

Fact Sheet

U.S. Department of Labor
Employee Benefits Security Administration
August 2003

EBSA'S ORPHAN PLAN PROJECT

- Beginning in FY 2000, EBSA initiated an enforcement project to locate pension plans, particularly 401(k) plans, which have been abandoned by fiduciaries through death, neglect, bankruptcy, or incarceration and to determine if a fiduciary could be located to perform fiduciary functions such as terminating the plan, distributing the plan's assets and filing appropriate financial reporting forms such as the terminal annual report.
- In the event that no fiduciary is located, EBSA takes an active role in the appointment of an independent fiduciary so that participants and beneficiaries can receive their earned benefits.
- The orphan plan initiative assists at-risk populations, specifically those participants who are in danger of losing some or all of their retirement savings.
- In many orphan plan situations fiduciaries have deserted the plan and effectively abdicated their responsibilities. As a result, participants are unable to exercise any rights they may have under the plan; plan assets are not being actively managed; individual participant accounts may not be credited accurately; and reports required to be filed are not prepared.
- Since the inception of the project to June 30, 2003 EBSA has opened a total of 785 orphan plan civil cases and closed 609. Over \$214.2 million has either been protected or returned to plans. Sixty-eight independent fiduciaries have been appointed in 64 separate cases. Seven criminal cases have been opened under the project and one has been closed, with an individual being indicted and convicted.
- By providing a real, practical and efficient solution, PWBA's credibility and reliability is enhanced within the employee benefits industry.
- Coordination activities with the Pension Benefit Guaranty Corporation have been undertaken and resulted in agreement that both agencies will share information and, where appropriate, will work in concert to ensure that participants of defined benefit plans potentially adversely affected by orphan plan situations are protected and joint efforts are pursued aggressively.