

MEMO# 33707

July 30, 2021

DOL Issues FAQs Regarding Lifetime Income Disclosure Rule Implementation

[33707]

July 30, 2021

TO: ICI Members

Pension Committee

Pension Operations Advisory Committee SUBJECTS: Pension RE: DOL Issues FAQs Regarding Lifetime Income Disclosure Rule Implementation

On July 26, the Department of Labor (DOL) issued a brief set of frequently asked questions (FAQs) regarding implementation of the SECURE Act's lifetime income illustration requirement.[\[1\]](#) As you may recall, DOL issued an interim final rule (IFR) in August 2020,[\[2\]](#) implementing Section 203 of the SECURE Act. Section 203 requires ERISA-covered defined contribution plans to include lifetime income stream estimates on participant benefit statements at least once every 12 months, setting forth the lifetime income stream equivalent of the participant's total account balance under the plan, calculated as both a single life annuity and a qualified joint and survivor annuity.

The new FAQs address the applicability date of the IFR and the deadline for furnishing the first required lifetime income illustration on a benefit statement. As required by the statutory language, plans must include the lifetime income illustration on at least one pension benefit statement in any 12-month period. FAQ 1 confirms that, under the rule, participant-directed plans must comply with the IFR on a benefit statement for a quarter ending within 12 months after the IFR's effective date of September 18, 2021. In other words, such plans may provide the first lifetime income illustration on any quarterly statement up to the second calendar quarter of 2022 (ending June 30, 2022). The FAQ notes that the ending date of the third calendar quarter, September 30, 2022, would not meet the deadline because it would fall after the expiration of the 12-month period beginning after September 18, 2021.

For non-participant-directed individual account plans, which are required to provide statements annually instead of quarterly, FAQ 2 states that the lifetime income illustration must be on the statement for the first plan year ending on or after September 19, 2021. For most such plans, this will be the statement for calendar year 2021, which would be furnished no later than the last date for timely filing of the annual return for that year for a calendar year plan (October 15, 2022).

FAQ 3 reiterates prior guidance indicating that plans may provide additional lifetime income illustrations beyond those required by the IFR.[3]

Finally, in response to concerns raised regarding the need for transition relief if the final rule differs from the IFR,[4] FAQ 4 indicates that DOL intends to issue a final rule as soon as practicable and that DOL appreciates concerns about the burdens and challenges that could arise if the final rule differs materially from the IFR without sufficient transition time for plan administrators to accommodate any changes from the IFR.

Elena Barone Chism
Associate General Counsel - Retirement Policy

endnotes

[1] The FAQs are *available at* <https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/faqs/temporary-implementing-faqs-lifetime-income-interim-final-rule.pdf>. For a description of the SECURE Act, see ICI Memorandum No. 32118, dated December 20, 2019. Available here: <https://www.ici.org/memo32118>.

[2] For a description of the IFR, see ICI Memorandum No. 32686, dated August 19, 2020. Available here: <https://www.ici.org/memo32686>.

[3] See *id.*

[4] For ICI's comment letter on the IFR, see ICI Memorandum No. 32915, dated November 17, 2020. Available here: <https://www.ici.org/memo32915>.