

MEMO# 11882

May 12, 2000

DOL ISSUES FINAL ANNUAL REPORTING REGULATIONS

1 A copy of the revised Form 5500 was previously provided. See Institute Memorandum to Pension Member No. 11-00 and Pension Operations Advisory Committee No. 9-00, dated February 7, 2000. [11882] May 12, 2000 TO: PENSION MEMBERS No. 28-00 PENSION OPERATIONS ADVISORY COMMITTEE No. 34-00 RE: DOL ISSUES FINAL ANNUAL REPORTING REGULATIONS

The Department of Labor recently published final regulations setting forth the annual reporting and disclosure requirements under Title I of ERISA. The regulations reflect the new structure and components of the revised Form 5500 Annual Return/Report of Employee Benefit Plans,¹ including the summary annual report (SAR) requirement and reporting requirements for plans with fewer than 100 participants. The regulations also modify reporting requirements, particularly for “direct filing entities,” relating to certain investment vehicles and plans, such as group insurance arrangements, common/collective trusts, pooled separate accounts and plans that participate in master trusts. Additionally, the regulations provide certain technical clarifications with respect to existing reporting regulations. For purposes of exempting “participant directed transactions” under individual account plans from the Form 5500’s reportable transaction requirements, the regulations clarify that a participant need not have “affirmatively” authorized a transaction in order for the transaction to be “participant directed.” Thus, the term “directed” encompasses investments authorized through automatic enrollments, negative investment elections or default investment options under the terms of the plan instrument. The regulations also clarify that plans using a tax deferred annuity arrangement under Internal Revenue Code section 403(b)(1) and/or a custodial account for regulated investment company stock under Code section 403(b)(7) as the sole funding vehicle for providing benefits are not subject to the regulation requiring examination by an “independent qualified public accountant.” The effective date of the regulations is May 19, 2000. The amendments contained in the regulations are generally applicable to plan years beginning on or after January 1, 1999. A copy of the regulations is attached. Thomas T. Kim Assistant Counsel Attachment Note: Not all recipients receive the attachment. To obtain a copy of the attachment referred to in this Memo, please call the ICI Library at (202) 326-8304, and ask for attachment number 11882. ICI Members may retrieve this Memo and its attachment from ICINet (<http://members.ici.org>).

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