

ftwilliam.com Webinar:

**2016 Form 5500 Update and Proposed
5500 Revisions**

June 1, 2017

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AGENDA

- 2016 and 2017 Form 5500 Updates
- Items to Note/FAQs - per schedule
- Form 5500 common errors/red flags
- Issues to be aware of when requesting filing extension
- IRS and DOL initiatives
- Selected changes proposed to be effective for 2019 plan years
- 2019 Plan Year Proposal Status

2016 Update

Schedule H

- Is the plan covered by the PBGC?
 - If yes, enter the My PAA confirmation number for the plan year.

Schedule SB

- For CSEC plans, instructions for Line 27, Code 1, have been updated to reflect guidance on certain issues relating to the application of the Cooperative and Small Employer Charity Pension Flexibility Act, Pub. L. No. 113-97 (CSEC Act).

2016 Update

Compliance Questions -

- Schedules H, I, R and Form 5500-SF
- No longer required

Preparer Information: no longer required

2016 Update

Administrative Penalties

One or more of the following penalties may be assessed in the event of incomplete or late filings unless it is determined that failure to file properly has a reasonable cause:

1. Increased to \$2,063 (Eff. 2017 - \$2,097) per day for each day a plan administrator fails or refuses to file a complete and accurate report.) The DOL is expected to adjust this ERISA Title I penalty amount annually for inflation no later than January 15 of each year
2. \$25 a day (up to \$15,000) for not filing returns for certain plans of deferred compensation, trusts and annuities, and bond purchase plans by the due date(s).
3. \$1,000 for not filing an actuarial statement (Schedule MB (Form 5500) or Schedule SB (Form 5500)) as required.

2016 Update

Other Penalties

- 1. Any individual who willfully violates any provision of Part 1 of Title I of ERISA shall on conviction be fined not more than \$100,000 or imprisoned not more than 10 years, or both.
- 2. Up to \$10,000, five (5) years imprisonment, or both, may be imposed for making any false statement or representation of fact, knowing it to be false, or for knowingly concealing or not disclosing any fact required by ERISA.

2017 Updates

- All IRS-only compliance questions are removed from the Form 5500 and Schedules H, I, R, including preparer information.
- The instructions for Authorized Service Provider Signatures have been updated to reflect the ability for service providers to sign electronic filings.
- Line 4 of the Form 5500 has been expanded to require plan name when any Line 4 information changed from prior year.
- Schedule MB instructions for line 6c have been updated to add mortality codes for several variants of the RP-2014 mortality table and to add a description of the mortality projection technique and scale.
- The instructions will be updated to reflect that the new maximum penalty for a plan administrator who fails or refuses to file a complete or accurate Form 5500 report has been increased.

Completing Form 5500

Selected questions also known as items on the 5500 that fall into the category of frequently asked questions!

Form 5500- Part I, Line Item D

☒ Special Extension (enter description)

Check this box if filing under a special extension announced by the DOL, IRS and PBGC.

- Enter a description of the extension of time in space provided.
- Examples: Oklahoma Tornado Relief, Hurricane Sandy
- Check website: <https://www.irs.gov/uac/tax-relief-in-disaster-situations>

Completing Form 5500

Form 5500- Part I, Line Item D

☒ DFVC Program

Check this box if filing under Dept. of Labor's DFVC Program

- Always recommended when original or extended filing due dates are missed.
- Reduced late fee through this program: \$10/day up to \$750 for a small plan; \$2,000 for a large plan.
- DFVC Program payment is due when filing is submitted.
- Maintain proof of payment.

Completing Form 5500

Page 1, Signature Lines

- Plan Administrator and Plan Sponsor can sign on their respective lines; or
- If Plan Administrator and Plan Sponsor are the same person, they only need to sign to as Plan Administrator.
- Preparer Information, remains optional.

Multiple-Employer Plans

Multiple-Employer Plans Required Attachment

When the Multiple-Employer box is checked at line A, an attachment is required that reports the following for each participating employer:

- 1) Participating employer's name,
- 2) Participating employer's EIN, and
- 3) A good-faith estimate of each employer's percentage of contributions made to the plan during the plan year. *(include employer and employee contributions to calculate this percentage.)*

Multiple-Employer Plans Required Attachment

The required format of this attachment should be used to avoid potential filing correspondence from the DOL.

"Multiple-Employer Plan Participating Employer Information" (Insert Name of Plan and EIN/PN as shown on the Form 5500)		
(a) Name of participating employer*	(b) EIN	(c) Percent of Total Contributions**
Company A	98-7654321	60%
Company B	12-3456789	10%
Company C	55-6677889	30%

*Participating employers that did not contribute to the plan during the plan year should be listed with a zero in element (c) percent of total contributions.

** Include both employer and participant contributions made during the plan year.

Completing Form 5500

Line 4.

If the plan sponsor's or DFE's **name, EIN or plan number** have changed since the last return, enter the plan sponsor's or DFE's name, EIN, and the plan number as it appeared on the last report filed.

- Failure to indicate on line 4 that a plan sponsor was previously identified by a different name or a different employer identification number (EIN) could result in correspondence from the DOL and the IRS.

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:	4b EIN
a Sponsor's name	4c PN

2017 PY Update - Will need to report plan name change also.

Completing Form 5500

Line 8b

- 4A - Health
- 4B - Life Insurance
- 4C - Supplemental Unemployment
- 4D - Dental
- 4E - Vision
- 4F - Temporary Disability
- 4G - Prepaid Legal
- 4H - Long-Term Disability
- 4i - Severance Pay



- 4J - Apprenticeship & Training
- 4K - Scholarship (funded)
- 4L - Death benefits (includes travel accident but not life)
- 4P - Taft-Hartley Financial Assistance for EE Housing Expenses
- 4Q - Other (AD&D, LTC, EAP, HRA, Code Section 125, etc.)



Completing Form 5500

Line 8b (continued)

- **4R** - Unfunded, fully insured, or combination unfunded/fully insured welfare plan that will not file an annual report for next plan year pursuant to 29 CFR 2520.104-20.
- **4S** - Unfunded, fully insured, or combination unfunded/fully insured welfare plan that stopped filing annual reports in an earlier plan year pursuant to 29 CFR 2520.104-20.
- **4T** - 10 or more employer plan under Code section 419A(f)(6).
- **4U** - Collectively-bargained welfare benefit arrangement under Code section 419A(f)(5).

Completing Form 5500

Pension Plans: Participant Count Lines 5 & 6

For DB and DC plans, “participant” means any individual who is included in one of the categories below:

• **Active participants** - Any individuals who are currently in employment covered by the plan and who are earning or retaining credited service under the plan.

- Includes anyone eligible to elect to have the employer make payments under a Code section 401(k).
- Active participants also include any non-vested individuals who are **earning or retaining credited service** under the plan.
- This does not include (a) nonvested former employees who have incurred the break in service period specified in the plan or (b) former employees who have received a “cash-out” distribution or deemed distribution of their entire non-forfeitable accrued benefit.

Form 5500 Participant Counts

Pension Plans: Participant Count Lines 5 & 6 (continued)

Other retired or separated participants entitled to future benefits

- Individuals who are not counted above, and -
- Are retired or separated, covered by the plan and are entitled to begin receiving benefits under the plan in the future.
- This does not include any individual to whom an insurance company has made an irrevocable commitment to pay all the benefits to which the individual is entitled under the plan.

Deceased individuals

Those who had one or more beneficiaries receiving or are entitled to receive benefits under the plan.

Completing Form 5500

Line 6g - DC Plans only (5500-SF - line 5c)

Enter the number of participants included on line 6f (total participants at the end of the plan year) who have account balances.

For example, for a Code section 401(k) plan the number entered on line 6g should be the number of participants counted on line 6f who have made a contribution to the plan or received a profit-sharing contribution for this plan year or any prior plan year.

****Line 6g cannot be greater than 6f.***

Completing Form 5500

Pension Plans: Participant Count Lines 5 & 6 (continued)

Retired or separated participants receiving benefits:

- Individuals who are retired or separated from employment covered by the plan and who are receiving benefits under the plan.
- This does not include any individual to whom an insurance company has made an irrevocable commitment to pay all the benefits to which the individual is entitled under the plan.

Completing Form 5500

Health & Welfare Plans: Lines 5 and 6 - Participant

- An individual becomes a participant covered under an employee welfare benefit plan on the earliest of:
 - The date designated by the plan as the date on which the individual begins participation or is covered in the plan;
 - The date on which the individual becomes eligible under the plan for a benefit for which the benefit is provided (e.g. life, LTD, etc.); or
 - The date on which the individual makes a contribution to the plan or enrolls in the plan, whether voluntary or mandatory.

Completing Form 5500

Health & Welfare Plans: Lines 5 and 6 - Participant (continued)

—Former employees who are receiving group health continuation coverage benefits (COBRA) pursuant to Part 6 of ERISA and who are covered by the employee welfare benefit plan.

Note: Covered dependents are not counted as participants on Form 5500. A child who is an “alternate recipient” entitled to health benefits under a qualified medical child support order (QMCSO) should not be counted as a participant for lines 5 and 6.

Plan Termination vs. Plan Merger

Plan Termination - all assets are paid out as benefits.
For Example - A 401(k) plan is not fully terminated unless:

- Date of termination is established,
 - Benefits and liabilities under the plan are determined as of the date of plan termination, and
 - All assets are distributed as soon as administratively feasible.
- Plan Merger - All of one plan's assets are transferred into another plan.

Amended Filings

To correct errors and/or omissions in a previously filed annual return.

- Amended Form 5500's must include all schedules and attachments since it is required to be submitted via EFAST2, electronically.
- Amended filings for 2012 and prior plan years must be completed and submitted on the most current year form.
- Check Line B box for “an amended return/report”.
- Do not check the Line B box for “an amended return/report” if your previous submission attempts were not successfully received by EFAST2 because of problems with transmission.
- For more information, go to the EFAST2 website at www.efast.dol.gov or call the EFAST2 Help Line at 1-866-GO-EFAST (1-866-463-3278).

Amended Filings

Exceptions to requirement to use current filing year schedules and instructions:

- Must use the following correct-year schedules completed in accordance with the related correct-year instructions:
- Schedule B, SB, or MB (Actuarial Information),
 - Schedule E (ESOP Annual Information),
 - Schedule P (Annual Return of Fiduciary of Employee Benefit Trust),
 - Schedule R (Retirement Plan Information), and
 - Schedule T (Qualified Pension Plan Coverage Information).

Check this website to determine prior year forms required to be completed and attached:

<http://askebsa.dol.gov/FormSelector/>

Amended Filings

Example:

If you are filing an amended 2011 Form 5500 return for a DB plan, you must include the 2011 Schedule B, Schedule R and all required attachments for these schedules.

- Attach prior year schedules as pdf images to the current filing year Form 5500, tagging them as "Other Attachments."
- You have the option of using either the current filing year or the correct-year (2011 in this example) Schedule C.
- Schedule E would not apply to a DB plan, and Schedules P and T did not apply for 2011 plan year filings. All other required schedules and attachments should be completed using current filing year forms and instructions.
- The entire filing should be filed electronically in accordance with EFAST2 electronic filing requirements.
- Do not attach any Form 8955-SSA to any filing with EFAST2.

Final Filings

Final Filings

- If all assets under the plan (including insurance/annuity contracts) have been distributed to participants and beneficiaries or legally transferred to the control of another plan, and
- When all liabilities for which benefits may be paid under a welfare benefit plan have been satisfied,
- Then - check the final return box in Part I, line B at the top of the Form 5500.

Plan Mergers

- A final return should be filed for the plan year (12 months or less) that ends when all plan assets were legally transferred to the control of another plan.

Final Filings

Pension and Welfare Plans That Terminated Without Distributing All Assets

- If a plan was terminated, but all plan assets were not distributed, a return must be filed for each year the plan has assets.

Welfare Plans Still Liable To Pay Benefits

- A welfare plan cannot file a final return/report if the plan is still liable to pay benefits for claims that were incurred prior to the termination date, but not yet paid. See 29 CFR 2520.104b- 2(g)(2)(ii).

Form 5500-SF

To be eligible to use the Form 5500-SF, the plan must:

- Be a small plan (generally have fewer than 100 participants at the beginning of the plan year),
- Meet the conditions for being exempt from the requirement that the plan's books and records be audited by an independent qualified public accountant (IQPA),
- Have 100% of its assets invested in certain secure investments with a readily determinable fair value,
- Hold no employer securities,
- Not be a multiemployer plan and,
- Not be required to file a Form M-1 (*Report for Multiple Employer Welfare Arrangements (MEWAs) and Certain Entities Claiming Exception*).

Schedule C

- For all mutual fund investments, complete Schedule C, line 1.
- For direct expenses paid from plan's trust, enter on line 2.
- For Indirect compensation paid to service providers, complete Lines 2 and 3.

Line 1	Line 2	Line 3
EIC Only	Direct Only	Indirect
	Direct and EIC	Non-monetary
	Direct and Indirect	
	Non-monetary	

Schedule C

- Report when service provider received \$5,000 or more from the plan, directly; and
- For each payee identified in line 2, who is a fiduciary to the plan or provides one or more of the following services to the plan -
 - Contract administrator,
 - Consulting,
 - Custodial,
 - Investment advisory (plan or participants),
 - Investment management,
 - Broker, or
 - Recordkeeping;
- Enter the requested information on Line 3 for each source from whom the person received indirect compensation if:
 1. The amount of the compensation was \$1,000 or more, or
 2. The plan was given a formula or other description of the method used to determine the indirect compensation.

Schedule C

Indirect compensation – payments made *other than directly* from the plan's trust in connection with services rendered to the plan (*often based on a transaction with the plan*).

- Recordkeeping
- Trustee/custodian
- Investment management
- Mutual funds
- Insurance company
- Brokerage commissions
- Finder's fees
- Asset-based investment management fees
- Sub-transfer agency fees
- SEC Rule 12b-1 distribution fees
- Float revenue
- Research
- Other transaction-based fees not paid by plan or plan sponsor

Delinquent Contributions

How do I determine when participant contributions to pension plans are late?

- Amounts paid by a plan participant or beneficiary or withheld by an employer from a participant's wages for contribution to a plan are plan assets on the earliest date that they can reasonably be segregated from the employer's general assets, but in no event later than
 - (i) for pension plans, the 15th business day of the month following the month in which the participant contributions are withheld or received by the employer or the earliest day possible, and
 - (ii) for welfare plans, 90 days from the date amounts are withheld or received by the employer.

Delinquent Contributions

- Plans are required to include delinquent participant contributions on their financial statements and supplemental schedules and the Auditor's Report covers these even though they are no longer required to be reported on Schedule G.
- Although all delinquent participant contributions must be reported on line 4a, delinquent contributions for which the DOL VFCP requirements and the conditions of PTE 2002-51 have been satisfied do not need to be treated as nonexempt party-in-interest transactions (line 4d).

Delinquent Contributions

- **When Line 4a is “Yes”**
- Attach a Schedule of Delinquent Participant Contributions using the format below if you entered “Yes.”

Schedule H Line 4a — Schedule of Delinquent Participant Contributions				
Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
Check here if Late Participant Loan Repayments are included: <input type="checkbox"/>	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	

Delinquent Contributions

Q: Must delinquent participant contributions continue to be reported on Line 4a for every year until they are corrected?

A: Yes. If participant contributions were transmitted to the plan late during Year 1, and the violation was not corrected until sometime during Year 2, the total amount of the delinquent contributions should be included on Line 4a of the Schedule H or I for Year 1 and should be carried over and reported again on Line 4a of the Schedule H or I for each subsequent year until the year after the violation is corrected. (in this case - through Year 3)

Most Common Errors

1. Failure to provide prior plan year information, when a change in plan sponsor, EIN or plan # occurs. (Form 5500, line 4).
2. Schedule C - Failure to report eligible indirect and indirect compensation accurately.
3. Missing plan feature codes.
4. Failure to include all required attachments and/or indicating a specific schedule is attached, but is not.
5. Failure to file a welfare plan when participant count exceeds 100 or is a funded plan.

Most Common Errors

6. Completing a Schedule C for an unfunded welfare plan.
7. Leaving items blank; especially multiple part questions.
8. Failure to submit a final filing for plans that merged or terminated.
9. Submitting a filing as final, but still reporting participants and/or assets at end of plan year.
10. Incorrect or Expired Signing Credentials.

Most Common Errors

- Don't fall in the trap of 'leaning' on the prior year filing.
- Confirm ALL information each year. (e.g. fidelity bond amount, plan feature codes, auditor, insurance contracts, Sch. C service providers, etc.)
- Be aware of form changes compared to prior year (e.g. Sch. H asset and income types, plan feature codes, required attachments, etc.)

Extension Form 5558

- Use most current version of Form 5558.
- Can only extend one plan per Form 5558.
- Question added to indicate a first time filing.
- Signature not required to extend Form 5500 or Form 8955-SSA.

Extension Form 5558

IRS Issues

- When multiple plans were listed on, or attached to, Form 5558, the logging in of all plans at the IRS was not consistently completed.
- Many plan sponsors received correspondence following the submission of their Form 5500 filings after the original due date saying their filing was submitted late.
- Many Plan Sponsors still received confirmation letters that stated their filing was successfully extended, received “your filing was late” letters.

Extension Form 5558

Play it Safe

- Do not attach a list of filings to one Form 5558 in hopes they will all be logged in at the IRS as extended. The IRS is saying the entire Form 5558 will be rejected and sent back.
- Mail all extensions via Certified Mail, Return Receipt to have a dated receipt and proof of delivery in response to an IRS letter.
- If you/client receive a confirmation back from the IRS that says your Form 5558(s) request for extensions have been approved -KEEP IT because you may still receive a “your filing is late” letter so keep all back-up!!

Extension Form 5558

Form 5558 - Avoid Errors When Requesting an Extension

- Have you ever met the deadline to file a Form 5558, only to receive a Notice from the IRS that your return was filed late?
 - It's possible that the information on your extension application didn't match your Form 5500-series return (Form 5500, 5500-SF or 5500-EZ), Form 5330 or Form 8955-SSA.

Extension Form 5558

Avoid Errors When Requesting an Extension

For example,

- **Mismatched EIN, plan year-end or plan number** - The EIN, plan year-end, or 3-digit plan number on Form 5558 didn't match the ones used on your 5500. Always use the EIN assigned to the plan sponsor for the Form 5500.
- **Mismatched plan name** - The plan name you entered in Form 5558, Part 1, Block C didn't match the name used on your Form 5500.
- **Address Change** - Address on Form 5558 is different from address on prior year's Form 5500. For address changes, apply the change on the Form 5500 filing, not the Form 5558.

Extension Form 5558

Avoid Errors When Requesting an Extension

For example,

- **Mismatched plan sponsor or administrator name** - The plan sponsor or plan administrator listed on Form 5558, Part 1, Block A didn't match the name listed on the Form 5500. The names must be identical.
 - **Example - abbreviation:** Form 5500 shows "Dana Kay Inc." as the plan sponsor, while Form 5558 shows "DK Inc." as the plan sponsor.
 - **Example - common variation:** Form 5500-SF shows "Hawk Inc." as the plan sponsor, while Form 5558 shows "The Hawk."
 - **Example - different entity:** Form 5500-EZ shows "Alvin Cooke P.C." as the plan sponsor, while the Form 5558 shows "Alvin Cooke."

IRS Form 5500 Initiatives

- Plan Participant Project - sponsors incorrectly entered 0 participants or one or more participant count lines blank.
- Termination Project - sponsors incorrectly marked their 5500 to show:
 - A resolution to terminate the plan was adopted, but really wasn't;
 - All plan assets were distributed but didn't mark return as final,
 - Terminated the plan when it really wasn't, and
 - Distributed plan assets but didn't mark zero assets at the end of plan year.

IRS Form 5500 Initiatives

- Fraud Project - sponsors incorrectly entered fidelity bond amount on the next line which asks for amount of fraud or dishonesty.
- Frozen Plan Project - sponsors entered pension feature code 1l, frozen defined benefit plan when the plan wasn't a DB plan or wasn't frozen.
- Hacienda Project - Puerto Rico plan feature code 3J was used instead of 3C
 - 3C - Plan not intended to be qualified - A plan not intended to be qualified under Code sections 401, 403, or 408.
 - 3J - U.S.- based plan that covers residents of Puerto Rico and is qualified under both Code section 401 and section 1165 of Puerto Rico Code.

Form 5500 Audit Triggers

- Large differences from one year to the next (e.g. participant counts, assets, etc.).
- Not answering required questions / missing schedules.
- No fidelity bond
- Adverse Accountant opinions.
- Late deposits on 401(k) deferrals.
- Large amounts of “Other” assets on Schedule H.
- Large amounts of expenses or liabilities.
- Inconsistencies between schedules.

Form 5500 Modernization Proposal Release

- Released in July 21, 2016 Federal Register - 777 pages [<https://s3.amazonaws.com/public-inspection.federalregister.gov/2016-14893.pdf>]
- Created by the IRS, DOL and PBGC
- A second document was released with Executive Summary and proposed amendments [<https://s3.amazonaws.com/public-inspection.federalregister.gov/2016-14892.pdf>]
- Significant expansion of reporting for small and large plans welfare plans
- Increased focus on related party transactions/Party-in-Interest
- Looking for hard to value plan assets

Why Now and Why So Extensive?

- EFAST2 contract with DOL ends December 31, 2018
- Employee benefit marketers want more competitive information
- Investment firms that target retirement plans want more competitive information
- To support oversight of ALL group health plans and Affordable Care Act compliance (Schedule J)
- Expanded effort to align Schedule C with 29 CFR 2550.408b-2 and gain more dollar amount administrative expense reporting
- To modernize financial reporting by reporting greater asset detail and to align with the financial industry

Proposed Form 5500 New Items

- ☒ To report whether plan is:
 - Part of a controlled group of corporations (List of controlled group members will be required as an attachment),
 - Group of trades or businesses under common control, or
 - An affiliated service group.
- ☒ To indicate when the PBGC serves as the plan trustee and date of trusteeship.
- Report plan sponsor's Legal Entity Identifier (LEI)
- Report named fiduciary, their address and phone# (can be plan sponsor)
- Form 5500 preparer name, firm name, address, phone # (if not the employer or plan admin.)

Proposed Form 5500 New Items

- Expanded participant count questions:
 - Only to count employees that have a benefit in the plan, no longer count those that are eligible with no benefit.
 - Number that contributed to plan during plan year.
 - Number that terminated and received 100% of their benefit during plan year.
 - Plan features spelled out with check boxes, rather than codes, including plan types.
 - Added plan features, e.g. - safe harbor code sections, designated ROTH plan, whether financial education is provided to participants.

Proposed Form 5500 New Items

- Type of default investment, when applicable, e.g. - life cycle/target date fund, fixed income fund, money market fund, etc.
- Whether the plan was set up from a rollover/IRA and used to start up the business.
- Most recent plan adoption date and most recent IRS opinion letter's serial number.
- Expanded welfare plan features, e.g. - prescription drugs, long-term care, preventative care, emergency services, etc.
- New Schedule J required for health benefit plans - large and small plans.

Proposed Schedule A New Items

- Not required to be part of a small plan that files a 5500-SF; however, required for a small plan that has to prepare a Form 5500 with Schedule H.
- Eliminates current line 6a attachment that reports basis of premium rates for allocated insurance contracts.
- Was there a lapse in coverage due to delinquent premium payments? If yes, number of days delinquent and dollar amount.
- Does the plan sponsor own the insurance company?
- New question - relationship between those that received commissions or fees to plan sponsor, fiduciary, or other parties in-interest.

Proposed Schedule A New Items

- Carrier's Health Plan Identification Number (HPID) under HIPAA in addition to NAIC.
- Additional insured benefit check boxes, including AD&D, LTC, etc.
- For insured investment contracts, pooled separate accounts to be reported on their own line, rather than on "Other" line.
- For plans invested in variable annuities, report type of sub-accounts including domestic stock/equity, bond/income, balanced/target allocation, money market, target date/life cycle, international stock/equity, etc.
- Report number of persons covered for each benefit of the contract, not on a combined basis like today.

Proposed Schedule C New Items

- Expanded to be required for small pension plans and small funded welfare plans that are not eligible for 5500-SF.
- Elimination of concept of Eligible Indirect Compensation (EIC)
- Separate Schedule C proposed for each service provider that is required to be reported.
- Expanded reporting of any relationship between plan and service provider, and if a fiduciary.
- Service codes and types of compensation will be two separate questions to avoid prior confusion.

Proposed Schedule C New Items

- Was an ERISA recapture or ERISA budget account used? These accounts store revenue-sharing monies to pay direct compensation.
- Amount paid for recordkeeping services, including fees paid through revenue-sharing or other rebates.
- ☒ To indicate if service provider was also reported on a Schedule A.
- On Line 3, indirect compensation will be required to be reported as a dollar amount (can be an estimate by applying a formula).
- Increased threshold when reporting non-monetary compensation from \$100 to \$250.
- Termination of accountant/actuary question to move to Schedule H and will ask about termination of any plan service provider.

Proposed Schedule D New Items

- Elimination of Schedule D for plans that invest in DFEs (current Part I). This information is proposed to be reported on Schedule H, Line 4i - Schedule of Assets instead.
- Schedule D, Part II becomes Part I, to be completed for master trusts.
- New dollar amount field required to report value of each participating plan's assets invested in DFE.
- New field to report if DFE had investors, other than plans (e.g.- government plans, one-participant plans, or non-plan investors.)

Proposed Schedule E New Items

- Did the ESOP have an outstanding securities acquisition loan within the meaning of Code section 4975(d)(3) and ERISA section 408(b)(3) during the plan year?

Common Stock - Enter the number of:

- Common shares of employer stock held in the ESOP at end of PY.
- Percent of issued and outstanding common stock held in the ESOP at end of PY.
- Allocated common shares at end of PY.
- Unallocated common shares at end of PY.

Proposed Schedule E New Items

- If common stock was released from a loan suspense account, indicate the methods used:
 - Principal and interest
 - Principal only
 - Other (Describe method)

Preferred Stock

- Did the ESOP hold preferred stock at the end of the plan year? ☐ Yes ☐ No
- If convertible based on a ratio, enter ratio.
- If convertible by some other method, describe the method of conversion.

Proposed Schedule E New Items

Employer Stock Acquired

- For ESOPs that acquired employer securities, not readily tradable on an established securities market
 - Enter total consideration paid for stock
 - Enter date of transaction
 - Check the applicable box and enter the identifying information if an independent fiduciary, trustee, or investment manager approved the transaction
 - Trustee
 - Investment manager
 - Independent fiduciary

Proposed Schedule E New Items

Identify the independent appraiser that valued the employer securities. (If an independent appraiser did not value the employer securities, enter “None”.)

– What valuation approach was used to value the stock acquired? (Check all that apply)

- ☐ Asset
- ☐ Income
- ☐ Market
- ☐ Book Value
- ☐ Other (enter description)

Proposed Schedule G New Items

- Expansion of information requested for Schedule of Loans or Fixed Income Obligations in Default or Classified as Uncollectible
 - Obligor's relationship to the plan (e.g. - participant)
 - Requests more specific descriptions in an open text field to provide narrative regarding loans or leases in default including collectability, conflict of interest, and issues of default.
 - New check boxes to describe fixed income obligations: bond, option, swap, future contract, forward contract, other.

Proposed Schedule G New Items

- Was the security interest perfected? (*A lien is perfected by registering it with appropriate statutory authority so it is made legally enforceable and any subsequent claim on that asset is given a junior status.*)
- Describe steps the plan administrator has taken or will be taking to collect overdue amounts for each loan.

Proposed Schedule G New Items

- Part III - New checkboxes for describing nonexempt transactions (check all that apply)
 - ☐ Sale of any property to/from the plan
 - ☐ Exchange of any property
 - ☐ Lease of any property to/from the plan
 - ☐ Lending of money to/from the plan
 - ☐ Other extension of credit to/from the plan
 - ☐ Furnishing of goods to/from the plan
 - ☐ Furnishing of services to/by the plan

Proposed Schedule G New Items

- Part III - New checkboxes for describing nonexempt transactions (check all that apply) (*continued*)
 - ☐ Furnishing of facilities to/by the plan
 - ☐ Other transfer to a party-in-interest, of any income or assets of the plan
 - ☐ Other use by or for the benefit of a party-in-interest, of any income or assets of the plan
 - ☐ Acquisition, on behalf of the plan, of any employer security or employer real property in violation of ERISA 407(a)

Proposed Schedule G New Items

- Part III - New checkboxes for describing nonexempt transactions (check all that apply) (*continued*)
 - ☐ Acting in a fiduciary's individual or any other capacity in any transaction involving the plan on behalf of a party (or represent a party) whose interests are adverse to the interests of the plan or the interests of its participants and beneficiaries
 - ☐ A receipt of any consideration for his or her personal account by a party-in-interest who is a fiduciary from any party dealing with the plan in connection with a transaction involving the income or assets of the plan
 - ☐ Other (enter description)

Proposed Schedule G New Items

Part III (*continued*)

- Describe nature of transaction
 - ☐ Discrete
 - ☐ Ongoing
- Has the transaction been fully corrected? If “Yes”, check the correct box below and complete (i) and (j):
 - (i) Enter the date the transaction was fully corrected:
MM/DD/20YY
 - (j) Enter a description of the corrective action (i.e. reversal, disgorgement, loan repaid, payment to plan, etc.)

Proposed Schedule H New Items

- More detailed lines to report types of plan assets
 - Debt interests/obligations as investment grade, high-yield or other
 - Exchange-traded notes
 - Asset backed securities - other than real estate
 - US Government securities separate from other government securities
 - Preferred and common publicly traded stock separate from non-publicly traded stock
 - Eligible pooled investments vehicles (other than mutual funds)
 - Break out of insurance general asset investments: deposit admin., immediate participation guarantee, other

Proposed Schedule H New Items

- Value of interest in limited partnerships, venture capital companies, private equity, hedge funds, other.
- Detailed break out of real estate investments:
 - Developed versus undeveloped property
 - REITs
 - Mortgage-backed securities
 - Real estate operating companies
 - Other real estate investments

Proposed Schedule H New Items

- Additional break outs:
 - Commodities (precious metals and other)
 - Derivatives (futures, forwards, options, swaps, and other)
 - Tangible personal property (collectibles, precious metals, and other)
- Break outs of assets held in participant-directed brokerage accounts
- Break out of distributions including direct rollovers and those due to hardship

Proposed Schedule H New Items

- More administrative expense categories
 - Independent qualified public accountant (IQPA) audit fees
 - Recordkeeping fees
 - Bank and trustee fees
 - Actuarial fees
 - Legal fees
 - Valuation/appraisal fees
 - Other fees, including travel, seminars, meetings, etc.

Proposed Schedule H New Items

- Requirement to report line 4i - Schedule of Assets Held in a standardized, data-captured format within EFAST
- Expand Schedule of Assets Held:
 - Into more investment identifiers such as CUSIP, Central Index Key (CIK) and Legal Entity Identifier (LEI)
 - Check boxes to indicate hard to value assets, non-publicly traded securities, real estate, private equity funds, hedge funds and REITs
- Schedule I - proposed to be eliminated

Proposed Schedule H - Accountant's Opinion

- Part III - Accountant's Opinion
 - Did Plan Sponsor discuss report with accountant?
 - Was an accountant peer review performed in accordance with state requirements? Report details regarding the review: name of peer reviewer, year, rating, etc.
 - Did the IQPA or management letters disclose any errors or irregularities, illegal acts, material weaknesses, plan qualifications, etc.
 - Must attach the bank or insurance company certification for a limited scope audit.

Proposed Schedule H New Items

- Part IV - Compliance Section
 - Line 4a - Delinquent contributions - new schedule to be required with following information:
 - Total amount of delinquent contributions due, but unremitted during the plan year. Include contributions due in previous plan years, but still unremitted.
 - Number of payrolls for which the contributions were delinquent and uncorrected.
 - Total amount of delinquent contributions that were corrected under VFCP and whether you filed Form 5330 with the IRS and paid any applicable excise taxes.

Proposed Schedule H - Delinquent Contributions

(a) Amount remitted late to plan during PY	(b) Amount due, but unremitted during the PY.	(c) Number of contribution cycles involved (number of payrolls)	(d)(1) Amount corrected in VFCP (2) Amount not corrected under PTE 2002-51	(e) Amount pending correction in VFCP	(f) Amount corrected outside VFCP
(g) Check here if participant loan repayments are included []	(h) For any amount reported in Element (d), did you file your IRS Form 5330 and pay applicable excise taxes? [] Yes [] No		(i)(1) If reporting for a multiemployer plan, amount, if any, determined during the plan year to be uncollectible (2) Explain what steps were taken to collect overdue amounts		

Proposed Schedule H New Items

- Part IV - Compliance Section
 - Amount of delinquent contributions pending correction in VFCP as of Form 5500 submission.
 - Total amount of delinquent contributions for which the contributions were paid and the plan reimbursed fully for lost earnings or profits outside of the VFCP.
 - Check box if you included delinquent participant loan repayments on Line 4a (total delinquent contributions).

Proposed Schedule H New Items

- Part IV - Compliance Section
 - Whether 404(a)(5) investment fee disclosure information was disclosed to participants for a participant directed plan and attach the chart used to satisfy the disclosure.
 - Number and type of the plan's designated investment alternatives.
 - Whether a self-directed brokerage account was offered; if so, provide number of participants that elected to utilize.
 - Whether plan's SPD is in compliance with DOL requirements.
 - Did a plan service provider fail to meet terms of a service agreement?

Proposed Schedule H New Items

- Part IV - Compliance Section
 - Number and value of uncashed checks and procedures for locating them.
 - Existence of Unrelated Business taxable income (UBTI)
 - Whether there were any expenses paid by Plan Sponsor that were not reported on Schedule H.
 - Whether there were any disqualified persons (defined by ERISA 411) serving in any capacity.
 - Description of any investment acquisitions that were leveraged.

Proposed Schedule H New Items

- Part V - Terminations of Accountant, Actuary or other plan service providers
- Part VI - Plan Termination Information
 - Effective date
 - Amount of assets distributed to plan participants and beneficiaries
 - Date of assets transfer, when applicable
 - Type of transfer - merger, consolidation, spin-off, other
 - Transfers in from other plans
 - Transfers to financial institution(s) in the name of missing participants?
- Part VII - Plan trustee name, address, EIN, phone# and electronic signature

Proposed Schedule R New Items

- Number of active, term vested and retired participants that received distributions (annuities vs. lump sums)
- For master / prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter, enter date of the letter and serial number.
- ADP/ACP and 410(b) nondiscrimination testing questions.

Proposed Schedule R New Items

- New defined contribution plan questions:
 - Automatic enrollment?
 - Employer contribution calculation method, (% of participant compensation, dollar amount per participant, other)
 - Maximum deferral percentage or dollar amount?
 - Maximum matching percentage or dollar amount?
 - Number of participants eligible to receive maximum employer match
 - Number of participants making catch-up contributions
 - Number of participants who did not make an investment election and remain in the default investment

Industry Comment Letters Overview

Comments Against Expanded Form 5500:

- Increased reporting burden does not offset the benefits.
- Increased reporting burden will significantly impact trustees and record keepers. This will result in higher fees for plan participants.
- Increased reporting burdens will likely cause many businesses to end their benefit plans and for companies that were thinking of offering them, will be less likely to.
- Trustees need more time to adjust their systems to report plan assets in the expanded asset category format outlined in the proposed Schedule H.

Industry Comment Letters Overview

Comments Against the Expanded Form 5500:

- Reporting indirect compensation dollar amounts paid to plan service providers on Schedule C will significantly increase costs to calculate these.
- Requiring companies with less than 100 employees to report on health benefits is a large burden for small employers and costs will likely be passed onto employees.
- Hard-to-value assets need to be defined more clearly.
- Concerns regarding short time frame to implement new forms when major system changes are necessary for plan service providers to supply accurate information. Lead time of 2 -3 years after forms have been finalized is needed.

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