

Summary of Changes to Forms 990 and 5500

Affecting multiemployer plans

LINDQUIST LLP

CERTIFIED PUBLIC ACCOUNTANTS

2008 Form 990

Notable changes for health and welfare plans and other exempt organizations include:

- Front page summary of key financial and operating information.
- New *Governance, Management and Disclosure* section.
- Reporting of compensation and related organizations.

Although the policies outlined in the *Governance, Management and Disclosure* section are not required by Internal Revenue Code, the absence of these policies may draw negative attention to an organization or welfare plan. The new section covers:

- Process for the governing body's review of Form 990 prior to filing.
- Process for determining compensation of officers, trustees and key employees, including the process for review and approval.
- Existence, monitoring and enforcement of a conflict of interest policy.
- Existence of written whistleblower policy.
- Existence of written document retention and destruction policy.
- Method for making documents (Form 990, tax exemption application, etc.) available to the public.
- Whether and how the organization makes governing documents, conflict of interest policy and financial statements available to the public.
- Whether the organization contemporaneously documents meetings and written actions taken during the year.
- Whether the organization has local chapters, branches or affiliates and if written policies and procedures exist for governing them.

2008 Form 5500

Notable changes affecting defined benefit pension plans:

- Plans must report the number of employers with obligation to contribute to the plan.
- Plans subject to minimum funding rules must file Schedule MB to report actuarial information. (Replaces "old" Schedule B.)
- For significant employers (those that represent 5% or more of total contributions) plans must report the name, EIN and amount of contributions made, along with expiration dates for CBAs and contribution rate information.
- Plans must report:
 - Number of participants with no contributions made for the current year and two preceding years.
 - Ratio of participants with no contributions for current year and two preceding years.
 - Number of employers who withdrew from the plan during the preceding plan year and the aggregate amount of withdrawal liability assessed or estimated to be assessed against those withdrawn employers.
- Large plans (with over 1,000 participants) must respond to new investment allocation and duration questions.

2009 Form 5500

Notable changes affecting all plans:

- Form 5500 must be filed electronically.
- A new checkbox and explanation field has been added to report insurance carriers that fail to provide necessary information on Schedule A and to specify the information not provided.
- Schedule C has been revised to distinguish between compensation paid directly to service providers by the plan and indirect compensation received by service providers from sources other than the plan or plan sponsor.
- For service providers whose only compensation related to the plan is "eligible indirect compensation" (certain investment-related fees, finders' fees, float revenue, brokerage commissions, etc.) there is an alternative, less complex reporting requirement, provided that certain written disclosures are provided to the plan administrator by the service provider.
- Plan sponsors must report service providers that fail to provide information necessary to complete Schedule C.
- IRS-only schedule SSA was removed from Form 5500, but will be replaced by Form SSA to be processed directly by the IRS.