



For your information

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Finding Missing Participants without the IRS Letter-Forwarding Program

The IRS issued Revenue Procedure 2012-35 to update its letter-forwarding program for humane purposes. The prior version, contained in Revenue Procedure 94-22, authorized the forwarding of letters from retirement plan administrators in an effort to locate missing participants or beneficiaries. The new procedure, which applies to letter-forwarding requests postmarked on or after August 31, 2012, does not authorize the forwarding of letters from retirement plan administrators to missing participants. Consequently, plan administrators will be limited to using private locator services or the Social Security letter-forwarding program in attempting to reach participants or beneficiaries that they cannot find.

Background

Under Revenue Procedure 94-22, the letter-forwarding program was made available to individuals, corporations and organizations, and state and federal governmental agencies attempting to locate missing individuals for a humane purpose. Humane purposes included family members seeking to establish contact to reunite with a missing relative, a company or organization (such as a plan administrator or the sponsor of a qualified retirement plan) holding assets that may be due a missing individual, or a state or federal agency seeking assistance in locating a missing individual. Under the prior procedure, the requester would submit a letter explaining why the letter needed to be forwarded and provide both the Social Security number of the missing individual and a copy of the letter to be forwarded. If the IRS located an address, the letter would be forwarded in an IRS envelope. The recipient would be advised that the IRS did not divulge to the requester either the recipient's address or the fact that the letter was forwarded, and that the decision whether to respond is entirely that of the recipient. There was no charge for forwarding 49 or fewer requests. For 50 or more requests, there was a flat charge of \$1,750, plus \$0.01 per address search and \$0.50 per letter forwarded.

IRS Withdraws Forwarding Service for Plans

In [Revenue Procedure 2012-35](#), the IRS states that it will no longer forward letters from plan administrators to missing participants because several alternative missing person locator services, including the Internet, have become available since 1994 and because the IRS no longer views reuniting individuals with financial assets to be a humane purpose.

Social Security and Other Options

Although the IRS will no longer be forwarding letters to missing participants, the Social Security Administration continues to offer a [letter-forwarding program](#) for situations in which a missing person is due “a sizeable amount of money,” among other reasons. Letters should be sent to the address in Baltimore, Maryland noted at the website, along with a nonrefundable check for \$25 per letter.

The Department of Labor (DOL) in [Field Assistance Bulletin 2004-02](#) suggested a number of other options for locating a missing participant or beneficiary before determining that such individual cannot be found and disposing of his/her account balance when terminating a defined contribution plan. The DOL suggests the following options as additional methods for searching for a missing participant or beneficiary:

- Use certified mail
- Check the records of related plans to the extent not precluded by privacy requirements
- Check with the designated plan beneficiary
- Use a commercial locator service or a credit reporting agency

INSIGHT

As part of their effort to comply with required plan participant communications, many plan sponsors audit participant records on a regular basis to ensure contact information -- such as addresses -- is current. This audit also helps identify participants who died, resulting in more accurate reporting of liabilities and a reduction in PBGC premium costs. Buck Consultants offers a Retirement Plan Alive Audit specifically aimed at this type of review.

In Closing

Given the availability of a number of alternative resources, as a practical matter, the elimination of the IRS's letter-forwarding program should not adversely affect plan administration or operations.