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REPORT BY THE U.S.

General Accounting Office

Multiemployer Pension Plan Data Are Inaccurate And Incomplete

The Multiemployer Pension Plan Amendments Act of 1980 made major changes to the Employee Retirement Income Security Act. The Internal Revenue Service and the Pension Benefit Guaranty Corporation are primarily responsible for administering and enforcing the amendments, and they need complete and accurate data. Multiemployer plans are required to report annually to these agencies.

There is no assurance that all multiemployer plans are reporting as required and, when they do report, data are often missing or inaccurate. In an October 1981 report, GAO pointed out that these same conditions generally existed for data required to be reported by all types of pension plans. This report discusses the continued need for data management improvements.

Officials of the two agencies told GAO that they would continue efforts to improve data management.

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OCTOBER 25, 1982

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WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

B-209057

The Honorable Robert J. Dole
Chairman, Senate Committee on Finance

The Honorable Orrin G. Hatch
Chairman, Senate Committee on Labor
and Human Resources

The Honorable Carl D. Perkins
Chairman, House Committee on Education
and Labor

The Honorable Daniel Rostenkowski
Chairman, House Committee on Ways and Means

The Multiemployer Pension Plan Amendments Act of 1980 made major changes to the funding and benefit guaranty program provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The 1980 Act requires GAO to study the effects of the amendments and coordinate its study with your Committees. In this regard, some of your offices have expressed an interest in information on multiemployer pension plans.

Because of the need for accurate and complete data on multiemployer plans to effectively administer and enforce ERISA, we examined the adequacy of the data reported annually to the Internal Revenue Service (IRS) and the Pension Benefit Guaranty Corporation (PBGC).

We found that (1) there is no assurance that all multiemployer plans are reporting as required and (2) when they do report, data are often missing or inaccurate. In a previous report, 1/ we pointed out that the same conditions generally existed for all types of pension plans.

Our findings on multiemployer plan information show the continued need for data management improvements, as discussed in our previous report, if ERISA provisions are to be effectively administered and enforced.

1/"Better Management of Private Pension Plan Data Can Reduce Costs and Improve ERISA Administration" (HRD-82-12, Oct. 19, 1981). A copy of the digest of the report is included as appendix I.

IRS and PBGC officials told us that they would continue efforts to improve data management, including the implementation of recommendations made in our previous report.

BACKGROUND

Pension benefits are promised to millions of workers and their beneficiaries by single employer and multiemployer defined benefit pension plans. 1/ 2/ The Congress has long been concerned about the ability of these plans to pay the benefits promised. To address this concern, ERISA, as part of a comprehensive approach to regulating the design and operation of all types of private pension plans, increased defined benefit plan funding requirements and established insurance programs to guarantee payment of certain benefits if the plans terminated without enough assets to pay the benefits.

IRS is responsible for enforcing the funding requirements, while PBGC was established by ERISA to administer and enforce the insurance programs. The responsibility for enforcement of other ERISA provisions primarily designed to protect the rights of pension plan participants are divided between IRS and the Department of Labor.

Before ERISA, the Internal Revenue Code and implementing regulations basically required plan contributions to be sufficient to pay estimated current plan costs and interest on unpaid past costs. ERISA strengthened plan funding requirements by requiring that contributions be sufficient not only to pay these costs, but also to amortize the unpaid past costs over a minimum number of years.

The new insurance programs were to be self-financing. Employers contributing to plans at or near plan termination had a limited liability for plan asset insufficiencies. Benefits of the pension plans guaranteed by the programs but not paid by the plans or their sponsoring employers were to be financed by insurance premiums paid by ongoing plans and by investment earnings.

1/Defined benefit pension plans promise participants specifically determinable benefits based on such factors as their age, years worked, and earnings.

2/Single employer plans include those plans established and contributed to by one employer or employee organization. Generally, multiemployer plans are established and maintained through collective bargaining between employee representatives and more than one employer.

According to PBGC, over 100,000 defined benefit plans with about 34 million participants were covered by ERISA's insurance programs in 1980. Although multiemployer plans represent only about 2 percent of these plans, they account for about 24 percent of the participants.

After enactment of ERISA, the Congress became concerned that the ERISA funding and insurance program provisions were not adequate to prevent a large number of multiemployer plans with large unfunded benefit promises from terminating. Such an occurrence would threaten the financial soundness of the insurance program and place an undue burden on continuing plans through excessively high premiums to maintain the self-sufficiency of PBGC. These concerns led to the September 26, 1980, enactment of the Multiemployer Pension Plan Amendments Act.

Objectives of the Amendments Act are to encourage the growth and maintenance of multiemployer plans, provide reasonable protection to pension plan participants and beneficiaries, and help ensure a self-sufficient multiemployer insurance program. Major changes made by the Amendments Act included (1) increased employer liability for unfunded benefits, (2) reduced benefit guarantees, (3) faster amortization of unpaid past costs, and (4) new requirements aimed at improving the financial condition of financially distressed plans.

The Amendments Act also requires PBGC and GAO to study different aspects of its effects. PBGC is required to study the adequacy of multiemployer premium levels and whether benefit guarantee levels could be increased without raising premiums. GAO is required to study the Amendments Act's effects on the employees, employers, and other parties associated with multiemployer plans and the self-sufficiency of the insurance program. The Amendments Act requires GAO to coordinate its study with ERISA legislative committees--the Senate Committees on Finance and on Labor and Human Resources and the House Committees on Education and Labor and on Ways and Means.

DATA REPORTING AND ITS USE

The ERISA reporting requirements and implementing regulations require plans to annually report voluminous data. The primary ERISA reports required to be filed annually by defined benefit pension plans are Form 5500 "Annual Return/Report of Employee Benefit Plan" and Form PBGC-1 "Annual Premium Filing."

The Form 5500 is filed with IRS and is supposed to serve the informational needs of IRS, PBGC, and Labor. IRS is primarily responsible for processing the Form 5500s and shares the information with the other agencies. The types of data the plans have to report include plan identification data and information on plan types, participants, mergers, terminations, assets, liabilities, income, and expenses. Additionally, defined benefit plans are required to provide substantial data on their actuarially estimated funding status.

According to the agencies, most of the data required by the Form 5500 is critical for administration and enforcement purposes. For example, IRS uses the data to help monitor the year-to-year operations of plans and direct its enforcement resources to plans needing attention. PBGC has used the data on insured plans for research purposes and is planning to implement procedures to use the data in conjunction with its premium filing information to assure that insured plans pay premiums and plan terminations are reported. Labor uses the data to identify potential violators of those ERISA provisions, such as the fiduciary provisions, it is required to enforce.

Data from the Form 5500s also provide a potential source for information needed by others. The offices of some of the ERISA legislative committees have expressed an interest in the data for carrying out legislative and oversight responsibilities, especially as they relate to the 1980 Amendments Act. Also, the data could be helpful to PBGC and GAO in studying the Amendments Act's overall effects on parties associated with multiemployer plans and the financial condition of plans and the guaranty program.

Insured defined benefit plans are required to pay premiums annually to PBGC. PBGC requires the Form PBGC-1 to be filed along with the premium payment. The Form PBGC-1 is basically an accounting document that contains plan identifying information and includes data on the number of plan participants and contributing employers.

In our October 19, 1981, report, we addressed the adequacy and effectiveness of IRS' and PBGC's efforts to make sure that all types of pension plans annually filed the Form 5500 and that defined benefit pension plans annually filed Form PBGC-1. We also discussed IRS' efforts to assure that annual reports filed by plan administrators were complete. The report, however, did not address these matters in detail for particular types of plans, such as multiemployer plans.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our review objective was to determine if annually reported multiemployer defined benefit plan data maintained by IRS and

PBGC are accurate and complete. Our review efforts primarily consisted of two elements. One element was to determine whether the agencies' files consistently identified the same multiemployer plans and contained reports for those identified. The other element was to determine whether the reports filed were complete.

In making our examination, we obtained copies of PBGC's September 1981 computer tape files of plans filing ERISA Form 5500s and June 1981 computer files of plans filing Form PBGC-1s for plan years 1978 and 1979. The Form 5500 files were provided to PBGC by IRS. We used the plan year 1978 and 1979 filings because they were the most current and complete plan year filings available at the time of our review.

To determine whether the two files identified the same plans and contained reports on those identified, we compared the data by computer using the employer identification number (EIN) and plan number (PN) in combination to identify the plans reporting. The EIN is the 9-digit tax number assigned by IRS to businesses and organizations for tax identification purposes. The PN is a 3-digit number assigned by the plan administrators and is used as part of the identifying number to distinguish between multiple plans of the same sponsor. These two sets of numbers are used by IRS and PBGC as the primary plan identifier in their respective information systems. In making the comparisons, we considered reporting requirements and discussed them with agency officials.

To determine the completeness of plan information, we concentrated our efforts on (1) the Form 5500 files which contain the bulk of plan data and (2) plans with 100 or more participants which represent most insured multiemployer plan participants. We selected 16 Form 5500 line items, which IRS or PBGC considered critical for administering and enforcing their ERISA responsibilities, and analyzed by computer plan years 1978 and 1979 Form 5500 data to determine the extent reporting on these items was complete. Because IRS is responsible for reviewing and processing the annual reports, we reviewed and discussed with IRS' headquarters officials report processing policies and procedures.

We discussed efforts to improve ERISA reports management with IRS and PBGC officials. We did not, however, review the effectiveness of efforts already made because the agencies were in the process of making other improvements. Our review was performed in accordance with generally accepted government auditing standards.

MULTIEMPLOYER PLAN INFORMATION INACCURATE AND INCOMPLETE

To effectively monitor and enforce multiemployer plan compliance with ERISA's participant protection and insurance program provisions and study the effects of current ERISA provisions, PBGC and IRS need accurate and complete data on the plans covered by the provisions and annual and multiyear information on the plans' characteristics, operations, and financing. We found that IRS' and PBGC's files neither individually nor collectively identify accurately the number of plans or provide accurate information for determining whether those identified are reporting as required. Further, the annual report data contained in the files for a large number of plans were incomplete.

For example, PBGC's 1979 file of multiemployer plans filing Form PBGC-1s shows a total of 64 percent more plans than the file of plans filing 1979 Form 5500s. Further, 50 percent of the 1979 Form 5500s filed by larger multiemployer plans did not contain data considered critical by the agencies to perform effectively their ERISA responsibilities.

Plans cannot be accurately identified nor reports found

We compared plan year 1979 Form 5500 and PBGC-1 files to determine if they identified the same plans and contained reports on those identified. We found that they did not.

The 1979 Form 5500 file showed a total of 1,401 multiemployer defined benefit plans with about 6.49 million participants potentially covered by the insurance program. PBGC's file showed 2,296 multiemployer plans with 8.35 million participants filing Form PBGC-1 for the same year, a universe difference of 895 plans and 1.8 million participants (64 and 28 percent more plans and participants, respectively, than on the Form 5500 file). Although it is possible that some plan year 1979 filings may not have been processed by IRS and PBGC and included in the files used in our analysis, a comparison of the plan year 1978 Form 5500 and PBGC-1 data showed 1,648 multiemployer defined benefit plans filing annual reports and 2,511 plans paying premiums, or a universe difference of 863 plans.

Discrepancies between the files get even more pronounced when multiyear files of Form 5500 and PBGC-1 data are compared. For example, 1,163 plans with 100 or more participants accounted for all but 10,000 of the 6.49 million participants reported by the 1,401 multiemployer plans on the 1979 annual report file. We compared these 1,163 plans to the files of plans filing 1978 annual reports and paying 1978 and 1979 premiums. The comparison showed that only 507 of the 1,163 plans (44 percent) could be readily identified on all four files. The 656 plans that could not be found accounted for about 3 million (46 percent) of the total participants reported by the 1,163 plans.

In addition to the discrepancies between the Form 5500 and PBGC-1 files, which are managed by different agencies, there are discrepancies between the files of different years' data maintained by each of the agencies. For example, our comparison of the 1,163 larger plans (with about 6.48 million participants) filing Form 5500s for plan year 1979 to the file of larger plans filing 1978 Form 5500s showed that only 860 of the 1,163 plans (74 percent) could be identified on the 1978 file. The 303 plans that could not be found accounted for about 1.6 million (25 percent) of the total participants reported by the 1,163 plans.

Our comparison of the PBGC file of the 2,296 multiemployer plans (with about 8.35 million participants) filing 1979 PBGC-1s to the file of plans filing 1978 PBGC-1s showed that only 1,833 (80 percent) could be identified on the 1978 file. The 463 plans that could not be found accounted for about 675,000 (8 percent) of the total participants reported by the 2,296 plans.

Reports filed are missing information

To determine the extent annual reports were missing critical information, we analyzed annual report filings by large multiemployer plans for plan years 1978 and 1979 to see how many were missing information for any of the 16 line items listed in appendix II. All of the 16 items were considered necessary by either IRS or PBGC for ERISA enforcement activities and would be useful in evaluating the operation and financial condition of multiemployer plans as they have been affected by the 1980 Amendments Act. We found that the reports did not contain a substantial amount of the necessary information.

Our analysis of the 1979 annual report data for the 1,163 plans with 100 or more participants showed that 581 (50 percent) of the reports were missing information for one or more of the items, 331 (28 percent) were missing information for two or more, and 128 (11 percent) were missing information for eight or more.

Furthermore, we found 1978 annual report filings for only 860 of the 1,163 plans filing the reports in 1979. Of the 860 reports, only 480 reports (56 percent) had complete data for all 16 items for both years. Moreover, both analyses probably significantly understate the number of annual reports with missing information and the number of items missing from reports because the 16 items in our analyses represent only about 6 percent of the annual report line items.

While substantial data were missing in the aggregate, we found that both the number and percent of reports missing information for specific line items varied significantly. For example, for plan year 1979 the number of reports with missing information for a specific item ranged from about 1 to 19 percent. Eight of the items were missing information at least 13 percent of the time. More detail on the number of reports with missing information is included in appendix II.

PRIOR GAO RECOMMENDATIONS AND AGENCY ACTIONS

In our October 1981 report, we pointed out that although accurate and complete pension plan information is critical for IRS and PBGC to protect the rights of plan participants, the information was not being effectively, efficiently, or economically managed. We reported that both IRS and PBGC had been ineffective in their efforts to maintain the accuracy of their Form 5500 and PBGC-1 files. Additionally, there was no assurance that all plans were reporting as required and that all insured plans were paying premiums. When plans did report, data were often missing or inaccurate.

We noted that IRS had made substantial efforts to improve the identification of plans not filing Form 5500s and restarted its program to obtain the reports from plans not filing them. We found no evidence, however, that IRS planned to take more action to obtain information missing from filed reports.

Likewise, PBGC had taken some action and planned to do more to substantially improve premium collection. However, separate management of PBGC-1 and Form 5500 requirements resulted in apparently unnecessary costs because both IRS and PBGC were paying for improving and maintaining the accuracy of data for the same plans on two separate files. Because of the duplication, PBGC and IRS considered consolidation of the Form 5500 and PBGC-1 processing. However, as of mid-1981, little progress had been made in this regard.

We concluded that actions taken and planned by IRS and PBGC, if effectively administered on a continuing basis, should improve the accuracy and completeness of information reported and premium collection. We noted, however, that the actions taken and planned would not fully resolve the problems identified. Therefore, we recommended that:

--Labor, IRS, and PBGC reassess the need for each Form 5500 information item and eliminate the reporting requirements for those not needed to carry out ERISA's goals.

--IRS implement procedures to assure that information needed is obtained, including the use of penalties when plans fail to provide the information.

--IRS and PBGC establish and carry out a timetable for IRS to assume responsibility for receipt of and processing of both PBGC-1s and Form 5500s. Also, that the agencies undertake a cooperative effort to reconcile differences between the Form 5500 and PBGC-1 files and that PBGC take action to collect unpaid premiums identified by this effort.

In September 1982, we obtained the status of the implementation of these recommendations from IRS and PBGC program officials. They told us that efforts have been undertaken to eliminate the reporting requirements for those informational items on the Form 5500 that are not needed to administer and enforce ERISA. This effort, which will be completed by the end of 1982, will be reflected in the reporting requirements of the 1982 Form 5500.

Additionally, IRS officials said that procedures have been drafted to more actively pursue information from plans which file Form 5500s with missing or incomplete information. These procedures, which provide for the assessment of penalties, are now going through IRS' review and approval procedures.

IRS and PBGC officials told us that they are working together to define PBGC-1 processing functions that could be cost effectively transferred to IRS. They said that their long-range plan calls for the development of a processing system to accommodate certain premium collection functions by mid-1984 with system implementation by July 1987. This time frame is consistent with IRS' previous views on when consolidation of the Form 5500 and PBGC-1 collection functions could be accomplished. In commenting on our October 1981 report, IRS told us that the system could not be implemented until 1985 or later because of planned changes to its computer system.

IRS and PBGC officials also told us that a formal effort to reconcile the differences between the Form 5500 and PBGC-1 files had not been made. They explained that emphasis has been placed on implementing previously planned efforts to improve information processing and premium collection and the other recommendations in our report. In this regard, PBGC officials told us that the efforts have improved the accuracy of PBGC-1 files, thereby increasing control over premium collection. The IRS and PBGC officials said that added emphasis would be given to reconciling differences between the two files in the future.

CONCLUSIONS

In our October report on IRS' and PBGC's management of annual reporting requirements for all types of pension plans, we pointed out that there is no assurance that all plans are reporting as required and, when they do report, data are often missing or inaccurate. Because actions taken and planned by the agencies to improve information reporting and accuracy would not fully resolve data management problems, we recommended further efforts to improve data accuracy and completeness. The agencies are moving to implement those recommendations.

Our current findings, that the data on multiemployer plans are inaccurate and incomplete, indicate the continued need for IRS and PBGC to improve data management if the agencies are to assure the self-sufficiency of the insurance programs and effectively administer and enforce ERISA provisions.

Therefore, we emphasize the need for IRS and PBGC to continue data improvement efforts including the implementation of our recommendations.

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We are sending copies of this report to the Executive Director of PBGC, the Commissioner of Internal Revenue, and other interested parties. Copies will be made available to others upon request.

Philip A. Bernstein

Philip A. Bernstein
Director

COMPTROLLER GENERAL'S
REPORT TO THE SUBCOMMITTEE
ON LABOR-MANAGEMENT RELATIONS
HOUSE COMMITTEE ON EDUCATION
AND LABOR

BETTER MANAGEMENT OF PRIVATE PENSION PLAN DATA CAN REDUCE COSTS AND IMPROVE ERISA ADMINISTRATION

D I G E S T

The Department of Labor, the Internal Revenue Service (IRS), and the Pension Benefit Guaranty Corporation are responsible for administering and enforcing the Employee Retirement Income Security Act (ERISA). Private pension plans are required to report substantial information to these agencies under the act. The three primary ERISA reports include (1) the annual report to IRS containing financial and operational information, (2) the annual premium filing to the Corporation containing information to identify insured plans paying premiums, and (3) plan summaries--summary plan descriptions and summary of material plan amendments--to Labor containing easily understood information on how the plan is supposed to operate and who is supposed to operate it.

The Chairman and a Minority Member of the Subcommittee on Labor-Management Relations, House Committee on Education and Labor, asked GAO to investigate the ERISA information managerial activities of Labor, IRS, and the Corporation. GAO concentrated on determining the adequacy and effectiveness of (1) the agencies' efforts to make sure pension plans file ERISA annual reports, annual premium filings, and summary plan descriptions and (2) IRS' efforts to assure that annual reports filed by plans are complete. (See pp. 1 to 7.)

INADEQUATE MANAGEMENT OF ANNUAL REPORT INFORMATION

Information required to be reported annually by private pension plans is not being effectively, efficiently, or economically managed. Although complex and voluminous, the agencies believe almost all of the required annual report information is critical for them to administer and enforce the act. GAO found, however, that some plans may not be filing the reports and many of the reports filed are incomplete. (See pp. 8 to 22.)

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OCTOBER 19, 1981

Labor and IRS (both collected annual reports during ERISA's early years) separately attempted in calendar year 1979 to assure that the plans filed reports. These efforts had to be stopped because large numbers of plan administrators were being questioned about reports they had already filed or did not have to file. Labor unnecessarily contacted administrators of over 147,000 plans. IRS also unnecessarily contacted a large, but indeterminable, number of plan administrators. These efforts not only wasted Labor and IRS resources but irritated plan administrators.

Labor and IRS unnecessarily contacted plans about reports because they did not use all available information on reports filed or establish controls to ensure that data they used to identify plans not filing reports were accurate. (See pp. 11 to 16.)

When information was missing from reports filed, IRS was not taking adequate action to obtain the missing data. Although IRS asks plans to provide some missing report information items, it does not further pursue the information if the plans fail to respond. Further, IRS does not ask plans for most types of missing items. This inadequate followup is the primary cause for at least 78,000 plan year 1977 annual reports (covering over 6 million participants) being accepted by IRS with one or more critical information items missing. (See pp. 16 to 20.)

IRS has made substantial efforts to improve the identification of plans not filing reports and has restarted its program to obtain annual reports from plans not filing them. GAO found no evidence, however, that IRS plans to take more forceful action to obtain information missing from filed reports. (See pp. 20 and 21.)

IRS should take more forceful action to obtain the information if the agencies need it. On the other hand, continuing to follow a practice of not strongly pursuing missing information raises a question of whether the data are really needed or whether plan administrators who provide it should be so burdened. (See pp. 22 and 23.)

APPENDIX I

INEFFECTIVE MANAGEMENT OF PREMIUM COLLECTION AND REPORTING

For over 6 years, insured benefit plans have been required to pay premiums to finance ERISA's insurance programs. The Corporation has not made sure that insured plans pay required premiums every year, or at all. Apparently, this is because of a reluctance to use data (some of which are inaccurate) for identifying and contacting plans about premiums paid 1 year but not the next. The inaccurate data on premiums paid resulted from inadequate Corporation controls to assure the data's accuracy. Also, the Corporation did not use the ERISA annual report information for collecting unpaid premiums even though it provides a source for identifying insured plans that have never paid premiums.

IRS' annual report information and the Corporation's premium payment information, although partially inaccurate, can be used for judging how many plans may not be paying premiums. Use of the data indicates that millions of dollars in premiums may have been lost. For example, one of GAO's tests indicated that 16,416 plans paying premiums on about 1.7 million participants in 1976 may not have paid as much as $1.4 million in 1977. Further, a comparison of annual report and premium payment information showed that 33,686 insured plans with about 4.6 million participants may not have paid as much as $3.7 million in 1977 premiums. (See pp. 26 to 30.)

The Corporation has taken some action and plans to do more to substantially improve premium collection. However, the extent to which planned improvements can be implemented is questionable because of the Corporation's restricted ability to overcome unreliable data with limited resources. (See pp. 30 to 33.)

Further, separate management of premium and annual report requirements is resulting in apparent unnecessary costs--both IRS and the Corporation are paying for improving and maintaining the accuracy of data for the same plans on two separate files. Any differences found in comparing these files add additional cost for their reconciliation.

Because of the duplication, the Corporation and IRS have been jointly considering consolidation of receipt and processing of annual report and premium collection information and enforcement since October 1980. Little progress has been made. (See pp. 33 to 36.)

GAO believes that IRS should receive and process both premium collection and annual report information. (See pp. 36 and 37.)

<u>FILING PLAN SUMMARIES WITH LABOR IS COSTLY AND NOT NEEDED</u>

ERISA requires private benefit plans to provide participants, beneficiaries, and Labor with plan summaries every 5 to 10 years. Labor is to have the summaries on hand to provide them to participants who request them, help assure ERISA compliance by opening plan information to public scrutiny, and make plan information available for research. The first refiling will begin about the end of calendar year 1982. (See pp. 40 to 42.)

Although Labor has spent over $1 million to record the receipt of, and copy for filing, over 500,000 summaries and is expected to spend a similar amount when plans start refiling, only limited use is being made of the summaries. There are about 950 requests a year from the public for plan summaries, and estimated annual use of the summaries for research averages about 4,268. (See pp. 42 and 43.)

GAO also found that many summaries cannot be found in Labor's files. GAO's comparison of IRS' 1977 annual report data with Labor's data on summaries filed showed that, for about 179,000 of 340,525 pension plans, either the plans had not filed summaries or Labor cannot readily locate them because of inaccurate plan identification information. Further, GAO found that Labor cannot find about 21 percent of the summaries requested by the public and has to request them from the plans.

Labor would have to assure the accuracy of plan identification information and that plans file summaries if Labor is to effectively provide requestors with summaries from its own files as anticipated by ERISA. Such action would add significantly to Labor's cost to process summaries filed. (See pp. 43 to 45.)

GAO believes that the cost to process hundreds of thousands of plan summaries and make sure they are in Labor's files is not warranted by the limited requests for the summaries. GAO believes that the requirement that plans file and refile summaries with Labor should be eliminated. GAO also believes that Labor should obtain summaries directly from the plans when plan participants and others request them--the same approach Labor is now using to obtain many of the summaries being requested. (See pp. 45 and 46.)

RECOMMENDATIONS TO THE CONGRESS

The Congress should amend ERISA to

--eliminate the requirement that employee benefit plans routinely file copies of plan summaries with Labor;

--require the plans to provide Labor with copies of plan summaries at the request of Labor; and

--require Labor to obtain, on behalf of plan participants and others, copies of plan summaries from the plans when so requested.

To minimize costs to both the plans and the Government, the Congress should make these amendments before plans have to meet the summary refiling requirement in 1982. (See p. 46.)

RECOMMENDATIONS TO THE DEPARTMENTS OF LABOR AND THE TREASURY AND THE PENSION BENEFIT GUARANTY CORPORATION

The Secretaries of Labor and the Treasury, and the Executive Director of the Corporation should reassess the need for each annual report information item and eliminate the reporting requirement for information not needed. For information that is needed, the Commissioner of IRS should implement procedures to assure it is obtained, including invoking penalties when plans fail to provide the information. (See p. 23.)

The Executive Director of the Corporation and the Commissioner of IRS should establish and carry out a timetable for IRS to assume responsibility for receipt and processing of both premium collection and annual report information. While these steps are being taken, the Executive Director and Commissioner should undertake a cooperative effort to reconcile differences between the annual report and premium files, and the Executive Director should take action to collect unpaid premiums identified by this effort. (See p. 37.)

AGENCY COMMENTS AND GAO'S EVALUATION

Labor said it recognized that money could be saved by eliminating the requirement that plans routinely file copies of plan summaries with the Government. Labor believes, however, that further analysis is necessary before eliminating the filing requirements. GAO disagrees that the filing requirements should be continued pending further analysis because their limited use does not justify the costs to the Government and burden or plans. (See pp. 46 to 48.)

IRS, Labor, and the Corporation generally agreed with GAO's recommendations that they reassess annual report information requirements and IRS implement procedures to ensure the information is obtained. They also indicated that action to comply with the recommendations had been or would be taken. (See pp. 23 to 25.)

IRS and the Corporation agreed with the thrust of GAO's recommendation that they take steps for IRS to assume responsibility for receipt and processing of both premium collection and annual report information. IRS said, however, that the recommendation could not be implemented until 1985 or later because of planned changes to its computer system. Because GAO was concerned about IRS' open-ended commitment to take action, GAO included in its recommendations the need for a timetable and interim cooperative action between IRS and the Corporation to help assure that unpaid premiums are collected and duplication is eliminated. (See pp. 37 to 39.)

INFORMATION ON PLAN YEAR 1979 MULTIEMPLOYER DEFINED BENEFIT PENSION PLAN ANNUAL REPORT INFORMATION ITEMS REVIEWED TO DETERMINE INFORMATION COMPLETENESS

List of Data Items Reviewed and the Number of Reports Missing Individual Items (note a)

Line item description (note b)	Reports with missing information: Number	Percent
FORM 5500:		
Business code	56	4.8
Total active participants	23	2.0
Total retired participants	86	7.4
Total participants	17	1.5
Total assets	14	1.2
Total contributions	30	2.6
Total income	22	1.9
Total distribution of benefits	60	5.2
Schedule B attachment to Form 5500:		
Waiver of funding deficiency	159	13.7
Current value of assets	153	13.2
Present value of vested benefits--retired participants	221	19.0
Total present value of vested benefits	181	15.6
Accrued liabilities--funding standard account (note c)	127	13.4
Value of assets--funding standard account	167	14.4
Employer's normal cost for plan year	198	17.0
Actuarial cost method	200	17.2

a/The reports reviewed were those filed by the 1,163 plans with 100 or more participants.

b/Unless otherwise noted, all 1,163 reports reviewed were required to report information on these items and the percentages were computed using this figure.

c/Because only 950 of the 1,163 plan files reviewed were required to contain information on this item, the percentage was computed using the 950 figure.

Number of Line Items Missing
Information from Form 5500s and
Attached Schedule B (notes a and b)

Number of line items missing information	Plan Number	Plan Percent
0	582	50
1	250	22
2	108	9
3	47	4
4	33	3
5	10	1
6	3	-
7	2	-
8 or more	128	11
Total	1,163	100

a/The reports reviewed were those filed by the 1,163 multiemployer defined benefit pension plans with 100 or more participants.

b/A list of the data items reviewed is included on the previous page.

(207355)

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