



Plan Sponsor To-Dos: Missing Plan Participants

The onset of a new year provides a perfect starting point to get organized. One area of organization that retirement plan sponsors can focus on is locating “missing” plan participants (employees who have terminated employment, yet still have a balance in their former company’s retirement plan but are unresponsive or cannot be located). As fiduciaries, plan sponsors must treat all accounts—whether they belong to current employees, former employees, or employees’ beneficiaries—with prudence and care.

Fortunately, help is available. In order to assist plan sponsors who are attempting to locate missing participants, the Department of Labor’s (DOL) Employee Benefit Security Administration (EBSA) provides guidance in a document called [Best Practices for Pensions Plans](#). These guidelines recommend a wide range of best practices that plan fiduciaries should consider as steps their plan could take to help reduce missing participant issues and ensure that former employees receive their hard-earned retirement benefits. Below is a sampling of best practices that the DOL suggests.

- Contacting participants, both current and retired, and beneficiaries on a periodic basis to confirm or update their contact information (including address, phone number, social media contact information, etc.)
- Flagging undeliverable mail/email and uncashed checks for follow-up
- Regularly requesting updates to contact information for beneficiaries (if any)
- Regularly auditing census information and correcting data errors
- Checking related plan and employer records for participant, beneficiary, and next of kin/emergency contact information
- Checking with designated plan beneficiaries (e.g., spouse, children) and the employee’s emergency contacts (in the employer’s records) for updated contact information; if there are privacy concerns, asking the designated beneficiary or emergency contact to forward a letter to the missing participant or beneficiary
- Using free online search engines, public record databases (such as those for licenses, mortgages, and real estate taxes), obituaries, and social media to locate individuals
- Using a commercial locator service, a credit reporting agency, or a proprietary internet search tool to locate individuals
- Attempting contact via other available means such as email addresses, telephone and text numbers, and social media
- Reaching out to the colleagues of missing participants by, for example, contacting employees who worked in the same office



Other Important Considerations for Plan Fiduciaries

It's clear that regulators expect retirement plan fiduciaries to handle cases of missing participants with the utmost attention and care. But beyond that, resolving to locate former employees and beneficiaries that still have assets in their retirement plan can reduce future administrative headaches, not to mention reduce overall plan costs. Why? Many retirement plan service providers charge a per-head fee, which means that your company may be paying fees for accounts that belong to ex-employees.

Locating former employees and encouraging them to act on their account assets could make good financial sense. Using the DOL's recommendations is a great place to begin. Plan fiduciaries that feel underequipped to locate missing plan participants should enlist the help of their plan's service providers, such as a third-party administrator or retirement plan consultant



3 Hot Retirement Topics in 2022

Staying ahead of the curve is integral for businesses of all shapes and sizes. When it comes to benefit offerings, it helps to know what's on the horizon. So, what issues can business owners and retirement plan sponsors anticipate in 2022? T. Rowe Price recently released the [2022 Retirement Market Outlook](#) report, which outlines three areas in which retirement plan sponsors should be aware of. Let's look at these three hot retirement topics for 2022:

Narrowing the retirement savings gap through increased access to retirement plans. We know what you're thinking: narrowing the savings gap is most certainly not a new topic. Indeed, the retirement and financial services industry has been promoting this initiative for years. Now that regulators have moved to improve broader access to retirement plans to a larger constituency of American workers, however, and to also provide incentives for businesses that implement auto-enrollment and auto-deferral features, the narrative for this important theme will change in 2022.

Expanding focus on financial wellness. Once again, although not an entirely new concept, financial wellness is a critical component for which employers can engage with their employees to help them improve their financial literacy and tackle everyday financial worries that may cause stress at work and at home. Employee financial wellness is intertwined with employer business interests. According to the T. Rowe Price 2022 Retirement Market Outlook, workers who are struggling financially lose 44 percent more work time to absence than peers without financial worries. Further, 53 percent of workers indicated that saving for retirement is the area where they most want help from their employers! Employers who take a more holistic approach to financial wellness and help their employees recognize how their competing financial priorities stack up will be ahead of the curve.

Bracing for a potential shift in capital markets. In the 2022 Retirement Market Outlook, T. Rowe Price analysts caution that, despite more than 10 years of a bull market run, capital markets appear poised to enter a new era of lower expected returns. As such, retirement savers and investors may need to adapt their approach. Employers can help employees understand the impact market trends may have on their retirement savings nest eggs by engaging with their retirement plan advisor or consultant to provide impactful education and advice programs.



2022 Important Retirement Plan Dates and Deadlines

Workplace retirement plans are governed by various dates and deadlines of which all 401(k) plan administrators should be keenly aware. Below are important dates to keep in mind in the upcoming year. Be sure to coordinate the timely completion of important retirement plan tasks with your recordkeeper or third-party administrator.

Please note: The list below is not exhaustive and dates are based on a calendar year plan.

January

15 Begin to prepare your plan's census data to ensure accuracy and completeness. Your plan's third-party administrator or recordkeeper will use this to perform upcoming nondiscrimination testing

31 Form 1099-R due to participants to report 2020 distributions

March

15 Deadline for ADP/ACP corrective distributions to be processed without excise penalty

15 Fund employer contributions (for partnerships)

April

15 Deadline to distribute 2020 402(g) excess deferrals

15 Fund employer contributions (for corporations)

July

31 Deadline to file IRS Form 5500 (or Form 5558, to request an extension for filing Form 5500)

September

15 Fund employer contributions (if extension was filed)

October

1 IRS deadline to establish a new safe harbor 401(k) plan for the current calendar year

15 IRS extended deadline to file Form 5500 (for calendar year plans, if extension was filed)

November

1 Deadline to provide annual SIMPLE IRA plan notices to eligible employees (if applicable)

December

1 Deadline for providing annual safe harbor, qualified default investment alternative, and qualified automatic contribution arrangement notices to plan participants (if applicable)

31 Deadline for processing corrective distributions (excise penalty will apply)

31 Deadline for participants to take required minimum distributions

Optional

Begin to review employee census data for completeness and accuracy in preparation for upcoming non-discrimination testing, which must be completed by March 15, 2022 (for calendar year plans).

**We Can Help**

Contact us to learn more about best practices for handling the accounts of former employees, retirement plan trends, and 2022 important retirement plan dates.

Commonwealth Financial Network® does not provide legal or tax advice. Please contact your legal or tax advisor for advice on your specific situation. Securities and advisory services offered through Commonwealth Financial Network,® Member FINRA/SIPC, a Registered Investment Adviser.

Authored by the Retirement Consulting Services team at Commonwealth Financial Network.

© 2021 Commonwealth Financial Network®