

VOLUME 27,
ISSUE 1

APRIL
2018

INSIDE THIS
ISSUE:

HOW DO I MAKE
DISTRIBUTIONS
TO NON-
RESPONSIVE
OR LOST
PARTICIPANTS?

PLAN
RESTATEMENTS
FOR DEFINED
BENEFIT PLANS
COMING SOON!

CLIENT
REFERRAL
PROGRAM:

If a client you
recommend to
us becomes our
client, you can
receive a 10%
discount on
annual
services
every
year



The PRS Report

How do I make distributions to non-responsive or lost participants?

Once plan participants terminate employment, the recommended approach is to pay out their benefits as quickly as feasible. Since annual administrative costs of a plan depend in part on the number of participants in the plan, paying out these participants saves administrative fees. Moreover, it prevents major headaches in the future in trying to locate former employees should the plan be terminated. The IRS will not consider a plan as terminated if all benefits have not been distributed.

The answer to this dilemma is for all plans to have Mandatory Cash-out provisions written into their plan documents whereby benefits under \$5,000 can be rolled over to an IRA established by a bank, insurance company or other authorized provider. If your plan document does not contain such provisions, we can amend the plan to add these provisions.

Pension Review Services has recently started working with a company called PenChecks Trust, which handles roll-overs for participants the plan sponsor cannot locate who have balances or a benefit under \$5,000. *There is no cost to the plan sponsor for the services that PenChecks provides.*

We are planning on including the provisions for mandatory cash-outs in all our defined benefit plan restatements (see next article). However, since the restatement of defined contribution plans (profit sharing, 401(k), and money purchase plans) will not begin until mid-2020, if you are interested in adding mandatory cash-outs to your plan, we can amend the plan to do so. Just let us know.

Plan Restatements for Defined Benefit Plans Coming Soon!

It's almost Restatement Time again for all Defined Benefit plans! Periodically (normally every six years), the IRS requires that qualified plans be restated to incorporate changes resulting from new laws and regulations. In Announcement 2018-5, the IRS announced the opening of the second restatement cycle for Defined Benefit plans. Because the IRS had an approximately two-year delay in issuing the opinion and advisory letters for this restatement of pre-approved defined benefit plans, our defined benefit and cash balance plan clients have had a 2-year reprieve. However, as the Announcement so states, this reprieve is about to expire.

Restatements for Defined Benefit Plans Coming Soon!**(continued)**

All defined benefit plans (this includes cash balance plans) must restate and adopt the restatement provisions between May 1, 2018 and April 30, 2020. The restatement covers the provisions required in the 2012 Cumulative List for laws and regulations added since the last restatement period (known as EGTRRA) which occurred between May 1, 2010 and April 30, 2012. This second restatement cycle will be known as the PPA restatement cycle.

Once the IRS releases the opinion and advisory letters on or about March 30, 2018, document software providers will work on completing their coding before release to TPAs and other providers. We expect that sometime in the Summer, we will be able to begin the process of preparing our client's restated defined benefit plan documents.

In June, we should be sending out letters requesting your authorization to restate your Plan for PPA. We will be requesting the return of the authorization form, as well as a retainer for approximately half of the fee. Since the restatement requires an entire re-write of the plan document, it is an ideal time to make plan design changes if so desired. We will be happy to prepare plan designs, and the authorization form will ask about your interest in a new design. The sooner the authorization is returned, the lower the cost. To better schedule our work and to avoid having authorizations arrive at the end of the two-year restatement period, we will offer a discount for early authorizations.



Pension Review Services
445 Broad Hollow Road, Suite 8
Melville, NY 11747
Phone: (631) 465-0850 Fax: (631) 465-0855

www.pensionreviewservices.com
email: info@pensionreviewservices.com