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DOL and IRS Finalize Changes to Form 5500

In March of 2023 the Department of Labor (“DOL”) and Internal Revenue Service (“IRS”) announced changes to the Form 5500 mandated by the SECURE Act and SECURE 2.0.

Counting Participants: Starting with the 2023 plan year, defined contribution plans will include fewer participants in 5500 reporting. Previously, plans reported participants who were *eligible* to contribute to the plan when determining plan size. Now, only individuals with an account balance will be counted as participants. Plans with fewer than 100 participants may file the simpler Form 5500-SF and forgo an audit by an independent qualified public accountant. This counting methodology also applies to the “80-120 participant rule,” which permits plans to file the same form they filed the year before if that plan has between 80 and 120 participants. Overall, these changes will save small plan sponsors time and money.

Miscellaneous Changes: There are several other changes that have been made to the Form 5500. These include:

- Schedule H includes more detailed information about administrative expenses, such as information on salaries and allowances, recordkeeping fees, custodial fees, actuary fees, and legal fees.
- Defined Contribution Groups (“DCGs”), a type of plan that allows multiple unrelated employers to all offer the same plan to their employees, are now allowed to file a single consolidated Form 5500. However, DCGs are subject to heightened reporting requirements. DCGs must report plan-level information for each separate plan within the DCG and additionally must ensure that individual plans in the DCG meet certain eligibility conditions.
- Multiple Employer Plans (“MEPs”) are now required to fill out a new schedule on the Form 5500 (Schedule MEP), which consolidates much of the new reporting required of MEPs under the SECURE Act.
- The IRS added several new compliance questions to help improve oversight.

If you have any questions about the new Form 5500 rules, please contact a member of our [Employee Benefits and Executive Compensation Group](#).

