

PBGC EXPANDS MISSING PARTICIPANTS PROGRAM TO INCLUDE TERMINATING DEFINED CONTRIBUTION PLANS

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The Pension Benefit Guaranty Corporation (PBGC) has expanded its missing participants program to cover terminating defined contribution plans (including 401 (k) plans). The expanded program is voluntary and will be available for plans that terminate on or after January 1, 2018. Before the expansion, the missing participants program was open only to terminated PBGC-insured single-employer defined benefit plans.

By expanding the program, terminating defined contribution plans will have the option of transferring missing participants' benefits to the PBGC instead of establishing an IRA at a financial institution. Before turning to the PBGC, the plan administrator must make a diligent effort, including the use of a locator service, to locate a missing participant. Participant benefits that are ultimately transferred to and held by the PBGC will not be diminished by the maintenance fees or distribution charges typically imposed by an IRA. The PBGC will pay out defined contribution plan benefits with interest (at the Federal mid-term rate) when a participant is found. The PBGC generally will charge a one-time administrative fee of \$35 with respect to each missing distributee for whom the plan transfers a payment obligation of more than \$250 to the PBGC.

The expanded program is intended to make it easier for people to locate their retirement benefits after a plan terminates. Note that the missing participant program also offers terminating defined contribution plans the option of simply notifying the PBGC of the disposition of one or more missing distributees' benefits, without necessarily transferring the actual benefit. The PBGC will share the information regarding the benefit information with the participant once found. A notifying plan is not subject to any administrative fee.

The expanded program also covers small (25 or fewer participants) professional service defined benefit plans, and PBGC-insured multiemployer pension plans that terminate and pay out all remaining benefits. The relevant rules were published in the Federal Register on December 22, 2017 at 82 FR 60800. Information on the expanded missing participant program also can be found at <https://www.pbgc.gov/prac/missing-participants-program>.