**Abstract:** Sponsors of defined benefit plans — commonly known as pensions — might be facing tighter scrutiny from the DOL. Just last year, the agency’s Employee Benefits Security Administration ramped up pension audits in its Philadelphia office and later decided to do so elsewhere. This article highlights what the DOL is focusing on in its audits.

**DOL has increased scrutiny of defined benefit plans**

Sponsors of defined benefit plans — commonly known as pensions — might be facing tighter scrutiny from the U.S. Department of Labor. Just last year, at an ERISA Advisory Council meeting, the agency’s Employee Benefits Security Administration (EBSA) announced that it had ramped up pension audit operations in its Philadelphia office and later decided to do so elsewhere. If your organization offers its employees a defined benefit plan, here’s what you should know.

**Required statement**

The focus of the audits is on pension plan sponsors’ efforts to deliver benefits to terminated vested participants. According to EBSA’s *Reporting and Disclosure Guide for Employee Benefit Plans*, plan administrators must provide a “Statement of Accrued and Nonforfeitable Benefits” to participants on request, on termination of service with the employer or after the participant has a one-year break in service. However, only one statement is required in any 12-month period for statements provided on request.

**Best practices**

Timothy Hauser, EBSA’s Deputy Assistant Secretary for Program Operations, offered some best practices for satisfying the agency’s notification requirements. He advised, first and foremost, that plan sponsors keep good records on how to reach plan participants and relay those records to other corporate entities in a merger or acquisition.

A good starting point, according to Hauser, is for plan sponsors to send participants a certified letter using the participant’s last known address. If mail is returned from the former employee’s last known address, he suggested trying to contact the participant by phone. It’s possible the phone number on record is a mobile phone that wouldn’t be pinned to a previous mailing address.

When other methods fail, Hauser recommended reaching out to former co-workers of the separated participant who might have remained in contact. With so much information available through social media, employers should also consider using the Internet to help find terminated missing participants.

**Up to speed**

Pension plans may not be as widely used as they used to be, but the compliance rules related to them remain strict. Make sure you stay up to speed on everything that’s required.

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