

MEMO# 9256

September 18, 1997

TREASURY, DOL AND PBGC ISSUE PROPOSED NEW FORM 5500 PACKAGE

[9256] September 18, 1997 TO: PENSION COMMITTEE No. 34-97 PENSION OPERATIONS
ADVISORY COMMITTEE No. 35-97 RE: TREASURY, DOL AND PBGC ISSUE PROPOSED NEW
FORM 5500 PACKAGE

On September 2, the Treasury Department, Department of Labor and the Pension Benefit Guaranty Corporation jointly issued a proposed new Form 5500 package that includes revised forms, with revised instructions, that pension, welfare and fringe benefit plans must file with the various Agencies. The three Agencies worked together to simplify and streamline the annual reporting requirement and to reduce the filing burden for plan sponsors. Under the proposed Form 5500, both large and small plans would use the same Form 5500 for filing purposes. The Agencies also restructured the Form 5500 to more closely resemble corporate and individual tax returns. The revised Form 5500 consists of a one-page main form containing basic plan identifier information and a checklist indicating additional forms included with the filing. The Agencies added five new schedules to the Form 5500 package and revised three existing schedules. Five schedules remain unchanged. The new filing schedules are: Schedule D, Direct Filing Entity/Participating Plan Information -- used to file information on relationships between plan and master trust accounts, common/collective trusts, insurance company pooled separate accounts, certain investment entities and group insurance arrangements; Schedule FIN, Financial Information -- incorporates financial statements from the current Form 5500 and adds questions concerning investments, financial transactions and plan assets; Schedule FIN-SP, Financial Information for Small Plans -- maintains simplified financial statements under the current Form 5500-R and adds a number of specified investment categories; Schedule PEN, Pension Plan Information -- used to report information on participant coverage, plan distributions and funding for qualified and non-qualified pension plans that file Form 5500; and - 2 - Schedule Q, Qualified Pension Plan Coverage Information -- used for plans during the first year of the three-year testing cycle under Revenue Procedure 93-42 or annually for plans not in the three-year testing cycle. Although most of the Schedule A, Insurance Information, data collection requirements are unchanged, the schedule was revised to conform to recent accounting industry changes on current value financial reporting of investment-type contracts with insurance companies. Revised Schedule C, Service Providers Information, would be limited to the 40 top-paid service providers at or above the \$5,000 threshold for compensation paid by a plan during the plan year and limit explanations for service provider terminations to accountants and enrolled actuaries. Plans would also no longer be required to file a Schedule C to identify plan trustees annually. Plans that complete lines 27b, 27c, 27e, and 27f of the current Form 5500 would be required to file Schedule G, Financial Transaction. The Agencies did not revise Schedule B (Actuarial Information), SSA

(Separated Participants with Deferred Vested Benefits, Schedule F (Fringe Benefit Plan Information), Schedule E (ESOP Annual Information), or Form 5500-EZ, applicable to business owners and their spouses. Comments on the proposed Form 5500 are due to the Department of Labor by November 3, 1997. A joint public hearing will be held November 17 and, if necessary, November 18, 1997 at 10:00 a.m. at the Department. If you have any comments on the proposed Form 5500 package, please forward them to us by Friday, October 17, 1997. We will keep you informed of developments. Kathryn A. Ricard Assistant Counsel - Pension Attachment (in .pdf format)

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