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Office of Regulations and Interpretations
Employee Benefits Security Administration
Attn: RIN 1210-AB63
Annual Reporting and Disclosure Room N-5655
US Department of Labor
200 Constitution Avenue NW
Washington, DC 20210

1 December 2016

Re: Proposed Revision of Annual Information Return/Reports (RIN 1210-AB63)

Ernst & Young LLP (EY) is pleased to submit these comments to the Department of Labor (DOL), the Internal Revenue Service (IRS) and the Pension Benefit Guaranty Corporation (collectively, the Agencies) on the *Proposed Revision of Annual Information Return/Reports* (the Proposal).

We support the Agencies' efforts to improve employee benefit plan reporting for filers, the public and the Agencies, and we appreciate the Agencies' efforts to take into consideration the views of a variety of stakeholders. EY provides various services to employee benefit plans that include auditing benefit plans, preparing Forms 5500 and providing actuarial services. Our comments primarily focus on the services we provide that would be affected by the Proposal, which are dependent on information provided to us by plan sponsors and other service providers such as trustees and recordkeepers.

We also direct the Agencies to the comment letter from the American Institute of Certified Public Accountants (AICPA). We support the AICPA's views and in this letter provide our views on how to improve the proposed revisions to Form 5500.

The Agencies should consider meeting with the AICPA and various audit firms to help clarify the intent of certain proposed requirements (e.g., disclosure of the name of the engagement partner, peer review information, communications to those charged with governance, master trust reporting) so we can agree on a way to provide the Agencies with the information they need to fulfill their responsibilities.

Audit engagement partner and the firm's peer review

1. Schedule H, Line 3c(3) Name of audit engagement partner

Because the Proposal does not explain why the Agencies are proposing a requirement for the plan administrator to include the name of the audit engagement partner in the Form 5500, the Agencies' objective is not clear to us. We presume the proposed requirement is intended to benefit the plan participants, just as the Public Company Accounting Oversight Board (PCAOB) rule requiring audit firms to disclose the name of the engagement partner on an issuer audit is intended to benefit investors and other users of the issuer's financial statements. However, we see differences between the PCAOB requirement and the Agencies' proposed requirement.

Benefit plans do not have investors, and it's not clear that plan participants use audited financial statements to decide whether to participate in a plan or to make decisions about which investment options to select. This is because plan participants are automatically entitled to participate in an entity's benefit plans if they meet the plan's eligibility requirements. In addition, plans that allow participants to make investment decisions generally provide plan participants access to more detailed and timely information regarding the plan's investment options.

We believe that a focus on the engagement partner may inappropriately suggest that one person is the key to the execution of a quality audit. This detracts from the important focus on firm-wide responsibility. Identifying the engagement partner would also send a message that is inconsistent with how we view and evaluate the execution of an audit, which is a collective effort that can involve many individuals, with various experiences and areas of expertise.

We are also concerned that individuals or regulators may draw inappropriate conclusions about the abilities of engagement partners based on a comparison of Form AP filings and Form 5500 filings. The information could be misinterpreted given the vast differences between audits of issuers and audits of employee benefit plans.

2. Schedule H, Line 3g Did your IQPA have a peer review performed in accordance with their state's requirements? If yes, complete elements (1) through (5).

- (1) Name of peer reviewer*
- (2) Year of their last peer review*
- (3) Rating received in their last peer review report*
- (4) Number of years that the peer reviewer has been the firm's peer reviewer*
- (5) Whether the peer reviewer covered employee benefit plans*

The Proposal does not explain why the plan administrator would be asked to provide this information. Because such information is already publicly available through the AICPA's Peer Review Public File, we believe asking plan administrators to report this information in the Form 5500 is unnecessarily duplicative. Furthermore, the same information would be reported to the Agencies in multiple Form 5500 filings because most firms audit multiple plans.

We believe that reporting peer review information about a firm would likely increase the expectation gap of users who are not familiar with the nature, objectives, scope and limitations of, and procedures performed in, a peer review. Peer reviews help firms monitor their overall accounting and auditing practices and are not performed to specifically test a firm's employee benefit plan practice or give insight into how well a particular employee benefit plan audit is performed.

The peer review information would be useful to users of the Form 5500 if they understood the dynamics of the firm's overall private company audit practice, including the size of the firm's employee benefit plan practice. For example, a firm's employee benefit plan practice may comprise 100% of a firm's private company audit practice, or it may comprise less than 1% of a firm's private company audit practice. When the employee benefit plan practice is less than 1% of the private company audit practice, it is unlikely that the results of inspecting just a sample of employee benefit plans would affect the overall peer review results. We believe that without this context, users would not understand the significance of the peer review results.

Further, because there is not necessarily a direct link between the results of inspecting a sample of a firm's employee benefit plans and the overall peer review results, we believe users may inappropriately rely on the overall peer review results as an indication of the quality of the firm's employee benefit plan practice. For example, a "passed" peer review report does not necessarily mean that the firm performed a quality audit of a particular plan's financial statements or that the firm performs quality audits of employee benefit plans as a practice.

We believe it is the responsibility of the plan administrator to hire a qualified auditor. To fulfill this fiduciary responsibility, the plan administrator performs due diligence procedures to determine that the plan's auditor is qualified, which may include asking the firm about its peer review. Although the peer review program is an important facet of a firm's overall quality control process, the peer review is not the only consideration during the selection process.

Accountant's opinion and communications with those charged with governance

3. Schedule H, Part III Accountant's Opinion -- Introduction

The first paragraph of Part III of Schedule H includes a statement that "An Independent Qualified Public Accountant (IQPA) Report generally consists of an Accountant's Opinion, Financial Statements, Notes to the Financial Statements and Supplemental Schedules." We believe this is misleading because the IQPA report is generally considered to be the accountant's opinion. Management is responsible for the financial statements, notes and supplemental schedules. The accountant is responsible for his or her opinion. We recommend that all references to the IQPA report in the Form 5500 include only the accountant's opinion. If the reference is intended to include other documents, the Form 5500 should indicate "The IQPA report and the financial statements, notes to the financial statements and supplemental schedules." We note that plan administrators often attach just the accountant's opinion without the financial statements, notes and supplemental schedules because they do not understand the existing Form 5500 questions and instructions.

4. *Schedule H, Part III Accountant's Opinion -- Line 3e Did you review and discuss the IQPA report with the accountant?*

The proposed instructions for line 3e indicate that "you" would check "yes" if "you" reviewed and discussed the IQPA report with the accountant preparing the report. The IQPA report, as currently defined, is not entirely the responsibility of the accountant (refer to our previous comment above). We recommend clarifying the question and the instructions. Specifically, we believe the Agencies should identify who is meant by "you" and what should be reviewed and discussed with the accountant. If the question is intended to ask whether the plan administrator discussed the accountant's opinion with the IQPA, we believe this is sufficiently addressed in lines 3a(1) through 3a(4) where the plan administrator identifies the type of opinion offered by the IQPA. Furthermore, we recommend that the instructions clarify that management is responsible for preparing the financial statements, notes and supplemental schedules.

5. *Schedule H, Part III Accountant's Opinion -- Line 3f Did the accountant advise you whether the IQPA report, including the financial statements and/or notes required to be attached to this return/report or the IQPA's communications with those charged with governance (SAS 114 and 115), disclosed any of the following (check all that apply).*

- (1) *Errors or irregularities*
- (2) *Illegal acts*
- (3) *Material internal control weaknesses*
- (4) *A loss contingency indicating that assets are impaired or a liability incurred*
- (5) *That the plan sponsor may not be a going concern*
- (6) *The existence of plan qualification issues pursuant to the Internal Revenue Code*
- (7) *Any unusual or infrequent events or transactions occurring subsequent to the plan year end that might significantly affect the usefulness of the financial statements in assessing the plan's present or future ability to pay benefits*

We believe this question should be consistent with communications with those charged with governance required by GAAS. AU-C Section 260, *The Auditor's Communication With Those Charged with Governance*, and AU-C Section 265, *Communicating Internal Control Related Matters Identified in an Audit*, include requirements for these communications. Furthermore, we believe these items should be limited to communications that, in the auditor's professional judgment, had to be communicated in writing. The timing of these communications will vary depending on the nature of the communication. For example, AU-C Section 265 requires that deficiencies in internal control be communicated in writing no later than 60 days following the report release date. Therefore, because such communications may occur subsequent to the filing of the Form 5500, they may not be reported in the Form 5500.

We recommend the question be revised as follows to address items (1)-(3) to align with the guidance and terminology used in the auditing standards.

Did the accountant identify and communicate in writing to those charged with governance any of the following prior to the filing of the current period Form 5500 (check all that apply):

- (1) Matters involving noncompliance with laws and regulations that came to the auditor's attention during the course of the audit
- (2) Uncorrected misstatements accumulated by the auditor
- (3) Significant deficiencies and material weaknesses identified during the audit

Because management is required to disclose items (4), (5) and (7) in the notes to the financial statements under US GAAP, we do not believe it is necessary to separately identify them in the Form 5500. If the Agencies believe these disclosures should be separately identified in the Form 5500, we recommend that the Agencies add the following question. We modified the item about going concern to align with the guidance in the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 205-40, *Going Concern*, and to clarify that the going concern uncertainty relates to the plan instead of the plan sponsor.

Do the notes to the financial statements include any of the following disclosures (check all that apply)?

- (1) A loss contingency that has been accrued or disclosed
- (2) Substantial doubt about the plan's ability to continue as a going concern
- (3) Any unusual or infrequent events or transactions that occurred subsequent to the plan year end that might significantly affect the usefulness of the financial statements in assessing the plan's present or future ability to pay benefits

Lastly, the question regarding the existence of plan qualification issues pursuant to the Internal Revenue Code is neither a communication that is required by GAAS nor a disclosure required by US GAAP. We don't believe that this question belongs in Part III of Schedule H since it is not related to the accountant's opinion. Plan qualification issues may be identified during the audit, but they may also be identified by the plan administrator, plan management or service providers.

If the Agencies want the plan administrator to report information about plan compliance issues, we recommend it be included in Part IV of Schedule H, as a compliance question or a supplemental schedule. We recommend that the Form 5500 instructions clarify the types of plan qualification issues (e.g., plan operational issues, plan document issues) and provide information about the available correction programs. We also believe that if the plan administrator is asked to provide information about plan qualification issues, the plan administrator should be able to explain the status of each issue, including whether the issue is being corrected through one of the available correction programs. The question also needs to be specific about when an issue should be reported and whether the same issue is required to be reported if the correction process extends over multiple reporting periods. It's also unclear whether the Agencies want plan administrators to report issues that were identified and corrected during a reporting period.

Master trusts

6. Under the current requirements, information required in the supplemental schedules of Schedule H for investments held in the master trust is only included in the Form 5500 filed for the master trust. The plans that participate in the master trust are not currently required to present the investments held in the master trust in their Form 5500.

The Proposal would include reporting the Schedule of Assets Held for Investment at End of Year in the Form 5500 filed for the master trust, as well as in the Form 5500 filed for each plan that participates in the master trust. The participating plans would be required to present their proportionate interest in each underlying investment held in the master trust. Requiring this information to be reported by each participating plan in the Schedule of Assets Held for Investment at End of Year of Schedule H would also necessitate that the same information be presented as a supplemental schedule with the audited financial statements for each participating plan.

We believe this reporting would be excessive and duplicative. Master trusts are typically used to reduce investment and administrative costs since they often hold numerous securities to provide a diversified portfolio of investments. This proposed change would increase costs incurred by the trustees, who would most likely be asked to provide the information for each participating plan, the preparer of the Form 5500 for each participating plan and the auditor of each participating plan.

If the Agencies' primary objective is to provide transparency into investments in the master trust that are not available to all participating plans, we believe this can be accomplished in a more streamlined manner. To accomplish this, we would suggest revising Schedule H, Line 1b(6)(D) *Total value of interest in master trusts*, to include two subcategories, which combined present the total value of interest in master trusts. They would include the value of undivided interests in master trusts and the value of interests in specific investments of the master trusts.

Defined benefit plans, employee stock ownership plans and nonparticipant-directed profit sharing plans typically have an undivided interest in a master trust because each participating plan in the master trust owns the same percentage of each of the underlying investments in the master trust. We propose that participant-directed defined contribution plans be deemed to have an undivided interest in a master trust if all investments held by the master trust are available to all plans participating in the master trust.

In certain master trust arrangements, a plan participating in a master trust owns an interest in specific investments of the master trust that are not available to all participating plans. For example, if the master trust holds company stock and only certain participating plans offer the company stock as an investment option to participants, the company stock is an interest in a specific investment of the master trust, and the remaining master trust investments represent an undivided interest. The company stock is included in the master trust disclosure even though only certain participating plans have an interest in the company stock.

We propose that only the investments included in the value of interests in specific investments of the master trusts be included in the applicable participating plan's Schedule of Assets Held for Investment at End of Year. This type of reporting would provide more information than is currently required, but we believe it would be less burdensome for trustees, Form 5500 preparers and auditors than the current proposal.

Schedule H, Schedule of Assets Held for Investment at End of Year

7. We support the Proposal to report participant loans as receivables on Schedule H, Line 1a(3) rather than general investments. This reporting would make Schedule H consistent with the audited financial statements prepared in accordance with GAAP.

However, we do not believe that participant loans should continue to be reported on the Schedule of Assets Held for Investment at End of Year. This is inconsistent with Schedule H, since other receivables are not required to be included in this supplemental schedule and are not considered investments.

8. The Proposal would add new elements to the Schedule of Assets Held for Investment at End of Year, including an indication of whether the asset is a hard-to-value asset (Element a(iii)). Although the proposed instructions include a definition of hard to value, we recommend using the fair value hierarchy levels described in ASC 820, *Fair Value Measurement*. We believe making this disclosure consistent with US GAAP would eliminate potential confusion and conflicting information. It would also eliminate the need for plan sponsors and service providers to provide similar information using multiple definitions.

We realize that investments valued using net asset value (NAV) as a practical expedient when permitted by ASC 820 are not assigned a fair value hierarchy level. We therefore recommend that the Agencies should allow plan administrators to omit the information for these investments or require plans to indicate that they used the practical expedient by saying "NAV." Investments valued at contract value, such as fully benefit-responsive investment contracts, could use "CV" to indicate their valuation methodology.

The proposed definition of hard to value indicates that a common or collective trust (CCT) or a pooled separate account (PSA) invested primarily in hard-to-value assets must also be identified as hard to value. We do not believe it is appropriate to "look through" to the underlying assets since the plan's unit of account is its interest in the CCT or PSA. The valuation of the underlying assets is not indicative of the plan's valuation of its interest in the CCT or PSA. Fair value is defined as the price to sell an asset or transfer a liability. The plan is not able to sell or transfer the underlying assets or liabilities held in a CCT or PSA. The fair value of an entity's interest in a CCT or PSA is typically based on the fund's NAV, the value at which the plan buys and sells unit shares with the issuer of the CCT or PSA.

9. The Proposal would add sections to the Schedule of Assets Held for Investment at End of Year - Section C for investments in PSAs and CCTs and Section D for investments in 103-12 investment entities. Certain information required in Sections C and D is already included in Section A, specifically the plan's interest in the PSAs, CCTs and 103-12 investment entities. We believe the information reported in Section A is sufficient for reporting the plan's interest in

these types of investments. If more information is needed by the Agencies with respect to these types of investments, we recommend including this information in Schedule D of the Form 5500 rather than Schedule H so that this information would not be required to be included as a supplemental schedule with the audited financial statements. Supplemental schedules included in Schedule H are required to be included in the auditor's report, but information in Schedule D is not included in the auditor's report. We do not believe there is a benefit in requiring this additional information to be audited, and in certain situations, the auditor will not be able to audit this information as discussed below.

Section C would require that if a plan has an interest in a PSA or CCT that has not filed a Form 5500, the plan would report its proportionate interest in each underlying asset owned by the PSA or CCT. In order for the auditor to opine on whether the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole, GAAS requires that the auditor determine that the supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The underlying assets in PSAs and CCTs are not included in the plan's accounting and other records used to prepare the financial statements. The plan's accounting records typically include only the net asset value used to determine the fair value of the plan's interest in the PSA or CCT. Furthermore, in a limited scope audit, the underlying assets in these investments would not be certified by a qualified institution. Auditors would not be able to audit this information regardless of whether they are performing a full or limited scope audit, resulting in a scope limitation. We believe this would be an unintended consequence of moving this information to Schedule H.

Limited scope certification

10. We recognize the need to improve the certifications provided to plan administrators that allow the plan administrator to engage the IQPA to perform a limited scope audit. We acknowledge that increased scrutiny of the certifications and the proposed regulation changes may result in more full scope audits with additional costs to the plan or the plan sponsor.

The Proposal would require the plan administrator to attach a copy of the certification to the Form 5500. However, we believe the plan administrator should also be required to answer certain questions about the certification to help accomplish the Agencies' objective of verifying that the plan is qualified to be subject to a limited scope audit. We believe specific questions and instructions would clarify the plan administrator's responsibilities with respect to evaluating the certification provided to them. We recommend the following questions:

- ▶ What are the names of the institution(s) that provided the certification(s) for the current reporting period?
- ▶ Has the plan administrator determined that the certifying institution and the certified investment information meet the requirements of 29 CFR Section 2520.103-8 and/or 103-12(d)?
- ▶ Is current value information that is presented in Line 4i(1) Schedule of Assets Held for Investment at End of Year covered by the certification?

- ▶ Are certain plan assets presented in Line 4i(1) Schedule of Assets Held for Investment at End of Year excluded from the certification?

We also recommend that an additional element be added to the Schedule of Assets Held for Investment at End of Year to indicate assets that have not been certified when the IQPA has performed a limited scope audit. The information used to prepare this schedule is typically provided by the trustee or custodian who provided the certification, so this should be information the trustee or custodian can provide.

11. In addition to proposing revisions to the Form 5500, the Agencies have proposed amending regulation 29 CFR Section 2520.103-8, which implements the limited scope exemption in ERISA. We believe the DOL should consider requiring that the certification identify the name of the plan, the period covered and the specific reports that are being certified since the proposed regulation amendment requires that the certification appear on a separate document from the list of plan assets.

We recommend that the proposed amendment to 29 CFR Section 2520.103-8 explain what it means to “hold the assets” covered by the certification. Most investments are no longer physically held. The certifying institution may only be responsible for maintaining electronic records for certain investments.

The proposed amendment to 29 CFR Section 2520.103-8 requires that the certification include a caution if current value is not being certified for all of the assets covered by the certification, stating that the certification is not certifying current value information and the asset values provided by the bank or insurance company may not be suitable for use in satisfying the plan’s obligation to report current value information on the Form 5500. We believe additional guidance is necessary as to whether this caution precludes the plan administrator from engaging their IQPA to perform a limited scope audit, resulting in more full scope audits. We believe a limited scope audit should still be permitted if the plan administrator has determined the current value information provided by the bank or insurance company is appropriate.

Net gain (loss) on sale of assets and unrealized appreciation (depreciation)

12. *Schedule H, Line 2c(4) and (5) Net gain (loss) on sale of assets and unrealized appreciation (depreciation) of assets*

The Proposal would not change the reporting for the net gain (loss) on sale of assets and unrealized appreciation (depreciation). We recommend that the Agencies require net gains (losses) on sales of assets and unrealized appreciation (depreciation) of assets to be reported as combined amounts consistent with US GAAP, which states that net appreciation or depreciation includes realized gains and losses on investments that were both purchased and sold during the period as well as unrealized appreciation or depreciation of the investments held at year end. This presentation would eliminate the need to present reclassifications between realized and unrealized amounts that occur when investments are sold. Information about individual sale transactions is further captured on Line 4i(2) Schedule of Assets Disposed of During the Plan Year and Line 4j Schedule of Reportable Transactions of Schedule H.

We also recommend eliminating the requirement to revalue assets to current value at the end of the year, referred to as “revalued cost.” Revalued cost is required for determining the net gain (loss) on sale of assets and unrealized appreciation (depreciation) of assets in the income and expense statement of Schedule H. However, Line 4i(2) Schedule of Assets Disposed of During the Plan Year requires use of acquisition cost to calculate the net gain (loss) on transactions. Acquisition cost is consistent with historical cost under US GAAP. Currently, service providers generally provide both historical cost and revalued cost reports. Use of a single consistent cost method would reduce costs and confusion and increase consistency.

Actuarial information in Schedules SB and MB

13. Line 30b/8b(1)(b) Schedule of projection of expected annual benefit payments

We believe this proposed schedule would add significant burdens for plan sponsors, due to the complexity of this disclosure and associated changes in the valuation systems for the following reasons:

- ▶ Significant changes would need to be made to actuarial valuation systems to project expected annual benefit payments over the next 10 years. The complexity of change for any given plan would vary based on the plan's design.
- ▶ More guidance by the Agencies would be required on the lump sum conversion basis for non-account based plans. Currently, plans with lump sum assumptions based on 417(e)(3) use the annuity substitution method for valuation. Under funding relief, longer term average interest rates are used in the funding valuation; such rates are higher than current market rates. Under annuity substitution, those higher rates are used to convert annuities into lump sums, resulting in potentially lower lump sum values than if they were determined using a best estimate assumption.
- ▶ For plans for which annuity substitution is used, plan sponsors would have to perform an additional valuation to produce the expected lump sum values rather than the annuities currently being valued.
- ▶ Expected benefit payment projections can differ significantly from actual experience for various reasons other than future benefit accruals. The differences could unnecessarily attract scrutiny by the Agencies and potentially increase costs for plans that have to respond and reconcile the amounts.

14. Lines 29b (ii)/8b (3)(b) and 29c (ii)/8b (4)(b) Schedules of terminated vested and retired participants

The Proposal would add significant work to code the valuation systems to produce and test such schedules, even though the information can be derived from data underlying the valuation. The proposed changes also do not identify how to determine the average annual benefit in cases where the form of payment for the vested terminated participants is defined as a lump sum.

15. *Lines 29c (iii-vi)/8b (4)(c-f) Average age, annual benefit, assumed form of payment and assumed commencement age of terminated vested participants*

We believe the Agencies would need to provide more guidance on assumed form of payment and commencement age inputs. A plan's form of payment assumption can not only vary by percent electing a given form but also by the timing of election, group of participants electing and other factors. Similarly, the commencement age assumption can vary due to factors such as the existence of legacy groups and divergent plan provisions. Additionally, more input is needed by the Agencies on how the annual benefit should be disclosed when the assumed form of payment is a lump sum.

16. *Reporting information in Schedule SB versus in an attachment*

Moving information to the schedule can be logistically challenging, even though the information is already available. The Agencies have proposed that certain items that were previously reported on a separate attachment would be moved into the schedule itself.¹ These changes would require an update to actuarial reporting systems and require annual reviews to determine whether the required information fits within the schedule's spatial constraints.

This Proposal and those proposed for Schedules SB and MB would require various levels of initial and ongoing efforts. While we understand that the Agencies would like to gather this data, we believe the costs of calculating this information may outweigh the benefits of providing it. We ask the Agencies to exercise caution when increasing the already-substantial burden on plan sponsors, particularly with respect to expected benefit projections and additional schedules for terminated vested and retired participants.

If changes are made, we note that additional guidance will be needed. We also recommend the Agencies provide sufficient lead time so the plan sponsors can modify their systems to accommodate the new format.

Estimated burden

17. The Agencies estimate that the burden associated with the Proposal to modernize Form 5500 would be significant. This additional cost could be passed through to plan participants if plan sponsors don't absorb it. Plan sponsors also may decide to eliminate certain benefits rather than absorb the cost of additional reporting.

We note that certain aspects of the Proposal would increase the cost of the audit, and it is not apparent that the Agencies included these costs in their estimate. Examples of proposed requirements that could raise audit costs include additional procedures related to information in the supplemental schedules that would be required to be included in the auditor's report and changes to the limited scope certification that may result in more full scope audit procedures with respect to certain investments.

¹ Proposed Schedule SB line items 14, 15, 16, 21, 29a(ii) and 36 amortization installments; and Proposed Schedule MB line items 3 and 8b(2)(b).

Other suggested revisions

The table below provides additional comments on the proposed revisions to the Form 5500 and its schedules.

Form/Schedule	Proposed Change	Comment	Suggested Revision
Schedule C	One Schedule C would be required for each service provider.	This would increase the size of the filing, especially for plans with a large number of investment managers/indirect compensation.	We suggest the use of one Schedule C for each type of compensation (i.e., one Schedule C for providers of only direct compensation, one for combination direct/indirect compensation and one for providers of only indirect compensation).
Schedule H, Part IV, Compliance questions	Compliance question 4u would ask whether the plan sponsor paid any of the plan's administrative expenses.	Plans have never reported expenses that the plan sponsor may pay related to administering the plan. Sponsor-paid expenses have no effect on plan assets or participant account balances. This question does not relate to any ERISA fiduciary duty or plan reporting required under ERISA.	We suggest deleting question 4u from Schedule H.
Schedule H, Part VI, Trustee signature	The plan's trustee(s) would be required to sign the form electronically prior to filing, or manually sign a copy of Schedule H to be attached to the filing.	This would be a cumbersome process, especially for institutional trustees (similar to issues with receiving the former Schedule P). The plan sponsor is responsible for the plan and its reporting, and already signs the Form 5500 under penalties of perjury.	We suggest keeping the trustee information in Schedule H, but not requiring a signature from the trustee.
Schedule J, Lines 8a and 8b	Plan sponsors are required to provide information about premium delinquencies.	This information will be extremely difficult to report because the number of days delinquent is not a standard reporting measure provided by insurance carriers or third party administrators. Further, most insurance carriers and third party administrators have a payment grace period of 30 days.	We suggest deleting these questions or providing more specific instructions regarding the definition of "delinquent."



Form/Schedule	Proposed Change	Comment	Suggested Revision
Schedule J, Part IV	This section would ask for detailed information on health benefit claims and processing.	Most employers do not serve as plan administrator and therefore do not have access to the data required to complete this portion of Schedule J. In many cases, final claims determinations are made by third party administrators in order to eliminate employer bias and ensure compliance with the Health Insurance Portability and Accountability Act. As such, employers (and especially those involved with preparing the Form 5500) are unlikely to have this data.	We suggest deleting this section.
Schedule R, Line 11b	Individually designed plans would be required to enter the date of their most recent determination letter.	With the changes to the IRS determination letter program, individually designed plans will no longer receive determination letters for plan changes or the remedial amendment period. Additionally, the IRS released guidance that annuls the expiration date on determination letters issued prior to January 2016.	We suggest deleting this question.

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We want to thank the Agencies for their consideration of this letter. We would be pleased to discuss our comments with representatives of the Agencies.

Respectfully submitted,

Ernst + Young LLP