

**SUPPORTING STATEMENT**  
**1545-1610**  
**IRS Form 5500 and Schedules**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Part 1 of Title I and Title IV of the Employee Retirement Security Act of 1974, as amended (ERISA), and the Internal Revenue Code (Code), require administrators of pension and welfare benefit plans (collectively referred to as employee benefit plans) to file return/reports annually concerning, among other things, the financial condition and operation of plans. These annual reporting requirements are satisfied generally by filing the annual return/report forms (Form 5500 Series) in accordance with its instructions and related regulations.

Internal Revenue Code (IRC) sections 6057 and 6058 require all plans of deferred compensation described in Part I of Subchapter D of the IRC to file annual information returns. IRC section 6039D requires certain fringe benefit plans to file annual information returns. IRC section 6047e) requires certain employee stock ownership plans (ESOP) to file annual information returns.

**2. USE OF DATA**

Under Title I of ERISA, the administrator of each employee benefit plan, unless otherwise exempt, is required to file an annual report with the Secretary containing the information set forth in section 103 of ERISA. Section 103 requires the reporting of information concerning the financial condition, investment activities, and general operations of an employee benefit plan. Certain plans are also required to file annual reports with the Internal Revenue Service (IRS) under sections 6039D and 6058 of the Code and with the Pension Benefit Guaranty Corporation (PBGC) under section 4065 of Title IV of ERISA. The reporting requirements of Titles I and IV of ERISA, and the Code are satisfied generally by filing, in accordance with the instructions to the forms and related regulations, the annual return/report and appropriate attachments (the Form 5500 Series).

The Form 5500 Series is the principal source of information

and data available to the Federal Government concerning the operations of employee benefit plans. There are over 900,000 employee benefit plans that must file the Form 5500 Series. These plans cover an estimated 200 million participants and manage an estimated \$3.5 trillion in assets. For this reason, the Form 5500 Series constitutes an integral part of the enforcement, research and policy formulation programs. For enforcement, the annual report provides a means by which the Federal Government can effectively and efficiently identify actual and potential violations of ERISA and the Code thereby minimizing investigatory contacts with the vast majority of plans. The annual report also provides a fundamental tool for investigators in reviewing the operations and activities of employee benefit plans. With regard to research and policy formulation, the Form 5500 Series represents the primary source of data for the development and implementation of national pension policy and is becoming increasingly important in the analysis of health and welfare policy.

In addition to providing important enforcement, research, and policy information data, the Form 5500 Series represents the only source of detailed financial and related plan information available to plan participants and beneficiaries, who upon written request must be furnished a copy of the plan's latest annual report by the plan administrator. Moreover, the annual report serves as the basis for the summary annual report which administrators are required to furnish to each participant and beneficiary annually, unless otherwise exempt.

### **3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

We are currently offering electronic filing on Form 5500 and schedules.

### **4. EFFORTS TO IDENTIFY DUPLICATION**

The government utilizes a consolidated annual report which eliminates the duplicative reporting that would otherwise result from separate reporting to each agency. There is no similar information gathered or maintained by any state or Federal agency or other sources that would enable the government to effectively monitor the activities of employee benefit plans. While certain information concerning assets held by banks, insurance companies and other investment entities may be reported to state and Federal regulatory

authorities, those reports are not normally structured in a manner which would provide meaningful information about those assets attributable to employee benefit plans.

**5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES**

In an effort to simplify and streamline the Form 5500 Series and to reduce the reporting burden on filers, one Form 5500 was developed (beginning in 1999) for use by large *and* small employers. Small plans (plans with fewer than 100 participants) can now use the same Form 5500 that is used by large plans. A distinction between small and large plans, however, continues in that large plans complete the more detailed Schedule H, *Financial Information*, as opposed to Schedule I, *Financial Information - - Small Plan*. (The Form 5500-C/R became obsolete in 1999 with the introduction of the revised Form 5500.)

**6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES**

ERISA and the Code specifically contemplate the filing of reports by employee benefit plans on an annual basis. A less frequent filing could impair and inhibit the administration and enforcement of the statute.

**7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)**

There are no special circumstances that require the collection be conducted in a manner inconsistent with the above.

**8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS**

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 5500 and schedules.

In response to the Federal Register notice dated July 29, 2013 (78 FR 45615), we received 2 comments during the comment period regarding Form 5500 and schedules.

The Chief Statistician, of the U.S. Department of Commerce Bureau of Economic Analysis strongly supports the continued collection of data by the Internal Revenue Service (IRS) on Form 5500, because the data collected are crucial to key components of BEA's economic statistics.

A comment was received by The Senior Counsel, Retirement Policy of the American Benefits Council offering support of the collection. However, the following suggestions were offered: 1) The agencies revise Schedule C so that the information required of pension plans is consistent with the information required pursuant to the Department's regulations under ERISA section 408(b)(2). 2) The agencies should consider expanding the small plan threshold for filing purposes from 100 participants to 250 participants. 3) The Agencies should not remove the ability of plans to use a limited scope audit".

Both comments were forwarded to the originators of the forms. No response was necessary, however the originating offices will consider these and any other comments received in the next revision cycle of the form.

**9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS**

No payments or gifts are provided to respondents.

**10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES**

The Form 5500 Series filings are required by law to be made available for inspection at the Agencies and at the offices of the plan administrators. Accordingly, the Agencies provide no assurance of confidentiality to respondents.

**11. JUSTIFICATION OF SENSITIVE QUESTIONS**

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Employee Plans Master File (EPMF)" system and a Privacy Act System of Records notice (SORN) has been issued for this System under:

- 1 IRS 24.046--Customer Account Data Engine Business Master
- 2 File
- 3 IRS 34.037--IRS Audit Trail and Security Records System
- 4 IRS 50.222--Tax Exempt/Government Entities Case Management
- 5 Records

The Department of Treasury PIAs can be found at  
<http://www.treasury.gov/privacy/PIAs/Pages/default.aspx>

Title 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems.

## **12. ESTIMATED BURDEN OF INFORMATION COLLECTION**

	Pension Plans		Welfare Plans	
	Large	Small	Large	Small
Form 5500	1 hr., 43 min.	1 hr., 17 min.	1 hr., 45 min.	1 hr., 14 min.
Schedule A	2 hr., 41 min.	2 hr., 44 min.	8 hr., 10 min.	2 hr., 36 min.
Schedule B	7 hr., 56 min.	7 hr., 55 min.		
Schedule C	2 hr., 22 min.		3 hr., 8 min.	
Schedule D	1 hr., 39 min.	20 min.	1 hr., 52 min.	20 min.
Schedule E	3 hr., 18 min.	3 hr., 18 min.		
Schedule G	11 hr., 29 min.		11 hr.	
Schedule H	7 hr., 12 min.		8 hr.	
Schedule I		1 hr., 57 min.		1 hr., 48 min.
Schedule R	1 hr., 36 min.	1 hr., 3 min.		

<b>Schedule SSA</b>	<b>6 hr., 25 min.</b>	<b>1 hr., 42 min.</b>		
<b>Simplified Filing Option for Certain Small Plans</b>		<b>3 hr., 4 min.</b>		<b>3 hr., 4 min.</b>

We are making this submission to reflect the IRS portion of the burden developed by DOL. The IRS burden is 319,000 hours for Form 5500 and schedules.

Estimates of the annualized cost to respondents for the hour burdens of Form 5500 and schedules are not available at this time.

**13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

As suggested by OMB, our Federal Register notice dated June 11, 2010, requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any response from taxpayers on this subject. As a result, estimates of the cost burdens are not available at this time.

**14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT**

The primary cost to the government consists of the cost of printing Form 5500 and schedules. We estimate that the cost of printing the form and schedules is \$303,290.

**15. REASONS FOR CHANGE IN BURDEN**

The Department has updated the hour and cost burden associated with the ICR to reflect its most recent data on Form 5500 filings and wage rates. There were 14,000 fewer filings, which led the hour burden to decrease from 326,000 hours to 319,000 hours but led to an increase in the cost burden from \$112,000,000 to \$112,088,000 factoring in increased wage rates.

There have been no program changes to the forms and instructions for 2014.

**16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION**

Not applicable.

**17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE**

See attachment below.

**18. EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I**

Not applicable.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

### **OMB Expiration Date**

We believe the public interest will be better served by not printing an expiration date on the form(s) in this package.

Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsolete by passage of the expiration date each time OMB approval is renewed. Without printing the expiration date, supplies of the form could continue to be used.

The time period during which the current edition of the form(s) in this package will continue to be usable cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. In addition, usage fluctuates unpredictably. This makes it necessary to maintain a substantial inventory of forms in the supply line at all times. This includes supplies owned by both the Government and the public. Reprinting of the form cannot be reliably scheduled to coincide with an OMB approval expiration date. This form may be privately printed by users at their own expense. Some businesses print complex and expensive marginally punched continuous versions, at their expense, for use in their computers. The form may be printed by commercial printers and stocked for sale. In such cases, printing the expiration date on the form could result in extra costs to the users.

Not printing the expiration date on the form(s) will also avoid confusion among taxpayers who may have identical forms with different expiration dates in their possession.

For the above reasons we request authorization to omit printing the expiration date on the form(s) in this package.



