

Employee Benefit Plans Alert

Your Retirement Plan Benefit Statement Will Be Changing

By Louis F. LiBrandi, EA, CEBS, ChFC, TGPC, Principal

The Department of Labor (DOL) has recently published [Interim Final Regulations](#) (Regulations) pursuant to changes enacted by the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) which require plan administrators of defined contribution plans [e.g., 401(k) and 403(b)] to express a participant's current account balance both as a single life annuity and a qualified joint and survivor annuity stream on their pension benefit statements at least once every 12 months.

Goal: Better Understanding of Potential Retirement Income

The Employee Retirement Income Security Act of 1974 (ERISA), as amended, always required plan administrators to provide benefit statements on a periodic basis. The SECURE Act amended ERISA Section 105 to require benefit statements to include a statement of a participant's current account balance and lifetime income illustrations using prescribed assumptions designed to give savers a realistic illustration of how much monthly retirement income they could expect to purchase with their account balance.

Producing those numbers requires five pieces of information: the account balance, the date of starting payments, the age on which the annuity starts, the interest rate, and an estimated end date for the payments.

The DOL believes that illustrating a participant's account balance as a stream of estimated lifetime payments, using the factors provided in their regulations, will help workers in defined contribution plans to better understand how their account balance translates into monthly income in retirement and, therefore, to better prepare for retirement.

Other Requirements of the New Regulations

Also provided in the regulations are special rules applicable for defined contribution plans that offer in-plan distribution annuities and model language that may be included in the benefit statements.

Lastly, the regulations state that no plan fiduciary, plan sponsor, or other person will be liable under ERISA for providing a lifetime income illustration that satisfies the requirements of the regulations.

Effective Date

The rules set forth in the DOL regulations will become effective one year from the publication date of the final rules.

Contact Us

The Employee Benefit Services Group at PKF O'Connor Davies is available to assist employers with the various compliance reporting and other requirements imposed by federal agencies, like ERISA's Section 105. We also provide a full spectrum of compliance services for qualified retirement plans, non-qualified deferred compensation plans, and welfare plans. For more information, please contact your client services partner or one of the following professionals:

Timothy J. Desmond, CPA
Partner
Director of Employee Benefit Services
tjdesmond@pkfod.com | 551.249.1728

Louis F. LiBrandi, EA, CEBS, ChFC, TGPC
Principal
Employee Benefit Services Group
lbrandi@pkfod.com | 646.449.6327

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