



ALL GOOD THINGS MUST COME TO AN END



By: **Gina Migliore**
VP and Chief Operating Officer
Priority Pension Services, Inc. (AFI)

There's the old saying that "all good things must come to an end." I feel that's a fair statement, and it applies to many things, including retirement plans. Not my favorite topic of course, terminating a plan, but it happens all the time.

Just like plan administration, there is a laundry list of steps one must follow to terminate a retirement plan properly. More often than not, we come across plans where it hasn't been done right. The most common error we see is when a final Form 5500 hasn't been filed. (I say "common" only because I have no way of knowing if any of the other steps have been taken.) I'm not suggesting that not filing a final return is a catastrophe, but it is a problem. You will hear from the IRS eventually. You will have to prove that all of the

assets have been distributed. It can't just sit there. It's only a matter of time.

From my experience, I see this problem most often with plans that have been transferred from one bundled provider to another (not to mention those payroll providers who claim to be "TPAs," don't get me started...). I've also seen this issue with plans that have transferred to a PEO. They move the assets, but forget the final return. It's extremely important to keep in mind that if assets remain in the plan, you must file a return every year as usual, even if you've been making partial distributions. Your final Form 5500 is due seven months after the date of the last distribution.

So when might this issue of not terminating a retirement plan properly be a bigger problem? Well... let's say you're an employer who wants to start a new retirement plan. But surprise! You had a old plan that's just been sitting there collecting dust. Well guess what? You can't start a new plan without dealing with the old one first. And if you're missing returns, oh boy! Now we're talking fines, penalties and late

fees. But that's when you'll also say hello to the DFVC (Delinquent Filer Voluntary Correction) program. You'll still pay, but a heck of a lot less than you would if you don't enter into a program.

Bottom line is this, don't take a chance. If you're terminating a retirement plan, follow the steps to completion. Here's a helpful link to the IRS website that lists step-by-step instructions. Or, if you've terminated a plan in the past and you're not sure if you filed a final return, you can visit the DOL website, and look it up yourself. All Form 5500 filings are public information. If you can't locate a final return, contact your prior TPA. That's the best place to start.

If you have any questions or need any assistance, our Team would be happy to help! Priority Pension Services, Inc. (AFI) is a full-service employee benefits consulting, actuarial and third-party administration (TPA) firm. We've been bringing strategic solutions to our clients for over 20 years and have extensive experience with plan terminations and the DFVC. Feel free to contact us at our new phone number, 516-584-2750, my direct dial 516-584-2755 or email me at ginam@ppsafi.com.



370 N. Iowa Avenue, North Massapequa, NY 11758 • 516-584-2755 • info@ppsafi.com

Copyright © 2018 Gina Migliore, VP and Chief Operating Officer for Priority Pension Services, Inc. (AFI), 370 N. Iowa Avenue, North Massapequa, NY 11758, phone no. 516-584-2755, ginam@ppsafi.com, All rights reserved. This article or any portion thereof may not be reproduced or used in any manner whatsoever without the express written permission of the author.