



# What Is Form 5500?

Form 5500 is a report detailing a company's employee benefits. Employers are required to file it each year to lay out benefits, including self-funded plans, retirement plans and welfare benefit plans, such as dental, health and life insurance. You file Form 5500 with the Department of Labor (DOL) if your plan has up to 100 employee participants at the beginning of a plan year or when your plan is trust-funded, whether or not employee participants are up to 100.

Form 5500 provides the DOL and the Internal Revenue Service (IRS) with information, assuring them that you are protecting your employees' rights and managing their benefits according to prescribed regulations.

## When Is Form 5500 Required?

If your business offers its EBPs through a trust, you must file Form 5500, except if you are a government entity or church group. Every plan covered by the Employee Retirement Income Security Act (ERISA) requires this filing process. The plans include the following:

- Pension plans
- Individual retirement accounts (IRAs) established under Section 408(c)
- Medical, dental and life insurance
- Severance pay plans
- Profit-sharing plans
- Stock bonus plans
- Disability benefits

## The Form 5500 Series

The version of Form 5500 you're required to file from the Form 5500 series depends on your business size and structure.

- Form 5500
  - Form 5500 is the general form for companies with 100 or more plan participants. The form gives information about your plan qualifications, investments and financial condition.
- Form 5500-SF
  - This one is for companies with less than 100 plan participants at the start of the year. The simplified short form is suitable for filing plans such as mutual funds and variable annuities with determinable fair value.
- Form 5500-EZ
  - Form 5500-EZ is for plans with one participant, such as one where a business owner invests in a stand-alone retirement plan.

## How To File Form 5500

The DOL requires that employers file Form 5500 electronically via the ERISA Filing Acceptance System (EFAST2) portal. If you're new to this filing process, go to [www.efast.dol.gov](http://www.efast.dol.gov) to obtain your credentials—secured username and password. Ensure that it's the person authorized to complete the form who signs up for your company.

You'll be asked to enter identifying information and details about your plans and submit the necessary documents. Ensure you follow the instructions to register, provide all information, set security questions, complete the registration process and upload supporting documents. You'll then be asked to sign the form and submit it.

## Documentation To Prepare

The IRS and DOL require that you fill in Form 5500, complete and accurate information about your employee benefit plan and attach all relevant documents. Information you'll need to prepare includes an accountant's report, insurance contracts and plan details such as plan sponsor information, number of participants, starting date of plan and details of the plan administrator.

You'll also need to attach relevant schedules to the three-paged form. Common schedules include:

- Schedule A: For insurance information
- Schedule C: Service provider information
- Schedule G: Plan financial transactions
- Schedule R: Retirement plan information

## Form 5500 Deadlines

Submit Form 5500 by the last day of the seventh month after the plan year ends or the next business day, if it falls on a weekend. You can also submit it on July 31 if you are following a calendar-year plan. Failure to meet the deadline will result in penalties and fees. If you foresee you won't be able to make the deadline, file an extension by mailing Form 5558: Application for Extension of Time To File Certain Employee Plan Returns to the IRS. That will give you an extra two and a half months.

## Common Form 5500 Errors To Avoid

Besides incurring penalties on late filing, the IRS and DOL impose fines for insufficiencies or inaccuracies in your form submission, so you must be careful when filling out Form 5500. Below are the common errors that companies make, so take note of them.

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## Zero Plan Participation

Businesses often respond that particular plans do not have participants, usually because they are new programs. Yet, according to Form 5500 instructions, every eligible employee with plan balances is termed a plan participant.

## Excess Deferral

Plan sponsors sometimes incorrectly allow contributions to exceed a participant's annual contribution limit. Also, 403(b) or 457 contributions may be wrongly categorized as 401(k) deferrals.

## Plan Termination

Many companies do not fill out Form 5500 because they have dissolved a particular plan. However, you must document plans canceled within the year until all assets are dispersed. Also, some companies mistake frozen plans for terminated plans and mark plans as terminated even when the assets are yet to be dispersed from the plan.

