

ADS BENEFITS UPDATE

Electronic Filing of Annual Report Form 5500

Department of Labor Allows Electronic Filing by Plan Service Providers

The ADS Benefits Update that was issued in January 2010 described the Department of Labor's (DOL) new requirement that 2009 Annual Report Forms 5500 be filed electronically.

When the electronic filing program became operational earlier this year, the DOL specifically prohibited plan sponsors from providing their PIN information to third party service providers so that they could assist them in the electronic filing of their 5500 forms. This meant that plan sponsors could not rely on ADS to obtain electronic signing credentials for them or to electronically file 5500 forms on their behalf.

On May 13, however, the DOL reversed its position and announced that they would allow an alternative filing option. This alternative option can significantly simplify your submission process as it permits ADS to submit 5500 forms on your behalf and eliminates the need for you to obtain your own electronic signing credentials from the DOL.

If you elect to authorize ADS to file your 2009 Annual Report Form 5500 on your behalf, we will prepare the return for your review and signature as we have done in previous years. You must then return a signed copy of the form to us on paper or electronically via email. We will then submit an electronic copy of your signed form to the DOL.

It is important to note that if you would like ADS to electronically file your 5500 form on your behalf, the image of the plan sponsor/administrator's manual signature will appear on the form that is posted on the DOL's website for public disclosure. If you do not wish to have this signature appear on a public website you will need to obtain your own signing credentials. ADS will still prepare the return for your review and signature and can instruct you on how to obtain your credentials and assist you with the electronic filing process.

When we provide you with a draft of your 2009 5500 form, we will include an Authorization Form for Electronic Filing so that you can indicate if you would like ADS to file your 2009 return on your behalf.

In addition to the new mandatory electronic filing requirement, there are a number of changes to the 2009 5500 forms and schedules that will require us and our plan sponsors to spend additional time preparing the return this year. We also have concerns that there may be unforeseen complications with the DOL's new EFAST 2 electronic filing system. Therefore, we will file with the IRS to extend your plan's 5500 form deadline from July 31, 2010 to October 15, 2010.

The request for an extension of time to file your return is a process that requires no explanation to the IRS, does not trigger plan audits or concerns by the IRS and does not preclude the filing of the 5500 by its original filing deadline. Due to the significant changes for 2009, we believe it is prudent to take advantage of the automatic extension as a precautionary measure.

If you have any questions about this ADS Benefits Update please contact your ADS administrator.