

Practice Tip: Warning Signs Your Plan May Have a Missing Participants Problem

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When participants in a qualified retirement plan terminate employment with the plan sponsor, it can be challenging to ensure that their contact information in the plan's records is kept up to date and accurate. Inaccurate contact information is problematic for a variety of reasons, including potentially causing an operational failure when such participants do not receive distribution of their plan benefits by their required distribution date, as well as increasing the possibility of fraud when a participant's information is sent to the wrong address. In addition, a plan sponsor's failure to make reasonable efforts to locate missing participants would be a breach of their fiduciary duties of loyalty and prudence. Often, the first indication that a participant may be missing is that mail sent to their last known address is returned undeliverable or their distribution checks are returned or remain uncashed. In addition, a plan sponsor should check to see if there are any participants who have reached their required distribution date but who are not receiving distributions. The IRS, DOL, and PBGC have each published guidance on the steps a plan sponsor must take to try to locate missing participants, which is discussed in more detail in our prior blog posts listed below: [IRS Memo Addresses Required Minimum Distributions to Missing Participants](#) [New Guidance on Locating Missing Participants of Terminated Defined Contribution Plans](#) [PBGC Expands Missing Participants Program to Terminated Defined Contribution Plans](#)