

MEMO# 30458

December 6, 2016

ICI Submits Comment Letter on Proposed Changes to Form 5500

[30458]

December 6, 2016 TO: ICI Members SUBJECTS: Pension RE: ICI Submits Comment Letter on Proposed Changes to Form 5500

The Institute submitted the attached letter to the Department of Labor, the Department of the Treasury, and the Pension Benefit Guaranty Corporation (collectively, the “Agencies”) responding to their proposal to modify the Form 5500.[\[1\]](#) If implemented as proposed, the changes would significantly increase the reporting obligations for all retirement and welfare plans.

Our letter indicates general support for the Agencies’ goals, including increased transparency of plan investments, harmonization of service provider reporting, and increased availability of information for policy makers and researchers. We express concern, however, that the proposed changes are not always consistent with such purported goals and would impose a significant burden on plan sponsors and their service providers tasked with the completion of the Form 5500. We observe that it appears little effort was made in prioritizing what new data the Agencies truly need and in assessing the burden that the changes will impose on plan sponsors and their service providers. We identify as a particular concern the administrative burden the proposal will impose on small plans and the impact that such burdens will have on efforts to increase plan sponsorship by small employers.

The letter also identifies a number of specific concerns with the Agencies’ proposal, focusing primarily on proposed revisions to Schedule C and Schedule H. While noting our support for the goal of harmonizing Schedule C with the required 408b-2 disclosures, we contend that many of the proposed changes to Schedule C are inconsistent with the 408b-2 disclosure. In addition, many of the changes are unclear and overly burdensome in their application and will not serve the Agencies’ purported goals. Many of the proposed changes to Schedule H are either unnecessary in light of existing regulatory efforts or unclear.

Our letter encourages the Agencies to withdraw the proposal and issue new proposed modifications consistent with our comments and the purpose of the Form 5500. In addition, before finalizing any changes to the Form 5500, the Agencies should carefully weigh the benefits of collecting this information against the costs which will be ultimately borne by plan participants. When the Agencies do finalize any changes, they should allow at least two years between the time final form revisions are issued and the first due date.

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[Attachment](#)

endnotes

[1] For a description of the proposal, see Memorandum to Pension Members No. 20-16 and Bank, Trust and Retirement Advisory Committee No. 22-16 [30071], dated July 25, 2016. The proposed revisions, at 81 Fed. Reg. 47534 (July 21, 2016), are available here: www.gpo.gov/fdsys/pkg/FR-2016-07-21/pdf/2016-14893.pdf.

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