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Joseph Grant  
Director, Rulings and Agreements  
Employee Plans  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20224

Ms. Nancy Veillon  
Office of Income Security Programs  
Social Security Administration  
6401 Security Boulevard  
Baltimore, MD 21235

Re: Comments Regarding Schedule SSA

Dear Mr. Grant and Ms. Veillon:

The American Society of Pension Professionals & Actuaries (ASPPA) appreciates this opportunity to comment on Schedule SSA (Form 5500), which is used to report information concerning separated participants with deferred vested benefit rights.

ASPPA is a national organization of over 6,000 retirement plan professionals who provide consulting and administrative services for qualified retirement plans covering millions of American workers. ASPPA members are retirement professionals of all disciplines, including consultants, administrators, actuaries, accountants and attorneys. Our large and broad-based membership gives ASPPA unique insight into current practical applications of ERISA and qualified retirement plans, with a particular focus on the issues faced by small- to medium-sized employers. ASPPA's membership is diverse but united by a common dedication to the employer-sponsored retirement plan system.

On August 30, 2005, the Department of Labor (DOL) issued proposed regulations that mandated electronic filing of Form 5500 for plan years beginning after 2006. The proposal acknowledged that certain portions of the current filing, including *Schedule SSA, Annual Registration Statement Identifying Participants with Deferred Vested Benefits*, would not be part of the mandate. Instead, the Internal Revenue Service (IRS), as the agency responsible for collecting data for the Social Security Administration (SSA), would determine other processes for plan administrators to submit the required information. The DOL finalized its regulations on July 21, 2006, with the mandate effective for plan years beginning on or after January 1, 2008. The DOL recently announced a further delay in implementation of mandatory e-filing to plan years beginning on or after January 1, 2009.

Practitioners and plan administrators alike have been frustrated with the current SSA reporting mechanism because it is difficult to maintain accurate and complete data with SSA. ASPPA sees the change in filing rules, and the transition from Schedule SSA (Form 5500) to Form SSA as a standalone filing, as an opportunity to draw attention to factors that could improve reporting compliance and administration. With the baby boomer generation reaching retirement age, the SSA burden of notifying participants and beneficiaries of possible

benefits will increase exponentially if data collection and maintenance methods are not improved.

### *Recommendations and Discussion*

ASPPA's recommendations focus on concepts that have the potential to generate significant cost savings for the agencies and for plan administrators who must respond to inquiries resulting from SSA letters generated from a less-than-perfect database.

ASPPA offers the following recommendations:

1. Currently, Schedule SSA may be submitted either on paper or electronically. ASPPA believes it is important that both options continue to be available. **ASPPA recommends** the IRS and SSA develop a method for Form SSA to be submitted electronically to allow more efficient and accurate processing of the data by the IRS and SSA. It also is critical that the service provider have the ability to manage the electronic filing transmission process on behalf of the plan administrator. ASPPA recommends the IRS's FIRE (Filing Information Returns Electronically) system be adapted to accept SSA information. Many pension service providers are already familiar with the FIRE system and use it for filing Form 1099-R on behalf of plan administrators, which could ease the transition to the new reporting scheme.

**ASPPA further recommends** that the IRS and SSA create a specific online demo of the FIRE system for plan administrators and service providers that will transmit SSA data. Additionally, ASPPA recommends that practitioners already using FIRE be able to rely on existing transmitter control codes.

2. Service providers have historically collected information and prepared the SSA filing simultaneously with preparation of a plan's Form 5500 report. Form 5500 must be filed by the last day of the seventh month after the end of the plan's year; however, the plan may file Form 5558 to extend the due date by 2½ months for filing of the Form 5500. **ASPPA recommends** that the IRS and SSA establish the due date of the new Form SSA as the date that is 9½ months after the plan year-end, thereby eliminating the need for any "extension" process.
3. Each month, SSA checks the name and social security number of each new claimant for social security benefits or for hospital insurance coverage to see whether the claimant is listed in the SSA's electronic pension benefit record. This record contains information received from IRS on individuals for whom pension plans have reported to the IRS, as required under Code §6057, on Schedule [Form] SSA. SSA sends a notice to each new claimant for whom it has pension benefit information. While current regulations require plan administrators to report persons who must be added to the list, it is optional for plan administrators to remove an individual's name (for example, when benefit payments have commenced). This disconnect in the regulations results in many individuals receiving letters who have no benefits due, causing plan administrators and the SSA to expend time and resources satisfying inquiries from these ineligible individuals.

- ASPPA recommends* that the Treasury Department amend its regulations section 301.6057-1(c)(2)(ii) to require plan administrators to delete previously reported participants who have been paid out or begun receiving benefits using code D. In addition, the Instructions to Form SSA should be clear that such reporting is mandatory for such individuals receiving payment after a specific date (e.g., January 1, 2008).
4. *ASPPA recommends* that IRS and SSA explore other options for plan administrators to easily report changes to SSA data it previously provided. To that end, IRS and SSA could adapt the Form SSA to allow plan administrators to report changes on a global level, in addition to the current individual data collection method. It might be possible to accomplish this with simple check-box questions on the face of the form.
    - Example 1. A plan terminates and distributes all benefits to participants and beneficiaries. The plan administrator should be able to simply check a box on Form SSA to notify the SSA that all persons previously reported under a particular EIN (employer identification number) and PN (plan number) should no longer be considered “active” for Form SSA purposes. Alternatively, the SSA would send the plan administrator a listing of all persons considered “active” on its systems for that EIN/PN with the plan administrator to verify that all persons have received their benefits.
    - Example 2. Plan A merges with Plan B, with Plan A being the surviving plan. Under current rules Plan B must report all individuals previously reported on Form SSA using code D (for delete) while Plan A must also report all of those individuals on Form SSA using code C (for change). Using a check-box format would provide an easy way for the plan administrator to alert SSA of the need to change the EIN and PN reference without providing all of the individual detail. Alternatively, the SSA would send the plan administrator of Plan B a listing of all persons considered “active” on its systems for that EIN/PN with the plan administrator to verify which persons have received their benefits and which participants’ benefits are transferred to Plan A.
  5. As a plan ages, and as it changes service providers over the years, it becomes more difficult to maintain accurate information about which individuals have been previously reported on Schedule SSA. *ASPPA recommends* that IRS and SSA adapt Form SSA so that plan administrators have the ability on the face of Form SSA to request a list [either on paper or electronically] of the participants and beneficiaries currently “active” on the SSA system so that additions, deletions, or other corrections may be submitted. SSA should generate this information for the plan administrator to allow for more accuracy and eliminate letters being needlessly generated by SSA in instances where the benefits have been previously distributed.
  6. In 1999, the DOL began using scanning technology to process information reported on Form 5500 and its related schedules. The scanning was accomplished by compressing data into a 2-D barcode on each page of the Form 5500 filing, thereby reducing the amount of data that could be printed on a single page. Today, only 4

individuals may be reported on page 2 of Schedule SSA, resulting in filings with tens or hundreds of pages of Schedule SSA. *ASPPA recommends* that Form SSA be adapted for plans filing on paper by reformatting page 2 of the existing schedule to allow reporting of more than 4 individuals.

7. While plan administrators make every effort to provide accurate data, errors occur. These errors can result in unnecessary administrative burdens to SSA and cause the affected individual to receive inaccurate information. *ASPPA recommends* that SSA establish a process that will automatically notify plan administrators when there is a mismatch of the social security number and/or name reported on Form SSA so that corrections can be made in a timely fashion.



These comments were prepared by ASPPA's Reporting and Disclosure subcommittee of the Government Affairs Committee, Chair, Janice M. Wegesin, CPC, QPA. Please contact us if you have any questions or comments regarding the matters discussed above. Thank you very much for your consideration of these comments.

Sincerely,

/s/  
Brian H. Graff, Esq., APM  
Executive Director/CEO

/s/  
Teresa T. Bloom, Esq., APM  
Chief of Government Affairs

/s/  
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cc: Ann E. Junkins