

IRS Explains Certain Plans Retroactively Adopted After the End of Plan Year Are Not Required to File a Form 5500 for 2020

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The IRS recently explained in an announcement that certain retirement plans adopted after the close of the employer's taxable year will not be required to file a Form 5500 for 2020. Specifically, under the SECURE Act, an employer may adopt a retirement plan after the close of the employer's taxable year (by the due date, including extensions, for filing its tax return for the taxable year) and elect to treat the plan as having been adopted as of the last day of the taxable year. This provision of the SECURE Act only applies to plans adopted for taxable years beginning after December 31, 2019.

In its announcement, the IRS explained that if an employer adopted a plan during the employer's 2021 taxable year, by the specified deadline, and elected to treat the plan as having been adopted as of the last day of the employer's 2020 taxable year, then the employer will not be required to file a Form 5500 for the plan year that begins during the employer's 2020 taxable year. The IRS further explained that the first Form 5500 required to be filed for the plan will be the 2021 Form 5500, and the employer will be required to check a box on the 2021 Form 5500 indicating the employer elected to treat the plan as retroactively adopted. For defined benefit plans, employers will be required to attach a 2020 Schedule SB to the 2021 Form 5500, in addition to a 2021 Schedule SB. Additional explanations of the filing requirements for retroactively adopted plans will be included in the instructions for the 2021 Form 5500. Lastly, the IRS also announced that it anticipates similar rules will apply to the retroactive adoption of a plan under the SECURE Act after an employer's 2021 taxable year.

The IRS's announcement is available [here](#).