

1997

Instructions for Form 5500

Annual Return/Report of Employee Benefit Plan (With 100 or more participants)

Code references are to the Internal Revenue Code. ERISA refers to the Employee Retirement Income Security Act of 1974.

Paperwork Reduction Act Notice We ask for the information on this form to carry out the law as specified in ERISA and Code sections 6039D, 6047(e), 6057(b), and 6058(a). You are required to give us the information. We need it to determine whether the plan is operating according to the law.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books and records relating to a form or its instructions must be retained as long as their contents may become material in the administration of the Internal Revenue Code or are required to be maintained pursuant to Title I or IV of ERISA. Generally, the Form 5500 return/reports are open to public inspection. However, Schedules E, F, and SSA (Form 5500) are confidential, as required by Code section 6103.

The time needed to complete and file the forms listed below reflects the combined requirements of the Internal Revenue Service, Department of Labor, Pension Benefit Guaranty Corporation, and the Social Security Administration. These times will vary depending on individual circumstances. The estimated average times are:

	Recordkeeping	Learning about the law or the form	Preparing the form	Copying, assembling, and sending the form to the IRS
Form 5500 (initial filers)	87 hr., 3 min.	9 hr., 27 min.	14 hr., 5 min.	48 min.
Form 5500 (all other filers)	81 hr., 33 min.	9 hr., 27 min.	13 hr., 59 min.	48 min.
Schedule A (Form 5500)	17 hr., 28 min.	28 min.	1 hr., 42 min.	16 min.
Schedule B (Form 5500) Part 1	30 hr., 37 min.	3 hr., 16 min.	3 hr., 55 min.	-----
Schedule B (Form 5500) Part 2	16 hr., 1 min.	1 hr., 23 min.	1 hr., 43 min.	-----
Schedule C (Form 5500)	5 hr., 16 min.	18 min.	23 min.	-----
Schedule E (Form 5500) (nonleveraged ESOP)	1 hr., 12 min.	12 min.	13 min.	-----
Schedule E (Form 5500) (leveraged ESOP)	10 hr., 2 min.	1 hr., 41 min.	1 hr., 56 min.	-----
Schedule F (Form 5500)	2 hr., 52 min.	24 min.	28 min.	-----
Schedule G (Form 5500)	15 hr., 4 min.	6 min.	21 min.	-----
Schedule P (Form 5500)	1 hr., 55 min.	30 min.	33 min.	-----
Schedule SSA (Form 5500)	5 hr., 30 min.	6 min.	11 min.	-----

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send any of these forms or schedules to this address. Instead, see **Where To File** on page 2.

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Changes To Note for 1997

- Under the Taxpayer Relief Act of 1997, effective August 5, 1997, administrators of pension and welfare benefit plans no longer have to file with the Department of Labor copies of summary plan descriptions (SPDs), summaries of material modifications (SMMs), or updated SPDs that they distribute to plan participants and beneficiaries. Line 8e and the associated instructions have been modified to reflect these changes
- In addition, the Taxpayer Relief Act of 1997 increased the dollar limit on the accrued benefit distributable without consent under Code section 411(a)(11)(A) from \$3,500 to \$5,000 for plan years beginning on or after August 5, 1997.
- The Small Business Job Protection Act (SBJPA) amended the definition of a "highly compensated employee". See Code section 414(q) and Notice 97-45, 1997-33 I.R.B. 7.
- In addition, SBJPA eliminated the "family aggregation rules" for years beginning after 1996. See Code section 414(q).
- Certain defined benefit plans must file Form 5500 with the Internal Revenue Service Center in Memphis, TN if the plan meets one of the following two criteria:
 1. Single employer plans with 2,500 or more participants, or
 2. Multi-employer plans with 10,000 or more participants.

See the EXCEPTIONS in **Where To File** on page 2.

How To Get Forms and Publications

A personal computer.— Visit the IRS's Internet Web Site at www.irs.ustreas.gov to get:

- Forms and instructions
- Publications
- IRS press releases and fact sheets
- You can also reach us using:
 - Telnet at [1-800-829-1040](tel:1-800-829-1040)
 - File Transfer Protocol at [ftp.irs.ustreas.gov](ftp:ftp.irs.ustreas.gov)
 - Direct Dial (by modem) — Dial direct to the Internal Revenue Information Services (IRIS) by calling **703-321-8020** using your modem. IRS is an on-line information service on FedWorld.

CD-ROM.— A CD-ROM containing over 2,000 tax products (including many prior year forms) can be purchased from the Government Printing Office (GPO). To order the CD-ROM, call the Superintendent of Documents at **202-512-1800** or go through GPO's Internet Web Site: (www.access.gpo.gov/su_docs).

By phone and in person.— To order forms and publications, call 1-800-TAX-FORM (1-800-829-3676) between 7:30 a.m. and 5:30 p.m. on weekdays. You can also get most forms and publications at your local IRS office.

General Instructions

Section 1

Plan Year

File 1997 forms for plan years that started in 1997. If the plan year differs from the calendar year, fill in the fiscal year space just under the form title. For a short plan year, check box A(4) and see **When To File** on this page.

Electronic Filing of Form 5500

Form 5500 and the related schedules can be filed by magnetic media (magnetic tapes, floppy diskettes) or electronically. If the plan administrator files the return/report electronically or on magnetic media, he or she must also file **Form 8453-E**, Employee Benefit Plan Declaration and Signature for Electronic/Magnetic Media Filing. This is the declaration and signature form for the electronic/magnetic media return. For more information, see **Pub. 1507**, Procedures for Electronic/Magnetic Media Filing of Forms 5500, 5500-C/R, and 5500-EZ for Plan Year 1997.

Reminders

- Many filers receive rejection notices by making several common mistakes that can be avoided as discussed in **Avoid Common Mistakes** below. The return/report will also be considered incomplete and penalties may be assessed if information required on a schedule is not typed or printed on the appropriate schedule, such as the Schedule A (Form 5500). See the instructions for **Schedules** on page 6. An annual return/report must be filed for employee welfare benefit plans which provide benefits wholly or partially through a Multiple Employer Welfare Arrangement (MEWA) as defined in ERISA section 3(40), unless otherwise exempt (see page 3).
- In addition to filing this form with the IRS, plans covered by the Pension Benefit Guaranty Corporation (PBGC) termination insurance program must file their Annual Premium Payment, PBGC Form 1, directly with that agency.

Avoid Common Mistakes

Filers make several common mistakes. To reduce the possibility of correspondence and penalties, we remind filers to:

- Enter only one code on line 4.
- Attach the required accountant's opinion. The instructions for line 26 explain which plans are not required to attach the opinion.
- If you must complete lines 25, 27, and/or 29:
 - You must check "Yes" or "No" on line 25c.
 - You must attach and properly identify any schedules required by the line 27 instructions.
 - You must report the amount of any loss to the plan caused by fraud or dishonesty on line 29b(2) if you checked "Yes" on line 29b(1).

Penalties

ERISA and the Code provide for the assessment or imposition of penalties for not giving complete information and for not filing statements and returns/reports. Certain penalties are administrative (i.e., they may be imposed or assessed by one of the governmental agencies delegated to administer the collection of the Form 5500 series data). Others require a legal conviction.

Administrative Penalties

Listed below are various penalties for not meeting the Form 5500 series filing requirements. One or more of the following five penalties may be assessed or imposed in the event of incomplete filings or filings received after the due date unless it is determined that your explanation for failure to file properly is for reasonable cause:

- A penalty of up to \$1,000 a day for each day a plan administrator fails or refuses to file a complete return/report. See ERISA section 502(c)(2) and 29 CFR 2560.502c-2.
- A penalty of \$25 a day (up to \$15,000) for not filing returns for certain plans of deferred compensation, certain trusts and annuities, and bond purchase plans by the due date(s). See Code section 6652(e). This penalty also applies to returns required to be filed under Code section 6039D.
- A penalty of \$1 a day (up to \$5,000) for each participant for whom a registration statement (Schedule SSA (Form 5500)) is required but not filed. See Code section 6652(d)(1).
- A penalty of \$1 a day (up to \$1,000) for not filing a notification of change of status of a plan. See Code section 6652(d)(2).
- A penalty of \$1,000 for not filing an actuarial statement. See Code section 6692.

Other Penalties

- Any individual who willfully violates any provision of Part 1 of Title I of ERISA shall be fined not more than \$5,000 or imprisoned not more than 1 year, or both. See ERISA section 501.
- A penalty of up to \$10,000, 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. See section 1027, Title 18, U.S. Code, as amended by section 111 of ERISA.

Who Must File

Any administrator or sponsor of an employee benefit plan subject to ERISA must file information about each plan **every year** (Code section 6058 and ERISA sections 104 and 4065). Every employer maintaining a specified fringe benefit plan as described in Code section 6039D (except Code sections 79, 105, 106, 120, 129 and 137 plans) is **also** required to file each year. The Internal Revenue Service (IRS), Department of Labor (DOL), and Pension Benefit Guaranty Corporation (PBGC) have consolidated their returns and report forms to minimize the filing burden for plan administrators and employers. The chart on page 5 gives a brief guide to the type of return/report to be filed.

When To File

File all required forms and schedules by the last day of the 7th month after the plan year ends. For a short plan year, file the form and applicable schedules by the last day of the 7th month after the short plan year ends. For

purposes of this return/report, the short plan year ends on the date of the change in accounting period or upon the complete distribution of the assets of the plan. (Also see **Section 3**.) If the current year Form 5500 is not available before the due date of your short plan year return/report, use the latest year form available and change the date printed on the return/report to the current year. Also show the dates your short plan year began and ended.

Private Delivery Services

You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. The IRS publishes a list of the designated private delivery services in September of each year. The list published in September 1997 includes only the following:

- Airborne Express (Airborne): Overnight Air Express Service, Next Afternoon Service, Second Day Service.
- DHL Worldwide Express (DHL): DHL "Same Day" Service, DHL USA Overnight.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2 Day.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M.

The private delivery service can tell you how to get written proof of the mailing date.

Extension of Time To File

A one-time extension of time to file (up to 2½ months) may be granted for filing returns/reports if **Form 5558**, Application for Extension of Time To File Certain Employee Plan Returns, is filed **before the normal due date (not including any extensions) of the return/report**.

Exception: *Plans are automatically granted extensions of time to file Form 5500 until the due date of the Federal income tax return of the employer if all the following conditions are met: (1) The plan year and the employer's tax year are the same. (2) The employer has been granted an extension of time to file its Federal income tax return to a date later than the normal due date for filing the Form 5500. (3) A copy of the IRS extension of time to file the Federal income tax return is attached to the Form 5500 filed with the IRS. An extension granted by using this exception CANNOT be extended further by filing a Form 5558.*

Note: *An extension of time to file the return/report does not operate as an extension of time to file the PBGC Form 1.*

Where To File

File the return/report with the Internal Revenue Service Center indicated below. No street address is necessary.

EXCEPTIONS: Defined benefit plans that meet one of the following two criteria:

- Single employer plans with 2,500 or more participants, or
 - Multi-employer plans with 10,000 or more participants,
- MUST use the following address regardless of the location of the principal office of the plan sponsor or administrator:

Internal Revenue Service
P.O. Box 301326
Memphis, TN 38130-1326

Investment arrangements filing directly with DOL, see pages 6 and 7 for the filing address.

If the principal office of the plan sponsor or the plan administrator is located in	Use the following Internal Revenue Service Center address
Connecticut, Delaware, District of Columbia, Foreign Address, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, Virginia	Holtsville, NY 00501-0044
Alabama, Alaska, Arkansas, California, Florida, Georgia, Hawaii, Idaho, Louisiana, Mississippi, Nevada, North Carolina, Oregon, South Carolina, Tennessee, Washington	Atlanta, GA 39901-0044
Arizona, Colorado, Indiana, Illinois, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, Texas, Utah, West Virginia, Wisconsin, Wyoming	Memphis, TN 37501-0044

Section 2

Kinds of Plans

Employee benefit plans include pension benefit plans and welfare benefit plans. File the applicable return/report for any of the following plans.

Pension Benefit Plan

This is an employee pension benefit plan covered by ERISA. The return/report is due whether or not the plan is qualified and even if benefits no longer accrue, contributions were not made this plan year, or contributions are no longer made ("frozen plan" or "wasting trust"). See **Final Return/Report** on page 7.

Pension benefit plans required to file include defined benefit plans and defined contribution plans (e.g., profit-sharing, stock bonus, money purchase plans, etc.). The following are among the pension benefit plans for which a return/report must be filed:

1. Annuity arrangements under Code section 403(b)(1).
2. Custodial accounts established under Code section 403(b)(7) for regulated investment company stock.
3. Individual retirement accounts (IRAs) established by an employer under Code section 408(c).
4. Pension benefit plans maintained outside the United States primarily for nonresident aliens if the employer who maintains the plan is:

- a. A domestic employer, or
- b. A foreign employer with income derived from sources within the United States (including foreign subsidiaries of domestic employers) if contributions to the plan are deducted on its U.S. income tax return. For this type of plan, enter code D on line 6c. See **Plans Excluded From Filing** on page 3.

5. Church plans electing coverage under Code section 410(d).

6. A plan that covers residents of Puerto Rico, the U.S. Virgin Islands, Guam, Wake Island, or American Samoa. This includes a plan that elects to have the provisions of section 1022(i)(2) of ERISA apply.

7. Plans that satisfy the actual deferral percentage requirements of Code section

401(k)(3)(A)(ii) by adopting the "SIMPLE" provisions of section 401(k)(11).

See **Lines To Complete on Form 5500** on page 5 for more information about what questions must be completed by pension plans.

Fringe Benefit Plan

Cafeteria plans described in Code section 125 and educational assistance programs described in Code section 127 are considered fringe benefit plans and generally are required to file the annual information specified by Code section 6039D. However, Code section 127 educational assistance programs, which provide only job-related training that is deductible under Code section 162, do not need to file Form 5500.

Note: A fringe benefit plan may be associated with one or more welfare plans as described below for which a Form 5500 may be required to be filed.

See **Lines To Complete on Form 5500** on page 5 for more information about how to complete this form for a fringe benefit plan.

Welfare Benefit Plan

This is an employee welfare benefit plan covered by Part 1 of Title I of ERISA. Welfare plans provide benefits such as medical, dental, life insurance, apprenticeship and training, scholarship funds, severance pay, disability, etc.

See **Lines To Complete on Form 5500** on page 5 for more information about what questions must be completed for welfare benefit plans.

Plans Excluded From Filing

These exemptions do not apply to a fringe benefit plan required to file to satisfy the requirements of Code section 6039D.

Do not file a return/report for an employee benefit plan that is any of the following:

1. A welfare benefit plan which covered fewer than 100 participants as of the beginning of the plan year and is: unfunded, fully insured, or a combination of insured and unfunded.

- a. An unfunded welfare benefit plan has its benefits paid as needed directly from the general assets of the employer or the employee organization that sponsors the plan.

Note: Plans which are NOT unfunded include those plans that received employee (or former employee) contributions during the plan year and/or used a trust or separately maintained fund (including a Code section 501(c)(9) trust) to hold plan assets or act as a conduit for the transfer of plan assets during the plan year.

- b. A fully insured welfare benefit plan has its benefits provided exclusively through insurance contracts or policies, the premiums of which must be paid directly by the employer or employee organization from its general assets or partly from its general assets and partly from contributions by its employees or members (which the employer or organization forwards within 3 months of receipt).

The insurance contracts or policies discussed above must be issued by an insurance company or similar organization (such as Blue Cross, Blue Shield or a health maintenance organization) that is qualified to do business in any state.

- c. A combination unfunded/insured welfare plan has its benefits provided partially as an unfunded plan and partially as a fully insured plan. An example of such a plan is a welfare plan which provides medical benefits as in a above and life insurance benefits as in b above.

See 29 CFR 2520.104-20 and the DOL Technical Release 92-01.

Note: An "employees' beneficiary association" as used in Code section 501(c)(9) should not be confused with the employee organization or employer that establishes and maintains (i.e., sponsors) the welfare benefit plan.

2. An unfunded pension benefit plan or an unfunded or insured welfare benefit plan: (a) whose benefits go only to a select group of management or highly compensated employees, and (b) which meets the terms of Department of Labor Regulations 29 CFR 2520.104-23 (including the requirement that a notification statement be filed with DOL) or 29 CFR 2520.104-24.

3. Plans maintained only to comply with workers' compensation, unemployment compensation, or disability insurance laws.

4. An unfunded excess benefit plan.

5. A welfare benefit plan maintained outside the United States primarily for persons substantially all of whom are nonresident aliens.

6. A pension benefit plan maintained outside the United States if it is a qualified foreign plan within the meaning of Code section 404A(e) that does not qualify for the treatment provided in Code section 402(e)(5).

7. An annuity arrangement described in 29 CFR 2510.3-2(f).

8. A simplified employee pension (SEP) described in Code section 408(k) that conforms to the alternative method of compliance described in 29 CFR 2520.104-48 or 29 CFR 2520.104-49. A SEP is a pension plan that meets certain minimum qualifications regarding eligibility and employer contributions.

9. A Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) that involves SIMPLE IRAs under Code section 408(p).

10. A church plan not electing coverage under Code section 410(d).

11. A governmental plan.

12. A welfare benefit plan that participates in a group insurance arrangement that files a return/report Form 5500 on behalf of the welfare benefit plan. See 29 CFR 2520.104-43.

13. An apprenticeship or training plan meeting all of the conditions specified in 29 CFR 2520.104-22.

Kinds of Filers

The different types of plan entities that file the forms are described below. (Also see instructions for line 4 on page 8.)

Single-Employer Plan

If one employer or one employee organization maintains a plan, file a separate return/report for the plan. If the employer or employee organization maintains more than one such plan, file a separate return/report for each plan.

If a member of a controlled group of corporations, a group of trades or businesses under common control, or an affiliated service group maintains a plan that does not involve other group members, file a separate return/report as a single-employer plan.

If several employers participate in a program of benefits in which the funds attributable to each employer are available only to pay benefits to that employer's employees, each employer must file a separate return/report.

Plan for Controlled Group of Corporations, Group of Trades or Businesses Under Common Control, or an Affiliated Service Group

These groups are defined in Code sections 414(b), (c), and (m), and are referred to as controlled groups.

File one return/report for the plan. Complete line 21 once for all of the group's employees.

If the funds under the plan attributable to each employer are available only to pay benefits to that employer's employees, each employer in the group must file a separate return/report as a single-employer plan.

Note: *If there are employers that participate in a plan of one of the groups listed above but those employers are not members of the group, the plan is considered a multiple-employer plan (other). See **Multiple-Employer Plan (Other)** below for more information.*

Multiemployer Plan

A multiemployer plan is a plan (1) to which more than one employer is required to contribute, (2) that is maintained pursuant to one or more collective-bargaining agreements, and (3) has not made the election under Code section 414(f)(5) and ERISA section 3(37)(E). File one return/report for each plan. Contributing employers do not file individually for these plans. See Code section 414 for more information.

Multiple-Employer-Collectively Bargained Plan

A multiple-employer-collectively bargained plan involves more than one employer; is collectively bargained and collectively funded; and, if covered by PBGC termination insurance, had properly elected before September 27, 1981, not to be treated as a multiemployer plan under Code section 414(f)(5) or ERISA sections 3(37)(E) and 4001(a)(3). File one return/report for each such plan. Participating employers do not file individually for these plans.

Multiple-Employer Plan (Other)

A multiple-employer plan (other) involves more than one employer and is not one of the plans already described. File one return/report for each plan.

Note: *Each employer participating in a qualified defined contribution or defined benefit plan, which is considered a multiple-employer plan (other), must file a Form 5500-C/R regardless of the number of participants. For the years you are required to file pages 1 and 3 through 6 as Form 5500-C, complete only lines 1 through 7a, 9, and 21. For the years you file pages 1 and 2 as Form 5500-R, complete only lines 1 through 7a, 8a, and 8b. Each participating employer filing the Form 5500-C/R must enter code F on line 4 and use an appropriate number (001, 002, etc.) on line 5c.*

Note: *If a participating employer is also the sponsor of the multiple-employer plan (other), the plan number on the return/report filed for the plan should be 333 and, if more than one plan, they should be consecutively numbered starting with 333.*

If more than one employer participates in the plan and the plan provides that each employer's contributions are available to pay benefits only for that employer's employees who are covered by the plan, one annual return/report must be filed for each participating employer. These filers will be considered single employers and should complete the entire form.

Group Insurance Arrangement

This arrangement provides benefits to the employees of two or more unaffiliated employers (not in connection with a multiemployer plan or a multiple-employer-collectively bargained plan), fully insures one or more welfare plans of each participating employer, and uses a trust (or other entity such as a trade association) as the holder of the insurance contracts and the

conduit for payment of premiums to the insurance company.

Do not file a separate return/report for a welfare benefit plan that is part of a group insurance arrangement if a consolidated return/report for all the plans in the arrangement was filed by the trust or other entity according to 29 CFR 2520.104-43. Form 5500 is required by 29 CFR 2520.103-2 to be part of the consolidated report.

Investment Arrangements Filing Directly With DOL

Some plans invest in certain trusts, accounts, and other investment arrangements which may file information concerning themselves and their relationship with employee benefit plans directly with DOL (as specified on page 6). Plans participating in an investment arrangement as described in **Common/Collective Trust and Pooled Separate Account, Master Trust, and 103-12 Investment Entities** below are required to attach certain additional information to the return/report filed with the IRS as specified below.

Common/Collective Trust and Pooled Separate Account

Definition.— For reporting purposes, a "common/collective trust" is a trust maintained by a bank, trust company, or similar institution which is regulated, supervised, and subject to periodic examination by a state or Federal agency for the collective investment and reinvestment of assets contributed thereto from employee benefit plans maintained by more than one employer or a controlled group of corporations, as the term is used in Code section 1563. For reporting purposes, a "pooled separate account" is an account maintained by an insurance carrier which is regulated, supervised, and subject to periodic examination by a state agency for the collective investment and reinvestment of assets contributed thereto from employee benefit plans maintained by more than one employer or controlled group of corporations, as the term is used in Code section 1563. See 29 CFR sections 2520.103-3, 2520.103-4, 2520.103-5, and 2520.103-9.

Note: *For reporting purposes, a separate account which is not considered to be holding plan assets pursuant to 29 CFR 2510.3-101(h)(1)(iii) shall not constitute a pooled separate account.*

Additional information required to be attached to the Form 5500 for plans participating in common/collective trusts and pooled separate accounts. A plan participating in a common/collective trust or pooled separate account must complete the annual return/report and attach either: (1) the most recent statement of the assets and liabilities of any common/collective trust or pooled separate account, or (2) a certification that: (a) the statement of the assets and liabilities of the common/collective trust or pooled separate account has been submitted directly to DOL by the financial institution or insurance carrier; (b) the plan has received a copy of the statement; and (c) includes the EIN and other numbers used by the financial institution or insurance carrier to identify the trusts or accounts, and the name and address provided in the direct filing made with DOL.

Master Trust

Definition.— For reporting purposes, a master trust is a trust for which a regulated financial institution (as defined below) serves as trustee or custodian (regardless of whether such institution exercises discretionary authority or

control with respect to the management of assets held in the trust), and in which assets of more than one plan sponsored by a single employer or by a group of employers under common control are held.

A "regulated financial institution" means a bank, trust company, or similar financial institution which is regulated, supervised, and subject to periodic examination by a state or Federal agency. Common control is determined on the basis of all relevant facts and circumstances (whether or not such employers are incorporated). See 29 CFR 2520.103-1(e).

For reporting purposes, the assets of a master trust are considered to be held in one or more "investment accounts." A master trust investment account may consist of a pool of assets or a single asset.

Each pool of assets held in a master trust must be treated as a separate master trust investment account if each plan which has an interest in the pool has the same fractional interest in each asset in the pool as its fractional interest in the pool, and if each such plan may not dispose of its interest in any asset in the pool without disposing of its interest in the pool. A master trust may also contain assets which are not held in such a pool. Each such asset must be treated as a separate master trust investment account.

Financial information must generally be provided for each master trust investment account as specified on page 6.

Additional information required to be attached to the Form 5500 for plans participating in master trusts. A plan participating in a master trust must complete the annual return/report and attach a schedule listing each master trust investment account in which the plan has an interest, indicating the plan's name, EIN, and plan number and the name of the master trust used in the master trust information filed with DOL (see page 6). In tabular format, show the net value of the plan's interest in each investment account at the beginning and end of the plan year, and the net investment gain (or loss) allocated to the plan for the plan year from the investment account (see instructions for lines 31c(11) through (15) on pages 17 and 18).

Note: *If a master trust investment account consists solely of one plan's asset(s) during the reporting period, the plan may report the(se) asset(s) either as an investment account to be reported as part of the master trust report filed directly with DOL or as a plan asset(s), which is not part of the master trust (and therefore subject to all instructions pertaining to assets not held in a master trust).*

103-12 Investment Entities

29 CFR 2520.103-12 provides an alternative method of reporting for plans which invest in an entity (other than an investment arrangement filing with DOL as described on this page in **Common/Collective Trust and Pooled Separate Accounts or Master Trust**), the underlying assets of which include "plan assets" (within the meaning of 29 CFR 2510.3-101) of two or more plans which are not members of a "related group" of employee benefit plans. For reporting purposes, a "related group" consists of each group of two or more employee benefit plans (1) each of which receives 10% or more of its aggregate contributions from the same employer or from a member of the same controlled group of corporations (as determined under Code section 1563(a), without regard to Code section 1563(a)(4)); or (2) each of which is either maintained by, or maintained pursuant to a collective-bargaining agreement negotiated by,

the same employee organization or affiliated employee organizations. For purposes of this paragraph, an "affiliate" of an employee organization means any person controlling, controlled by, or under common control with such organization. See 29 CFR 2520.103-12.

For reporting purposes, the investment entities described above with respect to which the required information is filed directly with DOL constitute "103-12 investment entities" (103-12 IEs).

What To File

This section describes the different categories of the Form 5500 series and the related schedules and lists the lines to be completed by different types of Form 5500 filers. In addition, this section contains a description of the special filing requirements for plans which invest in certain investment arrangements. For a brief guide illustrating which forms and schedules are required by different types of plans and filers, see the summary below.

Forms

The following are the different forms in the 5500 series.

- **Form 5500**, Annual Return/Report of Employee Benefit Plan, must be filed annually for each plan with 100 or more participants at the beginning of the plan year.
- **Form 5500-C/R**, Return/Report of Employee Benefit Plan, must be filed for each pension benefit plan, welfare benefit plan, and fringe benefit plan (unless otherwise exempted) with fewer than 100 participants at the beginning of the plan year. Most one-participant plans do not have to file the Form 5500-C/R. See **Form 5500-EZ** on this page.

Note: To determine whether to file Form 5500 or Form 5500-C/R for an employee benefit plan, calculate the number of participants in the same manner as item 7 of the Form 5500 or 5500-C/R but the calculation should be as of the **beginning** of the plan year. Also, under the filing requirements explained above, if the number of plan participants increases to 100 or more, or decreases below 100, from one year to the next, you would generally have to file a different form from that filed the previous year. However, there is an exception to this rule. The filer may continue to file the same form filed last year (i.e., Form 5500 or 5500-C/R), even if the number of participants changed, provided that at the beginning of this

plan year the plan had at least 80 participants, but not more than 120.

Other Forms

- Use **Form 945**, Annual Return of Withheld Federal Income Tax, to report backup withholding and withholding from pensions, annuities, and IRAs. See **Circular E**, Employer's Tax Guide (Pub. 15), for more information.
- Use **Form 1099-R**, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., to report payments and distributions to plan beneficiaries. See the instructions for Forms 1099, 1098, 5498, and W-2G for more information.
- **Form 5500-EZ**, Annual Return of One-Participant (Owners and Their Spouses) Retirement Plan, should be filed by most one-participant plans.

A one-participant plan is: **(1)** a pension benefit plan that covers only an individual or an individual and his or her spouse who wholly own a trade or business, whether incorporated or unincorporated; or **(2)** a pension benefit plan for a partnership that covers only the partners or the partners and the partners' spouses.

See Form 5500-EZ and its instructions to see if the plan meets the requirements for filing the form.

Note: Some one-participant plans must file the Form 5500-C/R. See the Form 5500-EZ instructions.

- **Form 8822**, Change of Address, may be used to notify the IRS if the plan's mailing address changes after the return/report has been filed.

Lines To Complete on Form 5500

Certain kinds of plans and certain kinds of filers that must file an annual Form 5500 are not required to complete the entire form. These are described below, by type of plan. Check the list of headings to see if your plan is affected.

Fringe benefit plans.— For a Form 5500 filed only for a fringe benefit plan that is either a cafeteria plan described in section 125 and/or an educational assistance plan described in Code section 127, complete only lines 1 through 5, 6d (page 1 of Form 5500), and Schedule F (Form 5500). DO NOT file pages 3 through 6 of Form 5500 or any other schedules.

If Form 5500 is filed for both a welfare benefit plan and a fringe benefit plan, complete the above line items, all applicable schedules, and the items specified for **Welfare benefit plans** below.

Welfare benefit plans.— Welfare benefit plans generally must complete the following items on the Form 5500: Lines 1 through 6a, 6e, 7a(4), 7b, 7c, and 7d; 8a, 8b, 8d, and 8e; 9a, 9b, 9c, and 9f; 10a through 10d; 11 through 14; 25 through 29; and 31 through 33.

Exception: An unfunded, fully insured, or a combination unfunded/insured welfare plan (described on page 3 under **Plans Excluded From Filing**), which must file the Form 5500 because it has 100 or more participants, need not complete lines 31 and 32.

Note: If one Form 5500 is filed for both a welfare plan and a fringe benefit plan, check box 6d and complete Schedule F (Form 5500) in addition to the items listed above for welfare benefit plans.

Pension plans.— In general, most pension plans (defined benefit and defined contribution) are required to complete all line items on the form. However, some line items do not have to be completed by certain types of pension plans, as described below.

1. Plans exclusively using a tax deferred annuity arrangement under Code section 403(b)(1). These plans (see **Who Must File** on page 2) need only complete lines 1 through 5, 6b (enter pension code 8), and 9.

2. Plans exclusively using a custodial account for regulated investment company stock under Code section 403(b)(7). These plans need only complete lines 1 through 5, 6b (enter pension code 9), and 9.

3. Individual retirement account plan.— A pension plan utilizing individual retirement accounts or annuities (as described in Code section 408) as the sole funding vehicle for providing benefits need only complete lines 1 through 5, 6b (enter pension code 0), and 9.

4. Fully insured pension plan.— A pension benefit plan providing benefits exclusively through an insurance contract, or contracts which are fully guaranteed and that meets all of the conditions of 29 CFR 2520.104-44 must complete lines 1 through 26, 29, and 30.

A pension plan including both insurance contracts of the type described in 29 CFR 2520.104-44 as well as other assets should

Summary of Filing Requirements for Employers and Plan Administrators (File forms ONLY with IRS)

Type of plan	What to file	When to file
Most pension plans with only one participant or one participant and that participant's spouse	Form 5500-EZ	File all required forms and schedules for each plan by the last day of the 7th month after the plan year ends.
Pension plan with fewer than 100 participants	Form 5500-C/R	
Pension plan with 100 or more participants	Form 5500	
Annuity under Code section 403(b)(1) or trust under Code section 408(c)	Form 5500 or Form 5500-C/R	
Custodial account under Code section 403(b)(7)	Form 5500 or Form 5500-C/R	
Welfare benefit plan with 100 or more participants	Form 5500	
Welfare benefit plan with fewer than 100 participants (see exceptions on page 3 of these instructions)	Form 5500-C/R	
Pension or welfare plan with 100 or more participants (see instructions for item 26)	Financial statements, schedules, and accountant's opinion	
Pension or welfare plan with benefits provided by an insurance company	Schedule A (Form 5500)	
Pension plan that requires actuarial information	Schedule B (Form 5500)	
Pension or welfare plan with 100 or more participants	Schedule C (Form 5500)	
Pension plan with ESOP benefits	Schedule E (Form 5500)	
Fringe benefit plan under Code section 6039D	Schedule F (Form 5500)	
Financial Schedules for item 27	Schedule G (Form 5500)	
Pension plan filing a registration statement identifying separated participants with deferred vested benefits from a pension plan	Schedule SSA (Form 5500)	

limit its reporting in lines 31 and 32 to those other assets.

Note: For purposes of the annual return/report and the alternative method of compliance set forth in 29 CFR 2520.104-44, a contract is considered to be "allocated" only if the insurance company or organization that issued the contract unconditionally guarantees, upon receipt of the required premium or consideration, to provide a retirement benefit of a specified amount. This amount must be provided without adjustment for fluctuations in the market value of the underlying assets of the company or organization, to each participant, and each participant has a legal right to such benefits, which is legally enforceable directly against the insurance company or organization.

5. Nonqualified pension benefit plans maintained outside the United States.—

Nonqualified pension benefit plans maintained outside the United States primarily for nonresident aliens required to file a return/report (see **Who Must File** on page 2) must complete lines 1 through 8c (enter code D in the box on line 6c), 9 through 12, 15, and 16.

Plans of more than one employer.— All plans of more than one employer (plans of a controlled group, multiemployer plans, multiple-employer-collectively bargained plans, and multiple-employer plan (other)) generally must complete all applicable (welfare or pension) items on the form except for line 6f. Only single-employer pension plans must complete line 6f. Multiemployer plans and multiple-employer-collectively bargained plans do not have to complete line 7h.

Schedules

Note: All schedules and attachments to Forms 5500 and 5500-C/R must include the name of the plan, the plan sponsor's EIN, and plan number (PN) as found in lines 5a, 1b, and 5c, respectively.

The various schedules to attach to the return/report are listed below:

• **Schedule A (Form 5500)**, Insurance Information, must be attached to Form 5500 or 5500-C/R, if any benefits under the plan are provided by an insurance company, insurance service, or other similar organization (such as Blue Cross, Blue Shield, or a health maintenance organization). (This includes investments with insurance companies such as guaranteed investment contracts (GICs).)

Caution: Your return/report is subject to rejection if you submit a privately designed and printed substitute Federal form that has not been approved by the IRS.

Exceptions. (1) Do not file Schedule A (Form 5500) if the plan covers only: (a) an individual, or an individual and his or her spouse, who wholly owns a trade or business, whether incorporated or unincorporated; or (b) a partner(s) in a partnership, or a partner(s) and his or her spouse.

(2) Do not file Schedule A (Form 5500) with the Form 5500 or Form 5500-C/R if a Schedule A (Form 5500) is filed for the contract as part of the master trust or 103-12 IE information filed directly with DOL.

Do not file a Schedule A (Form 5500) with a Form 5500-EZ.

• **Schedule B (Form 5500)**, Actuarial Information, must be attached to Form 5500, 5500-C/R, or 5500-EZ for most defined benefit pension plans. See the instructions for Schedule B.

• **Schedule C (Form 5500)**, Service Provider and Trustee Information, must be attached to Form 5500. See line 25 and the instructions for Schedule C.

• **Schedule E (Form 5500)**, ESOP Annual Information, must be attached to Form 5500, 5500-C/R, or 5500-EZ for all pension benefit plans with ESOP benefits. See the instructions for Schedule E.

• **Schedule F (Form 5500)**, Fringe Benefit Plan Annual Information Return, must be attached to page 1 of Form 5500 or 5500-C/R for all fringe benefit plans.

• **Schedule G (Form 5500)**, Financial Schedules, may be attached to Form 5500 when a "Yes" is checked for any line in 27a through 27f. The Schedule G is optional for 1997 (you may use the schedules specified in the instructions for line 27 instead).

• **Schedule SSA (Form 5500)**, Annual Registration Statement Identifying Separated Participants With Deferred Vested Benefits, may be needed for separated participants. See **When To Report a Separated Participant** in the instructions for Schedule SSA.

• **Schedule P (Form 5500)**, Annual Return of Fiduciary of Employee Benefit Trust, may be filed by any fiduciary (trustee or custodian) of an organization that is qualified under Code section 401(a) and exempt from tax under Code section 501(a) who wants to protect the organization under the statute of limitations provided in Code section 6501(a).

File the Schedule P (Form 5500) as an attachment to Form 5500, 5500-C/R, or 5500-EZ for the plan year in which the trust year ends.

Other Filings

Certain investment arrangements for employee benefit plans file financial information directly with DOL. These arrangements include common/collective trusts, pooled separate accounts, master trusts, and 103-12 IEs. Definitions of these investment arrangements may be found on page 4. Their DOL filing requirements are described below.

Common/collective trust and pooled separate account information to be filed directly with DOL. Financial institutions and insurance carriers filing the statement of the assets and liabilities of a common/collective trust or pooled separate account should identify the trust or account by providing the EIN of the trust or account, or (if more than one trust or account is covered by the same EIN) both the EIN and any additional number assigned by the financial institution or insurance carrier (such as: 99-1234567 Trust No. 1); and a list of all plans participating in the trust or account, identified by the plan number, EIN, and name of the plan sponsor. The direct filing should be addressed to:

Common/Collective Trust (OR)
Pooled Separate Account
Pension and Welfare Benefits Administration
U.S. Department of Labor, Room N5638
200 Constitution Avenue, NW
Washington, DC 20210

Master trust information to be filed directly with DOL.— The following information with respect to a master trust must be filed with DOL by the plan administrator or by a designee, such as the administrator of another plan participating in the master trust or the financial institution serving as trustee of the master trust, no later than the date on which the plan's return/report is due. While only one copy of the required information should be filed for all plans participating in the master trust, the information is an integral part of the return/report of each participating plan, and the plan's return/report will not be deemed complete unless all the information is filed within the prescribed time.

Note: If a master trust investment account consists solely of one plan's asset(s) during the reporting period, the plan may report the(se) asset(s) either as an investment account to be reported as part of the master trust report filed directly with DOL or as a plan asset(s) that is not part of the master trust (and therefore subject to all instructions pertaining to assets not held in a master trust).

Each of the following statements and schedules must indicate the name of the master trust and the name of the master trust investment account. The information shall be filed with DOL by mailing it to:

Master Trust
Pension and Welfare Benefits Administration
U.S. Department of Labor, Room N5638
200 Constitution Avenue, NW
Washington, DC 20210

1. The name and fiscal year of the master trust and the name and address of the master trustee.

2. A list of all plans participating in the master trust, showing each plan's name, EIN, PN, and its percentage interest in each master trust investment account as of the beginning and end of the fiscal year of the master trust ending with or within the plan year.

3. A Schedule A (Form 5500) for each insurance or annuity contract held in the master trust.

4. A statement, in the same format as Part I of Schedule C (Form 5500), for each master trust investment account showing amounts of compensation paid during the fiscal year of the master trust ending with or within the plan year to persons providing services with respect to the investment account and subtracted from the gross income of the investment account in determining the net increase (decrease) in net assets of the investment account.

5. A statement for each master trust investment account showing the assets and liabilities of the investment account at the beginning and end of the fiscal year of the master trust ending with or within the plan year, grouped in the same categories as those specified on lines 31a through 31l of Form 5500.

6. A statement for each master trust investment account showing the income and expenses, changes in net assets, and net increase (decrease) in net assets of each such investment account during the fiscal year of the master trust ending with or within the plan year, in the categories specified on line 32 of Form 5500. In place of line 32a, show the total of all transfers of assets into the investment account by participating plans. In place of line 32j, show the total of all transfers of assets out of the investment account by participating plans.

7. Schedules, in the format set forth in the instructions for lines 27a through 27f on Form 5500, of the following items with respect to each master trust investment account for the fiscal year of the master trust ending with or within the plan year: assets held for investment, nonexempt party-in-interest transactions, defaulted or uncollectible loans and leases, and 5% transactions involving assets in the investment account. The 5% figure shall be determined by comparing the current value of the transaction at the transaction date with the current value of the investment account assets at the beginning of the applicable fiscal year of the master trust.

103-12 IE information to be filed directly with DOL.— The information described below must be filed with DOL by the sponsor of the 103-12 IE no later than the date on which the plan's return/report is due before the plan administrator can elect the alternative method of reporting. While only one copy of the

required information should be filed for the 103-12 IE, the information is an integral part of the return/report of each plan electing the alternative method of compliance. The filing address is:

103-12 Investment Entity
Pension and Welfare Benefits Administration
U.S. Department of Labor, Room N5638
200 Constitution Avenue, NW
Washington, DC 20210

1. The name, fiscal year, and EIN of the 103-12 IE and the name and address of the sponsor of the 103-12 IE. If more than one 103-12 IE is covered by the same EIN, they shall be sequentially numbered as follows: 99-1234567 Entity No. 1.

2. A list of all plans participating in the 103-12 IE, showing each plan's name, EIN, PN, and its percentage interest in the 103-12 IE as of the beginning and end of the fiscal year of the 103-12 IE ending with or within the plan year.

3. A Schedule A (Form 5500) for each insurance or annuity contract held in the 103-12 IE.

4. A statement, in the same format as Part I of Schedule C (Form 5500), for the 103-12 IE showing amounts of compensation paid during the fiscal year of the 103-12 IE ending with or within the plan year to persons providing services to the 103-12 IE.

5. A statement showing the assets and liabilities at the beginning and end of the fiscal year of the 103-12 IE ending with or within the plan year, grouped in the same categories as those specified on line 31 of Form 5500.

6. A statement showing the income and expenses, changes in net assets, and net increase (decrease) in net assets during the fiscal year of the 103-12 IE ending with or within the plan year, grouped in the same categories as those specified in line 32 of Form 5500. In place of line 32a, show the total of all transfers of assets into the 103-12 IE by participating plans. In place of line 32j, show the total of all transfers of assets out of the 103-12 IE by participating plans.

7. Schedules, in the format set forth in the instructions for line 27 of Form 5500 (except line 27d) with respect to the 103-12 IE for the fiscal year of the 103-12 IE ending with or within the plan year. Substitute the term "103-12 IE" in place of the word "plan" when completing the schedules.

8. A report of an independent qualified public accountant regarding the above items and other books and records of the 103-12 IE that meets the requirements of 29 CFR 2520.103-1(b)(5).

Section 3

Final Return/Report

If all assets under the plan (including insurance/annuity contracts) have been distributed to the participants and beneficiaries or distributed to another plan (and when all liabilities for which benefits may be paid under a welfare benefit plan have been satisfied), check the "final return/report" box at the top of the form filed for such plan. The year of complete distribution is the last year a return/report must be filed for the plan. For purposes of this paragraph, a complete distribution will occur in the year in which the assets of a terminated plan are brought under the control of PBGC.

For a defined benefit plan covered by PBGC, a PBGC Form 1 must be filed and a premium must be paid until the end of the plan year in which the assets are distributed or brought under the control of PBGC.

Filing the return/report marked "Final return" and indicating that the plan terminated satisfies the notification requirement of Code section 6057(b)(3).

Signature and Date

The plan administrator must sign and date all returns/reports filed. The name of the individual who signed as plan administrator must be typed or printed clearly on the line under the signature line. In addition, the employer must sign a return/report filed for a single-employer plan or a plan required to file only because of Code section 6039D (i.e., for a fringe benefit plan).

When a joint employer-union board of trustees or committee is the plan sponsor or plan administrator, at least one employer representative and one union representative must sign and date the return/report.

Participating employers in a multiple-employer plan (other), who are required to file Form 5500-C/R, are required to sign the return/report. The plan administrator need not sign the Form 5500-C/R filed by the participating employer.

Reproductions

Original forms are preferable, but a clear reproduction of the completed form is acceptable. Sign the return/report after it is reproduced. All signatures must be original.

Change in Plan Year

Generally only defined benefit pension plans need prior approval for a change in plan year. (See Code section 412(c)(5).) Rev. Proc. 87-27, 1987-1 C.B. 769, explains the procedure for automatic approval of a change in plan year. A pension benefit plan that would ordinarily have to obtain approval for a change in plan year under Code section 412(c)(5) is granted an automatic approval for a change in plan year if all the following criteria are met:

1. No plan year exceeds 12 months.
2. The change will not delay the time when the plan would otherwise have been required to conform to the requirements of any statute, regulation, or published position of the IRS.
3. The trust, if any, retains its exempt status for the short period required to effect the change, as well as for the taxable year immediately preceding the short period.
4. All actions necessary to implement the change in plan year, including plan amendment and a resolution of the board of directors (if applicable), have been taken on or before the last day of the short period.
5. No change in plan year has been made for any of the preceding plan years.
6. In the case of a defined benefit plan, deductions are taken in accordance with section 5 of Rev. Proc. 87-27.

For the first return/report that is filed following the change in plan year, check the box on line C at the top of the form.

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Amended Return/Report

If you file an amended return/report, check box A(2) "an amended return/report" at the top of the form. When filing an amended return, answer all questions and circle the amended line numbers.

How The Annual Return/Report Information May Be Used

All Form 5500 series return/reports will be subjected to a computerized review. It is, therefore, in the filer's best interest that the responses accurately reflect the circumstances they were designed to report. Annual reports filed under Title I of ERISA must be made

available by plan administrators to plan participants and by the Department of Labor to the public pursuant to ERISA section 104.

Section 4

Important: Answer all questions on the Form 5500 with respect to the plan year, unless otherwise explicitly stated in the line-by-line instructions or on the form itself. Therefore, your responses usually apply to the year entered or printed at the top of the first page of the form. **"Yes" or "No" questions must be marked either "Yes" or "No," but not both. "N/A" cannot be used to respond to a "Yes" or "No" question that is required to be answered by the filer as specified on page 5 under Lines To Complete On Form 5500.**

Information at the Top of the Form

On the **first line** at the top of the form complete the space for dates when **(1)** the 12-month plan year is not a calendar year, or **(2)** the plan year is less than 12 months (a short plan year).

Line A.— Check box (1) if this is the initial filing for this plan. Do not check this box if you have ever filed for this plan even if it was on a different form (Form 5500 vs. Form 5500-C or Form 5500-R).

Check box (2) if you have already filed for the 1997 plan year and are now submitting an amended return/report to correct errors and/or omissions on the previously filed return/report.

Check box (3) if the plan no longer exists to provide benefits. See **Section 3** for instructions concerning the requirement to file a final return/report.

Check box (4) if this form is being filed for a period of less than 12 months and show the dates at the top.

Line B.— Check box B if you report information in 1a, 2a, 2b, or 5a that is different from that reported on the last return/report filed. Be certain to provide all information in lines 1a through 6d. Please enter changes in red ink and/or circle the line numbers if the information has been changed since the last return/report.

Line C.— Check this box if the plan year has been changed since the last return/report was filed.

Line D.— Check this box if you filed for an extension of time to file this form. Attach a copy of the approved Form 5558 or a copy of the employer's extension of time to file the income tax return if you are using the exception in the instructions for **Extension of Time To File** on page 2.

Line-By-Line Instructions

Page 1

If a return/report was filed last year, a Form 5500 with information from that return/report printed on page 1 should have been mailed to the filer. Check any preprinted information in lines 1a through 6d for accuracy and completeness. Provide any additional information to completely answer the questions and cross out any incorrect information. Enter these corrections on page 1. Please use red ink to enter this information and/or circle line numbers. This will help us process the forms more efficiently and reduce our need to contact you.

The return/report must be completed in accordance with the following specific instructions.

Line 1a.— Enter the name and address of the plan sponsor. If the plan covers only the employees of one employer, enter the employer's name. If the Post Office does not deliver mail to the street address and the

sponsor has a P.O. box, show the box number instead of the street address.

The term "plan sponsor" means—

- The employer, for an employee benefit plan that a single employer established or maintains;
- The employee organization in the case of a plan of an employee organization; or
- The association, committee, joint board of trustees, or other similar group of representatives of the parties who establish or maintain the plan, if the plan is established or maintained jointly by one or more employers and one or more employee organizations, or by two or more employers.

Include enough information on line 1a to describe the sponsor adequately. For example, "Joint Board of Trustees of Local 187 Machinists" rather than just "Joint Board of Trustees."

For group insurance arrangements, enter the name of the trust or other entity that holds the insurance contracts. In addition, attach a list of all participating employers and their EINs.

A "group insurance arrangement" is an arrangement which provides benefits to the employees of two or more unaffiliated employers (not in connection with a multiemployer plan or a multiple-employer collectively bargained plan), fully insures one or more welfare plans of each participating employer, and uses a trust (or other entity such as a trade association) as the holder of the insurance contracts and the conduit for payment of premiums to the insurance company.

Line 1b.— Enter the nine-digit employer identification number (EIN) assigned to the plan sponsor/employer. For example, 00-1234567.

Employers and plan administrators who do not have an EIN should apply for one on **Form SS-4**, Application for Employer Identification Number. Form SS-4 can be obtained at most IRS or Social Security Administration (SSA) offices. Send Form SS-4 to the Internal Revenue Service Center where you will file this Form 5500.

A plan of a controlled group of corporations should use the EIN of one of the sponsoring members. This EIN must be used in all subsequent filings of the annual returns/reports for the controlled group.

If the plan sponsor is a group of individuals, get a single EIN for the group. When you apply for a number, enter on line 1 of Form SS-4 the name of the group, such as "Joint Board of Trustees of the Local 187 Machinists' Retirement Plan."

Note: Although EINs for funds (trusts or custodial accounts) associated with plans are generally not required to be furnished on the Form 5500 series returns/reports, the IRS will issue EINs for such funds for other trust reporting purposes. EINs may be obtained by filing Form SS-4 as explained above.

Plan sponsors should use the trust EIN described in the **Note** above when opening a bank account or conducting other transactions for a trust that require an EIN.

Line 1d.— From the list of business codes on pages 20 and 21, enter the one that best describes the nature of the employer's business. If more than one employer is involved, enter the business code for the main business activity.

Line 1e.— Plans entering entity code A or B on line 4 must enter the first six digits of the CUSIP (Committee on Uniform Securities Identification Procedures) number, "issuer number," if one has been assigned to the plan sponsor for purposes of issuing corporate securities. CUSIP issuer numbers are assigned

to corporations and other entities that issue public securities listed on stock exchanges or traded over the counter. The CUSIP issuer number is the first six digits of the number assigned to the individual securities that are traded. If the plan sponsor has no CUSIP issuer number, enter "N/A."

Line 2a.— If the document constituting the plan appoints or designates a plan administrator other than the sponsor, enter the administrator's name and address. If the plan administrator is also the sponsor, enter "Same." If filing as a group insurance arrangement, enter "Same." If "Same" is entered on line 2a, leave lines 2b and 2c blank.

The term "administrator" means—

- The person or group of persons specified as the administrator by the instrument under which the plan is operated;
- The plan sponsor/employer if an administrator is not so designated; or
- Any other person prescribed by regulations of the Secretary of Labor if an administrator is not designated and a plan sponsor cannot be identified.

Line 2b.— A plan administrator must have an EIN for reporting purposes. Enter the plan administrator's nine-digit EIN here. If the plan administrator does not have an EIN, apply for one as explained in the instructions for line 1b on page 7.

Employees of an employer are not plan administrators unless so designated in the plan document, even though they engage in administrative functions of the plan. If an employee of the employer is designated as the plan administrator, that employee must get an EIN.

Line 3.— If the plan sponsor's/ administrator's name, address, and EIN have changed since the last return/report was filed for this plan, enter the plan sponsor's/administrator's name, address, and EIN as it appeared on the last return/report filed for this plan.

Line 3c.— Indicate if the change on line 3a is only a change in sponsorship. "Change in sponsorship" means the plan's sponsor has been changed but no assets or liabilities have been transferred to another plan(s), the plan has not terminated, or merged with any other plan. Therefore, the plan is now the responsibility of the new sponsor whose name is entered in item 1a of this return/report.

Line 4.—Entity Code.— From the following list of entities choose the one that describes your entity and enter that code on line 4.

Entity	Code
Single-employer plan	A
Plan of controlled group of corporations or common control employers.....	B
Multiemployer plan.....	C
Multiple-employer-collectively bargained plan	D
Multiple-employer plan (other)	E
Group insurance arrangement (of welfare plans)	F

Line 5a.— Enter the formal name of the plan, group insurance arrangement, or enough information to identify the plan. This name should not exceed 70 characters. If the present plan name exceeds 70 characters and spaces, try to abbreviate it.

Line 5b.— Enter the date the plan first became effective.

Line 5c.— Enter the three-digit number the employer or plan administrator assigned to the plan. All welfare benefit plan numbers and Code section 6039D plan numbers start at 501. All other plans start at 001.

Once you use a plan number, continue to use it for that plan on all future filings with the IRS, DOL, and PBGC. Do not use it for any other plan even if you terminated the first plan.

Line 6a.—Welfare Benefit Plan Codes.—

Check this box and enter every code from the list below that describes the welfare benefit plan for which this return/report is filed.

Example. If your plan provides health insurance, life insurance, dental insurance, and eye examinations, enter the codes A, B, D, and E. If your plan has a benefit not described by one of the codes, enter "Z" and write in a description of this benefit in the space provided.

Type of Welfare Plan	Code
Health (other than dental or vision)	A
Life insurance.....	B
Supplemental unemployment.....	C
Dental	D
Vision	E
Temporary disability (accident and sickness).....	F
Prepaid legal	G
Long-term disability	H
Severance pay	I
Apprenticeship and training	J
Scholarship (funded).....	K
Death benefits (other than life ins.)	L
Taft-Hartley Financial Assistance for Employee Housing Expenses	P
Other (specify on page 1)	Z

Line 6b.—Pension Benefit Plan Codes.—

Check this box and enter the codes from the list below that describe the type of benefits for which the Form 5500 is being filed.

Note: A pension plan must be either a defined benefit or a defined contribution plan.

Type of Pension Benefit Plan	Code
Defined benefit.....	1
Defined Contribution	
Profit-sharing	2
Stock bonus	3
Target benefit.....	4
Other money purchase	5
Other (specify on page 1)	6

Other

Defined benefit plan with benefits based partly on balance of separate account of participant (Code section 414(k))	7
Annuity arrangement of certain exempt organizations (Code section 403(b)(1))	8
Custodial account for regulated investment company stock (Code section 403(b)(7))	9
Pension plan utilizing individual retirement accounts (IRAs) or annuities (described in Code section 408) as the sole funding vehicle for providing benefits	0

Line 6c.—Pension Plan Feature Codes.— If the plan includes pension benefits, enter the code(s) from the list of pension plan feature codes below.

Type of Pension Plan Feature	Code
(see descriptions and codes below)	
Employee stock ownership plan (ESOP).....	A
Leveraged ESOP	B
Participant-directed account plan.....	C
Pension plan maintained outside the USA	D
Plan covering self-employed individuals.....	E
Affiliated service group (Code section 414(m)(2)) 401(k) plan—(plan containing a cash or deferred arrangement).....	F
Top-heavy plan (in 1984 or subsequent plan year)	G
Plan with permitted disparity provisions—(See Code sections 401(a)(5) and 401(l)).....	H
Master plan	I
Prototype plan.....	J
Regional prototype plan.....	K
One-participant plan.....	L

• If you enter code **A** or **B**, you must complete Schedule E (Form 5500) and attach it to the Form 5500 you file for this plan.

• Enter code **B** for a leveraged ESOP if the plan acquires employer securities with borrowed money or other debt-financing techniques.

• Enter code **C** for a pension plan that provides for individual accounts and permits a

participant or beneficiary to exercise independent control over the assets in his or her account (see ERISA section 404(c)).

- Enter Code **D** for a pension benefit plan maintained outside the United States primarily for nonresident aliens. See **Kinds of Filers** on page 3 for more information.

- Enter code **F** for a plan of an affiliated service group. In general, Code section 414(m)(2) defines an affiliated service group as a first service organization (FSO) that has:

1. A service organization (A-ORG) that is a shareholder or partner in the FSO and that regularly performs services for the FSO, or is regularly associated with the FSO in performing services for third persons, and/or

2. Any other organization (B-ORG) if:

- a. A significant portion of the business of that organization consists of performing services for the FSO or A-ORG of a type historically performed by employees in the service field of the FSO or A-ORG, and

- b. 10% or more of the interest of the B-ORG is held by persons who are highly compensated employees of the FSO or A-ORG.

An affiliated service group also includes a group consisting of an organization whose principal business is performing management functions for another organization (or one organization and other related organizations) on a regular and continuing basis, and the organization for which such functions are so performed by the organization.

- Enter Code **G** for a cash or deferred arrangement described under Code section 401(k) that is part of a qualified defined contribution plan that provides for an election by employees to defer part of their compensation or receive these amounts in cash.

- Enter Code **H** if the plan is top heavy. A "top-heavy plan" is a plan that during any plan year is:

1. Any defined benefit plan if, as of the determination date, the present value of the cumulative accrued benefits under the plan for key employees exceeds 60% of the present value of the cumulative accrued benefits under the plan for all employees; and

2. Any defined contribution plan if, as of the determination date, the aggregate of the accounts of key employees under the plan exceeds 60% of the aggregate of the accounts of all employees under the plan.

Each plan of an employer included in a required aggregation group must be treated as a top-heavy plan if such group is a top-heavy group. See definitions of required aggregation group and top-heavy group on this page.

A "key employee" is any participant in an employer plan who at any time during the plan year, or any of the 4 preceding years, is:

1. An officer of the employer having an annual compensation greater than 50% of \$125,000, the defined benefit dollar limitation for 1997 under Code section 415(b)(1)(A),

2. One of the 10 employees having annual compensation from the employer greater than \$30,000, the defined contribution dollar limitation for 1997 under Code section 415(c)(1)(A) and owning (or considered as owning within the meaning of Code section 318) the largest interests in the employer,

3. A 5% owner of the employer, or

4. A 1% owner of the employer having an annual compensation from the employer of more than \$150,000.

In determining whether an individual is an officer of the employer, no more than 50 employees, or, if less, the greater of 3 employees or 10% of the employees, are to be

treated as officers. See Code section 416(i) and T-12 of Regulations section 1.416-1. A key employee will not include any officer or employee of a governmental plan under Code section 414(d).

A "required aggregation group" consists of:

1. Each plan of the employer in which a key employee is or was a participant, and

2. Each other plan of the employer that enables a plan to meet the requirements for nondiscrimination in contributions or benefits under Code section 401(a)(4), or the participation requirements under Code section 410.

A "top-heavy group" is an aggregation group if, as of the determination date, the sum of the present value of the cumulative accrued benefits for key employees under all defined benefit plans included in such group and the aggregate of the accounts of key employees under all defined contribution plans in such group exceeds 60% of a similar sum determined for all employees. To determine if a plan is top-heavy, include distributions made in the 5-year period ending on the determination date. However, do not take into account accrued benefits for an individual who has not performed services for the employer during the 5-year period ending on the determination date.

- Enter code **M** for a one-participant plan filing Form 5500 or Form 5500-C/R. See the instructions for **Plans Excluded From Filing** on page 3 and **Form 5500-EZ** under **Other Forms** on page 5.

Line 6d.—Fringe Benefit Plan. Complete only page 1 (lines 1 through 5 and 6d) and Schedule F (Form 5500) for a Form 5500 filed only because of Code section 6039D. Check this box and see page 5 for additional instructions on **Lines To Complete on Form 5500** for a fringe benefit plan.

Line 6e.— Line 6e must be answered if the plan used any of these investment arrangements at any time during the plan year. See page 4 for definitions, additional information to attach to Form 5500, and other information pertaining to master trusts, 103-12 investment entities, common/collective trusts and pooled separate accounts. Also see the instructions for lines 25 through 32 for specific reporting requirements for plans which utilize these entities.

Line 6e(1).— In the space provided in line 6e, enter the name of the trust and financial institution. Also enter the city and state where the trust is maintained. (See **Master Trust** on page 4 for more information.)

Line 6e(2).— In the space provided in line 6e, enter the name and address of the 103-12 IE. (See page 4 for 103-12 IE instructions.)

Line 6f.— For single-employer pension plans, enter the date the employer's tax year ends. For example, if the tax year is a calendar year, enter 12-31-97. Do not complete line 6f for plans with more than one employer.

Lines 6g and 6h.— A defined benefit plan is generally subject to the minimum funding requirements under section 412 unless it is a fully insured plan that is exempt from the minimum funding requirements under section 412(i). A plan is considered a 412(i) plan whether or not all or part of the plan is trustee or a noninsured top-heavy side fund is maintained. All such plans must check their 412(i) status on line 6g. Check box 6h if any part of the plan that was formerly subject to the minimum funding requirements under section 412 for either of the prior 2 plan years has become exempt under section 412(i).

Note: All defined benefit plans subject to the minimum funding requirements under Section 412 must complete line 15a and attach

Schedule B (Form 5500). Also complete line 15a and attach Schedule B (Form 5500) for all 412(i) plans where all premiums for the plan year required under section 412(i) have not been paid before the lapse of any insurance contract under the plan and/or where a noninsured top-heavy side fund is maintained.

Line 7.— The description of "participant" in the instructions below is only for purposes of line 7 of this form.

For welfare plans, the number of participants should be determined by reference to 29 CFR 2510.3-3(d). Dependents are considered to be neither participants nor beneficiaries. For pension benefit plans, "alternate payees" entitled to benefits under a qualified domestic relations order are not to be counted as participants for this line.

"Participant" means any individual who is included in one of the categories below.

Line 7a.— Active participants include any individuals who are currently in employment covered by a plan and who are earning or retaining credited service under a plan. This category includes any individuals who are: **(1)** currently below the permitted disparity level in a plan that is integrated with social security, and/or **(2)** eligible to elect to have the employer make payments to a Code section 401(k) qualified cash or deferred arrangement. Active participants also include any nonvested individuals who are earning or retaining credited service under a plan. This category **does not** include nonvested former employees who have incurred the break in service period specified in the plan.

For determining if active participants are fully vested, partially vested, or nonvested, consider vesting in employer contributions only.

Line 7b.— Inactive participants receiving benefits are any individuals who are retired or separated from employment covered by the plan and who are receiving benefits under the plan. This includes former employees who are receiving group health continuation coverage benefits pursuant to Part 6 of ERISA who are covered by the employee welfare benefit plan. This category 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.

Line 7c.— Inactive participants entitled to future benefits are individuals who are retired or separated from employment covered by the plan and who are entitled to begin receiving benefits under the plan in the future. This category 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.

Line 7e.— Deceased participants are any deceased individuals who had one or more beneficiaries who are receiving or are entitled to receive benefits under the plan. This category does not include an individual if an insurance company has made an irrevocable commitment to pay all the benefits to which the beneficiaries of that individual are entitled under the plan.

Line 7g.— Enter the number of participants included in line 7f who have account balances at the end of the plan year. For example, for a Code section 401(k) plan, the number entered on line 7g should be the number of participants counted in line 7f who have made a contribution to the plan during this plan year or any prior plan year.

Line 7h.— Include any participant who terminated employment during this plan year, whether or not the participant incurred a break in service. Multiemployer plans and

multiple-employer-collectively bargained plans do not have to complete line 7h.

Line 7i(1).— If “Yes,” file Schedule SSA (Form 5500) as an attachment to Form 5500. **Plan administrators:** Code section 6057(e) provides that the plan administrator must give each participant a statement showing the same information reported on Schedule SSA for that participant.

Line 8a.— Check “Yes” if an amendment to the plan was adopted regardless of the effective date of the amendment.

Line 8b.— Enter the date the most recent amendment was adopted regardless of the date of the amendment or the effective date of the amendment.

Line 8c.— Check “Yes” only if the accrued benefits were retroactively reduced. For example, a plan provides a benefit of 2% for each year of service, but the plan is amended to change the benefit to 1½% a year for all years of service under the plan.

Line 8d.— Check “Yes” only if an amendment changed the information previously provided to participants by the summary plan description or summary description of modifications.

Line 8e.— A revised summary plan description or summary description of modifications generally must be distributed to all participants and pension plan beneficiaries no later than 210 days after the close of the plan year in which the amendment(s) was adopted. If the material was distributed since the amendments were adopted (even if after the end of the plan year), check “Yes” for line 8e. See 29 CFR 2520.104b-1 through 2520.104b-4 for details on these requirements and special rules for group health plans (including the 60-day notice requirement for a “material reduction in covered services or benefits”).

Line 9a.— Check “Yes” if the plan was terminated and enter the year of termination if applicable.

Line 9b.— If the plan was terminated but all plan assets were not distributed, a return/report must be filed for each year the plan has assets. In that case, the return/report must be filed by the plan administrator, if designated, or by the person or persons who actually control the plan’s property.

If all plan assets were used to buy individual annuity contracts and the contracts were distributed to the participants, check “Yes.”

If all the plan assets were legally transferred to the control of another plan or brought under the control of PBGC, check “Yes.”

Check “No” for a welfare benefit plan that 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).

Line 9h.— The Code provides for a nondeductible excise tax on a reversion of assets from a qualified plan.

Line 9i.— The employer must report the reversion by filing Form 5330 and pay any applicable tax. The tax will not be imposed on employers who are tax-exempt entities under Code section 501(a). See the instructions for Form 5330.

Line 10a.— If this plan was merged or consolidated or spunoff into another plan(s), or plan assets or liabilities were transferred to another plan(s), indicate which other plan or plans were involved.

Line 10c.— Enter the EIN of the sponsor (employer, if for a single-employer plan) of the other plan(s).

Line 10d.— Enter the plan number of the other plan(s).

Line 10e.— Pension benefit plans must file **Form 5310-A**, Notice of Plan Merger or Consolidation, Spinoff or Transfer of Plan

Assets or Liabilities; Notice of Qualified Separate Lines of Business, at least 30 days before any plan merger or consolidation or any transfer of plan assets or liabilities to another plan.

Caution: *There is a penalty for not filing Form 5310-A on time.*

Line 11.—Funding Arrangement.— Enter the code for the funding arrangement used by the plan for the plan year from the list below.

The “funding arrangement” is the method used during the plan year for the receipt, holding, investment, and transmittal of plan assets prior to the time the plan actually provides the benefits promised under the plan. For purposes of lines 11 and 12, the term “trust” includes any fund or account which receives, holds, transmits, or invests plan assets other than an account or policy of an insurance company.

Note: *An employee benefit plan that enters code 2, 3, or 5 on line(s) 11 and/or 12 must attach a Schedule A (Form 5500), Insurance Information, to provide information pertaining to each contract year ending with or within the plan year. See the instructions for Schedule A (Form 5500). A plan attaching a Schedule A may or may not be exempt from the requirement to engage an independent qualified public accountant. See the instructions for line 26 on page 13.*

Plan Funding Arrangement	Codes
Trust	1
Trust and insurance	2
Insurance	3
Exclusively from general assets of sponsor (unfunded)	4
Partially insured and partially from general assets of sponsor	5
Other	6

Line 12.—Benefit Arrangement.— Enter the code for the benefit arrangement used by the plan for the plan year from the list below.

The “benefit arrangement” is the method by which benefits were actually provided during the plan year to participants by the plan. For example, if all participants received their benefits from a trust (as defined in the instructions for line 11 above) the plan’s benefit arrangement code would be “1.” If some benefits come from a trust and some come from an insurance company, the code would be “2.” If all benefits were paid from an account or policy of an insurance company, the code would be “3.”

Plan Benefit Arrangement	Codes
Trust	1
Trust and insurance	2
Insurance	3
Exclusively from general assets of sponsor (unfunded)	4
Partially insured and partially from general assets of sponsor	5
Other	6

Line 13a.— Check “Yes” if either the contributions to the plan or the benefits paid by the plan are subject to the collective bargaining process, even if the plan is not established and administered by a joint board of trustees. Check “Yes” even if only some of those covered by the plan are members of a collective bargaining unit that negotiates benefit levels on its own behalf. The benefit schedules do not have to be identical for all employees under the plan.

Line 13b.— All plans that entered code C or D on line 4 must enter the six-digit LM number to identify each sponsoring labor organization that is a party to the collective bargaining agreement. Other plans that are maintained pursuant to collective bargaining agreements should enter the appropriate LM number, if

available. The “LM number” is the six-digit Labor-Management file number entered by the sponsoring labor organization in item 1 of the Form LM-2 or LM-3 (Labor Organization Annual Report) filed with the Department of Labor. Accordingly, the LM number(s) should be readily available from the sponsoring labor organization(s). If all sponsoring labor organizations’ LM numbers cannot be entered in the spaces provided on line 13b on the form, enter the additional LM numbers on a supplemental sheet to accompany the Form 5500.

Line 14.— If either the funding arrangement code (line 11) and/or the benefit arrangement code (line 12) is 2, 3, or 5, at least one Schedule A (Form 5500) must be attached to the Form 5500 filed for pension and welfare plans to provide information concerning the contract year ending with or within the plan year. The insurance company (or similar organization) that provides benefits is required to provide the plan administrator with the information needed to complete the return/report, pursuant to ERISA section 103(a)(2). If you do not receive this information in a timely manner, contact the insurance company (or similar organization). If information is missing on Schedule A (Form 5500) due to a refusal to provide this information, note this on the Schedule A. If there is no Schedule(s) A attached, enter -0-.

Line 15a.— If “Yes” is checked, attach Schedule B (Form 5500) to the Form 5500.

Line 15b.— If a waived funding deficiency is being amortized in the current plan year, do not complete (1), (2), and (3), but complete lines 3, 8a, 9, and 10 of Schedule B (Form 5500). An enrolled actuary does not have to sign Schedule B under these circumstances.

Line 15b(2).— The date of last payment by employer refers to contributions for the plan year *being reported*. This date can be after the end of the plan year.

Line 15b(3).— Subtract line 15b(2) from line 15b(1). If zero or less, enter -0-. If greater than zero, enter the amount of the funding deficiency. File Form 5330 with the IRS to pay the excise tax on any funding deficiency.

Caution: *There is a penalty for not filing Form 5330 on time.*

Line 16.— The 1997 annual compensation limit under Code section 401(a)(17) is \$160,000.

Line 17a(1).— Check “Yes” if the plan distributed any annuity contracts. Check “Yes” even if the plan was terminated.

Line 17a(2).— If “Yes” was checked for line 17a(1), the annuity contract must provide that all distributions from it will meet the participant and spousal consent requirements of Code section 417. However, consent is not needed for the distribution of the contract itself. If the contracts contained the Code section 417 requirements, check “Yes.”

Line 17b.— Generally, within the 90 days prior to the date of any benefit payment or the date a loan was made to a participant, you must get the spouse’s consent to the payment of the benefit or the use of the accrued benefit to make the loan. However, there are some circumstances where obtaining this spousal consent is not required. The following is a partial list of circumstances when spousal consent is not required:

1. The participant is not married and no former spouse is required to be treated as a current spouse under a qualified domestic relations order issued by a court.

2. The participant’s nonforfeitable accrued benefit in the plan does not have a present value of more than \$3,500 (\$5,000 for plan years beginning after August 5, 1997) at the time of distribution.

3. The benefit is paid in the form of a qualified joint and survivor annuity (i.e., an annuity for the life of the participant with a survivor annuity for the life of the spouse that is not less than 50% of, and is not greater than 100% of, the amount of the annuity that is payable during the joint lives of the participant and the spouse). See Code section 417(b).

4. The payout is from a profit-sharing or stock bonus plan that pays the spouse the participant's full account balance upon the participant's death, an annuity payment is not elected by the participant, and the profit-sharing or stock bonus plan is not a transferee plan with respect to the participant (i.e., had not received a transfer from a plan that was subject to the consent requirements with respect to the participant).

5. The participant did not have service under the plan after August 22, 1984.

Line 17c.— A plan may not eliminate a subsidized benefit or a retirement option by plan amendment or plan termination.

Line 18.— Check "Yes" if, for purposes of computing the minimum funding requirements for the plan year, the plan administrator is making an election intended to satisfy the requirements of Code section 412(c)(8).

Under Code section 412(c)(8), a plan administrator may elect to have any amendment, which is adopted after the close of the plan year to which it applies, treated as having been made on the first day of that plan year if all the following requirements are met:

- The amendment is adopted no later than 2½ months after the close of such plan year (2 years for a multiemployer plan);
- The amendment does not reduce the accrued benefit of any participant determined as of the beginning of such plan year;
- The amendment does not reduce the accrued benefit of any participant determined as of the adoption of the amendment unless the plan administrator notified the Secretary of the Treasury of the amendment and the Secretary either approved the amendment or failed to disapprove the amendment within 90 days after the date the notice was filed.

See Temporary Regulations section 11.412(c)-7(b) for details on when and how to make the election and the information to include on the statement of election, which must be filed with the appropriate Form 5500 or Form 5500-C/R.

Line 19.— Do not answer this question if you are filing for a defined contribution plan or for a defined benefit plan for which the funding method either has not been changed for the plan year or has been changed pursuant to an application under Rev. Proc. 78-37, 1978-2 C.B. 540.

A revenue procedure that provides for an automatic approval for a change in funding method is not applicable for the current plan year unless the plan sponsor/administrator explicitly agrees with the change. If such a change was made pursuant to a revenue procedure for the current plan year and the plan sponsor/administrator agrees with the change, check "Yes." Otherwise, check "No." If "No" is checked, the change in funding method is not applicable for this plan year.

Line 20.— The Transition rule of Code section 412(l)(11) provides an alternative method of computing the additional required funding charge under section 412(l). For such an election to apply for the current plan year, check "Yes" for this line.

Defined contribution plans, defined benefit plans that are not subject to the minimum funding requirements of Code section 412, and defined benefit plans that are subject to the

minimum funding requirements of section 412 but are multiemployer plans or plans with 100 or fewer participants should not answer question 20.

A plan has 100 or fewer participants only if there were 100 or fewer participants (both active and nonactive participants) on each day of the preceding plan year taking into account participants in all defined benefit plans maintained by the same employer who are also employees of that employer.

Line 21.— Check the box in 21 if you are relying on the substantiation guidelines in completing line 21. In addition, enter the first day of the plan year for which the coverage information is being submitted in line 21.

Revenue Procedure 93-42, 1993-2 C.B. 540, provides guidelines designed to reduce the burdens of substantiating compliance with the nondiscrimination provisions. Generally, Rev. Proc. 93-42 sets forth new guidelines for: (1) the quality of data used in substantiating compliance with the nondiscrimination rules, (2) the timing of nondiscrimination testing, (3) the identification of highly compensated employees, (4) the testing cycle of a plan, and (5) the qualified separate lines of business rules. The substantiation guidelines may be used in completing line 21.

In general, a plan must satisfy one of the coverage tests on each day of the year being tested. However, if the plan satisfies one of the tests on at least 1 day in each quarter of the year being tested, the plan will be deemed to pass the coverage tests for the entire year provided that the quarterly testing dates reasonably represent the coverage of the plan over the entire plan year. Complete line 21 for the testing date selected by the employer (typically the last day of the plan year). For an annual alternative testing option, see Income Tax Regulations section 1.410(b)-8(a)(4).

Multiemployer plans (code C on line 4) and multiple-employer collectively bargained plans (code D on line 4) complete line 21 only if during the plan year the plan benefited employees who are not collectively bargained employees or more than 2% of the employees covered by the plan are professional employees. See Regulations sections 1.410(b)-6(d) and 1.410(b)-9 for the definitions of collectively bargained employee and professional employee. If the plan benefits noncollectively bargained employees, attach a separate statement completed in the same format as line 21, for each employer with noncollectively bargained employees benefiting under the plan as if such noncollectively bargained employees were benefiting under a separate plan. Do not complete line 21 for the portion of the plan benefiting collectively bargained employees. If more than 2% of the employees covered by a collectively bargained plan are professional employees, attach a separate statement completed in the same format as line 21, for each employer with employees benefiting under the plan as if all employees benefiting under the plan were noncollectively bargained employees.

Multiple-employer plan (other) filers (code E on line 4) are not required to complete line 21. However, the participating employers in multiple-employer plan (other) pension benefit plans are required to complete the applicable questions in line 21 on the Form 5500-C/R that they file.

Line 21a.— In general, if the employer operated qualified separate lines of business within the meaning of Code section 414(r) for a year, the employer may apply the coverage and nondiscrimination requirements separately to employees in each qualified separate line of business. If line 21a is "Yes," complete lines

21b through 21o for each qualified separate line of business covered by the plan as if the employees of the separate line of business were the sole employees of the employer. If this plan benefits employees in more than one qualified separate line of business, complete line 21 for one of the lines of business, and for each additional line of business with employees benefiting under the plan, submit an attachment completed in the same format as line 21.

Line 21c.— Certain single plans must be disaggregated into two or more separate plans. Each of the disaggregated parts of the plan must then satisfy the coverage requirements under Code section 410(b) as if it were a separate plan. Under section 1.410(b)-7(c) of the regulations, the following plans must be disaggregated: (a) a plan that has a section 401(k) provision (a qualified cash or deferred arrangement (CODA)) and a provision that is not a 401(k) plan, (b) a plan that has a section 401(m) provision (employee and matching contributions) and a provision that is not a 401(m) provision, (c) a plan that has an ESOP provision and a provision that is not an ESOP, and (d) a plan that benefits both collectively and noncollectively bargained employees.

If any of the above apply to your plan, complete line 21 for one of the disaggregated plans and for each additional part of the plan that must be disaggregated, submit an attachment completed in the same format as line 21.

Line 21d.— Employers can satisfy coverage by aggregating any qualified pension or profit sharing plans that are not mandatorily disaggregated under the rules for line 21c above. However, the aggregated plans must also satisfy the nondiscrimination rules of section 401(a)(4) on an aggregated basis. Note that a special aggregation rule applies for the purposes of computing the average benefit percentage. See line 21o(1) below. If the employer aggregates plans for the purposes of the coverage and nondiscrimination tests (other than for the purpose of computing the average benefit percentage), check this item "Yes," and complete the rest of line 21 for the plans, as aggregated.

Line 21e.— Income Tax Regulations section 1.401(a)(4)-9(c) allows an employer to restructure a plan into component plans to satisfy the coverage and discrimination tests. Check "Yes," if the employer is satisfying the coverage and discrimination tests by restructuring the plan, and do not complete the rest of line 21.

Line 21f(1).— Check this box if this plan benefited no highly compensated employees (within the meaning of Code section 414(q), as amended by section 1431 of the Small Business Job Protection Act of 1996 (SBJPA)). This box should be checked for plans under which no employee receives an allocation or accrues a benefit. See the instructions to line 21m for the definition of "benefiting."

Line 21f(2).— See Regulations section 1.410(b)-6(d)(2) for the definition of collectively bargained employee and Regulations section 1.410(b)-9 for the definition of professional employee.

Line 21g.— Check "Yes" if any leased employee, within the meaning of section 414(n), performed services for the employer or any entity aggregated with the employer under Code sections 414(b), (c), or (m).

Line 21h.— Enter the total number of employees of the employer. Include all self-employed individuals, common-law employees and leased employees, within the meaning of Code section 414(n), of any of the entities aggregated with the employer under Code section 414(b), (c), or (m).

Line 21i.— Enter the total number of excludable employees in the following categories:

1. Employees who have not attained the minimum age and service requirements of the plan.
2. Collectively bargained employees.
3. Nonresident aliens who receive no U.S. source income.
4. Employees who fail to accrue a benefit solely because they:
 - Fail to satisfy a minimum hour of service or a last day requirement under the plan,
 - Do not have more than 500 hours of service for the plan year, and
 - Are not employed on the last day of the plan year.

Line 21k.— See the instructions for line 21m for the definition of “benefiting.”

Line 21l.— The definition of highly compensated employee is contained in Code section 414(q), as amended by section 1431 of SBJPA, those regulations under section 414(q) that reflect current law, and Notice 97-45, 1997-33 I.R.B. 7.

Line 21m.— In general, an employee is “benefiting” if the employee receives an allocation of contributions or forfeitures, or accrues a benefit under the plan for the plan year. Certain other employees are treated as benefiting even if they fail to receive an allocation of contributions and/or forfeitures, or to accrue a benefit solely because the employee is subject to plan provisions that limit plan benefits, such as a provision for maximum years of service, maximum retirement benefits, or limits designed to satisfy Code section 415. An employee is treated as benefiting under a plan (or portion of a plan) that provides for elective contributions under Code section 401(k) if the employee is eligible to make elective contributions to the 401(k) plan even if he or she does not actually make elective contributions. Similarly, an employee is treated as benefiting under a plan (or portion of a plan) that provides for after-tax employee contributions or matching contributions under Code section 401(m) if the employee is eligible to make after-tax employee contributions or receive allocations of matching contributions even if none are actually made or received.

Line 21o(1).— A plan satisfies the average benefit test if it satisfies both the nondiscriminatory classification test and the average benefit percentage test.

A plan satisfies the nondiscriminatory classification test if the plan benefits such employees as qualify under a classification set up by the employer and found by the Secretary not to be discriminatory in favor of highly compensated employees. This test takes into account all relevant facts and circumstances, including: (1) the difference between the coverage percentages of the highly compensated employees and of the nonhighly compensated employees, (2) the percentage of total employees covered, and (3) the difference between the compensation of those employees covered under the plan and those employees who are excluded from coverage under the plan. Under Income Tax Regulations section 1.410(b)-4, a classification will be deemed nondiscriminatory if the ratio in line 21o(2) below is equal to or greater than the safe harbor percentage. The safe harbor percentage is 50%, reduced by a $\frac{3}{4}$ of a percentage point for each percentage point by

which the nonhighly compensated employee concentration percentage exceeds 60%. The nonhighly compensated employee concentration percentage is the percentage of all the employees of the employer who are not highly compensated employees.

In general, a plan satisfies the average benefit percentage test if the actual benefit percentage for nonhighly compensated employees is at least 70% of the actual benefit percentage for highly compensated employees. All qualified plans of the employer, including ESOPs, CODAs, and plans containing employee or matching contributions (Code section 401(k) or (m)) are aggregated in determining the actual benefit percentages. Do not aggregate plans that may not be aggregated for the purposes of satisfying the ratio percentage test, other than ESOPs and plans subject to Code section 401(k) or (m). In addition, all nonexcludable employees, including those with no benefit under any qualified plan of the employer, are included in determining the actual benefit percentages.

Line 21o(2).— In general, to compute the ratio, divide the number of nonexcludable employees who benefit under the plan and are not highly compensated by the total number of nonexcludable nonhighly compensated employees; put this result in the numerator (top of the fraction). Divide the number of nonexcludable employees who benefit under the plan and who are highly compensated by the total number of nonexcludable highly compensated employees; put this result in the denominator (bottom of the fraction). Divide the numerator by the denominator, multiply by 100, and enter the result in line 21o(2). Enter to the nearest 0.1%. If the result is 1000% or more, enter 999.9%.

Line 22a.— Check “Yes” if it is your intention that this plan qualify under Code section 401(a). Otherwise, check “No” and go to line 23a.

Line 22b.— If line 22a is “Yes,” and you have received a determination letter from the IRS, enter the date of the most recent determination letter received.

Line 22c.— Check “Yes” if you have applied for a determination letter from the IRS but have not yet received a reply. Otherwise, check “No.”

Line 23a.— An accurate assessment of fair market value is essential to a plan’s ability to comply with the requirements set forth in the Code (e.g., the exclusive benefit rule of Code section 401(a)(2), the limitations on benefits and contributions under Code section 415, and the minimum funding requirements under Code section 412.) Examples of assets which may not have a readily determinable value on an established market include real estate, nonpublicly traded securities, shares in a limited partnership, and collectibles. Do not check “Yes” on line 23a if the plan is a defined contribution plan and the only assets the plan holds, which do not have a readily determinable value on an established market, are: (1) participant loans not in default, or (2) assets over which the participant exercises control within the meaning of section 404(c) of ERISA.

Line 23b.— Although the fair market value of plan assets must be determined each year, there is no requirement that the assets (other than certain nonpublicly traded employer securities held in ESOPs) be valued every year by independent third-party appraisers.

Line 23c.— Enter the fair market value of the assets referred to on line 23a which were not valued by an independent third-party appraiser in the 1997 plan year. See Revenue Ruling 59-60, 1959-1 C.B. 237, for guidance on determining fair market value.

Line 23d.— Enter the most recent date the assets referred to on line 23c were valued by an independent third-party appraiser. If the value of more than one asset is entered on line 23c, and these assets were most recently valued by an independent third-party appraiser on different dates, enter the earliest date.

Line 25a.— Check “Yes” if any person (including, when applicable, a corporation or partnership) received, directly or indirectly, \$5,000 or more during the plan year for providing services to the plan. For exceptions, see the instructions for Part I of Schedule C (Form 5500). If you checked “Yes,” complete Part I of Schedule C (Form 5500), and attach it to Form 5500. Include payments from the plan sponsor that are reimbursable by the plan.

Check “No” if all plan assets are held in a master trust and the master trust report filed with DOL includes a Schedule C that reports all payments to service providers for the master trust.

Line 25b.— Include all trustees in office during the plan year. List these trustees on Part II of Schedule C (Form 5500) and attach it to the Form 5500.

Line 25c.— Check “Yes” if there has been a termination in the appointment of any person for which a box must be checked on line 25d. In case the service provider is not an individual (i.e., when the service provider is a legal entity such as a corporation, partnership, etc.), check “Yes” when the service provider (not the individual) has been terminated. If line 25c is checked “Yes,” complete Part III of Schedule C (Form 5500) and attach the Schedule C to the Form 5500. Otherwise, check “No” and skip to line 25g.

Line 25d.— Check all appropriate boxes and complete Part III of Schedule C (Form 5500). At least one box must be checked if line 25c is answered “Yes.”

Line 25e.— If line 25c is checked “Yes,” check line 25e “Yes” if, during the 2 most recent plan years preceding the termination and any subsequent interim period preceding such termination, resignation, or dismissal, there were any disagreements (whether or not the disagreements were a factor in the termination) on any matter of professional judgment that, if not resolved to the satisfaction of the former appointee, would have caused (or did cause) the former appointee to take some action, such as including the subject matter of the disagreement in a written report. For example, check “Yes” if the accountant was terminated as a result of a disagreement over the valuation of plan assets and the accountant would have required that the matter be disclosed in a note to the financial statements. Disagreements not involving a matter of professional judgment, such as the payment or nonpayment of fees, or the amount of the fee charged should not be included.

Line 25f.— If line 25d(1) or 25d(2) has been checked, indicating that an independent qualified public accountant or enrolled actuary has been terminated, the plan administrator must provide the terminated accountant or enrolled actuary with a copy of the explanation for the termination provided in Part III of Schedule C (Form 5500), along with a completed copy of the notice that follows.

Notice To Terminated Accountant or Enrolled Actuary

In accordance with this requirement, I, as plan administrator, verify that the explanation that is either reproduced below or attached to this notice is the explanation concerning your termination as reported on the Schedule C (Form 5500) attached to the 1997 Annual Return/Report Form 5500 for the (enter name of plan).

This return/report is identified in line 1b by the nine-digit EIN — (enter Employer Identification Number) and in line 5c by the three-digit PN (enter plan number).

Signed

Dated

Any comments concerning this explanation should include the name, EIN, and PN of the plan and be submitted directly to:

Office of Enforcement
Pension and Welfare Benefits
Administration
U. S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

An explanation of the reasons for the termination of an accountant or enrolled actuary (terminated party) must be provided as part of the annual report (Part III of Schedule C). The plan administrator of the employee benefit plan is also required to provide the terminated party with a copy of this explanation and a notification that the terminated party has the opportunity to comment directly to the Department of Labor concerning any aspect of this explanation.

Line 25g.— A Schedule C (Form 5500) must be attached if line 25a, 25b, and/or 25c are checked "Yes." More than one Schedule C may be required if additional space is required to complete any part of the Schedule C. If no Schedule(s) C is required to be attached, enter "zero."

Line 26.— Employee benefit plans filing the Annual Return/Report Form 5500 are generally required to engage an independent qualified public accountant pursuant to ERISA section 103(a)(3)(A). An independent qualified public accountant's opinion must be attached to Form 5500 unless: **(a)** the plan is an employee welfare benefit plan that is unfunded, fully insured, or a combination of unfunded and insured, as described in 29 CFR 2520.104-44(b)(1); **(b)** the plan is an employee pension benefit plan whose sole asset(s) consists of insurance contracts which provide that, upon receipt of the premium payment, the insurance carrier fully guarantees the amount of benefit payments attributable to plan participants for that plan year as specified in 29 CFR 2520.104-44(b)(2); **(c)** the plan has elected to defer attaching the accountant's opinion for the first of 2 plan years, one of which is a short plan year of 7 months or less as allowed by 29 CFR 2520.104-50; or **(d)** the plan meets the requirements of the DOL Technical Release 92-01. (Also see the instructions for line 26a below.)

Welfare benefit plans sponsored by one employer (or by a controlled group of employers) that use a Code section 501(c)(9) trust are generally not exempt from the requirement of engaging an independent qualified public accountant.

Line 26a.— Plans meeting **(a)**, **(b)**, or **(d)** above should check "Yes" for line 26a and skip to line 28. Plans meeting **(c)** must attach the required explanation and statements in lieu of the opinion and should check "No" to line 26a

and "Other" to line 26b, and specify, in the space provided, that "the opinion is to be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50." All other plans, including those checking line 26b(2), should check "No." "N/A" is NOT an acceptable response to this item. If the required accountant's opinion is not attached to the Form 5500, the filing is subject to rejection as incomplete and penalties may be imposed (see page 2).

Lines 26b and 26c.— 29 CFR 2520.103-1(b) requires that any separate financial statements prepared in order for the independent qualified public accountant to form the opinion and notes to financial statements (or lines 31 and 32 if applicable) must be attached to the annual return/report Form 5500. Any separate statements must include the information required to be disclosed in lines 31 and 32 of the Form 5500; however, they may be aggregated into categories in a manner other than that used on Form 5500. The separate statements should be either typewritten or printed and consist of reproductions of lines 31 and 32 or statements incorporating by reference lines 31 and 32. See 29 CFR 2520.103-1(b).

Line 26b(1).— Generally, an unqualified opinion is issued when the auditor concludes that the plan's financial statements present fairly, in all material respects, the financial status of the plan as of the end of the period audited, and the changes in its financial status for the period under audit are in conformity with generally accepted accounting principles. Check this box if the plan received an unqualified opinion.

Line 26b(2).— Department of Labor Regulations 29 CFR 2520.103-8 and 2520.103-12(d) generally state that the examination and report of an independent qualified public accountant need not extend to: **(a)** information prepared and certified to by a bank or similar institution or by an insurance carrier that is regulated and supervised and subject to periodic examination by a state or Federal agency, or **(b)** information concerning a 103-12 IE that is reported directly to the Department of Labor. Check this box if the plan received an accountant's opinion as discussed in the instructions for line 26b(1) above except for the information not audited pursuant to the above regulations. These regulations do not exempt the plan administrator from attaching the accountant's report.

Line 26b(3).— Generally, a qualified opinion is issued by an independent qualified public accountant when the plan's financial statements present fairly, in all material respects, the financial position of the plan as of the end of the audit period and the results of its operations for the audit period are in conformity with generally accepted accounting principles except for the effects of one or more matters that are described in the opinion. A disclaimer of opinion is issued when the independent qualified public accountant does not express an opinion on the financial statements because he or she has not performed an audit sufficient in scope to enable him or her to form an opinion of the financial statements. Check this box if the plan received a qualified opinion or if a disclaimer of opinion was issued. If the audit was of limited scope pursuant to 29 CFR 2520.103-8 and/or 2520.103-12(d), and no other limitations as to scope or procedures were in effect, then check the box in line 26b(2).

Line 26b(4).— Generally, an adverse opinion is issued by an independent qualified public accountant when the plan's financial statements do not present fairly, in all material respects, the financial position of the plan as of the end of the audit period and the results

of its operations for the audit period in conformity with generally accepted accounting principles. Check this box if the plan received an adverse accountant's opinion.

Line 26b(5).— Generally, an independent qualified public accountant's opinion will be described by one of the categories in 26b(1) through (4). Check this box if the accountant's opinion received by the plan is not described by one of the categories in 26b(1) through (4). Explain the nature of the opinion in the space next to this box. If the explanation requires more space, enter "See attached" and on a separate sheet of paper explain in detail the nature of the accountant's opinion. Any attachments should identify the item number and include the plan's name, EIN, and PN.

Lines 26c and 26d.— These items must be answered by all plans required to engage an independent qualified public accountant (line 26a is "No"). The disclosure of the transactions and financial conditions listed in 26c are some of the disclosures required to be made when a plan's financial statements are presented in accordance with generally accepted accounting principles. (Usually, these disclosures are contained in the notes to the financial statements.) If you are unsure if the disclosures presented in or accompanying the plan's financial statements fall within one of the disclosures described in 26c, you should consult with the plan's independent qualified public accountant.

Check line 26c "Yes" and provide the amount involved in 26d if the financial statements or the notes to the statements contain any of the disclosures listed in 26c. The amount should be determined by adding the amounts of all of the applicable disclosures. For example, if two significant transactions are disclosed between the plan and the sponsor, the amounts, if any, disclosed in the notes should be added together and the total reported.

If you confirm, through consultation with the accountant, if necessary, that the accountant's report, including any applicable financial statements or notes, does not contain any of the disclosures noted in line 26c, check line 26c "No" and enter "0" on line 26d.

Line 27.— Plans with assets held in a common/collective trust, pooled separate account, master trust and/or 103-12 IE (see page 4 for definitions and other information) should complete lines 27a, 27b, 27c, and 27d to report these entities, but not the investments made by these entities.

Exception: Plans with all of their funds held in a master trust should not complete lines 27a through 27f (or attach the **Schedule G** (Form 5500)). However, these plans are not exempt from complying with the instructions found on page 4 for **Additional information required to be attached to the Form 5500.**

"Cost" or "Cost of Asset" for the line 27a, 27d, 27e, and 27f schedules, refers to the original or acquisition cost of the asset.

"Current value" means fair market value where available. Otherwise, it means the fair value as determined in good faith under the terms of the plan by a trustee or a named fiduciary, assuming an orderly liquidation at time of the determination.

If "Yes" is checked for line(s) 27a, b, c, d, e, and/or f and information is required to be provided on a schedule as specified below, the schedule(s) must be completed, clearly labeled as specified below, and attached to the Form 5500 or the filing will be subject to rejection and penalties may be assessed (see page 2). Any attachments must identify the line number and include the plan's name, EIN, and PN. A Schedule G (Form 5500) may be submitted to

provide the information required by the instructions below.

Lines 27a–27d.— If the assets or investment interests of two or more plans are maintained in one trust (except investment arrangements reported on lines 31c(11) through 31c(15) (see pages 17 and 18)), all entries in the schedules included under lines 27a, 27b, and 27c that relate to the trust shall be completed by including the plan's allocable portion of the trust. For purposes of line 27d, the plan's allocable portion of the transactions of the trust shall be combined with the other transactions of the plan, if any, to determine which transactions (or series of transactions) are reportable. Do not include individual transactions of investment arrangements reported on lines 31c(11) through 31c(15).

For purposes of this form, party-in-interest is deemed to include a disqualified person—see Code section 4975(e)(2). The term “party-in-interest” means, as to an employee benefit plan—

- A.** Any fiduciary (including, but not limited to, any administrator, officer, trustee or custodian), counsel, or employee of the plan;
- B.** A person providing services to the plan;
- C.** An employer, any of whose employees are covered by the plan;
- D.** An employee organization, any of whose members are covered by the plan;
- E.** An owner, direct or indirect, of 50% or more of—(1) the combined voting power of all classes of stock entitled to vote, or the total value of shares of all classes of stock of a corporation, (2) the capital interest or the profits interest of a partnership, or (3) the beneficial interest of a trust or unincorporated enterprise that is an employer or an employee organization described in **C** or **D**;
- F.** A relative of any individual described in **A**, **B**, **C**, or **E**;
- G.** A corporation, partnership, or trust or estate of which (or in which) 50% or more of: (1) the combined voting power of all classes of stock entitled to vote or the total value of shares of all classes of stock of such corporation, (2) the capital interest or profits interest of such partnership, or (3) the beneficial interest of such trust or estate is owned directly or indirectly, or held by, persons described in **A**, **B**, **C**, **D**, or **E**;
- H.** An employee, officer, director (or an individual having powers or responsibilities similar to those of officers or directors), or a 10% or more shareholder, directly or indirectly,

of a person described in **B**, **C**, **D**, **E**, or **G**, or of the employee benefit plan; or

I. A 10% or more (directly or indirectly in capital or profits) partner or joint venturer of a person described in **B**, **C**, **D**, **E**, or **G**.

Line 27g.—Employer Security.— An employer security is any security issued by an employer (including affiliates) of employees covered by the plan. These may include common stocks, preferred stocks, bonds, zero coupon bonds, debentures, convertible debentures, notes, and commercial paper. Generally, a publicly traded security is a security that is bought and sold on a recognized market (e.g., NYSE, AMEX, over the counter, etc.) for which there is a pool of willing buyers and sellers. Securities which are listed on a market but for which there does not exist a pool of willing buyers and sellers are not publicly traded.

Qualifying Employer Security.— An employer security that is a stock or a “marketable obligation” is considered a qualifying employer security. For purposes of this definition, the term “marketable obligation” means a bond, debenture, note, certificate, or other evidence of indebtedness (obligation) if:

- 1.** Such obligation is acquired—
 - a.** On the market, either: (1) at the price of the obligation prevailing on a national securities exchange that is registered with the Securities and Exchange Commission, or (2) if the obligation is not traded on such a national securities exchange, at a price not less favorable to the plan than the offering price for the obligation as established by current bid and asked prices quoted by persons independent of the issuer;
 - b.** From an underwriter, at a price: (1) not in excess of the public offering price for the obligation as set forth in a prospectus or offering circular filed with the Securities and Exchange Commission, and (2) at which a substantial portion of the same issue is acquired by persons independent of the issuer; or
 - c.** Directly from the issuer, at a price not less favorable to the plan than the price paid currently for a substantial portion of the same issue by persons independent of the issuer;
- 2.** Immediately following the acquisition of such obligation—
 - a.** Not more than 25% of the aggregate amount of obligations issued in such issue and outstanding at the time of acquisition is held by the plan, and

b. At least 50% of the aggregate amount referred to in subparagraph **a** is held by persons independent of the issuer; and

3. Immediately following the acquisition of the obligation, not more than 25% of the assets of the plan is invested in obligations of the employer or an affiliate of the employer.

For purposes of the qualifying employer security definition, the term “stock” must meet the following conditions:

1. No more than 25% of the aggregate amount of stock of the same class issued and outstanding at the time of acquisition is held by the plan, and

2. At least 50% of the aggregate amount of stock described in the preceding paragraph is held by persons independent of the issuer.

For exceptions to the above, see ERISA section 407(f).

Line 27h.— Generally, as it relates to this question, an appraisal by an unrelated third party is an evaluation of the value of a security prepared by an individual or firm who knows how to judge the value of securities and does not have an ongoing relationship with the plan or plan fiduciaries except for preparing the appraisal. Nonpublicly traded securities are generally held by few people and not traded on a stock exchange.

Line 29a(1).— Generally, every plan official of an employee benefit plan who “handles” funds or other property of such plan must be bonded. Generally, a person shall be deemed to be handling funds or other property of a plan, so as to require bonding, whenever his or her duties or activities with respect to given funds are such that there is a risk that such funds could be lost in the event of fraud or dishonesty on the part of such person, acting either alone or in collusion with others. Section 412 of ERISA and Regulations 29 CFR 2580 provide the bonding requirements, including the definition of “handling” (29 CFR 2580.412-6), the permissible forms of bonds (29 CFR 2580.412-10), the amount of the bond (29 CFR 2580, subpart C), and certain exemptions such as the exemption for unfunded plans, certain banks and insurance companies (ERISA section 412), and the exemption allowing plan officials to purchase bonds from surety companies authorized by the Secretary of the Treasury as acceptable reinsurers on Federal bonds (29 CFR 2580.412-23).

Check “Yes” only if the plan itself (as opposed to the plan sponsor or administrator) is a named insured under a fidelity bond

Line 27a.—Check “Yes” and attach one or both of the following two schedules to the Form 5500 if the plan had any assets held for investment purposes at any time during the plan year. Assets held for investment purposes shall include:

- 1.** Any investment asset held by the plan on the last day of the plan year; and
- 2.** Any investment asset purchased during the plan year and sold before the end of the plan year except:
 - a.** Debt obligations of the United States or any U.S. agency.
 - b.** Interests issued by a company registered under the Investment Company Act of 1940 (e.g., a mutual fund).
 - c.** Bank certificates of deposit with a maturity of one year or less.
 - d.** Commercial paper with a maturity of 9 months, or less, if it is valued in the highest rating category by at least two nationally recognized statistical rating services and is issued by a company required to file reports with the Securities and Exchange Commission under section 13 of the Securities Exchange Act of 1934.
 - e.** Participations in a bank common or collective trust.
 - f.** Participations in an insurance company pooled separate account.
 - g.** Securities purchased from a broker-dealer registered under the Securities Exchange Act of 1934 and either:
 - (1) listed on a national securities exchange and registered under section 6 of the Securities Exchange Act of 1934, or (2) quoted on NASDAQ. Assets held for investment purposes shall not include any investment which was not held by the plan on the last day of the plan year if that investment is reported in the annual report for that plan year in any of the following:
 - (a) The schedule of loans or fixed income obligations in default required by line 27b;
 - (b) The schedule of leases in default or classified as uncollectible required by line 27c;
 - (c) The schedule of reportable transactions required by line 27d; and
 - (d) The schedule of party-in-interest transactions required by lines 27e and 27f.

The first schedule required to be attached to the Form 5500 is a schedule of all assets held for investment purposes at the end of the plan year, aggregated and identified by issue, maturity date, rate of interest, collateral, par or maturity value, cost and current value, and, in the case of a loan, the payment schedule. The schedule must use the following or a similar format and the same size paper as the Form 5500.

Note: In column (a), place an asterisk (*) on the line of each identified person known to be a party-in-interest to the plan. In column (c), include any restriction on transferability of corporate securities. (Include lending of securities permitted under Prohibited Transactions Exemption 81-6.)

The following schedule must be clearly labeled **"Line 27a — Schedule of Assets Held for Investment Purposes."**

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value

The second schedule required to be attached to the Form 5500 is a schedule of investment assets which were both acquired and disposed of within the plan year (see 29 CFR 2520.103-11). The schedule should use the following or a similar format and the same size paper as the Form 5500. The following schedule must be clearly labeled **"Line 27a – Schedule of Assets Held for Investment Purposes."**

(a) Identity of issue, borrower, lessor, or similar party	(b) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(c) Costs of acquisitions	(d) Proceeds of dispositions

Note: Participant loans under an individual account plan with investment experience segregated for each account, that are made in accordance with 29 CFR 2550.408b-1 and that are secured solely by a portion of the participant's vested accrued benefit, may be aggregated for reporting purposes on line 27a. Under identity of borrower enter "Participant loans," under rate of interest enter the lowest rate and the highest rate charged during the plan year (e.g., 8%-10%), under the cost and proceeds columns enter -0-, and under current value enter the total amount of these loans.

Line 27b.—Check "Yes" and attach the following schedule to the Form 5500 if the plan had any loans or fixed income obligations in default or determined to be uncollectible as of the end of the plan year. Include obligations where the required payments have not been made by the due date. For notes and loans, the due date, payment amount, and conditions for default are usually contained in the note or loan documents. Defaults can occur at any time for those obligations that require periodic repayment. Generally, loans and fixed income obligations are considered uncollectible when payment has not been made and there is little probability that payment will be made. A loan by the plan is in default when the borrower is unable to pay the obligation upon maturity. A fixed income obligation has a fixed maturity date at a specified interest rate. List any loans by the plan that are in default and any fixed income obligations that have matured, but have not been paid, for which it has been determined that payment will not be made. The schedule should use the following or similar format and the same size paper as the Form 5500. The following schedule must be clearly labeled **"Line 27b — Schedule of Loans or Fixed Income Obligations."**

Note: In column (a), place an asterisk (*) on the line of each identified person known to be a party-in-interest to the plan. Include all loans that were renegotiated during the plan year. Also, explain what steps have been taken or will be taken to collect overdue amounts for each loan listed.

(a)	(b) Identity and address of obligor	(c) Original amount of loan	Amount received during reporting year		(f) Unpaid balance at end of year	(g) Detailed description of loan including dates of making and maturity, interest rate, the type and value of collateral, any renegotiation of the loan and the terms of the renegotiation, and other material items	Amount overdue	
			(d) Principal	(e) Interest			(h) Principal	(i) Interest

Line 27c.—Check "Yes," and attach to Form 5500 the following schedule if the plan had any leases in default or classified as uncollectible. The schedule should use the following or a similar format and the same size paper as Form 5500. The following schedule must be clearly labeled **"Line 27c — Schedule of Leases in Default or Classified as Uncollectible."**

A lease is an agreement conveying the right to use property, plant, or equipment for a stated period. A lease is in default when the required payment(s) has not been made. An uncollectible lease is one where the required payments have not been made and for which there is little probability that payment will be made. Also, explain what steps have been taken or will be taken to collect overdue amounts for each lease listed.

(a)	(b) Identity of lessor/lessee	(c) Relationship to plan, employer, employee organization, or other party-in-interest	(d) Terms and description (type of property, location and date it was purchased, terms regarding rent, taxes, insurance, repairs, expenses, renewal options, date property was leased)	(e) Original cost	(f) Current value at time of lease	(g) Gross rental receipts during the plan year	(h) Expenses paid during the plan year	(i) Net receipts	(j) Amount in arrears

Line 27d.—Check “Yes” and attach to the Form 5500 the following schedule if the plan had any reportable transactions (see 29 CFR 2520.103-6 and the examples provided in the regulation). The schedule should use the following or a similar format and the same size paper as the Form 5500.

A reportable transaction includes:

- a.** A single transaction within the plan year in excess of 5% of the current value of the plan assets;
- b.** Any series of transactions with, or in conjunction with, the same person, involving property other than securities, which amount in the aggregate within the plan year (regardless of the category of asset and the gain or loss on any transaction) to more than 5% of the current value of plan assets;
- c.** Any transaction within the plan year involving securities of the same issue if within the plan year any series of transactions with respect to such securities amount in the aggregate to more than 5% of the current value of the plan assets; and
- d.** Any transaction within the plan year with respect to securities with, or in conjunction with, a person if any prior or subsequent single transaction within the plan year with such person, with respect to securities, exceeds 5% of the current value of plan assets.

The 5% figure is determined by comparing the current value of the transaction at the transaction date with the current value of the plan assets at the beginning of the plan year.

If the assets of two or more plans are maintained in one trust, the plan’s allocable portion of the transactions of the trust shall be combined with the other transactions of the plan, if any, to determine which transactions (or series of transactions) are reportable (5%) transactions. This does not apply to investment arrangements whose current value is reported in lines 31c(11) through 31c(15). Instead, for investments in common/collective trusts, pooled separate accounts, 103-12 IEs, and registered investment companies, determine the 5% figure by comparing the transaction date value of the acquisition and/or disposition of units of participation or shares in the entity with the current value of the plan assets at the beginning of the plan year. Do not complete line 27d if all plan funds are held in a master trust. Plans with assets in a master trust that have other transactions should determine the 5% figure by subtracting the current value of plan assets held in the master trust from the current value of all plan assets at the beginning of the plan year. Do not include individual transactions of investment arrangements reported in lines 31c(11) through 31c(15).

In the case of a purchase or sale of a security on the market, do not identify the person from whom purchased or to whom sold.

The following schedule must be clearly labeled “**Line 27d — Schedule of Reportable Transactions.**”

(a) Identity of party involved	(b) Description of asset (include interest rate and maturity in case of a loan)	(c) Purchase price	(d) Selling price	(e) Lease rental	(f) Expense incurred with transaction	(g) Cost of asset	(h) Current value of asset on transaction date	(i) Net gain or (loss)

Lines 27e and 27f.—Check “Yes” and attach the following schedule to the Form 5500 if the plan had any nonexempt transactions with a party-in-interest.

For purposes of this form, party-in-interest is deemed to include a disqualified person (see Code section 4975(e)(2)). The term “party-in-interest” is defined on page 14. Nonexempt transactions with a party-in-interest include any direct or indirect:

- a.** Sale or exchange, or lease, of any property between the plan and a party-in-interest.
- b.** Lending of money or other extension of credit between the plan and party-in-interest.
- c.** Furnishing of goods, services, or facilities between the plan and a party-in-interest.
- d.** Transfer to, or use by or for the benefit of, a party-in-interest, of any income or assets of the plan.
- e.** Acquisition, on behalf of the plan, of any employer security or employer real property in violation of ERISA section 407(a).
- f.** Dealing with the assets of the plan for a fiduciary’s own interest or own account.
- g.** 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 or beneficiaries.
- h.** Receipt of any consideration for his or her own 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.

Note: Amounts paid by a participant or beneficiary to an employer and/or withheld by an employer for contribution to the plan are participant contributions that become plan assets as of the earliest date on which such contributions can reasonably be segregated from the employer’s general assets. An employer holding these assets after that date commingled with its general assets will have engaged in a prohibited use of plan assets for purposes of the nonexempt transactions described above. See 29 CFR 2510.3-102 and ERISA section 406.

Do not check “Yes” on line 27e or 27f, or list transactions that are statutorily exempt under Part 4 of Title I of ERISA, or administratively exempt under ERISA section 408(a), or exempt under Code sections 4975(c) and 4975(d), or include transactions of a 103-12 IE with parties other than the plan. You may indicate that an application for an administrative exemption is pending. Also, for purposes of lines 27e and 27f, a welfare plan that meets the conditions of ERISA Technical Release 92-01 should not check “Yes” if the only nonexempt transaction is the holding of participant contributions in the employer’s general assets.

If you are unsure whether a transaction is exempt or not, you should consult with either the plan’s independent qualified public accountant or legal counsel or both.

Set out each transaction with the information set forth below in the following or similar format using the same size paper as the Form 5500. The following schedules must be clearly labeled as appropriate **"Line 27e.— Schedule of Nonexempt Transactions"** and/or **"Line 27f.— Schedule of Nonexempt Transactions."**

If a nonexempt prohibited transaction occurred with respect to a disqualified person, file Form 5330 with the IRS to pay the excise tax on the transaction.

(a) Identity of party involved	(b) Relationship to plan, employer, or other party-in-interest	(c) Description of transactions including maturity date, rate of interest, collateral, par or maturity value	(d) Purchase price	(e) Selling price	(f) Lease rental	(g) Expenses incurred in connection with transaction	(h) Cost of asset	(i) Current value of asset	(j) Net gain or (loss) on each transaction

covering plan officials and if the plan is protected as described in 29 CFR 2580.412-18.

Plans are permitted under certain conditions to purchase fiduciary liability insurance. These policies do not protect the plan from dishonest acts and are not bonds that should be reported on line 29.

Line 29a(2).— Indicate the aggregate amount of coverage available for all claims.

Line 29b(1).— Check "Yes" if the plan has suffered or discovered any loss as the result of a dishonest or fraudulent act(s).

Line 29b(2).— If line 29b(1) has been answered "Yes," enter the full amount of the loss. If the full amount of the loss has not yet been determined, provide and disclose that the figure is an estimate, such as "Approximately \$1,000."

Note: *Willful failure to report is a criminal offense. See ERISA section 501.*

Line 30a.— If you are uncertain whether the plan is covered under the PBGC termination insurance program, check the box "Not determined" and contact the PBGC and request a coverage determination. Defined contribution plans and welfare plans do not complete this item.

Lines 31 and 32.— Use either the cash, modified accrual, or accrual basis for recognition of transactions on lines 31 and 32, as long as you use one method consistently.

Round off all amounts on lines 31 and 32 to the nearest dollar. Any other amounts are subject to rejection. Check all subtotals and totals carefully.

Caution: *Do not mark through the printed line descriptions and insert your own description as this may cause additional correspondence due to a new computerized review of the Form 5500.*

"Current value" means fair market value, where available. Otherwise, it means the fair value as determined in good faith under the terms of the plan by a trustee or a named fiduciary, assuming an orderly liquidation at the time of the determination.

If the assets of two or more plans are maintained in one trust, such as when an employer has two plans that are funded through a single trust (except investment arrangements reported on lines 31c(11) through 31c(15)), complete lines 31 and 32 by entering the plan's allocable part of each line item.

If assets of one plan are maintained in two or more trust funds, report the combined financial information on lines 31 and 32.

Unfunded, fully insured, and unfunded/insured welfare plans, and fully insured pension plans meeting the conditions of 29 CFR 2520.104-44, need not complete lines 31 and 32.

To determine if your welfare benefit plan is unfunded, fully insured, or unfunded/insured, see **Plans Excluded From Filing** on page 3. To determine if your pension plan is fully insured, see page 5.

Line 31.— Use column (a) to enter the current value of plan assets and liabilities as of the beginning of the plan year. Use column (b) to enter the current value of plan assets and liabilities as of the end of the plan year.

Amounts reported in column (a) must be the same as reported for corresponding line items in column (b) of the return/report for the preceding plan year.

Note: *Do not include contributions designated for the 1997 plan year in column (a).*

Line 31a.— Total noninterest-bearing cash includes, among other things, cash on hand or cash in a noninterest-bearing checking account.

Line 31b(1).— Noncash basis filers should include contributions due the plan by the employer but not yet paid. Do not include other amounts due from the employer such as the reimbursement of an expense or the repayment of a loan.

Line 31b(2).— Noncash basis filers should include contributions withheld by the employer from participants and amounts due directly from participants that have not yet been received by the plan. Do not include the repayment of participant loans.

Line 31b(3).— Noncash basis filers should include income from investment income earned but not yet received by the plan.

Line 31b(4).— Noncash basis filers should include amounts due to the plan that are not includable in lines 31b(1)–31b(3) above. These may include amounts due from the employer or another plan for expense reimbursement or from a participant for the repayment of an overpayment of benefits.

Line 31c(1).— Include all assets that earn interest in a financial institution account including interest bearing checking accounts, passbook savings accounts, et al., or in a money market fund.

Line 31c(3).— Include securities issued or guaranteed by the U.S. Government or its designated agencies such as U.S. Savings Bonds, Treasury bonds, Treasury bills, FNMA, and GNMA.

Line 31c(4).— Include investment securities issued by a corporate entity at a stated interest rate repayable on a particular future date such as most bonds, debentures, convertible debentures, commercial paper, and zero coupon bonds. Do not include debt securities of Governmental units or municipalities reported under lines 31c(3) or 31c(17).

"Preferred" means any of the above securities that are publicly traded on a recognized securities exchange and the securities have a rating of "A" or above. If the securities are not "preferred" they are listed as "Other."

Line 31c(5)(A).— Include stock issued by corporations that is accompanied by preferential rights such as the right to share in distributions of earnings at a higher rate or has general priority over the common stock of the

same entity. Include the value of warrants convertible into preferred stock.

Line 31c(5)(B).— Include any stock that represents regular ownership of the corporation and is not accompanied by preferential rights plus the value of warrants convertible into common stock.

Line 31c(6).— Include the value of the plan's participation in a partnership or joint venture if the underlying assets of the partnership or joint venture are not considered to be plan assets under 29 CFR 2510.3-101. Do not include the value of a plan's interest in a partnership or joint venture which is a 103-12 IE (see the instructions for lines 31c(11) through 31c(15) below).

Line 31c(7)(A).— Include the current value of real property owned by the plan that produces income from rentals, etc. This property is not to be included on line 31e, buildings and other property used in plan operations.

Line 31c(7)(B).— Include the current value of real property owned by the plan that is not producing income or used in plan operations.

Line 31c(8)(A).— Include the current value of all loans made by the plan to provide mortgage financing to purchasers (other than plan participants) of residential dwelling units, either by making or participating in loans directly or by purchasing mortgage loans originated by a third party. (For participant loans, see the instructions for lines 31c(9)(A) and (B) below.)

Line 31c(8)(B).— Include the current value of all loans made by the plan to provide mortgage financing to purchasers (other than participants) of commercial real estate, either by making or participating in the loans directly or by purchasing mortgage loans originated by a third party. (For participant loans, see the instructions for lines 31c(9)(A) and (B) below.)

Line 31c(9)(A).— Include the current value of all loans to participants that are made by the plan to provide mortgage financing to participants who were purchasers of real property, irrespective of whether the mortgage was for residential, commercial, or farm property.

Line 31c(9)(B).— Include the balance of any loans made to participants that were not reported on line 31c(9)(A).

Note: *The total amount of the unpaid principal balance (plus accrued but unpaid interest, if any) of participant loans aggregated for purposes of the line 27a schedules should be included in line 31c(9). When applicable, combine this amount with the current value of any other participant loans.*

Line 31c(10).— Include all loans made by the plan that are not to be reported elsewhere on line 31 such as loans for construction, securities loans, and other miscellaneous loans.

Lines 31c(11) through 31c(15).— On lines 31c(11) through 31c(15), enter the current value of the plan's interest at the beginning and end of the plan year. If some plan funds are held in these investment arrangements, and other plan funds are held in other funding

media, complete all applicable subitems of line 31 with regard to assets held in other funding media.

A plan investing in common/collective trusts or pooled separate accounts should attach to the return/report either the statement of assets and liabilities of the common/collective trust or pooled separate account or the certification discussed on page 4 of these instructions.

The value of the plan's interest in a master trust is the sum of the net values of the plan's interest in master trust investment accounts. The net values of such interests are obtained by multiplying the plan's percentage interest in each master trust investment account by the net assets of the investment account (total assets minus total liabilities) at the beginning and end of the plan year.

Line 31c(16).— You can use the same method for determining the value of the insurance contracts reported on line 31c(16) that you used for line 6e of Schedule A (Form 5500) as long as the contract values are stated as of the beginning and end of the plan year.

Line 31c(17).— Other investments include options, index futures, repurchase agreements, and state and municipal securities among other things.

Line 31d.— See the instructions for line 27g on page 14 for the definition of employer security.

Line 31e.— Include the current (not book) value of the buildings and other property used in the operation of the plan. Report buildings or other property held as plan investments on line 31c(7)(A), 31c(7)(B), or 31d(2).

Do not include the value of future pension payments on lines 31g, 31h, 31i, 31j, or 31k.

Line 31g.— Noncash basis plans should include the total amount of benefit claims that have been processed and approved for payment by the plan.

Line 31h.— Noncash basis plans should include the total amount of obligations owed by the plan that were incurred in the normal operations of the plan and have been approved for payment by the plan but have not been paid.

Line 31i.—Acquisition Indebtedness.— "Acquisition indebtedness," for debt-financed property other than real property, means the outstanding amount of the principal debt incurred:

1. By the organization in acquiring or improving the property;
2. Before the acquisition or improvement of the property if the debt was incurred only to acquire or improve the property; or
3. After the acquisition or improvement of the property if the debt was incurred only to acquire or improve the property and was reasonably foreseeable at the time of such acquisition or improvement.

For further explanation, see Code section 514(c).

Line 31j.— Noncash basis plans should include amounts owed for any liabilities that would not be classified as benefit claims payable, operating payables, or acquisition indebtedness.

Line 31l.— Column (b) must equal the sum of column (a) plus lines 32i and 32j.

Line 32a(1).— Include the total cash contributions received and/or (for accrual basis plans) due to be received.

Line 32a(1)(B).— For welfare plans, report all employee contributions, including all elective contributions under a cafeteria plan (Code section 125). For pension plans, participant contributions, for purposes of this item, also include elective contributions under a qualified

cash or deferred arrangement (Code section 401(k)).

Line 32a(2).— Use the current value, at date contributed, of securities or other noncash property.

Line 32b(1)(A).— Include the interest earned on interest-bearing cash. This is derived from investments that are includable on line 31c(1), including earnings from sweep accounts, STIF accounts, etc.

Line 32b(1)(B).— Include the interest earned on certificates of deposit. This is the interest earned on the investments that are reported on line 31c(2).

Line 32b(1)(C).— Include the interest earned on U.S. Government securities. This is the interest earned on the investments that are reported on line 31c(3).

Line 32b(1)(D).— Generally, this is the interest earned on securities that are reported on lines 31c(4)(A) and (B) and 31d(1).

Line 32b(1)(E).— Include the interest earned on the investments that is reported on lines 31c(8)(A) and (B) and 31c(9)(A).

Line 32b(1)(F).— Include the interest earned on the investments that are reported on lines 31c(9)(B) and 31c(10).

Line 32b(1)(G).— Include any interest not reported on lines 32b(1)(A)–(F).

Line 32b(2)(A) and (B).— Generally, these dividends are from the investments that are reported on lines 31c(5)(A) and (B) and 31d(1).

For accrual basis plans, include any dividends declared for stock held on the date of record, but not yet received as of the end of the plan year.

Line 32b(3).— Generally, rents represent the income earned on the real property that is reported on lines 31c(7)(A) and 31d(2). Rents should be entered as a "Net" figure. Net rents are determined by taking the total rent received and subtracting all expenses directly associated with the property. If the real property is jointly used as income producing property and for the operation of the plan, that portion of the expenses attributable to the income producing portion of the property should be netted against the total rents received.

Line 32b(4).— Column (b), total of net gain (loss) on sale of assets, should reflect the sum of the net realized gain (or loss) on each asset held at the beginning of the plan year which was sold or exchanged during the plan year, and each asset that was both acquired and disposed of within the plan year.

Note: *As current value reporting is required for the Form 5500, assets are revalued to current value at the end of the plan year. For purposes of this form, the increase or decrease in the value of assets since the beginning of the plan year (if held on the first day of the plan year) or their acquisition date (if purchased during the plan year) is reported on line 32b(5) below, with two exceptions: (1) the realized gain (or loss) on each asset which was disposed of during the plan year is reported on line 32b(4) (NOT on line 32b(5)), and (2) the net investment gain (or loss) from certain investment arrangements is reported on lines 32b(6) through 32b(10).*

The sum of the realized gain (or loss) of all assets sold or exchanged during the plan year is to be calculated by—

- a. Entering the sum of the amount received for these former assets on line 32b(4), column (a), line (A),
- b. Entering on line 32b(4), column (a), line (B), the sum of the current value of these former assets as of the beginning of the plan year, for those assets on hand at the beginning of the

plan year, or the purchase price for those assets acquired during the plan year, and

c. Subtracting line 32b(4)(B) from 32b(4)(A) and entering this result on line 32b(4)(C) in column (b).

A negative figure should be placed in parentheses.

Note: *Bond write offs should be reported as realized losses.*

Line 32b(5).— Subtract the current value of assets at the beginning of the year plus the cost of any assets acquired during the plan year from the current value of assets at the end of the year to obtain this figure. A negative figure should be placed in parentheses. Do not include the value of assets reportable on lines 32b(4) and 32b(6) through 32b(10).

Lines 32b(6) through (10).— Report all earnings, expenses, gains or losses, and unrealized appreciation or depreciation that were included in computing the net investment gain (or loss) from these investment arrangements here. If some plan funds are held in any of these investment arrangements and other plan funds are held in other funding media, complete all applicable subitems of line 32 to report plan earnings and expenses relating to the other funding media.

The net investment gain (or loss) allocated to the plan for the plan year from the plan's investment in these investment arrangements is equal to:

- a. The sum of the current value of the plan's interest in each investment arrangement at the end of the plan year,
- b. Minus the current value of the plan's interest in each investment arrangement at the beginning of the plan year,
- c. Plus any amounts transferred out of each investment arrangement by the plan during the plan year, and
- d. Minus any amounts transferred into each investment arrangement by the plan during the plan year.

Enter the net gain as a positive number or the net loss in parentheses.

Line 32c.— Include any other plan income earned that is not included on lines 32a or 32b. Do not include transfers from other plans that should be reported on line 32j.

Line 32d.— Add all amounts in column (b) and enter the total income.

Line 32e.— If distributions include securities or other property, use the current value at date distributed for this item. See page 13 for the definition of current value.

Line 32e(1).— Include the current value of all cash, securities, or other property at the date of distribution.

Line 32e(2).— Include payments to insurance companies and similar organizations such as Blue Cross, Blue Shield, and health maintenance organizations for the provision of plan benefits (e.g., paid-up annuities, accident insurance, health insurance, vision care, dental coverage, stop-loss insurance whose claims are paid to the plan (or which is otherwise an asset of the plan)), etc.

Line 32e(3).— Include payments made to other organizations or individuals providing benefits. Generally, these are individual providers of welfare benefits such as legal services, day care services, and training and apprenticeship services.

Line 32f.— Interest expense is a monetary charge for the use of money borrowed by the plan. This amount should include the total of interest paid or to be paid (for accrual basis plans) during the plan year.

Line 32g.— Expenses incurred in the general operations of the plan are classified as administrative expenses. Report all

administrative expenses (by specified category) paid by or charged to the plan, including those that were not subtracted from the gross income of common/collective trusts, pooled separate accounts, master trust investment accounts, and 103-12 IEs in determining their net investment gain(s) or loss(es).

Line 32g(1).— Include all of the plan's expenditures such as salaries and the payment of premiums to provide benefits to plan employees (e.g., health insurance, life insurance, etc.).

Line 32g(2).— Include the total fees paid (or in the case of accrual basis plans, costs incurred during the plan year but not paid as of the end of the plan year) by the plan for outside accounting services. These may include the fee(s) for the annual audit of the plan by an independent qualified public accountant, for payroll audits, and for accounting/bookkeeping services. These do not include amounts paid to plan employees to perform accounting functions.

Line 32g(3).— Include the total fees paid (or in the case of accrual basis plans, costs incurred during the plan year but not paid as of the end of the plan year) to an actuary for services rendered to the plan.

Line 32g(4).— Include the total fees paid (or in the case of accrual basis plans, costs incurred during the plan year but not paid as of the end of the plan year) to a contract administrator for performing administrative services for the plan. For purposes of the return/report, a contract administrator is any

individual, partnership, or corporation, responsible for managing the clerical operations (e.g., handling membership rosters, claims payments, maintaining books and records) of the plan on a contractual basis. Do not include salaried staff or employees of the plan or banks, or insurance carriers.

Line 32g(5).— Include the total fees paid (or in the case of accrual basis plans, costs incurred during the plan year but not paid as of the end of the plan year) to an individual, partnership, or corporation (or other person) for advice to the plan relating to its investment portfolio. These may include fees paid to manage the plan's investments, fees for specific advice on a particular investment, and fees for the evaluation of the plan's investment performance.

Line 32g(6).— Include total fees paid (or in the case of accrual basis plans, costs incurred during the plan year but not paid as of the end of the plan year) to a lawyer for services rendered to the plan. Include fees paid for rendering legal opinions, litigation, and advice but not for providing legal services as a benefit to plan participants.

Line 32g(7).— Include the total fees paid (or in the case of accrual basis plans, costs incurred during the plan year but not paid as of the end of the plan year) for valuations or appraisals to determine the cost, quality, or value of an item. These may include the fee(s) paid for appraisals of real property (real estate, gemstones, coins, etc.), and a valuation of closely held securities for which there is no ready market.

Line 32g(8).— Include the total fees and expenses paid to or on behalf of plan trustees (or in the case of accrual basis plans, costs incurred during the plan year but not paid as of the end of the plan year). These may include reimbursement of expenses associated with trustees such as lost time, seminars, travel, meetings, etc.

Line 32g(9).— Other expenses are those that cannot be associated definitely with lines 32g(1) through 32g(8). All miscellaneous expenses are also included in this figure. These may include expenses for office supplies and equipment, cars, telephone, postage, rent, and expenses associated with the ownership of a building used in the operation of the plan.

Line 32h.— Add column (b) for lines 32e(4), 32f, and 32g(10).

Line 32i.— Subtract line 32h from line 32d.

Line 32j.— Include in this reconciliation figure any transfers of assets into or out of the plan resulting from mergers and consolidations of plans or associated with benefit liabilities that are also being transferred. A transfer is not a shifting of assets or liabilities from one investment medium to another used for a single plan (e.g., between a trust and an annuity contract). Transfers out should be shown in parentheses.

Line 32k.— Include the amount of net assets at the beginning of the year. This amount must equal line 31l, column (a).

Line 32l.— Include the amount of net assets at the end of the year. This amount must equal line 31l, column (b).

Codes for Principal Business Activity and Principal Product or Service

These industry titles and definitions are based, in general, on the Enterprise Standard Industrial Classification System authorized by the Regulatory and Statistical Analysis Division, Office of Information and Regulatory Affairs, Office of Management and Budget, to classify enterprises by type of activity in which they are engaged.

AGRICULTURE, FORESTRY, AND FISHING

Code
0120 Field crop.
0150 Fruit, tree nut, and vegetable.
0180 Horticultural specialty.
0230 Livestock.
0270 Animal specialty.

Agricultural services and forestry:

0740 Veterinary services.
0750 Animal services, except veterinary.
0780 Landscape and horticultural services.
0790 Other agricultural services.
0800 Forestry.

Farms:

Fishing, hunting, and trapping:

0930 Commercial fishing, hatcheries, and preserves.
0970 Hunting, trapping, and game propagation.

MINING

Metal mining:

1010 Iron ores.
1070 Copper, lead and zinc, gold and silver ores.
1098 Other metal mining.
1150 Coal mining.

Oil and gas extraction:

1330 Crude petroleum, natural gas, and natural gas liquids.
1380 Oil and gas field services.

Nonmetallic minerals (except fuels) mining:

1430 Dimension, crushed and broken stone; sand and gravel.
1498 Other nonmetallic minerals, except fuels.

CONSTRUCTION

General building contractors and operative builders:

1510 General building contractors.
1531 Operative builders.

Heavy construction contractors:

1611 Highway and street construction.
1620 Heavy construction, except highway.

Special trade contractors:

1711 Plumbing, heating, and air conditioning.
1721 Painting, paperhanging, and decorating.
1731 Electrical work.
1740 Masonry, stonework, and plastering.
1750 Carpentering and flooring.
1761 Roofing and sheet metal work.
1771 Concrete work.
1781 Water well drilling.
1790 Miscellaneous special trade contractors.

MANUFACTURING

Food and kindred products:

2010 Meat products.
2020 Dairy products.
2030 Preserved fruits and vegetables.
2040 Grain mill products.
2050 Bakery products.
2060 Sugar and confectionary products.
2081 Malt liquors and malt.
2088 Alcoholic beverages, except malt liquors and malt.
2089 Bottled soft drinks and flavorings.
2096 Other food and kindred products.
2100 Tobacco manufacturers.

Textile mill products:

2228 Weaving mills and textile finishing.
2250 Knitting mills.
2298 Other textile mill products.

Apparel and other textile products:

2315 Men's and boys' clothing.

Code
2345 Women's and children's clothing.
2388 Hats, caps, millinery, fur goods, and other apparel and accessories.
2390 Misc. fabricated textile products.

Lumber and wood products:

2415 Logging camps and logging contractors, sawmills, and planing mills.
2430 Millwork, plywood, and related products.
2498 Other wood products, including wood buildings and mobile homes.
2500 Furniture and fixtures.

Paper and allied products:

2625 Pulp, paper, and board mills.
2699 Other paper products.

Printing, publishing, and allied industries:

2710 Newspapers.
2720 Periodicals.
2735 Books, greeting cards, and miscellaneous publishing.
2799 Commercial and other printing, and printing trade services.

Chemical and allied products:

2815 Industrial chemicals, plastics materials, and synthetics.
2830 Drugs.
2840 Soap, cleaners, and toilet goods.
2850 Paints and allied products.
2898 Agricultural and other chemical products.

Petroleum refining and related industries (including those integrated with extraction):

2910 Petroleum refining (including those integrated with extraction).
2998 Other petroleum and coal products.

Rubber and miscellaneous plastics products:

3050 Rubber products, plastics footwear, hose, and belting.
3070 Misc. plastics products.

Leather and leather products:

3140 Footwear, except rubber.
3198 Other leather and leather products.

Stone, clay, glass, and concrete products:

3225 Glass products.
3240 Cement, hydraulic.
3270 Concrete, gypsum, and plaster products.
3298 Other nonmetallic mineral products.

Primary metal industries:

3370 Ferrous metal industries; miscellaneous primary metal products.
3380 Nonferrous metal industries.

Fabricated metal products, except machinery and transportation equipment:

3410 Metal cans and shipping containers.
3428 Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.
3430 Plumbing and heating, except electric and warm air.
3440 Fabricated structural metal products.
3460 Metal forgings and stampings.
3470 Coating, engraving, and allied services.
3480 Ordnance and accessories, except vehicles and guided missiles.
3490 Miscellaneous fabricated metal products.

Machinery, except electrical:

3520 Farm machinery.
3530 Construction, mining and materials handling machinery, and equipment.
3540 Metalworking machinery.
3550 Special industry machinery, except metalworking machinery.
3560 General industrial machinery.
3570 Office, computing, and accounting machines.

Code

3598 Engines and turbines, service industry machinery, and other machinery, except electrical.

Electrical and electronic machinery, equipment, and supplies:

3630 Household appliances.
3665 Radio, television, and communication equipment.
3670 Electronic components and accessories.
3698 Other electric equipment.

Transportation equipment:

3710 Motor vehicles and equipment.
3725 Aircraft, guided missiles, and parts.
3730 Ship and boat building and repairing.
3798 Other transportation equipment.

Measuring and controlling instruments; photographic and medical goods, watches and clocks:

3815 Scientific instruments and measuring devices; watches and clocks.
3845 Optical, medical, and ophthalmic goods.
3860 Photographic equipment and supplies.
3998 Other manufacturing products.

TRANSPORTATION, COMMUNICATION, ELECTRIC, GAS, SANITARY SERVICES

Transportation:

4000 Railroad transportation.

Local and interurban passenger transit:

4121 Taxicabs.
4189 Other passenger transportation.

Trucking and warehousing:

4210 Trucking, local and long distance.
4289 Public warehousing and trucking terminals.

Other transportation including transportation services:

4400 Water transportation.
4500 Transportation by air.
4600 Pipelines, except natural gas.
4722 Passenger transportation arrangement.
4723 Freight transportation arrangement.
4799 Other transportation services.

Communication:

4825 Telephone, telegraph, and other communication services.
4830 Radio and television broadcasting.

Electric, gas, and sanitary services:

4910 Electric services.
4920 Gas production and distribution.
4930 Combination utility services.
4990 Water supply and other sanitary services.

WHOLESALE TRADE

Durable:

5010 Motor vehicles and automotive equipment.
5020 Furniture and home furnishings.
5030 Lumber and construction materials.
5040 Sporting, recreational, photographic, and hobby goods, toys, and supplies.
5050 Metals and minerals, except petroleum and scrap.
5060 Electrical goods.
5070 Hardware, plumbing, and heating equipment.
5083 Farm machinery and equipment.
5089 Other machinery, equipment, and supplies.
5098 Other durable goods.

Nondurable:

5110 Paper and paper products.
5129 Drugs, drug proprietaries, and druggists' sundries.
5130 Apparel, piece goods, and notions.
5140 Groceries and related products, except meats and meat products.
5147 Meats and meat products.
5150 Farm product raw materials.
5160 Chemicals and allied products.
5170 Petroleum and petroleum products.
5180 Alcoholic beverages.
5190 Miscellaneous nondurable goods.

RETAIL TRADE	Code	Code
<i>Code</i> Building materials hardware, garden supply, and mobile home dealers: 5211 Lumber and other building materials dealers. 5231 Paint, glass, and wallpaper stores. 5251 Hardware stores. 5261 Retail nurseries and garden stores. 5271 Mobile home dealers. General merchandise: 5331 Variety stores. 5398 Other general merchandise stores. Food stores: 5411 Grocery stores. 5420 Meat and fish markets and freezer provisioners. 5431 Fruit stores and vegetable markets. 5441 Candy, nut, and confectionary stores. 5451 Dairy products stores. 5460 Retail bakeries. 5490 Other food stores. Automotive dealers and service stations: 5511 New car dealers (franchised). 5521 Used car dealers. 5531 Auto and home supply stores. 5541 Gasoline service stations. 5551 Boat dealers. 5561 Recreational vehicle dealers. 5571 Motorcycle dealers. 5599 Aircraft and other automotive dealers. Apparel and accessory stores: 5611 Men's and boys' clothing and furnishings. 5621 Women's ready-to-wear stores. 5631 Women's accessory and specialty stores. 5641 Children's and infants' wear stores. 5651 Family clothing stores. 5661 Shoe stores. 5681 Furriers and fur shops. 5699 Other apparel and accessory stores. Furniture, home furnishings, and equipment stores: 5712 Furniture stores. 5713 Floor covering stores. 5714 Drapery, curtain, and upholstery stores. 5719 Home furnishings, except appliances. 5722 Household appliance stores. 5732 Radio and television stores. 5733 Music stores. Eating and drinking places: 5812 Eating places. 5813 Drinking places. Miscellaneous retail stores: 5912 Drug stores and proprietary stores. 5921 Liquor stores. 5931 Used merchandise stores. 5941 Sporting goods stores and bicycle shops. 5942 Book stores. 5943 Stationery stores. 5944 Jewelry stores. 5945 Hobby, toy, and game shops. 5946 Camera and photographic supply stores. 5947 Gift, novelty, and souvenir shops. 5948 Luggage and leather goods stores. 5949 Sewing, needlework, and piece goods stores. 5961 Mail order houses.	5962 Merchandising machine operators. 5963 Direct selling organizations. 5982 Fuel and ice dealers (except fuel oil and bottle gas dealers). 5983 Fuel oil dealers. 5984 Liquefied petroleum gas (bottled gas). 5992 Florists. 5993 Cigar stores and stands. 5994 News dealers and newsstands. 5996 Other miscellaneous retail stores. FINANCE, INSURANCE, AND REAL ESTATE Banking: 6030 Mutual savings banks. 6060 Banking holding companies. 6090 Banks, except mutual savings banks and bank holding companies. Credit agencies other than banks: 6120 Savings and loan associations. 6140 Personal credit institutions. 6150 Business credit institutions. 6199 Other credit agencies. Security, commodity brokers, dealers, exchanges, and services: 6212 Security underwriting syndicates. 6218 Security brokers and dealers, except underwriting syndicates. 6299 Commodity contract brokers and dealers; security and commodity exchanges; and allied services. Insurance: 6355 Life insurance. 6356 Mutual insurance, except life or marine and certain fire or flood insurance companies. 6359 Other insurance companies. 6411 Insurance agents, brokers, and services. Real estate: 6511 Real estate operators (except developers) and lessors of buildings. 6516 Lessors of mining, oil, and similar property. 6518 Lessors of railroad property and other real property. 6531 Real estate agents, brokers, and managers. 6541 Title abstract offices. 6552 Subdividers and developers, except cemeteries. 6553 Cemetery subdividers and developers. 6599 Other real estate. 6611 Combined real estate, insurance, loans, and law offices. Holding and other investment companies: 6742 Regulated investment companies. 6743 Real estate investment trusts. 6744 Small business investment companies. 6749 Holding and other investment companies, except bank holding companies. SERVICES Hotels and other lodging places: 7012 Hotels. 7013 Motels, motor hotels, and tourist courts. 7021 Rooming and boarding houses. 7032 Sporting and recreational camps. 7033 Trailer parks and camp sites. 7041 Organizational hotels and lodging houses on a membership basis.	Personal services: 7215 Coin-operated laundries and dry cleaning. 7219 Other laundry, cleaning, and garment services. 7221 Photographic studios, portrait. 7231 Beauty shops. 7241 Barber shops. 7251 Shoe repair and hat cleaning shops. 7261 Funeral services and crematories. 7299 Miscellaneous personal services. Business services: 7310 Advertising. 7340 Services to buildings. 7370 Computer and data processing services. 7392 Management, consulting, and public relations services. 7394 Equipment rental and leasing. 7398 Other business services. Automotive repair and services: 7510 Automotive rentals and leasing, without drivers. 7520 Automobile parking. 7531 Automobile top and body repair shops. 7538 General automobile repair shops. 7539 Other automobile repair shops. 7540 Automobile services, except repair. Miscellaneous repair services: 7622 Radio and TV repair shops. 7628 Electrical repair shops, except radio and TV. 7641 Reupholstery and furniture repair. 7680 Other miscellaneous repair shops. Motion pictures: 7812 Motion picture production, distribution, and services. 7830 Motion picture theaters. Amusement and recreation services: 7920 Producers, orchestras, and entertainers. 7932 Billiard and pool establishments. 7933 Bowling alleys. 7980 Other amusement and recreation services. Medical and health services: 8011 Offices of physicians. 8021 Offices of dentists. 8031 Offices of osteopathic physicians. 8041 Offices of chiropractors. 8042 Offices of optometrists. 8048 Registered and practical nurses. 8050 Nursing and personal care facilities. 8060 Hospitals. 8071 Medical laboratories. 8072 Dental laboratories. 8098 Other medical and health services. Other services: 8111 Legal services. 8200 Educational services. 8911 Engineering and architectural services. 8932 Certified public accountants. 8933 Other accounting, auditing, and bookkeeping services. 8999 Other services not classified elsewhere. TAX-EXEMPT ORGANIZATIONS 9002 Church plans making an election under section 410(d) of the Internal Revenue Code. 9319 Other tax-exempt organizations. 9904 Governmental instrumentality or agency.

