

Notification of Deferred Benefits



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Each year, plan sponsors are required to report to the Social Security Administration those employees who have terminated employment but still have benefits in the plan. Historically, this reporting was done on Schedule SSA which was filed as an attachment to the Form 5500. Beginning with the 2009 plan year, this reporting is now done via Form 8955-SSA, which is filed separately from the Form 5500.

The Social Security Administration collects this information, so that in the future, when the participant applies for social security benefits, the Administration can remind him that he still has available retirement benefits sitting in the plan.

Employees do not have to be reported on the SSA until the year *following* the year of termination, although it is permissible to report them in the year of termination. This generally means that if a participant takes a distribution within a relatively short period of time after he terminates, he will never be reported on the 8955-SSA. However, if the participant does not take a distribution by the end of the year following termination, he will be reported on the 8955-SSA. If he later takes a distribution from the plan after the Form 8955-SSA has been filed, but before he is eligible for social security benefits, the plan reports the participant again on the Form 8955-SSA filed for the year of the distribution, and

codes the participant in such a way that the Administration knows to “purge” their records and remove the participant from the future notification process.

Terminated participants who leave their money in the plan must be notified of the benefits in the plan that are payable to them.

The IRS requires that the plan must provide a notice to each participant who is reported on the Form 8955-SSA with a pending benefit. This notice is often referred to as the *Notification of Deferred Benefits*. The notice is required to describe the benefit to which the participant is entitled and must include on it the information that is being reported to the Social Security Administration, such as the type of payment to which the participant is entitled as well as the total value of the participant’s vested account. **This notice must be provided to the participant no later than the due date for filing the Form 8955-SSA** (which is two months after the Form 5500 deadline, including extensions). No notice is required to be provided if the participant is reported on the 8955-SSA because he is being removed from the notification process, due to the fact that he has taken his distribution.

RMS will provide the necessary Notification for Deferred Benefits to plan sponsors as part of our annual government forms reporting package. The plan sponsor will be responsible for mailing (or otherwise distributing) the notifications to the affected participants. If you have any questions about this notice, please contact your Account Executive.