

New Electronic Form 5500 Filing Process

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If your Company has a benefit plan, then you are probably familiar with the Form 5500, Annual Return/Report of Employee Benefit Plan. As of January 1, 2010 all Form 5500's have a new electronic filing process.

The Form 5500 is filed with the Employee Benefits Security Administration (EBSA) division of the United States Department of Labor (DOL). The EBSA shares the Form 5500 information filed with the Internal Revenue Service and the Pension Benefit Guaranty Corporation. In the past, most filers sent a paper copy of their Form 5500 to a P.O. Box in Lawrence, KS, where the form was reviewed by DOL officials and scanned into a database and shared with these other agencies. The whole process took many months to complete and was not efficient.

In an effort to improve the process, a new electronic filing system, EFAST 2, has been implemented. Effective January 1, 2010, all Form 5500s filed for plan years beginning on or after January 1, 2009 must be filed electronically using the EFAST 2 processing system. EFAST 2 is not software, rather the electronic system in place to record the filing of the Form 5500s.

If you utilize a third-party service provider to prepare your Form 5500, they will be able to prepare the form for electronic filing for you. If you file your Form 5500 yourself, the DOL has provided a free web-based filing application called IFILE available on their website.

Traditionally, the paper copy of the Form 5500 that was filed in the past was signed by responsible plan representatives (Plan Administrator and Plan Sponsor Representative). These individuals are now known as the "filing signers" of the return. If your service provider is able to prepare the Form 5500 electronically and submit it to EFAST 2, the filing will not be deemed complete until the filing signer provides certain electronic credentials, known as a PIN, to the DOL. By applying this PIN to the 5500 filing, the filing signer attests that they have reviewed the Form 5500 and to the best of their belief the form is completed truthfully, correctly and completely.

Whether third-party software or IFILE is utilized, filing credentials must be obtained from the DOL website (www.efast.dol.gov) prior to the submission of the 2009 Form 5500. Filing credentials are assigned on an individual basis. If the Plan Administrator and Plan Sponsor representative are two different people, then both must apply for credentials separately. Also, the DOL prohibits service providers from obtaining credentials on behalf of clients and discourages the sharing of PIN numbers with anyone, including service providers.

If your Plan has over 100 eligible participants on the first day of the Plan year, the Plan may need an audit from an independent qualified public accountant. If required, this audit report and accompanying financial statements must be submitted to EFAST 2 as an attachment to the Form 5500 in Portable Document Format (PDF). If the Form 5500 is submitted without a required audit report, then the Form 5500 filing will be deemed to be incomplete and may be subject to further action by the DOL including the assessment of penalties.

Plan administrators are reminded that they must maintain an original copy of the Form 5500 annual return/report, with all required signatures, as part of their records. The normal filing deadline for a 5500 is seven months from the end of the Plan year. Additionally, the filing date can be extended another two and a half months past this due date.

A 2008 Form 5500 can still be filed using the old EFAST system by sending a paper copy of the form to the EBSA through October 15, 2010

If you have any questions regarding employee benefit plans or need help filing your Form 5500 electronically, please contact any member of our audit team at 888-KLR-8557.