“I want to close my Pension Plan!” Now what?

Mary Ann Rocco, EA Consulting Actuary for TPA firms

Agenda

• Title IV Plan Termination.
  ➢ Set the Dates
  ➢ Notice of Intent to Terminate
  ➢ Termination Amendment Resolution
  ➢ Majority Owner Election
  ➢ Notice of Plan Benefits
  ➢ PBGC Standard Termination Notice

• Not Title IV Plan Termination.
• Not Title I or Title IV Plan Termination

Timing – Set The Dates

• Freeze/Close Entry (if not already frozen)
  ➢ 204(h) requires a 45 advance notice of benefit freeze if 100+ lives and 15 days for plans <100.
  ➢ Must describe benefit formula in effect prior to freeze.
  ➢ If plan already frozen no 204(h) notice needed.
Timing – Set The Dates

• Set Proposed Termination Date (PTD) – based on date or date range that NOIT will be provided.
  ➢ Can be any date including weekends and holidays.
  ➢ If counting forward, no less than 60 no more than 90 from date NOIT issues (counting starts day after)
  ➢ Can be counted backwards instead from desired Proposed Term Date to determine the earliest and latest date for NOIT.
  ➢ If the 60th day before the PTD is a Saturday the notice is timely if issued on the following Monday even though that’s only 58 days before the PTD.

• Standard Termination Notice (STN)/500 filing date.
  ➢ Must be filed on or before the 180th day after proposed termination date.
  ➢ Must provide Notice of Plan Benefits by filing date.
  ➢ Can file form 500 before proposed termination date.

• Proposed Distribution Date (PDD)
  ➢ 60 days after Form 500 filed, or Plan Termination date if later.
  ➢ No later than 180 days PBGC 60-day review period, or 240 days after Form 500/Standard Termination Notice is filed.
  ➢ Proposed Distribution Date is referenced on the EA-S and in the Notice of Plan Benefits (NOPB).

Example of quickest timeline:
• Sponsor informs TPA on 8/1/19 they want to terminate plan.
  ➢ NOIT to participants between 8/7/19 – 8/12/19.
  ➢ Plan accruals will be frozen on 8/31/19
  ➢ Prop Term Date set for 10/31/19
  ➢ Will file STN (500) with PBGC on 9/15/19
  ➢ Proposed Distribution Date will be 11/15/19.
  ➢ Cannot be less than 60 days after PBGC receives STN.
Timing – Set The Dates

• When targeting shortest timeline send concurrently:
  ➢ Notice of Intent to Terminate (PBGC Plan only).
  ➢ Termination Amendment/Resolution.
  ➢ Notice of Plan Benefits (NOPB) (PBGC Plans only).
  ➢ Majority Owner Elections or Commitment to Fund.
  ➢ PBGC Forms 500 and 500 REP-S. (PBGC Plan only).

Timing – Set The Dates

• Example of longest timeline:
  • With a Prop Term Date of 10/31/19, the form 500 can be filed with PBGC as late as 4/28/20 (180 days after Prop Term Date) and the Proposed Distribution Date as late as 12/24/20 (240 days after PBGC received the STN/500).

Notice of Intent to Terminate (NOIT)

• Who gets the Notice of Intent to Terminate?
  ➢ Participants
  ➢ Beneficiaries of deceased participants
  ➢ Alternate payee under QDRO
  ➢ Employee organization that represents any group of participants.
• Must be issued at least 60 days, but no more than 90 days, prior to Prop Term Date.
Notice of Intent to Terminate (NOIT)

• What should be in the Notice of Intent to Terminate?
  ➢ READ THE INSTRUCTIONS and the model Notice of Intent to
    Terminate in Appendix B of the Instructions.
  ➢ Does not need signature but does need date.

Notice of Intent to Terminate (NOIT)

• Notice of Intent to Terminate must contain:
  ➢ Statement about intent to terminate.
  ➢ Statement about plan sufficiency.
  ➢ Name/EIN of all contributing sponsors.
  ➢ Plan number.
  ➢ Statement for current retirees.
  ➢ Statement on Proposed Termination Date
  ➢ Contact Person.

Notice of Intent to Terminate (NOIT)

➢ One of the following statements:
  ➢ Benefit accruals will cease as of the termination date, but will
    continue if the plan does not terminate.
  ➢ A plan amendment has been adopted under which benefit accruals
    will cease, in accordance with section 204(h) of ERISA, as of "" 
    whether or not the plan is terminated.
  ➢ Benefit accruals ceased, in accordance with section 204(h) of ERISA
    as of "".
Notice of Intent to Terminate (NOIT)

- How to obtain an SPD.
- Notification of Plan Benefits (NOPB), either
  - You will receive notification at a later date, or
  - The plan administrator has attached a written notification regarding your plan benefits.
- Identity of Insurers
- End of PBGC benefit Guarantee.
- Attach Notice of State Guaranty Association Coverage of Annuities

Notice of Intent to Terminate (NOIT)

- Notice of Intent to Terminate may be issued by hand delivery, first class mail, electronic media and commercial delivery.
  - Use last known address.
  - Date sent is issuance date provided meet requirements.
  - Posting is not permissible.

Notice Of Intent to Terminate

- Consider having sponsor sign a ‘NOIT certification’ to confirm dates NOIT was issued:
  - As Plan Administrator, I hereby confirm this Notice to terminate the Plan was distributed to all Plan Participants on or after the earliest date and on or before the latest date listed below:
    - Earliest Date: 8/7/19
    - Latest Date: 8/12/19
Notice of Intent to Terminate (NOIT)

- Notice of intent to Terminate does not serve as a 204(h) notice for unless the Notice of Intent to Terminate meets all 204(h) requirements.

Plan Termination Amendment/Resolution

- The termination amendment/resolution should address all the things that need to be addressed or changed.
- If freezing benefit accruals in the termination amendment provide a 204(h) notice no less than 15 days from Plan freeze date.
- Depending on timing, may just freeze and terminate later.

Plan Termination Amendment/Resolution

- Address issues such as compensation period used to calculate benefits at freeze date
  - Clarifying a silent Document or change existing plan terms.
  - Our sample plan could limit compensation used to calculate benefits to 8/31/19 freeze date, but if freezing after accruals may not have much use unless doing so can have impact on minimum funding for the year of termination.
Plan Termination Amendment/Resolution

- May want to amend automatic cash out threshold if it’s not already at $5,000.
- Fully vest Participants under Plan Termination.
- What about participants who terminated in prior years?

Plan Termination Amendment/Resolution

- For prior non-vested participants or partially vested participants who were already cashed out, most likely can connect the dots in the plan document to drop unvested benefits under one of the following 3 rules:
  - Rule of Parity under 411(a)(6)(D) (unvested)
  - Cash out rules under 411(a)(7)(B) (partially and unvested)
  - Zero dollar cash out language in the plan (unvested)

Plan Termination Amendment/Resolution

- 401(a)(6)(C) says that in a DC plan or fully insured DB plan you can drop unvested benefits if the participant has 5 consecutive Breaks in Service when plan terminates.
- There is a TAM that doesn’t seem to follow the statute but appears to support both IRS and PBGC point of view in applying the 5 year BIS concept to terminating DB plans.
Plan Termination Amendment/Resolution
• 100% vest partially vested terminated participants who are unpaid as of the Plan Termination Date and have less than 5 consecutive Breaks in Service years.
  ➢ If plan overfunded, 100% vest without regard to BIS years? Maybe only if excess assets are reallocated vs reverted to QRP?
• What if paid out after Notice of Intent to Terminate issued but before plan termination date?
  ➢ Appears cash-out rules would apply.

Plan Termination Amendment/Resolution
• Calculate PVAB/HAB as of Proposed Distribution Date – will plan have excess or insufficient assets?
  ➢ Ask for current asset value and project benefits to PDD.
• Make sure to check 415 Lump Sum limits vs assets, you may need to consider a game plan that includes terminating after another YOP to bring owner 415 limit up to assets.

Plan Termination Amendment/Resolution
• If you need to get the NOIT and Plan Freeze Amendment sent out before you can address some of these issues, you can always do the termination amendment at the start and a second amendment later in the timeline.
Plan Termination Amendment/Resolution

- **Excess Assets:**
  - Check document to see how excess assets are treated.
  - Amend to provide clarity or make allowable changes to existing language.

Plan Termination Amendment/Resolution

- **REALLOCATE EXCESS**
  - Non-specific language in term amendment:
    - 'such excess shall be allocated to the Participants in a non-discriminatory manner that complies with the Internal Revenue Code and regulations thereunder.'
    - can add language about aggregation with PS plan.
    - Some prefer more specific language.
    - In some cases may require specific language
    - Amending from revert to reallocate, but only want to reallocate a specific amount.

Plan Termination Amendment/Resolution

- Reallocation treated just like any other accrual increase and subject to all of the Code.
  - 401(a)(26)
  - 410(b)
  - Top Heavy
  - 401(a)(4)
- If there are regular plan accruals in the year of termination, such accruals will be combined with the excess asset accrual for testing.
Plan Termination Amendment/Resolution

- 401(a)(4) options
  - Safe Harbor – also pass 410(b)
    - i.e. pro-rata on PVAB of 1% of pay benefit.
  - Pro-rate on PVAB
    - Problematic if PVAB’s were non-discriminatory only because DB was aggregated with DC for 401(a)(4)
  - DB Stand-alone General testing or non-designed based safe harbor testing.

Plan Termination Amendment/Resolution

- Aggregate with DC Plan
  - If doing this make sure sponsor understands PS allocations will be required in for the year of termination.
  - Timing can be tricky.
  - 401(a)(4) can often work out best for the owner(s) if tested with PS plan allocations if there is a PS plan.
  - 401(a)(26) and Top Heavy is probably where most of the attention needs to be.

Example of Excess Assets Allocation:

- Say our sample timeline was a Cash Balance DB plan and both plans terminated 10/31/19.
- Plan will have $100,000 in excess assets when ready to distribute in 2020.
Example of Excess Assets Allocation:

• Plan termination amendment stated:
  ➢ any assets in excess of the plan benefits shall be allocated
    in a non-discriminatory manner that complies with the
    Internal Revenue Code and regulations thereunder which
    may include aggregating with the “XYZ 401(k) Profit Sharing
    Plan”.

Example of Excess Assets Allocation:

• 2019 Census Data:

<table>
<thead>
<tr>
<th>Name</th>
<th>DOB</th>
<th>AA</th>
<th>Comp</th>
<th>Hours</th>
<th>Average</th>
<th>NRA</th>
<th>TA</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCE1</td>
<td>01/01/67</td>
<td>53</td>
<td>200,000</td>
<td>1,000</td>
<td>270,000</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>EE1</td>
<td>01/01/80</td>
<td>40</td>
<td>30,000</td>
<td>950</td>
<td>37,715</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>EE2</td>
<td>01/01/92</td>
<td>28</td>
<td>46,000</td>
<td>1,000</td>
<td>47,225</td>
<td>62</td>
<td></td>
</tr>
</tbody>
</table>

Example of Excess Assets Allocation:

• 401(a)(26): DB plan needs 2 participants out of 3 at a .50% of pay benefit to pass 401(a)(26)
• 410(b): PS plan has a 3% SH plan, both NHCE’s will receive gateway so will pass ratio test if DB/PS aggregated.
• 401(a)(4): DB accruals including benefits accrued by excess assets allocation will be aggregated with Profit Sharing allocations.
Example of Excess Assets Allocation:

- To aggregate plans under 401(a)(4) both plans must have the same plan year beginning and plan year ending.
- Even though DB terminated 10/31/19 and that is the Plan Year End for IRC 430, you can still aggregate the DB and Plan under 401(a)(4).

Example of Excess Assets Allocation:

- CB Plan Allocations:

<table>
<thead>
<tr>
<th>Name</th>
<th>CB Benefit of High Asset</th>
<th>Excess Benefit</th>
<th>Total</th>
<th>Excess Asset Testing</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCE1</td>
<td>130,000</td>
<td>1,032.33</td>
<td>100,000</td>
<td>794.48</td>
</tr>
<tr>
<td>EE1</td>
<td>0</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>EE2</td>
<td>1,000</td>
<td>21.17</td>
<td>0.00</td>
<td>0.54%</td>
</tr>
</tbody>
</table>

Example of Excess Assets Allocation:

- Profit Sharing Allocations (Gateway)

<table>
<thead>
<tr>
<th>Name</th>
<th>PS Alloc</th>
<th>% of Pay</th>
<th>PS Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCE1</td>
<td>9%</td>
<td>0.00%</td>
<td>5,585</td>
</tr>
<tr>
<td>EE1</td>
<td>2,250</td>
<td>7.50%</td>
<td>5,585</td>
</tr>
<tr>
<td>EE2</td>
<td>3,335</td>
<td>7.25%</td>
<td>5,585</td>
</tr>
</tbody>
</table>
Example of Excess Assets Allocation:

- The 2019 CB accruals+ $100,000 excess to the owner + $5,585 Profit Sharing allocations passes:
  - 401(a)(26)
  - 401(a)(4) General Test
  - 410(b) ratio test
  - 410(b) ABPT
  - Satisfies Top Heavy

Example of Excess Assets Allocation:

- If owner doesn’t want to fund more than the 3% Safe Harbor would have to test the DB stand alone using a non-discriminatory formula.
  - For example, the PV of 1% of Hi 3 Average compensation.

Example of Excess Assets Allocation:

- With all Participants sharing in allocation:
  - If you drop EE1 from excess allocation and only provide to EE2 you may be able to shift more dollars to EE2 but need to pass 410(b) by using ABPT and ensure Reasonable Classification is met.
Plan Termination Amendment/Resolution

- **REVERT EXCESS**
  - Can't amend from allocate to revert at termination.
  - All DB/CB plan documents should default with excess assets revert, can always amend to reallocate at termination.
  - Revert language must be in effect for 5 years (or life of plan if less) found in 4044(d)(2)(A) & (B).
  - Can amend to allow a specific portion of the excess to be reallocated to participants.

Example of why you want to have revert language:
- Title IV PBGC Plan is terminating and document is defined to reallocate any excess assets.
  - Owner PVAB = 415 Lump Sum Limit
  - Employee PVAB = $50,000
  - Employee’s 415 LS limit = $300,000
  - Excess assets = $200,000

While it’s not crystal clear in the law or regulations, the IRS applies the 5 year rule on amending from reallocate to revert for non Title IV plans.
- The 5 year rule is found in 4044(d)(2)(A) & (B) which only applies to Title IV plans.
Plan Termination Amendment/Resolution

• Reversions are subject to 20% excise tax provided the Plan either...
  ➢ Establishes a Qualified Replacement Plan (QRP) under 4980(d)(2)
  ➢ An existing plan satisfies the requirement.
  ➢ Or Increases benefits meeting requirements under 4980(d)(3).
    ➢ Pro-rata increases to qualified participants, not less than 20% of excess is allocated and certain limitations to non-actives.
• Otherwise reversion tax increases to 50%.

Plan Termination Amendment/Resolution

• 4980(d)(2) - QRP transfer is either
  ➢ 25% of the excess amount, or
  ➢ Can reduce 25% by benefit increases adopted in the 60 day period ending on Prop Term Date.
• Revenue ruling 2003-85
  ➢ Clarifies that a terminated plan QRP transfer can be more than 25% - up to 100%.

Plan Termination Amendment/Resolution

• QRP Requirements
  ➢ 95% of actives in terminated plan are active Participants in QRP.
  ➢ Direct transfer occurs before any reversion.
  ➢ No less than 25% being transferred
  ➢ Or 25% less benefit increases adopted in 60 day period ending on PTD.
  ➢ Transfer amount not includible as income, no deduction and not treated as an employer reversion.
Plan Termination Amendment/Resolution

- Allocation in year of transfer, or
- Credit to suspense account and allocate no less rapidly than ratably over 7 years
  - Include income credited to suspense account
- If unable to allocate to a participant due to 415, allocate to other participants.
- If can't allocate to other participants due to 415 shall be allocated as provided in 415*.
  *Reference to old 415 suspense account language.

Plan Termination Amendment/Resolution

- If any amount not allocated when QR Plan terminates, remaining amounts allocated to participants up to 415.
- Unallocated amounts treated as reversion
- Not a solution if company will no longer exist OR key players will no longer have compensation.

Plan Termination Amendment/Resolution

- INSUFFICIENT ASSETS
  - Benefits must be fully funded to terminate in standard termination.
    - Election to make sufficient by ‘forgoing benefits’.
    - Must be a Majority owner to ‘waive’ benefits.
    - Plan Sponsor signs a ‘commitment to fund’.
Plan Termination Amendment/Resolution

• Sample termination amendment/resolution language:
  ➢ in the event assets are insufficient, the full Present Value of Accrued Benefits will be paid to participants who are non-majority owners. The benefits for participants who are majority owners shall be reduced to the extent needed for assets to be sufficient to pay all benefits.

Plan Termination Amendment/Resolution

• Any other issues that should be covered in the Plan Termination Amendment / Resolution?

Majority Owner Election to Forgo Assets (‘Waiver’)

• AKA ‘Benefit Waiver, but IRS hates that wording 😊
• Must be in writing
• Spouse must consent to waive QJSA.
• Election window: Date Notice of Intent (NOIT) issued up to distribution date.
  ➢ Owner status determined at time of election, no lookback.
  ➢ Timing vital if stock sale occurring, get waiver signed before sale.
• Consistent with any prior QDRO.
Majority Owner Election to Forgo Assets

- I, ‘owner name’, a majority owner within the meaning of Section 4022(b)(5)(A)(iii) of the Employee Retirement Income Security Act of 1974 ("ERISA"), hereby elect to irrevocably forfeit my rights to any benefit already accrued so that the assets available to pay benefits to the Participants of the terminated ‘plan name’ are sufficient to cover all liabilities of such plan. Such election shall not result in any reversion of assets to ‘company name’.

Majority Owner Election to Forgo Assets

- I, ‘spouse name’, spouse of the majority owner/Participant named above have been informed of the potential reduction in my spouse’s Accrued Benefit and that any survivor benefit to which I may be entitled shall be based on my spouse’s Accrued Benefit as calculated pursuant to this election. I agree with and knowingly consent to the above election.

Majority Owner Election to Forgo Assets

- A “Majority owner” is an individual owning, directly or indirectly, 50% or more of:
  - An unincorporated trade or business (no attribution)
  - The capital or profits interest in a partnership (no attribution)
  - The voting stock or value of all stock of a corporation (with attribution)
    - Attribution rules of IRC 414(j) and 414(i) – and therefore IRC 1563(e) – apply
Majority Owner Election to Forgo Assets

- IRS does not recognize elections to forgo (waivers) for purposes of minimum funding
  - Waiving benefits to allow plan to terminate does not reduce benefit liabilities used to calculate required funding under IRC 430

Majority Owner Election to Forgo Assets

- One majority owner cannot elect to forgo assets and another majority owner receive anything more than their plan accrued benefit.

Notice of Plan Benefits

- Must issue NOPB to each affected party no later than the date the Form 500/STN is received by the PBGC.
  - Participants
  - Beneficiaries of deceased Participants
  - QDRO Alternate Payees
- Must issue NOPB by distribution date for anyone who becomes an affected party after the STN is filed.
Notice of Plan Benefits

• General Plan Information included on all NOPB categories.

• Categories outlined in instructions:
  ➢ Persons in pay status as of Proposed Term Date.
  ➢ Persons who have validly elected a form and ASD as of PTD or for who benefits will be payable in non-consensual lump sum.
  ➢ All others not in pay status.

Notice of Plan Benefits

• For Participants not in pay status will potentially have 5 types of NOPB samples to send with STN filing:
  ➢ Actives
  ➢ Consensual
  ➢ non-consensual
  ➢ Terminated (date of termination must be on NOPB)
  ➢ Consensual
  ➢ non-consensual
  ➢ Zero benefits
  ➢ Some practitioners don’t agree.

Title IV Plan Termination.

• Not all the issues in the prior slides have to be dealt with before the termination is filed with PBGC but it does help speed up the timeline if you can do as much at the time the Notice of Intent to Terminate is sent to the Plan Sponsor.
PBGC Standard Termination Notice

- Form 500: Standard Notice Single Employer Plan Term.
- Form 500-REP-S: Designation of Representative.
- Form 500-EA-S: Certification of Sufficiency signed by actuary.
- Copy of Notice of Intent to Terminate (NOIT).
- Sample Notification of Plan Benefits (NOPB).

By mail:
- Pension Benefit Guaranty Corporation Standard Termination Compliance Division Processing and Technical Assistance Branch
  1200 K Street, NW Washington, DC 20005-4026

By email:
- STfilings@PBGC.gov

By fax:
- (202) -326-4001 or (202) -326-4260

Original signatures no longer required

PBGC Standard Termination Notice

- Must be filed on or before the 180th day after proposed termination date
  ➢ May be filed before term date
  ➢ If filing for an IRS DL, do so prior to or concurrent with Form 500 filing to allow automatic extension to date LOI received.
PBGC Standard Termination Notice

- Form 500/Standard Termination Notice:
  - Must be signed by Plan Administrator (PA)
  - Report earliest and latest date NOIT issued, PTD and NOPB date
  - Report Participant count
  - Actives; Retirees receiving benefits; Separated vested entitled to benefits; Separated non-vested participants
  - If assets will revert answer additional questions on dates reversion language incorporated into Plan.

PBGC Standard Termination Notice

- Schedule EA-S
  - Actuary must sign and certify assets projected to be sufficient as of proposed distribution date
  - Proposed distribution date cannot be less than 60 days from date PBGC receives filing.
  - If assets insufficient actuary need either signed commitment to fund or majority owner waivers.
  - Note: If assets reported on EA-S are less than final assets reported on Form 501, Post-distribution certification, an attachment is needed explaining why.

PBGC Standard Termination Notice

- Proposed distribution date cannot be earlier than 60 days after PBGC receives filing.
- If emailing it will be business day of or business day after date email/fax sent.
- If post office (USPS) or designated private delivery service, see instructions for parameters to use send date as filing date.
PBGC Standard Termination Notice

• The PA may not distribute plan assets in connection with termination until PBGC’s 60-day review period ends, however, PA must continue to carry out normal plan operations during termination process such as:
  ➢ Putting participants into pay status
  ➢ Collecting contributions
  ➢ Investing plan assets
  ➢ Making participant loans

PBGC Standard Termination Notice

• During the period beginning with issuance of the NOIT until the last day of the PBGC’s review period, PA may not
  ➢ Purchase annuity contracts to provide any plan benefits; or
  ➢ Pay any plan benefits attributable to employer contributions (other than death benefits) in any form other than as an annuity

PBGC Standard Termination Notice

• Exception - The Plan Administrator may provide benefits in a form other than as an annuity if:
  ➢ The participant terminated employment or is otherwise permitted to receive the distribution,
  ➢ The distribution is consistent with prior practice, and
  ➢ The distribution is not likely to jeopardize the plan’s sufficiency for plan benefits.
Post-distribution Certification /501

- Report final distributions, due 30 days after last distribution occurs, but no penalty if 90 days.
- Attach:
  - Missing Participant Forms if applicable.
  - Proof of Distributions.
  - Copy of all plan documents and amendments.

Post-distribution Certification /501

- Proof of Distributions
  - Cancelled checks
  - Not possible for direct rollovers or transfers.
  - Bank statements that show the individual transfers/distribution amounts.
  - Pencheck reports – may get some pushback?

Post-distribution Certification /501

- Can file the 501 using the same methods as the 500/STN (email, fax, mail).
- Files too large to email or files with sensitive data like SSN’s can be uploaded to PBGC’s secure link:
  - http://pbgc.leapfile.com
  - Use reviewer’s email last.first@PBGC.gov
### PBGC Termination Timeline

<table>
<thead>
<tr>
<th>Event Description</th>
<th>Earliest Date</th>
<th>Latest Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resolution / Plan Amendments</td>
<td>Generally done with NOIT but can be later with NOIT</td>
<td></td>
</tr>
<tr>
<td>PTD if no 204(h) requirement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ERISA 204(h) notice</td>
<td>At least 15 days prior to cessation of accruals (45 for larger plans 100+)</td>
<td></td>
</tr>
<tr>
<td>PTD/Freeze date</td>
<td>- 15 days</td>
<td>- 15 days</td>
</tr>
<tr>
<td>Notice of Intent to Terminate</td>
<td>At least 60 but no more than 90 days</td>
<td></td>
</tr>
<tr>
<td>Notice of Annuity Information</td>
<td>No later than 45 days prior to distribution of plan assets</td>
<td></td>
</tr>
<tr>
<td>Notice of Plan Benefits</td>
<td>Prior to filing PBGC form 500 with NOIT</td>
<td></td>
</tr>
<tr>
<td>Distribution of Plan Assets</td>
<td>240 days after 500 filed/or 120 days after 5310 filed no later than Form 500.</td>
<td></td>
</tr>
<tr>
<td>PBGC Post Distribution Form 501</td>
<td>No later than 30 days after final distribution, no penalty if 90 days; proposed change to 60 days.</td>
<td></td>
</tr>
<tr>
<td>Notice of Annuity Contracts</td>
<td>No later than 30 days after distribution completed</td>
<td></td>
</tr>
<tr>
<td>Missing Participant</td>
<td>Same as form 501</td>
<td></td>
</tr>
<tr>
<td>Final PBGC Premium filing</td>
<td>Earlier of normal deadline or date 501 filed</td>
<td></td>
</tr>
<tr>
<td>Final Form 550 / 550 - SF / 550-EZ and Schedule SB</td>
<td>7 months after final distribution if no extension</td>
<td></td>
</tr>
<tr>
<td>IRS form 5310 et al.</td>
<td>No later than STN filing to allow extension on PBGC distribution deadline</td>
<td></td>
</tr>
<tr>
<td>Notice to Interested Parties</td>
<td>At least 7 days but no more than 24 days prior to filing</td>
<td></td>
</tr>
</tbody>
</table>

### Not Title IV (not PBGC) Plan Termination

- If Plan is not Title IV, everything the same except you can ignore:
  - Notice of Intent to Terminate/60 day advance notice PTD
  - Notice of Plan Benefits
  - Commitments to Fund
  - Form 500/Standard Termination Notice

- If plan benefits need to be frozen you need a 15 day advance notice of plan termination/Freeze date.
- If plan benefits already frozen the Plan can terminate immediately.
Not Title I or Title IV Plan Termination

• If the Plan is NOT a Title I or Title IV plan (owner only) you can terminate the same day the client tells you they want to close their plan, depending on your workload.
• Assets can be distributed as soon as they sign their election forms if there is no minimum funding.
• I've turned around a non Title IV or Title I plan in less than 15 days.

Plan Terminations and Minimum Required Funding

• IRC 430 covers Minimum Required Funding (MRC).
• A plan is subject to MRC through the Plan Term Date.
• Even if the plan terminates 1/1/20 it's subject to MRC for 2020.
• Some of the MRC is pro-rated for the months or partial months up to term date.

• If a plan was already frozen in a prior year and there was minimum required funding, you can expect there will be the same for year of termination.
• If a not frozen plan asks to terminate after the participants worked 1000 hours, you can expect the final year to look similar to the prior year, unless there is some way to significantly lower benefits or the trust killed it.