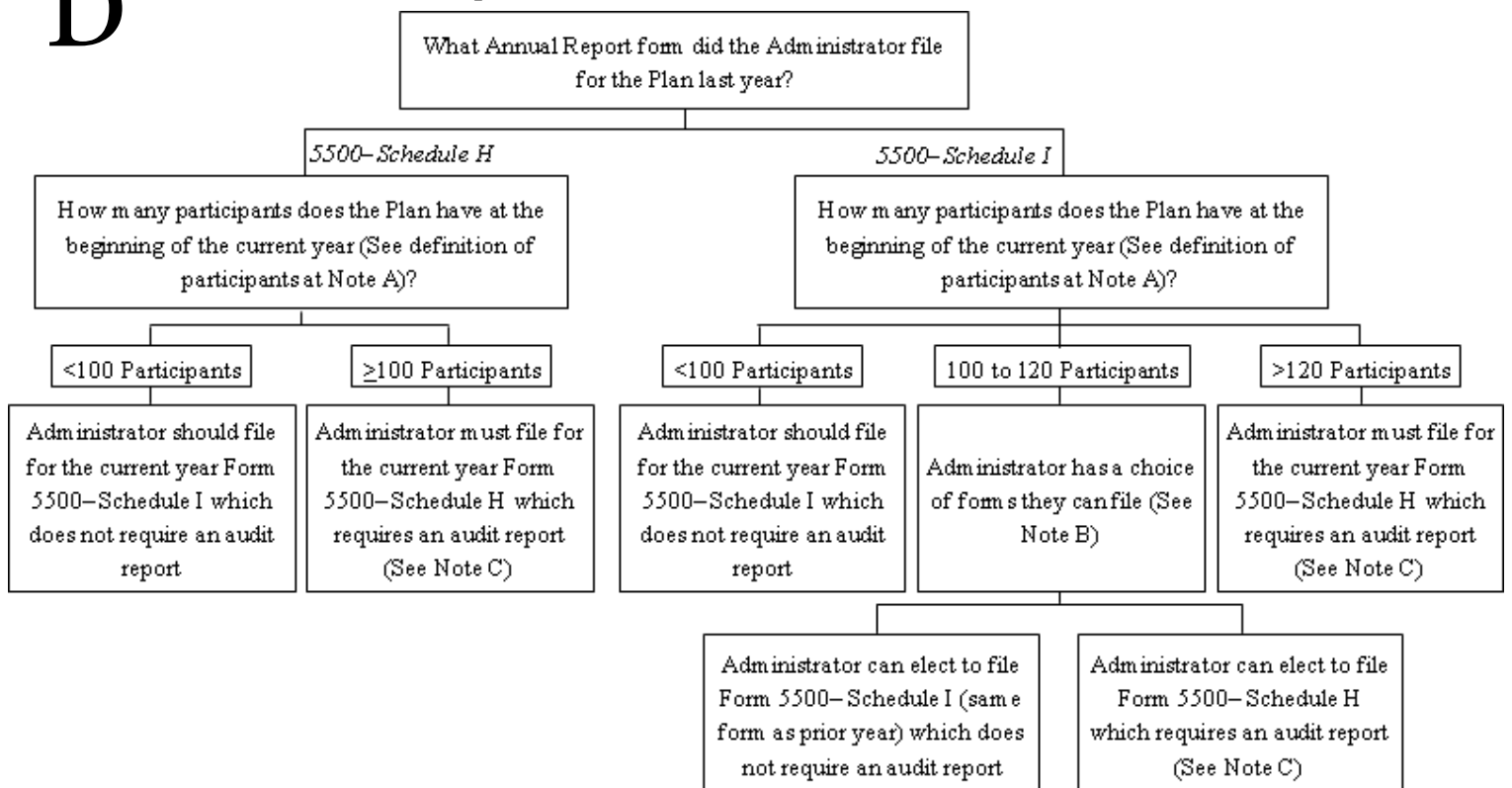




A DEEPER LOOK

Pension Audit Plan Decision Tree

Does Your Pension Plan Require An Audit?



Note A-Participant means any individual who is included in one of the categories below:

Active participants

Active participants (such as, any individuals who are currently in employment covered by the plan and who are earning or retaining credited service under the plan). This includes any individuals who are eligible to elect to have the employer make payments under a Code section 401(k) qualified cash or deferred arrangement but are currently not participating. Active participants also include any nonvested individuals who are earning or retaining credited service under the plan.

Retired or separated participant receiving benefits

Retired or separated participants receiving benefits.

Other retired or separated participants entitled to future benefits

Other retired or separated participants entitled to future benefits (such as, any individuals who are retired or separated from employment covered by the plan and who are entitled to begin receiving benefits under the plan in the future).

Deceased individuals

Deceased individuals who had one or more beneficiaries who are receiving or are entitled to receive benefits under the plan.

Note B- 80-120 Rule

If the number of participants (eligible participants at the beginning of the year) reported on line 5 of the Form 5500 is between 80 and 120, and a Form 5500 annual return/report was filed for the prior plan year, the plan may elect to complete the return/report in the same category ("large plan" or "small plan") as was filed for the prior return/report. Thus, if a Form 5500 annual return/report was filed for the prior plan year as a small plan, including the Schedule I if applicable, and the number entered on line 5 of the current year Form 5500 is 120 or less, the plan may elect to complete the current Form 5500 and schedules in accordance with the instructions for a small plan, including for eligible filers, filing the Form 5500-SF instead of the Form 5500.

Note C- Short plan year rule

If the plan had a short plan year of seven (7) months or less for either the prior plan year or the plan year being reported on the current Form 5500, an election can be made to defer filing the audit in accordance with 29 CFR 2520.104-50. If such an election was made for the prior plan year, the current Form 5500 must be completed following the requirements for a large plan, including the attachment of the Schedule H and the audit reports, regardless of the number of participants entered in Part II, line 5.

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