

PEP Audit and 5500 Onboarding Considerations

Your plan's audit and 5500 path is determined by the date your 401(k) plan assets have been fully transitioned into a PEP.

FOR PLANS COMPLETELY CONVERTED BEFORE 7/31*	FOR PLANS TRANSITIONING AFTER 7/31
<p>Option 1: Standalone Audit</p> <p>AUDIT CONSIDERATIONS</p> <ul style="list-style-type: none"> Final partial year plan audit WILL NOT be deferred to the PEP TPA does not check the deferred audit box <p>5500 CONSIDERATIONS</p> <ul style="list-style-type: none"> TPA does not check the termination box TPA files the "final" form 5500 Plan sponsor selects their own auditor to complete the partial year audit before the final 5500 is filed The 5500 and partial year audit are filed together before the tax deadlines <p>Option 2: Audit Deferred to PEP</p> <p>AUDIT CONSIDERATIONS</p> <ul style="list-style-type: none"> Final partial year plan audit WILL be deferred to the PEP TPA does check the deferred audit box The PEP auditor will complete the partial year audit (cost varies based on timing and will be passed through to the adopting employer) The PEP auditor will file the plan's partial year audit with the same year's PEP audit <p>5500 CONSIDERATIONS</p> <ul style="list-style-type: none"> TPA does not check the termination box TPA files the "final" form 5500 The final 5500 can be filed without the partial year audit <p><small>*Calendar year plans: must confirm implementation start date to ensure plan is fully onboarded by July 31. Non-calendar year plans: plan assets must be transferred into the PEP within seven months after the plan year end.</small></p>	<p>Only Option</p> <p>AUDIT CONSIDERATIONS</p> <ul style="list-style-type: none"> Final partial year plan audit CANNOT be deferred TPA does not check the deferred audit box Plan sponsor selects their own audit or hires the PEP auditor to complete the partial year audit before the final 5500 is filed <p>5500 CONSIDERATIONS</p> <ul style="list-style-type: none"> TPA does not check the termination box TPA files the "final" form 5500 The 5500 and partial year audit are filed together before the tax deadlines