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To: [RegComments](#)
Subject: Regulatory Review
Date: Saturday, August 26, 2017 5:48:53 PM

I would like to submit the following ideas for your consideration on behalf of Principal, a leading provider of defined benefit (DB) services, providing services for over 2,200 clients, actuarial services for 675 DB plans, and complete plan termination services.

We appreciate the opportunity to offer comments on PBGC regulations and forms that could be amended to reduce regulatory burdens. The table below summarizes areas we would recommend for your consideration:

Topic: 4010 & CSEC plans	<p>Regulation or Form reference: 4010.8(h), 4010 directions online</p> <p>Change Please clarify the 4010 testing requirements for CSEC plans. The regulation says:</p> <p style="padding-left: 40px;">In the case of a plan year for which a plan is subject to the Cooperative and Small Employer Charity Pension Flexibility Act, Public Law 113-97, dealing with certain defined benefit pension plans maintained by more than one employer, the plan must meet the requirements in connection with the actuarial valuation report in accordance with instructions on PBGC's Web site, http://www.pbgc.gov.</p> <p>The 4010 filing directions direct us to call you once we know we need to report, but say nothing about the testing.</p> <p>We would suggest an alternative to developing the PPA basis for 4010 testing of CSEC plans:</p> <ol style="list-style-type: none">1- Use the PBGC premium liability for testing the 80% and the shortfall.2- Use either the market value or the CSEC funding assets (applied consistently)3- Use the same value of contributions made after the end of the plan year as are used for CSEC funding determinations. <p>Cost savings/ other benefits Each year, we develop PPA asset smoothing, contribution discounting, and 24-month average interest rate liability determinations only for the purpose of 4010 testing for our CSEC plans. This adds significant complexity and administrative burden for these plans, by requiring another complete set of asset and liability calculations not otherwise needed for the plan.</p>
Topic: 4010 reporting – data input	<p>Regulation or Form reference: PBGC e-Filing Portal</p> <p>Change Please update the portal to allow a user to upload an Excel sheet containing company identifying information, and ideally the basic financial pieces</p>

required.

Cost savings/ other benefits Providing a data layout and allowing the information to be uploaded would save significant time. With new companies triggering the reporting requirement, this is a concern for the mid-sized plan, especially when they are part of a very large controlled group. This spring we had one plan sponsor reporting for the first time: nine separate fields were copy/pasted from excel into the Identifying information section for each of the 250+ non-exempt controlled group members.

Topic: 4010 reporting – data input

Regulation or Form reference: PBGC e-Filing Portal

Change Please update the portal to allow sorting of the identifying company information.

Cost savings/ other benefits The entries are shown in the order they are entered. If an edit needs to be made in future years, the user must scroll through the list to find the company. Future additions to the controlled group list would be added at the end, further complicating the process.

Topic: Electronic signatures

Regulation or Form reference: all forms signed by plan sponsors and enrolled actuaries except Form 200

Change Please allow either electronic signatures or scanned versions of signatures. Plan termination filings especially are still required to include wet signatures rather than electronic.

Cost savings/ other benefits Time savings and convenience, as well as postage would be saved with each filing prepared. In an era where almost everything can be handled electronically, forcing a wet signature on a filing and sending it through the mail or some other delivery service seems very anachronistic and does not seem to add significant value to the process. Allowing a plan sponsor or actuary to sign the form and then provide it electronically to the person preparing the filing for mail delivery would be a much simpler approach than the current procedure.

Topic: Reportable events – small missed quarterly contributions

Regulation or Form reference: Form 10 4043.25

Change Please adjust the Form 10 reporting requirement for plans with more than 100 lives for contributions under \$1 million to 120 days late instead of the current 30 days late.

Cost savings/ other benefits In our experience, especially for smaller plans, the missed quarterly is due to an oversight in the plan sponsor's office. The failure is identified at the time the next quarterly is due and the contribution is typically

made at that time.

The proposed change would save the cost and hassle of the Form 10 filing for the sponsor (including the administrative and financial costs of a late filing), while still leaving in place the current ERISA protection to notify plan participants of any contributions made more than 60 days late.

Topic: Regulation or Form reference: Form 10 4043.23, 4043.25, 4043.29, 4043.31, 4043.32
Reportable events – small plan waivers **Change** Please adjust the Form 10 reporting size waiver from 100 lives to a higher level, for example 250 or 500 lives.

Cost savings/ other benefits Small organizations do not typically have the staff in place to monitor situations for PBGC reporting. Nor is their staff familiar with the rules and verifications needed to determine if they meet any reporting waivers. Neither do they typically pose a significant threat to PBGC's solvency. Raising the threshold for a small plan waiver would reduce the number of insignificant situations reported (or not timely reported, with the accompanying fines and penalties).

If you have any questions about these ideas, we would be glad to discuss them with you.

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