

FORM 5500 FILING SERVICE DEFINITIONS

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Following are industry definitions that may be helpful to you in working with Sterling to complete your company 5500 filing requirements. We are available to clarify any of this information by calling 800-617-4729 or emailing customer.service@sterlinghsa.com.

AMENDED REPORT:

An Amended Return/Report would be filed if you have already filed for the 2009 plan year and are now filing an amended return/report to correct errors and/or omissions on the previously filed return/report.

AUTOMATIC EXTENSION:

A plan or GIA may obtain a one-time extension of time to file a Form 5500 annual return/report (up to 21/2 months) by filing IRS Form 5558, Application for Extension of Time To File Certain Employee Plan Returns, on or before the normal due date (not including any extensions) of the return/report. You MUST file the Form 5558 with the IRS. Approved copies of the Form 5558 will not be returned to the filer. A copy of the completed extension request must, however, be retained with the filer's records.

CODE SECTION 412(E)(3) INSURANCE CONTRACTS:

"Code section 412(e)(3) insurance contracts" are contracts that provide retirement benefits under a plan that are guaranteed by an insurance carrier. In general, such contracts must provide for level premium payments over the individual's period of participation in the plan (to retirement age), premiums must be timely paid as currently required under the contract, no rights under the contract may be subject to a security interest, and no policy loans may be outstanding. If a plan is funded exclusively by the purchase of such contracts, the otherwise applicable minimum funding requirements of section 412 of the Code and section 302 of ERISA do not apply for the year and neither the Schedule MB nor the Schedule SB is required to be filed.

COLLECTIVELY-BARGAINED PLAN:

A Collectively-Bargained Plan is one in which the contributions to the plan and/or the benefits paid by the plan are subject to the collective bargaining process (even if the plan is not established and administered by a joint board of trustees and even if only some of the employees covered by the plan are members of a collective bargaining unit that negotiates contributions and/or benefits). The contributions and/or benefits do not have to be identical for all employees under the plan.

DFVC PROGRAM:

The Delinquent Filer Voluntary Compliance (DFVC) Program facilitates voluntary compliance by plan administrators who are delinquent in filing annual reports under Title I of ERISA by permitting administrators to pay reduced civil penalties for voluntarily complying with their DOL annual reporting obligations. If the Form 5500 is being filed under the DFVC Program, check the appropriate box in Form 5500, Part I, line D, to indicate that the Form 5500 is being filed under the DFVC Program.

FINAL REPORT:

A Final Return/Report would be filed if the Form 5500 is the last annual return/report required to be submitted for this plan. Note. Do not file a Final Return/Report if “4R” is entered for a welfare plan that is not required to file a Form 5500 for the next plan year because the welfare plan has become eligible for an annual reporting exemption. For example, certain unfunded and insured welfare plans may be required to file the 2009 Form 5500 and be exempt from filing a Form 5500 for the plan year 2010 if the number of participants covered as of the beginning of the 2010 plan year drops below 100. Should the number of participants covered by such a plan increase to 100 or more in a future year, the plan must resume filing Form 5500 and enter “4S” on that year’s Form 5500.

FIRST REPORT:

This report would be a “First Report” if an annual return/report has not been previously filed for this plan or DFE. For the purpose of completing this box, the Form 5500-EZ is not considered an annual return/report.

FORM 5558 (EXTENSION):

A plan or GIA may obtain a one-time extension of time to file a Form 5500 annual return/report (up to 21/2 months) by filing IRS Form 5558, Application for Extension of Time To File Certain Employee Plan Returns, on or before the normal due date (not including any extensions) of the return/report. You MUST file the Form 5558 with the IRS. Approved copies of the Form 5558 will not be returned to the filer. A copy of the completed extension request must, however, be retained with the filer’s records.

GENERAL ASSETS OF THE SPONSOR:

“General assets of the sponsor” means either the plan had no assets or some assets were commingled with the general assets of the plan sponsor prior to the time the plan actually provided the benefits promised. Example. If the plan holds all its assets invested in registered investment companies and other non-insurance company investments until it purchases annuities to pay out the benefits promised under the plan, box 9a(3) should be checked as the funding arrangement and box 9b(1) should be checked as the benefit arrangement.

INSURANCE:

“Insurance” means the plan has an account, contract, or policy with an insurance company, insurance service, or other similar organization (such as Blue Cross, Blue Shield, or a health maintenance organization) during the plan or DFE year. (This includes investments with insurance companies such as guaranteed

investment contracts (GICs).) An annuity account arrangement under Code section 403(b)(1) that is required to complete the Form 5500 should mark “insurance” for both the plan funding arrangement and plan benefit arrangement. Do not check “insurance” if the sole function of the insurance company was to provide administrative services.

MULTIEMPLOYER PLAN:

A plan is a multiemployer plan if: (a) more than one employer is required to contribute, (b) the plan is maintained pursuant to one or more collective bargaining agreements between one or more employee organizations and more than one employer; (c) an election under Code section 414(f)(5) and ERISA section 3(37)(E) has not been made; and (d) the plan meets any other applicable conditions of 29 CFR 2510.3-37. A plan that has made a proper election under ERISA section 3(37)(G) and Code section 414(f)(6) on or before August 17, 2007, is also a multiemployer plan. Participating employers do not file individually for these plans.

MULTIPLE-EMPLOYER PLAN:

A multiple-employer plan is a plan that is maintained by more than one employer and is not one of the plans already described. A multiple-employer plan can be collectively bargained and collectively funded, but if covered by PBGC termination insurance, must have properly elected before September 27, 1981, not to be treated as a multiemployer plan under Code section 414(f)(5) or ERISA sections 3(37)(E) and 4001(a)(3). Participating employers do not file individually for this type of plan. Do not check this box if the employers maintaining the plan are members of the same controlled group.

PLAN ADMINISTRATOR:

The term “plan administrator” means:

- The person or group of persons specified as the administrator by the instrument under which the plan is operated;
- The plan sponsor/employer if an administrator is not so designated; or
- Any other person prescribed by regulations if an administrator is not designated and a plan sponsor cannot be identified.

PLAN BENEFIT ARRANGEMENT:

The “funding arrangement” is the method for the receipt, holding, investment, and transmittal of plan assets prior to the time the plan actually provides benefits. The “benefit arrangement” is the method by which the plan provides benefits to participants.

PLAN FUNDING ARRANGEMENT:

The “funding arrangement” is the method for the receipt, holding, investment, and transmittal of plan assets prior to the time the plan actually provides benefits. The “benefit arrangement” is the method by which the plan provides benefits to participants.

PLAN SPONSOR:

The term “plan sponsor” means:

- The employer, for an employee benefit plan that a single employer established or maintains;
- The employee organization in the case of a plan of an employee organization; or
- The association, committee, joint board of trustees, or other similar group of representatives of the parties who establish or maintain the plan, if the plan is established or maintained jointly by one or more employers and one or more employee organizations, or by two or more employers.

Note. In the case of a multiple-employer plan, file only one annual return/report for the plan. If an association or other entity is not the sponsor, enter the name of a participating employer as sponsor. A plan of a controlled group of corporations should enter the name of one of the sponsoring members. In either case, the same name must be used in all subsequent filings of the Form 5500 for the multiple-employer plan or controlled group.

SHORT PLAN YEAR REPORT:

A Short Plan Year Return/Report would be filed if this Form 5500 is being filed for a plan year period of less than 12 months.

SINGLE-EMPLOYER PLAN:

A single-employer plan for this Form 5500 reporting purpose is an employee benefit plan maintained by one employer or one employee organization.

SPECIAL EXTENSION:

The IRS, DOL, and PBGC may announce special extensions of time under certain circumstances, such as extensions for Presidentially-declared disasters or for service in, or in support of, the Armed Forces of the United States in a combat zone. See www.irs.gov, www.efast.dol.gov, and www.pbgc.gov/practitioners for announcements regarding such special extensions. If you are relying on one of these announced special extensions, check the appropriate box on Form 5500, Part I, line D, and enter a description of the announced authority for the extension.

TRUST:

“Trust” includes any fund or account that receives, holds, transmits, or invests plan assets other than an account or policy of an insurance company. A custodial account arrangement under Code section 403(b) (7) that is required to complete the Form 5500 should mark “trust” for both the plan funding arrangement and plan benefit arrangement.