



5500 Under the Hood

How to Use 5500 Warnings and Plan Features (Key Indicators) to Build and Maintain Your Practice.



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Your Host Today



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Your Presenters Today



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Intro - Housekeeping

- All attendees' lines are muted.
- Question board is available and monitored - look for Q&A icon on webcast toolbar. Please do not use chat to ask questions.
- Slides and a recording of the webinar will be emailed to you after the session
- Recording on the webinar will be available to re-watch on both ERISApedia's and ForceManager's website
- Credit is offered for NAPA (credit is not automatic therefore you will need to self report)
- Those who attend the requisite time in the video portion of the webcast today will receive a certificate by email in a few days - Please check your spam folder.
- Questions about CE credit: fm5500@forcemanager.com
- Please note that you must access the live video portion of the webcast to get CE credit.
- Watching a webcast recording is not sufficient for CE credit.

About ForceManager 5500

The CRM custom-built for TPAs and Financial Advisors

The first solution to combine robust plan data & benchmarking reports by ERISApedia.com with practice management tools in one affordable bundle.



Robust plan data

Smart and intuitive prospecting tool that comes pre-populated with 5500 data and plan reports. Unleash your secret weapon!



Smarter prospecting

Quickly see the plans around you with the geo-located map feature, and search on your mobile device for 24/7 insights.



Build your list

Segment and analyze plan sponsors using the detailed in-App 5500 plan data & reports to build a smarter prospect list.



Zoom built in

Easily schedule, track and log your video calls with prospects and clients from inside the CRM for a digital experience.



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Thank you from ForceManager 5500

As a massive thank you for joining us today we would like to offer you all a 20% discount (in perpetuity) for our solution. We will put the link to take up this offer in the chat

**Claim your 20%
discount coupon for
ForceManager 5500**

Includes 5500 data & plan reports from ERISApedia.com



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About ERISApedia.com

ERISApedia.com provides financial professionals and CPAs working in the Employee Benefit Plan space business development and marketing analysis tools based on the ERISApedia.com proprietary database of benefit plans. This database includes all information derived from the Form 5500 filings and is augmented by proprietary meta data including operational benchmarking.

ERISApedia.com has been selected as the exclusive data provider for ForceManager 5500.

Focus on 401(k) Plans

Using Plan Warnings
and Plan Features
(Key Indicators) to
win/keep clients

Key Indicators are also
metadata derived
from combinations of
other information.

Generally derived
from Plan
Characteristics and
Compliance Questions

Other useful 5500
data will be discussed
in upcoming
webcasts.

Agenda

1

Overview of the Form 5500

2

Description of Metadata

3

Description of Key
Indicators and Their Use in
Prospecting

4

Discussion of How to Present
Key Indicators to
Prospects/Clients



Overview of the Form 5500

Two Types of Form 5500

5500

Large Plans (generally 100 participants or more)
Audited
All 5500 Schedules
Descriptive Attachments

5500-SF

Small Plans (generally less 100 participants)
Limited Schedules
Fewer Attachments

Filing deadline is seven months after end of plan year (9 ½ months with extension)

July 31/October 15th for a calendar year plan

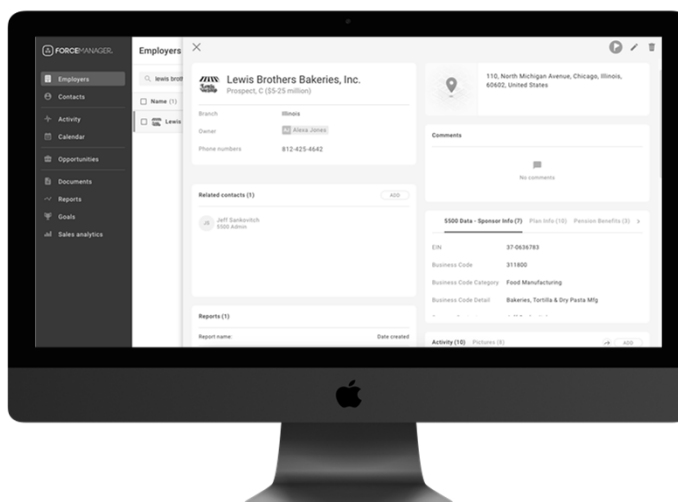
Information Available on Both Form 5500 and 5500-SF

Basic Information (Found on Form 5500 and 5500-SF):

- Type of plan
- Plan name
- Sponsor/Administrator information (including contact information)
- Sponsor business code

Participant Information (Found on Form 5500 and 5500-SF):

- Total participants (active and inactive) at the beginning/end of the plan year.
- Number of participants with account balances as of the end of the plan year



Information Available on Both Form 5500 and 5500-SF

Financial Information (Found on Schedule H of Form 5500 and 5500-SF):

- Plan Assets and Liabilities (Beginning and End of Year)
- Contributions from Employer/Participants
- Other income (loss)
- Deemed and/or corrective distributions
- Administrative expenses (only if paid by the plan)

Other Information (Found on Form 5500 and 5500-SF):

- Effective date of plan
- The final return/report indicator
- Multiple employer plan indicator
- Multiemployer (union) plan indicator

ERISApedia.com Plan Data Intelligence | Select Other Product | Admin Menu | Download Research Studies | Logout | Updated

Upload Manual List of Plans | Cols | Download Current View | Batch Export to CRM

EIN	Type	Sponsor Name	City	ST	Part	Assets	Ave Asset	Providers	Pages	Form	CRM
		Click Submit/Refresh to search				0	0	0	0	N/A	Export

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Information Available on Both Form 5500 and 5500-SF

Plan Characteristics (Found on Form 5500 and 5500-SF):

- Over 50 two-character codes
- Not Yes/No questions - only entered if characteristic is present.

Compliance Questions (Found on Schedule H of Form 5500 and 5500-SF):

- Nine Yes/No questions
- Generally audit flags for IRS/DOL

Chicago Bears Football Club, Inc.
Project

ADDRESS

5500 DATA - SPONSOR INFO

Sponsor type	Single
EIN	35-0886640
Business Code	710210
Business Code Category	Performing Arts, Spectator Sports, and Related Industries
Business Code Detail	Spectator Sports (including sports clubs & racetracks)
Sponsor Contact	Theodore Phillips
Admin Contact	Theodore Phillips

PLAN INFO

Plan Year Begin Date	01/01/2018
Plan Year End Date	31/12/2018
Total Participants	255
PlanType	DC
Plan Sub Type	Profit Sharing & 401(k)
Plan Name	The National Football League Capital Accumulation Plan
Plan Number	11
Effective Date	01/04/1987
Total Assets (\$)	\$26,815,140
Participant Loans	No

PENSION IDENTIFY

Defined Contribution Pension Features	404(c) plan, Participant-directed, 401(k), Match, QDIA
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POTENTIAL PLAN ISSUES

Fail to provide Sch-C ind	No
---------------------------	----

CHECK-IN

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Use of Meta Data



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5500 data in raw form is essentially useless. 5500 metadata is most useful.

Definition of metadata: A set of data that describes and gives information about other data.
This and other operational metadata will be discussed in an upcoming webcast.

Example - Bond Coverage Level: The 5500 only indicates the amount of the bond. Bond Coverage Level is metadata that is determined by calculating the bond required based on plan assets and asset types and comparing it to the amount reported on the 5500.

Example - Business Categories: There are approximately 500 possible six-digit business codes. The ERISApedia.com dataset also includes 22 broad Business Categories that condense the codes into manageable groupings.

Example - Average Employer Contribution: Average Employer Contribution is determined by dividing the total employer contributions by the total active participants at the end of the year.

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Benefits of Metadata over raw 5500 data

Allows searching/filtering on data not contained in raw 5500 data.

Provides insights not available in raw 5500 data.

Saves you time!!!

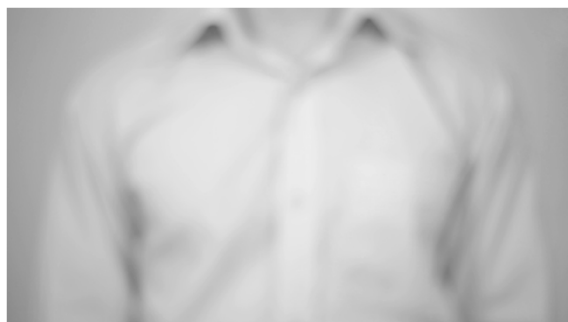
No searching for forms on the DOL website

No searching for appropriate forms/schedules

No need to do tedious calculations or look up arcane character codes.

Finds the right prospects

Provides insight for current clients



Benefits of Metadata Example

3a If the plan provides pension benefits, enter the ap

2F 2G 2J 2K 2O 2R 2T 3F 3H

Select Plan Feature Filters

Select all Deselect all

☐ Business Categories:

☐ Business Codes: [Show](#)

☐ SEC Form 11-K Filer:

☐ DOL Top Hat Filer:

☐ Other Plans of Sponsor:

☐ Cross-Tested Plans:

☐ ESOPs:

☐ ESOP - Sub S Sponsor:

☐ 401(k) Plans:

☐ Participant Self-Directed Plans:

☐ DOL Section 404(c) Plans:

☐ Plans with Default Investments:

☐ Plan with Auto-Enrollment:

☐ Participant Loans:

Include ▼

190:Finance and Insurance ▼

Include ▼

522130

Exclude ▼

Include ▼

Include ▼

DC:All ▼

DB:All ▼

Include ▼

Include ▼

Exclude ▼

Exclude ▼

Include ▼

Exclude ▼

Exclude ▼

Include ▼

Include ▼

Update

Close

Full Text Search of Attachments

Advanced Search

X

Type of Search: Attachments

Sel Filter	Incl/Excl	Search Term <small>(Separate multiple terms with a semicolon)</small>	If Multiple, Join Method
Search Attachments:	Include	hedge;private equity	OR
<div>UpdateClose</div>			

Key Indicators and Their Use in Prospecting



Key Indicators

All information is converted from raw 5500 data into descriptive form

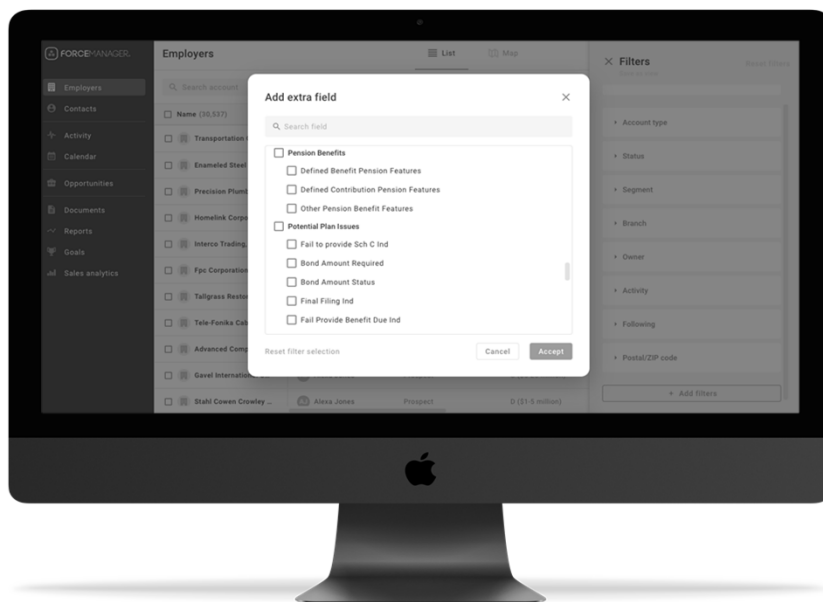
Never memorize a Characteristic Code again

Example:

Raw 5500 data: Code "2S" is present or absent in Line 9 (5500-SF)/Line 8 (5500)

Key Indicator: Plan has an autoenrollment feature: Yes/No

Searchable through an intuitive interface.



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How to present Key Indicators



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How to present Key Indicators

No one likes to be told he/she is doing something wrong.

Everyone like to be told he/she is doing something well.

Its not *what* you say it's *how* you say it.

Avoid jargon (we reserve the right to use it in this presentation to professionals)

Most of your recommendations will require added administrative burdens on the plan. Be sure you have a qualified TPA or other professional who can implement these requirements.

Keep in mind that the 5500 information is several months old. There is a chance the sponsor may have already implemented some of your recommendations. Or the sponsor may have already heard and rejected your proposal.



Key Indicator - Autoenrollment

Description:

Under auto enrollment, new employees automatically contribute a percentage of pay (typically 3%) to the employer's 401(k) plan unless they affirmatively opt out. The participant must be given notice of his/her option to 'opt-out' of the 401(k) plan before he/she becomes eligible.

Use in Prospecting:

Adding an autoenrollment feature to the plan may increase employee participation in the plan and help employees save for retirement.

On the other hand, it may result in some operational errors as the employer must closely monitor when employees will first become eligible to participate in the plan.



Presentation of Key Indicators - Automatic Enrollment

Don't:

Your plan has/doesn't have automatic enrollment.

Do:

I have an idea that will boost participation and improve employee morale. There are numerous studies that show that when faced with taking action versus taking no action, we as humans always favor inaction. In response to this human behavior, the auto enrollment feature is being promoted as a way to help ensure participants save enough for retirement.

OR

I see that your plan has autoenrollment have you had any issues with getting employees enrolled in the plan when they first become eligible?



Key Indicator - Participant-Directed

Description:

Participant self direction allows participants to invest their assets in menu of funds (typically mutual funds or CITs) selected by the plan fiduciary.

Use in Prospecting:

Adding participant self direction may increase employee satisfaction - particularly with a sophisticated workforce.

An employer with an unsophisticated workforce may face resistance as employees do not feel comfortable with picking investments.

Select Plan Feature Filters

[Select all](#) [Deselect all](#)

<input type="checkbox"/> Business Categories:	Include ▼	190:Finance and Insurance ▼
<input type="checkbox"/> Business Codes: Show	Include ▼	522130
<input type="checkbox"/> SEC Form 11-K Filer:	Exclude ▼	
<input type="checkbox"/> DOL Top Hat Filer:	Include ▼	
<input type="checkbox"/> Other Plans of Sponsor:	Include ▼	DC:All ▼ DB:All ▼
<input type="checkbox"/> Cross-Tested Plans:	Include ▼	
<input type="checkbox"/> ESOPs:	Include ▼	
<input type="checkbox"/> ESOP - Sub S Sponsor:	Exclude ▼	
<input type="checkbox"/> 401(k) Plans:	Exclude ▼	
<input type="checkbox"/> Participant Self-Directed Plans:	Include ▼	
<input type="checkbox"/> DOL Section 404(c) Plans:	Exclude ▼	
<input type="checkbox"/> Plans with Default Investments:	Exclude ▼	
<input type="checkbox"/> Plan with Auto-Enrollment:	Include ▼	
<input type="checkbox"/> Participant Loans:	Include ▼	

Update Close

Presentation of Key Indicators - Participant-Directed

I see where you have a sophisticated workforce. I have found that employee morale improves when you allow them to pick how their 401(k) funds are invested.

OR

I see where most of your employees do not return investment election forms or pick a money market fund when they do return the form. If you add a target date fund option and use my participant education program, we can empower you employees to feel good about investing.

The screenshot displays the 'PLAN INFO' section of the ForceManger app. It lists various plan details for 'North America Stevedoring Co Ltd'. Below this, the 'PENSION BENEFITS' section shows 'Defined Contribution Pension Features' as '404(c) plan, Participant-directed, 401(k), Match, QDIA'. The 'OTHER PENSION BENEFIT FEATURES' section indicates 'Favorable opinion letter'. The 'POTENTIAL PLAN ISSUES' section lists several items with 'No' responses, such as 'Fail to provide Sch C Ind', 'Bond Amount Required', 'Bond Amount Status', 'Final Filing Ind', 'Fail Provide Benefits Due Ind', 'Plan Blackout Period Ind', 'Comply Blackout Notice Ind', and 'DVC program'. A 'CHECK-IN' button is visible at the bottom right of the plan details section.

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Key Indicator - 404(c) plan

Description:

DOL sec. 404(c) provides protection to plan fiduciaries from liability for participant investment selection. In order to get the protection, the plan must comply with extensive disclosure rules and provide a specified investment menu.

Use in Prospecting:

An employer with participant self-direction can benefit from becoming a section 404(c) plan.

Hard to argue the contrary but small employers may not want to deal with the administrative burdens.

Select Plan Feature Filters

Select all Deselect all

<input type="checkbox"/> Business Categories:	Include ▼
<input type="checkbox"/> Business Codes: Show	Include ▼
<input type="checkbox"/> SEC Form 11-K Filer:	Exclude ▼
<input type="checkbox"/> DOL Top Hat Filer:	Include ▼
<input type="checkbox"/> Other Plans of Sponsor:	Include ▼
<input type="checkbox"/> Cross-Tested Plans:	Include ▼
<input type="checkbox"/> ESOPs:	Include ▼
<input type="checkbox"/> ESOP - Sub S Sponsor:	Exclude ▼
<input type="checkbox"/> 401(k) Plans:	Exclude ▼
<input type="checkbox"/> Participant Self-Directed Plans:	Include ▼
<input checked="" type="checkbox"/> DOL Section 404(c) Plans:	Exclude ▼
<input type="checkbox"/> Plans with Default Investments:	Include ▼
<input type="checkbox"/> Plan with Auto-Enrollment:	Exclude ▼
<input type="checkbox"/> Participant Loans:	Include ▼

Update Close

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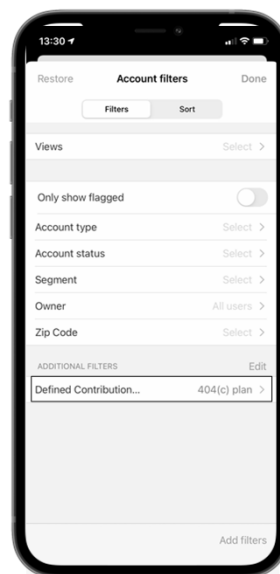
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Presentation of Key Indicators - 404(c) plan

Has anyone discussed DOL sec. 404(c) protection with you? 404(c) provides liability protection to you as a plan fiduciary from bad participant investment choices. In order to get the protection, the plan must comply with some disclosure rules and provide a specified investment menu which I would be happy to assist you with.

OR

I see your plan is a 404(c) plan. Have you any challenges with providing all the necessary reports to participants? May I suggest some tweaks to your investment line-up to ensure you meet the requirements?



Key Indicator – QDIA (Qualified Default Investment Alternative)

Description:

To allow fiduciaries to select more appropriate default investments when participants fail to make investment elections, DOL issued the QDIA regulations that provide protections for plans that offer more appropriate default investments. This feature may lower liability for plan fiduciaries. Because most financial experts agree that investing in a money market or other similar 'safe' default investment is not an effective long-term investment strategy, the most popular QDIAs are Target Date funds.

Use in Prospecting:

A plan with an autoenrollment feature may benefit from having a QDIA.

Hard to argue the alternative, but some smaller employers may have difficulty meeting the requirements.

Feature Prevalence in Peer Group

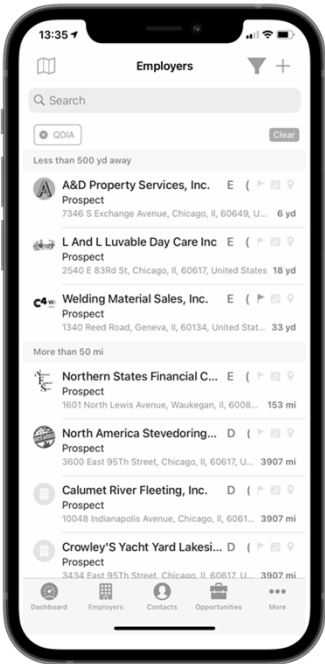
Yes	28.57%
No	35.71%
N/A	35.71%
This Plan	No

Presentation of Key Indicators - QDIA

I see that your plan offers participant self-direction and autoenrollment. What fund do they default to when participant does not return forms/go online to select investments? If you meet just a few more requirements that I can help you with, we can lower your risk as a fiduciary.

OR

I see your plan offers a legally compliant default investment. Have you had any challenges with providing all of the necessary reports to participants? Have you considered offering a Target Date fund as the default? [About 30% of plans still don't offer a Target Date option]



Key Indicator - Participant-Directed Brokerage Accounts

Description:

In a plan that offers self-directed brokerage accounts, a participant is provided access to an individual brokerage account. The brokerage account option must essentially be offered to all participants, not just business owners.

Use in Prospecting:

This can be great feature for a small owner-dominated plans.

This feature can lead to higher expenses and compliance issues if the plan covers several non-owners.

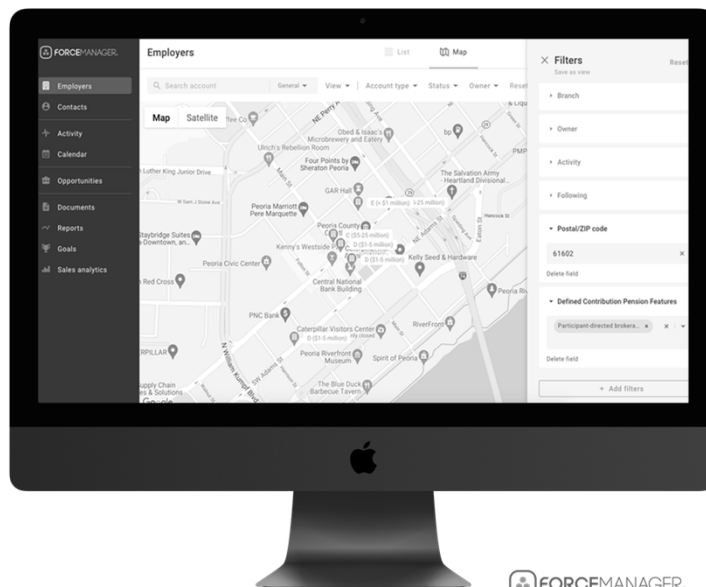
Feature Prevalence in Peer Group	
Yes	10.71%
No	89.29%
This Plan	No

Presentation of Key Indicators - Participant-Directed Brokerage Accounts

I see your plan offers Yen-hedged pork belly futures (XXX and XXX) as an investment option. I have an idea that will allow you even more discretion in how you invest your 401(k) funds. There are some hoops the plan needs to jump through, but I can help you with that.

OR

I see your plan offers participant directed brokerage accounts. Monitoring and tracking each investment in numerous brokerage accounts can be costly and investments in certain partnerships may cause adverse tax consequences to participants. Also, allowing unsophisticated investors access to a brokerage account could be troublesome. Why don't we remove this option, and I can help you with the exotic investments in your portfolio outside the plan.



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Key Indicator - Age Weighted or New Comparability

Description:

Cross-testing is a sophisticated method of meeting IRS non-discrimination requirements for profit-sharing contributions. Under this testing method, current year allocations are converted to a benefit payable at retirement age. This means that allocations for younger employees will be credited with compound interest over several years while allocations for older employees will not receive the benefit of compounded interest.

Use in Prospecting:

A cross-tested plan may allow for older business owners to receive higher profit-sharing allocations as a percentage of compensation than other, younger, employees.

Cross-testing requires annual testing of profit-sharing allocations. If the sponsor does not also have a defined benefit plan it may be a candidate for a DC/cash balance plan combo.

Feature Prevalence in Peer Group	
Yes	78.57%
No	21.43%
This Plan	No

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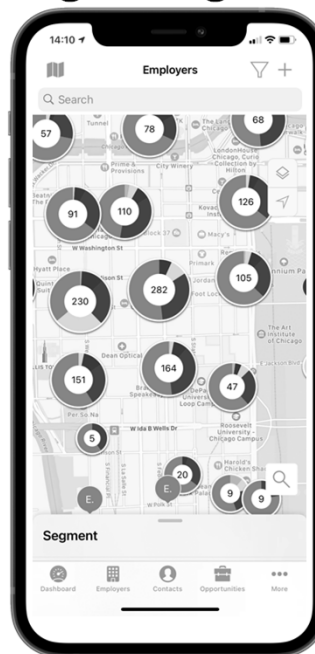
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Presentation of Key Indicators - Age Weighted or New Comparability

I want to discuss a feature that will allow you to receive higher profit-sharing allocations as a percentage of compensation than your other, younger, employees.

OR

I see your plan offer cross-testing but you do not have a defined benefit plan. I know an actuary that can set up a simple cash balance plan that will allow you to shelter even more of your current income.



Key Indicator – Fidelity Bond Amount/Status

Description:

The law requires that a plan maintain a fidelity bond that covers all persons who handle plan assets. The bond must provide coverage equal to 10% of plan assets up to \$500,000. The amount may be higher if the Plan holds employer securities or other non-qualifying assets.

Use in Prospecting:

Plans that report no or insufficient bond coverage may be subject to review by DOL. However, there are no monetary penalties for no or insufficient bond coverage.

Select Warning Filters

Select all
Deselect all

☐ Corrective-Deemed Distributions/Participant:

☐ Total Distributions/Participant:

☐ Loss Due to Fraud/Dishonesty:

☐ Fail to Transmit Contributions when Due:

☐ Service Provide Failed to Provide Sch C Data:

☐ Plan is Terminating:

☐ Plan is Frozen (DB plans only):

☐ Low Fidelity Bond Coverage:

☐ Plan is a Delinquent Filer:

☐ Prohibited Transactions Exist:

☐ Failed to Pay a Benefit When Due:

☐ Failure to Give Blackout Notice:

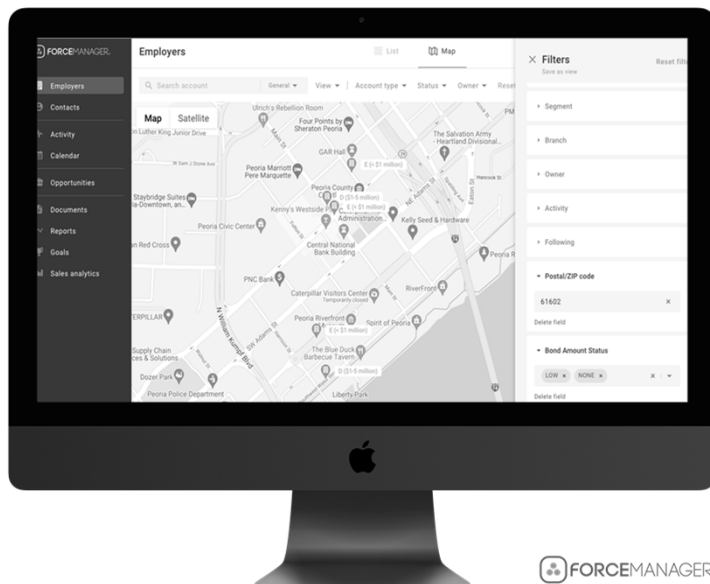
Update
Close

Presentation of Key Indicators - Fidelity Bond Amount/Status

I see that your 5500 report shows that your plan's required fidelity bond is not sufficient. Plans that report no or insufficient bond coverage may be subject to review by the DOL. However, don't worry too much, there are no monetary penalties for no or insufficient bond coverage. I know someone who can offer a bond that automatically escalates coverage to whatever your plan needs.

OR

I see there are no issues with your fidelity bond.



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Key Indicator - Fail to Transmit Contributions when Due

Description:

401(k) contributions must be sent to the plan as soon as is administratively feasible. This indicator is set if 401(k) contributions were deposited to the plan too late.

Use in Prospecting:

Some advisors seek out plans with issues so that they can demonstrate their value-add by solving problems.

Other advisors have enough "problem" children and avoid plans with issues.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 10103-12 IEs also do not complete lines 4j and 4l. MTI During the plan year:
- a** Was there a failure to transmit to the plan any partic period described in 29 CFR 2510.3-102? Continue t fully corrected. (See instructions and DOL's Volunta

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Presentation of Key Indicators - Fail to Transmit Contributions when Due

I see where you have had some issues with getting contributions to the plan. I have worked with other plans with this problem and have found some easy-to-implement solutions.

OR

You aren't getting within 10 feet of this employer.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 100-103-12 IEs also do not complete lines 4j and 4l. MTIAs During the plan year:
- a** Was there a failure to transmit to the plan any particular period described in 29 CFR 2510.3-102? Continue to fully corrected. (See instructions and DOL's Voluntary Compliance)

Key Indicator - Loss Due to Dishonesty or Fraud

Description:

This indicator pretty much speaks for itself.

Use in Prospecting:

AVOID



Presentation of Key Indicators - Loss Due to Dishonesty or Fraud

No chance of me meeting with you



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Key Indicator - Final Filing Ind/Resolution to Terminate

Description:

These two indicators are related but not identical.

If a plan is making its final filing it (should) mean the ending assets are zero.

Resolution to terminate means the sponsor has decided to terminate the plan. If the plan is not making a final filing it means that there are assets left to distribute.

Use in Prospecting:

If it's a final filing or if there is a resolution to terminate you may want to avoid.

You may want to determine why the plan terminated or in the case of a resolution to terminate see if you can grab some rollover assets.

- ☐ a multiple-employer plan (Filers checking this box must participating employer information in accordance with t
- ☐ a DFE (specify) ____
- ☐ the final return/report
- ☐ a short plan year return/report (less than 12 months)

5a Has a resolution to terminate the plan been adopted d
If "Yes," enter the amount of any plan assets that revei

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Presentation of Key Indicators - Final Filing Ind/Resolution to Terminate

I see you have terminated your plan. I would like to explore why and see if I can resolve some of those issues. I have some ideas I would like to share with you.

I see you have terminated your plan. Can I help your participants find some suitable rollover options?

OR

Bye-bye!



Q & A

Thank you for joining us!



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