



OFFICE OF THE ILLINOIS STATE TREASURER
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VIA ELECTRONIC FILING

Office of Regulations and Interpretations
Employee Benefits Security Administration, Room N-5655
U.S. Department of Labor
200 Constitution Avenue NW
Washington, DC 20210
Attention: Amendments to the Abandoned Plan Program regulations interim final rules RIN
1210-AC04

Re: Abandoned Plan Program Interim Final Rules (RIN 1210-AC04)

Dear Assistant Secretary Gomez,

I appreciate the opportunity to respond to the Employee Benefit Security Administration's (EBSA) request for comment included with the interim final rules for the Abandoned Plan Program.

As the administrator of Illinois' unclaimed property program, my comments respond to EBSA's Fourth and Fifth requests related to the role state unclaimed property programs should play in helping to reunite plan participants with their missing retirement savings. In particular, my comments address EBSA's requests regarding "whether the PBGC [Missing Participants] Program should be formally incorporated into the Department's regulation at 29 CFR 2550.404a-3 as an alternative to other available distribution options for missing or non-responsive participants and beneficiaries or perhaps as a replacement for plans that meet the requirements of the PBGC

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Program for all other distribution options for such persons”¹ and “whether the current Abandoned Plan Program options for distributions to State unclaimed property funds should be expanded.”²

I strongly believe that state unclaimed property programs are uniquely positioned to assist with the return of unclaimed retirement funds and agree with the ERISA Advisory Council’s conclusion from 2019 that “state unclaimed property programs have a number of features that may increase the likelihood that Missing Participants will be reunited with their lost retirement savings” and that “transfers to state unclaimed property programs [provide] a greater likelihood of reuniting Missing Participants with their retirement savings than other available approaches.”³

In Illinois, since 2015, we have returned more than \$2 billion to more than 1.7 million people, nonprofits, and businesses. We processed and paid more than 320,000 claims in Fiscal Year 2024, which just ended in June. Returning unclaimed property on this scale requires the right infrastructure and resources. We can do this because we have a team of approximately 50 professionals committed to the successful operation of our unclaimed property program, and they are backed by dozens of attorneys, accountants, IT professionals, marketing, and executive staff. We utilize a range of outreach strategies to raise awareness about our program and the ability for constituents to use the national search platform, MissingMoney.com to locate their unclaimed property. We pursue innovative technology and are a leader in utilizing data sharing agreements with other state government agencies that make it easier to identify property owners and facilitate claims.

Our unclaimed property team includes individuals who are tasked with identifying people and organizations that have unclaimed property and conducting proactive outreach to help them initiate claims. We conduct statewide digital media, newspaper, and direct mail campaigns to get the word out to Illinois residents about unclaimed property. Nearly 7 million searches were performed on our website in 2023. We have also invested in technology and formed partnerships with other state agencies to allow us to match data in other state records with certain property in the unclaimed property database. When a match is identified and the mailing address is confirmed, we are able to reach out and return those funds to the owner without that person needing to file a claim.

Furthermore, our office has experience managing a fraud prevention and detection program to protect residents’ unclaimed property from those looking to make fraudulent claims. This effort includes investments in specific technology and staff dedicated to fraud prevention, detection, and prosecution.

Nationally, state unclaimed property programs returned over \$5 billion to owners in Fiscal Year 2023. This success is facilitated by the user-friendly unclaimed property website MissingMoney.com. Due to efforts to raise awareness of this website, MissingMoney.com saw 19 million searches and over 1 million claims filed with states directly through the site in the last year.

¹ Abandoned Plan Regulations, 89 Fed. Reg. 43636, 43648 (May 17, 2024).

² *Id.*

³ Advisory Council on Employee Welfare and Pension Benefit Plans, *Voluntary Transfers of Uncashed Checks from ERISA Plans to State Unclaimed Property Programs* 39 (2019).

In addition to the ability of state unclaimed property programs to identify property owners and reunite them with their missing funds, state unclaimed property programs do not charge fees to hold or claim the property, unlike some of the alternative options for managing uncashed retirement plan distributions, such as rollover IRA custodians.

To facilitate the transfer of unclaimed retirement distributions to state unclaimed property programs, the National Association of State Treasurers, where I currently serve as President, has created the States' Unclaimed Retirement Clearing House (SURCH) initiative. Once the Department provides guidance to retirement plans to facilitate the use of SURCH, this clearinghouse will provide a centralized place for retirement plans to transfer uncashed distribution checks to state programs and will ensure compliance with standards for participation by state programs. The cost of SURCH will be borne by the states, not the participants, beneficiaries, or the plans. Using this approach, participants and beneficiaries will be able to claim their lost retirement plan distributions from state unclaimed property programs in perpetuity.

Lastly, I share the concerns expressed in the comments provided by the National Association of State Treasurers about the Pension Benefit Guaranty Corporation's ability to effectively operate an expanded program to reunite participants with unclaimed retirement distributions, especially when the infrastructure and commitment to carry out this role already exist at the state level.

I believe that state unclaimed property programs should have a much larger role to play in reuniting individuals with their missing retirement distributions for all plans — abandoned, terminated, or active. By leveraging existing resources at the state level, we can increase the likelihood of reuniting missing participants with their retirement savings.

I urge EBSA to allow state unclaimed property programs to serve as the primary vehicle for reuniting missing participants in abandoned or terminated plans with their unclaimed distributions. I also encourage the Department to promulgate rules establishing a safe harbor for the voluntary transfer of uncashed distribution checks from active plans to state unclaimed property programs.

Thank you for the opportunity to comment on these important matters. I look forward to continuing to engage with EBSA and the Department on ways that state unclaimed property programs can assist with reuniting missing retirement plan participants with their unclaimed retirement savings.

Sincerely,



Michael W. Frerichs
Illinois State Treasurer