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## DOL Proposes Significant Overhaul to Form 5500



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Form 5500 is the primary documentation disclosed to participants and beneficiaries of employee benefit plans. It is an essential compliance tool for the Employee Benefits Security Administration (EBSA). As it stands, Form 5500 may no longer reflect the marketplace. “The 5500 is in serious need of updates to continue to keep pace with changing conditions in the employee benefit plan and financial market sectors,” said Phyllis C. Borzi, assistant secretary of labor for the Employee Benefits Security Administration, in a statement. For example, Form 5500 cannot provide consistent data on group health plans. Form 5500, therefore, is in the process of being modernized to fit today’s plan operations and practices, and to enhance the ability to comply with Titles I and IV and the IRS. Feedback on the updates can be provided to the EBSA by Oct. 4, 2016. The U.S. Department of Labor (DOL) has announced a two-month extension of the comment period on the Form 5500 Modernization Proposals from October 4 to December 5, 2016.

Every 10 years Form 5500 undergoes major overhauls. There are five main goals to the changes currently being proposed. They include the following:

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- Modernize the financial statements and investment information filed about employee benefit plans.
  - Update reporting requirements for service provider fee and expense information.
  - Enhance accessibility and usability of data filed on the forms.
  - Require reporting by all group health plans covered by Title I of ERISA.
  - Improve compliance through new questions on plan operations and financial management of the plan.
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The types of investments being offered to employee benefit plans have changed dramatically in the past 10 years. There are many alternative investments, hard-to-value assets, and collective investment vehicles these days. EBSA wants to be able to gather information about these investment vehicles and improve reporting.

Proposed revisions would convert more elements on the Form 5500 into computer-processable data that can be searched and used for data mining and analytics. The proposal would harmonize reporting on Form 5500 Schedule C with the Department of Labor’s now-final service provider fee disclosure regulation at 29 CFR 2550.408b-2, and would provide a powerful tool for improved evaluation of investment, recordkeeping, and administrative fees and service arrangements.

By requiring filings by group health plans, remedies would be in place to collect data from a large sector of the health plan market.

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The updates to Form 5500 are intended to enhance reporting on compliance to improve plan operations, to provide education and annual discipline for plan fiduciaries, and to protect participants and beneficiaries and their benefits.

Public comments can be submitted at the federal [eRulemaking](#) Program website.

If you plan to make a comments, be sure to provide a solution if your comment is that you don't like the change. Just know that this overhaul will take place, one way or another.