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Considerations for Terminating a 401(k) or Profit-Sharing Plan

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Corporate restructuring in light of economic volatility often gives rise to questions of whether, and how, to terminate an employer's 401(k) or profit-sharing plan. These can arise, for example, in negotiating merger or purchase agreements, or in connection with a more general rethinking of corporate structure and benefit programs. In addition to business-related considerations such as cost, transaction leverage, and employee relations, there are a number of potential legal and logistical issues. This article provides a general overview of legal and logistical points to consider and practical tips for the termination process.

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