



Financial Security...for Life.

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**Submitted Electronically**

November 24, 2014

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

**RE: Proposed Changes to Information Collected in Premium Filings**

Dear Sir or Madam:

On behalf of the American Council of Life Insurers (“ACLI”), we write in response to the Pension Benefit Guaranty Corporation (“PBGC”) Notice of intention to request OMB approval of revised collection of information, published in the Federal Register on September 23, 2014 (the “Proposal”). In the Proposal, PBGC solicits public comment on proposed changes to the 2015 filing procedures and instructions to collect information on pension derisking actions. In addition to the Notice in the Federal Register, we also base our comments on the 2015 draft PBGC Comprehensive Filing Instructions (the “Draft Instructions”).

ACLI represents more than 300 legal reserve life insurer and fraternal benefit society member companies operating in the United States. These member companies represent over 90% of the assets and premiums of the U.S. life insurance and annuity industry. ACLI member companies offer insurance contracts and other investment products and services to qualified retirement plans, including both defined benefit pension and 401(k) arrangements, and to individuals through individual retirement arrangements (IRAs) or on a non-qualified basis. ACLI member companies also are employer sponsors of retirement plans for their own employees.

According to the Proposal, PBGC intends to revise the filing procedures to “[r]equire reporting of certain undertakings to cash out or annuitize benefits for a specified group of former employees”. Under the Proposal, PBGC would also “[c]hange certain premium declaration certification procedures” with a goal of “greater uniformity among the procedures applicable to different filing methods.” This proposal should not be implemented without additional explanation to address the increased burden it would place on plan sponsors and providers.

### Reporting on “Certain Undertakings”

It is not clear from the Proposal (specifically, from the words “certain undertakings”) on which transactions the PBGC plans to collect information. We note that it appears from a review of the Draft Instructions that PBGC’s intent is to limit the collection to information on actions that were completed at least thirty days before the premium filing is made. Note that any requirement to report transactions that have not yet commenced or have not yet been completed would be particularly problematic.

### Certification Procedures

PBGC permits service providers to use private-sector software to prepare the premium filings and then upload the filings to the PBGC’s electronic system (My PAA). Under current rules, a service provider often will use its own software to prepare the filing for a plan, then upload it into My PAA, and then have the plan administrator certify the filing once it is uploaded into My PAA. The Proposal, as described in the Draft Instructions, would no longer permit this practice, and would require plan administrators to certify a hard copy of the filing before the service provider uploads the filing to My PAA. This requirement would be burdensome and impractical and will lead to delays in filings being submitted and could potentially lead to late filings, or the necessity for amended filings. After the filing is uploaded, the Draft Instructions would also require the generated confirmation number to be recorded on the certified paper copies of uploaded filings. This requirement will also create an additional unnecessary burden on the service providers who use private software and upload to My PAA to submit PBGC premium filings, particularly for service providers who submit large volumes of filings.

### Benefit versus Burden

It is not clear to ACLI that the Proposal, if adopted, would improve the quality, utility, or clarity of the information being collected. If the PBGC instead were to clarify the instructions around the participant count changes they implemented for 2014 and track those numbers along with the assets and liabilities in the plan from year to year, PBGC could determine the same information on derisking transactions. The Proposal does not describe a benefit to collecting this information or to changing the certification requirements. In the Proposal, PBGC estimates that the changes will have an annual cost of \$53,200,000 and will require 8,000 hours. While the extra time burden may not seem that significant, the \$53 million does seem significant when distributed among 25,700 plans (\$2,062 per plan).

### Potential Harm to Defined Benefit Plan System

While this Proposal does not in any way directly limit a plan sponsor’s right to derisk its pension plan, it does represent another change to required reporting and filings without evidence as to how this would benefit plan participants, sponsors, or PBGC. Generally, plan sponsors who derisk are acting on their need to reduce the impact of the volatility of their pension plan obligations on their financial statements and in their funding requirements. In addition, sponsors look to purchase annuities to realize insurance company expertise, efficiency, and the safety it brings to their participants. As sponsors continue to have additional and potentially unnecessary burdens added to reporting requirements, this may reinforce an inclination towards terminating defined benefit plans.

The PBGC should not place this additional financial burden on plan sponsors directly or indirectly until they provide enough details to demonstrate that these changes are needed, and the use to which the new information would be put.

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On behalf of the ACLI member companies, thank you for consideration of these comments. We welcome the opportunity to discuss them with the PBGC.

Sincerely,



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