

Coping with Electronic Filing of Form 5500/5500-SF under EFAST 2

WP&BC – LAX 2010 Spring Summit
March 23, 2010

*Valeri L. Stevens, FLMI, CEBS, APA, APM
Main Street Benefits, Inc.
3838 W. Carson St., Suite #112
Tel 310-543-4443 • Fax 310-543-4450
val.5500@verizon.net*

Disclaimer

- The contents of this communication are not intended to be nor should it be treated as tax, legal, or accounting advice. Additional issues could exist that would affect the tax treatment of a specific transaction and, therefore, taxpayers should seek advice from an independent tax advisor based on their particular circumstances before acting on any information presented. This information is not intended to be nor can it be used by any taxpayer for the purpose of avoiding tax penalties.

March, 2010

Valeri L. Stevens

2

Essential Background: "Annual Return/Report" Form 5500 Series

- What is the 5500 Series?
 - Forms 5500, 5500-SF, and 5500-EZ
 - Schedules & Attachments
- Unless exempt, filed by
 - Pension & Welfare Benefit Plans
 - Direct Filing Entities (MTIA, CCT/PSA, 103-12 IE, GIA)
- File registration statement for filing exemption:
 - Top hat plans
 - Apprenticeship/training plans



March, 2010

Valeri L. Stevens

3

Highlights

Changes to Form 5500 Series

- E-filing mandate (except EZ filers)
- New definition of "one-participant" plan
- Form 5500-SF (short form), certain plans under 25 participants
- Eliminate IRS-only schedules: E, P, and SSA
 - Schedule SSA replaced by IRS Form 8955-SSA
 - File with the IRS: Form 8955-SSA and late or amended Sch SSA.
- Schedule C more complex reporting
- More filing requirements for 403b Plans

March, 2010

Valeri L. Stevens

4

Coping under EFAST2

What We Will Cover

- EFAST vs. EFAST2
- EFAST2 Components
- Credentials: Who, What, Why
- Filing/Signing/Submitting
- Filing Status
- Late and Amended Filings
- Pointers/Tips/Traps
- Selected Web Resources
- Questions & Answers



March, 2010

Valeri L. Stevens

5

EFAST vs. EFAST2

- Electronic Filing Acceptance System - EFAST pre-2009:
 - File on paper: hand-print or machine print forms
 - File electronically: "old" EFAST
 - "The administrator is required to maintain a paper copy of the annual report with all required signatures, as part of the plan's records, even if the annual report is filed electronically. See 29 CFR 2520.103-1." (from 2008 Instructions to Form 5500, page 7)
- EFAST2 - operational 12/30/2009
 - A plan subject to Title I of ERISA must file electronically; DFEs, too.
 - Exception for so-called "one-participant" plans (more on this later)
 - "Plan administrators and direct filing entities 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. Filers may use electronic media for record maintenance and retention, so long as they meet the applicable requirements." (from 2009 Instructions to Form 5500, page 1)

March, 2010

Valeri L. Stevens

6

Good-bye EFAST

Phase-out Dates

- EFAST: On *paper*, plan years beginning (PYB) in 2008
 - Accepted thru Oct. 15, 2010 (postmark) -- earlier better...??
 - May be initial timely filing OR amended filing
 - CANNOT file on paper if it is a LATE filing
 - Use same EBSA addresses found in 2008 Instructions
 - After Oct. 15, 2010 must use EFAST2 electronic filing.
- "Old" *electronic* filing for PYB in 2008
 - Filed using a modem or electronic media
 - Accepted thru June 30, 2010 under "old" EFAST
 - May be initial timely filing OR amended filing
 - CANNOT use "old" EFAST for file a LATE filing.
- DFVC still available for late filers, but use EFAST

March, 2010

Valeri L. Stevens

7

Hello EFAST2

Initial, Late & Amended Filings

- EFAST2 used for 5500 series filings for
 - PYB 2009 and later,
 - PYB before-2009,
 - Timely, late, and amended filings all years.
 - More on amended filings in later slides.
 - Short year PYB 2009, due before 1/1/2010
 - Automatic extension to file electronically (using EFAST2) until March 31, 2010.
 - PYB 2010, forms are "live" (except SB/MB)

March, 2010

Valeri L. Stevens

8

Hello EFAST2

New Electronic Filing

- "Paperless" means no paper for the government.
- A signed copy of the complete filing must be maintained with a "wet" signature
 - May store electronically as long as signatures are captured and
 - Must be able to retrieve the stored file.

March, 2010

Valeri L. Stevens

9

EFAST2

New Electronic System

- No modem required for EFAST2
- EFAST2 is an internet-based filing system
- Forms 5500/5500-SF
 - Are open to public disclosure and
 - Posted on DOL's website.
- Do NOT file Sch SSA under EFAST2.
- Do NOT use EFAST2 to file any form, schedule, or attachment with a Social Security Number on it.

March, 2010

Valeri L. Stevens

10

EFAST2

New Electronic Signature Codes

- The "old" EFAST codes DO NOT WORK in EFAST2.
- EFAST2 needs new signature codes
- Who needs the new EFAST2 codes?
 - Whoever "signs" the Form 5500/5500-SF
 - "The code permits either the plan sponsor/employer or the administrator to sign the filing. However, any Form 5500 that is not electronically signed by the plan administrator will be subject to rejection and civil penalties under Title I of ERISA." (from 2009 Instructions for Form 5500, page 6)
- Who does NOT need a code?
 - Actuary, Auditor/Accountant, Trustee, etc.
 - Actuary signs Sch SB by hand ("wet" signature)
 - Accountant signs audit report by hand ("wet" signature)

March, 2010

Valeri L. Stevens

11

EFAST2

Who are you?

- Plan Sponsor
- Plan Administrator
- Plan Sponsor is the Plan Administrator
- Direct Filing Entity (DFE)
 - CCT, PSA, MTIA, 103-12 IE, GIA
- Preparer of Form 5500 for unrelated plans
 - Third-Party Administration, Accounting Firm, or other service provider

March, 2010

Valeri L. Stevens

12

Who is your client?

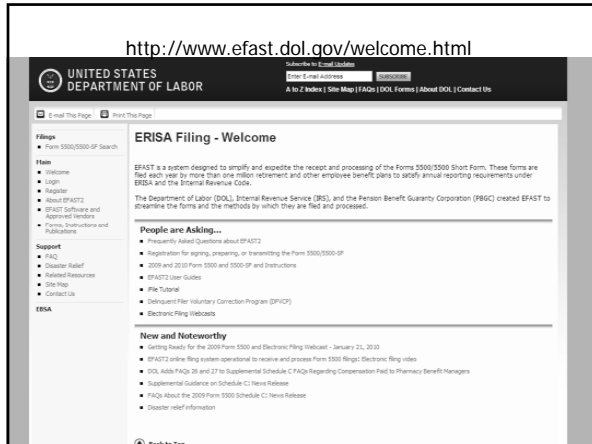
- Computer literate
 - Routinely uses email
 - Follows instructions, easily meets deadlines
- Owns a computer
 - Has an "IT" dept, but no personal email
 - Has email, needs help with email attachments
- No computer
- Hired YOU to get the deadlines met

Electronic Filing

- Two ways to create & submit filings:
 - EFAST2-approved third-party software OR
 - I-FILE (free web-based filing application)
- Combinations OK
- Likely third-party software will be used most, because it provides added value to user.
- List of approved third party software is posted on DOL's website: www.efast.dol.gov

EFAST2 Components

- I-REG – Internet Registration
- I-FILE – Internet Filing
- I-FAS – Internet Filing Acceptance
- All found at www.efast.dol.gov



EBSA Outreach

- Archived Webcasts
- I-FILE tutorial on DOL's website walks you through the screens
- EFAST2 Help Desk
 - 866-GO-EFAST

March, 2010 Valeri L. Stevens 17

EFAST2 Overview – Basic Steps

- Register for credentials
- Create a filing
- Check the filing for errors (validate)
- Sign the filing
- Submit the filing and check the status
 - Make corrections, if needed
- View filings on DOL's website
- Steps using third-party software may vary.

March, 2010 Valeri L. Stevens 18

EFAST2

Who Needs Credentials?

- Anyone signing the face of Form 5500
 - Plan Sponsor, Plan Administrator, Individual signing for DFE
- For plans filing under Title I of ERISA, the DOL requires the Plan Administrator to sign.
- If the Plan Sponsor IS the Plan Administrator, signing as Plan Administrator is enough.
 - One set of credentials for Plan Administrator

March, 2010

Valeri L. Stevens

19

EFAST2

Who Needs Credentials?

- Credentials belong to the *individual* who signs on behalf of a plan sponsor, plan administrator or DFE.
- You need an email address to register.
- Only one set of credentials per email address.
- DOL does NOT want credentials to be shared – not even with the transmitter!
- Credentials expire if not used.
- If you use third-party software, you MAY NOT need any credentials – check with your software vendor

March, 2010

Valeri L. Stevens

20

EFAST2

Who Applies for Credentials?

- The answer depends:
 - Do you prepare forms for the plan that your company sponsors?
 - Are you a service provider, preparing forms for scores of plans sponsored by others?
 - It's YOUR CLIENT that needs "signature" credentials.
- Communication is key
 - Get the credentials in advance.
 - Are your clients computer savvy?
 - Do your clients use email -- ever?

March, 2010

Valeri L. Stevens

21

EFAST2

Summary of Steps to Register

- Go to www.efast.dol.gov and click "Register"
- Enter contact information and select the credential(s) needed (discussed on next slide)
- Follow the screens
- Check your email (and spam folder) for a message from EFAST2
- Click on the link in the EFAST2 message to complete your registration
- Each person should keep track of his/her User ID and password – you will need it next year!!

March, 2010

Valeri L. Stevens

22

EFAST2

Types of Credentials

- When you register, you select one or more types of credentials:
 - Filing Author
 - Filing Signer
 - Schedule Author
 - Transmitter
 - Third Party Software Developer

March, 2010

Valeri L. Stevens

23

EFAST2

Filing Author

- I-FILE only
- Create/update a filing
- Create/update a schedule within a filing
- Import/export a filing
- Import/export a schedule into or out of a filing
- Validate a filing
- Send filing to the signer
- Submit a filing
- Check filing status

March, 2010

Valeri L. Stevens

24

Schedule Author

- I-FILE only
- Create/update a schedule independent of a filing
- Import/export a schedule
- Cannot initiate, sign, or submit a filing.

Filing Signer

- Sign a filing
- Check filing status
- Must ensure the filing information is correct prior to submission
- Remains legally responsible for the timeliness of the submission of the Form 5500/5500-SF by a transmitter

Transmitter

- You do NOT need credentials just to complete the annual return/report using third-party software, but you MAY need transmitter credentials – ask your software vendor.
- Responsible for the security of all filing information prior to and during transmission.
- May be a company, trade, business, or individual.

EFAST2

Third-party Software Developer

- Create the software to prepare and/or transmit Form 5500/Form 5500-SF for use in EFAST2.
- Submit test cases using their software to the Participant Acceptance Testing System (PATS) Team.
- May be a company, trade, business, or individual.

March, 2010

Valeri L. Stevens

28

EFAST2

Summary: Credentials

- To fill out the forms/schedules through I-FILE you must register for credentials to author (Filing Author or Schedule Author role or both)
- All plan sponsors & administrators register for credentials to sign filings (Filing Signer role)
 - If plan sponsor is plan administrator, register once.
- Anyone wishing to transmit completed filings through third party software MAY need to register for credentials (Transmitter role)
- Actuaries and accountants do not need to register but may do so if they wish
- The "old" EFAST codes **DO NOT WORK** in EFAST2.

March, 2010

Valeri L. Stevens

29

EFAST2

Registration Tips from EBSA

- Use your business email address when registering, rather than your personal address.
- Check your spam folder if you do not receive the EFAST2 email within 5 minutes.
- You can change your addresses (including email), phone number, PIN, Password, and roles at any time. Just login to the website and click "User Profile".
- You can not modify the UserID or secret knowledge (place or date of birth). This may change in the future.
- Your Personal Identification Number (PIN) is personal and not to be shared.

March, 2010

Valeri L. Stevens

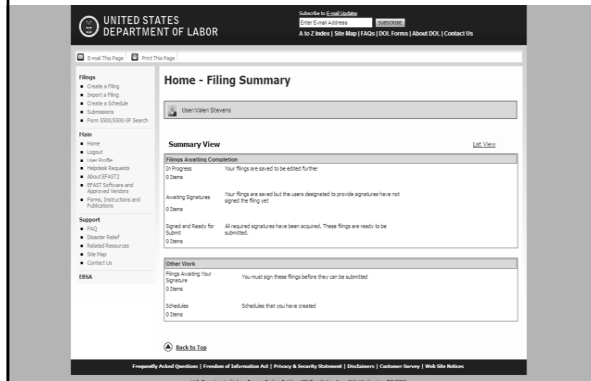
30

EFAST2

Steps to Create a Filing in I-FILE

- Go to www.efast.dol.gov and click "Login"
- Click "Create a Filing"
- Select the form year & type you want to complete
- Provide a name for your filing (for your use only, does not get sent to the Gov't)
- Complete the form
- Add schedules and attachments as needed
- Validate the filing to see if there are errors

This page appears after you log in at www.efast.dol.gov



EFAST2

Filing Creation Tips

- In I-FILE you can view or print the filing at any time to see it in the "forms".
- Follow the form's instructions.
- Remember to **VALIDATE** and correct any errors.
- If you need help, call the help desk 1-866-GO-EFAST.
- Do NOT include the Form 5558 extension application as an attachment in your filing.
- NEVER include Schedule SSA, Form 8955-SSA, or social security numbers in your EFAST2 filing.
- DO NOT SCAN attachments unless you must. Instead, use software to create PDF attachments.
- Properly label attachments: Plan name, EIN/PN, etc.

EFAST2

Signing the Filing

- Signatures can be applied through approved third-party software or I-FILE.
- Required signatures are specified in the Instructions to Form 5500 and 5500-SF.
- Signatures in EFAST2 mean UserID and PIN.
- I-FILE sends an email notification to the signer, asking him/her to log-in and "sign".
- After it is signed, if ANYTHING is edited or added, the signature "falls off" and must be signed again.
 - Hint: All attachments, including the audit, must be attached BEFORE the "signature" is affixed.

March, 2010

Valeri L. Stevens

34

EFAST2

Signature Tips

- Individuals must have registered as signers before you can associate them to a filing and their email address must match in I-FILE.
- If a required signature is missing you will receive a message AFTER you submit the filing – it won't show up in the Validation check BEFORE you submit.
- If the plan administrator signature is missing or incorrect, you will get a "STOP" message when you submit your filing.
- If the plan administrator is the same as the plan sponsor, ONLY that person (the Plan Admin.) needs to register, and registers ONCE, and ONLY applies his/her "signature" to the plan administrator "line".

March, 2010

Valeri L. Stevens

35

EFAST2

What about the audit report?

- Ask the auditor for a pdf file OR the audit report it to a pdf file.
- Attach it to Form 5500 BEFORE the signature is affixed.
- Attaching the audit is a "change" that erases the signature on Form 5500.
- Alert the auditors: filing without a required audit is an INCOMPLETE filing, subject to penalties.



March, 2010

Valeri L. Stevens

36

Submitting a Filing

- In I-FILE, only the filing author can submit filings.
- EFAST2 automatically receives and tests filing submissions.
 - 100MB is the current file size limit.
- Filers will see an initial list of errors/warnings if they validate before submission.
 - WATCH-OUT: The validation checks are TURNED OFF on amended filings
- Filers should receive an acknowledgment ID after submitting.
- Check the filing status and list of errors after you submit.
 - May differ from the pre-validation you did before you submitted.
- Filing status that includes the word "unprocessable" means the DOL did not receive a filing from you. See EFAST2 FAQ #38.

Filing Status

1. Unprocessable submission – must correct and resubmit
 2. Processable submission – check again
 3. Processing – check again
 4. Filing Unprocessable – must correct and resubmit
 5. Filing Stopped -- must resubmit as amended
 6. Filing Error -- must resubmit as amended
 7. Filing Received -- MAY need to amend
- Status 5, 6, or 7 = "form filed", otherwise not filed

Viewing Submitted Filings

- Generally, filings received in EFAST2 are disclosed on the website within 1 day of receipt at www.efast.dol.gov.
- This includes Form 5500 and 5500-SF.
- Filings not disclosed through the EFAST2 website are available through EBSA's public disclosure room.
- Go to www.efast.dol.gov and under "Filings" click "Form 5500/5500-SF Search"

Tips to Keep Your Sanity

- It's a first-year Internet-based web application
 - It's not bullet-proof.
 - If your Internet connection is fast, you will have a better experience.
 - If you click something and it doesn't do what you expect or your screen freezes, close your browser and try it again.
- Don't get frustrated, help is available.
 - Use the information and guides on the website.
 - Call the help desk 1-866-GO-EFAST (1-866-463-3278), 8:00 a.m. to 8:00 p.m., Eastern Time, Monday through Friday, except for federal holidays.
- Check with your software vendor for support.

Amended Filing

- Do NOT file Schedule SSA under EFAST2. NEVER, NEVER, NEVER!!!!
 - File Sch SSA with the IRS.
- Late and amended 5500/5500-SF filings use:
 - "Correct" dates: the year for which filing is due
 - Use "Current" year form AND schedules, unless
 - Actuarial Schedule (B, SB, or MB),
 - Schedule E (ESOP Annual Information),
 - Schedule P (Annual Return of Fid. Of Ee Benefit Trust),
 - Schedule R (Retirement Plan Information), and
 - Schedule T (Qualified Pension Plan Coverage Information).

Correct Year Schedules

- Use "correct" year schedule for
 - Actuarial Sch: B, SB, or MB for correct year, or
 - Sch E, P, R, or T, as applicable
 - Question: Sch E is NOT open to public inspection, so how can Sch E be filed on EFAST2??? ESOPs beware!!
- Attach a "pdf" file of the "correct" year schedule to the amended filing and "upload" to EFAST2.
- See FAQs about EFAST2, Q4 (found at www.efast.dol.gov)

More Information

- For an amended filing
 - Check the box for "amended return/report"
 - Make the corrections, validate, fix any errors.
 - Get the form "signed".
 - File the ENTIRE Form 5500 (or 5500-SF), including all schedules and attachments using EFAST2.
 - You CANNOT submit just the portion that changed.
- If the filing status is FILING UNPROCESSABLE
 - what you resubmit is NOT an amended filing.
 - Do NOT check box for "amended return/report".

Hello, IRS Form 8955-SSA

- For PYB 2009 and after
 - Schedule SSA is obsolete
- File Form 8955-SSA with IRS on paper.
- Form 8955-SSA and instructions to be released by the IRS later
- Estimated release Spring, 2010

New IRS Form 8955-SSA

- Schedule SSA removed from Form 5500 series
 - becomes IRS Form 8955-SSA.
- 2009 Form 8955-SSA to be available in the Spring 2010
- It will be a paper form filed with the IRS.
- Filing details are described in a regulation that will be available in the Spring 2010.

Delinquent Schedule SSA (Form 5500) filings should be sent to:

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0027

Do not send any other filings to this address as it will delay processing of your filing.

EFAST2

Extension to File 5500 Series

- Form 5558 – what’s the same:
 - Same deadline - last day of 7th month after plan year ends.
 - Same mailing address - IRS at same Ogden address
 - Extension approval remains automatic if “5558” filed on time
- Form 5558 – what’s new:
 - IRS correspondence will be generated to confirm extension
 - Do not attach Form 5558 as part of the EFAST2 filing
 - Form 5558 will be revised to include extension request for Form 5500-SF and Form 8955-SSA.
- Cannot use business extension to extend deadline to file Form 8955-SSA.

EFAST2

Short Form: Form 5500-SF

- Two Page “Short Form” 5500 for Small plans (under 100 participants). Can use 5500-SF if:
 - Exempt from annual audit requirement;
 - 100% invested in secure investments that have a readily determinable fair value;
 - Hold no employer securities; and
 - Not a multiemployer plan.
- No Schedules required, except
 - DB plans must file Schedule SB and
 - MP plans with amortized funding waiver, Sch MB.
- NOTE: Special rules for one-participant plans

EFAST2

Form 5500-SF for One-Partic Plan

- A “one-participant” plan is ELIGIBLE to use Form 5500-SF, if
 - DB or DC (but not an ESOP),
 - Less than 100 participant at begin of PY.
- Only certain questions are answered.
- Attach NO schedules to Form 5500-SF.
- Must keep Sch SB (or MB), as applicable.
- Source: 2009 Instructions Form 5500-SF, page 6
- If \$250,000 threshold met, no filing needed.

PYB 2009 and later

One-participant Plans

- New definition of "one-participant" plan
 - A pension benefit plan covering ONLY
 - 100% owner or 100% owner/spouse,
 - One or more partner(s)/spouse(s),
 - No benefits for any rank and file,
 - And less than 100 participants at beginning of plan year.
 - New definition removes other conditions (e.g. controlled groups, use leased employees and aggregated plans for min. coverage)
- A one-participant plan may EITHER:
 - File paper Form 5500-EZ with the IRS or
 - File Form 5500-SF electronically, if not an ESOP.
- 2009 Form 5500-EZ not yet available.
- Form 5500-SF open to public inspection and available on the internet, even for one-participant plans.

March, 2010

Valeri L. Stevens

49

PYB 2009 and later: Amending Return

One-participant Plans

- To amend a Form 5500-SF that was filed electronically for a one-participant plan, either
 - File Form 5500-SF using EFAST2 or
 - File a paper Form 5500-EZ with the IRS.
- To amend a Form 5500-EZ, you must file a paper Form 5500-EZ with the IRS.
 - Cannot use Form 5500-SF to amend Form 5500-EZ.
- Source: 2009 Instructions to Form 5500-SF, page 7

March, 2010

Valeri L. Stevens

50

Selected Web Resources




- <http://www.irs.gov/> - Internal Revenue Service
- <http://www.irs.gov/retirement/article/0,,id=117588,00.html> - 5500 corner
- <http://www.irs.gov/businesses/small/article/0,,id=102767,00.html> - Apply online with the IRS for an EIN
- <http://www.efast.dol.gov/> - EFAST2 portal (info on Form 5500 and the DOL's ERISA Filing Acceptant System)
- <http://www.dol.gov/ebsa/> - Employee Benefits Security Administration
- <http://www.firstgov.gov/> - US Government's Official Web Portal

March, 2010

Valeri L. Stevens

51

Q & A's



March, 2010 Valeri L. Stevens 52
