



# DOL issues FAQs on lifetime income disclosures

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A new small set of “temporary implementing” [FAQs](#) on lifetime income disclosures for defined contribution plan participants responds to inquiries the Department of Labor (DOL) has received on last year’s [interim final regulation](#) (IFR). The Setting Every Community Up for Retirement Enhancement (SECURE) Act ([Pub. L. No. 116-94](#)) requires plans to provide these disclosures at least once every 12 months. The IFR will take effect on Sept. 18. However, DOL intends to issue a new final rule before then reflecting comments on the IFR.

The new FAQs explain the following:

- **When must plans start providing lifetime income disclosures?** Plans must comply with the disclosure requirements within 12 months of the IFR’s effective date. Two of the four FAQs clarify how this works for participant-directed account plans, which must provide quarterly benefit statements, and plans that aren’t participant-directed, which need to provide statements only at least annually. Participant-directed plans must give the first lifetime income disclosure no later than the quarterly benefit statement for the second quarter of 2022 — the last quarter ending before Sept. 18, 2022. Plans that aren’t participant-directed must provide the disclosures in the first annual benefit statement given after Sept. 18, 2021.
- **Can plans comply with the IFR by providing projections to normal retirement age?** The IFR requires plans to calculate the participant’s estimated annuity amounts based on the current account balance, assuming the participant is age 67 and retires immediately. However, many plans already provide disclosures by projecting a participant’s account and annuity equivalents to the plan’s normal retirement age (which is arguably a more sophisticated estimate). This practice reflects DOL’s 2013 announcement that the agency was working on rules to require such a projection, but that regulation never came out. DOL seems reluctant to provide a definitive answer about these projections, saying that plans can still provide one but stopping short of stating such a calculation alone would satisfy the IFR’s requirements.
- **Will the final rule have a transition period?** DOL says it appreciates concerns about “the burdens and challenges that could arise” if the new final rule differs substantially from the IFR but doesn’t allow sufficient time for plans to transition to compliance with changes. However, in a tight-lipped response, DOL does not say whether the final rule will include a transition period or differ materially from the IFR.

## Related resources

### Non-Mercer resources

- [Temporary implementing FAQs](#), Pension benefit statements — lifetime income disclosures (DOL, July 26, 2021)
- [Interim final rule on pension benefit statements](#) (Federal Register, Sept. 18, 2020)
- [Pub. L. No. 116-94](#), the SECURE Act (Congress, Dec. 20, 2019)

### Mercer Law & Policy resource

- [DOL takes first stab at SECURE Act's DC plan lifetime income disclosures](#) (Sept. 1, 2020)

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