

PENTEGRA TECH TIPS

The recent DOL release on 5500 reporting changes contained a number of surprises:

- The DOL did not provide any commentary with respect to Defined Contribution Groups (DCGs), formerly known as Groups of Plans (GoPs). We will wait for the DOL to issue a future release on guidance for DCGs.
- The DOL did not provide any additional commentary with respect to changing the plan audit threshold requirement from 100 “eligible” participants to 100 participants with an “account balance”.

Overview of DOL release with respect to Changes for Form 5500 and Form 5500-SF:

- **Defined Contribution (DC) Multiple Employer Plans (MEPs):**
 - The 5500 instructions have been revised to implement an amendment to ERISA section 103(g) in the SECURE Act by requiring DC MEPs to report aggregate account balance information by employer on the existing 5500/Form 5500-SF attachment for reporting participating employer information.
- **Pooled Employer Plans (PEPs):**
 - Form 5500 instructions have been amended to make clear that a PEP is a multiple-employer plan that files a single 5500.
 - PEPs are required to check the multiple-employer plan box in Part A of the Form 5500 and include the attachment for reporting participating employer information for MEPs on the 5500.
 - In addition, PEPs must either on a separate attachment or as part of the participating employer attachment for MEPs, answer whether the Pooled Plan Provider administering the plan has complied with the Form PR filing requirements. If the answer is yes, the Acknowledgement ID number for the pooled plan provider’s latest Form PR filing must be provided.
 - 5500-SF instructions have been amended to provide that PEPs must file the Form 5500 and cannot file the 5500-SF.

- Retroactively adopted plans permitted by SECURE Act section 201:
 - A new checkbox is added to Part I of the 5500 and 5500-SF for a plan sponsor who adopted the pension benefit plan in the 2021 plan year and treated the plan as being adopted and effective in the 2020 plan year pursuant the SECURE Act section 201. For Defined Benefit plans in this category, the 2021 instructions provide information about how to report data regarding 2020 funding requirements (i.e., Schedule SB data).
- Administrative Penalties:
 - The instructions have been updated to reflect an increase in the maximum civil penalty amount assessable under ERISA section 502(c)(2), as required by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.
- Schedule MB:
 - A new line 3(d) has been added to require a multiemployer DB plan to report the amount of withdrawal liability payments included in line 3(b) employer contributions.
 - Line 6c, mortality table, has been revised to add new mortality tables released by the Society of Actuaries and to simplify reporting of older mortality tables.
 - Line 7, New Amortization Bases Established, has been revised reflecting changes made by the American Rescue Plan Act of 2021 for Code 8 to be used for net investment losses and other losses related to the coronavirus incurred in either or both of the first two plan years ending after February 29, 2020.
- Schedule SB:
 - Line 6, target normal cost, is broken down into new lines 6a, 6b and 6c. Line 6a requires the plan to report the present value of current plan year accruals decreased by any mandatory employee contributions.
 - Line 6b requires the plan to report expected plan-related expenses included in target normal cost, and line 6c requires it to report the total target normal cost (i.e., the sum of lines 6a and 6b).
 - The table in the instructions for line 27 contains an additional code (Code 9) for community newspapers as described in the SECURE Act.

Contact the Pentegra Solutions Center at solutions@pentegra.com or 855-549-6689 for expert guidance on how to make the most of the new rules.

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