

Retirement Plan Update

IRS Changes Form/Process to Report Former Participants with Unpaid Benefits- New Form 8955-SSA and Participant Statements

Why a New Form 8955-SSA?

The Internal Revenue Service (IRS) has changed the procedures for reporting terminated participant information for plans that cover more than just owners and their spouses. These procedures only apply to ERISA-covered retirement plans. For more information on why this reporting is required, see the section entitled “Purpose of SSA Type Filings” at the end of this Update.

Previously, Schedule SSA annual filings provided this terminated participant information. Starting with the 2009 plan year, the DOL required plan sponsors to file 5500 forms and the associated schedules electronically. Since Schedule SSA contained personal information (including participants’ Social Security numbers), electronic filing, with its associated DOL website public access, was not an option for this schedule. The result? The IRS removed Schedule SSA from the 5500 filings.

DOL’s public access website: <http://www.efast.dol.gov/portal/app/disseminate?execution=e1s1>

New Form 8955-SSA

In late 2011 the IRS, in coordination with the Social Security Administration, developed Form 8955-SSA as an alternative form to replace the eliminated Schedule SSA. This new form is filed only with the IRS and is not open to the public.

Special Due Date for “Catch-Up” 2009 and 2010 Filings

For the two intervening plan years, 2009 and 2010, there were no forms or schedules available to meet the terminated participant reporting requirements. That data needs to be reported now. The IRS has provided a special due date, January 17, 2012, for Form 8955-SSA filings for 2009 and 2010 plan year data.

At present, the IRS is permitting this filing to be submitted in hard copy form, requiring signatures by the Plan Sponsor and Plan Administrator.

Special Disclosure Statements for Terminated Participants

In addition to the new IRS Form 8955-SSA, the IRS added a stronger emphasis on the requirement to provide terminated participants sufficient notice that their benefits were being reported to the Social Security Administration, or conversely, reported that those benefits had already been paid.

These participant notices include information on the amount of benefits due each terminated participant, how they will be paid, and whether that payment had been completed or not.

Next Steps

Please check with your plan administration consultant to be sure that your plan's Form 8955-SSA reporting is being completed and that the terminated participants are receiving all required notices.

Message For Means & Associates' Clients

Means & Associates is in the process of completing the IRS Form 8955-SSA filings for the 2009 and 2010 reporting years and related participant notices for our clients. Our clients will receive the completed hard copy Forms 8955-SSA for these two years with instructions for signing the forms and timely submitting them to the IRS. They will also receive the notices required to be mailed to terminated participants. For our clients' convenience, these notices will be addressed to the participants' last known addresses on record, if available, and formatted to fit the window envelope that we will provide. Some of our clients may opt to copy the notices to their own letterhead before mailing.

Purpose of SSA Type Filings

Prior to 2009, Schedule SSA was an attachment to Form 5500, the annual report that ERISA plans file with the IRS and Department of Labor (DOL). Named after the Social Security Administration, Schedule SSA was used to report terminated participants with deferred vested benefits due from the Plan. Once Schedule SSA was filed, or the new Form 8955-SSA is filed, the IRS shares this information with the Social Security Administration. This is the Social Security Administration's source of information for advising participants, when they have attained retirement age, that they have an additional source of retirement benefits available to them...from a current or prior employer.

Should you have any questions regarding this Retirement Plan Update, contact our consulting team at 619-696-7284.