



Trouble Locating Missing 401(k) Participants?

A Proposed Program May Be Of Help

Francis Fraine
Parker Elmore, ASA, MAAA, EA, FCA

One of the many challenges facing employers while terminating a 401(k), profit sharing or other Defined Contribution ("DC") plan is locating participants with balances who have long since left employment. Much like their missing participant program for defined benefit plans, the Pension Benefit Guarantee Corporation ("PBGC") has recently proposed establishment of a program to accept transfers of account balances of any size.

Francis Fraine is an actuarial consultant in the Connecticut offices of Odyssey Advisors. Contact him at ffraine@odysseyadvisors.com.

Parker Elmore, ASA, EA, MAAA, FCA is a consulting actuary in both the Las Vegas & Connecticut offices of Odyssey Advisors. Contact him at pelmore@odysseyadvisors.com.

How would this program work?

There are two ways for a terminating defined contribution plan to use the program:

- Transfer the accounts of missing participants to PBGC; or
- Send PBGC information about where accounts of its missing participants were transferred. For example, contact information for the IRA provider where accounts were established.

How would plan sponsors & participants benefit from this program?

- Benefits of any size can be transferred to PBGC.
- Low cost - Low one-time fee (initially set at \$35) to transfer a benefit (no fee for transfers of \$250 or less); no fees for account maintenance or benefit distribution.
- A centralized online searchable directory of missing DC plan participants will make it easier to find a lost benefit.
- Transferred amounts grow with interest (at the Federal mid-term rate)
- Lifetime income available for balance transfers over \$5,000.

When is this program expected to be available?

It's anticipated that the program will be available in 2018.

Do I have to enroll in this program if I cannot find all participants?

The program is completely voluntary so enrollment is not required.

While this isn't the ideal solution for all terminating their DC plan, it may provide another option to consider.

Have questions? We Have Answers

Contact an Odyssey consultant at (855) 401-GAIN to see how we can help.