



What Retirement Plan Filings & Records Must We Keep?

Facts

We've sponsored a 401(k) plan since 2002 and the amount of paperwork and related records we've accumulated is incredible. Cleaning up these records has always been on my to-do list for a while, but it's not the most exciting task. As much as I would like to I know I can't just throw it all away, but it seems like the mountains of old filings and distribution records are irrelevant at this point.

Question

Are there any issues with getting rid of older filings and distribution records as a starting point for this clean-up project?

Answer

While Marie Kondo may tell you to throw out something if it doesn't bring you joy, the answer is quite different when it comes to records and reports for your 401(k) plan. One of the key reasons is both the IRS and Department of Labor have specific document retention rules for retirement plans. We've covered these in detail [here](#).

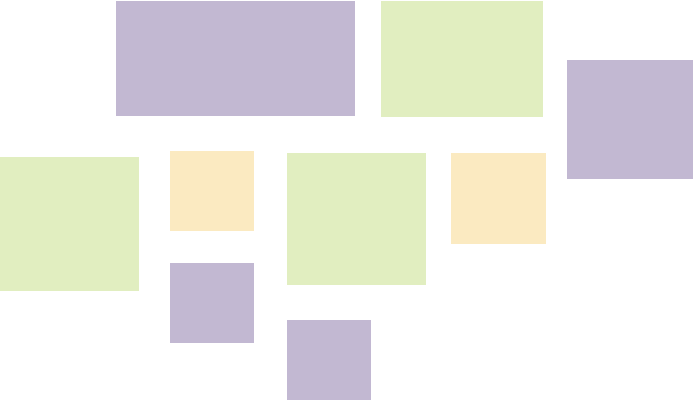
Since electronic copies of plan records are generally acceptable (as long as the content, including any signatures, is legible) and digital storage has become relatively inexpensive, we'd suggest you scan and save your past filings and distribution records as a way to address the paper you've accumulated. Once you've saved those records electronically, you can shred and recycle those hard copies and enjoy that extra space in your filing cabinet.

While this step may seem like overkill, we promise it comes from working through situations with our clients in the past and a desire to help you avoid any future hassles. What kind of hassle? Let us walk you through a scenario.

You probably know that your past Form 5500 filings (at least those starting with the 2009 plan year) are available online for review and download. However, unlike the 5500, the Form 8955-SSA filings are not publicly available due to the fact that they list specific participant information (social security numbers, account balances, etc.). For this reason alone, it's important that you maintain copies of all Forms 8955-SSA filed for your plan.

What is this Form 8955-SSA we keep talking about? We cover it in a little more detail [here](#), but the gist is that this form is used to report former employees who still have benefits due from your plan. When an individual applies for Social Security benefits, the Social Security Administration (the SSA in Form 8955-SSA) reviews its database of information reported on these forms and uses it to notify applicants that they may have additional benefits due to them from your plan.

In the same way that participants are reported to the form when they terminate, they should also be "unreported" once they receive their distributions from the plan. Unreporting is as simple as listing them on the form again with a different code, indicating they are no longer due additional benefits. Doing so means the SSA will no longer send the unreported folks that letter about potential benefits you might owe them.



The trick is that this step is often skipped for any number of reasons. As you can imagine, a participant who receives a letter from the SSA that says they “might” have a balance in the plan can get pretty excited about this newfound money...so much so that the word “might” can quickly get lost in the shuffle. That places the burden to prove that he or she already received their benefit on the plan sponsor, rather than the participant having to prove they didn’t receive it. This is where hanging on to those distribution records (and having them readily accessible) is key.

With so much of the Baby Boomer generation (and some Gen Xers) in retirement or rapidly approaching it, the number of individuals who may be filing for social security benefits is likely to increase. This means ensuring you have the necessary backups to document which of your former participants are or are not entitled to additional benefits is that much more important. While it may be possible to rebuild those records if/when there is an inquiry, that becomes a more daunting task as more time passes (and the more times the plan changes service providers). It may not be Marie Kondo’s version of joy, but making sure you have these records available when you need them can certainly lessen future stress.

When in doubt, scan it; don’t can it. And if you have any record retention questions, don’t hesitate to contact any of us at [DWC](#) for assistance.

Related Resources

- [Record Retention](#)
- [What is the Form 8955-SSA and What Does It Do?](#)



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