



THE
SPARK
Institute, Inc.

Guidelines for Multiple Vendor
403(b) Plans

2009 Form 5500 Aggregation

Version: F5500-1.0

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Guidelines for Multiple Vendor 403(b) Plans 2009 Form 5500 Aggregation December 2009 (Version F5500-1.0)

Background

Recent regulatory changes now require ERISA covered 403(b) plans to file a full Form 5500. As a result, plans that use multiple vendors must now gather and aggregate data from their vendors. SPARK Institute members, who are among the leading 403(b) investment providers and vendors, recognized the potential difficulties, confusion and additional expenses these new data aggregation requirements would cause for all affected parties, including plan sponsors. In order to facilitate cost effective compliance with these new rules by plan sponsors it was important to develop guidelines with respect to new roles and responsibilities of the affected parties and to suggest an efficient approach to sharing and transferring data.

While improvements in technology solutions and the development of more formal and robust industry best practices are expected to evolve in the coming year(s), 2009 Form 5500 aggregation across multiple investment-provider vendors is expected to create unique challenges. As such, these 2009 Guidelines were developed exclusively to address challenges of completing the 2009 Form 5500.

General Information

These Guidelines describe certain approaches, expectations, roles and responsibilities of employers, aggregators and vendors in working together to complete the 2009 Form 5500.

The intended benefits of these Guidelines include:

- Facilitating compliance with the new 2009 Form 5500 reporting requirements for ERISA-covered 403(b) plans.
- Creating a more efficient and cost effective process for employers to complete the 2009 Form 5500.
- Building consensus among aggregators and vendors to allow more consistent service levels to all employers.

- Developing the foundation for future development by The SPARK Institute of more formal and robust best practices and data files for 403(b) Form 5500 filing requirements.

The Guidelines represent the views of The SPARK Institute only and are not intended as the sole or exclusive means of aggregating and creating a multiple vendor 2009 Form 5500. Adherence to the Guidelines is completely voluntary and copies of the Guidelines are available to anyone, including non-SPARK Institute members free of charge.

The SPARK Institute intends to monitor technology developments, regulatory changes and other developments affecting these matters during 2010. We are currently planning to develop more formal and robust best practices and data file formats for future Form 5500 data aggregation and preparation by ERISA-covered 403(b) plans. Industry Best Practices will evolve for the creation of 2010 Form 5500 through the development of technology and potentially additional regulatory clarification.

THESE GUIDELINES ARE INTENDED TO APPLY TO ONLY TO THE GATHERING OF INFORMATION AND PREPARATION OF FORM 5500 BY ERISA-COVERED PLANS WITH RESPECT TO THE 2009 REPORTING YEAR. THE SPARK INSTITUTE MAY RELEASE REVISED VERSIONS OF THE GUIDELINES PERIODICALLY, AS NEEDED OR BENEFICIAL, BASED ON COMMENTS RECEIVED. ANYONE ADHERING TO THESE GUIDELINES IS ENCOURAGED TO CHECK THE SPARK INSTITUTE WEBSITE PERIODICALLY FOR UPDATES AND PROVIDE THEIR CONTACT INFORMATION TO THE SPARK INSTITUTE (AS NOTED BELOW) IF THEY WOULD LIKE TO RECEIVE INFORMATION ABOUT UPDATES.

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Anyone with questions about this document, and non-SPARK Institute members that would like to receive periodic updates about this material, should contact Larry Goldbrum at Larry@sparkinstitute.org.

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PART I

Aggregation of Form 5500 Vendors and Employers or Employer Representatives (Form 5500 Aggregators)

A. General Data Conventions

1. **Starting the Process** - The employer, i.e., plan sponsor, sponsoring a multiple vendor 403(b) plan (“Employer”) is responsible for:
 - a) Identifying vendors under the plan required to share information for the 2009 Form 5500 (“Vendors”).
 - b) Selecting the Form 5500 Aggregator (“Aggregator”) who will be responsible for the consolidation of data. If the Employer elects to collect and consolidate the data itself it should notify the Vendors that it intends to do so.
 - c) Determining if the plan requires an independent audit.
 - d) Selecting an independent auditor, as required.
 - e) Providing direction to each Vendor regarding expectations for collection and delivery of data.
 - f) Providing direction to the Aggregator if all vendors do not meet the delivery timeline and Guidelines for delivery of data.
 - g) Disclosing any plan fees to the Aggregator that are not covered within the products and programs of the Vendors (e.g., auditor fees and TPA fees).
2. The Aggregator identified by the Employer is responsible for:
 - a) Providing information to the Employer clearly identifying the services offered by the Aggregator and responsibilities of all parties (Aggregator, Vendor, Employer, auditor (if applicable)) for the creation and filing of the 2009 Form 5500.
 - b) Providing information to the Employer to be delivered to each Vendor defining the processes and procedures for Form 5500 data collection.
3. The Employer and Aggregator should determine between themselves, on a case-by-case basis, whether the Employer or the Aggregator will undertake collecting information from each Vendor identified as being required to share 2009 Form 5500 information.

B. Data Format Guidelines

1. While each Aggregator may have their own preferred format for collection of data from each identified Vendor, Aggregators should generally accept data that is:
 - a) Annualized to reflect activity for the entire plan year.
 - b) Summarized to provide data points that are easily transferable to the Form 5500.
 - c) Sufficient to provide all the data required to successfully complete all required fields in the Form 5500.
 - d) Clearly identified so the Aggregator can easily determine how to use the data to complete the Form 5500.
 - e) Formatted and provided in:

- i) Electronic format such as Excel Format, text file format;
 - ii) A fillable PDF format from which data can be electronically extracted; or
 - iii) Concise report(s) that provide consolidated Form 5500 data fields (plan level summary).
2. Vendors should not provide only individual account data or data that is not summarized across all accounts with a Vendor, except in recognition that some Vendors may have multiple products and administrative platforms and may need to provide summarized data for each product offered to a plan over the years.

C. Creating the Participant Count

1. Data is required from:
 - a) The Employer, including all eligible employees employed by the Employer during the plan year.
 - b) Vendors, including all participants that had an account balance in the plan at any time during the plan year with that vendor.
2. The minimum required data to be provided includes (if record kept):
 - a) Full Name.
 - b) Social Security Number (ITIN for non-resident aliens).
 - c) Date of Birth.
 - d) Employer.
 - e) Hire Date.
 - f) Termination Date.
 - g) Participant Status (Active, Retired, Deceased, Terminated).
 - h) Account Balance.
 - i) Vested Account Balance.
3. The data provided should be in:
 - i) Electronic format such as Excel Format, text file format; or
 - ii) A report format that Excel can import directly without manipulating the file.
4. The Employer is responsible for reviewing all final data and confirming the accuracy of all data.
5. **Reminder:** The Employer and Aggregator should determine between themselves, on a case-by-case basis, who will undertake filing IRS Form SSA.

D. Allowable Exclusions for Participant Counts

1. The Employer may decide, based upon its review of the relief provided by the Department of Labor in Field Assistance Bulletin 2009-02, to exclude certain Vendors or selected accounts with a Vendor(s) from the Form 5500 reporting requirements.

2. Generally, FAB 2009-02 provides that individual contracts or custodial accounts that meet all of the following requirements do not have to be reported as plan assets on Form 5500:
 - a) The contract or custodial account was issued to a current or former employee prior to January 1, 2009;
 - b) The Employer has no obligation to make any contributions (including salary deferrals) to the contract or custodial account after December 31, 2008;
 - c) The contract or custodial account is legally enforceable against the insurer or custodian by the participant alone, without any Employer involvement; and
 - d) The employee is fully vested in the entire contract or custodial account.

The foregoing is for informational purposes only. Users of this material should consult with their legal counsel in connection with any decisions regarding these matters.

3. If the Employer decides to exclude certain contracts or accounts, all impacted Vendors, and the Aggregator, should be informed by the Employer of any such decisions. The responsibilities of the affected parties under these circumstances are as follows.
 - a) Vendors should:
 - i) Provide the entire plan Form 5500 data identified in Part I, Sections A-C of these Guidelines.
 - ii) Provide the Employer participant level financial reports, including the contracts and accounts the Employer elects to exclude.
 - b) The Employer should:
 - i) Adjust the impacted Vendor Form 5500 reporting totals to reflect any adjustments desired.
 - ii) Provide the adjusted Form 5500 data to the Aggregator for inclusion in the consolidated Form 5500.

E. Confidentiality and Responsibility for Accuracy

1. The Employer and Aggregator should reach a mutually acceptable agreement between themselves to clearly define the roles and responsibilities for the collection of data, the procedures to ensure the confidentiality of data, and the responsibilities, and potential liability, for the accuracy of the data.
2. The Employer should provide direction to each Vendor regarding their responsibilities concerning the confidentiality and accuracy in reporting data.

PART II

Form 5500 Delivery & Audit Support **Delivery of Data and Responsibilities of Aggregators and Vendors**

A. Data Delivery Guidelines

1. All data transmitted and received by the Employer, Vendor and/or Aggregator should be sent/received via secure means including but not limited to: secure website transmission, secure FTP, secure e-mail (where both parties agree) or postal service.
2. Based on the Employer's direction, either the Employer or Aggregator may collect data from each Vendor. The party collecting the data should define the method of delivery for all data provided that such methods meet commercially reasonable standards.
3. Each Vendor should retain the right to verify that the data transmission methodology of the Aggregator meets their requirements for secure delivery. In the event that a Vendor decides the Aggregator's methods do not meet their reasonable requirements, the Vendor should provide an alternate means of delivery that is mutually acceptable to the Aggregator and Vendor.
4. Each vendor should provide contact information for obtaining data. Vendors may partner together to facilitate the batching of data requests from multiple Employers as timing and other requirements allow.
5. Data should be provided by the Employer and, where applicable, by each Vendor to the Aggregator, as soon as administratively feasible and by April 30, 2010 for 2009 calendar year plans or within 120 days of the end of the plan year.

B. Delivery of Form 5500 Data from the Aggregator to the Employer

1. The Aggregator should provide the Employer both the consolidated Form 5500 information in a PDF or other reasonable format for easy reading by the Employer and/or their auditor. Such delivery should include the consolidated Form 5500 and the input provided by each Vendor. (Note: If the Aggregator is also a Vendor, both the consolidated report and report of the assets held by the Aggregator/Vendor should be supplied.)
2. The Employer and Aggregator should mutually agree to a delivery date to provide a consolidated Form 5500 for the Plan audit, if required, and for Employer review prior to filing.
3. As required, the Employer and Aggregator should determine who will undertake filing for any filing extensions that may be necessary.

4. The Aggregator should define a means for the Employer and auditor, if applicable, to include required additional information and attachments to the electronic Form 5500 submission. Alternatively, some Aggregators may require the Employer to manually enter data directly to the IFILE/EFAST2 system. If an Aggregator decides to have the Employer directly access the EFAST2 system, the Aggregator should clearly inform the Employer of its service level and the Employer's responsibility.
5. If the Aggregator has not received all the information the Employer has directed the Aggregator to include by the specified deadline, the Aggregator should provide written notice to the Employer of the situation.
6. In the situation where complete data has not been received by the specified deadline, the Employer should determine when the Form 5500 will be filed.
7. Upon completion of the Employer review and of the plan audit, if required, the Aggregator should assist the Employer in obtaining electronic signing credentials to meet the EFAST2 electronic filing requirements for 2009 filings.

C. Aggregator & Vendor Responsibilities for Audit Support

1. The Aggregator is responsible for providing the aggregated Form 5500 and all the reports/data received from the Vendors to the Employer.
2. The Employer and Auditor should identify any additional data required to complete the review and audit of the Form 5500.
3. Each Vendor is independently responsible for providing any additional data required to the Employer and auditor including, but not limited to, a SAS-70 and testing samples.
4. The Employer and auditor should notify the Aggregator of any adjustments or corrections required as a result of direct inquiries with each Vendor.

APPENDIX A
To The
Guidelines for Multiple Vendor 403(b) Plans
2009 Form 5500 Aggregation (Version F5500-1.0)

VERSION CONTROL LOG

Version	Description	Date Published	Page Reference	Description of Revisions
F5500-1.0	Initial version	TBD	n/a	n/a

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