



Form 5500:

Form 5500 Overview

As the plan administrator of ERISA Welfare Plans, you may be required to file one or more Form 5500s with the Department of Labor (DOL). If your plan is not a governmental or church entity, you may need to file a Form 5500 for each plan that has more than 100 participants as of the first day of the plan year.

The DOL and the IRS jointly developed the Form 5500 Series so employee benefit plans could satisfy annual reporting requirements under Title I and Title IV of ERISA and under the Internal Revenue Code. The information reported is primarily used as a compliance, research, and disclosure tool for the Department of Labor. However, the information is also used by some other federal agencies, Congress, and the private sector to assess employee benefit tax trends and to inform tax policy. Form 5500 is not a tax filing and the information provided on it is not used to determine any tax liability or fees on the plan.

Cafeteria plans are currently exempt from the 5500 filing requirement, but component benefits such as medical insurance, dental insurance, and Health FSAs are required to file a 5500. If these benefits are combined under a single “wrap” plan document you may be able to file a single 5500 and include a Schedule A for each of the component benefits. If your plan documents indicate that you are maintaining more than one employee welfare plan, you may be required to file multiple 5500s. One indicator of this is that you have plan documents with different three-digit ERISA numbers. ERISA retirement plans will require their own Form 5500 filing.

Since 2009, the DOL requires that Form 5500 be filed electronically using the EFAST2 system. The DOL will not accept paper filings of any kind. NBS is integrated with the EFAST2 system and can facilitate most of the work necessary to file your Form 5500, although you as the plan sponsor will still need to register and obtain a PIN from the DOL to review and digitally sign the form.

Plan Sponsor’s Responsibilities

Form 5500 must be filed before the due date, which is the last day of the seventh month following the end of the plan year. It is your responsibility as the plan sponsor to ensure that a complete filing is submitted prior to that deadline. Throughout your plan year, as each of your policy contract periods end, you will receive Schedule A information from each of your insurance carriers. The Schedule A will include information about the plan such as premiums, fees, and commissions that is required to complete the 5500 filing. It is important that you retain these documents and provide them to [PAYPROtpa](#) to complete the filing. In some instances, you may also receive a Schedule C or Schedule H from your insurance carriers. If you receive one of these additional schedules, it should also be provided to [PAYPROtpa](#) along with the Schedule As. Your broker may assist in gathering these documents and in transmitting them to [PAYPROtpa](#).

If [PAYPROtpa](#) administers any of the benefits in your plan, you will automatically receive an email including instructions for returning the necessary information to [PAYPROtpa](#) approximately three months after the end of your plan year. This email will include:

- Information and instructions needed to prepare your Form 5500, as well as information about who at your company will be digitally signing the 5500.
- Instructions on where to send the Schedule As and any other schedules that you receive from carriers.
- Information about how to register with the DOL and obtain the PIN that you will need to digitally sign the 5500.



Because the penalties for failing to file Form 5500 by the deadline are so high, your broker may also reach out to you when it is time to begin the filing process.

How PAYPROtpa files the 5500

After PAYPROtpa has received the 5500 Filing Plan Information Form and all schedules, it will complete Form 5500 and publish it to a secure website for your review. The person identified as the signer on the 5500 Filing Plan Information Form will receive an email with a link to log on, view the form, and sign using the PIN previously obtained from the DOL website. After the 5500 is digitally signed, PAYPROtpa will complete the final submission of the 5500 and notify the signer that the 5500 was received by the DOL and that the process is complete. The Summary Annual Report (SAR) may then be downloaded and retained for your records.

Frequently Asked Questions

Which benefits should be considered in the 5500 filing?

The single most important factor in determining whether a Schedule A must be included for a specific benefit is that the benefit is insured - meaning that a party other than the employer bears financial risk and responsibility for payment of plan benefits in exchange for premium payments. No single definition exists for "insured benefit," but a good indicator is that there is a policy and/or contract for the benefit. A non-exhaustive list of benefits that may require reporting on a Form 5500 is included below. Again, for each benefit the question should be asked, "is it insured?"

- Group Medical/Dental/Vision Insurance
- Wellness Programs
- Pharmacy Benefits Manager (PBM)
- Telemedicine
- Employee Assistance Plan (EAP)
- Biometric Screenings
- Stop-Loss Insurance
- On-site Medical Clinic

What if an Insurance Carrier Doesn't Provide a Schedule A?

Cases where an insurance carrier does not provide a Schedule A are extremely rare. But if a carrier fails to provide a Schedule A it is better to timely file a 5500 without the information followed by an amended filing after the information is received than to file the 5500 after the due date. Carriers are required by law to provide Schedule A information even if they do not provide a Schedule A. Where PAYPROtpa knows the identity of the carrier, PAYPROtpa will create a Schedule A and include as much information as possible on the filing, indicating if necessary that the carrier failed to provide complete information.

What is the turnaround time on a Form 5500 filing?

PAYPROtpa typically has the Form 5500 ready for the plan sponsor's digital signature fourteen business days from when all of the required information (including all Schedule As) has been received.



What if an insurance contract year does not coincide with the plan year?

The DOL has provided for this situation by allowing Schedule A information for the insurance contract year that ends during the plan year to be used on the Form 5500. Alternatively, you may request a Schedule A from the carrier that reports data for the plan year period, but we don't recommend this since it introduces unnecessary complication.

How many Form 5500s should I file?

You should file a Form 5500 for each ERISA plan that you have. Each ERISA plan will be identified by its own three-digit ERISA Plan Number (typically beginning with a 5). If you have a "wrap" plan document that includes several ERISA benefits but only one ERISA Plan Number, you should only need one corresponding Form 5500. If you maintain an ERISA retirement plan, it will most likely have its own ERISA number and therefore require its own filing. Please note that ERISA retirement plans with fewer than 100 participants are not exempt from filing a Form 5500.

What are Schedule C and Schedule H?

Schedule C is used to report information about service providers for large pension and welfare plans. Generally, this applies to providers who receive over \$5000 in compensation for services related to the plan. Schedule H is used to report financial information about plan sponsors offering benefits that are NOT fully insured or unfunded. For instance, a large employer who offers a funded benefit would be required to submit Schedule H. If your benefits are funded solely through employer general assets, you will not receive Schedule C or Schedule H.

What is Our Business Code?

One of the key purposes of Form 5500 is for the DOL to gather information about ERISA plans. Therefore, Form 5500 requires you to list your business code so that the DOL can identify the industry to which your company belongs. The business code can be found on page 77 of the instructions for Form 5500, which can be found at

<https://www.dol.gov/sites/default/files/ebsa/employers-and-advisers/plan-administration-and-compliance/reporting-and-filing/form-5500/2017-instructions.pdf>.

What is M-1 Compliance?

Form M-1 is an annual report that Multiple Employer Welfare Arrangements (MEWAs) and entities claiming exception (ECEs) must file electronically with the DOL using the Form M-1 Online Filing System. Although Form M-1 is a separate filing from Form 5500, all welfare plans that file a Form 5500 must include information on Form 5500 regarding whether the plan was subject to the Form M-1 filing requirements, whether the plan is currently in compliance with those requirements, and the Form M-1 Receipt Confirmation Code for the applicable year. Failure to provide appropriate information on Form 5500 regarding the plan's Form M-1 filing will subject the Form 5500 to rejection as incomplete and may potentially result in civil penalties.

Who Should Sign the Form 5500?

If a Plan Administrator is named in the plan document, then that individual should sign the Form 5500 as the Plan Administrator. If the Plan Administrator is listed as the entity (i.e., the name of the company), then anyone legally authorized to sign for the entity may sign as the Plan Administrator. The signatures of Plan Sponsor and DFE (Designated Filing Entity) are not required for welfare plans.

What if I was supposed to file Form 5500 in years past but didn't?

Penalties for late filings are extremely high and assessed by both the IRS and DOL. The IRS penalty for a late filing is \$25 per day up to a maximum of \$15,000. The DOL penalty may be up to \$1,100 per day with no maximum. For these reasons,



PAYPROtpa advises entities that should have filed but did not to file as soon as possible. Fortunately, there is significant relief for delinquent filings if voluntarily submitted under the DFVCP (see following question).

What is the Delinquent Filer Voluntary Compliance Program (DFVCP)?

This program is available to entities voluntarily filing delinquent Form 5500s. It extends significant relief from the IRS and DOL penalties referred to above. The penalty for filing under this program depends on how long after the deadline the filing is submitted and increases on a daily basis but is capped at \$4000 per delinquent filing. If multiple delinquent filings exist, they may be filed together under one DFVCP and incur a single delinquent filing fee. To qualify for the DFVCP, a plan must file the delinquent Form 5500(s) prior to being notified by DOL that a delinquent filing situation exists.

Are COBRA participants counted on Form 5500?

Yes. Former employees on COBRA should be counted in the number of covered employees. However, their dependents should not.

For more information, call 951.656.9273
