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Retroactive retirement plans can skip first year's Form 5500 filing

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Employers retroactively adopting retirement plans for 2020 won't have to file a Form 5500 for that year, according to an announcement in the Aug. 6 IRS [Employee Plans News](#). The Setting Every Community Up for Retirement Enhancement (SECURE) Act ([Pub. L. No. 116-94](#)) lets employers retroactively adopt a new stock bonus, pension, profit-sharing or annuity plan (but not a 401(k) plan) by the extended due date of the employer's federal income tax return for the tax year the plan becomes effective.

Plans retroactively adopted become effective as of the last day of the first plan year, creating a one-day plan year that would ordinarily require a full Form 5500 filing. But IRS will instead let plan sponsors file the first Form 5500 for the 2021 plan year, indicating on the filing that the plan was retroactively adopted. Filings for retroactively adopted defined benefit plans will also need to include a 2020 Schedule SB as an attachment.

Although the announcement only relates to plans retroactively adopted during the 2021 tax year, IRS expects similar rules will apply to plans adopted in later tax years.

Related resources

Non-Mercer resources

- [Employee Plans News](#) (IRS, Aug. 6, 2021)
- [Division O of Pub. L. No. 116-94](#), the SECURE Act (Congress, Dec. 20, 2019)

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- [SECURE Act set to become law](#) (Dec. 19, 2019)

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