

# Retirement and Welfare Benefit Limits and Updated Form 5500s and Penalties

11.15.18

With annual enrollment in full steam ahead mode, we have now received a number of remaining limits from the Internal Revenue Service. **Attached is a chart that shows all of the limits for both retirement and welfare benefit plans for 2019 for your quick reference.** The descriptions are short to be able to manage the size of the chart so it is important to verify that any conditions related to any of the limits are addressed and it is understood that this is just a cheat sheet and not a summary of all rules related to any limit. The health flexible spending account limit has been raised to \$2,700. This new limit was just issued today and my apologies if your annual enrollment has already closed.

## **New Draft Form 5500, Instructions and Schedules Issued**

New Draft Forms 5500 for the 2018 plan year were also just released. It is important to note two items- *first some compliance questions are back on Schedule H and Schedule I and on the abridged version of the Form 5500-SF.* The instructions indicate that answers to the compliance questions are mandatory. There is also a reminder following the question regarding whether the plan has suffered or discovered any loss as a result of any dishonest or fraudulent act, even if reimbursed, that willful failure to report is a criminal offense. The compliance questions relate to failure to timely remit contributions, delinquent plan loans, theft from the plan, other parties defaulting on obligations to the plan, non-exempt prohibited transactions, fidelity bond coverage, holding assets whose value is not determined on an established market or by an independent appraisal, plan transactions in excess of 5% of plan assets, Plan assets transferred to another plan or moved to being under the control of the PBGC, failure to provide any benefit when due, whether there was a blackout period that stopped employees from trading in their retirement plan accounts and if there was an appropriate timely blackout notice given for such period. Any transfer of plan assets or liabilities also must be disclosed (e.g., a pension plan de-risking transaction or a spin-off of a portion of a plan in a corporate transaction).

*Second, the penalty for failing to file a complete or accurate Form 5500 is now \$2,140 per day.* These penalties, like most other penalties related to employee benefit plans, have been rising due to inflation adjustments. Some have risen to rather significant numbers, particularly in the Medicare Secondary Payer compliance arena. The schedule of penalties is not included in the attached document as it is much longer.

## **Religious and Moral Exemptions for Health Plans to Avoid Covering Birth Control and Abortions**

Final regulations were issued to replace the earlier proposals. There have been some changes in limited areas, but the rules related to the moral exemptions were finalized without change.

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