

DOL's Abandoned Plan Program Extended to Bankruptcy Trustees

May 29, 2024

PRACTICES Employee Benefits and Executive Compensation

On May 16th, the DOL released interim final rules (the “**Final Rules**”) and an amendment to Prohibited Transaction Exemption 2006-06 (the “**Amendment to PTE**”), effective July 16, 2024, amending the DOL’s Abandoned Plan Program (the “**APP**”) to allow Chapter 7 bankruptcy trustees to use the APP to terminate, wind up, and distribute assets from a bankrupt company’s retirement plan.

The APP, adopted in 2006, included streamlined procedures for the termination and distribution of benefits from individual account retirement plans (e.g., 401(k) plans) that sponsoring companies have abandoned. The APP provides for the distribution of plan benefits and reduces the fees charged to participants’ accounts for annual reporting, legal compliance, and other administrative services. Previously, trustees of a Chapter 7 bankruptcy were not eligible to use the APP. Now, these trustees will be able to use the APP, thus reducing the time and resources needed to wind up a bankrupt company’s retirement plan under the APP.

Additionally, the Amendment to PTE permits Chapter 7 bankruptcy trustees and their designees to select and pay themselves for services performed in connection with the termination and wind-up of a bankrupt company’s retirement plan. The Final Rules also include a new online method to submit required notices to the DOL.

The Final Rules are available [here](#), and the Amendment to PTE is available [here](#).