

## Extension Sought for Filing 2000 Form 5500 Series

May 29, 2001

John J. Canary, Chief  
Division of Coverage, Reporting and Disclosure  
Pension and Welfare Benefits Administration  
United States Department of Labor  
200 Constitution Avenue, NW, Room N-5669  
Washington, DC 20210

**Re: *Extension Sought for Filing 2000 Form 5500 Series***

Dear Mr. Canary:

This letter is being sent on behalf of the members of the American Society of Pension Actuaries (ASPPA) on a matter of some urgency.

ASPPA is a national organization of approximately 4,200 members who provide actuarial, consulting, administrative, legal and other professional services for about one-third of the qualified retirement plans in the United States, the majority of which are maintained by small businesses. ASPPA's mission is to educate pension actuaries, consultants, administrators and other benefits professionals and to preserve and enhance the private retirement system as part of the development of a cohesive and coherent national retirement income policy. Its large and broad-based membership gives it unusual insight into current practical problems with ERISA and qualified retirement plans, with a particular focus on the issues faced by small employers.

ASPPA is requesting that the Department of Labor provide a blanket extension of time to file the 2000 Form 5500 Series, similar to the transition-year extension granted on March 22, 2000 for the 1999 annual return/report forms. Specifically we ask that the deadline to file any 2000 Form 5500 or 5500-EZ which would normally be due on or before July 31, 2001, be automatically extended to October 15, 2001, and that Form 5558 ("Application for Extension of Time...") **not** be required in order to obtain such extension. As discussed below, the primary reasons for this request include:

- 1) A large majority of service providers render services to plans with a calendar year end and a common filing deadline.
- 2) For any short plan year beginning in 2000, the filing deadline probably occurred before the 2000 Form 5500 Series was available.
- 3) EFAST is currently processing the 1999 Form 5500 Series and preparers will need to take time from preparing the 2000 Form 5500 Series to answer EFAST inquiries about the 1999 Form 5500 Series.
- 4) EFAST-approved software for the 2000 Form 5500 Series was not available early enough and intermittent software problems persist.

The rest of this letter discusses the above reasons:

**1) A large majority of service providers render services to plans with a calendar year end and a common filing deadline.** As a result, a substantial proportion of the annual return/reports will need to be completed in a compressed time period. Certain data is not available until after the plan year ends, such as the market value of plan assets. For small plans, it is customary to collect information after the plan year-end. At the same time, plan sponsors must amend plans this year to comply with qualification requirements—another large project with a common filing deadline.

**2) For any short plan year beginning in 2000, the filing deadline probably occurred before the 2000 Form 5500 Series was available.** Even filing a Form 5558 to request a 2 ½ month extension would not have provided sufficient time for many plans to file a return/report on time for a short plan year.

There has been considerable confusion about how to handle short plan year return/reports. For pre-1999 plan years, the instructions were clear that when the current year form was not available before the due date of the short plan year's return/report, the latest available form should be used and the dates changed accordingly. This instruction was removed from the 1999 instructions. Our members were glad to see it return to the 2000 instructions. However, the deadline for filing the return/report for many short plan years had already passed before the 2000 instructions were released. As a result, many annual return/reports for a short plan year beginning in 2000 need additional time to be filed without penalty.

**3) EFAST is currently processing the 1999 Form 5500 Series and preparers will need to take time away from preparing the 2000 Form 5500 Series to answer EFAST inquiries about the 1999 Form 5500 Series.**

The 1999 Form 5500 Series was a complete revision with many new codes, forms, and instructions. In some cases, the instructions were misunderstood or unclear. In other cases, forms have been rejected apparently due to errors in the edit checks. Whatever the reason for the rejected return/reports, it takes time for service providers to research and respond to every inquiry from the Department. Additionally, service providers are faced with preparing the 2000 forms before they know if their 1999 forms were filed correctly. Thus, additional time may be needed to train preparers or change procedures to complete the 2000 form.

**4) EFAST-approved software for the 2000 Form 5500 Series was not available early enough and intermittent software problems persist.** The processing time available has been significantly reduced because EFAST-approved software was not available until, at the earliest, mid-April—over 3½ months into the filing season. Our members continue to report processing delays due to software problems, e.g., difficulty in printing.

Due to the large volume of filings, it is common and more cost effective to use computer software to generate all return/reports, including the Form 5558 that is used to obtain an extension. Approval of this extension application form is automatic. To help partly compensate for the late release of the software, ASPPA is asking that the Department grant a 2½ month blanket extension and not require the Form 5558 to be filed.

In summary, ASPPA proposes that a blanket extension be granted, without requiring any application (e.g., Form 5558) to be filed, so that *any* 2000 Form 5500 or Form 5500-EZ with a filing deadline of July 31, 2001, or earlier, may file its annual return/report without penalty by October 15, 2001.

Your prompt action on this request will be greatly appreciated. Thank you for your consideration.

Sincerely,

Valeri L. Stevens, APM, Chair  
Reporting & Disclosure Committee

Brian Graff, Esq.  
ASPPA Executive Director

R. Bradford Huss, Esq., APM, Co-Chair  
ASPPA Government Affairs Committee

Bruce Ashton, Esq., APM, Co-Chair  
ASPPA Government Affairs  
Committee

Theresa Lensander, QPA, CPC, Chair  
ASPPA Administration Relations  
Committee

cc: Carol Gold, IRS

Stuart Sirkin, PBGC

Alan Lebowitz, DOL