



# KB PENSION SERVICES ALERT!

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## Plan Participants: Where are my missing former employees?

An employee may leave your company, and you may stay in touch for a while...or more likely they walk out the door and you never hear from them again. But what about their retirement account balance with your plan?

As long as they remain a participant in your retirement plan, they need to be considered a part of your operations. All plan participants, whether active or no longer employed, are required to receive a statement of their account on at least an annual basis as long as there is money in the plan in their name. And if you want to pay out a former employee, you have to know where they live to be able to send out the distribution paperwork. Even involuntary distributions for small balances still require a notice be sent to the participant, as well as an address for where to mail the check and the 1099-R form at year end.

So what do you do about those former employees who have not made contact recently? What do you do if a statement mailed to their last known address comes back to you with no forwarding address on record? Here are a few tips for locating those participants who are no longer in contact with you:

1. Send certified mail to their last known address. This would require the participant to actually sign for the letter, and provide you with verification they are (or are not) at the address.
2. Check other personnel records you may have. Are any beneficiaries on file for insurance they have or had with you? Are any family or friend references on file? Are they still in contact with any current employees? You can try to contact these people to see if they know where your missing plan participant is currently located.

3. The Internet has many outstanding search options for locating missing people. Search services can provide to you with more recent locations for missing plan participants by accessing local phone and utility companies, public records, credit reports, etc. But be warned...most of these services come at a price of anywhere from \$20 to \$50 for each person you are trying to locate.

4. IRS forwarding service. The Internal Revenue Service provides a letter forwarding service that mails a letter from you to a missing person, based on the IRS records for employment or income tax filing for that person. This service has a fee of \$25 for each letter mailed if it is to inform a person they have money or property due to them, and that fee is nonrefundable. Also, you will not receive any confirmation that the former employee has received the letter, nor will you receive a new address for the participant from the IRS. It will be up to the plan participant you are searching for to respond to your letter and get in touch with you.

The best policy to take when a plan participant leaves employment is to provide them with a distribution request form as part of their termination package, and to remind them to always update their mailing address and phone numbers should they relocate as long as they keep their retirement funds in your plan. You can also request KB Pension Services, Inc. to mail distribution information to the employee at the time they terminate, so we can provide them with the options available to them regarding their retirement account. If you need assistance with the IRS letter-forwarding program, we can provide you with an example letter to mail and the instructions for utilizing this service.

If you have any questions regarding this and how it may affect your individual plan, contact our office and speak with your plan representative.

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