

PARTICIPANT FORCE OUT PROCESS

Training Tips

Force out distributions to participants with vested balances of less than \$1,000.00 are done in cash with applicable tax withholding. Force out distributions to participants with vested balances between \$1,000.00 and \$5,000.00 (if applicable) are processed as rollover distributions to the IRA provider named in the Summary Plan Description (SPD).

To begin the force out process, please complete the following steps:

- Send a letter to each terminated participant whose vested balance is in the force-out range detailed in your plan. The letter should inform the participant that their vested balance will be forced out of the plan if they do not initiate a distribution within 30 days of the date of the letter.
- Include a special tax notice and distribution form with the letter. If the plan utilizes paperless distributions, include distribution request instructions in lieu of the distribution form. We recommend sending the distribution packet via certified mail or another tracking service.
- Once the 30 days have elapsed, notify your RPCSI consultant which participants need to be forced out of the plan. Your consultant will provide you with the necessary paperwork to force the participants out of the plan.

Please see below for sample force-out letter wording:

(Cash out – Vested Balance is \$1,000.00 or Less)

As a terminated participant from the above referenced plan you are entitled to the vested portion of your account balance. Enclosed is the paperwork necessary to pay your benefits to you, to another qualified retirement plan or to an IRA rollover.

Please complete the enclosed distribution paperwork and return it to our office by _____.

If we do not receive your paperwork by this date, your account will be liquidated and a check will be issued to you and mailed to your last known address. There will be 20% mandatory Federal Tax withholding on the distribution. In addition, a 10% premature withdrawal penalty may apply. The Plan allows force-out distributions in cash for participants with vested balances of less than \$1,000.00 as specified in the Summary Plan Description.

Please read the enclosed Special Tax Notice regarding distributions from Qualified Retirement Plans.

If you have any questions or need additional information please contact:

(Enter Plan Administrator's name, address and phone number)

(Force-Out to IRA – Vested Balance is Between \$1,000.00 and \$5,000.00)

As a terminated participant from the above referenced plan you are entitled to the vested portion of your account balance. Enclosed is the paperwork necessary to pay your benefits to you, to another qualified retirement plan or to an IRA rollover.

Please complete the enclosed distribution paperwork and return it to our office by _____.

If we do not receive your paperwork by this date your benefits will be automatically rolled over to an IRA at _____, as specified in the Summary Plan Description.

Please read the enclosed Special Tax Notice regarding distributions from Qualified Retirement Plans.

If you have any questions or need additional information please contact:

(Enter Plan Administrator's name, address and phone number)