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"80-120 Participant Rule"

This ruling allows plans with between 80 and 120 participants, as of the 1st day of the plan year, to file the Form 5500 in the same category ("large plan" or "small plan") as indicated on the prior year Form 5500 filing.

The number of participants dictates whether you have a large or small plan. Employees become includable as "participants" (per the instructions to the Form 5500) on the date which the employee becomes eligible to participate - regardless of whether they elect to participate.

The participant count must include (1) actively participating employees, (2) retired, deceased, or separated employees who still have assets in the plan and (3) all eligible employees who have yet to enroll or have elected not to enter the plan.

Retirement Plan Audit "80-120 Participant Rule"			
# of Eligible Participants on 1st Day of the Plan Year	Financial Schedule Filed with Prior Year Form 5500	Options for Rurrent Year Form 5500	Audit Required?
<80	Does not matter	Small Plan - Schedule I	No
80-99	Small Plan - Schedule I	Small Plan - Schedule I	No
	Large Plan - Schedule H	Either - Sch H or I	Optional*
100-119	Small Plan - Schedule I	Either - Sch H or I	Optional*
	Large Plan - Schedule H	Large Plan - Schedule H	Yes
>120	Does not matter	Large Plan - Schedule H	Yes

* Audits are always required if you elect to file as a large plan using Schedule H. File Schedule I to avoid the audit requirement in these circumstances