

**Information Exchange Agreement  
Between  
The Social Security Administration  
And  
The Internal Revenue Service**

**I. Purpose, Legal Authority and Definitions**

**A. Purpose**

This Information Exchange Agreement (IEA) defines the process by which the Internal Revenue Service (IRS) will share information about deferred vested benefits reported by private pension plans with the Social Security Administration (SSA). This information will enable SSA to provide notice to potential private pension beneficiaries who apply for Social Security benefits or request information about pension benefits. Also set forth in this agreement are the responsibilities of the IRS and SSA for insuring the accuracy of reported pension information and for safeguarding of such information.

**B. Legal Authority**

This Agreement does not involve a “matching” program as defined by 5 U.S.C. § 552(a)(8), however, it does follow the applicable requirements and other relevant provisions of the Privacy Act, 5 U.S.C. § 552a.

The Employee Retirement Income Security Act (ERISA) established Section 6057(a) of the Internal Revenue Code (IRC § 6057(a)), requiring plan administrators of certain pension plans to file annual registration statements with the Secretary of the Treasury with respect to any deferred vested benefits of the plan participants. Section 6057(b) and (c) provides that plan administrators who previously filed such statements, must file additional reports, statements, and notifications under various circumstances, including a change in the name of the plan. Section 6057(d) provides that the Secretary shall transmit copies of any statements, notifications, reports, or other information obtained under this section to the Commissioner of Social Security. Section 6057(f)(1) further provides that the “Secretary, after consultation with the Commissioner of Social Security, may prescribe such regulations as may be necessary to carry out the provisions of this section.”

Section 1131(a) of the Social Security Act (42 U.S.C. § 1320b-1a) requires the Commissioner of Social Security to provide to certain individuals, information obtained from employers under section 6057 of the Internal Revenue Code regarding deferred vested benefits.

## C. Definitions

1. "IRS" means the Internal Revenue Service.
2. "SSA" means the Social Security Administration.
3. "Deferred Vested Benefits" means the earned benefit of an individual worker under a pension plan that will be paid in the future.
4. "DOL" means the Department of Labor.
5. "EFAST" means ERISA Filing Acceptance System.
6. "EPMF" means the IRS Employee Plans Master File.
7. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.
8. "Pension Plan" means a plan, fund, or program of an employer or an employee organization that provides pension income to employees.
9. "Plan Administrator" means the person specifically designated by the terms of the instrument under which the pension plan is operated. In the absence of a designation, the plan administrator means the employer (if the plan is maintained by a single employer), or the employee organization or association of two or more employers or employee organizations maintaining the plan.
10. "Schedule SSA" is that portion of the annual plan administrator's report filed with the IRS on Form 5500 (Annual Return/Report of Employee Benefit Plan) that contains information about employees who have terminated employment covered by the plan but have a deferred vested benefit under the plan.
11. "Verification of Social Security Numbers (SSNs)" is an operation performed by SSA to ensure that a reported name and SSN agrees with the name and SSN recorded for that individual in SSA's Master Files of SSN Holders and SSN Applications, SSA/OEEAS (60-0058) – subsection referred to as the NUMIDENT.

## II. Justification and Anticipated Results

### A. Justification

IRS is required by law to obtain reports from pension plan administrators about employees with deferred vested benefits and to transmit pertinent report

information to SSA for use in informing social security applicants and, upon request, other individuals about such benefits.

#### B. Anticipated Results

SSA fulfills its obligation under ERISA statutes by providing notices to individuals who may be eligible for deferred vested benefits. A notice is sent to individuals who apply for Social Security benefits or request information about pension benefits. These notices are intended to prevent the loss of pension benefits for individuals who might otherwise fail to apply for them.

### **III. Functions to be Performed**

#### A. DOL processing through EFAST

Beginning with plan year 1999 filings of the Form 5500, the IRS established a contractual arrangement with the Department of Labor (DOL) to assume all processing of Form 5500 and its Schedules and attachments. DOL developed the ERISA Filing Acceptance System (EFAST) in order to streamline the process for filing and processing of the Form 5500. EFAST processing is performed by a vendor through a contract with DOL. The process is outlined as follows:

1. Benefit plan administrators provide their annual report information on a Form 5500, Annual Return/Report of Employee Benefit Plan.
2. A vendor collects pension benefit information from the plan administrators and processes the reported information via EFAST.
3. The vendor provides the reported information to four agencies: IRS, DOL, SSA and Pension Benefit Guarantee Corporation (PBGC) in order to assist these agencies in fulfilling their responsibilities under ERISA and other applicable statutes.

#### B. The IRS agrees to:

1. Fulfill the legislative requirement of obtaining reports from plan administrators about employees with deferred vested benefits and to transmit the reports to SSA.
2. Insure the DOL and its vendor and their contractors comply with the functions performed on behalf of the IRS.
3. Provide Form 5500 plan information in a quarterly EFAST file. Refer to the SSA EFAST Entity File in the current EFAST Interface Requirements Document (IRD).

4. Obtain by correspondence a signature on Forms 5500 if the plan administrator's signatures on Form 5500 and the accompanying Schedule SSA are both missing. If a signature of the plan administrator is missing from the Schedule SSA and a signature is present on Form 5500, IRS will provide a signature indicator in the Quarterly EFAST file. Correspond with the plan sponsor for a complete Schedule SSA if a filer indicates that a Schedule SSA is required to be attached and it is not.
5. Provide Form 5500 Schedule SSA data that is processed through EFAST in a monthly EFAST file. Refer to the EFAST Structured Return Transaction File in the current EFAST Interface Requirements Document (IRD).
6. Mail to SSA (on a daily basis) the Schedules SSA and attachments that are not able to be processed through EFAST. These forms will be sent to the Social Security Administration, Wilkes-Barre Data Operations Center, 1150 East Mountain Drive, Wilkes-Barre, Pennsylvania 18707-7997.
7. Provide to SSA a quarterly extract of the Employee Plans Master File (EPMF) including new plans and plan sponsor/administrator name and address changes. Record selection, format and media will be agreed to in writing by IRS and SSA.
8. Provide to SSA a quarterly file of selected changes/corrections/mergers on EPMF records. Record selection, layout/format and media will be agreed to in writing by IRS and SSA. See Attachment C for record layout.
9. Provide SSA with draft copies of any proposed revisions to Form 5500 materials including forms instructions and Schedule SSA and an opportunity to comment on them.

C. SSA Agrees to:

1. Verify the SSNs of plan participants reported on Schedule SSA provided the relevant names and 9-digit SSNs are shown on the report. Such numbers will be verified electronically.
2. Provide notice of potential pension benefit notices to applicant for Social Security and Medicare benefits and to other individuals upon request, as required by section 1131 of the Social Security Act, (42 U.S.C.1320b-1). Additionally, SSA will respond to public inquiries about the pension plan information transmitted from IRS and described in SSA's ERISA notices to applicants and other individuals. However, specific questions about pension plan filing requirements under the Internal Revenue Code will be referred to the IRS' Employee Plans Office.

3. Promptly return to the appropriate IRS office materials misrouted to SSA and received with Schedule SSA.
4. Identify for IRS any instances brought to SSA's attention that indicate pension plans have failed to report to IRS plan mergers, address changes, terminations, or consolidations. This will be accomplished by providing listings of such plans for IRS research and preparing any necessary EPMF corrections from SSA's files.

D. Both IRS and SSA agree to:

1. Work cooperatively toward the long term goal of eliminating the need to transfer paper documents between the two agencies by creating a fully electronic IRS/SSA pension plan data exchange system.
2. Advise the other agency as soon as possible of proposed changes in procedures, or systems affecting pension plan reporting of Schedule SSA data or the recording, maintenance, and the use of such data.

**IV. Privacy, Disclosure Safeguards and Security**

A. Privacy and Disclosure Safeguards

SSA will provide safeguards prescribed under 26 U.S.C. 6103 (p)(4) for all Federal tax returns and tax return information. SSA employees and contractors employed by SSA are subject to the provisions of 26 U.S.C. 7213 and 7431 regarding unauthorized disclosures. See Attachment A for the IRS's Privacy Safeguards, Disclosure Safeguards, Record Retention and, Security and Attachment B for the IRS Requirements on Behalf of SSA with DOL's Processing Contract.

B. Procedures for Security

Both SSA and IRS agree to comply with the requirements of the Federal Information Security Management Act (FISMA) (PL 107-347, title III, section 301) as it applies to the electronic storage, transport of records between agencies, and the internal processing of records received by either Agency under the terms of this Agreement.

**V. Reimbursement, Modification, Termination and Duration of the Agreement**

A. Reimbursement

Each agency will be responsible for its share of the cost incurred to carry out the terms of this Agreement. If one agency desires the other to perform work related

to, but in addition to the responsibility set out by law, and the agency requested to perform the work agrees to perform such work, the additional work will be agreed to in writing. Funding will be provided by the agency requesting the work by means of a reimbursement agreement between the two agencies.

**B. Modification, Termination and Duration of the Agreement**

This Agreement will become effective upon the approval of an authorized SSA official and the IRS' Contracting Officer. This Agreement may be modified at any time by written modification agreed upon by both parties. This Agreement may be terminated at any time with the written consent of both the SSA and the IRS contracting officials. Either party may unilaterally terminate this Agreement upon written notice to the other party requesting termination, in which case the termination shall be effective 60 days after the date of the notice or at a later date specified in the notice. This Agreement is for a period not to exceed five years.

**VI. Access by the Comptroller General**

Consistent with IRC § 6103, the Government Accountability Office (Comptroller General) may have access to all IRS and SSA records, as necessary, in order to monitor and verify compliance with this Agreement.

**VII. Integration Clause**

This agreement constitutes the entire agreement of the parties with respect to its subject matter. There have been no representations, warranties or promises made outside of this agreement. This agreement shall take precedence over any other documents that may be in conflict with it.

## **Persons to Contact**

**The SSA contacts are:**

### **Policy**

Morris Goldstein  
Office of Income Security Programs  
Office of Earnings and Information Exchange  
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### **Matching Program**

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### **Systems**

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**The IRS contacts are:**

**Operations and Policy**

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**Systems**

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The signatories below warrant and represent that they have the competent authority on behalf of their respective agencies to enter into the Obligations set forth in this Agreement. The authorized officials whose signatures appear below have committed their respective agencies to the terms of this Agreement effective this \_\_\_ day of \_\_\_\_\_, 2007.

Social Security Administration

By \_\_\_\_\_  
Alan Lane, Associate Commissioner  
for Income Security Programs

Internal Revenue Service

By /s/ Michael D. Julianelle 11/16/2007  
Michael D. Julianelle  
Director, Employee Plans  
Internal Revenue Service

#### Attachments

- A. IRS's Privacy Safeguards, Disclosure Safeguards, Record Retention and, Security
- B. IRS Requirements on Behalf of SSA with DOL's Processing Contract
- C. IRS EPMF Extract File for SSA