

Generally, plans with 100 or more eligible participants as of the first day of the plan year must file the Form 5500 with Schedule H Financial Information. ERISA and U.S. Department of Labor (DOL) regulations require plan sponsors of these “large plans” to engage an independent qualified public accountant to perform an audit of the plan’s activities each year, and include this audit with the annual Form 5500 filing. Such audits are normally expensive, typically running 2 to 3 times the cost of annual plan administration. However, the 80-120 Participant Rule provides an exception for plans with between 80 and 120 participants at the beginning of the plan year. In this case, the plan sponsor may file the Form 5500 in the same category (e.g. “small plan”) as the prior year filing.

## Eligible Participants

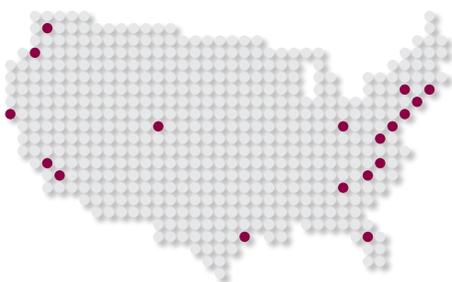
An eligible participant is defined as any employee of the employer who has satisfied the plan’s eligibility requirements, regardless of whether or not they are making or receiving contributions. Also included are those participants who have separated from service but have not yet received a distribution of all their plan benefits.

## How to Proceed

It is important that participants take a distribution of their benefits as soon as they have separated from service and become eligible to receive plan benefits. Plan sponsors should provide terminated participants the distribution paperwork during the exit interview or with their final pay check. URPC can provide assistance with cashing out terminated participants or locating those who are “missing.”

Plan sponsors should plan ahead for the additional expense of the audit requirement. Some plan sponsors elect to pay audit fees from the plan assets so the cost is shared by all participants. This is permissible under DOL rules, but as the plan fiduciary, it is important for the plan sponsor to determine that the fees are reasonable for the services provided.

The qualified public accountant will need ample time to perform the audit, so it is critical that plan sponsors provide URPC with their year-end data package as quickly after the plan year end as possible so plan administration may be completed. Keep in mind, not all accountants perform the ERISA plan audit and those who do are often booked very early. URPC will provide a list of firms that perform Form 5500 audits.



**Your goals for tomorrow drive choices today.**

Contact us for plan design consultation, illustrations and proposals.  
SalesSupport@UnitedRetirement.com • (855) 439-6709

[www.UnitedRetirement.com](http://www.UnitedRetirement.com)