

Department of Labor Releases Revisions to Benefit Plan Disclosure Form, November 2007

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Washington, DC, November 26, 2007 - The U.S. Department of Labor has released final revisions to Form 5500, a document used by employee benefit plans to file the annual report required by ERISA and the Internal Revenue Code. The revisions include changes to Schedule C on which plans report compensation paid to service providers.

DOL delayed the effective date for most [Form 5500 revisions](#) by one year, effective for plan years beginning on or after January 1, 2009. DOL also postponed mandated electronic filing.

Background

The Form 5500 Annual Return/Report is the primary source of information concerning the operation, funding, assets, and investments of pension and other employee benefit plans. Besides being an important disclosure document for plan participants and beneficiaries, the form is a compliance and research tool used by DOL, the Internal Revenue Service, and the Pension Benefit Guaranty Corporation and a source of information and data used by other federal agencies, Congress, and the private sector in assessing employee benefit, tax, and economic trends and policies.

The [proposed form changes](#) were intended to facilitate the transition to a wholly electronic filing system for 5500 Forms; reduce and streamline annual reporting burdens, especially for small businesses, with the establishment of a new Short Form 5500; and update the annual reporting forms to reflect current issues and agency priorities, including enhanced reporting of plan fees and expenses.

The interest of the Institute's members in Form 5500 is substantial: mutual funds are the investment vehicle of choice for defined contribution plans, holding nearly half of all defined contribution plan assets and nearly half of all 401(k) plan assets. Mutual fund firms and their affiliates also serve as plan recordkeepers and provide other services for many defined contribution and defined benefit plans.

ICI Position

In a [September 2006 comment letter to DOL](#), ICI commented primarily on the clarity and scope of the changes proposed for Schedule C's disclosure of service provider compensation, recommending more administrable and narrowly focused disclosure. The letter also pointed out ICI's and its members' strong support for electronic filing of [Form 5500](#), which would likely reduce delays in processing Form 5500 information and enhance DOL's ability to make prompt use of the information and improve public access to current, accurate information about plans.

As in the proposal, the final Form 5500 requires substantially more detail about service provider compensation than was required in the past. In particular, the rules require significant new disclosures about compensation service providers receive from third parties. DOL made a number of changes in the final rules to respond to comments of ICI and others regarding the costs and burdens of Schedule C reporting.

