



# Latest Form 5500 updates address DB reporting but defer other changes

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## In this article

[Changes specific to single-employer DB plans](#) | [Changes specific to multiemployer DB plans](#) | [Spreadsheets allowed for certain attachments](#) | [Multiple-employer plan reporting](#) | [More to come](#) | [Related resources](#)

A slim [update](#) to Form 5500, *Annual Return/Report of Employee Benefit Plan*, makes a handful of changes to reporting for defined benefit (DB) plans and defined contribution (DC) multiple-employer plans (MEPs). However, the update defers the bulk of last year's broader package of [proposed revisions](#) and amended supporting [regulations](#). The final changes — including a new 50-year benefit projection for single-employer DB plans — are effective for 2022 plan-year reporting. The Department of Labor (DOL), IRS, and the Pension Benefit Guaranty Corp. (PBGC) are continuing to review the many [comments](#) on other aspects of last year's proposal for possible implementation in future years.

## Changes specific to single-employer DB plans

The updated instructions include two changes to Schedule SB, *Single-Employer Defined Benefit Plan Actuarial Information*:

- **Benefit projection.** PBGC-insured plans with 1,000 or more participants will have to provide 50 years' worth of projected benefits broken down into three participant categories — active, terminated vested and in-pay status — as a separate attachment to line 26. As proposed, this requirement would have applied to plans with 500 or more participants, but the agencies raised the threshold in response to comments. Cooperative and small-employer charity (CSEC) plans do not complete line 26 and therefore are exempt.
- **Funding relief.** A new question will report the sponsor's election of 15-year shortfall amortization relief under the American Rescue Plan Act of 2021 ([Pub. L. No. 117-2](#)). This question replaces the now-obsolete one about funding relief under the Pension Relief Act of 2010.

## Changes specific to multiemployer DB plans

Multiemployer plans will see several changes to Schedule MB, *Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information*, along with revised instructions that clarify existing requirements. Significant changes include:

- Plans providing an attachment reporting withdrawal liability amounts included in employer contributions will need to split those amounts into periodic amounts and lump sum payments.
- Plans will report the interest rate used to make employer withdrawal liability assessments, if applicable. Employers not using a single interest rate or the [ERISA Section 4044](#) rates will provide an additional attachment describing the interest rate assumption.
- The benefit projection for PBGC-covered plans with 500 or more participants — currently required only for plans with at least 1,000 participants — will expand to include additional information:
  - The projection period will be extended from 10 years to 50 years.
  - Plans will need to report projected benefits separately for active, terminated vested and in-pay participants on the valuation date.
- Plans providing the benefit projection will also have to provide a 10-year projection of employer contributions and withdrawal liability payments.
- PBGC-covered plans with 1,000 or more active participants will provide the average accrued monthly benefit as part of the age/service scatter (but cash balance plans will no longer provide information on cash balance benefits).

In addition, the requirement on Schedule R, *Retirement Plan Information*, to provide identifying information about any participating employer that contributed more than 5% of the plan's total contributions will expand to include the 10 highest-contributing participating employers.

## Spreadsheets allowed for certain attachments

For Schedules SB and MB, plans can opt to provide certain attachments reporting tabular information in a spreadsheet rather than as a PDF or text file:

- 50-year projection of expected benefit payments
- Age/service scatter for plans with active participants
- Withdrawal liability amounts (Schedule MB only)
- Projection of employer contributions and withdrawal liability (Schedule MB only)

## Multiple-employer plan reporting

A few minor changes apply to the 2022 Form 5500 and Form 5500-SF instructions for DC MEPs, including pooled employer plans (PEPs). These changes include new plan characteristic codes to identify different types of DC MEPs and to clarify which entities to identify as plan sponsors and plan administrators.

## More to come

Last year's expansive proposal included a series of changes — several implementing provisions of the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 ([Div. O of Pub. L. No. 116-94](#)) — not covered by either of the two recent final updates:

- A final Schedule MEP
- Provision for optional DC group (DCG) filing arrangements
- Changes to the method of determining whether a DC plan needs an audit report from an independent qualified public accountant
- Financial statement improvements to Schedule H, *Financial Information*
- Compliance questions relating to retirement plan nondiscrimination testing and favorable opinion letters for preapproved plans
- A requirement for single-employer and multiemployer DB plans to provide the average age and monthly benefit amount for terminated vested and in-pay participants
- Changes to reporting for multiple-employer welfare agreements (MEWAs) that file Form M-1

The agencies say they need additional time to consider the comments received and coordinate changes with the contractual development schedule for updates to the EFAST2 electronic filing system. As a result, these outstanding items won't be finalized for 2022 plan year reporting and instead will be addressed in either a separate final regulation or the broader [Form 5500 modernization proposal](#) on DOL's latest regulatory agenda.

## Related resources

### Non-Mercer resources

- [Final forms revisions to annual information return/reports](#) (Federal Register, May 23, 2022)
- [Revision of annual information return/reports](#) (Federal Register, Dec. 29, 2021)
- [Proposed annual report and disclosure rule](#) (Federal Register, Sept. 15, 2021)

- [Notice of proposed changes to Form 5500 series](#) (Federal Register, Sept. 15, 2021)

## **Mercer Law & Policy resources**

- [Form 5500 updates address MEPs and more](#) (Jan. 10, 2022)
- [Latest regulatory agenda offers few surprises for retirement plans](#) (Dec. 22, 2021)
- [Form 5500 proposal reflects SECURE Act changes and more](#) (Sept. 29, 2021)

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