

Form 5500 Update – Review of Recent and Upcoming Changes

January 31, 2024

Form 5500 Background

Background

Pension and welfare benefit plans are required to file an annual return/report regarding their financial conditions, investments and operations. This requirement is satisfied by filing the appropriate Form 5500 form, including any required schedules and attachments, under the EFAST2 system.

A Direct Filing Entity (DFE) must follow the specific DFE filing requirements. A master trust investment account (MTIA) must file a Form 5500. A Form 5500 is not required, but may be filed for a common/collective trust (CCT), pooled separate account (PSA), 103-12 investment entity (103-12 IE), defined contribution group (DCG) or group insurance arrangement (GIA).

The Internal Revenue Service (IRS), Department of Labor (DOL), and Pension Benefit Guaranty Corporation (PBGC) have consolidated certain forms to reduce the filing burden for plan administrators and employers.

The Form 5500 must be filed electronically.

AGENDA

- New Schedule DCG for Defined Contribution Group Reporting Arrangement (DCG or DCG Reporting Arrangement)
- Revised Small Plan Audit Participant Count Method
- New Schedule MEP for Multiple Employer Pension Plans (MEP)
- Changes to Existing Forms and Schedules
- Form 5558 Updates

New Schedule DCG (Individual Plan Information)

The SECURE Act 1.0 allows certain groups of defined contribution retirement plans to file a single consolidated annual return/report. The 2023 Form 5500 and the filing instructions have been revised to add a new filing option – Defined Contribution Group (DCG) Reporting Arrangements.

To be eligible to file as DCG, ALL plans in the DCG must be individual account plans or defined contributions plans and must have the following:

- Same trustee;
- Same one or more named fiduciaries;
- Same plan administrator under ERISA and the Code;
- Same beginning date for the plan year; and
- Provide the same plan investments or investment options for participants and beneficiaries.

New Schedule DCG (Continued)

- The DCG Form 5500 generally will be subject to the filing requirements for large pension plans and direct filing entities (DFEs)
- The DCG will file a Form 5500 on a consolidated basis and must attach a new Schedule DCG for EACH individual plan within the DCG arrangement
- Schedule DCG is designed to enable participants and beneficiaries to easily identify any consolidated Form 5500 filing that includes their plan and to see individual plan details regarding their plan
- Each Schedule DCG will report individual plan-level information such as the plan sponsor, plan financial information, number of participants and other information pertaining to that specific plan
- Each Schedule DCG must include an attached IQPA report for a plan that is required to have an audit under generally applicable rules

New Schedule DCG (Continued)

2023 Schedule DCG

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OMB No. 1210-0110

2023

This Form is Open to Public Inspection

SCHEDULE DCG (Form 5500)
Department of the Treasury
Internal Revenue Service
Department of Labor
Employee Benefits Security Administration

Individual Plan Information
This schedule is required to be filed under section 103 of the Employee Retirement Income Security Act of 1974 (ERISA) and Section 6058(a) of the Internal Revenue Code (the Code).
▶ File as an attachment to Form 5500.

Part I DCG Information

A Name of DCG	B Three-digit plan number (PN)
C DCG Sponsor's Name (enter here only if different from Name of DCG)	D Employer Identification Number (EIN) for DCG

Part II Individual Schedule DCG Information. Complete a separate Schedule for each individual defined contribution pension plan.

E This Schedule DCG is for:	<input type="checkbox"/> a single-employer plan	<input type="checkbox"/> a collectively-bargained plan
F This Schedule DCG is:	<input type="checkbox"/> the first Schedule	<input type="checkbox"/> the final Schedule
	<input type="checkbox"/> an amended Schedule	

Part III Basic Individual Plan Information

1a Name of plan	1b Three-digit plan number (PN)
	1c Effective date of plan
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box). City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)	2b Employer Identification Number (EIN)
	2c Plan sponsor's telephone number

Separate Schedule DCG is filed for each employer/controlled group

Revised Small Plan Audit Participant Count Method

Both Form 5500 and Form 5500-SF, and their instructions, have been revised to reflect a change in the methodology for counting the number of participants used to determine when a defined contribution pension plan may file as a small plan. This includes determining eligibility for the conditional waiver of the independent qualified public account (IQPA) audit.

- Beginning with 2023 plan year filings, a defined contribution pension plan will count participants with account balances at the beginning of the plan year.

If the Form 5500 filing is for the first plan year, the participant count at the end of the plan year should be used for the small plan determination.

- There is no change for DB plans.
- 80/120 rule still applies based on large plan status prior year

Revised Small Plan Audit Participant Count Method (Continued)

This provision will significantly change the threshold for the status of large versus small plans. The DOL estimates that 19,500 large plans will no longer be subject to the annual audit requirement relating to this participant-count methodology change.

Going forward, we would recommend that Plan sponsors review their plan documents to determine whether they are able to “cash out” participants with small account balances before the end of the plan year to reduce the number of participants with account balances at the beginning of the next plan year.

New Schedule MEP for Multiple Employer Pension Plans (MEP)

A new Schedule MEP (Multiple-Employer Pension Plan Information) was added to consolidate SECURE ACT related and other multiple-employer plan reporting in one schedule.

- Schedule MEP is to be used with both Form 5500 and Form 5500-SF
- All pooled employer plans (PEPs), regardless of size, must file Form 5500 and include Schedule MEP with that filing
- For 2023, questions intended to satisfy the SECURE Act's reporting requirements for pooled employer plans and questions to link the Form PR (Pooled Employer Registration) and the Form 5500 for each plan operated by a pooled plan provider are also found on Schedule MEP
- Schedule MEP essentially takes the place of the Multiple Employer Plan Participating Employer Information attachment and includes ERISA section 103(a) participating employer information and aggregate account information.

New Schedule MEP for Multiple Employer Pension Plans (MEP)

2023 Sch MEP

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<div><div>SCHEDULE MEP (Form 5500)</div><div>Department of the Treasury Internal Revenue Service</div><div>Department of Labor Employee Benefits Security Administration</div></div>	<div>MULTIPLE-EMPLOYER RETIREMENT PLAN INFORMATION</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and Section 6058(a) of the Internal Revenue Code (the Code)</div> <div>▶ File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2023</div> <div>This Form is Open to Public Inspection</div>
For calendar plan year 2023 or fiscal plan year beginning and ending		
A Name of plan	B Three-digit Plan number (PN)	
C Plan administrator's name as shown on line 3a of Form 5500/Form 5500-SF	D Administrator's EIN	
Part I	Type of Multiple-Employer Pension Plan. All multiple-employer pension plans must complete.	
1 Check the appropriate box to indicate type of multiple-employer pension plan. (Only defined contribution plans may check lines 1a, 1b, and 1c. Defined benefit plans and defined contribution plans not checking lines 1a, 1b, or 1c should check line 1d. See Instructions).		
a <input type="checkbox"/> association retirement plan (See 29 CFR 2510.3-55) (Complete Part II)		
b <input type="checkbox"/> professional employer organization plan (PEO Plan) (See 29 CFR 29 CFR 2510.3-55) (Complete Part II)		
c <input type="checkbox"/> pooled employer plan (PEP) (See 29 CFR 2510.3-44) (Complete Parts II and III)		
d <input type="checkbox"/> other multiple-employer pension plan (Describe) (Complete Part II)		
Part II	Participating Employer Information.	
2 All multiple-employer pension plans that are subject to section 210(a) of ERISA (see instructions for filing the Form 5500) must complete Part II, in addition to Part I, in accordance with the instructions, to report the information for each employer participating in the multiple-employer pension plan. Defined contribution plans must complete lines 2a-2d. All other multiple-employer pension plans complete lines 2a-2c only. Complete as many entries as needed to list the required information for each participating employer that is not an individual person (see instructions).		

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Changes to Existing Forms and Schedules

FORM 5500

Part II, Line 8a - Plan Characteristics Codes have been updated to include code 3D for pre-approved 403(b) plans.

Part II, Line 10a(4) – A new checkbox was added for the new Schedule DCG.

Part II, Line 10a(5) – A new checkbox was added for the new Schedule MEP.

2023 Changes to Form 5500

2023 Form 5500

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g(2) Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g(2)	
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor	(1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules	b General Schedules
(1) <input type="checkbox"/> R (Retirement Plan Information) (2) <input type="checkbox"/> MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) <input type="checkbox"/> SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary (4) <input type="checkbox"/> DCG (Individual Plan Information) – Number Attached (5) <input type="checkbox"/> MEP (Multiple-Employer Retirement Plan Information)	(1) <input type="checkbox"/> H (Financial Information) (2) <input type="checkbox"/> I (Financial Information – Small Plan) (3) <input type="checkbox"/> A (Insurance Information) – Number Attached (4) <input type="checkbox"/> C (Service Provider Information) (5) <input type="checkbox"/> D (DFE/Participating Plan Information) (6) <input type="checkbox"/> G (Financial Transaction Schedules)

Changes to Existing Forms and Schedules

SCHEDULE H (Financial Information)

Administrative Expense Transparency

New breakout categories were added to the “Administrative Expenses” section of the Income and Expenses section of the Schedule H balance sheet beginning with the 2023 forms.

- This change provides a better picture of the plan expenses
- There are specific lines for audit fees, bank or trust company fees, actuarial fees, legal fees, valuation fees, salaries, trustee fees, and expenses.
- Plan sponsors and service providers should be aware that this information will be publicly available and subject to scrutiny by the DOL and outside parties.

2023 Changes to Schedule H



2023 Sch H

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Expenses

e Benefit payment and payments to provide benefits:

- (1) Directly to participants or beneficiaries, including direct rollovers
- (2) To insurance carriers for the provision of benefits.....
- (3) Other.....
- (4) Total benefit payments. Add lines **2e(1)** through (3)

2e(1)		
2e(2)		
2e(3)		
2e(4)		
2f		
2g		
2h		

f Corrective distributions (see instructions).....

g Certain deemed distributions of participant loans (see instructions)

h Interest expense

i Administrative expenses:

- (1) Salaries and allowances.....
- (2) Contract administrator fees.....
- (3) Recordkeeping fees.....
- (4) IQPA audit fees.....
- (5) Investment advisory and investment management fees
- (6) Bank or trust company trustee/custodial fees
- (7) Actuarial fees
- (8) Legal fees
- (9) Valuation/appraisal fees
- (10) Other trustee fees and expenses
- (11) Other expenses
- (12) Total administrative expenses. Add lines **2i(1)** through (11)

2i(1)		
2i(2)		
2i(3)		
2i(4)		
2i(5)		
2i(6)		
2i(7)		
2i(8)		
2i(9)		
2i(10)		
2i(11)		
2i(12)		
2j		

j Total expenses. Add all **expense** amounts in column (b) and enter total

Net Income and Reconciliation

k Net income (loss). Subtract line **2j** from line **2d**.....

l Transfers of assets:

- (1) To this plan
- (2) From this plan

2k		
2l(1)		
2l(2)		

Changes to Existing Forms and Schedules

SCHEDULE MB (Actuarial Information for MultiEmployer DB or Money Purchase Plans)

A note was added to the instructions for the Schedule MB to clarify how to report special financial assistance for multiemployer plans.

The note states that if the plan received special financial assistance under ERISA section 4262 on or before the valuation date, the value of the special financial assistance account should be excluded as of the valuation date.

Changes to Existing Forms and Schedules

SCHEDULE R (Pension Plan Information)

Beginning with the 2023 forms, IRS tax compliance questions were added to Part VII.

- **Nondiscrimination testing** – Does the plan satisfy the coverage and nondiscrimination tests of Internal Revenue Code sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules?
- **ADP testing** – If this is a 401(k) plan, check all applicable boxes to indicate how the plan is intended to satisfy the nondiscrimination requirements.
- **Pre-approved plan letters** – If the plan sponsor is an adopter of a pre-approved plan that received a favorable IRS Opinion Letter, enter the date of the Opinion Letter.

These compliance questions were added to improve tax oversight.

2023 Changes to Schedule R (Continued) – Part VII

2023 Schedule R

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a Enter the percentage of plan assets held as:

Public Equity: _____ % Private Equity: _____ % Investment-Grade Debt and Interest Rate Hedging Assets: _____ %

High-Yield Debt: _____ % Real Assets: _____ % Cash or Cash Equivalents: _____ % Other: _____ %

b Provide the average duration of the Investment-Grade Debt and Interest Rate Hedging Assets:

☐ 0-5 years ☐ 5-10 years ☐ 10-15 years ☐ 15 years or more

20 PBGC missed contribution reporting requirements. If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation: _____

Part VII IRS Compliance Questions

21a Does the plan satisfy the coverage and nondiscrimination tests of Code sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules? ☐ Yes ☐ No

21b If this is a Code section 401(k) plan, check all boxes that apply to indicate how the plan is intended to satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under Code sections 401(k)(3) and 401(m)(2).

☐ Design-based safe harbor method

☐ "Prior year" ADP test

☐ "Current year" ADP test

☐ N/A

22 If the plan sponsor is an adopter of a pre-approved plan that received a favorable IRS Opinion Letter, enter the date of the Opinion Letter ____/____/____ (MM/DD/YYYY) and the Opinion Letter serial number _____.



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2023 Changes to Schedule R (Continued) – Part VI, Line 19

Several new changes were made to Line 19 and its instructions as follows:

- All defined benefit plans with 1,000 or more participants at the beginning of the plan year will need to provide end of year asset information for the following seven reconfigured categories of assets:
 - Public Equity
 - Private Equity
 - Investment-Grade Debt and Interest Rate Hedging Assets
 - High-Yield Debt
 - Real Assets
 - Cash or Cash Equivalents
 - Other
- Line 19b was modified to request the average duration for the Investment-Grade Debt and Interest Rate Hedging Assets
- Line 19c was eliminated

2023 Changes to Schedule R (Continued) – Part VI, Line 19

2023 Schedule R

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supplemental information to be included as an attachment.....

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment.....

19 If the total number of participants is 1,000 or more, complete lines (a) and (b):

a Enter the percentage of plan assets held as:

Public Equity: _____ % Private Equity: _____ % Investment-Grade Debt and Interest Rate Hedging Assets: _____ %
High-Yield Debt: _____ % Real Assets: _____ % Cash or Cash Equivalents: _____ % Other: _____ %

b Provide the average duration of the Investment-Grade Debt and Interest Rate Hedging Assets:

☐ 0-5 years ☐ 5-10 years ☐ 10-15 years ☐ 15 years or more

20 PBGC missed contribution reporting requirements. If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation.....

Part VII IRS Compliance Questions

21a Does the plan satisfy the coverage and nondiscrimination tests of Code sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules? ☐ Yes ☐ No

21b If this is a Code section 401(k) plan, check all boxes that apply to indicate how the plan is intended to satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under Code sections 401(k)(3) and 401(m)(2).

☐ Design-based safe harbor method

☐ "Prior year" ADP test

☐ "Current year" ADP test

☐ N/A

22 If the plan sponsor is an adopter of a pre-approved plan that received a favorable IRS Opinion Letter, enter the date of the Opinion Letter: ____/____/____

Changes to Existing Forms and Schedules

SCHEDULE SB (Actuarial Information)

The 2023 Schedule SB was revised as follows:

- Line 6 (Target Normal Cost) and the instructions were changed to address a possible situation in which the amount reported on Line 6c would not be consistent with IRS regulations and the statute if the calculation was done in accordance with the instructions
- Instructions for Line 26a were changed to revise a line reference
- Instructions for Line 26b attachment (projected benefit payments) were changed for situations where a plan assumes some, or all, benefits are paid in a lump sum, and uses the annuity substitution rule (26 CFR 1.430(d)-1(f)(4)(iii)(B)) to determine the funding target

2023 Changes to Schedule SB

2023 Sch SB

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c For active participants.....				
d Total.....				

4

If the plan is in at-risk status, check the box and complete lines (a) and (b).....☐

a Funding target disregarding prescribed at-risk assumptions	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b	

5

Effective interest rate.....

5

%

6

Target normal cost

a Present value of current plan year accruals	6a	
b Expected plan-related expenses	6b	
c Target normal cost	6c	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE

Signature of actuary

Type or print name of actuary

Firm name

Address of the firm

Date

Most recent enrollment number

Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice, see the Instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2023
v. 230728

Changes to Existing Forms and Schedules

ADMINISTRATIVE PENALTIES

The instructions were updated to reflect the increase in the maximum civil penalty amount assessable under ERISA as follows:

- Penalty of up to \$2,586 per day a plan administrator fails or refuses to file a complete and accurate report (annually adjusted)

As a reminder – Plan administrators and plan sponsors must provide complete and accurate information and comply fully with the filing requirements. Penalties may be assessed for incomplete filings or filings received after the due date.

- Penalty of \$250 per day (up to \$150,000) for not filing returns for certain plans of deferred compensation, trusts and annuities, and bond purchase plans by the due date
- Penalty of \$1,000 for each failure to file the required actuarial statement (Schedule MB or Schedule SB)

Form 5558 Updates

It was initially expected that beginning January 1, 2024, Form 5558 would be able to be filed electronically through EFAST2

Due to IRS administrative issues involving the EFAST2 system, the IRS is postponing electronic filing of Form 5558 through EFAST2 until January 1, 2025

Plan sponsors and administrators should continue to use a paper Form 5558 to request a one-time extension of time to file a Form 5500 series or Form 8955-SSA in 2024

Effective in 2024, Form 5558 is no longer used to request an extension of time to file Form 5330, even though the current version of the Form 5558 still contains that section. Form 8868 must now be used to request an extension of time to file Form 5330.

Comments

As a result of these changes, it is estimated that the overall filing costs for retirement plans will be reduced by \$95 million annually.

The DOL also believes that these changes will improve the Form 5500 as a critical oversight, public disclosure and policy data tool.

The changes are intended to increase transparency and provide information to allow for more effective investigations by the Agencies.

It is our understanding that more changes are supposedly forthcoming to modernize the Form 5500 and improve data collection efforts.

