

DOL Clarifies Timing of Lifetime Income Disclosures in Benefit Statements

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Last year the Department of Labor (DOL) issued an interim final rule regarding the SECURE Act's lifetime income disclosures, which require benefit statements to express a participant's account balance as a single life annuity and a qualified joint and survivor annuity income stream. See our prior [blog post](#) concerning the interim final rule.

On July 26, 2021, the DOL released a set of [frequently asked questions](#) (FAQs) to clarify when plan administrators of 401(k) plans, 403(b) plans and other individual account plans must comply with the lifetime income disclosures, as follows:

Participant Directed Plans. Participant directed plans (including most 401(k) or 403(b) plans) generally must furnish lifetime income disclosures by the benefit statement for the second quarter of 2022 (quarter ending June 30, 2022). This is because the interim final rule becomes effective one year after its publication in the Federal Register on September 18, 2020, and the lifetime income disclosures must be included in at least one quarterly benefit statement in each 12-month period after the effective date.

Other Individual Account Plans. For plans that do not allow for participant-directed investment, lifetime income disclosures must be included in the benefit statement for the first plan year ending on or after September 19, 2021, which is the benefit statement for 2021 for calendar year plans, which must be furnished no later than October 15, 2022 (the due date for filing a 2021 Form 5500 for the Plan).

The FAQs also confirm that benefit statements can include other lifetime income illustrations in addition to those required by the interim final rule, as long as the lifetime income illustrations required by the interim final rule are provided.

The DOL still intends to issue a final rule on lifetime income disclosures as soon as practicable, which could modify the requirements of the interim final rule. However, it acknowledges that any material changes from the interim final rule would present challenges to plan administrators unless additional transition time is provided.