

Comments on Proposed Form 5500 Revisions RIN 1210-AB97

Change in threshold for determining when a DC plan is a large plan filer:

Thank you, thank you, thank you, thank you, thank you, thank you, thank you ...

The proposed change to only consider participants with account balances is a welcome change. Plan audits have increased significantly in cost over the years. As a result, our clients who are in the smaller end of the current size range for a large plan are now paying significantly more for the independent CPA audit than they are paying in total for recordkeeping, administration and compliance work. The constantly increasing audit fees are discouraging employers at the small end of the audit size range from establishing plans.

I would like to suggest that in addition to the proposed change, that for plan years starting on or after January 1, 2024, you exclude those who are participants solely because of the long-term-part-time requirements from the SECURE Act from the participant count used to determine plan size, even if they have a balance. Including them in the count when they have a small balance will discourage plan sponsors from adopting automatic enrollment provisions because it would increase the number of long-term-part-time employees with balances.

I would also like to suggest that receivable employer contributions be disregarded when determining whether or not a participant has an account balance for the participant count. A new participant who only receives an employer contribution that is deposited after the end of the plan year would have not have an account balance on a cash basis, but would have an account balance on an accrual basis. With the proposed change, this would result in a plan having a larger number of participant's with balances using an accrual basis than it would have if it reported using cash basis. With it being easier to compare contributions on a Form 5500 prepared using an accrual basis with the contributions deducted on the sponsor's tax return, I hope that you would want to avoid penalizing those who complete Form 5500 on an accrual basis.

Comments on whether Form 5500-EZ filers would be interested in participating in a DCG structure:

I do not think that any of our clients currently filing Form 5500-EZ would be interested in participating in a DCG structure. The investments in these plans are typically customized to meet the needs of the single participant and differ from the investment alternatives under a plan with participant directed investments.

Other issues:

I would like to suggest that EFAST be modified to allow for electronic filing of Form 5558 (or an electronic substitute) to extend the deadline for filing Form 5500 and Form 8955-SSA. Currently, Form

5558 is filed using a paper form. With staffing shortages at the IRS, compounded by COVID issues, these forms are frequently not being processed timely. Electronic filing of Form 5558 would allow them to be processed automatically. EFAST provides documentation of when forms are filed, which would be useful for both the government and plan sponsors for Form 5558 as well. Forms 5558 that extend the deadline for filing Form 5330 may still need to be filed the old-fashioned way.

Thank you for your consideration,

Kevin Combrink