

Benefit Fact Sheet

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 welfare plans that have over 100 participants at the beginning of the 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?

There are a series of documents that may or may not need to be completed in order for a plan to be compliant with the regulations, depending upon that plan's components. All plans that are required to comply must file a Form 5500. The Form 5500 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, among other things.

There are various schedules that a plan may need to file, in addition to the Form 5500. The most common of these schedules is the Schedule A (Insurance Information). The Schedule A must be filed by plans when the benefits under the plan are provided by an insurance company. A separate schedule must be filed for each insurance organization. Another common schedule is the Schedule C (Service Provider Information). The Schedule C must be filed when a service provider has been paid more than \$5,000 in compensation, or when an accountant or actuary has been terminated within that plan year. 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. 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 within nine months after the end of the plan year (2 months after the Form 5500 is submitted).

How is the Form 5500 filed?

For plan years beginning on or after January 1, 2009, Form 5500s must be filed electronically using the ERISA Filing Acceptance System (EFAST2). After October 15, 2010, all P.O. Boxes for mailing Form 5500s will be closed. Individuals will electronically sign the Form 5500. The individual should be an officer of the company and have authority over the ERISA plan. The selected person will need to obtain "filing signer" credentials through the Department of Labor.

What are the penalties for not complying?

The penalties for not filing the Form 5500 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

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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 \$750 for small plans and \$2,000 for large plans 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 \$1,500 for small plans and \$4,000 for large plans.

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. A menu of additional topics is available online at: www.arlengroup.com/facts.