

## Notice of Proposed Rulemaking

## Notice of Significant Reduction in the Rate of Future Benefit Accrual

EE-34-95

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking by cross-reference to temporary regulations.

SUMMARY: In \*\*\* [T.D. 8631, page 7, this Bulletin], the Federal Register, the IRS is issuing temporary regulations relating to the requirements of section 204(h) of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Section 204(h) of ERISA applies to defined benefit plans and to individual account plans that are subject to the funding standards of section 302 of ERISA. It requires the plan administrator to give notice of certain plan amendments to participants in the plan and certain other parties. The text of those temporary regulations also serves as the text of these proposed regulations.

DATES: Written comments must be received by March 14, 1996.

ADDRESSES: Send submissions to CC:DOM:CORP:R (EE-34-95), Room 5228, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. In the alternative, submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to CC:DOM:CORP:R (EE-34-95), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW., Washington DC.

FOR FURTHER INFORMATION CONTACT: Betty J. Clary, (202) 622-6070 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

### *Paperwork Reduction Act*

The collection of information contained in this notice of proposed rulemaking has been submitted to the Office of Management and Budget for

review in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507).

Comments on the collection of information should be sent to the Office of Management and Budget, Attn: Desk Officer for the Department of Treasury, Office of Information and Regulatory Affairs, Washington DC 20503, with copies to the Internal Revenue Service, Attn: IRS Reports Clearance Officer, T:FP, Washington, DC 20224. Comments on the collection of information should be received by February 13, 1996.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

The collection of information is in § 1.411(d)-6T which implements the statutory requirement of section 204(h) of ERISA that a plan administrator provide notice to participants and certain other parties if certain pension plans are amended to provide for a significant reduction in the rate of future benefit accrual. This collection of information is required to assure that the rights of participants in plans subject to section 204(h) of ERISA are protected. The likely respondents are small businesses. Responses to this collection of information are required under section 204(h) of ERISA in order for certain amendments to qualified plans to become effective.

These regulations do not involve any issues of confidentiality.

Estimated total annual reporting burden: 15,000 hours.

The estimated annual burden per respondent varies from 1 hour to 40 hours, depending on individual circumstances, with an estimated average of 5 hours.

Estimated number of respondents: 3,000.

Estimated annual frequency of responses: Once.

### *Background*

Temporary regulations in \*\*\* [T.D. 8631, page 7, this Bulletin] amend the Income Tax Regulations (26 CFR part 1) (relating to section 411(d)). The text of those temporary regulations also

serves as the text of these proposed regulations. The preamble to the temporary regulations explains the temporary regulations.

### *Special Analyses*

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) and the Regulatory Flexibility Act (5 U.S.C. chapter 6) do not apply to these regulations, and, therefore, a Regulatory Flexibility Analysis is not required. Pursuant to section 7805(f) of the Internal Revenue Code, the notice of proposed rulemaking will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

### *Comments and Requests for a Public Hearing*

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments (a signed original and eight (8) copies) that are submitted timely to the IRS. All comments will be available for public inspection and copying. A public hearing may be scheduled if requested in writing by a person that timely submits written comments. If a public hearing is scheduled, notice of the date, time, and place for the hearing will be published in the Federal Register.

### *Drafting Information*

The principal author of these regulations is Betty J. Clary, Office of the Associate Chief Counsel (Employee Benefits and Exempt Organizations), IRS. However, other personnel from the IRS and Treasury Department participated in their development.

### *List of Subjects in 26 CFR Part 1*

Income taxes, Reporting and record-keeping requirements.

*Proposed Amendments to the  
Regulations*

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

**PART 1—INCOME TAXES**

Paragraph 1. The authority citation for part 1 continues to read, in part, as follows:

Authority: 26 U.S.C. 7805. \* \* \*

Section 1.411(d)-6 also issued under Reorganization Plan No. 4 of 1978, 29 U.S.C. 1001nt. \* \* \*

Par. 2. Section 1.411(d)-6 is added to read as follows:

*§ 1.411(d)-6 Section 204(h) notice.*

[The text of this proposed section is the same as the text of § 1.411(d)-6T published elsewhere in \*\*\* [T.D. 8631, page 7, this Bulletin].]

Margaret Milner Richardson,  
*Commissioner of  
Internal Revenue.*

(Filed by the Office of the Federal Register on December 12, 1995, 1:23 p.m., and published in the issue of the Federal Register for December 15, 1995, 60 F.R. 64401)