

MEMO# 30412

November 22, 2016

ICI Submits Comment Letter on PBGC Proposed Rule for Missing Participant Program

[30412]

November 22, 2016

TO: ICI Members SUBJECTS: Operations
Pension

Transfer Agency RE: ICI Submits Comment Letter on PBGC Proposed Rule for Missing Participant Program

The Institute submitted the attached letter to the Pension Benefit Guaranty Corporation (PBGC) responding to its proposal to modify its existing program for missing participants.[\[1\]](#) PBGC's current missing participant program holds retirement benefits for missing participants of terminated single-employer defined benefit plans and helps participants find and receive benefits held for them. The proposal would make the program available to most terminated defined contribution plans. PBGC also proposes to create a new unified pension search database.

The letter indicates our general support of the proposal, citing the positive impact it would have on missing participants in defined contribution plans. The letter also urges PBGC to broaden the availability of the program and extend its application to missing participants in active plans, noting that the challenges associated with locating missing participants extend to active plans as well.[\[2\]](#) We note that DOL should issue guidance specifying that assets of missing participants (in both active and terminated defined contribution plans) may be transferred to PBGC under its program.[\[3\]](#) We also urge PBGC to coordinate with DOL and revise its proposal to clarify that it will accept all such amounts upon the issuance by DOL of guidance specifying the program as a suitable transfer vehicle for missing participant accounts.

Finally, our letter expresses support regarding the PBGC's handling of agency coordination, the voluntary nature of the information filing under the program, and the proposed level and assessment of fees. PBGC proposes to charge a \$35 participation fee for each account that is transferred to PBGC, waiving the fee for transferred account balances of \$250 or less. We suggest that the threshold amount should be increased to \$700, so that the fee will never exceed more than five percent of the participant's account balance.

Shannon Salinas
Assistant General Counsel

[Attachment](#)

endnotes

[1] For a description of the proposal, see [Memorandum](#) to Pension Members No. 31-16, Operations Committee No. 23-16, Bank, Trust and Retirement Advisory Committee No. 35-16 and Transfer Agent Advisory Committee No. 47-16 [30262], dated September 23, 2016. The proposal, at 81 Fed. Reg. 64700 (September 20, 2016), is available here: <https://www.gpo.gov/fdsys/pkg/FR-2016-09-20/pdf/2016-22278.pdf>.

[2] The Institute also made this request in its August 20, 2013 response to PBGC's Request for Information regarding the expansion of its program to defined contribution plans. See [Memorandum](#) to Pension Members No. 39-13, Operations Committee No. 38-13, Bank Trust and Retirement Committee No. 23-13, Transfer Agent Advisory Committee No. 62-13 [27481], dated August 21, 2013. While PBGC declined to allow active plans to participate in the program, it generally responded favorably to the other suggestions in the ICI Letter.

[3] The preamble to the proposal indicates that DOL intends to review its existing guidance (including its Safe Harbor for Distributions from Terminated Individual Account Plans and its Abandoned Plan Regulations) in light of PBGC's proposal.