

December 5th, 2016

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

Dear Madam or Sir,

This letter documents the response of Willis Towers Watson to the proposed amendments to the Form 5500 series issued in September of 2016.

Willis Towers Watson is a leading global professional services company that employs approximately 39,000 colleagues worldwide. We provide Form 5500 preparation and consulting services to more than 3,000 plans. The undersigned have prepared our company's response with input from others in the company.

We appreciate the opportunity to comment.

Comments on Changes to the Schedule H – Part I

Generally, we are in agreement that a reclassification of the asset reporting on the Schedule H will help to meet the Department of Labor (DOL)'s goals, and will increase clarity and consistency in reporting. We believe that the change in classification structure on the Schedule H will cause the greatest burden in the first year. This is because any assets that were previously classified using one method will now need to be restated using the new method, and as a result there may be new questions and adjustments required for previous years' reporting. This would particularly be for the case where the trustee is unwilling or unable to change their ERISA reporting documentation timely with these new 5500 changes, and as a result, plan sponsors will have difficulty completing the forms until these changes are implemented.

We note that for plans that invest in CCTs and PSAs who choose not to file their own 5500, that their burden of reporting is being significantly increased by the addition of the detail on the line 4i Schedule of Assets held report. This will be particularly challenging for clients with investments in CCTs or PSAs that are held in non-

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US entities, as those entities in the past have not always been consistent in providing data. For example, we have seen non-US CCT or PSA holdings only able to provide an estimated breakdown of the holdings of the plan by asset type. We do not expect that these entities, who have no US presence, will now provide information merely because of a change in the 5500 instructions. We suggest that for such pooled investments that do not currently file their own 5500, a simple percentage breakout for the line 4i attachment be used.

We suggest adding definitions of a CCT and PSA to the instructions.

We believe that these changes will be the greatest burden for trustees, and that they will pass the additional expenses for reporting onto plan sponsors.

Specific Comments on Part I of the Schedule H

Some of the breakouts seem excessive and beyond the information generally available from current trustee reporting such as:

- Indication of 'publicly traded' versus 'non publicly traded' stock (page 47540)
- Indication of asset backed securities for debt holdings (page 47539)

We are very concerned about the request for information on leveraged securities arrangements and its proposed placement as a compliance question (page 47542). If the plan sponsor does have leveraged assets, they are already being broken out by type on Schedule H Part I based on the type of underlying asset holding. If anything, we suggest that additional wording be added to Schedule H Part I to confirm the DOL's agreement that these assets are held by the plan (or not) in different scenarios, and then allocate the assets accordingly.

If these questions are to be kept, we note that question 4w(1) would not be possible to answer if multiple leveraged arrangements are held. We do not see the need to require plan sponsors to allocate their assets into multiple types, when it appears that the DOL is not clear what types of assets are being collected nor whether or not they are considered holdings of the plan. As a result, we suggest that question 4w(2) be removed or simplified to a total aggregate amount question (including clarification on which assets are held by the plan and which are not), and question 4w(3) kept as is.

Changes to the Schedule H – Part II

We do not agree with the DOL's proposed additional breakout of information on fees (aside from those charged to participant accounts directly) paid on the Schedule H, as such information is already broken out in extensive detail on the Schedule C. It has been a burden for plan sponsors to categorize fees twice; once for the Schedule C reporting (using one method of allocation, either cash or accrual) and then again for the Schedule H reporting. We see the addition of new categories such as, "Salaries," IQPA audit fees, recordkeeping fees' etc. as an unnecessary burden on plan sponsors.

If the DOL chooses to keep this additional reporting, then we ask that such categorization either be removed from the Schedule C to avoid continuing this duplication of categorization of reporting, or made absolutely consistent with Schedule C reporting to avoid any confusion.

We note that fees that are charged directly against participant accounts have not been consistently collected and reported to date. For example, if the fees are charged as a percentage of the daily NAV against a participant's account, those fees are considered indirect compensation and would not be reported on the Schedule H as administrative expenses. However, loan fees or QDRO fees, when charged against a participants' account, would be shown on the Schedule H as administrative expenses. If it is the DOL's desire

to break these amounts out further, we believe that further clarification should be noted in the instructions as to whether or not indirectly charged participant-account fees should be reported here, or if they are not being included for consideration in this line item.

Schedule H line 4i and 4j changes

The movement of data from an attachment format to a data-capturable format will, we believe, be a significant burden for plan sponsors. Particularly for large plans where such data is not currently provided by the trustee in a data-capturable format (such as PDF files instead of spreadsheet files) the data would need to be manually entered, which could lead to errors.

Assuming that the agencies are not willing to give up on the request to have such files, we have no issues with the requested format or data required to be collected, including the addition of items previously reported on the Schedule D (for pooled investment holdings). However, as mentioned above, we are concerned about the requirement to break out the underlying investment holdings by name and other detailed information, along with the dollar amount, for those investment entities that did not choose to file their own Form 5500. This information is not readily available (particularly for non-US holdings) and would present a significant burden on plan sponsors to collect and report. In addition, we are not confident that such information would be accurate, as these non-US reports are frequently estimated, rather than provided as actual asset allocations and holdings.

We do not understand the request to provide "Any other uniform number applicable to the entity or asset being reported" to identify the asset holding. It is unclear how plan sponsors would satisfy this request, would they leave it blank if it didn't apply? What would be the consequences of reporting only the CUSIP, until such time as the LEI come into more common usage? We strongly suggest that the DOL request only one type, and then leave a text field for entry of other types, if the requested type is not available.

What does it mean for a CCT or PSA to be 'primarily' invested in hard-to-value assets? (page 47544)

Schedule C – expense reporting changes

To date, many vendors have not done any allocation of fees on the plan level; and we are curious how many of them will actually disclose fees of any amount. Many vendors have been relying on the provision of a formula in their already-disclosed materials instead of providing amounts. We agree that this new, more simplified version of expense reporting (removing of non-covered providers, removing of the term 'eligible indirect compensation') makes it more likely that plan sponsors will completely report information, but we are concerned that some may not be able to collect the necessary dollar estimates from their vendors.

To date, we have seen the least amount of specific reporting regarding soft dollar arrangements, and we do not see anything in these regulations that would encourage vendors to report dollar amounts for soft dollar arrangements, other than the threat of 'you will be reported as a vendor who failed to provide information'.

We are unclear on the requirement to provide contact information for the Schedule C reporting (page 47552). How would this work when the vendor is a holding company for another vendor that provided the service, and a third company provided the disclosure? What about foreign contact information, would that apply as well?

New questions and changes for plan terminations, mergers and consolidations

By adding a question regarding uncashed checks, it seems that the DOL is unclear if it actually wants to collect information regarding the method of uncashed checks or simply desires to verify that plan sponsors

are establishing and using a method of how to handle uncashed checks. We think it would be simpler and more accurate to reduce this question to a simple 'yes' or 'no' question. (page 47548).

Changes to the 5500 for small plans not eligible to use the 5500-SF

We think it is presumptuous of the DOL to say that plans not currently eligible for the 5500-SF reporting would not see a significant increase in their reporting burden. For example, some small plans currently do not receive a detailed trust report from their trustees, and as a result, pay lower fees. We expect that this will increase the expense that small plans will pay for the expense of maintaining their plans.

In addition, we are very troubled by the concept that small plan filers, who previously had no requirement to report expense information, will now have to file a Schedule C and collect such data from their vendors. We expect this to cause a large increase in the time and expense of preparing the Form 5500, to the detriment of plans and their participants.

Finally, the proposed rules change the reporting method for small plans which have historically been able to file a Schedule I. Their size and lack of complexity, when factored against the DOL's desire for more uniformity and greater information on the Schedule H seems to call into question the mandate for such small plans to complete the much more detailed Schedule H.

IRS only question for the 5500/5500-SF and SUP - Adding the preparer's name to the Form 5500

We do not agree with making this question mandatory. One concern is that regulators will contact the preparer with questions on issues that should be directed to plan administrators (e.g., questions relating to the information on the Form 5500 or relating to plan qualification). Where a service provider is preparing the Form, the service provider is simply compiling information provided from a variety of sources and then presents the completed form to the plan administrator for review and signature. Preparers are not responsible for the information provided on the Form and will generally not be in a position to answer questions from regulators (or others) about the information. Moreover, the service provider likely will not have authority to respond to such inquiries.

Another concern is that the change would create uncertainty as to whether the preparer of the Form 5500 is a "tax return preparer" under IRC § 7701. Lastly, the fact that Form 5500 is publicly available raises concerns that: (i) competitors would have access to a preparer's client list, (ii) that plan participants might contact the preparer instead of the plan administrator regarding plan questions about benefits, and (iii) that preparers might inappropriately be named as defendants in participant lawsuits..

Changes to the collection of group health plan information, Schedule J

- The new reporting requirements will require plan sponsors to focus on the compliance and well-being of their health and welfare plans, which many will find to be an additional burden.
- Removing the small plan waiver and requiring all health and welfare plans to file a 5500 regardless of size would be an additional burden and expense to many small business owners.
- The vendors/carriers will be required to provide additional disclosures to plan sponsors to complete the Schedule J. We are unsure how this may affect the vendor's activity or how difficult (or easy) it will be for them to collect the data for the Sch. J. This could also be an added expense for the vendors/carriers, which may be transferred to the plan sponsors.
- A sample of the Schedule J with the proposed questions would be helpful to determine the estimated time and cost to complete the Schedule J.
- Do the proposed changes provide meaningful results to the DOL and will the Sch. J accomplish their goal of meeting the requirements of ACA? Comments provided by the National Academy for State

health Policy on September 20, 2016 presented recommendations to DOL which may help the DOL meet the requirements of ERISA and ACA.

Please let us know if you have any questions regarding the above comments. We would be happy to speak with you to further discuss this.

Yours sincerely



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