

WHAT IS IT?

The Form 5500 Annual Return/Report forms are a series of documents used by plan administrators to satisfy various annual reporting requirements in conjunction with ERISA and the Internal Revenue Code (IRC). The annual filing is intended to report financial, investment, and operational information about pension and welfare benefit Plans.

WHO NEEDS TO COMPLY?

Unfunded or fully insured health and welfare plans that have over 100 participants at the beginning of the ERISA Plan year are required to file the Form 5500. However, there are a number of guidelines that may make a plan exempt from filing, which can be found in the [Form 5500 Instructions](#).

WHAT ARE THE REQUIREMENTS?

All plans that are required to comply must file a Form 5500. The Form 5500 is divided essentially into two sections: the first two pages make up the Form 5500 form and the subsequent section makes up the Schedules.

The Form 5500 form provides general information about the Plan such as the effective date of the Plan, plan sponsor's contact information, the number of participants in the Plan, and the types of benefit coverages, funding arrangements, and the number of Schedules provided.

The Schedules provide specific details on the ERISA Plan. The most common Schedule is the Schedule A. The data found on this document derives from the insurance carriers of the ERISA Plan's fully insured policies and each carrier's data is represented with its own Schedule A in the report. The main components provided on the Schedule A are: the number of participants enrolled, the premium collected by the Insurance carrier and the commissions paid to the Broker(s). The data provided by the carriers is to be copied exactly onto the Schedule A, otherwise the carriers are not held liable. There are nine other Schedules and attachments that could be applied depending on the characteristics of the ERISA Plan. The Form 5500 Instructions list all of the additional schedules and a description of who must file them. This information can be found under the heading *What to File*.

The Summary Annual Report (SAR) is a document intended to summarize the information provided within the Form 5500 for participants. It must be distributed to all employees participating in the plan, explaining that all participants have the right to obtain a copy of the Form 5500. The SAR does not need to be filed with the government, and is not required for those plans exempt from filing the Form 5500.

WHAT ARE THE DEADLINES?

The Form 5500 must be filed by the last day of the seventh month following the end of the plan year. Plans may receive a 2 ½ month extension by submitting a Form 5558 with the IRS before the due date for the plan filing. The SAR must be distributed to Plan participants 2 months after the Form 5500 is submitted, (nine months after the end of the Plan year if no extensions have been requested).

HOW IS THE FORM 5500 FILED?

Form 5500s must be filed electronically using the ERISA Filing Acceptance System (EFAST2). To achieve this goal there are two choices the Plan Administrator can make:

1. The Plan Administrator and/or Plan Sponsor signer will need to register their signature to receive the appropriate credentials. The process of registering the signature involves following an online form found on the [DOL's website](#). To register, the Plan Administrator will provide his/her contact information and check off as the Filing Signer. At the end of the process the Plan Administrator will receive a designated PIN that will serve as his/her signature. Using third party software will allow you to produce the reports to be e-filed. Once finalized, the Form 5500 can be submitted to EFAST2's Internet Filing Acceptance system (IFAS). EFAST2 will notify the e-signer if the file was accepted or not accepted within 20 minutes.
2. The Plan Administrator and/or Plan Sponsor can authorize a service provider to transmit on their behalf as Certified Public Accountants do for many individual tax filings. The Plan administrator will need to manually sign the second page of the Form 5500 and print the signed Form 5500 as a PDF (he/she will not need to register for an e-signature). The manual signature will be included with the rest of the 5500 posted by the DOL for public disclosure.

WHAT ARE THE PENALTIES FOR NOT COMPLYING?

There are severe fines if the Form 5500 report is not filed. The fines can be up to \$1,100 per day for each day that a plan administrator fails to file a report, with no maximum. A Delinquent Filer Voluntary Correction Program (DFVC) has been put in place to assist plan administrators who have not filed on time and who meet the requirements of the program. When participating in the DFVC program, the late fee decreases to \$10 per day. There is a maximum of \$2,000 per filing. In addition, there is a maximum penalty per plan for those plan administrators who have failed to meet their filing requirements for multiple years. The maximum per plan is \$4,000.

INFORMATIONAL LINKS

- [Form 5500 Instructions](#) (IRS.gov)
- [Form 5500 Filing Tips](#) (Department of Labor)
- [Delinquent Filer Voluntary Compliance Program](#) (Department of Labor)



This Fact Sheet is designed to provide a general overview of the benefit program, service, or regulatory act it describes. The information included in this document is not a substitute for legal or professional opinion relative to a plan sponsor's particular fact pattern. Your ArlenGroup consultant can answer more specific questions relative to its application for your organization.