

From: Mackenzie, Rod [Rod_Mackenzie@adp.com]
Sent: Monday, April 05, 2004 11:09 AM
To: 'EFAST Program Office'
Subject: Comments on Electronic Filing of 5500s



Letter on proposed
EFAST chang...

Attached letter is in response to Request for Comment [March 11, 2004]

<<Letter on proposed EFAST changes 2004.doc>>

Thank you for the opportunity to comment on these important changes to the
5500 Forms filing process.

Sincerely,
Roderick MacKenzie.

AUTOMATIC DATA PROCESSING, INC.

September 29, 2004

EFAST Program Office
Employee Benefits Security Administration
Room N-5459
U.S. Department of Labor
200 Constitution Avenue NW
Washington DC, 20210
ATTN: EFAST RFC

Dear Sir or Madam:

I am responding to your March 11, 2004 request for comments concerning proposed changes to the EFAST process for Form 5500 for qualified retirement plans. Our Company provides 5500 forms and other compliance services to over 13,000 Small and Mid-Market Defined Contribution plans, with the great majority being small 401(k) plans. My comments are as follows:

C.1 There does not appear to be sufficient details here to fully understand how a Service Provider could provide a completed form [signature ready] for clients for review, sign off and then submission to EFAST. To this end I would recommend providing Software Developers as much latitude as possible in developing electronic information exchange mechanisms. Companies such as Relius, Blaze SSI, and others could be engaged and provide the expertise needed here. With regards to limiting paper filings to Government cut sheets, we would ask that such a decision be made only after you have put in place an easy user-friendly internet solution that service providers and plan administrators can rely on.

C.2 Having filers self-select PINS and/or having service providers given a pre-set range of numbers would be the direction to go. Service providers could register with EFAST and be assigned a prefix code—5-digit number that was unique to that service provider. The service provider would then assign a six-digit number that was unique to the plan administrator or plan. The entire PIN would be the combination of the prefix number and the assigned number.

C.3 Although we believe that electronic filing holds promise for increasing efficiency we do not think that mandatory electronic filing would not be in the interest of plan sponsors and they will complain in large numbers. *We deal with thousands of small clients in the completion of their 5500 Forms and we introduced a WEB based Questionnaire in order to collect information from the clients. Despite marketing the WEB initiative as easier and faster we still have only a minority of our clients taking advantage of this and therefore continue to offer both paper and WEB Questionnaires.*

C.4 With regards to filing fees, I suspect that the number of complaints as mentioned above [C.3] will only grow larger.

C.5 Allowing for an Internet standard such as XML is a step in the right direction.

C.6 We do not find any of the options offered here as viable. The better solution is to have the IQPA own an entire Schedule [as does the Enrolled Actuary]. I would suggest that plans requiring an audit have the Accountant be responsible for completion, submission and certification of the Schedule H, which would be redesigned to formalize and standardize audit information. This Schedule could then go directly [electronically] to EFAST. The Accountant would, of course, be responsible for a paper copy to be given direct to the Plan Administrator for his records.

C.7 Pre-edit checks are a good idea, however, requiring manual forms to be completed and submitted no later than 4 months following the plan year end is unacceptable. The vast majority of plans are now calendar year plans (almost all 401ks are) and service providers are spending January through April working on year end compliance tests and processing refunds for excess contributions and deferrals. This leaves little to no time available to ensure forms are done timely and accurately if they are to be done manually. This will be seen for what it is a heavy-handed blatant shove to file electronically.

C.8 No comment.

C.9 So what will happen here is that the Plan Administrator will from year to year mix up the EINs and put the Health Plan EIN on next year's pension plan and visa versa. You have just traded one set of problems for another.

C.10 So we will still be in the business of having to have clients mail certain Schedules direct to the IRS. Your argument that this whole process becomes more efficient is weak. The primary goal should be to make the process more efficient for the public.

We appreciate the opportunity to comment on these proposals.

Sincerely,

Roderick K. MacKenzie
Vice President of Compliance
Retirement Services