American Institute of CPAs
1455 Pennsylvania Avenue, NW
Washington, DC 20004-1081

November 22, 2016

Office of Regulations and Interpretations
Employee Benefits Security Administration,
Attn: RIN 1210–AB63;
Annual Reporting and Disclosure, Room N–5655
U.S. Department of Labor
200 Constitution Avenue NW.
Washington, DC 20210

Re: Proposed Revision of Annual Information Return/Reports (RIN 1210–AB63)

The American Institute of Certified Public Accountants (AICPA) appreciates the opportunity to comment on Proposed Revision of Annual Information Return/Reports (RIN 1210–AB63) issued in the July 21, 2016 *Federal Register* (the Proposal). These comments were prepared by a joint task force of the AICPA Employee Benefit Plan Audit Quality Center Executive Committee, the AICPA Employee Benefit Plan Expert Panel, and the AICPA Employee Benefit Plan Tax Technical Resource Panel. We support the Department of Labor (DOL), Department of Treasury (Treasury), Internal Revenue Service (IRS) and Pension Benefit Guaranty Corporation(PBGC) (collectively the Agencies) in their efforts to update the Form 5500 Series to improve employee benefit plan reporting for filers, the public, and the Agencies by modernizing financial information filed regarding plans; harmonizing annual reporting requirements with the DOL's disclosure requirements; enhancing the ability to mine data filed on annual return/reports; and improving compliance under ERISA and the Internal Revenue Code.

We believe many of the proposed changes will serve to achieve the Agencies' stated goals. However, certain of them, if adopted in their current form, would create inconsistencies and greater confusion about the reporting requirements. Our comments are intended to help the Agencies identify the proposed disclosures that we believe require a more careful analysis of the purpose, benefit, and cost. Where possible, we offer alternative approaches to achieving the reporting objectives; however, in some areas we do not have a clear understanding of the reporting objectives and therefore do not offer alternatives.

The Proposal requires plans to disclose additional information—in some cases at significant additional effort and cost—without always providing an explanation of the reasons the information is requested and how it meets the Agencies' goals and the reporting and disclosures objectives established in ERISA. The proposed changes will require that substantially more time and effort be spent requesting and collecting the information and making sure it is properly reported in the Form 5500. In addition, plan independent qualified public accountants (IQPAs) will need to spend additional time performing work on the new information required to be reported in the supplemental schedules (for example, the proposed disclosure of the plan's proportionate share of each individual investment in a master trust) and may also spend more time assisting plans in drafting the audit-related disclosures in Schedule H.

We are concerned that the additional burden and cost to comply with the new reporting requirements could have unintended negative consequences. Sponsors that cannot afford (or are unwilling to pay for) the increased fees of plan sponsorship that result from these new requirements may decide to pass the additional costs on to plan participants. Alternatively, plan sponsors may look for options that could jeopardize the quality and accuracy of the information filed. For example, plan sponsors may attempt to prepare the Form 5500 on their own or choose a provider who has little or no experience preparing Form 5500s. This could result in incorrectly prepared forms and schedules and a need for the Agencies to increase monitoring and enforcement efforts. The increased burden and cost may lead some plan sponsors to rethink plan sponsorship or to reduce the level of benefits provided.

We believe that changes of the magnitude included in the Proposal must be fully and carefully reconsidered by the Agencies. We strongly encourage the Agencies to hold public hearings on the Proposal before the revised forms are finalized. A public forum will provide the Agencies and stakeholders in the reporting process the opportunity to discuss their perspectives on the Proposal and

how the Form 5500 can address the information needs of the Agencies, participants and beneficiaries, and policy makers in an efficient, cost-effective manner. In addition, if substantial changes are made to the Proposal as a result of this process, the Agencies should re-expose the Proposal for public comment.

Disclosure of the Name of Audit Engagement Partner (Schedule H, Line 3c(3))

For the reasons set forth below, Schedule H, Line 3c(3) should be deleted in the final Forms revision.

The Proposal incorrectly indicates that the name of the audit engagement partner is currently a required disclosure in the Schedule H. Identification of the audit engagement partner is neither a current Form 5500 disclosure item nor required under ERISA or the DOL's regulations covering the form and content of the accountant's opinion. ERISA requires that the opinion by the IQPA be made a part of the annual report; professional auditing standards do not require the disclosure of the audit engagement partner as part of an accountant's opinion.

The Proposal does not discuss the purpose of this proposed new disclosure or how the information will be useful to users. Mandated disclosure of the name of the individual audit engagement partner would not be useful to plans because the plan already knows the information being disclosed. We believe the information would not be useful to plan participants and beneficiaries because the engagement partner would be unable to discuss the plan audit with participants and beneficiaries due to client confidentiality rules. Disclosure of an individual name could also mislead or confuse users about the role of the engagement partner by placing a misleading emphasis on a single individual. In particular, requiring the individual name overemphasizes the role of the engagement partner as compared to the role of the firm, especially considering the significant differences in audit firm size (from a sole proprietor to large regional, national or international firms). In addition, the proposed disclosure requirement could lead to potential uncertainty or ambiguity if two audit engagement partners had the same name, or if an engagement partner changed his or her name or changed firms.

We are also concerned that the Proposal singles out IQPAs without imposing a similar requirement on plans to disclose the responsible individual's name for other service providers, including appraisers, brokers, investment managers, or any other professional services firm hired by the plan. We believe the Agencies should be consistent with respect to requesting this level of information about plan service providers.

We wish to point out that, after extensive public outreach, the Public Company Accounting Oversight Board (PCAOB), which has authority over auditors of public companies (the Agencies, which have regulatory oversight over ERISA plans, do not have authority over auditors similar to the PCAOB), adopted a comprehensive rule requiring auditors of public companies to file a new PCAOB Form AP, *Auditor Reporting of Certain Audit Participants*, for each issuer audit, disclosing: the legal name of the firm that issued the audit report; specific information about the audit client and the audit report; the name of the engagement partner; a partner identification number; and the names, locations, and extent of participation of other accounting firms that took part in the audit. The PCAOB adopted the rule after considering four rounds of public comments, as well as comments from members of the Board's Standing Advisory Groups. As a result of its robust process, the PCAOB addressed the potential uncertainty or ambiguity for public company auditors by requiring a unique 10-digit partner identification number. The partner identification number must begin with the Firm ID—a unique five-digit identifier based on the number assigned to the Firm by the PCAOB—and be followed by a unique series of five digits assigned by the Firm.

We would welcome the opportunity to meet to discuss other approaches to achieving the Agencies' objectives.

IQPA Report (Schedule H, Part III Accountant's Opinion)

The term "IQPA report" as defined in the Form 5500 and used in this Part (and elsewhere in the Proposal) is misleading and confusing. The Form 5500 defines the term "IQPA report" to include an accountant's opinion (more commonly referred to as the independent auditor's report) as well as the plan's financial statements and related notes and supplemental schedules. The only document that

should be attributed to the plan's IQPA is the auditor's report. The auditor's report is included and submitted together with the plan's financial statements and related notes and supplemental schedules, which are the responsibility of plan management. The Form 5500 should not refer to the IQPA audit report and the plan's financial statements (including the Form 5500 schedules) collectively as the "IQPA report" because it could mislead users of this information about the role and responsibility of the IQPA for the plan's financial statements. In addition, we have seen instances where plan administrators were confused by the term "IQPA report" and mistakenly detached the accountant's report from the plan's audited financial statements and filed only the single page auditor report without the other required documents. To eliminate this confusion, we recommend the last two sentences in the introductory paragraph of Part III Accountant's opinion be replaced with the following:

> The IQPA report (also referred to as the independent auditor's report) and the audited financial statements and related notes and supplemental schedules must be attached to the Form 5500 Annual Return/Report when Schedule H is attached, unless Line 3h(1), (2), (3), or (4) on Schedule H is checked.

Disclosure of Audit Matters (Schedule H, Part III Accountant's Opinion, Line 3f)

The proposed new requirements in line 3f use incorrect terminology or outdated references to professional auditing standards, which may lead to inconsistent and improper reporting of audit-related matters. It should be revised to reflect current terminology, as follows:

- The term "advise" should be replaced with "communicate to."

- As explained in our comment above on the IQPA report, the phrase "the IQPA report, including the financial statements and/or notes required to be attached to this return/report" in line 3f should be changed to "the IQPA report (also referred to as the independent auditor's report) and the audited financial statements and related notes and supplemental schedules."

- The word "you" in the first sentence of line 3f is ambiguous and should be clarified to refer to "those charged with governance" as defined in AU-C section 260, *The Auditor's Communication with Those Charged with Governance,* consistent with the auditor's responsibilities under professional standards.

- The reference to "SAS 114 and 115" is outdated and should be deleted or updated to refer to the current professional standards references: AU-C section 260 and AU-C section 265, *Communicating Internal Control Related Matters Identified in an Audit*.

- In line 3f(1), the term "errors or irregularities" should be replaced with "uncorrected misstatements."

- In line 3f(2), the term "illegal acts" should be replaced with "matters involving noncompliance with laws and regulations."

The requirement in line 3f(3) regarding material internal control weaknesses may be impracticable as written. For many plans, the plan administrator would not be informed of material internal control weaknesses identified in the current plan year by the time the Form 5500 is filed because such auditor communications can be, and frequently are, made up to 60 days after the audit report release date. In most cases, the Form 5500 is filed shortly after the auditor's report is released. When the required communications are made after the Form 5500 is filed, the plan administrator would answer "no" as it relates to any auditor communications of internal control matters related to the plan's current financial statements being submitted with the Form 5500. Alternatively, the Agencies could ask whether the plan administrator has been informed of any material internal control weaknesses since the previous Form 5500 filing date.

Further, the requirement to disclose whether the IQPA has communicated certain matters to those charged with plan governance related to uncorrected misstatements, noncompliance with laws and regulations, and material weaknesses in internal control should relate only to matters communicated in

writing as required by professional auditing standards. The plan administrator likely would not be aware of any oral communications or be able to obtain any supporting documentation.

Line items 3f(1) through (7) mix the IQPA's responsibilities for communicating matters to those charged with plan governance with plan management's responsibilities for matters disclosed in the plan's financial statements and related notes and schedules. Line 3f in the Accountant's Opinion section should include only items that relate to the IQPA's responsibilities; it should be revised to exclude items that are the responsibility of management. Specifically, reporting and disclosure requirements of the matters specified in lines 3f(4), "a loss contingency indicating that assets are impaired or a liability incurred"; 3f(5), "that the plan sponsor may not be a going concern"; and 3f(7), "any unusual or infrequent events or transactions occurring subsequent to the plan year end that might significantly affect the usefulness of the financial statements in assessing the plan's present or future ability to pay benefits" are addressed in GAAP and, as such, are the responsibility of plan management, not the IQPA. Because management is required by GAAP to disclose those items in the notes to the financial statements, we believe it is not necessary to separately identify them in the Form 5500. If the Agencies want the plan administrator to identify whether any of these matters are included in the plan's financial statements and related notes or schedules, we recommend these matters be separated and reported elsewhere on Schedule H, using the following language:

Do the notes to the financial statements include any of the following disclosures (check all that apply)?

(1) A loss contingency that has been accrued or disclosed
(2) Substantial doubt about the plan's ability to continue as a going concern
(3) Any unusual or infrequent events or transactions that occurred subsequent to the plan year end that might significantly affect the usefulness of the financial statements in assessing the plan's present or future ability to pay benefits

We believe the proposed requirement in line 3f(6) to report the existence of plan qualification issues is vague and may create confusion and uncertainty among preparers and users of the Form 5500. It should be deleted or revised and moved to the compliance section of Schedule H because it is not part of the IQPA's opinion. In addition, the term "issues" used here is vague and subject to varying interpretation, including whether it includes corrected and uncorrected operational errors, plan document or demographic matters, matters that do not affect the plan's financial statements, issues arising in the current plan year as well as prior plan years, and material and immaterial matters. Further, the determination of whether the plan is qualified is made by the IRS, not the plan administrator. The intent of this reporting item is not clear and we are unsure whether it would be meaningful because virtually all plans have some compliance matters and many are immaterial and are timely corrected. The plan may already have self-corrected the issue or entered into the Voluntary Correction Program (VCP). For these reasons, if this requirement is not deleted we recommend it be included in Part IV of Schedule H, as a compliance question or a supplemental schedule. We also recommend the Form 5500 instructions clarify what plan qualification issues should be disclosed (e.g., plan operational issues, plan document issues) and provide information about the available correction programs. We believe that if the plan administrator is asked to provide information about plan qualification issues, the plan administrator should be able to explain the status of each issue, including whether the issue is being corrected through one of the available correction programs. In addition, we believe the instructions should be specific about when an issue should be reported, whether the same issue is required to be reported if the correction process extends over multiple reporting periods, and whether plan administrators should report issues that were identified and corrected during a reporting period.

Peer Review Information (Schedule H, Part III, Accountant's Opinion, Line 3g)

The proposed changes to Schedule H indicate that Line 3g requiring information about the IQPA's peer review is a new disclosure requirement. The Proposal does not discuss the purpose of this new disclosure and how the information will be useful to users. From a plan's compliance perspective we see no purpose to or benefit of having plan administrators disclose information about the IQPA's peer review and believe it may be misleading. ERISA and DOL regulations do not require a plan's IQPA to have a peer review and the plan administrator is not responsible for their IQPA's peer review. Further, none of the requested information would typically be known to the plan administrator or be of any

direct benefit to plan participants and beneficiaries. Moreover, the plan administrator would not necessarily know or be able to readily determine whether the IQPA has a peer review performed in accordance with their state requirements.

As a fiduciary, the plan administrator is responsible for hiring a qualified IQPA, but should not be responsible for disclosing IQPA peer review information to the Agencies as part of the plan's annual Form 5500. ERISA requires the plan administrator engage an IQPA that is licensed or certified as a public accountant by a state regulatory authority. Plan administrators are required to use the same care and prudence in hiring a plan auditor that is used when hiring any individual or entity that provides services to the plan. To be properly licensed, CPA firms and individuals who perform audits must meet individual state licensing requirements including experience, annual continuing professional education, and in most states, undergoing a peer review every three years. The DOL's publication, *Selecting an Auditor for Your Employee Benefit Plan*, provides plan administrators with guidance on hiring a quality auditor and encourages plan administrators to obtain references and discuss the auditor's work for other employee benefit plan clients, and verify with the appropriate state regulatory authority that the provider holds a valid, up-to-date license or certificate to perform auditing services. We support this effort of the DOL to educate plan administrators on the importance of engaging a qualified audit firm and suggest this publication is a more appropriate vehicle to inform plan administrators of the value of a peer review and its legal requirement in most licensing jurisdictions.

Disclosure of an IQPA's peer review information could mislead or confuse users that are not aware of the nature, objectives, scope, limitations of, and procedures performed in a peer review. Peer review helps monitor a firm's *overall* accounting and auditing practice. Firms are also required to adhere to quality control standards, including establishing a system of quality control for its accounting and auditing practice, and policies and procedures addressing leadership responsibilities for quality within the firm (i.e., the tone at the top), relevant ethical requirements, acceptance and continuance of client relationships and specific engagements, human resources, engagement performance, and monitoring. Moreover, a "clean" peer review report is not a confirmation that the IQPA performed a quality audit of the plan's financial statements. A peer review encompasses a cross section of the reviewed firm's accounting and auditing practice, with greater emphasis on those engagements in the practice with higher assessed levels of peer review risk, such as ERISA plan audits. Since a peer review does not include reviewing the complete population of audits in the IQPA's high risk practice, in many cases, the audit of the plan filing the Form 5500 is not selected for review. Accordingly, the peer review provides no indication of whether a quality audit of that particular plan's financial statements was performed. Disclosing whether the IQPA's peer review covered employee benefit plans may lead participants, beneficiaries, and others to believe the plan audit was reviewed during the peer review when in fact it was not.

We understand that in its recent study of the quality of plan audits the DOL found that some audit firms did not have a proper peer review as required by their state board of accountancy and the AICPA. To address this issue, the AICPA, in collaboration with the DOL and state boards of accountancy, has undertaken a significant initiative to identify the population of CPA firms that perform ERISA audits and to monitor that those firms are enrolled in the AICPA Peer Review Program and have a proper peer review.

For the reasons stated above, we recommend Schedule H Line 3g be removed from the Form 5500 revisions. We encourage the DOL to continue its outreach to plan administrators and state boards of accountancy and to work collaboratively with the AICPA to enhance the quality of ERISA plan audits.

Submission of Limited Scope Audit Certification (Schedule H, Part III Accountant's Opinion, Line 3b)

We support the DOL's objectives to make the certifications for limited scope audits more detailed and informative and believe that requiring certifications be included as part of the Form 5500 submission may provide greater transparency. Because Congress concluded in 1974 when considering ERISA that the limited scope certification is significant enough to permit plan administrators to direct the IQPA not to perform any additional procedures with respect to the investment information prepared and certified by a qualified institution, we believe the requirements for an acceptable certification should be specific and clear. We support the changes in the Proposal, but have additional suggestions for

improving the rules related to certifications that we believe will result in better certifications and less confusion.

We believe the plan administrator should be required to list on Schedule H all service providers that certify plan investment information on which the plan administrator is relying on to elect the limited scope audit exemption.

We also believe the plan administrator should acknowledge, by checking a box next to each service provider listed on the Form 5500, that the plan administrator is responsible for determining whether the conditions for limiting the scope of the accountant's examination, as set forth in ERISA and the DOL's regulations, have been satisfied, and that he or she has determined that the limited scope certification satisfies the conditions for a certification in § 2520.103-8. This would emphasize the importance of the plan administrator's responsibility to determine the adequacy of the limited scope certification.

We agree with the Proposal that in agency situations the certification should include a statement acknowledging the agency relationship and affirming that the qualified institution is taking responsibility for the accuracy and completeness of the certification and the underlying records. We believe that the requirement can be strengthened by requiring that the plan administrator obtain a copy of the agency agreement, and confirm it by checking a box on the Form 5500. This would emphasize the importance of the requirement that the plan administrator confirm that the certifying entity is a qualified institution.

In addition, in our separate comment letter on the *Proposed Revision to DOL Reporting Regulations to Implement Notice of Proposed Forms Revisions,* we have recommendations for clarifying the DOL regulations related to limited scope certifications, which would reduce confusion and strengthen participant protection as contemplated by ERISA.

Master Trust Reporting on Supplemental Schedule of Assets Held for Investment at End of Year (Schedule H, Line 4i(1)(b))

We recommend the Agencies delete the requirement that plans list their proportionate share of each individual investment in a master trust because it will result in redundancy and could significantly increase Form 5500 and financial statement preparation costs and audit fees. As proposed, the Agencies will receive the information about individual investments for each plan in three different places: the list of assets held for investment in the master trust Form 5500 filing; the list of assets held for investment in the plan's Form 5500 filing; and the schedules attached to the plan's audited financial statements. Because a master trust could include a significant number of investments, the proposed disclosures would be voluminous and require a significant amount of time to prepare and audit. As the risk, terms, and current value of the investments are the same at the master trust and plan level, we are unsure what benefit would be gained by repeating the information in each participating plan's Form 5500 and audited financial statements. If the Agencies would like more information about investments in a master trust that are not shared by all plans, they could request the plan list those particular investments on Schedule D.

PSA and CCT Reporting on Supplemental Schedule of Assets Held for Investment at End of Year (Schedule H, Line 4i(c))

We recommend the Agencies delete the proposed requirement that plans list the individual investments in pooled separate accounts (PSAs) and common/collective trusts (CCTs) on the Supplemental Schedule of Assets Held for Investment at End of Year when the trust holding plan assets does not file a Form 5500 as a Direct Filing Entity (DFE) because it may preclude the IQPA from reporting on the supplemental schedules, as explained below. Instead, we recommend the Agencies consider the cost-benefit of requiring all PSAs and CCTs to file a separate Form 5500 as a DFE. If that is not feasible, we recommend the individual investment information be reported in a schedule that is not required to be included with the audited financial statements.

In a full scope audit, professional standards require that the information presented in the supplemental schedules to be reported on by the auditor be derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Because the plan does not

own the underlying assets of the CCT or PSA, the information about individual investments in PSAs and CCTs typically would not be a part of the accounting and other records used to prepare the financial statements. In such cases, the auditor would be unable to issue an opinion as to whether the supplemental schedules that are required to be included with the auditor's report are fairly stated in all material respects, in relation to the financial statements as a whole, in accordance with AU-C 725, *Supplementary Information in Relation to the Financial Statements as a Whole*.

When an auditor issues a disclaimer of opinion on the plan financial statements as part of a limited scope audit, the auditor is precluded from expressing an opinion on the supplemental schedules in relation to the financial statements as a whole. In those cases, the auditor instead expresses an opinion on the form and content of the information included in the supplemental schedules, other than that derived from the information certified by a qualifying institution. Because the required information regarding individual investments is not likely to be certified by the custodian/trustee (it is our understanding it may be impracticable for the custodian/trustee to confirm or certify the plan's proportionate share of the individual investments in the PSA or CCT because the plan's trustees generally do not meet the qualifications required to certify the underlying assets of the PSA or CCT) and, as stated previously, the information is not included in the plan's financial records nor will the custodian/trustee likely supply such information, the auditor would not be able to issue an opinion on the form and content of the supplemental schedules.

Hard to Value Assets (Schedule of Assets Held for Investment at End of Year, Line 4i(a) – (c), Element (iii), (iv), and (v), respectively)

As proposed, any investment that is not listed on any national exchanges or over-the-counter markets, or for which quoted market prices are not available from sources such as financial publications, the exchanges, or the National Association of Securities Dealers Automated Quotations System (NASDAQ), would be identified as "hard to value." As such, assets such as bank collective trusts, government and corporate bonds, certificates of deposit, and time deposits would be reported as hard to value, which would be misleading. Instead we recommend investments be categorized using GAAP concepts, including the FASB ASC 820, *Fair Value Measurement* fair value hierarchy, guidance for reporting investments that use the net asset value (NAV) as a practical expedient or, where appropriate, contract value. The plan administrator would identify each investment on the schedule as level 1, 2, 3, NAV, or CV, which we believe would provide better and more accurate information about how investments are valued than what is currently proposed. We believe the Form 5500 should be consistent with the requirements in GAAP to the greatest extent possible to eliminate confusion, minimize the need for information to be prepared on two separate bases, and reduce the number of reconciling notes required in the financial statements.

If this does not meet the Agencies' objectives, we would welcome the opportunity to meet to discuss other approaches to achieving those objectives.

Group Health Plan Information (Schedule J)

We have significant concerns with the proposed Schedule J, *Group Health Plan Information*. As noted by the Agencies in the Proposal, the new requirement for ERISA-covered group health plans to file a Form 5500 and Schedule J will drastically increase the number of plan sponsors required to file Form 5500 (an estimated 2.1 million additional filings), most of which are small businesses and entities that have never filed a Form 5500. These employers and their service providers will need to collect and report a significant amount of information on Form 5500 and Schedule J. Effective reporting and compliance will require substantial outreach to plan sponsors by the Agencies and the service provider community. The Proposal does not indicate how this new requirement will be communicated to plan sponsors that will be affected and we are concerned that many plan sponsors will be unaware of the requirement and may not file as required.

The new filing requirement for information about group health plan operations, ERISA compliance, and compliance with certain provisions of the Affordable Care Act will increase the cost to administer group health insurance for employees. Sponsors that cannot afford (or are unwilling to pay for) these additional costs may decide to prepare the Form 5500 and Schedule on their own or choose a provider who has little or no experience preparing Form 5500s, which could result in

incorrectly prepared returns. An increase in cost to small business to hire the proper service provider may lead small business to rethink plan sponsorship.

In addition, we believe several of the questions, including questions 7 (rebates), 15 (stop loss insurance premium and claim limit) and 18 (benefit payment claims), address matters that are proprietary and are inappropriate information requests for a public document. Further, since only self-insured health plans will be required to complete questions 15 and 18 on Schedule J, it would cause their operations to be subject to public scrutiny while this will not be the case for the operations of insurance companies. Should the Agencies believe it is necessary to obtain the information on group health plans required to be reported on Schedule J, the Agencies should consider alternate methods of obtaining this information (such as on a stand-alone filing similar to Form 8955-SSA, *Annual Registration Statement Identifying Separated Participants with Deferred Vested Benefits*), or other methods to obtain this information in a non-public filing.

We also recommend the Agencies consider phased-in implementation of the reporting requirements for group health plans by establishing thresholds (for example, by size or funding status) for immediate and deferred implementation of the new filing requirements.

Enhancing Usability of Form 5500 Data - eXtensible Business Reporting Language (XBRL)

The Proposal states that an objective of the Form 5500 revisions is to enhance the accessibility and usability of data filed on the Form 5500 forms and schedules. To this end we recommend the Agencies adopt the XBRL data standard for the Form 5500 series. XBRL (eXtensible Business Reporting Language) is a standards-based way to communicate and exchange business information between business systems. XBRL provides a unique, electronically readable tag for each individual disclosure item within business reports such as financial statements. The XBRL Specification is developed and published by XBRL International, Inc. (XII). XBRL is a non-proprietary, open, freely available standard that is widely used and has low implementation cost by leverage existing reporting standards such the US GAAP Financial Reporting Taxonomy. Users of XBRL include US regulators such as the Federal Deposit Insurance Corporation and the Securities and Exchange Commission. XBRL is also used internationally by regulators of stock exchanges and securities, banking regulators, business registrars, revenue reporting and tax-filing agencies, and national statistical agencies. The XBRL data standard is uniquely suited to work with financial data as it has a consistent method to convey financial metadata such as time period, currency, reporting entity, etc. A standard like XBRL is significantly more appropriate than alternatives such as an XML based standard or continuing the use of CSV files, neither of which contain consistent identifiers for the data; would require a lot of work (expense) to build; and would result in data that cannot be automatically extracted and analyzed. Using XBRL, it would be relatively simple to create the querying feature outlined in the proposal and the data would be easy for commercial software providers to extract and serve up in their own applications. Because XBRL is used around the world, there is a competitive marketplace of tools available that create and use XBRL data for other reporting areas such as US GAAP or private company data in the UK. These tools can easily adapt to other XBRL-based applications and begin extracting and serving up US pension data as well. We would be happy to meet to discuss how XBRL could be used in the Form 5500 series.

Detailed Comments on Forms, Schedules and Instructions

We have also included detailed comments and recommendations in the Attachment to this letter that we believe will improve the clarity and consistency of reporting in the Form 5500 and schedules.

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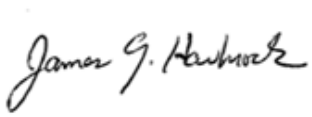
The AICPA is the world's largest member association representing the accounting profession, with more than 412,000 members in 144 countries, and a history of serving the public interest since 1887. Our members advise clients on federal, state and international tax matters and prepare income and other tax returns for millions of Americans. Our members provide services to individuals, not-for-profit organizations, small and medium-sized businesses, as well as America's largest businesses.

We appreciate your consideration of our recommendations. Please contact Ian MacKay at 202-434-9253 or imackay@aicpa.org if you have any questions or would like to discuss these comments.

Sincerely,



James Haubrock, CPA, CGMA

Chair, AICPA Employee Benefit Plan Audit Quality Center Executive Committee

Annette Nellen, CPA, CGMA, Esq.

Chair, AICPA Tax Executive Committee

ATTACHMENT

AICPA Comments on Proposed Revision of Annual Information Return/Reports
(RIN 1210–AB63)

Comments on Forms, Schedules and Instructions

Form 5500 Annual Return/Report of Employee Benefit Plan

Reference	
Part II, Basic Plan Information. 4a-c.	***Information about named fiduciary.*** Lines 4a, 4b, and 4c should be deleted. The information requested (i.e., name, address, telephone number) should not be required to be reported on the Form 5500 if the named fiduciary is an individual since it will become public information. While it appears the Agencies presume that the named fiduciary is a financial institution because the form requests an EIN instead of a SSN, that may not always be the case. Many plans do not retain a financial institution to be a trustee because of the added expense with no added value as most all financial institution Trustees are Directed Trustees.

Form 5500-SF- Annual Return/Report of Small Employee Benefit Plan

Reference	
Part VI, Plan Operations Compliance Questions, Lines 14j through 14l.	***Participant-directed individual accounts plans—Disclosures to participants and beneficiaries.*** These questions may be difficult for preparers to answer because preparers typically are not involved in investment decisions or offerings, and may need to consult several sources to obtain the information. In addition, many of the disclosures are very broad and appear to be of limited value. We recommend these questions be deleted. We offer the following comments as additional support for our recommendation to delete these line items: • Line 14j. We do not understand the benefit of attaching the investment option comparative chart to the Form 5500. In addition, it is unclear as of what date the investment option chart should be prepared. Plan sponsors and beneficiaries are required to furnish plan participants this investment-related information on or before the date they can first direct their investments, and then again annually thereafter. As these charts may be lengthy, may be updated frequently, and participants already receive the information, we believe this requirement would add additional cost and burden to the plan administrator and Form 5500 preparer with no added benefit to the plan participant. • Lines 14k and 14l. By asking this series of questions, it appears the DOL is moving to a bright line investment lineup instead of the procedural prudence that ERISA requires of plan sponsors. If used in isolation, the data requested may produce comparatives that are inappropriate for use in the marketplace. Additionally, this data may not be properly understood by data users without an understanding of the nature of the plan participants. In the small plan marketplace, when plan asset size begins at zero and there is funding of $30,000 annually, a plan trustee may choose to limit the number of choices to the main ERISA 404(c) categories, which may not include all of the choices.

Part VI, Plan Operations Compliance Questions, Line 14r.	***Termination of service providers.*** We believe this line item should include a requirement that the plan administrator provide the service provider with the explanation of the termination that is disclosed on the Form 5500-SF or Schedule H. In addition, the service provider should have the opportunity to provide comments to the Agencies regarding any aspect of the explanation with which it may disagree, similar to the current requirements for disclosing terminations of a plan auditor or actuary. Further, we believe the term "material failure" is vague and subject to misinterpretation and should be more clearly defined.
Part VI, Plan Operations Compliance Questions, Line 14s.	***Summary plan description.*** This question is very broad and, as written, could be interpreted to relate to any and all aspects of the SPD. Most plan administrators likely do not have the qualifications to evaluate whether the SPD is in compliance with all requirements (they typically rely on a service provider and legal counsel to prepare and update the SPD in accordance with regulations), so they would be unable to answer the question. As such, we recommend the Agencies make the question specific to the SPD requirements about which the Agencies are most concerned.
Part VII Pension Funding Compliance.	***Pension funding compliance.*** The Form 5500 Instructions should clarify that this section applies only to pension plans subject to IRC 412 and only those plans are required to answer the questions, as "pension plan" can mean profit sharing plans under the ERISA definition.
Part X, IRS Compliance Questions, Line 22a.	***Master and prototype plan or volume submitter—Serial number.*** In the small plan market, an outdated prototype plan document may be used unknowingly by a plan sponsor, even after a letter has been written to the plan sponsor indicating they may no longer rely on that prototype plan. As such, we recommend the Agencies request that the plan sponsor confirm on this line that the prototype sponsor has granted permission to disclose the prototype plan serial number, which would help identify instances when the wrong plan document is being used.

Schedule C - Service Provider Information

Reference	
General	***New thresholds for reporting covered service providers and other providers.*** We believe the proposed changes will not result in fewer service providers reported on the Schedule C as stated in the proposal because the majority of service providers who report indirect compensation are covered service providers. These proposed new thresholds should be deleted.
General	***Elimination of Eligible Indirect Compensation (EIC) and formula estimate for indirect compensation.*** Requiring the calculation of an estimated dollar amount in place of the current option to present a formula is, in most cases, neither relevant nor cost effective and should be eliminated. The estimated amount relates only to those participants in the specific investment and is calculated based on the total net assets of the fund rather than by individual account. In addition, as service providers have indicated in a comment letter submitted by the ABA, these fees would be difficult, and perhaps not possible, to calculate, with very little additional benefit to the plan participant or DOL given that participants and the Agencies are able to obtain this information

	through the individual funds' prospectuses and financial statements. We recommend the Agencies permit plans to continue to present a formula.
Line 1a.	***Contact information for service providers that are natural persons.*** The proposed requirement to disclose contact information of service providers should be revised for service providers that are natural persons. The instructions state "[i]f the service provider identified is not an individual, in addition to the name, EIN and address of the entity, provide the name of and address for an individual or office that the plan would contact for the information about the service provider." Because the individual contact information would be publicly available and searchable in EFAST and likely used by marketers, promoters and others for unintended purposes, a contact at the service provider should not be identified by individual name. For service providers that are natural persons, this information should be reported to the Agencies in a non-public document.

Schedule D - DFE/Participating Plan Information

Reference	
Line A. Name of Plan.	***Name of plan.*** We recommend the word "Plan" be replaced with "DFE" because this schedule is only required to be completed by a DFE. This will avoid confusion about what entity must complete this form.

Schedule E- ESOP Annual Information

Reference	
Part I Employer Stock Acquired with a Securities. Acquisition Loan, Line 1f.	***Common stock released from a loan suspense account.*** We recommend the Agencies replace the term "loan suspense account" in the Form 5500 instructions and line item 1f with the term "suspense account of unallocated shares" because the current terminology does not accurately reflect the nature of the account and could result in improper reporting. The account is not a suspense account related to the loan; it holds the unallocated ESOP shares, which are collateral for the loan.
Part III Securities Acquisition Loans.	***Securities Acquisition Loans.*** We believe the proposed order of Parts I, II and III of Schedule E could cause inefficiencies and/or confusion. To simplify the preparation of Schedule E, we recommend the Agencies move the information in Part III to immediately follow Part I under the heading Part II, as both of these sections relate only to ESOPs with outstanding securities acquisition loans. Proposed Part II (which would become Part III) is applicable only to ESOPs that acquired employer securities not readily tradable on an establish securities market during the plan year.
Part III Securities Acquisition Loans, Line 3h.	***Loan refinanced or amended during the plan year.*** To achieve the goal of obtaining accurate and detailed information on ESOP securities acquisition loans, we believe the Agencies should clarify how a loan that was refinanced or amended in a previous year (but not in the current year) should be reported. The proposed format and limited instructions make it unclear whether the information to be included in lines 3e-f (date of loan and interest rate) relates to the original loan or the refinanced loan, which could cause confusion if the loan was refinanced in a previous year.

Part IV Other General Information, Line 4a.	***Employee elective deferrals used to satisfy securities acquisition loan.*** We believe the instructions for this line item should clearly state that the use of elective deferrals to satisfy a securities acquisition loan is not an acceptable practice, and refer to the guidance that prohibits it. As proposed, the question may lead plan management to believe this practice is acceptable when it is not. The Agencies also should consider providing guidance in the instructions as to how this can best be corrected if the plan needs to take corrective action.

Schedule G - Financial Transaction Schedules

Reference	
Line 1h(2).	***Was the security interest perfected?*** Since the term "perfected" has specific legal meaning and is not commonly used in the EBP industry, non-lawyer preparers likely will not understand this term or be able to make a legal representation. We recommend the instructions be revised to include an explanation of or a definition for the term "security interest perfected" to help preparers answer the question correctly without having to consult or obtain a representation from legal counsel. The instructions should further clarify this question by including examples of how a plan's security interest may be perfected.
Line 4f.	***Amount involved in nonexempt transaction.*** The instructions for line 4f on Schedule G conflict with information on the schedule itself, which could cause confusion for preparers. Line 4f requires reporting of "the amount involved in nonexempt transaction," while the instructions state "enter the principal amount of the transaction." The instructions or line item should be revised to be consistent and clear about what amount should be reported in Line 4f (e.g., sales price, cost, transaction amount plus interest).
Line 4h.	***Has the transaction been fully corrected?*** We recommend this question be revised because it cannot be answered accurately. The initial question asks "has the transaction been fully corrected?" If the answer is yes, the preparer is prompted to select how it has been corrected. One option is that the transaction is pending correction through VFCP. However, if the transaction is pending correction through VFCP, then it is not fully corrected. We recommend the question be revised to prompt the preparer to check a box that represents the status of the correction (i.e., transaction fully corrected outside VFCP; transaction corrected through the VFCP; transaction in process of correction outside VFCP; transaction pending correction through VFCP; in process of determining how to correct).
Line 4k.	***If the nonexempt transaction occurred with respect to a disqualified person, and the person was notified, was a Form 5330 filed with the IRS?*** We are concerned that a "no" answer to this question may be seen as a possible compliance issue that could result in an audit by the IRS, when there may be a valid reason for not having filed a Form 5330. For example, plan management may be evaluating correction options or waiting for a final resolution with the VFCP and, as such, conclude a Form 5330 filing is not required. We recommend the "no" option be expanded to add two check boxes for: "intend to file" and "in process at the VFCP."

Schedule H - Financial Information

Reference	
Part I Asset and Liability Statement, Lines 1a(4) and 1j.	***Other receivables/other liabilities.*** We recommend that new categories be added under "Receivables" and "Liabilities" to identify amounts due from broker/dealers and due to broker/dealers, respectively. These balances associated with the sales and purchases of investments typically are the largest amounts included in the other receivables and liabilities line items, obscuring all other amounts that are reported there. Specifically, "Due from Broker/Dealer" would be added under "Receivables (less allowance for doubtful accounts)" as Line 1a(4), and "Due to Broker/Dealer" would be added under "Liabilities" as Line 1j.
Part I Asset and Liability Statement, Line 1a(3).	***Notes receivable from participants (participant loans).*** We support the Agencies' proposal to report participant loans as notes receivable consistent with GAAP rather than as "General Investments" under the current reporting classification. We encourage the Agencies to require Form 5500 financial information of large plans to be consistent with the requirements in GAAP to the greatest extent possible to minimize the need and added burden for information to be reported using two different accounting bases, and to reduce the number of required reconciling items in the notes to the plan's GAAP financial statements. However, to fully implement this change, the Agencies should revise the instructions for Line 4i of the Schedule of Assets Held for Investment at End of Year to delete the requirement that participant loans be disclosed on that schedule.
Part I Asset and Liability Statement, Line 1b.	***General investments.*** Because the proposed changes related to reporting investment information may include required revisions to industry standard trade tickets, manual entries, and judgment by recordkeepers in determining how to record transactions, and could be costly to service providers, the Agencies should give careful consideration to the time, effort, and cost that service providers and brokers will incur to implement the changes to their systems necessary to properly classify and report investment in these categories. Where manual entries are required, the changes could cause inconsistencies in investment categorization and reporting among plans. As such, we believe the Agencies should evaluate these risks and consider the possibility that reporting investment information in more categories may not necessarily result in more meaningful and consistent investment information. In addition, we believe the Agencies should consider whether service providers will be able to provide trust statements with sufficient detailed investment information that will enable Form 5500 preparers to complete this schedule using the proposed new investment categories. Form 5500 preparers typically are not investment experts and may not be able to obtain sufficient information from service providers to understand the nuances between the investments reported in the trust statements, thus resulting in improper or inconsistent reporting of investments. Specifically, the proposed categories are very broad and some categories are not defined. We believe this will create confusion and inconsistency in reporting investments. For example, no definition is provided for the subcategories under line item 1b(7): Value of interest in funds held in insurance general account (unallocated contracts); deposit administration; immediate participation guarantee; guaranteed investment contracts; and other unallocated insurance contracts. As insurance products may be complex and often have different

	terms and structures from company to company, it may not be clear in which subcategories those investments should be included. We recommend the Agencies work with service providers to identify which investment types are not easily identifiable, and to incorporate in the Schedule H instructions clear and consistent definitions recognized by the investment industry. In addition, some of the proposed new subcategories include a mixture of legal structure and investment strategy. We believe this may cause confusion about where certain investments should be reported. For example, a hedge fund is an investment strategy that typically is structured as a limited partnership, but "hedge fund" is listed as a separate subcategory. We recommend the subcategories be revised to eliminate those that would be considered investment strategies rather than legal structures.
Part I Asset and Liability Statement, Line 1b(2)(A)-(C).	***Interest bearing cash.*** We believe the proposed requirement to break out cash and cash equivalents into three subcategories (interest bearing cash, certificates of deposit, and money market accounts) should be deleted in the final forms revisions. This change will not achieve the Agencies' stated objective of improving reporting of hard-to-value and alternative investments on the Form 5500 as recommended by the DOL OIG, because interest bearing cash investments are neither hard-to-value nor alternative investments. As such, we believe the additional time and cost associated with making these more granular disclosures is not warranted. If the proposed disclosure is retained in the final forms revisions, we recommend the Agencies clarify why reporting cash and cash equivalents at a more granular level is necessary, and make the following changes to the Proposal: • Revise line 1b(2)(A) to read "Interest bearing cash in financial institutions except for money market accounts" to make it clear that money market deposits at financial institutions should not be reported on this line. • Better define the term "money market accounts", as it is unclear whether it includes only deposits in money market accounts at a financial institution, or if money market mutual funds, stable value funds, and other similar types of investments would be included in this category. • Revise the Form 5500 instructions to clarify that interest bearing cash accounts such as registered investment accounts, common collective trusts, pooled separate accounts, master trusts, and stable value funds should not be included in the interest bearing cash line item 1b(2)(A)-(C); they should instead be included in lines 1b(5)-(7). • Revise the Form 5500 instructions to address where interest bearing foreign cash amounts should be reported. An additional category under cash and cash equivalents may be appropriate. • Add an "other" category for interest bearing cash investments such as repurchase agreements and short-term notes that do not meet the criteria of the proposed categories.
Part I Asset and Liability Statement, Line 1b(11).	***Derivatives.*** We recommend subcategories be added for exchange traded or centrally cleared derivative instruments (such as futures contracts or options on futures) and non-exchange traded or over the counter-derivative instruments (such as forward foreign currency contracts), and that additional subcategories be added under the non-exchange traded investments subcategory to better

	address the Agencies' stated objective of identifying alternative investments and hard-to-value assets.
Part II Income and Expense Statement, Line 2b	***Interest on notes receivable from participants.*** It is not clear how the proposed change to require that interest on notes receivable from participants (participant loans) be broken out between cash received and amounts receivable meets the Agencies' overarching disclosure objectives. This amount typically is immaterial to the financial statements as a whole and, as such, we believe the benefit of this disclosure likely would not justify the time and cost required to provide the information and should be deleted.
Part II Income and Expense Statement, Line 2c(2).	***Dividends (other than employer securities).*** We believe the Agencies should clarify on which line dividends and capital gain distributions received from registered investment companies (RICs) should be reported, as the instructions appear to provide conflicting guidance. As proposed, Schedule H indicates that the amount reported on line item 2c(2)(C) (Dividends, RIC shares (e.g. mutual funds)) should include dividends received from RIC shares. However, the Form 5500 Schedule H instructions state that the total of all RIC earnings, including interest, dividends, gain (loss) on sale of property, unrealized appreciation (depreciation), and, if the asset has been sold during the plan year, the net investment gain (loss), as appropriate for asset type, should be included in line item 2c(6)(E), Net investment gain (loss) from RICs (e.g., mutual funds). In addition, if the Agencies require dividend income and realized and unrealized gain or loss on RICs to be reported separately, then the instructions will need to further clarify on which line the capital gains distributions received from RIC shares should be included.
Part II Income and Expense Statement, Line 2c(4).	***Net gain (loss) on sale of assets.*** We recommend that, at a minimum, the Agencies eliminate the concept of revalued cost and instead require that realized gains and losses be calculated using historical cost. Current value reporting requires assets to be revalued to current value at the end of the plan year. As such, only the increase or decrease in the value of assets since the beginning of the plan year (if held on the first day of the plan year) or their acquisition date (if purchased during the plan year) is included in earnings on the Form 5500; total gains (losses) only include the change between the sales proceeds and revalued cost. Using historical cost, realized gains (losses) represent the change between the sales proceeds and the acquisition cost. This change would simplify reporting by eliminating the need for investment systems to keep track of and report on two different cost bases (historical cost for GAAP purposes and revalued cost for Schedule H disclosure). We also recommend the Agencies consider eliminating lines 2c(4) (A)-(C) and instead require that the realized gain (loss) on investments be combined with unrealized appreciation (depreciation) reported on line 2c(5) to be consistent with GAAP reporting.
Part II Income and Expense Statement, Line 2c.	***Other income.*** We believe the Agencies should restore current Form 5500 line item 2c, Other Income, and add a related explanation line, in the final forms revisions. While we understand the Agencies' objective is to identify all transactions in order to provide better data to analyze and identify unusual items, it is not practicable to identify all unusual transaction types and, as such, an "other" category will always be necessary. For example, there is no "litigation settlements" line item on the Schedule H. If the "other" category was removed, preparers would need to use judgment to select which new category would be

	appropriate for reporting income from those settlements. This would result in inconsistency in reporting and misstatement of some income information.
Part II Income and Expense Statement, Line 2i.	***Administrative expenses.*** We generally agree with the new breakout categories under administrative expenses; however, we recommend a clearer definition be provided for contract administrator fees and recordkeeping and other accounting fees. As currently written, it is unclear how fees for maintaining books and records, which are reported in Line 2i(2) Contract administrator fees, differs from accounting/bookkeeping services, which are reported in Line 2i(5) Recordkeeping and Other Accounting Fees. This may result in confusion and inconsistency in allocating costs among these categories. We also recommend adding two additional categories under administrative expenses, for Form 5500 preparation fees and PBGC premiums. Currently, it is unclear whether Form 5500 preparation fees should be reported in contract administrator fees, IQPA audit fees, or recordkeeping and other accounting fees. And while the instructions require that PBGC premiums be included in the other expenses line item, we believe they should be reported separately because they are common expenses that are readily identifiable. Separate disclosure of these amounts will provide better information to meet the Agencies' overarching objective of providing information about the reporting entity for the Agencies' enforcement, research, and policy formulation programs by providing a better understanding of the expenses charged to plans and plan participants. Further, we recommend the Agencies update the definition of other expenses. The Proposal states that salaries and other compensation and allowances should be included in other expenses; however, it also provides a separate line item for salaries and allowances.
Part III Accountant's Opinion.	***IQPA Report.*** *(See comment in major comment section of letter.)*
Part III Accountant's Opinion, Line 3c(3).	***Name of audit engagement partner.*** *(See comment in major comment section of letter.)*
Part III Accountant's Opinion, Line 3f.	***Review and discuss the IQPA report.*** *(See comment in major comment section of letter.)*
Part III Accountant's Opinion, Line 3g.	***Peer review.*** *(See comment in major comment section of letter.)*
Part IV, Compliance Questions, Line 4i(1)	***Supplemental Schedule of Assets Held for Investment at End of Year.*** We recommend the Agencies add a column for "current value of investments" to the Supplemental Schedule of Assets Held for Investment at End of Year. This information is currently required on the Form 5500 and enables users of the information to reconcile the amount reported on the schedule to the total fair value of investments in the plan's financial statements.

	In addition, as noted previously, the instructions for Line 4i of the Schedule of Assets Held for Investment at End of Year should be revised to delete the requirement that participant loans be disclosed on this schedule. *(Also see comment in major comment section of letter.)*
Part IV, Compliance Questions, Line 4j(h).	***Schedule of Reportable Transactions, cost of asset.*** We recommend the Agencies clarify the Schedule H instructions to require that acquisition (historical) cost be used, which is consistent with the cost basis used in the Schedule of Assets Held for Investment at End of Year (Line 4i(1)) and the Schedule of Assets Disposed of During the Plan Year (Line 4i(2)).
Part IV, Compliance Questions, Lines 4n through 4q.	***Compliance questions related to investment options.*** These questions may be difficult for preparers to answer because preparers typically are not involved in investment decisions or offerings, and may need to consult several sources to obtain the information. In addition, many of the disclosures are very broad and appear to be of limited value. We recommend these questions be deleted. We offer the following comments as additional support for our recommendation to delete these line items: • Line 4o. We do not understand the benefit of attaching the investment option comparative chart to the Form 5500. In addition, it is unclear as of what date the investment option chart should be prepared. Plan sponsors and beneficiaries are required to furnish plan participants this investment-related information on or before the date they can first direct their investments, and then again annually thereafter. As these charts may be lengthy, may be updated frequently, and participants already receive the information, we believe this requirement would add additional cost and burden to the plan administrator and Form 5500 preparer with no added benefit to the plan participant. • Lines 4p and 4q. This would be a redundant disclosure for large plans that file a Schedule H, since the individual investments already are disclosed on the supplemental Schedule of Assets Held.
Part IV, Compliance Questions, Line 4t.	***Were all plan assets valued at least annually at fair market value?*** We believe this question may cause confusion because ERISA requires that most investments be valued at current value and, as such, it should be revised or deleted.
Part VI, Plan Termination Information, Lines 7b(3) and 7c(3). .	***Date of transfers to other plans/from other plans.*** We recommend the Agencies clarify whether the transfer date of plan assets relates to the effective date of the plan merger or the date on which the assets are physically transferred between plans. A plan merger generally has an effective date that is different than the date of the actual physical transfer of plan assets.

Schedule J - Group Health Plan Information

Reference	
Part I, Group Health Plan Characteristics, Lines (6a – 6c).	***COBRA benefits.*** We recommend these questions be amended to clarify that only employers with 20 or more employees must offer COBRA.
Part I, Group Health Plan Characteristics, Lines 7a – 7b.	***Rebates received by the employer.*** We recommend these questions be amended to focus specifically on MLR rebates, or separate questions should be crafted regarding the MLR rebates. Although these questions address

	rebates received by the employer, they are constructed to address MLR rebates that must be used in specific ways. Pharmacy rebates and other rebates are not governed by the same regulations as MLR rebates. Further, rebates routinely involve a significant lag time. For example, pharmacy rebates received during one plan year may be related to claims incurred during the previous plan year.
Part I, Group Health Plan Characteristics, Lines 8a – 8b.	***Premium payment delinquencies.*** We recommend these questions be deleted. The information will be extremely difficult to report because the number of days delinquent is not a standard reporting measure provided by insurance carriers or service providers. Further, most insurance carriers and service providers have a payment grace period of 30 days. Should delinquency be measured from due date or expiration of the grace period?
Part II, Service Provider and Stop Loss Insurance Information, Lines 9c, 10c, 11c, 12c, 13c, 14c and 15c.	***Service provider information.*** We recommend these questions be deleted because they require NAIC NPN, which is not readily available information to the employer.
Part II, Service Provider and Stop Loss Insurance Information, Line 15	***Stop loss policy.*** We believe the stop-loss questions as drafted in the Proposal are difficult to follow and should be revised. Attachment point and claim limit are synonymous in the stop-loss industry.
Part III, Financial Information, Line 16.	***Cash contributions.*** We recommend this line item be deleted. The information requested will be very difficult to compile since employer and employee contributions are not typically housed in the same database. Unless the employer has an integrated HRIS/payroll system, compiling this information will be labor intensive.
Part IV, Health Benefit Claims Processing and Payment	***Health claims processing and payment.*** We recommend this part be deleted. Most employers do not serve as plan administrator and therefore do not have access to the data required to complete Schedule J, Part IV. In fact, many employers pay a fee to service providers to make final claims determinations to eliminate employer bias and ensure compliance with HIPAA. As such, employers are unlikely to have this data.
Part V, Compliance Information, Line 29.	***Michelle's law compliance.*** We believe this question should be deleted as Michelle's Law deals with student health coverage. The ACA requirement to cover children up to age 26 eliminates student status as a requirement for eligibility.

Schedule R - Retirement Plan Information

Reference	
Part I Distributions, Line 3	***Lump Sum Distributions.*** We recommend the phrase "payment of annuities" be changed to "purchase an annuity," or the instructions should be revised to clarify the meaning of the term "payment of annuities." As proposed, it is unclear whether the line item should reflect annuities paid by the plan or annuities purchased by the plan using a lump sum payment that transfer the obligations to an outside provider.

Part VII, Participation Information in Defined Contribution Pension Plans.	***Participation Information in Defined Contribution Pension Plans.*** If the Agencies intend that all defined contribution other than health and welfare plans be required to complete this section, we recommend the instructions define the term "defined contribution pension plan" as such. As proposed, a preparer who uses the IRC definition of this term may not complete this section for profit sharing and other plans that are not pension plans as defined in the IRC.
Part VII, Participation Information in Defined Contribution Pension Plans, Line 22b.	***Employer contribution calculation.*** We believe Schedule R should allow preparers to enter more than one formula for the employer contribution calculations. Some plans use more than one formula for employer contributions, or may change the calculation formula during the year. As proposed, it is unclear how the preparer would complete this line item in such situations.
Part VII, Participation Information in Defined Contribution Pension Plans, Line 24b(3).	***Default investment.*** We recommend the Agencies clarify the purpose of asking for the number of participants that have not made any investment decisions and remain in the plan's default investment account(s), and possibly revise the question. The plan administrator would have no way of knowing whether the participant has made an investment decision to stay in the default investment, or has stayed because he or she has made no investment decision. Simply assuming that an investment decision has been made only if the participant transferred funds out of the default investment may be incorrect; the participant may have made a conscious decision to stay in the default investment.

Schedule SB - Single-Employer Defined Benefit Plan Actuarial Information

Reference	
Part VI, Miscellaneous Items, Line 30b.	***Schedule of Projection of Expected Annual Benefit Payments.*** We believe the schedule should require disclosure of the expected annual benefit payment for the first five fiscal years after the fiscal year presented in the Form 5500, and then in the aggregate for the next five fiscal years thereafter, to be consistent with what is required to be disclosed in the plan sponsor's financial statements in accordance with FASB ASC 715, *Compensation – Retirement Benefits*. This would eliminate confusion and reduce the burden of additional preparation time.