

Summary of Changes to Forms 5500 and 990

Affecting single-employer plans

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2008 Form 5500

Notable changes that apply to single-employer defined benefit pension plans include:

- Plans subject to minimum funding rules must file Schedule SB to report actuarial information. (Replaces “old” Schedule B.)
- Large plans (with over 1,000 participants) must respond to new investment allocation and duration questions.

2009 Form 5500

Notable changes that apply to all single-employer plans include:

- Form 5500 and Form 5500-SF (new short form, see last bullet) 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 Schedules E and SSA was removed from Form 5500. Questions from the current Schedule E (Employee Stock Ownership Plans) were moved to Schedule R. It is anticipated Form SSA will be developed and processed directly by the IRS to replace Schedule SSA.
- Form 5500-SF was added as a simplified reporting option for plans with fewer than 100 participants that meet certain conditions regarding their investments.

2008 Form 990

Notable changes that apply to single-employer health and welfare plans 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.