



IRS reviews steps for retirement plans to locate missing participants

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Nov. 9, 2020*

A recent IRS [issue snapshot](#) summarizes the steps for administrators of qualified and 403(b) retirement plans to locate missing participants in three situations: (i) when a participant is due to receive a required minimum distribution (RMD); (ii) when a participant is owed additional benefits as part of a correction under the Employee Plans Compliance Resolution System (EPCRS); and (iii) when a poorly funded multiemployer plan sends a suspension-of-benefits notice. The steps aren't identical in each situation, so employers need to be aware of the different requirements. Administrators should keep a record of their efforts to locate missing participants, since IRS will check if the necessary steps have been taken. The snapshot focuses only on IRS's requirements and notes that Department of Labor (DOL) and Pension Benefit Guaranty Corp. (PBGC) have separate guidance on locating missing participants.

RMDs

IRS will not treat a plan as failing to pay a participant's RMD as long as a plan administrator has performed a diligent search to locate the participant by taking all of these steps:

- A search for alternate contact information held by the plan, any related plan, the plan sponsor and any publicly available records or directories
- The use of a commercial locator service, credit-reporting agency or proprietary internet search tool
- A contact letter sent by certified mail to the individual's last known address and other appropriate means (such as email or telephone) for additional known contact information

Corrective distributions under EPCRS

EPCRS requires reasonable actions to find all current and former participants and beneficiaries who are owed additional benefits but are missing after a mailing to the last known address. If the initial mailing is

unsuccessful, the plan should send a second letter by certified mail to the last known address. If that attempt is unsuccessful, the plan should use one or more other appropriate search methods, such as a commercial locator service, a credit-reporting agency or internet search tools. A plan that follows these steps won't be treated as failing to make the correction but still must make the corrective payment if the individual is later found.

Multiemployer plan suspension-of-benefits notice

A multiemployer plan in critical and declining status can't suspend benefits without providing a notice to certain individuals, except for anyone who can't be contacted by reasonable efforts. IRS regulations give two examples of reasonable efforts:

- Requesting contact information for the missing individual from the plan's bargaining parties and the administrators of any other employee benefit plans that the sponsor reasonably believes may have useful information to locate the individual
- Using an internet search tool, a credit-reporting agency and a commercial locator service to search for individuals for whom the plan was unable to obtain updated information from bargaining parties

Related resources

Non-Mercer resources

- [Tax-exempt and governmental entities issue snapshots](#) (IRS, Oct. 30, 2020)
- [IRS procedures regarding missing participants and beneficiaries](#) (IRS, Oct. 29, 2020)

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- [Bipartisan bills address missing participant issues](#) (July 29, 2020)

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