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CAPITAL INSTITUTIONAL SERVICES, INC.

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New Guidance Released for Form 5500

On October 23, 2009, the Department of Labor's Employee Benefits Security Administration (EBSA) published additional guidance to assist plans, their administrators and service providers in meeting expanded disclosure requirements for Form 5500 Schedule C, a plan sponsor's form of an annual report which is filed in July each year. The changes to Form 5500, which became final in November 2007, are effective for plans beginning on or after January 1, 2009.

Published last month, this new guidance provides answers to 25 frequently asked questions which were developed based on feedback from the employee benefit community. This set of FAQs follows earlier guidance, also in the form of FAQs, that was published in July 2008.

The enhanced disclosure requirements are designed to provide plan sponsors with more detailed information regarding direct and indirect fees paid to service providers such as investment managers and brokers. The additional reporting requirements were implemented to help plans better fulfill their fiduciary responsibilities as well as monitor service provider arrangements. As a result of the new disclosures, plan sponsors will need to gather more detailed information and will be looking towards their service providers for that information.

Information in the most recent supplemental FAQs includes the following:

- Compensation to hedge fund managers
- Disclosure beyond the scope of Form ADV by registered investment advisors
- Gifts, entertainment and other non-monetary compensation
- Good faith standard for classifying services and fees
- Mutual fund redemption fees

Copies of both the 2008 and 2009 FAQs can be found below:

[2008 FAQs](#) [2009 FAQs](#)

More information on Form 5500 reporting requirements is available on the [EBSA's Website](#).

CAPIS's outside counsel, Lee Pickard of Pickard and Djinis, LLC, in conjunction with The Alliance in Support of Independent Research, will be providing a more detailed overview of the revised and more comprehensive reporting requirements. If you are interested in receiving this information, please click on the link below or reply to this email, and a copy will be sent to you when it is made available.

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Capital Institutional Services, Inc. | 1601 Elm Street | Suite 3900 | Dallas | TX | 75201