

MEMO# 27337

June 27, 2013

PBGC Issues Request for Information Regarding Missing Participants in Individual Account Plans

[27337]

June 27, 2013

TO: PENSION COMMITTEE No. 15-13
PENSION OPERATIONS ADVISORY COMMITTEE No. 14-13
OPERATIONS COMMITTEE No. 27-13
BANK, TRUST AND RETIREMENT ADVISORY COMMITTEE No. 16-13
TRANSFER AGENT ADVISORY COMMITTEE No. 49-13 RE: PBGC ISSUES REQUEST FOR INFORMATION REGARDING MISSING PARTICIPANTS IN INDIVIDUAL ACCOUNT PLANS

The Pension Benefit Guaranty Corporation (PBGC) issued a request for information (RFI) soliciting information to assist it in making decisions regarding the implementation of a program for missing participants of individual account plans. [1] As you may recall, the Pension Protection Act of 2006 amended ERISA section 4050 to allow terminating defined contribution plans to transfer assets of missing participants to PBGC, effective upon PBGC's prescription of rules for such a program. [2] The Institute has previously recommended that PBGC implement such a program to allow for the transfer of missing participant accounts to PBGC upon plan termination. [3] Responses to the RFI are due on or before August 20, 2013.

We are planning a conference call in July to discuss the RFI and the Institute's response. Please contact Howard Bard (howard.bard@ici.org or 202-326-5810) if you are interested in participating in the call or if you have any comments or questions with regard to the RFI.

In the RFI, PBGC is seeking the following information:

- The extent of the demand for such a program, including numbers of missing participants, account balances, and account balance ranges;
- The extent of services available in the competitive marketplace relating to locating missing participants in individual account plans;
- Whether plans and service providers would utilize a PBGC program providing services for missing participants' accounts in terminating individual account plans if the fees charged and services provided by PBGC were comparable to private sector programs;
- Whether plans and service providers would utilize a PBGC program providing services

for missing participants' accounts in terminating individual account plans if PBGC provided a narrower range of services than typical private sector providers;

- The impact of potential program features (such as fees, minimum benefit size requirements, and optional or mandatory electronic filing) on the potential use of the program by plans and service providers;
- The impact of a PBGC missing participant program for individual account plans on private-sector benefit processing firms;
- The value of PBGC maintaining a single database of missing participants' benefits in terminated individual account plans compared to the burden on plans to provide the data and the burden on PBGC to maintain the database, as well as whether this comparison would be different if the reporting of data was voluntary and not mandatory;
- The type of diligent search requirements that should be required for locating missing participants in individual account plans and whether PBGC should offer search services for a fee or post on its web site private sector companies that provide such services; and
- The special concerns small plans, their sponsors or participants have regarding the treatment of missing participants in individual account plans.

PBGC requests that to the extent possible, responses to the RFI include quantitative as well as qualitative support or analysis where applicable.

Howard Bard
Associate Counsel

endnotes

[1] The RFI is available here:

<http://www.gpo.gov/fdsys/pkg/FR-2013-06-21/pdf/2013-14834.pdf>.

[2] See [Memorandum](#) to Pension Members No. 48-06, Federal Legislation Members No. 5-06, 529 Plan Members No. 13-06 [20250], dated August 4, 2006.

[3] The Institute's recent comment letter to the Department of Labor in response to the Department's proposed abandoned plan program amendments recommended that PBGC implement such a program. See [Memorandum](#) to Pension Members No. 12-13, Operations Committee No. 11-13, Bank, Trust and Retirement Advisory Committee No. 6-13, Transfer Agent Advisory Committee No. 21-13 [27050], dated February 26, 2013.