



## Deficient Filings Equal Stiff Penalties

**I**t's one thing to talk about the possibility of *facing* penalties for deficient employee benefit plan Form 5500 return/report filings, but it's quite another to have to actually *pay* them.

Often, you move through your filings with the general sense that they will go smoothly and without issue. But if you're not completely confident that every 'i' has been dotted and every 't' has been crossed, you run the risk of an assessment that not only surprises you but that has serious impact to your bottom line.

Although there are a number of penalties that can be assessed for deficient filings, there are a few that can prove fairly substantial. For example, did you know that the Department of Labor can:

- Assess \$150 a day, up to \$50,000, per annual report filing where the required auditor's report is deficient
- Assess \$100 per day, up to \$36,500, per annual report filing that contains deficient financial information, such as missing required supplemental schedules
- Assess \$10 per day, up to \$3,650, for failure to answer a question on the Form 5500 return/report

In addition, the Department can impose penalties for late or incomplete filings after the day they're due (unless reasonable cause was provided for the improper filing). They can:

- Assess a civil penalty against a plan administrator of up to \$1,100 per day, with no cap, for the late filing of a Form 5500 return/report
- Treat a Form 5500 return/report as if it had not been filed if it lacks material information

The bottom line? Be prepared, be thorough and choose an experienced benefit plan auditor.

As a member of AICA's Employee Benefit Plan Audit Quality Center, we are committed to providing you with what you need, along with the highest quality and most efficient audits possible with our specialized team of auditors.

*If you would like additional information please give us a call at (516) 364-3390. Or contact [Howard H. Fine, CPA](#) or [Paul Bella, CPA](#).*

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