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DOL Releases Interim Final Rule for Abandoned Plans

The Department of Labor (DOL) has issued a regulatory package that includes an interim final rule that amends the regulations for abandoned plans that were initially created in 2006. The DOL also released an interim final amendment to prohibited transaction exemption (PTE) 2006-06, *Class Exemption for Services Provided in Connection with the Termination of Abandoned Individual Account Plans*.

The DOL proposes to improve the Abandoned Plans Program by expanding coverage to ERISA plans affected by Chapter 7 bankruptcy and is issuing this interim final rule having considered the proposed guidance in 2012 and comments made by stakeholders at that time. The rule also makes other changes, including modifying the Special Terminal Report for Abandoned Plans (STRAP) that qualified termination administrators (QTAs) file with the DOL, and will make an optional online method available for filing the STRAP and other notices.

In 2006, the DOL issued final regulations to govern the termination of orphaned or abandoned plans. At that time, the Abandoned Plan Program established standards for determining when plans may be considered abandoned and also established procedures by which QTAs could terminate an abandoned plan and distribute benefits with limited liability under ERISA. However, this program did not include plans of employers who filed for bankruptcy under Chapter 7.

In 2012, the DOL published proposed amendments to facilitate efficient termination of ERISA plans sponsored by employers that filed bankruptcy under Chapter 7, and provide an avenue for bankruptcy trustees to discharge their duties with respect to these plans.

The interim final guidance will be effective 60 days after publication in the *Federal Register* and the DOL is accepting comments within the same timeframe. Visit ascensus.com for the latest developments.