


Pension Reporter 2008 5500 Review

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Pension Reporter 2008 5500 Review

What we will cover:

- What is New with the 2008 5500s
- Per form discussion to enable you to
 - Complete the Forms Correctly and Effectively
 - Utilizing Pension Reporter Features for Ease of Form Preparation
- Voluntary Alternative Reporting Option
- A Glimpse into 2009 processing (EFAST2)

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What's New for 2008

- **New Actuarial Schedules MB and SB**
 - Schedule MB is for Multiemployer Plans and for Money Purchase Plans with a funding waiver
 - Schedule SB is for Single Employer or Multiple Employer Plans
 - Short 2008 plan year filings for Defined Benefit Plans were required to use the 2008 forms and the filing deadline was extended until 90 days after the 2008 forms were available.

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What's New for 2008

- **Schedule R**
 - Has been expanded to capture some of the data required for Defined Benefit plans
 - Multiemployer Plans must include attachments
 - If in Endangered Status, Seriously Endangered Status or Critical Status, must attach the Funding Improvement Plan or the Rehabilitation Plan
 - Information regarding contributing employers, Employees for whom no contributions are made, Employers withdrawing from the plan and their withdrawal liability, and transfers/mergers

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What's New for 2008

- Schedule R, cont'd
 - Defined Benefit Plans (Multiemployer and single/multiple employer) with more than 1,000 participants must provide financial asset breakout information
 - Defined Contribution Plans with a positive number greater than zero on line 6c must attach a statement as to whether the deficiency will be deposited by the required funding date or not.

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What's New for 2008

- Voluntary Alternative Reporting Option (VARO) is still available for plans with fewer than 25 participants.
- Short 2009 plan years have an automatic extension to file on the 2009 forms when they become available in January 2010.
 - If short plan year is due to plan termination, might be advisable to go ahead and file on the 2008 forms since the plan will not file again.


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Form Review

- Form 5500
 - Item A controls several items in the 5500 filing.
 - If A1 is checked, and Schedule B is marked on page 3, the Schedule MB is printed – If A2 or A3 is marked, then Schedule SB is printed
 - Item A4 controls page 3 of the Schedule D
 - Item B – If B3 is checked, Schedule H or I must have zero assets at the end of the plan year
 - Item D – If not checked and printing occurs > 7 months after the PYE, warning will appear

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Form Review

- Form 5500, Cont'd
 - Items 1a thru 2d come from the Plan Information screens. Data entered in these fields does not flow back to the Plan Information screens.
 - Item 3a does not come from the Plan Information screens, but will carry forward from the 2007 5500.
 - Item 5 carries forward from the 2007 5500s. (Note: Not included on the 2009 5500s)

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Form Review

- Form 5500, Cont'd
 - Item 8a is controlled by the Plan Info screen Item Plan Subtype
 - Item 9a1 or 2 and/or Item 9b1 or 2 will flag the need for a Schedule A
 - Item 9a3 or 9b3 will flag the need for a Schedule H or Schedule I
 - Item 10 determines which forms will appear in the batch print list.

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Form Review

- Form 5500, Cont'd
 - Selections in Item 10 which can not be checked on the same 5500:
 - Schedule B with a Schedule E
 - Schedule H with a Schedule I
 - Schedule I with a Schedule C or a Schedule G

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Form Review

- Schedule A

- Item 1e must always be filled in manually
- Item 2 Total of commissions and fees is calculated when form is saved and is updated for each additional page 2 that is saved
- Additional page 2's can be added after the "All Pages" is saved
- Part II, Item 3 should match the balance in Item 6f

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Form Review

- Schedule A, Cont'd

- The grand total of all Items 4 on all Schedule As should match the total Pooled Separate Accounts reported on Schedule H
- If there are life insurance policies held by the plan, Item 8b on the 5500 should be checked with a 4a code and the total premiums are reported in Item 9 of the Schedule A

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Form Review

- Schedule C

- Item 1 is the total for all persons who each received compensation less than \$5,000.
- Item 2 is the list of all service providers who received more than \$5,000 from the plan.
 - Contract Administrator is always listed first
 - All others are listed in order of their gross salary or allowances and/or fees and commissions (High to low)
 - Need only list the top 40 service providers
 - Auto sort will arrange entries in correct order

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Form Review

- Schedule C, Cont'd

- Part II has the information on any accounting or actuarial firms whose services were terminated.
 - Note: each firm must receive a Notice to Terminated Accountant or Enrolled Actuary as outlined in the instructions (page 24) with the same explanation as reported on the Schedule C
- This is a multiple pages form, so as many page 2's or page 3's as necessary can be added. (EFAST limits to 9,999)

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Form Review

- Schedule D

- Multiple pages form – as many page 2s or 3s can be added as are needed
- Page 2 is used by all filers; Page 3 is only used by DFEs (as designated in Item A on the 5500)
 - If fund sponsor is filing as a DFE, the 3 digit plan number is the one the fund sponsor assigned to the plan and is used instead of 000 on the Schedule D
- Data can be manually entered or Simple Import can be used

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Form Review

- Schedule E

- If Item 1a is yes, make sure 2Q is entered into Item 8a on the 5500
- Items 1 thru 6 are general questions about the ESOP and funding
- Items 7 thru 12 pertain to securities acquisition loans
- Items 13 thru 17 pertain to deducted dividends

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Form Review

- **Schedule G**

- Required if Schedule H has Yes answers to the following items:
 - Item 4b – Loans or fixed income obligations in default – does not include participant loans – Schedule G Part I
 - Item 4c – Leases in default – Schedule G Part II
 - Item 4d – Nonexempt transactions with a party in interest – Schedule G Part III – also requires a 5330
- Late deposits of salary deferrals no longer reported on Schedule G

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Form Review

- **Schedule H**

- Reports the plan's trust – if the plan is unfunded and/or fully insured, Schedule H is not filed
- Required for plans with >100 participants on line 6 of the 5500, if the Schedule H was filed for prior year
- If Schedule I was filed for prior year, and line 6 of the 5500 has >120, the Schedule H is required and the plan may not file the Schedule I


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Form Review

- Schedule H, cont'd
 - If a Schedule D is part of the plan's filing, and the Sponsor of the investment funds listed has not filed as a DFE, the underlying investments of the funds must be reported in Part I of the Schedule H. (Income/loss is reported on the appropriate Line 2b in Part II)
 - Part III covers the Audit Report
 - Audit Report is required for every year the Schedule H is filed, but may be deferred one year if there is a short plan year of less than 7 months.

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Form Review

- Schedule H, cont'd
 - Item 4a – failure to deposit participant contributions (deferrals) within the prescribed timeframe
 - A yes answer may require a Form 5330 (See VFCP and PTE 2002-51)
 - Grand total of all late deposited participant contributions
 - If late deposits from prior year not corrected, must report them again the following year

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Form Review

- Schedule H, cont'd
 - Item 4d - If Voluntary Fiduciary Correction Program requirements and PTE 2002-51 conditions have immediate relief from payment of certain prohibited transaction excise taxes and from the obligation to file the 5330.
 - Item 4e – Fiduciary Bonding – A no answer will probably not trigger an audit if there are no other audit issues, but if there are other issues, may tip the balance.

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Form Review

- Schedule H, cont'd
 - Item 4f – The instructions remind you that willfully filing to report is a criminal offense under ERISA
 - If the actual amount of a loss due to fraud or dishonesty is not known, enter an estimate and add an attachment explaining it is an estimate.
 - Item 4g – A 404(c) participant-directed defined contribution plan is not required to report the amounts on the Schedule H

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Form Review

- Schedule H, cont'd

- Item 4j – Transactions in an individual account balance plan that are participant-directed are not treated as reportable transactions, however the participant-directed investments are included for purposes of determining other reportable transactions for the plan.
- Item 4k – If yes is checked because all the assets were distributed, Schedule SSA should be filed showing the participants as being paid out.

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Form Review

- Schedule I

- Item 2c – includes unrealized gain/loss, but does not include transfers from other plans.
- Item 2g – do not report loan offsets as deemed distributions
- Item 2k – This is where transfers to or (from) this plan to another plan are reported. Direct transfers from this plan at the direction of a participant are reported as distributions on line 2e.


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Form Review

- Schedule I, cont'd
 - Items 3a thru 3g – do not include amounts from CCTs, PSAs, MTIAs or 103-12 IE's
 - Report appropriate amounts that were in the investment at any time during the plan year.
 - Item 4a – As with Item 4a on the Schedule H – 5330 may be required if PTE 2002-51 and VFCP requirements are not met.

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Form Review

- Schedule I, cont'd
 - Items 4b thru 4h are identical to Items 4b thru 4h on the Schedule H, except no Schedule G or attachments are required
 - Item 4i – A single security is all securities of the same issue.
 - Do not answer yes for government securities or for securities held as a result of participant-directed transactions.

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Form Review

- Schedule I, cont'd
 - Item 4j – If Item B3 is checked as a final filing, then this item should also be checked.
 - Item 4k – Must be checked Yes in order to avoid having an audit requirement for the plan
 - Provisions for the waiver include modifications to the SAR

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Form Review

- Schedule R
 - If the plan is not subject to Minimum Funding Standards (Pension Plans), and either no benefits were paid OR the benefits were paid by the plan sponsor or plan administrator (Trust Identification number or Investment company's EIN(s) used on Form 1099-R and withholding deposits) Schedule R is not required.
 - Profit Sharing, ESOPs and stock bonus plans complete only Items 1 and 2


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Form Review

- Schedule R, cont'd
 - Item 6b - Only includes the contributions made as of the filing of the Schedule R
 - Item 6c – if a positive number an attachment is required stating whether the sponsor will make the remaining required contribution by the funding deadline.

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Form Review

- Schedule R, cont'd
 - Additional attachment for Single-Employer and Multiemployer Defined Benefit Pension Plans which does not correlate to any item on the Schedule R.
 - Required if any liabilities to participants or beneficiaries under the plan at the end of the plan year consist of liabilities under two or more plans as of immediately before the 2008 plan year.

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Form Review

- Schedule SSA

- For single employer plans, participants are reported when they have separated from employment and are entitled to a deferred vested benefit under the plan.
- For Multiemployer or multiple employer plans, participants who have incurred two successive 1-year breaks in service (per the plan) and the participant is (or may be) entitled to a deferred vested benefit.

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Form Review

- Schedule SSA, cont'd

- Social Security Numbers are required
- Participant's name should appear exactly as it is on the Social Security Card, with the exception of the middle initial instead of a middle name
 - First name limited to 11 characters
 - Last name limited to 15 characters
- Defined contribution plans do have an Annuity Code and a Type of Payment Option


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Form Review

- Schedule SSA, cont'd
 - Strongly recommended that previously reported participants who are paid out be reported as a D code.
 - Transfers of participant assets and liabilities from another plan
 - Report as a Code C if the original plan's information is available
 - Report as a Code A if the original plan's information is not available

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Form Review

- Schedule SSA, cont'd
 - Code B reporting is optional
 - Simple Import available
 - Sort puts data in SSN order
 - Item 7i on the 5500 indicates the need for the Schedule SSA

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Form Review

- Form 5500-EZ
 - Available for Sole Proprietors, Partnerships and Corporations with one owner
 - Required if total assets for all one-participant plans maintained by the employer exceed \$250,000
 - Required for the final plan year
 - Is not part of EFAST2

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- Schedules SB and MB
 - Schedule MB is identical to the Schedule B
 - Schedule SB will be covered in a webinar currently scheduled for May 15th

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Voluntary Alternative Reporting Option

- Voluntary Alternative Reporting Option (VARO)
 - Available if:
 - Fewer than 25 participants at the beginning of the year
 - Must meet the requirements to waive a plan audit
 - Must not hold any employer securities any time during the year
 - All plan assets must have a readily determinable fair market value held by a bank, an insurance company, broker-dealer, registered investment company or any other organization authorized to act as a trustee for IRAs
 - Not a multiemployer plan

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Voluntary Alternative Reporting Option

- Will complete and file:
 - Entire Form 5500
 - Items A, B, C and D and total commissions and fees for all insurance companies on Schedule A
 - Entire Schedule SB, or Schedule MB for a Money Purchase Pension Plan
 - Entire Schedule I
 - Schedule R (A, B, C & D) and Part II
 - Entire Schedule SSA


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Voluntary Alternative Reporting Option

VARO is not available
if item 3a, 3b, 3c, 3d, 3f or 3g
on the Schedule I
have a yes answer and an amount

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EFAST2

EFAST2
(Time Permitting)

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