

Changes on tap for employee benefit plan filing

The federal government is moving pension plan reporting into the electronic age. It's just taking a little longer than expected.

As required by the massive *Pension Protection Act*, the Department of Labor issued new final regulations in late 2007 concerning electronic filing of Form 5500, *Annual Return/Report of Employee Benefit Plan*. However, in doing so, the DOL postponed the requirements for one year. The new regulations now generally require electronic reporting for plan years beginning after 2008.

The U.S. Labor Department, in conjunction with the IRS and the Pension Benefit Guaranty Corporation, has also adopted several key revisions for Form 5500. In addition, a new short form will be available to certain small pension and welfare plans. Here are some of the highlights of the new final regulations:

Actuarial schedules - As mandated by the *Pension Protection Act*, Form 5500 Schedule B, *Defined Benefit Plan Actuarial Information*, will be replaced by two separate actuarial schedules that are subject to minimum funding standards. Similarly, other actuarial schedules have been modified for single-employer defined benefit plans, multiple-employer defined benefit pension plans and money purchase plans.

Service provider information - Certain technical changes will be made to one schedule that is attached to Form 5500 if the plan has investment contracts with an insurance company. Under the final regulations, service provider reporting requirements remain limited to large plan filers and apply only if annual compensation of \$5,000 or more is paid to providers out of the plan's assets. Also included are modifications designed to disclose plan-related fees and expenses.

Retirement plan information - Several questions have been added to an attached schedule listing retirement plan information. They include providing information about plan mergers, multi-employer defined benefit pension plans, withdrawing employers and liabilities, as well as participants for whom no contributions are made. To provide the Pension Benefit Guaranty Corporation with information on plan funding for the 2008 plan year, large single-employer and multi-employer defined benefit plans must report information on asset allocations and debt portfolios.

403(b) plan information filed by tax-exempt organizations - The new regulations bring the requirements for 403(b)



plans, covered by the *Employee Retirement Income Security Act*, in line with 401(k) plan requirements. Therefore, increased reporting and auditing is required for 403(b) plans with 100 or more participants. These plans are sponsored by certain tax-exempt employers such as schools, hospitals and charitable entities set up under Section 501(c)(3) of the tax code.

A new shorter form - An estimated 594,000 small pension and welfare plans will be able to file a new Form 5500-SF. This generally means single-employer plans with less than 100 participants. However, this option is not available until the switch to the

electronic filing system for the 2009 plan year. For 2008, a simplified reporting option using existing annual report forms may be used.

As part of the efforts, Form 5500 schedules utilized solely by the IRS will be eliminated once the electronic filing system is completely in place.

Proceed with caution: *Certain transitional rules apply for the 2008 plan year. All form revisions will be fully implemented for the 2009 plan year as part of the switchover to electronic filing. Consult with your tax and employee benefit advisors so your business can stay in compliance with complex requirements.*

Employee Benefit Plan Audits

A quality audit will help protect the assets and the financial integrity of your employee benefit plan and ensure that the necessary funds will be available to pay retirement, health and other promised benefits to your employees. A quality audit will also help you carry out your legal responsibility to file a complete and accurate annual return/report for your plan each year. Selection of an experienced and reliable auditor is very important. We understand that performing employee benefit plan audits requires a specialized team of professionals, not audit generalists. We have a dedicated team to serve the audit requirements under ERISA for employee benefit plans. Please contact us.



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