. As of the end of the information year (December 31, 2008), there are two plans each ending within the information year (Plan A and Plan B). The current rule would require determining the 80% Gateway Test as of the valuation date for each plan. But, the valuation date for Plan A (January 1) includes Plan B. The final rule should clarify that Plan B is not tested separately for the 80% Gateway Test or the $15 million waiver if the liability and assets are included in Plan A.

§4010.8(d) Value of Benefit Liabilities

The proposed rule allows for the use of preretirement decrements other than mortality provided such assumptions are the same as those used to determine the minimum required contribution. The rule should clarify whether all preretirement decrements must be used if choosing to reflect preretirement decrements or if only selected assumptions need be used. For example, assume a plan has both termination and disability decrements and the actuary will reflect preretirement decrements for §4010 benefit liability calculation purposes. Must both the termination and disability decrements be reflected or could just the termination or just the disability decrement be reflected? Since some disability benefits commence immediately, would this require a separate expected retirement age (XRA) determination for the disability decrement? If the rules were to provide a choice of preretirement decrements to include (e.g., only including the termination decrement), any complications of a disability XRA could be avoided.

Also, for certain plans, a clear distinction between termination and retirement decrements may not exist (e.g., for hybrid plans where the benefit is the same regardless of whether an employee terminates or retires). This section of the rules could clarify that all retirement or termination decrements occurring on or after the "PBGC Earliest Retirement Age" are deemed to be retirements and thus use XRA whereas retirements or terminations occurring prior to the "PBGC Earliest Retirement Age" are deemed to be preretirement terminations.

§4010.11 Waivers, Extensions, and Exclusions

Aggregate Underfunding Not in Excess of $15 Million

The waiver for aggregate underfunding should be set at a higher amount than $15 million. Since the Section 4010 funding shortfall includes all accrued benefits rather than only vested benefits, the decrease from a $50 million "Gateway" under the rules prior to the **PPA** and this $15 million dollar threshold is significant. Controlled groups with large plans which are nearly fully-funded would need to report to the PBGC if a very small plan were poorly funded (i.e., under 80%). And, in such cases, information regarding the small plan may not even need to be reported to the PBGC (if the plan had fewer than 500 participants and had less than $15 million in underfunding).

While this situation could occur in any controlled group that maintains plans of various sizes, this situation could be most significant when a controlled group acquires a company with a small underfunded plan. While the existing plans of the controlled group may have been well-funded historically, the newly acquired plan may be less than 80% funded. And, there may not be time to significantly fund the newly acquired plan. In fact, under the proposed rule, if the acquisition occurs after the due date of the final contribution for the prior plan year, a contribution to the plan cannot be made to fund the plan and avoid reporting under §4010. This would force some controlled groups into reporting without the ability to rectify the situation. A larger threshold for the waiver would help this situation. In addition, we suggest a waiver of reporting due solely to the acquisition of a new plan that meets the small plan reporting waiver requirement. At a minimum, plans acquired within the information year but after the last day in which to contribute to the plan for the prior plan year should be excluded from the 80% Gateway Test and Section 4010 funding shortfall amounts.

Reduced Reporting for Multiple Employer Plans

The multiple employer plan waivers should be expanded and clarified. The proposed rule waives reporting for a contributing sponsor of a multiple employer plan if the sponsor does not have any other plans and at least one of the multiple employer plan's contributing sponsors provides a timely filing under §401 0
(§401 0.11 (d)(1)).

This waiver should be expanded to contributing sponsors not required to report under §401 0 disregarding the multiple employer plan. This waiver is needed in several situations. For example, assume contributing Sponsor A does not sponsor any other plans and the multiple employer plan is less than 80% funded with a funding shortfall in excess of $15 million. Also assume that all plans of the only other contributing sponsor, B, are more than 80% funded. Under the new rule, reporting for A is waived as long the contributing Sponsor B reports under §401 O. But, Sponsor B does not need to report based on the funded status of the other plans maintained by Sponsor B. Which sponsor should thus report to the PBGC under §401 O? Coordination of financial information across'two or more controlled groups is difficult.

As a second example, suppose Sponsor B also maintains no other plans. Which contributing sponsor has the reporting obligation?

In order to lessen these problems for "small" plan sponsors, a de minimis test should be added for multiple employer plans. Reporting should be waived for any contributing sponsor whose allocated funding target is less than a specified percentage (such as 2% or 5%) of the total multiple employer plan's funding target. For example, a multiple employer plan has a funding target attainment percentage that is less than 80% and is not eligible for the $15 million waiver. The funding target allocated to contributing Sponsor A is $100 million of the multiple employer plan's funding target of $102 million, or 98%. Sponsor A also sponsors other defined benefit plans each with a funding target attainment percentage over 80%. Since Sponsor A is more than 2% of the total funding target of the multiple employer plan, Sponsor A is required to report under §4010. Sponsor B is also a contributing sponsor of the multiple employer plan but B's funding target is less than 2%. Since Sponsor B is a de minimis contributing sponsor of a multiple employer plan, the FTAP and Funding Shortfall of the multiple employer plan are disregarded in determining Sponsor B's reporting obligation under §401 O.

Finally, §4010.11 (d)(1)(iii) requires that the filing contain financial information on the ten largest contributing sponsors. Since one or more of those ten contributing sponsors may not be part of the filer's controlled group, the financial information required may not be available. And, such requirement appears to contradict the new rule under §401 0.9(f) which provides that one contributing sponsor need not provide financial information for another contributing sponsor that is not a member of their controlled group. §401 0.11 (d)(1)(iii) should be clarified so no contributing sponsor need ever provide financial information regarding another employer.

Closing

We appreciate your consideration of these comments as you prepare the final rule. Please contact the undersigned at the telephone number or electronic mail address provided below if you have any questions about these comments.

Sincerely,

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TOWERS PERRIN

April 24, 2008

Legislative and Regulatory Department
Pension Benefit Guaranty Corporation
1200 K Street, NW
Washington, D.C. 20005-4026

RIN 1212-AB01

RE: Comments on Proposed Regulations on Reporting under ERISA Section 4010

Dear Sirs and Mesdames:

We are writing on behalf of our firm, Towers Perrin, to submit comments in response to your request, published in the Federal Register February 20, 2008, regarding proposed regulations (hereafter referred to as the "Regulations") on Annual Financial and Actuarial Information Reporting under ERISA section 4010, as modified by the Pension Protection Act of 2006. Our comments are set forth below.

Towers Perrin is a global professional services firm that helps organizations around the world optimize performance through effective people, risk and financial management. The firm has served large organizations in both the private and public sectors for over 70 years. Our clients include approximately three-quarters of the world's 500 largest companies and three-quarters of the Fortune 1000 U.S. companies.

The Human Capital business of Towers Perrin provides global human resource consulting and related services that help organizations effectively manage their investment in people. We offer clients actuarial and related consulting services in areas such as employment benefits, compensation, communication, change management, employee research and the delivery of HR services. We are grateful for this opportunity to comment.

* * * * * * *

The Regulations would provide needed guidance regarding the changes made by PPA in the 4010 reporting rules in the Pension Protection Act of 2006 (PPA), and we generally support them. We think that plan sponsors and their service providers will particularly welcome the timing approach that is taken, with the "gateway test" based on the regular funding valuations performed most typically at the beginning of the plan year ending with or within the 4010 information year. We believe that this approach will allow

sponsors to determine well in advance of the filing deadline whether or not the reporting requirement applies to them and if so, make preparations for the collection of the necessary filing information.

We also strongly support the concept of waiving reporting requirements for controlled groups whose aggregate "4010 funding shortfall" does not exceed a specified amount. This type of provision will reduce the filing burden on plan sponsors and the information processing burden on the PBGC without significantly reducing the PBGC's ability to measure and monitor its potential risks.

However, we question whether this waiver provision goes far enough. The $15 million threshold proposed for this waiver seems low and will not effectively minimize the filing burden for many controlled groups with large numbers of plans that do not pose a substantial risk to the PBGC. For example, a controlled group may have several small plans that are less than 80% funded and one or more very large but essentially well: funded plans with 90% or 95% funded ratios but more than $15 million of aggregate funding shortfall simply because of their size. Such a controlled group would be required to report, even though its plans do not seem to present substantial levels of potential risk to the guaranty system. Were the small plans not present, this controlled group would not need to report regardless of the dollar amount of funding shortfall because its plans were well funded on a percentage basis.

We suggest that this concept of percentage testing be extended to the waiver process. This can be done by eliminating plans that are funded at or above a certain level, such as 90%, from consideration in the $15 million waiver test. In addition, we would suggest that the $15 million threshold be set at a higher level. We believe that this approach would still provide the PBGC with the information necessary to adequately assess its risks but would eliminate many unnecessary filings which create a burden to plan sponsors and provide little important information to the PBGC.

Regardless of the specific thresholds for this waiver, we strongly support its use of asset values without subtracting funding standard carryover balances and prefunding balances.

* * * * * * *

We thank you again for this opportunity to provide our input on the Regulations. If you have any specific questions or would like more information, please contact either of us as shown below. Thank you for your consideration of our comments.

Sincerely,

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Jim Stinchcomb, F.S.A. Director of
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Principal Financial Group

Principal Life
Insurance Company

April 21, 2008

Legislative and Regulatory Department
Pension Benefit Guaranty Corporation
1200 K Street, NW
Washington DC 20005-4026

RE: RIN 1212-AB01

Dear Sir/Madam:

I'm writing on behalf of the 26 enrolled actuaries at the Principal Financial Group. We provide actuarial services for over 1000 defined benefit plans. We have the following comments concerning the proposed regulations for "Annual Financial and Actuarial Information Reporting; Pension Protection Act of 2006".

In general, we feel that the proposed regulation is reasonable and not overly burdensome to plan sponsors or administrators, although we do have several recommendations to further streamline the reporting process.

The use of the funding target attainment percentage as of the valuation date for the 80% Funded Gateway Test is a sensible use of a readily available measurement. The elimination of the old $50 million in unfunded test and the addition of the reporting waiver rules for controlled groups with less than $15 million in unfunded liability helps to limit the reporting requirements to only those plans that may actually pose a risk of significant loss to the PBGC.

We believe that permitting measurement of other items as of the valuation date within the information year could further streamline the reporting process. The split between items reported as of the valuation date and items reported as of the end of the information year is a potential source for confusion among sponsors and administrators.

We understand the desire for the PBGC to have the 4010 liability calculated at the end of the information year. Since 4010 liability calculations require significant, additional work in any case, we are indifferent on the measurement date for this item. However, we recommend that other items that are easily obtained from annual valuation work be measured at the valuation date. In particular, these are:

- Headcount for purposes of determining the 500 participant exemption for reporting of actuarial information.
- Funding target of the plan using at-risk assumptions in the reporting requirements.

Note that measuring the headcount at the valuation date would actually bring consistency to the new two-pronged actuarial information exemption test since the newly added funding shortfall prong is measured at the valuation date. Also, measuring the at-risk liabilities at the valuation date would align this reporting requirement with the funding target attainment percentage.

We appreciate the clarification of the use of future service in determination of the earliest, unreduced and expected retirement ages, as well as the reduced reporting for multiple employer plans.

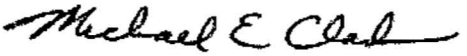
Regarding the transition rules, we would prefer that the asset not be reduced by the credit balance for plans with gross assets equal to at least 90% of current liability measured at the highest allowable interest rate. It does not seem appropriate or necessary to require reporting from sponsors of well funded plans with large credit balances that they were unable to waive at the time of the valuation. Also, adopting the approach used by Treasury would allow administrators to use one measurement for 2007 AFTAP reporting and the 80% Funded Gateway Test.

Please provide guidance as to whether an employer may exclude plans of an employer covered by a Qualified Separate Line of Business (QSLOB) filing for purposes of determining whether a 4010 filing is required.

We would appreciate your response to several examples we have attached to clarify our understanding of the small plan actuarial information exemption rules.

Thank you for the opportunity to comment on this proposed regulation.

Sincerely,



Michael E. Clark, ASA, EA, MAAA
Consulting Actuary
Principal Financial Group

Enclosure
Sent via e-mail to reg.comments@pbgc.gov

Examples to clarify our understanding of the small plan actuarial exemption rules

Example I:
Plan A and Plan B comprise a controlled group
Plan A has more than 500 lives, a FTAP greater than 80%, and a 4010 Shortfall of $2 million
Plan B has fewer than 500 lives, a FTAP less than 80%, and a 4010 Shortfall of $14 million.
Plan B has met all minimum funding deadlines.
There are no outstanding waivers or ERISA liens.

The 80% FTAP test fails as Plan B is less than 80%
The $15 million controlled group 4010 Shortfall fails as the sum of the 4010 shortfalls is larger than $15 million.

Based on our interpretation – Both plans have to file under 4010, and Plan B meets the small plan exemption for providing actuarial information.

Example II:
Plan A and Plan B comprise a controlled group
Plan A has fewer than 500 lives, a FTAP less than 80%, and a 4010 Shortfall of $12 million
Plan B has fewer than 500 lives, a FTAP less than 80%, and a 4010 Shortfall of $14 million.
Plana A and B have met all minimum funding deadlines.
There are no outstanding waivers or ERISA liens.

The 80% FTAP test fails as Plans A and B are less than 80%
The $15 million controlled group 4010 Shortfall fails as the sum of the 4010 shortfalls is larger than $15 million.

Based on our interpretation – Both plans have to file under 4010, and both plans meet the small plan exemption and do not need to include actuarial information.

Example III:
Plan A and Plan B comprise a controlled group
Plan A has more than 500 lives, a FTAP greater than 80%, and a 4010 Shortfall of $2 million
Plan B has fewer than 500 lives, a FTAP less than 80%, and a 4010 Shortfall of $10 million.
There are no outstanding waivers or ERISA liens.

Based on our interpretation -- The 80% FTAP test fails as Plan B is less than 80%. However, both plans are exempt from all parts of the filing due to a total 4010 shortfall less than $15 million.

We request examples to be included in this section of the Final Regulations that clarify these situations.