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5500s - Big Changes for 2023



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1

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2

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3

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4

4

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5

5

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6

6

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- Slides and recordings will be available on ERISApedia.com webcast tab.



7

7

Your Presenters Today

S. Derrin Watson, J.D., APM



Timothy McCutcheon, J.D.



8

8

Agenda

- Change in determining large plan status
- New Schedule DCG for Defined Contribution Group Reporting Arrangement (DCG or DCG Reporting Arrangement)
- New Schedule MEP for Multiple-Employer Pension Plans (MEP)
- 2023 Changes to Existing Forms and Schedules
- Electronic filing – Form 5558

Derrin *



9

9

New rules to determine large plan status for DC plans beginning in 2023

- Has been based on Beginning of Year (BOY) participants/beneficiaries
 - Including participants with no account balances
- Now will be based on participants/beneficiaries with account balances
 - First plan year, use EOY participants
 - All other plan years, use BOY participants
- No change for DB plans
- 80/120 rule still applies based on large plan status prior year



10

10

Schedule DCG – Introduction

- Section 202 of the SECURE Act 1.0 allows certain groups of defined contribution retirement plans to file a single consolidated annual return/report.
- Only applies to DC plans that:
 - have the same trustee;
 - have the same one or more named fiduciaries;
 - have the same plan administrator under ERISA and the Code;
 - have the same beginning date for the plan year; and
 - provide the same plan investments or investment options.



11

11

Schedule DCG – Introduction

- The DCG generally follows filing requirements for large pension plans and DFEs
- The DCG filing a Form 5500 on a consolidated basis must attach a Schedule DCG for EACH individual plan within the DCG.
- Each Schedule DCG reports certain individual plan information specific to each plan within the DCG
- Essentially each Schedule DCG is a mini Form 5500-SF



12

12

Schedule DCG - To DFE or Not to DFE

- 5500 Line A - 5500 Specify Type of Direct Filing Entity:
 - C=Common-collective trust;
 - D=Defined Contribution Group (DCG);
 - E=103-12 investment entity;
 - G=Group insurance arrangement;
 - M=Master trust investment account;
 - P=Pooled-separate account
- But File Schedule DCG – NOT Schedule D Part II, list of plans participating in the DFE.



13

13

DCG like GIA

- With Group Insurance Arrangement, if there is a filing for the GIA as a whole, individual plans are excused from filing
- Similarly, if there is a filing for the DCG as a whole, individual plans are excused from filing
 - But there needs to be an attached Schedule DCG
 - In effect, the Schedule takes the place of the individual plan's 5500/5500-SF



14

14

Schedule DCG – Parts 1 and 2

Part I DCG Information	
A Name of DCG	B Three-digit plan number (PIN)
C DCG Sponsor's Name (enter here only if different from Name of DCG)	D Employer Identification Number (EIN) for DCG

Part II Individual Schedule DCG Information. Complete a separate Schedule for each individual defined contribution pension plan.

E This Schedule DCG is for:	<input type="checkbox"/> a single-employer plan	<input type="checkbox"/> a collectively-bargained plan
F This Schedule DCG is:	<input type="checkbox"/> the first Schedule	<input type="checkbox"/> the final Schedule
	<input type="checkbox"/> an amended Schedule	

- First Schedule = Never filed 5500 or DCG
- Final Schedule = Terminated plan
- Amended Schedule = Amend schedule DCG previously filed;
 - Must be attached to 5500 with ALL schedules
- Separate DCG for each employer/controlled group



15

15

Schedule DCG – Part III

Part III Basic Individual Plan Information	
1a Name of plan	1d Three-digit plan number (PN)
2a Plan sponsor's name (employer). If for a single employer plan, mailing address includes room, apt., suite no., and street, or P.O. Box. City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)	1e Effective date of plan
3 If the name and/or EIN of the plan sponsor or the plan name has changed since the last reporting year for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last reporting year	2b Employer Identification Number (EIN)
4a Plan sponsor's name	2c Plan sponsor's telephone number
4b Plan Name	2d Business code
4c Plan administrator's name and address	3b EIN
4d Plan administrator's telephone number	3c EIN
5a Total number of participants at the beginning of the plan year	3d EIN
5b Total number of participants at the end of the plan year	3e EIN
5c(1) Total number of active participants at the beginning of the plan year	3f EIN
5c(2) Total number of active participants at the end of the plan year	3g EIN
5d(1) Number of participants with account balances as of the beginning of the plan year	3h EIN
5d(2) Number of participants with account balances as of the end of the plan year	3i EIN
5e Number of participants who terminated employment during the plan year with account balances that were less than \$100	3j EIN

Audit based on these lines



16

16

Schedule DCG – Part IV

Part IV Financial Information	
6 Plan Assets and Liabilities	(a) Beginning of Year (b) End of Year
a Total plan assets	6a
b Total plan liabilities	6b
c Net Assets (subtract line 6b from line 6a)	6c
7a Contributions received or receivable in cash from:	Amount
(1) Employees	7a(1)
(2) Participants	7a(2)
(3) Others (including rollovers)	7a(3)
b Noncash contributions	7b
c Total Contributions (add lines 7a(1)-(3) and line 7b)	7c
d Other income (loss)	7d
e Total income (add lines 7c and 7d)	7e
f Benefit payment and payments to provide benefits	7f
g Corporate distributions (see instructions)	7g
h Certain deemed distributions of participant loans (see instructions)	7h
i Administrative service provider's expense (salaries, fees, commissions)	7i
j Other expenses	7j
k Total expenses (add lines 7f, 7g, 7h, 7i, and 7j)	7k
l Net income (loss) (subtract line 7k from line 7e)	7l
m Transfers of assets	7m(1)
(1) To this plan	7m(2)
(2) From this plan	7m(3)



17

17

Schedule DCG – Parts V and VI

Part V Plan Characteristics				
Enter the applicable two-character feature codes from the List of Plan Characteristics Codes in the instructions.				
Part VI Compliance Questions				
9a	Was there a failure to transmit to the plan any participant contributions within the time period described in 26 CFR 2513.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	Yes	No	Amount
b	Were there any nonexempt transactions with any participant?	9b		
c	Has the plan failed to provide any benefit under the plan?	9c		
d	Was the plan covered by a fidelity bond?	9d		
e	Did the plan have a bond, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	9e		
10	If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)			
10a Name of plan(s)	10b EIN(s)	10c PBN(s)		
11	Is this a defined contribution plan subject to the minimum funding requirements of section 412 of the Code?	Yes	No	
12a	Does the plan satisfy the coverage and nondiscrimination tests of Code sections 4103 and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules?	Yes	No	
12b	If this is a Code section 401(c) plan, check all boxes that apply to indicate how the plan is intended to satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under Code sections 401(k)(3) and 401(m)(2)?			
13	The plan sponsor is an adopter of a pre-approved plan that received a favorable IRS Opinion Letter. Enter the date of the Opinion Letter (MM/DD/YYYY) and the Opinion Letter serial number.			



18

18

Schedule DCG – Part VII

Part VII Accountant Opinion Information for Participating Plans

14 Is the plan required to attach a report of an independent qualified public accountant (IQPA)? (See instructions on eligibility and condition for waiver of the annual examination and report of an IQPA under 29 CFR 2520.104-46).

☐ Yes ☐ No

Complete lines 14a through 14c if you checked "YES" and the report of an IQPA for the plan is required to be attached to this Schedule DCG.

a The opinion reflected in the attached report of an IQPA accountant for this plan is (see instructions):

(1) ☐ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☐ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: (2) EIN:

Tim



19

19

Schedule DCG – Line 14a instructions

.... A DCG participating plan must be audited and an IQPA report and audited financial statements for such plan must be attached to the Schedule DCG for that participating plan unless the plan is a small plan (plan that covered fewer than 100 participants with account balance as of the beginning of the plan year) eligible for the waiver of the annual examination and report of an IQPA under 29 CFR 2520.104-46 ...



20

20

Schedule DCG – Use 5500 Only

- DCGs Use Form 5500 Only (NOT Form 5500-SF)
 - All DCGs and individual plans within a DCG reporting arrangement must report using a consolidated Form 5500 that includes a Schedule DCG for each plan within the DCG.
 - For a given plan year, the DCG and individual plans reporting within such DCG may not use Form 5500-SF regardless of DCG size or the size of plans within the DCG reporting arrangement.



21

21

Schedule DCG – Attachments

- Audit report
- Line 9a Delinquent Participant Contributions



22

22

DCG 5500 Filing

- The filing is generally a 5500 filing with all the same filing requirements and Schedules.
- The information reported on all the Schedules, except Schedule DCG, are generally reported for all the plans in the DCG in the aggregate, except as otherwise provided.
- The filing must also generally include all the attachments required for the Schedules.



23

23

DCG 5500 Required Schedules

- Schedule A to report insurance, annuity, and investment contracts held by the plans participating in a DCG.
- Schedule C to report service provider information and any terminated accountants.
- Schedule D, Part I only, to list all CCTs, PSAs, and 103-12 IEs in which DCG participating plans invested at any time during the DCG year.



24

24

DCG 5500 Required Schedules - Cont

- Schedule DCG to report individual plan-level information such as the plan sponsor (i.e., employer), plan financial information, number of participants, and other information.
- Schedule G to report loans or fixed income obligations in default or determined to be uncollectible as of the end of the DCG year, leases in default or classified as uncollectible, and nonexempt transactions.



25

25

DCG 5500 Required Schedules - Cont

- Schedule H, except lines 4e, 4f, 4k, 4l and 5, to report the DCG's financial information.



26

26

Schedule DCG Takeaways

- Must still make a 5500-SF type filing for each plan
- But for large participating plans, the schedules are done on a consolidated basis.



27

27

Schedule MEP

- Schedule MEP is added to use with both Form 5500 and Form 5500-SF. However; all pooled employer plans (PEPs), regardless of size, must file Form 5500 and include Schedule MEP in that filing.
- Schedule MEP essentially takes the place of the Multiple Employer Plan Participating Employer Information attachment
- Other filing requirements remain unchanged

Derrin *



28

28

Schedule MEP Part I

- Part I** Type of Multiple-Employer Pension Plan. All multiple-employer pension plans must complete.
- 1 Check the appropriate box to indicate type of multiple-employer pension plan. (Only defined contribution plans may check lines 1a, 1b, and 1c. Defined benefit plans and defined contribution plans not checking lines 1a, 1b, or 1c should check line 1d. See instructions).
- a ☐ association retirement plan (See 29 CFR 2510.3-55) (Complete Part II)
- b ☐ professional employer organization plan (PEO Plan) (See 29 CFR 29 CFR 2510.3-55) (Complete Part II)
- c ☐ pooled employer plan (PEP) (See 29 CFR 2510.3-44) (Complete Parts II and III)
- d ☐ other multiple-employer pension plan (Describe) _____ (Complete Part II)



29

29

Schedule MEP Part I

- Part I corresponds to the new feature codes introduced in the 2022 forms
 - 2U Association Plan
 - 2V PEO
 - 2W PEP
 - 2X Other



30

30

Schedule MEP Part I

- The 5500 regulations and instructions do not define a MEP.
- The instructions provide little guidance on what is an “Other” MEP - just provide two examples:
 - DB MEP
 - Collectively-bargained MEP not treated as a multiemployer plan
- What about traditional MEPs?
 - Commonality and control
 - GE Plan
- Is an Open MEP an “Other” MEP?



31

31

Schedule MEP Part II

Part II Participating Employer Information.

2 All multiple-employer pension plans that are subject to section 210(a) of ERISA (see instructions for filing the Form 5500) must complete Part II, in addition to Part I, in accordance with the instructions, to report the information for each employer participating in the multiple-employer pension plan. Defined contribution plans must complete lines 2a-2d. All other multiple-employer pension plans complete lines 2a-2c only. Complete as many entries as needed to list the required information for each participating employer that is not an individual person (see instructions).

2a Name of Participating Employer	2b EIN	2c Percentage of Total Contributions for the Plan Year	2d Aggregate Account Balances Attributable to Participating Employer
2a Name of Participating Employer	2b EIN	2c Percentage of Total Contributions for the Plan Year	2d Aggregate Account Balances Attributable to Participating Employer

CAUTION: Do not individually list information for working owners (see instructions and 29 CFR 2510.3-55(d)(2)) or other individuals who are participants or beneficiaries in the plan or arrangement that are no longer associated with a particular participating employer or participating employer plan. (see instructions). Providing identifying information for individuals may result in rejection of this filing. If there are any such individuals in the plan, answer “Yes” to line 2e and provide the total information for all such individuals, without providing names or other identifying information.

2e Does the plan include any individuals not participating through an employer or who are individual working owners?	2e	<input type="checkbox"/> Yes <input type="checkbox"/> No
2f If you answer “Yes” in line 2e, enter a good faith estimate of the percentage of total contributions made by all such individuals that are not listed on line 2a during the plan year.	2f	
2g If you answer “Yes” in line 2e, enter the aggregate account balances for all such individuals that are not listed on line 2a.	2g	



32

32

Schedule MEP Part III

Part III Pooled Employer Plan Information

Line 3. All Pooled employer plans must answer all of the questions in Part III, in addition to completing all of Parts I and II.

- 3a Is the pooled plan provider (identified as the plan sponsor and administrator in Part II of the Form 5500) currently in compliance with the Form PFR (Pooled Plan Provider Registration Statement) requirements? (See instructions and 29 CFR 2510.3-44) ☐ Yes ☐ No
- 3b If line 3a is “Yes”, enter the ACK ID for the most recent Form PFR that was required to be filed under the Form PFR filing requirements. (Failure to enter a valid ACK ID will subject the Form 5500 filing to rejection as incomplete.)
ACK ID _____



33

33

Other 2023 5500 Changes

- Line A: DFE Plan New Entity Code "D" for DCG
 - File Schedule DCG – NOT Schedule D Part II, plans participating in the DFE
- Line 10 Schedules: New Schedules DCG and MEP
Tim *



34

34

IRS Compliance Questions SF Part VIII - Sch R Lines 21 and 22

- Part VIII - IRS Compliance Questions**
- 14a Does the plan satisfy the coverage and nondiscrimination tests of Code sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules? ☐ Yes ☐ No
- 14b If this is a Code section 401(k) plan, check all boxes that apply to indicate how the plan is intended to satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under Code sections 401(k)(3) and 401(m)(2).
- ☐ Design-based safe harbor method
- ☐ "Prior year" ADP test
- ☐ "Current year" ADP test
- ☐ N/A
- 15 If the plan sponsor is an adopter of a pre-approved plan that received a favorable IRS Opinion Letter, enter the date of the Opinion Letter ____/____/____ (MM/DD/YYYY) and the Opinion Letter serial number _____



35

35

Opinion Serial Number

- Per the 5500 specifications, the opinion serial number is a capital letter followed by six numbers and a lower case "a".
- Each pre-approved plan of each pre-approved sponsor (generally a TPA, Bank, etc.) has a unique opinion serial number.
- IRS has informally indicated that the opinion serial number will be available as a part of the 5500 data sets.



36

36

Opinion Serial Number List

Plan Sponsor: FIS BUSINESS SYSTEMS LLC
City, State: JACKSONVILLE, FL
FFIN: 3176070704-001
Plan Type: NON-STANDARDIZED ESOP
LSN Date: 07/03/2023



37

37

Schedule H – Admin Expenses

1 Administrative expenses	
(1) Salaries and allowances	2i(1)
(2) Contract administrator fees	2i(2)
(3) Recordkeeping fees	2i(3)
(4) IQPA audit fees	2i(4)
(5) Investment advisory and investment management fees	2i(5)
(6) Bank or trust company trustee/custodial fees	2i(6)
(7) Actuarial fees	2i(7)
(8) Legal fees	2i(8)
(9) Valuation/appraisal fees	2i(9)
(10) Other trustee fees and expenses	2i(10)
(11) Other expenses	2i(11)
(12) Total administrative expenses. Add lines 2i(1) through (11).	2i(12)



38

38

Schedule H – New “Other” Attachments

- Plans in a DCG Holding Line 4g Assets (current value not readily determinable)
- Plans in a DCG Holding Line 4h Noncash Contributions
- Plans in a DCG that had Blackout Period (Line 4m)
- Plans in a DCG that Failed to Provide Required Blackout Notice (Line 4n)



39

39

Schedule R

- DB plans more than 1,000 participants
 - Line 19 more asset types



40

40

Form 5558 Electronic Filing

- Beginning January 1, 2024, Form 5558 may be filed electronically through EFAST2 or by paper form with the IRS.
- A copy of the completed extension request must still however be retained with the filer's records

Derrin



41

41

EFAST2 Electronic Processing

- Processed 5558 is not publicly disclosable, will not be viewable online
- Status not available from EFAST2 via phone
- Submission will appear on EFAST2 portal Submissions page for the 'filing author' (IFILE) or 'transmitter' (third-party software)
- Filers will continue to receive paper notification from IRS with extension approval or denial



42

42

A Few Reminders

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- Go to ERISApedia.com WEBCAST tab to retrieve previous certificates.
- After the webcast you will be presented with a short Google Forms survey. Please let us know how we are doing.



43

For Further Study

Joanne Pecina will demonstrate how to find more information on today's topic from the ERISApedia.com resources.



44
