

Annual Report Requirements for Welfare Benefit Plans

Welfare benefit plans are generally required to file annual reports on Form 5500, the same form that is used for pension plan annual reports. An exception applies to welfare benefit plans (that is, plans providing medical, dental, disability and life insurance coverage) that (i) have fewer than 100 participants as of the beginning of the plan year and (ii) are unfunded, fully insured or a combination of unfunded and insured.

Unfunded plans are plans that pay benefits directly from the general assets of the employer without any trust or separately maintained fund that holds or acts as a conduit for plan assets.

Any plan that receives employee contributions is not an “unfunded” plan and, unless fully insured, will be required to file an annual report regardless of the number of participants.

Generally speaking, a report of an independent qualified public accountant will be required as to any welfare benefit plan filing an annual report unless the plan is unfunded, fully insured or a combination of unfunded and insured. If the accountant’s report is required, the annual report filing will be deemed incomplete if it is not included. An incomplete annual report will not be accepted for filing and late filing penalties may apply until the annual report is submitted along with the report of an independent accountant.

Note that a “fringe benefit plan,” including any cafeteria plan, is required to file annual reports even if the fringe benefit plan is associated with a welfare plan that is exempt from the annual report filing requirement under the above rules.

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