EFAST2 Form 5500 and Form 5500-SF Filing Tips

U.S. Department of Labor
Employee Benefits Security Administration

The Department of Labor (DOL), the Pension Benefit Guaranty Corporation (PBGC), and the Internal Revenue Service (IRS) have compiled the following practical, common sense tips for some of the most frequently occurring Form 5500 and Form 5500-SF filing problems. We hope these tips will reduce the number of basic filing errors we encounter when processing the Form 5500 and Form 5500-SF and also help you avoid getting EFAST2 specific error messages applicable to your transmitted filing. Filers with questions can call the EFAST2 Help Desk at 1-866-463-3278 (1-866-GO-EFAST).

Electronic Filing Mandate

All filings must be submitted electronically using the EFAST2 processing system including amended or delinquent prior year submissions. Please *see* EFAST2 FAQ Question 4 which gives details on how to file amended and delinquent filing submissions for plan years that commenced prior to January 1, 2009.

Note: The Form 5500-EZ cannot be submitted electronically. However, a "one-participant" plan that is eligible to file Form 5500-EZ and is not required to file under Title I of ERISA may elect to file Form 5500-SF electronically with EFAST2 rather than filing a Form 5500-EZ on paper with the IRS if the plan meets certain conditions outlined in the instructions. A "one-participant" plan that is not eligible to file Form 5500-SF must file Form 5500-EZ on paper with the IRS. To obtain the instructions for Form 5500-EZ, *go to* **www.irs.gov**, or call 1-877-829-5500.

The Form 5500 And Form 5500-SF Must Be Properly Signed And Dated

Failing to sign the form is the number one reason that filers receive a "Processing-Stopped" error message when submitting the Form 5500 and Form 5500-SF. The Form 5500 and Form 5500-SF annual return/report must be electronically signed. The type of plan, or entity submitting the filing, determines who is required to sign the form electronically. To obtain electronic signature credentials, *go to* **www.efast.dol.gov** and register as a signer. You will be provided with a UserID and PIN and you will select a password. Both the UserID and PIN are needed to sign the Form 5500. For information on how the plan administrator can have its third-party preparer electronically sign and submit the filing (including attaching an electronic copy of the plan administrator's manual signature) *see* EFAST2 FAQ Question 33a.

Remember, the plan administrator must keep in its records an original copy of the Form 5500/Form 5500-SF filing with all required signatures and dates on file as part of the plan's records.

The Form 5500 And Form 5500-SF Must Have The Proper EIN And Plan Number

It is critical that the Employer Identification Number (EIN) used to identify the "plan sponsor" be the same year to year when completing Line 2b of the Form 5500 or Form 5500-SF. Switching EINs, without reporting the change on Line 4 of the Form 5500 or Form 5500-SF, could result in

correspondence from the DOL or the IRS. Also, the same three-digit Plan Number (PN) and EIN that are entered on Form 5500 or Form 5500-SF must go on Lines C and D of all schedules that are required to be included as part of the filing.

A multiple-employer plan or plan of a controlled group of corporations should select one of the participating employers to list as the plan sponsor and use that employer's EIN on Line 2b. If the plan sponsor is a group of individuals (e.g., a board of trustees of a collectively bargained plan) get a single EIN for the group. In the case of a Form 5500 filed for a Direct Filing Entity (DFE), use the EIN assigned to the Common-Collective Trust (CCT), Pooled-Separate Account (PSA), Master Trust Investment Arrangement (MTIA), 103-12 Investment Entity (IE) or Group Insurance Annuity (GIA).

The PN, in conjunction with the EIN, is used as a unique 12-digit number to identify the plan or DFE. Although EINs are obtained from the IRS, the plan sponsor/employer or plan administrator assigns the PN. Once a PN is used for one plan or DFE, it cannot be used for any other of your plans or DFEs even after the plan or DFE terminates.

Plan administrators, plan sponsor/employers, and DFE's should assign PNs as follows. Plans providing pension benefits (such as profit-sharing or money purchase plans) should be assigned plan numbers starting with 001 and consecutive numbers should be assigned to other pension plans (e.g., 001, 002, 003, etc.). The sponsor of an MTIA, CCT, PSA, or 103-12 IE filing as a DFE should also start with number 001 and consecutive numbers should be assigned to other DFEs of the sponsor. Welfare plans and group insurance arrangements (GIAs) filing as DFEs should be assigned plan numbers starting with 501 and consecutive numbers should be assigned to other welfare plans and GIAs (e.g., 501, 502, 503, etc.). Do not use 888 or 999 as a PN.

Consult the Form 5500 and Form 5500-SF filing instructions for Line 1b (PN) and 2b (EIN) in the "Line-by Line Instructions," for additional information on EINs and PNs. The instructions for Line 2b include information on how to obtain EINs from the IRS.

Note: If you have previously filed with an EIN beginning with 00, 07, 08, 09, 17, 18, 19, 28, 29, 49, 69, 70, 78, 79, 89, 96, or 97, you will need to contact the IRS to obtain a new EIN. Please enter your new EIN on Line 2b and enter your previously filed EIN as a comment on line 4a (last reported sponsor name).

The Form 5500 And Form 5500-SF Filing May Not Be For A Period Greater Than 12 Months

Be certain the time period entered in Part I of the Form 5500 and Form 5500-SF is not greater than twelve months. Whether the plan or DFE is reporting on a calendar year basis (January 1 through December 31) or using a fiscal year, input the twelve-month (or shorter) calendar/fiscal year or short-plan year period in the spaces provided. Example: fiscal year beginning 07/01/2009 and ending 06/30/2010.

Make certain that there is no gap between the ending date of your previous year's Form 5500/5500-SF and the beginning date of the current year's form. Take special care if filing a Form 5500/5500-SF for a short plan year (a plan or DFE year of less than twelve months), for instance, if the plan or DFE changes from a calendar year to a non-calendar fiscal year. In that case, the beginning date entered on the "short plan year" Form 5500/5500-SF should be the next day immediately following the ending date of the previous year's Form 5500/5500-SF and the

ending date should be one day before the beginning date entered on the next year's Form 5500/5500-SF. In addition, Part I, Box B (short plan year return/report (less than 12 months)) should be checked on the Form 5500/5500-SF. Please refer to the Form 5500/5500-SF filing instructions ("How to File" and "Change in Plan Year") for additional information.

The plan year beginning and ending date on all attached Schedules (except Schedule P if filed with a prior year Form 5500) must match the plan year beginning and ending dates on Part I of the Form 5500 and Form 5500-SF.

If The Plan Has Assets Or Participants At The End Of The Plan Year, Do Not File A Form 5500 And Form 5500-SF As A "Final Return/Report"

Even if you consider a plan to have been terminated, a Form 5500/5500-SF (including all necessary schedules and attachments) is required to be filed until all assets have been distributed to the participants, legally transferred to the control of another plan, or, where permitted, reverted to the employer. Except as noted below for certain defined benefit pension plans, a plan should not check the Part I, Box B (the final return/report) of the Form 5500/5500-SF and report having participants at year-end on Line 6f of the Form 5500 or Line 5b of the Form 5500-SF, or report having assets at the end of the year on the Schedule H or I.

If a trustee is appointed for a terminated defined benefit plan subject to ERISA section 4042, the last year for which a return/report must be filed is the year in which the trustee is appointed. For the final reporting year, check Part I, Box B (the final return/report) of the Form 5500/5500-SF; report the number of participants at year–end on Line 6 on the Form 5500 or Line 5b of the Form 5500-SF; enter Code 1H on Line 8a of the Form 5500 or Line 9a of the Form 5500-SF; and report the value of the assets (and liabilities) at the end of the year on the Schedule H or I, as applicable.

A welfare plan that does not expect to file a Form 5500/5500-SF for the next plan year because the plan has become eligible for the Form 5500/5500-SF filing exemption for small unfunded, insured or combination unfunded and insured welfare plans should not check Part I, Box B (the final return/report) on the Form 5500/5500-SF but should enter Code 4R on Line 8b on the Form 5500 or Line 9b of the Form 5500-SF.

Please refer to the Form 5500/5500-SF filing instructions under the heading "Final Return/Report" and Part I, Box B (the final return/report) for more information.

Use A Proper Business Code When Completing Line 2d Of The Form 5500 And Form 5500-SF

On Form 5500 and Form 5500-SF, Line 2d, be certain to enter the valid business code that best describes the nature of the plan sponsor's business.

The only business codes that are valid for use in answering Line 2d are those listed in the Form 5500/5500-SF filing instructions section marked "Codes for Principal Business Activity." If more than one employer and/or employee organization is involved, the business code for the main business activity of the employers and/or employee organizations should be entered.

Business codes may change from year to year. Therefore, the business code used for your last year's filing may not be a valid business code for the current year filing. Select the appropriate

business code from the Form 5500/5500-SF filing instructions section marked "Codes for Principal Business Activity" (e.g., if filing a 2010 Form 5500/5500-SF, the business code you select should be one of the business codes from the instructions for the plan year for which you are filing).

Use The Correct Plan Characteristics Codes On Line 8 Of The Form 5500 And Line 9 Of The Form 5500-SF

On Form 5500, Line 8, or on the Form 5500-SF, Line 9, you must enter the Plan Characteristics Codes in the spaces provided to indicate the type of pension and/or welfare benefits provided and other features of the plan. A list and description of the Plan Characteristics Codes is in the Instructions for Form 5500/5500-SF.

An individual account pension plan such as a money purchase plan or profit-sharing plan (including a 401(k) arrangement) should enter on Form 5500 Line 8a or on Form 5500-SF Line 9a the appropriate "Defined Contribution Pension Features" and "Other Pension Benefit Features" codes that are listed in the Form 5500/5500-SF instructions. Individual account plans other than "eligible combined plans" within the meaning of Internal Revenue Code section 414(x) would not normally enter codes for "Defined Benefit Pension Features," such as 1A, 1B, or 1C. A defined benefit plan that either pays premiums to, or receives financial assistance from, PBGC should include the '1G' code on Line 8a.

Properly Identify The Funding And Benefit Arrangements On Line 9 Of The Form 5500 (Not Applicable To The Form 5500-SF)

Indicate all the proper Funding and Benefit Arrangements on Form 5500, Lines 9a and 9b. The "Funding Arrangement" is the method used for the receipt, holding, investment, and transmittal of plan assets prior to the time the plan actually provides benefits. The "Benefit Arrangement" is the method by which the plan provides benefits to participants.

Be careful to indicate all the applicable Funding and Benefit Arrangements. The responses on Lines 9a and 9b are cross-referenced against information on Schedules H, I, and/or A, as appropriate. Be careful to attach the appropriate financial or insurance schedule (H, I, A) that corresponds to the Benefit and Funding Arrangements you indicate. For instance, if "Trust" is indicated as an Arrangement, then a Schedule H or I (as appropriate) should be submitted with the Form 5500. Likewise if you indicate "Insurance" as a Funding and/or Benefit Arrangement, a Schedule A should be filed with Form 5500 for any insurance contract with a contract or policy year that ended with or within the plan year.

Please refer to the Form 5500 filing instructions, Section 5 "Line-by-Line Instructions," for a description of the Funding and Benefit Arrangements.

File All The Required Schedules And Attachments With Your Form 5500 And Form 5500-SF

Make sure you are filing all the required schedules and attachments with your Form 5500 and Form 5500-SF. The Form 5500 instructions under the heading "What to File," break down filing requirements based on type of filer (large plan, small plan, pension plan, welfare plan, or DFE). The Form 5500-SF instructions indicate the different filing requirements for eligible small plans

based on whether the plan is a welfare plan or a pension plan. The instructions include a Quick Reference Chart that lists each of the Form 5500 schedules and identifies who has to file them. Of small plans that are eligible to file the Form 5500-SF, defined benefit pension plans are required to file a schedule – Schedule SB, and money purchase plans amortizing a funding waiver must file a schedule – Schedule MB.

The Schedules Attached To Your Filing Must Match What You Report On Line 10 Of The Form 5500 (Not Applicable To The Form 5500-SF)

The information you enter in the checklist on Line 10 of the Form 5500 must match schedules that are submitted with the Form 5500. If you check a box indicating that a schedule is attached, the schedule must be submitted with your Form 5500.

If you are filing Schedules A, take special care to enter the total number of each schedule you are filing in the space provided on Line 10b(3).

File The Appropriate Financial Information Schedule (H Or I) With Your Form 5500 (Not Applicable To The Form 5500-SF)

Make sure you file the proper Financial Information Schedule with your Form 5500. The Schedule H is for "large plan" filers (generally plans with 100 or more participants at the beginning of the plan year) and all DFEs. The Schedule I is for "small plan" filers (generally plans with fewer than 100 participants at the beginning of the plan year).

If you filed as a "small plan" last year and the number of plan participants is fewer than 121 at the beginning of this plan year, you may continue to file Schedule I as a "small plan" under the "80-120 Participant Rule." This rule allows plans with between 80 and 120 participants at the beginning of the plan year to file the Form 5500 in the same category ("large plan" or "small plan") as the prior year filing. Please consult Section 4 of the Instructions for Form 5500 under the "What to File" heading for more information on the "80-120 Participant Rule."

IRA pension plans, fully insured pension plans, and insured, unfunded, or combination insured/unfunded welfare plans do not have to file Schedule H or I. Please consult Section 4, under the heading "Limited Pension Plan Reporting" and "Welfare Benefit Plan Filing Requirements" in the Instructions for Form 5500, for additional information and eligibility requirements. (**Note:** Code section 403(b) plans subject to Title I of ERISA for plan years commencing on or after January 1, 2009, are now subject to the annual reporting rules that apply to other ERISA-covered pension plans. For more information, *see* Field Assistance Bulletin 2009-02.)

If you are filing the Form 5500 (Schedule H or I) or the Form 5500-SF (Part III Financial Information), make certain that all required information provided is accurate and complete.

Schedule H

- If Schedule H is filed, Part III of the schedule, regarding the independent qualified public accountant's (IQPA) report and opinion, must be completed. The report of the IQPA identified on Line 3 must be attached to the Form 5500, unless Line 3d(1) or 3d(2) is checked.

- Plans filing Schedule H must answer all items in Part IV, Lines 4a through 4n and Line 5. Check either "yes" or "no" as appropriate, and, where applicable, enter the dollar amounts or other information that is required. Not responding may cause the filing to receive specific error messages.

- MTIAs, 103-12 IEs, and GIAs should leave Schedule H, Lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, and 5 blank. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

Schedule I

- When completing Schedule I, be certain that the amounts entered on Part I, Lines 3a through 3g (Specific Assets of the Plan) are the year-end values for the assets. The purchase price for an asset that was purchased during the plan year is not necessarily the year-end value. Also, if the plan sold an asset reportable on Lines 3a through 3g during the plan year, a "0" should be entered on the appropriate line in the amount column if there were no other asset values to report on that line.

- The amounts entered on Schedule I, Line 3f, "Loans (other than to participants)", should be the value of the loans that are an asset of the plan. Loans are assets to be reported on Line 3f if the plan loaned the amounts (other than participant loans) or purchased loans originated by a third party. Do not include amounts the plan borrowed; amounts the plan owes should be reported as a liability on Schedule I, Line 1b.

- Plans completing Schedule I must answer all items in Part II, Lines 4a through 4n and Line 5. Check either "yes" or "no" as appropriate, and, where applicable, enter the dollar amounts or other information that is required. Not responding may cause the filing to receive specific error messages.

Do Not Attach A Schedule SSA Or Facsimile

Beginning with the 2009 plan year, the Form 5500 series does not include the Schedule SSA. ***Do not*** find a prior year Schedule SSA, fill it out and attach that to your Form 5500/Form 5500-SF filing for 2009 and later plan years. ***Do not*** try to create your own Schedule SSA and attach that to your Form 5500 filing. SSA information must be sent directly to the IRS and separate from the Form 5500.

If you include a social security number on your annual return/report (such as appears on the old Schedule SSA) or in any of the attachments (including PDFs or other forms of attachments), your filing may be rejected. Because your filing, including any attachments, will be posted on the Internet, it must not contain any Schedule SSA information or social security numbers. For more information on the form that replaces the Schedule SSA, please contact the IRS.

Only Multiemployer Plans Should Complete Line 7 On Form 5500 (Not Applicable To Form 5500-SF)

Multiemployer plans *only* (Form 5500, Part I, Box A (a multiemployer plan)) must enter the total number of employers obligated to contribute to the plan. Please refer to Line 7 in the Form 5500 Instructions.

Validate Your Filing And Then Check That It Was Received

You must "validate" your filing before submitting it. The automatic validation will perform an initial check for errors, such as if Schedule H numbers are not consistent within Schedule H or with the Form 5500. This is a check of errors in your filing before you submit it to the Government. If the errors/warnings are not corrected before submission, the Government will be alerted to the errors associated with your filing when it is submitted. Please run the pre-validation check and correct any errors/warnings to the best of your ability before you submit your filing.

After submitting your filing, check the filing status to ensure it was successfully processed without errors. For information about filing statuses, *see* EFAST2 FAQ Question 38.

After a filing is submitted to EFAST2, the Government may perform additional checks of the annual return/report, and your filing may be rejected based on these additional checks.

Follow The Proper Procedures When Filing An Amended Form 5500 And Form 5500-SF

Make the necessary amendments, check the box for "amended return/report" in Part I, and resubmit the entire annual return/report, including all needed schedules and attachments.

Refer to the EFAST2 FAQ Question 4 for detailed instructions on filing delinquent or amended filings.