

One Minute Memo[®]



IRS Ends Letter-Forwarding Program For Missing Plan Participants

Since 1994, the IRS has allowed employers to use a special letter-forwarding program in hopes of locating participants entitled to benefits under their retirement plans. In Revenue Procedure 2012-35, the IRS stated that, in recent years, many other search methods have become widely available to find missing individuals. As a result, **effective August 31, 2012**, the IRS will limit its letter-forwarding program to “humane” purposes only, which do not include situations where a benefit may be payable to a missing participant under an employer-sponsored retirement plan. Any pending requests with the IRS for use of its letter-forwarding program that were postmarked prior to August 31, 2012, however, will continue to be accepted and processed.

Previously, the IRS letter-forwarding program was helpful in situations where former employees and other plan participants needed to be contacted, but for whom the employer did not have current mailing addresses (e.g., for a plan termination or an IRS audit where the employer had to prove that it used reasonable efforts to locate missing participants). In light of the change to the IRS letter-forwarding program under Revenue Procedure 2012-35, employers should evaluate their administrative procedures for locating missing plan participants and determine whether different methods should be used, including the programs offered by the Pension Benefit Guaranty Corporation and the Social Security Administration, as well as any private locator services and internet resources that are widely available.

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