



## PENSION STRATEGIES

QUALIFIED PLAN DESIGN & ADMINISTRATION



### Upcoming Deadlines

#### **February 15, 2014**

Contribution deadline for May 31, 2013 year ends that are on extension

#### **February 28, 2014**

5500 forms due for plans with July 31, 2013 year ends unless extension has been filed

#### **March 17, 2014**

Contribution refund deadline for failed 401k ADP tests

Last day to amend 2013 defined benefit plan retirement benefit formulas



### More About Us

## Strategic Update

*Ideas, news and tips from Pension Strategies*

February 2014

### Lost Participants can Increase Costs

Retirement plans provide much needed retirement security for American workers, but you'd be surprised how many employees leave a company and their plan benefits behind without ever looking back. Most plans require a waiting period to receive plan benefits and frequently ex-employees don't keep their former employer informed of address changes. Not only does the participant lose track of their retirement account, but often times those extra terminated participants cause plan administration fees to be higher because fees are generally based on the number of participants in the plan.

Plans that cover more than 100 "participants", including terminated participants not paid out, are required to have financial statements audited by an independent CPA, which can add thousands of dollars to the annual cost of the plan. Prevention is a good strategy:

- Your employee termination package could include paperwork to request a distribution from the retirement plan. At a minimum, notify employees if they have benefits and request they keep their address current.
- See if your plan allows for balances of less than \$1,000 to be automatically distributed without consent or if balances between \$1,000 and \$5,000 can be automatically rolled to an IRA for terminated employees.
- Review reports showing participant account balances and work with your provider to actively pay these individuals out of the plan.

Here are a few suggestions for locating terminated employees who cannot be found:

- First Class then Certified Mail to the last known address. If the letter is returned, keep the envelope evidencing the attempt to locate the individual.
- Call the emergency contact, beneficiary, or other relatives listed in your company records.
- Sometimes other benefit providers may be able to help or current employees may still be in touch with the terminated employee.
- Try the Social Security Administration letter-forwarding service. There is a cost to this service and it can take many months. More information can be found at this link: [Letter](#)

### [Forwarding](#)

- Internet search involving social media or even commercial locator services.

Regardless of the type of retirement plan you have, there are many good reasons to keep your participant count trimmed and pay out terminated participants as soon as the plan allows.

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## Time is Money

We've all heard that old adage. However, it is so true when completing that pesky data request we send to you each year. Complete, accurate information is essential for preparing your plan

administration. Incomplete data can result in missed opportunities for you or misinformation reported on government forms. It can also mean penalties or added cost of amending reports. A little extra time spent on the front end can save significant time and money later on!

## Pension Strategies News



Congratulations to Joel Tippetts and Jessica Martin. Joel and Jessica were married January 17th. Joel is a Retirement Plan Specialist in the defined benefit plan area. Joel has been working on exams with the goal of becoming an Enrolled Actuary. We all wish Joel and Jessica a wonderful life together.

Please let us know if you would like us to address any topics in upcoming issues of Strategic Update. We're here to be your best resource in the Retirement Planning industry.

**Sincerely,**

Jack Lawless, CPA, APM

Pam Johnson, QPA, CPC

Jill Hastings, JD

David Schattenberg, APA, Senior Consultant

Mallory Young, Senior Consultant

***And the entire Pension Strategies team***