

DOL Proposes Major Changes to Form 5500

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The **US Department of Labor (DOL)** recently [proposed revisions to Form 5500](#) (Annual Return/Report for Employee Benefit Plan), the related schedules, and the [rules that govern the forms](#). In general, these changes would first apply for the 2019 plan year, although certain changes may be implemented earlier. Comments on the changes are due October 4, 2016.

According to the DOL, these changes are designed to foster monitoring of benefit plans by employers, fiduciaries, participants, and (of course) the DOL; collect more data about health and welfare plans; enhance data mineability; provide more information about service provider fees to help fiduciaries evaluate their service arrangements; and enhance reporting on plan compliance.

If implemented as proposed, the changes would significantly increase the reporting obligations for all retirement and welfare plans.

Changes Affecting Health and Welfare Plans

Arguably most significant among the changes is the elimination of the exemption from the Form 5500 filing requirement for certain small (fewer than 100 participants) health and welfare plans. However, other changes would also affect large plans. For example, a new Schedule J that requires reporting information such as claims' payment policies and practices, enrollment data, financial disclosures, denied claims information, cost sharing, and wellness activities would be required for health and welfare plans. These changes will enhance the DOL's ability to enforce the Affordable Care Act and the Mental Health Parity and Addiction Equity Act.

Changes Affecting Retirement Plans

Reflecting the shift from defined benefit to defined contribution pension plans, many of the proposed changes relate to defined contribution plans' investment offerings. As proposed, Form 5500 will include new questions for retirement plans, including whether a plan offers a default investment alternative, investment education, and Roth contributions.

However, several new questions will apply to all qualified retirement plans. For example, plans must specifically indicate whether they are invested in hard-to-value investments, such as derivatives, limited partnerships, hedge funds, private equity, real estate, and other alternative investments.

Additional information regarding distributions to terminated participants will also be required. Similar changes will apply to Form 5500-SF for small plans.

The schedules to Form 5500 will also include new questions. For example, Schedule R will include new questions about participation rates and employer matching contributions to defined contribution plans, as well as compliance questions relating to nondiscrimination testing. Schedule C will require reporting of all indirect compensation received by service providers. As another example, Schedule E for employee stock ownership plans, which was removed in 2009, will be reinstated.

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