

**From:** Imhoff, Pat [Imhoff.Pat@principal.com]  
**Sent:** Monday, October 31, 2005 6:22 PM  
**To:** EBSA, E-ORI - EBSA  
**Cc:** Imhoff, Pat; Flowers, Barb; Lang, Jim  
**Subject:** Form 5500 E-filing Regulation - Comments

**Attachments:** Comments on Electronic Filing Proposal.doc



Comments on  
Electronic Filing ...

To: Office of Regulations and Interpretations  
Employee Benefits Security Administration  
U.S. Department of Labor

Attached is a document reflecting our comments on the EBSA Proposed Rule on Electronic Filing of Annual Reports.

<<Comments on Electronic Filing Proposal.doc>>

Thank you for the opportunity to provide comments.

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October 31, 2005

Office of Regulations & Interpretations  
Employee Benefits Security Administration, Room N-5669  
Attn: Form 5500 E-filing  
U.S. Department of Labor  
200 Constitution Avenue NW  
Washington, D.C. 20210

RE Form 5500 Electronic filing of Annual Reports

Dear Sir or Madam:

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This is in response to the request for comments on the Employee Benefits Security Administration's proposal on Electronic Filing of Annual Reports. We certainly understand the complexity and cost in processing the Form 5500 annual reports for the millions of employee benefit plans. We appreciate the opportunity to provide comments and input on the changes under consideration.

## Comments

We understand the reasons for mandating electronic filing of all Form 5500 annual returns and do agree with the proposal in general. However, there continue to be issues in the process that need to be addressed.

- Prior to the EFAST Electronic Filing System, Principal Life Insurance Company submitted over 10,000 of our client's Form 5500 annual returns electronically to the IRS. Since the implementation of the EFAST electronic signature process, that number has dropped to less than 3,000. The electronic signature process is cumbersome and causes delays in submission of 5500 filings. There needs to be an automated electronic means of requesting and receiving the initial PIN and Signer ID. In addition, an electronic method for immediate retrieval of the PIN/Signer ID if lost or forgotten should be available.

- Since there may be a high volume of Form 5500 filing submitted on the filing deadlines, the new Electronic Filing System needs to record the Form 5500 filing as received on that original submission date and then allow a validation correction window for resubmission of the filing to correct errors or provide missing information.
- Providing a standard format for the IQPA Audit Report would help facilitate the collection of the report for inclusion in the Form 5500. Working with the American Institute of Certified Public Accounts (AICPA) to develop a standard format and methods for encrypting the data would help communicate the requirements to accountants and accounting firms and alleviate security concerns expressed by plan auditors.
- Not everyone has access to file electronically (small businesses). While going to the library to file may sound like a viable solution, these same clients may lack the knowledge or expertise needed to electronically file their Form 5500.
- The EFAST Help Line will need to be able to provide timely assistance relating to the electronic filing process even in high volume time periods as filing deadlines approach.

The scheduled timing for implementation is very aggressive for a number of reasons:

1. All parties involved in the preparation of the Form 5500 need to update their systems to provide electronic files and establish methods of delivery to the transmitter of the electronic filing.
2. Transmitters will need to update their systems to accommodate the collection and inclusion of other service providers and auditors' electronic files in clients' Form 5500 filings.
3. Communication and training of plan sponsors on the new method of submission will have to be in place.

Principal Life Insurance Company will need at least 15-18 months to update our proprietary Form 5500 systems and can support most widely accepted technology standards such as XML. The detailed system specifications will need to be finalized and published by June 2006, for us to have sufficient time to analyze the requirements, determine the affect on our processes, update our systems and delivery methods, establish training for our Form 5500 processors and client service representatives, and communicate and instruct our clients about the new process.

We suggest making electronic filing an option for the first year the new specifications are effective. That gives all parties involved an opportunity to use the new electronic filing system and work out all the glitches they undoubtedly will encounter. Delaying the mandatory electronic filing by one year would help transition into more accurately submitted filings and reduce phone calls and follow up correspondence.

We appreciate your willingness to accommodate both electronic filing submissions and also provide a web based filing system. While we anticipate that most of our clients will use our proprietary Electronic Filing Service that will be upgraded to meet the new specifications, some clients may choose to use the web based system the EBSA provides. Here are a few issues relating to the needs of the web based Form 5500 filing method:

- Accept the download of files from other Internet sites or entities to accommodate the collection of various schedules provided by service providers.
- Provide the ability to export electronic files from the web-based system to other Internet sites or entities.
- Secure the Schedule B so as not to jeopardize the personal liability of the actuary for the accuracy of the information.
- Allow the electronic signature of actuary on the Schedule B so the actuary can forward the Schedule B electronically to the plan sponsor.

Again, we support the concept of the proposed mandate and are available to provide input from the perspective of a volume preparer of Form 5500 annual reports and a current transmitter of large batches of electronic Form 5500 filings.

If you would like to discuss any of these comments, please contact Barb Flowers at (515) 248-2581 or e-mail her at [flowers.barb@principal.com](mailto:flowers.barb@principal.com).

Sincerely,

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