

## Employee Plans News

Issue 2014-15, September 22, 2014

### [Form 5498 reporting errors](#)

IRA trustees, issuers and custodians should carefully complete IRA transactions

### [Updated: Finding missing plan participants](#)

Steps plan sponsors may take to locate missing participants

### [DOL corner](#)

Updates on brokerage windows and missing participants

---

## Form 5498 - Errors by IRA Trustees, Issuers and Custodians May Cause Tax Trouble

Incorrect information on [Form 5498](#), *IRA Contribution Information*, may cause taxpayers to make IRA reporting errors on their tax returns. Common examples of incorrect information include:

- Reporting the IRA contribution for the wrong year
- Failing to report the contribution as a conversion from a traditional IRA to a Roth IRA
- Issuing duplicate Forms 5498

IRA trustees, issuers and custodians can avoid making these common errors by checking the information on Form 5498 before submitting it to the IRS and providing a copy to the client.

---

## Missing Participants or Beneficiaries

Plan sponsors, administrators and qualified termination administrators (QTAs) sometimes need to locate missing participants or beneficiaries. For example, correction of a plan failure under the Employee Plans Compliance Resolution System (EPCRS) may require payment of additional benefits to terminated participants. See [Revenue Procedure 2013-12](#), Section 6.02(5)(d), for plan correction principles relating to lost participants.

Previously, the IRS provided letter-forwarding services to help locate missing plan participants, but with the August 31, 2012, release of [Revenue Procedure 2012-35](#), the

IRS stopped this letter forwarding program. The IRS will no longer process requests to locate retirement plan participants or beneficiaries.

In the absence of IRS letter forwarding services, sponsors, administrators and QTAs may use a variety of other methods to locate missing participants and beneficiaries, including:

- commercial locator services
- credit reporting agencies
- internet search tools

### **Department of Labor guidelines**

The Department of Labor in [Field Assistance Bulletin No. 2014-01](#) lists the following search methods as the minimum steps the fiduciary of a terminated defined contribution plan must take to locate a participant:

- Send a notice using certified mail
- Check the records of the employer or any related plans of the employer
- Send an inquiry to the designated beneficiary of the missing participant
- Use free electronic search tools

FAB 2014-01 also describes additional appropriate search methods and the distribution options for a terminating plan if a participant cannot be located.

### **Additional resources**

- [Correcting Plan Errors](#)
- 

### **DOL Corner**

The Department of Labor's Employee Benefits Security Administration (DOL/EBSA) announced new guidance as featured below. You can subscribe to [DOL/EBSA's](#) home page for updates

### **Brokerage windows**

On August 21, DOL/EBSA published a [Request for Information](#) on the use of brokerage windows, self-directed brokerage accounts and similar features in 401(k)-type plans.

Some 401(k)-type plans offer participants access to brokerage windows in addition to, or in place of, specific investment options chosen by the employer or another plan fiduciary. These "window" arrangements can enable or require individual participants to choose from a broad range of investments. DOL/EBSA received a number of questions about brokerage windows following the 2012 publication of a final regulation on participant-level fee disclosure.

The RFI asks questions concerning brokerage windows, including:

- the scope of investment options typically available through a window;

- demographic and other information about participants who commonly use brokerage windows;
- the process of selecting a brokerage window and provider for a plan;
- the costs of brokerage windows; and
- what kind of information about brokerage windows and underlying investment options typically is available and disclosed to participants.

Comments are due by November 19, 2014. Comments can be submitted electronically by email to [E-ORI@dol.gov](mailto:E-ORI@dol.gov) or through the federal [eRulemaking portal](#). Written comments may also be sent to:

U.S. Department of Labor  
Office of Regulations and Interpretations  
Employee Benefits Security Administration, N-5655  
Attn: Brokerage Window RFI  
200 Constitution Ave, NW,  
Washington, DC 20210

### **Missing participants**

On August 14, DOL/EBSA issued [Field Assistance Bulletin 2014-01](#), which updates DOL/EBSA guidance on how fiduciaries of terminated defined contribution plans can fulfill their obligations under ERISA to locate missing participants and properly distribute the participants' account balances.

### **Outreach and education**

For notice of upcoming events as they are scheduled, subscribe to [DOL/EBSA's](#) Website home page. DOL/EBSA conducts seminars for small businesses on retirement and health benefits plans.