



When the Department of Treasury issued regulations in 2005 allowing Code Section 401(k) plans and other defined contribution retirement plans (e.g., profit-sharing plans) to eliminate all annuity forms of distribution and offer only a lump sum distribution, many plan sponsors were relieved. They could - and did - simplify plan administration by no longer offering a form of distribution that had historically been elected by very few or no participants. Unfortunately, that administrative simplicity may be replaced by expanded disclosure requirements.

In a recent advance notice of proposed rulemaking, the Department of Labor requested comments on its proposal to require plan administrators to include in every pension benefit statement provided to each participant in a defined contribution plan all of the following information: (1) the participant's current account balance (already provided); (2) the participant's account balance projected to normal retirement age; (3) estimated monthly lifetime payments based on the current account balance; and (4) estimated monthly lifetime payments based on the projected account balance.

In addition to concerns about the assumptions to be used in both projecting the future account balance and estimating the monthly lifetime payments, early commenters have indicated that the monthly lifetime income projections could lead some plan participants to believe they will have more retirement income than what they will actually have at retirement. This could result in plan participants who most need to increase their retirement savings to actually decrease or stop saving for retirement.

The Department of Labor is accepting comments until July 8, 2013. If you have strong feelings - either way - on this proposed additional disclosure requirement, this is your opportunity to make your opinions heard!



## ANTOINETTE PILZNER

I've been on the accountant's side, the employer's side, and the attorney's side of employee benefits over a span of more than 30 years. So I understand, and can help you identify and evaluate, the financial, human resources, administrative, and business aspects of the employee benefit plan decisions you face.

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