

# Annual Audit

## Does your plan qualify?

### SMALL PLAN

A plan is considered a small plan if it had less than 100 participants at the beginning of the plan year (subject to the 80-120 rule). Generally, a small plan is eligible for a waiver of the annual audit that large plans are required to file. Small plans file Form 5500-SF, which is a shortened version of Form 5500.

#### What is the 80-120 Rule?

Under the 80-120 rule, if a plan has between 80 and 120 participants as of the beginning of the plan year, it can file the same category of Form 5500 (i.e. large plan or small plan) it filed the year before. This rule permits a small plan to continue to file Form 5500-SF and avoid the audit requirement until the plan reaches 120 participants with account balances at the beginning of a subsequent plan year.

### LARGE PLAN

A plan is considered a large plan if it had 100 participants or more who had an account balance at the beginning of the plan year (subject to the 80-120 rule). A large plan must have an audit performed by an independent qualified public accountant. Large plans file Form 5500 with a Schedule H and an accountant's opinion.

#### Who qualifies as a participant?

For plan years beginning on or after January 1, 2023, only participants with account balances at the beginning of the plan year are counted. This includes participants who are currently employed, as well as other participants that may have retired, deceased, or separated from service.

## DOES YOUR PLAN REQUIRE AN AUDIT?

Form filed previous plan year	Number of participants at start of current plan year	Audit required current plan year?
N/A (First year plan)	1-99	No
	100 or more	Yes
5500 with Schedule H and accountant's opinion	1-99	No
	100 or more	Yes
5500-SF	1-119	No
	120 or more	Yes

**Contact us to learn how we can help you and your auditor with your 401(k) plan audit.**

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