

## **Distribution of Former Employees' Account Balances**

It is good practice to utilize procedures built into the provisions of your 401k Plan's Document and force out terminated participants with low balances. This keeps participant counts as low as possible (to avoid required annual audits when participant counts are around 100) and can keep expenses down (if you, as the Plan Sponsor, pay per-participant fees). Some Plans have a maximum \$1,000 balance requirement and others have a \$5,000 requirement (terminating Plans have no maximum balance requirement). Please confirm with RPG and then follow the procedures below.

I - **Balances less than \$50**: RPG will automatically process these and close the accounts. As our termination distribution fee is \$50, no money will be sent to the participant. Plan Sponsors need not take any action.

II - **Balances between \$51-\$100**: Plan Sponsors should send a certified letter (see Appendix A – Letter Template) to the last known address advising the participant to complete and return the RPG Benefit and Distribution Election Form\* within 45 days otherwise the account will be closed and the balance will be depleted by RPG's Default IRA processing fee (\$100 charge). If the form is not completed and returned within 45 days of receipt of this letter or if the letter is returned as undeliverable, we will close the account by processing the Default IRA and assess the RPG fee of \$100 to the account. Please keep track of the documentation and timing and forward RPG all COPIES of paperwork after the 45 days so we can commence processing.

III - **Balances between \$101-\$200**: Plan Sponsors should send a certified letter (see Appendix A – Letter Template) to the last known address advising the participant to complete and return the RPG Benefit and Distribution Election Form\* within 45 days otherwise the account will be closed and the proceeds automatically rolled into a Default IRA. All applicable processing charges will be assessed to the participant's account. If the form is not completed and returned within 45 days of receipt of this letter or if the letter is returned as undeliverable, RPG will utilize the services of PenChecks, Inc.\*\* and set up a Default IRA. RPG will assess our \$100 Default IRA fee. In addition, PenChecks will assess a fee of 20% not to exceed \$100 to the account. There are no fees to the Plan Sponsor. Please keep track of the documentation and timing and forward RPG all COPIES of paperwork after the 45 days so we can commence processing.

IV - **Balances over \$200**: Plan Sponsors need NOT take any action. RPG will utilize the Premier IRA Service provided by PenChecks where the assets are transferred into a holding/trust account and PenChecks will perform a search to locate the Participant. If the search yields a response, PenChecks will handle all further procedures to distribute the assets. If there is no response, PenChecks will transfer the funds into a Default IRA. Again, RPG will assess a \$100 fee to the account prior to transferring the assets. PenChecks will charge the account holder a fee of \$65 for Premier IRA Services. There are no fees to the Plan Sponsor.

\* RPG Distribution Election Form is available for download at: <http://forms.rpgny.com>

\*\* Link to PenChecks, Inc. website (for more info): [www.penchecks.com](http://www.penchecks.com)

## Appendix A

Date

Name & Address      BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Dear                    :

You are a former Participant in our Company's Retirement Plan. As your account balance meets the criteria for the Plan's Automatic Rollover Provisions\*, the Plan wishes to distribute your funds to you and we have enclosed a Benefit and Distribution Election Form (with a link to the Special Tax Notice) which provides information relating to the options for tax treatment upon distribution of retirement savings. For further information, you should consult your tax advisor. Please complete, sign and return this form (via mail or fax) to us (your former employer) for signature. The form will then be forwarded to RPG Consultants\* at:

181 So. Franklin Avenue, Suite 202  
Valley Stream, NY 11581  
212-947-4866 (fax)

Upon receipt of the Benefit and Distribution Election Form, RPG will arrange the distribution of your retirement savings in accordance with your instructions.

If we do not hear from you within 45 days of this letter, we will automatically roll over your account into an IRA on your behalf and assess any applicable charges to your account.

Sincerely yours,

Plan Administrator

*\*Terminating Plans do not require former employer signatures. Send the distribution form directly to RPG.*