

DOL ISSUES CHANGES TO FORM 5500: SMALLER BENEFIT PLANS TO BE EXCUSED FROM AUDITS STARTING IN 2024



The U.S. Department of Labor (DOL) has recently [modified](#) long-standing rules regarding which plans are required to be audited annually for filings on [Form 5500](#). The current rules, which will remain effective for 2022, require that any plan with more than 100 people eligible to participate in a benefit plan (subject to certain exclusions) is required to be audited. A transition rule exists for plans that have between 80-120 people eligible to participate that they may continue to file the same form as the prior year. So, if an existing plan has crept above 100 but is still below 120, it may avoid the audit requirement.

Eligibility to participate in a plan depends on how the plan documents define participation but generally includes people who have passed the age and length of service requirements, even if they have elected not to actively participate in a plan. People who have funds in the plan are always considered participants, even if they have ceased employment with the employer.

Under the new rules, which will apply to the 2023 Form 5500 (for plan years that begin in 2023), the participant counts will be changed to only include those actively participating in the plan as of the first day of the plan year. Meaning, they

have an account balance in the plan or are eligible for benefits in a non-contributory plan (such as a defined benefit pension plan). The DOL estimates that, nationwide, just over 8,000 employee benefit plans will no longer require annual audits and could reduce filing costs by \$95 million each year.

[BMF Advisors](#) are here to discuss how this rule change may affect your employee benefit plans.