



475 N. Martingale Road, Suite 600
Schaumburg, IL 60173
P +1-847-706-3500
F +1-847-706-3599
SOA.ORG

October 3, 2016

Sent by email to e-ORI@dol.gov

Office of Regulations and Interpretations
Employee Benefits Security Administration
Annual Reporting and Disclosure
Room N-5655
U.S. Department of Labor
200 Constitution Avenue NW
Washington, DC 20210

Dear Madam or Sir:

Subject: RIN 1210–AB63
Proposed Revision of Annual Information Return/Reports

The following are comments regarding the proposed revisions to Annual Return/Report of Employee Benefit Plan (Form 5500) as published in the Federal Register on July 21, 2016, by the Department of Labor, Department of Treasury and Pension Benefit Guaranty Corporation.

Part of the Society of Actuaries' work is research to inform public policy development and public understanding. The SOA aspires to be a trusted source of objective, data-driven research and analysis with an actuarial perspective for its members, industry, policymakers and the public.

We regularly conduct research and analysis using the Form 5500 data sets that your agency makes publicly available, including projections of actuarial information into the future. Our comments on the proposed revisions to Form 5500 are from the perspective of researchers seeking to improve the quality of our research and analysis while limiting the burden of reporting changes on plan sponsors. We present our comments according to the relevant line items of the forms.

Schedule MB Line 8 and Schedule SB Lines 29–30: We strongly support the addition of this information as in a mineable format as well as moving the existing information from attachments that cannot be mined to a mineable format. All of these data elements will improve the efficiency and accuracy of projecting actuarial information into the future, but only to the extent that they are mineable.

Schedule MB Line 3: We strongly support the separate identification of withdrawal liability payments from ongoing employer contributions, which will facilitate understanding withdrawal liabilities, their repayment and the associate risks to the multiemployer pension system. It will also enable projecting actuarial information into the future more efficiently and effectively.

Schedule SB Line 6: We strongly support differentiation between benefit-related normal cost and plan-related expenses for single employer defined benefit plans, which will significantly improve the ability to assess risks associated with plan liabilities and to project actuarial information into the future. We

respectfully request a similar differential for multiemployer defined benefit plans in **Schedule MB Lines 1c and 9b**.

Schedule MB Line 4b: For affected multiemployer pension plans, funding improvement or rehabilitation plans are integral to understanding the risks facing the multiemployer pension system and to projecting affected pension plans' future liabilities and costs. We support their inclusion with the filing. However, in order to enable efficient and effective reflection of them, we request that as much as possible of the funding improvement and rehabilitation plans be provided in a format that is mineable.

Suggested Further Additions

Section 3.7 of the June 2016 second exposure draft of *Actuarial Standard of Practice on Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*, published by the Actuarial Standards Board and available here:

<http://www.actuarialstandardsboard.org/asops/modeling-second-exposure-draft/>, recommends assessing plan maturity in order to understand the risks associated with a plan. In order to better assess maturity of the multiemployer and single employer pension systems, and to more effectively project plan-level actuarial information into the future, we request addition of the following items to Schedules MB and SB.

- For pay-related plans, the total pay used for valuing active participants—this is an item that is critical to understanding actuarial valuation results and therefore is automatically or very easily part of standard output from most modern pension actuarial valuation software.
- Duration of each actuarial accrued liability reported—this item is important to understanding the maturity of a pension plan, which plays a key role in setting actuarial assumptions. It is readily available as an output item from most modern pension actuarial valuation software.

In addition, we reiterate the Government Accountability Office recommendation to create a central repository of plan information reported in various forms across various government agencies. A central repository would enable research that reflects broader perspectives, which would better inform policymakers and help to limit unintended consequences of potential policy changes.

Thank you for the opportunity to comment on these proposals, and thank you for considering these comments. If you have any questions or would like to discuss these comments further, please do not hesitate to contact us.

Sincerely,



Lisa Schilling, FSA, EA, FCA, MAAA
Retirement Research Actuary



R. Dale Hall, FSA, CERA, CFA, MAAA
Managing Director of Research