BENEFITS BRIEFING WEBINAR:
Retirement Plan Benefit Statement
Proposed Regulations, Part II
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Background

Department of Labor & Treasury
Interest in Lifetime Income

- Request for Information February 2010
- Council files comment letter and testifies at RFI hearing
- Treasury releases first round of guidance February 2012
- Council files comment letters and testifies on QLAC and partial annuity proposal
Background

• “Advance” Notice of Proposed Rulemaking
  - Distinction between “request for information” and formal proposal
• DOL reasons for using ANPRM
• Effect on timing of final rule
• Deadline for comments extended to August 7, 2013
Proposal

Plans affected

- Defined contribution (individual account) plans
- ERISA-governed only, not:
  - Governmental & church plans
  - Non-ERISA 403(b) plans
  - IRAs

Would be included in periodic benefit statements

- Quarterly for participant-directed plans
- Annually for other defined contribution plans
Proposed Disclosure

- Current account balance, using “fair market value” as of last day of period
- Projected account balance at normal retirement age
  - Omit if participant has reached normal retirement age
- Current account balance expressed as a monthly lifetime income stream
- Projected account balance expressed as a monthly lifetime income stream
- Disclosures of assumptions and that numbers are illustrations only
Additional Comments Sought

- Comments generally sought on all aspects of the proposal
- Mandate
- Frequency of disclosure
- Addressing insurance “load”
- In-plan annuities
- FINRA rules
  - Rule 2210 prohibits predicting or projecting performance or implying past performance will recur
Council Issues

Input needed:

• Mandate
• Flexibility versus uniformity
• Annuity versus installment versus either
• Protection from liability
• Alternative means of providing illustrations
  o DOL website
  o Plan website
• Safe harbor assumptions