



36TH ANNUAL FIDUCIARY  
RISK MANAGEMENT  
CONFERENCE

San Antonio, Texas  
Wed. May 03, 2023



# ***Difficult/Hard-to-Locate Beneficiaries***

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# Beneficiaries/Heirs

## Beneficiary-

Person or entity named in a life insurance policy to receive the death benefit.

Primary bene-receives death benefits if he or she can be located.

Contingent bene-receives the death benefit if the primary cannot be found.

## Heir-

Person legally entitled to property/estate if there is no will.

A class usually determined according to the state law governing administration intestacy.

## *\*Retirement Accounts*

(Federal Regulations and Practices)



# Trust Beneficiaries/Heirs

***In Trust or Estate Administration, there are situations that require the research or investigation of “Hard-to-Find” beneficiaries or heirs.***

- Relatives have lost touch with the *beneficiary*
- Intestate estate where a family tree has been reconstructed or verified, but there is an entitled *heir* whose whereabouts is unknown
- The Testator has named a *beneficiary* that is unknown to the family
- *Heirship* determination- administration of an estate where there is no Will or no known next of kin
- Family dynamics are more complex due to blended families, multiple marriages, adoption, and cohabiting couples- *could be heirs or beneficiaries*



# Retirement Accounts

Plan sponsors, administrators and qualified termination administrators (QTAs) sometimes need to locate missing participants or beneficiaries. For example, correction of a plan failure under the Employee Plans Compliance Resolution System (EPCRS) may require payment of additional benefits to terminated participants. See [Revenue Procedure 2021-30PDF](#),

Section 6.02(5)(d), for plan correction principles relating to lost participants.

Previously, the IRS provided letter-forwarding services to help locate missing plan participants, but with the August 31, 2012, release of [Revenue Procedure 2012-35PDF](#), the IRS stopped this letter forwarding program. The IRS will no longer process requests to locate retirement plan participants or beneficiaries.

In the absence of IRS letter forwarding services, sponsors, administrators and QTAs may use a variety of other methods to locate missing participants and beneficiaries, including:

- commercial locator services
- credit reporting agencies
- internet search tools

## **Department of Labor guidelines**

The Department of Labor in [Field Assistance Bulletin No. 2014-01](#) lists the following search methods as the minimum steps the fiduciary of a terminated defined contribution plan must take to locate a participant:

- Send a notice using certified mail
- Check the records of the employer or any related plans of the employer
- Send an inquiry to the designated beneficiary of the missing participant
- Use free electronic search tools

FAB 2014-01 also describes additional appropriate search methods and the distribution options for a terminating plan if a participant cannot be located.



# Best Practices

1. Document beneficiary information during the account opening/first meeting

- Addresses
- Beneficiaries SSN#s
- Church affiliation/hobbies/friends/ places often frequented
- Date of Birth
- Demographics/Family History/Relationships
- Personality information
- Specific details for beneficiary benefits

2. Engage in thorough and extensive search while making efforts to contact/locate missing or beneficiary/heir

- Advertise
- Contact relevant people
- Research internal systems, credit card statements, electronic search tools and files, life insurance, tax returns
- Search criminal databases and public records (birth, marriage, and obituaries)
- Search social media, genealogical data bases

(\* Disadvantages of genealogical data bases are listed on the following slide)

3. Periodically review and modify beneficiary designations accordingly

- Addition of new beneficiaries
- Changes to existing data
- Stop payment! (if mail is being forwarded, they will find you.)



# Dark Side of Heir-Tracing Industry

The dark side of Heir-Tracing Industry-

**Exposed: exorbitant fees and illegal business practices of percentage-based heir hunters.**

Heir-hunters strive to be first to find one or more of the estate's missing heirs. The heir is convinced to sign a finder's fee contract for a percentage of their inheritance.

*(This is without first disclosing the estate particulars and amount of the heir's share.)*

The heir-hunter sends the inheritor to a law firm with which the heir locator firm has a working relationship. The law firm immediately sends a letter to the probate attorney, or trust officer, stating that they now represent the heirs.

*(This letter effectively "shuts out" any remaining heir hunter competition.)*

Since the letter comes from another law firm, the probate attorney, or trust officer, would not be aware that a prior agreement for a large portion of the inheritance resides with their hunter.



# Case Studies

## Beneficiary is discovered by a private investigator

- Orange County CA. shelter (*Drops off the map*)

## Beneficiary discounts family and doesn't want to be found

- Austin

## International - Egypt

- Houston

## Josephine Boudreaux Estate

- Heirship Determination



# Researching Resources

HEIR SEARCH

<https://heirsearch.com/> (established in 1967)

OMNI TRACE

<https://www.omnitrace.com/> (established in 2001)

INTELIUS

<https://www.intelius.com/> (established in 2003)

LEGACY TREE

<https://www.legacytree.com/> (established in 2004)

TRUTH FINDER

<https://www.truthfinder.com/> (established in 2015)

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*IRS*

[Missing Participants or Beneficiaries | Internal Revenue Service \(irs.gov\)](https://www.irs.gov)

*LEXIS NEXIS- Data analytics supporting compliance, investigations, etc.*

<https://www.lexisnexis.com/>

*MILLENIUM TRUST COMPANY*

<https://www.mtrustcompany.com/>

*PRIVATE INVESTIGATORS- Typically referred by word of mouth.*

*TITLE RESEARCH*

[How to find missing beneficiaries? | Title Research](#)



# References

Heirsearch.com, “The Dark Side of the Heir-Tracing Industry — Exposed: Exorbitant Fees and Illegal Business Practices of Percentage-Based Heir Hunters”

<http://heirsearch.com/the-heir-tracing-industry-explained>

Big Story Ap. (2016, January 27). Justice Dept. targeting collusion in heir-tracing industry. Retrieved from

<http://bigstory.ap.org/article/e310f5167ea44d0ea7a67926afe5e905/federal-price-fixing-probe-rattles-heir-tracing-industry>

**IRS -An official website of the United States Government** *Page Last Reviewed or Updated: 21-Apr-2023*

*“Missing Participants or Beneficiaries”*

<https://www.irs.gov/retirement-plans-missing-participants-or-beneficiaries>