

REPORTING UNCASHED ERISA RETIREMENT DISTRIBUTIONS

Guidance for CPAs and Plan Sponsors on DOL Field Assistance Bulletin 2025-01

In January 2025, the U.S. Department of Labor issued Field Assistance Bulletin 2025-01 ("FAB"), permitting — for the first time — active ERISA retirement plans to voluntarily report small, uncashed distribution checks to state unclaimed property programs. This is a fiduciary decision, not a mandate. CPAs advising plan sponsors, auditors, and holders should understand the following before recommending a course of action.

1. VOLUNTARY, NOT MANDATORY

- FAB 2025-01 removes DOL's prior position that ERISA preempts state unclaimed property reporting — it does not require plans to report.
- Electing to report is a fiduciary act. Sponsors should document a prudent, deliberate process, not simply rely on "the DOL allows it."
- The FAB has no force of law; it reflects only DOL's decision not to pursue enforcement against a fiduciary who follows it.

2. SCOPE IS NARROW

- Only uncashed distribution checks apply where the participant's total accumulated benefit is \$1,000 or less.
- Check the total benefit, not just the check amount — a small check may be tied to a larger remaining balance that falls outside the FAB.
- Amounts above the threshold remain subject to existing missing-participant procedures (e.g., safe harbor IRA rollovers, PBGC's expanded program).

3. CONFIRM THE RECEIVING STATE IS "FAB-ELIGIBLE"

- DOL set nine eligibility criteria a state program must meet before a plan may transfer property to it.
- Most states already meet most criteria: perpetual custody, no-fee claims, searchable/electronic filing, constituent response capacity, participation in MissingMoney and SURCH, fast-tracking small claims, and holder reimbursement.
- The requirement most states have not yet met: an annual "diligent search" for an updated address on accounts over \$50, with written notice to the owner once found.
- Verify state-by-state eligibility before directing reports — reporting to a non-eligible state may undercut the fiduciary protection the FAB is meant to provide.

4. DOCUMENTATION MATTERS

- No state has yet received property under the FAB — this is new, untested territory.
- Advise clients to document: that the fiduciary committee considered the FAB, confirmed destination-state eligibility, evaluated any associated costs, and made a considered decision.

5. FAB VS. SURCH

- The FAB is an interim measure, not the permanent solution.
- The States' Unclaimed Retirement Clearing House (SURCH) is the more comprehensive program awaiting formal Congressional authorization and enabling regulations.
- Frame FAB reporting to clients as a bridge option, with SURCH expected to eventually supersede it.

6. A NOTE ON VENDOR SOLICITATIONS

- Some vendors are marketing paid "best address" search services as a prerequisite to state eligibility under the FAB.
 - The underlying DOL requirement concerns the process a state follows, not the use of any specific vendor — evaluate such offers on their own merits.
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Questions on Virginia-specific application of the FAB may be directed to the Unclaimed Property Division at the Virginia Department of the Treasury.