

2011 Instructions for Schedule C (Form 5500)

Service Provider Information

General Instructions

Who Must File

Schedule C (Form 5500) must be attached to a Form 5500 filed for a large pension or welfare benefit plan, an MTIA, a 103-12 IE, or a GIA to report certain information concerning service providers. Remember to check the Schedule C box on the Form 5500 (Part II, line 10b(4)) if a Schedule C is attached to the Form 5500.

Part I of the Schedule C must be completed to report persons who rendered services to or who had transactions with the plan (or with the DFE in the case of a Schedule C filed by a DFE) during the reporting year if the person received, directly or indirectly, \$5,000 or more in reportable compensation in connection with services rendered or their position with the plan or DFE, except:

1. Employees of the plan whose only compensation in relation to the plan was less than \$25,000 for the plan year;
2. Employees of the plan sponsor or other business entity where the plan sponsor or business entity is reported on the Schedule C as a service provider, provided the employee did not separately receive reportable direct or indirect compensation in relation to the plan;
3. Persons whose only compensation in relation to the plan consists of insurance fees and commissions listed in a Schedule A filed for the plan; and
4. Payments made directly by the plan sponsor that are not reimbursed by the plan. In the case of a multiemployer or multiple-employer plan, where the "plan sponsor" would be the joint board of trustees for the plan, payments by contributing employers, directly or through an employer association, or by participating employee organizations, should be treated the same as payments by a plan sponsor.

Only line 1 of Part I of the Schedule C must be completed for persons who received only "eligible indirect compensation" as defined below.

Part II of the Schedule C must be completed to report service providers who fail or refuse to provide information necessary to complete Part I of this Schedule.

Part III of the Schedule C must be completed to report a termination in the appointment of an accountant or enrolled actuary during the 2011 plan year.

For plans, GIAs, MTIAs, and 103-12 IEs required to file Part I of Schedule C, commissions and fees listed on the Schedule A are not required to be reported again on Schedule C. The amount of the compensation that must be reported on Schedule A must, however, be taken into account in determining whether the service provider's direct or indirect compensation in relation to the plan or DFE is \$5,000 or more and, thus, requiring the compensation not listed on the Schedule A to be reported on the Schedule C. See FAQs about the Schedule C available on the EBSA website at www.dol.gov/ebsa/faqs.



Health and welfare plans that meet the conditions of the limited exemption at 29 CFR 2520.104-44 or Technical Release 92-01 are not required to complete and file a Schedule C.

Lines A, B, C, and D. This information must be the same as reported in Part II of the Form 5500 to which this Schedule C is attached.

Do not use a social security number in line D in lieu of an EIN. The Schedule C and its attachments are open to public inspection, and the contents are public information subject to publication on the Internet. Because of privacy concerns, the inclusion of a social security number on this Schedule C or any of its attachments may result in the rejection of the filing.

You can apply for an EIN from the IRS online, by telephone, by fax, or by mail depending on how soon you need to use the EIN. For more information, see *Section 3: Electronic Filing Requirement* under *General Instructions to Form 5500*. The EBSA does not issue EINs.

Do not list the PBGC or the IRS on Schedule C as service providers.

Either the cash or accrual basis may be used for the recognition of transactions reported on the Schedule C as long as you use one method consistently.

If service provider compensation is reported on a Schedule C filed as a part of a Form 5500 filed for a MTIA or a 103-12 IE, do not report the same compensation again on the Schedule C filed for the plans that participate in the MTIA or 103-12 IE.

Specific Instructions

Part I - Service Provider Information

You must enter the information required for each person who rendered services to or had transactions with the plan and who received \$5,000 or more in total direct or indirect compensation in connection with services rendered to the plan or the person's position with the plan during the plan year.

Example. A plan had service providers, A, B, C, and D, who received \$12,000, \$6,000, \$4,500, and \$430, respectively, in direct and indirect compensation from the plan. Service providers A and B must be identified separately by name, EIN, etc. As service providers C and D each received less than \$5,000, they do not need to be reported on the Schedule C.

For Schedule C purposes, reportable compensation includes money and any other thing of value (for example, gifts, awards, trips) received by a person, directly or indirectly, from the plan (including fees charged as a percentage of assets and deducted from investment returns) in connection with services rendered to the plan, or the person's position with the plan. The term "person" for this purpose includes individuals, trades and businesses (whether incorporated or unincorporated). See ERISA section 3(9).

Direct Compensation: Payments made directly by the plan for services rendered to the plan or because of a person's position with the plan are reportable as direct compensation. Direct payments by the plan would include, for example, direct payments by the plan out of a plan account, charges to plan forfeiture accounts and fee recapture accounts, charges to a plan's trust account before allocations are made to individual participant accounts, and direct charges to plan participant individual accounts. Payments made by the plan sponsor, which are not reimbursed by the plan, are not subject to Schedule C reporting requirements even if the sponsor is paying for services rendered to the plan.

Indirect Compensation: Compensation received from sources other than directly from the plan or plan sponsor is reportable on Schedule C as indirect compensation from the plan if the compensation was received in connection with services rendered to the plan during the plan year or the person's position with the plan. For this purpose, compensation is considered to have been received in connection with services rendered to the plan or the person's position with the plan if the person's eligibility for a payment is based, in whole or in part, on services that were rendered to the plan or on a transaction or series of transactions with the plan. Indirect compensation would not include compensation that would have been received had the service not been rendered or the transaction had not taken place and that cannot be reasonably allocated to the services performed or transaction(s) with the plan.

Persons that provide investment management, recordkeeping, claims processing, participant communication, brokerage, and other services to the plan as part of an investment contract or transaction are considered to be providing services to the plan for purposes of Schedule C reporting and would be required to be identified in Part I if they received \$5,000 or more in reportable compensation for providing those services.

Examples of reportable indirect compensation include fees and expense reimbursement payments received by a person from mutual funds, bank commingled trusts, insurance company pooled separate accounts, and other separately managed accounts and pooled investment funds in which the plan invests that are charged against the fund or account and reflected in the value of the plan's investment (such as management fees paid by a mutual fund to its investment adviser, sub-transfer agency fees, shareholder servicing fees, account maintenance fees, and 12b-1 distribution fees). The investment of plan assets and payment of premiums for insurance contracts, however, are not in and of themselves payments for services rendered to the plan for purposes of Schedule C reporting and the investment and payment of premiums themselves are not reportable compensation for purposes of Part I of the Schedule C.

In the case of charges against an investment fund, reportable "indirect compensation" includes, for example, the fund's investment adviser asset-based investment management fee from the fund, brokerage commissions and fees charged in connection with purchases and sales of interests in the fund, fees related to purchases and sales of interests in the fund (including 12b-1 fees), fees for providing services to plan investors or plan participants such as communication and other shareholder services, and fees relating to the administration of the employee benefit plan such as recordkeeping services, Form 5500 return/report filing and other compliance services. Amounts charged against the fund for other ordinary operating expenses, such as attorneys' fees, accountants' fees, printers fees, are not reportable indirect compensation for Schedule C purposes. Also, brokerage costs associated with a broker-dealer effecting securities transactions within the portfolio of a mutual fund or for the portfolio of an investment fund that holds "plan assets" for ERISA purposes should be treated for Schedule C purposes as an operating expense of the investment fund, not reportable indirect compensation paid to a plan service provider or in connection with a transaction with the plan.

Other examples of reportable indirect compensation are finder's fees, float revenue, brokerage commissions (regardless of whether the broker is granted discretion), research or other products or services, other than execution,

received from a broker-dealer or other third party in connection with securities transactions (soft dollars), and other transaction based fees received in connection with transactions or services involving the plan whether or not they are capitalized as investment costs.

For more information, see FAQs about the Schedule C, available on the EBSA website at www.dol.gov/ebsa/faqs.

Special rules for non-monetary compensation of insubstantial value, guaranteed benefit insurance policies, bundled service arrangements, and allocating compensation among multiple plans:

Excludable Non-Monetary Compensation: You may exclude non-monetary compensation of insubstantial value (such as gifts or meals of insubstantial value) that is tax deductible for federal income tax purposes by the person providing the gift or meal and would not be taxable income to the recipient. The gift or gratuity must be valued at less than \$50, and the aggregate value of gifts from one source in a calendar year must be less than \$100, but gifts with a value of less than \$10 do not need to be counted toward the \$100 limit. If the \$100 aggregate value limit is exceeded, then the value of all the gifts over \$10 will be reportable. Gifts received by one person from multiple employees of one entity must be treated as originating from a single source when calculating whether the \$100 threshold applies. On the other hand, gifts received from one person by multiple employees of one entity can be treated as separate compensation when calculating the \$50 and \$100 thresholds. For more information, see FAQs about the Schedule C, available on the EBSA website at www.dol.gov/ebsa/faqs.



These thresholds are for purposes of Schedule C reporting only. Filers are strongly cautioned that gifts and gratuities of any amount paid to or received by plan fiduciaries may violate ERISA and give rise to civil liabilities and criminal penalties.

Fully Insured Group Health and Similarly Fully Insured Benefits: Where benefits under a plan are purchased from and guaranteed by an insurance company, insurance service, or other similar organization, and the contract or policy is reported on a Schedule A, payments of reasonable monetary compensation by the insurer out of its general assets to persons for performing administrative activities necessary for the insurer to fulfill its contractual obligation to provide benefits, where there is no direct or indirect charge to the plan for the administrative services other than the insurance premium, would not be treated as indirect compensation for services provided to the plan for Schedule C reporting purposes. This would include compensation for services such as recordkeeping and claims processing services provided by a third party pursuant to a contract with the insurer to provide those services, but would not include compensation provided by the insurer incidental to the sale or renewal of a policy, such as finder's fees, insurance brokerage commissions and fees, or similar fees. Insurance investment contracts are not eligible for this exception.

Bundled Service Arrangements: For Schedule C reporting purposes, a bundled service arrangement includes any service arrangements where the plan hires one company to provide a range of services either directly from the company, through affiliates or subcontractors, or through a combination, which are priced to the plan as a single package rather than on a service-by-service basis. A bundled service arrangement would also include an investment transaction in which the plan receives a range of services either directly from the investment provider, through affiliates or subcontractors, or

through a combination.

Direct payments by the plan to the bundled service provider should be reported as direct compensation to the bundled service provider. Such direct payments by the plan do not need to be allocated among affiliates or subcontractors and do not need to be reported as indirect compensation received by the affiliates or subcontractors unless the amount paid to the affiliate or subcontractor is set on a per transaction basis, e.g., brokerage fees and commissions.

Fees charged to the plan's investment and reflected in the net value of the investment, such as management fees paid by mutual funds to their investment advisers, float revenue, commissions (including "soft dollars"), finder's fees, 12b-1 distribution fees, account maintenance fees, and shareholder servicing fees, must, subject to the alternative reporting option for "eligible indirect compensation," described below, be treated as separate reportable compensation by the person receiving the fee for purposes of Schedule C reporting.

For each person who is a fiduciary to the plan or provides one or more of the following services to the plan — contract administrator, consulting, investment advisory (plan or participants), investment management, securities brokerage, or recordkeeping — commissions and other transaction based fees, finder's fees, float revenue, soft dollar and other non-monetary compensation, would also be required to be treated as separate compensation for Schedule C purposes even if those fees were paid from mutual fund management fees or other fees charged to the plan's investment and reflected in the net value of the investment.

Other revenue sharing payments among members of a bundled service arrangement do not need to be allocated among affiliates or subcontractors and treated as indirect compensation received by the affiliates or subcontractors in determining whether the affiliate or subcontractor must be separately identified on line 2 of the Schedule C.

For more information about bundled arrangements for reporting purposes, see FAQs about the Schedule C, available on the EBSA website at www.dol.gov/ebsa/faqs.

Allocating Compensation Among Multiple Plans: Where reportable compensation is received by a person in connection with several plans or DFEs, any reasonable method of allocating the compensation among the plans or DFEs may be used provided that the allocation method is disclosed to the plan administrator. In calculating the \$5,000 threshold for purposes of determining whether a person must be identified in Part I, include the amount of compensation received by the person that is attributable to the plan or DFE filing the Form 5500, not the aggregate amount received in connection with all the plans or DFEs.

Affiliates: For purposes of Schedule C reporting, an "affiliate" of a person includes any person, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with the person applying principles consistent with the regulations prescribed under section 414(c) of the Code.

Line 1. Check "Yes" or "No" on line 1a to indicate whether you are relying on the alternative reporting option for a person or persons who received only "eligible indirect compensation." If you check "Yes" on line 1a, provide as many entries in line 1b as necessary to identify the person or persons who provided you with the necessary disclosures regarding the eligible indirect compensation. If any indirect compensation is either not of the type described below or if the plan did not receive the written disclosures described below, the indirect

compensation is not "eligible indirect compensation" for purposes of Part 1.

(1) Eligible Indirect Compensation: The types of indirect compensation that can be treated as eligible indirect compensation are indirect compensation that is fees or expense reimbursement payments charged to investment funds and reflected in the value of the investment or return on investment of the participating plan or its participants finder's fees "soft dollar" revenue, float revenue, and/or brokerage commissions or other transaction-based fees for transactions or services involving the plan that were not paid directly by the plan or plan sponsor (whether or not they are capitalized as investment costs).

Investment funds or accounts for this purpose would include mutual funds, bank commingled trusts, including common and collective trusts, insurance company pooled separate accounts, and other separately managed accounts and pooled investment vehicles in which the plan invests. Investment funds or accounts would also include separately managed investment accounts that contain assets of individual plans.

(2) Required Written Disclosures: For the types of indirect compensation described above to be treated as eligible indirect compensation for purposes of completing line 1, you must have received written materials that disclosed and described (a) the existence of the indirect compensation; (b) the services provided for the indirect compensation or the purpose for payment of the indirect compensation; (c) the amount (or estimate) of the compensation or a description of the formula used to calculate or determine the compensation; and (d) the identity of the party or parties paying and receiving the compensation. The written disclosures for a bundled arrangement must separately disclose and describe each element or indirect compensation that would be required to be separately reported if you were not relying on this alternative reporting option.



If any person received eligible indirect compensation and either direct compensation and/or indirect compensation that does not meet the requirements of this line to be eligible indirect compensation, you cannot rely on the alternative reporting option for that person and must complete line 2 for each such person who received \$5,000 or more in direct and indirect compensation.

Line 2. Except for those persons and eligible indirect compensation for which you answered "Yes" to line 1 above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total direct and indirect compensation. Start with the most highly compensated and list in descending order of compensation. Enter in element (a) the person's name and complete elements (a) through (h) as specified below. Use as many entries as necessary to list all persons and information required to be reported.

Element (a). Enter the EIN for the person identified in element (a). If the name of an individual is entered in element (a) and the individual does not have an EIN, enter the EIN of the individual's employer. If the person is self-employed and does not have an EIN, you may enter the person's address and telephone number. Do not use a social security number in lieu of an EIN. The Schedule C and its attachments are open to public inspection and are subject to publication on the Internet. Because of privacy concerns, the inclusion of a social security number on this Schedule C or any of its attachments may result in the rejection of the filing.

Element (b). Select from the list below all codes that describe the services provided and compensation received. Enter as many codes as apply:

| Code | Service |
|------|--|
| 10 | Accounting (including auditing) |
| 11 | Actuarial |
| 12 | Claims processing |
| 13 | Contract Administrator |
| 14 | Plan Administrator |
| 15 | Recordkeeping and information management (computing, tabulating, data processing, etc.) |
| 16 | Consulting (general) |
| 17 | Consulting (pension) |
| 18 | Custodial (other than securities) |
| 19 | Custodial (securities) |
| 20 | Trustee (individual) |
| 21 | Trustee (bank, trust company, or similar financial institution) |
| 22 | Insurance agents and brokers |
| 23 | Insurance services |
| 24 | Trustee (discretionary) |
| 25 | Trustee (directed) |
| 26 | Investment advisory (participants) |
| 27 | Investment advisory (plan) |
| 28 | Investment management |
| 29 | Legal |
| 30 | Employee (plan) |
| 31 | Named fiduciary |
| 32 | Real estate brokerage |
| 33 | Securities brokerage |
| 34 | Valuation (appraisals, etc.) |
| 35 | Employee (plan sponsor) |
| 36 | Copying and duplicating |
| 37 | Participant loan processing |
| 38 | Participant communication |
| 40 | Foreign entity (e.g., an agent or broker, bank, insurance company, etc. not operating within jurisdictional boundaries of the United States) |
| 49 | Other services |
| 50 | Direct payment from the plan |
| 51 | Investment management fees paid directly by plan |
| 52 | Investment management fees paid indirectly by plan |
| 53 | Insurance brokerage commissions and fees |
| 54 | Sales loads (front end and deferred) |
| 55 | Other commissions |
| 56 | Non-monetary compensation |
| 57 | Redemption fees |
| 58 | Product termination fees (surrender charges, etc.) |
| 59 | Shareholder servicing fees |
| 60 | Sub-transfer agency fees |
| 61 | Finders' fees/placement fees |
| 62 | Float revenue |
| 63 | Distribution (12b-1) fees |
| 64 | Recordkeeping fees |
| 65 | Account maintenance fees |
| 66 | Insurance mortality and expense charge |
| 67 | Other insurance wrap fees |
| 68 | "Soft dollars' commissions" |
| 70 | Consulting fees |
| 71 | Securities brokerage commissions and fees |
| 72 | Other investment fees and expenses |
| 73 | Other insurance fees and expenses |
| 99 | Other fees |

Element (c). Enter any relationship of the person identified in element (a) to the plan sponsor, to the participating employer or employee organization, or to any person known to

be a party-in-interest, for example, employee of employer, vice-president of employer, union officer, affiliate of plan recordkeeper, etc.

Element (d). Enter the total amount of compensation received directly from the plan for services rendered to the plan during the plan year. If a service provider charges the plan a fee or commission, but agrees to offset the fee or commission with any revenue received from a party other than the plan or plan sponsor, for example, as part of a commission recapture or other offset arrangement, only the amount paid directly by the plan after any revenue sharing offset should be entered in element (d). Enter in element (d), as direct payments by the plan, amounts that a plan sponsor, or contributing employer or participating employee organization in the case of a multiemployer or multiple-employer plan, pays a plan third-party service provider that are reimbursed by the plan.

Note. Do not leave element (d) blank. If no direct compensation was received, enter "0".

Element (e). Check "Yes" if the person identified in element (a), or any related person, received during the plan year indirect compensation in connection with the person's position with the plan or services provided to the plan. (See instructions above on definition of indirect compensation.) If the answer is "No," skip elements (f) through (h) for the person identified in element (a).

Element (f). Check "Yes" if any of the indirect compensation was eligible indirect compensation for which the plan received the necessary disclosures. See instructions for line 1 for definition of eligible indirect compensation. Check "No" if none of the indirect compensation was eligible indirect compensation.

Element (g). Enter the total of all indirect compensation that is not eligible indirect compensation for which the plan received the necessary disclosure. Do not leave blank. If none, enter "0".

Element (h). Check "Yes" if the service provider, instead of an amount or an estimated amount, gave the plan a formula or other description of the method used to determine some or all of the indirect compensation received.

Line 3. For each person 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 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 rather than an amount or estimated amount of the indirect compensation.

Part II - Service Providers Who Fail or Refuse To Provide Information

Line 4. Provide the requested information for each plan fiduciary or service provider who you believe failed or refused to provide any of the information necessary to complete Part I of this schedule.

Important Reminder. Before identifying a fiduciary or service provider as a person who failed or refused to provide information, you should contact the fiduciary or service provider to request the necessary information and tell them that you will list them on the Schedule C as a fiduciary or

service provider who failed or refused to provide information if they do not provide the necessary information.

Part III - Termination Information on Accountants and Enrolled Actuaries

Complete Part III if there was a termination in the appointment of an accountant or enrolled actuary during the 2011 plan year. This information must be provided on the Form 5500 for the plan year during which the termination occurred. For example, if an accountant was terminated in the 2011 plan year after completing work on an audit for the 2009 plan year, the termination should be reported on the Schedule C filed with the 2011 plan year Form 5500. If the accountant is a firm (such as a corporation, partnership, etc.), report when the service provider (not an individual within the firm) was terminated. An enrolled actuary is by definition an individual and not a firm, and you must report when the individual is terminated.

Provide an explanation of the reasons for the termination of an accountant or enrolled actuary. Include a description of any material disputes or matters of disagreement concerning the termination, even if resolved prior to the termination. If an individual is listed, and the individual does not have an EIN, the EIN to be entered should be the EIN of the individual's employer.

Do not use a social security number in lieu of an EIN. The Schedule C and its attachments are open to public inspection, and the contents are public information and are subject to publication on the Internet. Because of privacy concerns, the inclusion of a social security number on this Schedule C or any of its attachments may result in the rejection of the filing.

The plan administrator must also provide the terminated accountant or enrolled actuary with a copy of the explanation for the termination provided in Part III of the Schedule C, along with a completed copy of the notice below.

Notice to Terminated Accountant or Enrolled Actuary

I, as plan administrator, verify that the explanation that is reproduced below or attached to this notice is the explanation concerning your termination reported on the Schedule C (Form 5500) attached to the 2011 Form 5500, Annual Return/Report of Employee Benefit Plan, for the _____ (enter name of plan). This Form 5500 is identified in line 2b by the nine-digit EIN ____ - _____ (enter sponsor's EIN), and in line 1b by the three-digit PN _____ (enter plan number).

You have the opportunity to comment to the Department of Labor concerning any aspect of this explanation. Comments should include the name, EIN, and PN of the plan and be submitted to: Office of Enforcement, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, DC 20210.

Signed

Dated